



REPORT

**RCV Investment Attraction Program
Phase 2 – Investment Attraction Needs Analysis**

Report Overview

PART A - Developing Investment Attraction in Victoria's Rural Councils

Investment Attraction in the Context of Growing the Local Economy – see Section 2

Growing the local economy requires

- An Economic Development Strategy that includes the identification of the industry sectors that are a priority for growth in the local economy
- Asset development that foster greater capability; and
- Investment attraction that leverage assets that offer value to potential investors – either local or new investors

It is key that there is clarity about the differences in asset development and investment attraction

A Strategic Approach to Investment Attraction – see Section 3

Effective investment attraction requires a clear strategy with respect to

- Strategic Intent – i.e. Aim, Objectives,
- Implementation – i.e. Priorities, Resources
- Performance Review – i.e. Outcomes, Evaluation

Without a clear strategy there is likely to be an unfocused and uncoordinated approach to investment attraction

A Value Proposition – see Section 4

The investment attraction effort needs to be supported with a clear value proposition that articulates the

- relevant key asset(s) and their attributes – as they are relevant to the industry sector that is being targeted
- size and scale of investment that the asset(s) can cater for – and that will be supported by Council
- relative availability of a workforce
- potential economic impact of the investment
- Other relevant benefits
- Support Council will provide to the investor

Key Assets and Investment Attraction – see Section 5

Investment is a function of the available assets within a local economy that can be leveraged by existing and/or new investors to generate growth in their respective businesses.

The most attractive assets are likely to be those that underpin the Key Propulsive Sectors

There is a need to understand the particular attributes of key assets in order to be able to understand the relative value they offer to investors.

An understanding of the attributes of key assets needs to include the identification of the assets' key characteristics with respect to the;

- capability of the asset – i.e. what activities can it cater for and/or the type of commercial operations that are possible.
- availability of the asset – i.e. how much of the asset is available and how this will impact the scale of investment
- relative cost of the asset

Understanding the potential economic impact will provide an understanding of the worthiness of the related investment attraction effort.

Identification of Investment Opportunities – see Section 6

The analysis of key propulsive sectors across the RCV local economies indicates that the following sectors are high priority sectors for many Councils

- Agriculture – this can be divided into three broad industry groups.
 - Intensive animals
 - Horticulture
 - Extensive agriculture
- Food manufacturing
- Visitor accommodation
- Health – many Councils have expressed a focus on aged care in particular to support the growing population of older people

The identification of particular investment opportunities in the priority industry sectors is highly dependent on:

- Understanding key trends relevant to these sectors
- Understanding the needs of potential investors

At present the effort to understand these sectors is undertaken by each of the Councils, many of which have limited capacity and/or capability with respect to undertaking the research and/or investigation required to identify these factors and keep this up to date.

Identification of Potential Investors – see Section 7

The identification of potential investors is an extension of understanding the key characteristics and trends influencing industry sectors that are of a high priority with respect to economic growth.

A key source of investment is from those businesses that are already operating, and are investing in the local economy. Developing a profile of businesses that operate in priority industry sectors can provide an insight into the identification of those business owners/operators who may have interests in growing their existing investment.

The identification of potential new investors in the high priority sectors requires a not insignificant effort and it would seem that several RCV Councils undertaking the same exercise is a highly inefficient use of Council resources. There is a need for a coordination of such effort across those RCV Councils that are targeting like industry sectors. This approach could be coordinated by RDV.

Promotion of the Value Proposition and Investment Opportunities – see Section 8

A clear and targeted Value Proposition and available investment opportunities are only potent if they effectively communicated to potential investors.

The aim of the effective promotion of the value proposition is to generate enquiries from potential investors. An enquiry provides an opportunity for Councils to directly discuss their investment opportunities with the potential investor and determine the likelihood of the investment occurring, and appropriateness of the investor.

Promotion of the value proposition needs to be focused through an effective communication strategy that aims to generate investor enquiries and would likely involve a combination of the following:

- Indirect communication
- Targeted communication
- Direct engagement – both local and with external investors

In the absence of an effective communication strategy that targets relevant investors much of the information be provided on webpages and/or websites is ineffective.

There are multiple channels being used that appear to be uncoordinated and/or not inclusive of the value propositions of RCV Councils.

The direct engagement of potential investors by multiple Councils is an inefficient use of resources that could also impair ongoing relationships with potential investors – this effort needs greater coordination and collaboration

Management of Investor Enquiries – see Section 9

The majority of RCV Councils nominated that they do not have a process in place for the effective management on investor enquiries. There is a need to foster improved enquiry management that:

- Captures and collates enquiries from a range of sources
- Maintains an appropriate enquiry database
- Ensures that enquiries are responded to in a timely manner
- Provides an analysis of enquiries received and response performance

Investment Facilitation – see Section 10

The majority of RCV Councils do not have a defined investment facilitation process in place

The value proposition should articulate the support that Council will provide to potential investors

Evaluation of the Investment Attraction Process – see Section 11

The deployment of resources to investment attraction warrants that the process should be evaluated to assess its effectiveness and the merit associated with making such resources available.

The evaluation should seek to assess both the

- Strategic Outcomes; and the
- Operational performance

Implications for RDV - see Section 12

The analysis of investment attraction across the RCV network has identified a range of implications for RDV's investment attraction processes

PART -B – Identification of Priority Sectors for Investment Attraction in Rural Victoria

A range of key industry sectors have been identified with respect to investment attraction in rural Victoria – see Section 13

The impacts of population and demographic change with respect to opportunities for investment attraction have also been identified – see Section 14

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1 Introduction

The RCV Investment Attraction Program is focused on developing the capability of RCV Councils to attract increased investment from local and new investors from a range of industry sectors. This investment will:

- generate employment opportunities that support the retention of the existing population and/or attract new residents.
- support the development of improved services, facilities and opportunities for rural residents

This document is the Report for Stage 2 Needs Analysis Report of the RCV Investment Attraction Program

1.1 RCV Investment Attraction Program Overview

An overview of the RCV Investment Attraction Program is provided in the following sections

1.1.1 Stage 1 - Baseline Assessment

This stage focused on the identification of current investment attraction related activities and process across the RCV Council network and included

- 1) A review of:
 - RCV Council Economic Development Strategies
 - investment attraction related information being provided by RCV Council
 - RCV Council Investment Attraction related processesKey to this review was the conduct of a program of Investment Attraction Workshops in February and March 2019 in which relevant representatives from RCV Councils participated. A workshop was conducted in each of the Regional Partnerships regions.
- 2) Feedback from Regional Development Victoria (RDV) regarding investment attraction activities and their feedback on the activities and processes undertaken by RCV Councils
- 3) Feedback from the private sector and in particular from businesses that have invested in rural economies

This Stage concluded with the preparation of the Stage 1 Investment Attraction Baseline Report which has been provided to the RCV Executive. This included a presentation of key findings to the RCV Mayors and CEOs Forum conducted in Melbourne in April 2019

This report concluded that there was a range of implications for investment attraction by RCV Councils that are impacted by the processes and activities undertaken by RDV that are in need of review. This review requires a discussion between RCV and RDV to identify and agree appropriate changes to activities being undertaken by both RDV and RCV Councils. Achieving agreement about such change is essential prior to Stage 3, the Investment Attraction Action Planning Workshops where it is hoped that RDV will be an active participant.

1.1.1.1 Deferral of the RCV Investment Attraction Program

At this time RDV was undertaking a range of organisational changes that made it both problematic and inappropriate to undertake such a review. It was agreed by RCV to defer the delivery of the RCV Investment Attraction Program until a time at which RCV could pursue some potential changes with respect to investment attraction with RDV.

The Stage 2 Needs Analysis Report would be completed, and the finding discussed with RDV at a time when it is clear about the carriage of any such change within RDV.

1.1.2 Stage 2 - Needs Analysis

This Stage has involved undertaking a needs analysis with respect to investment attraction across RCV Councils based on the findings of Stage 1. This document reports on this Needs Analysis and will support the development and delivery of the Stage 3 Investment Attraction Action Planning Workshops.

The development of the needs analysis has also drawn upon the findings of RCV's

- Rural Workforce Development Plan
- Rural Population Growth Policy Report
- Rural Promotion Program
- Older Persons Services and Facilities Project

1.1.3 Stage 3 – Investment Attraction Action Planning Workshops

Stage 3 will involve the delivery of a program of workshops that aim to broaden the awareness of leading practices and improvement opportunities with respect to investment attraction across the network of RCV Councils.

It is proposed that RDV will play an active role in the delivery of the workshops.

The workshops will include the:

- identification of opportunities for collaboration between RCV Councils with respect to investment attraction; and the
- development of Investment Attraction Action Plans for each of the participating RCV Councils that are based on the findings of Stages I and II of the RCV Investment Attraction Program and that meet the particular needs of each of the Councils

1.1.4 Stage 4 – Program Evaluation

Stage 4 will take place some 12 months after the completion of Stage 3 and will seek to gather feedback regarding the impact of the Investment Attraction Action Plans.

1.2 Stage 2 – Investment Attraction Needs Analysis Report

This report is in two parts

Part A - Developing Investment Attraction in Victoria's Rural Councils

Part A addresses the Investment Attraction requirements of RCV Councils that arose from the findings Baseline Assessment undertaken Stage 1 – PART A – Developing Investment Attraction in Victoria's Rural Councils

This also includes a range of implications for Regional Development Victoria (RDV) with respect to collaborating with RCV Councils to improve the effectiveness on investment attraction

Part B – Identification of Priority Sectors for Investment Attraction in Rural Victoria

Part B provides an analysis of economic and population trends across rural Victoria with a view to identifying the industry sectors that are a priority for investment attraction across RCV Councils

PART A – Developing Investment Attraction in Victoria’s Rural Councils

2 Investment Attraction in the Context of Growing the Local Economy

This Section has been included in this report to:

- Underpin a shared understanding of what investment attraction is and involves – it was apparent from the findings of Stage I that there was a variance in the understanding of investment attraction; and
- Reinforce the focus of the RCV Investment Attraction Program

2.1 Regional and Local Economic Growth

Local economic growth is function of:

- A range of factors external to the regional and local context including:
 - Trends in the wider state, national and global economy
 - Government policies
 - Market forces and the economic factors affecting the price of, demand for, and availability of a commodities
- Community aspirations with respect to the outcomes and activities and associated priorities that are desired and supported by the wider community
- Regional and local economic development processes

2.2 Regional and Local Economic Development Processes

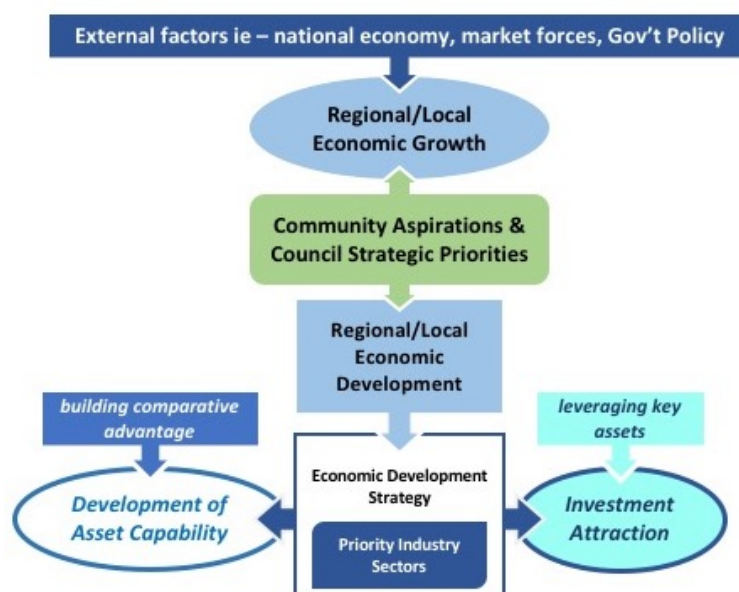
At the core of regional and local economic development processes is an “Economic Development Strategy” (EDS) that espouses priority industry sectors.

The two key drivers in an EDS are

- 1) Asset development – this is about building comparative advantage - see Section 2.4
- 2) Investment attraction – this is about leveraging key assets in the local economy and the focus of this project and report

An overview of these processes is depicted in **Figure 1**

Figure 1 - Overview of Economic Development Processes



2.3 Priority Industry Sectors

Investment attraction requires clarity about the industry sectors that are to be targeted. The priority industry sectors are those in which there are assets – see Section 13.2.2 – that offer value to potential investors – these are often the Key Propulsive Sectors in the local economy – see Section 13.3. Part B of this report provides an analysis of the industry sectors that are high priorities for investment attraction in rural Victoria – PART -B – Identification of Priority Sectors for Investment Attraction in Rural Victoria

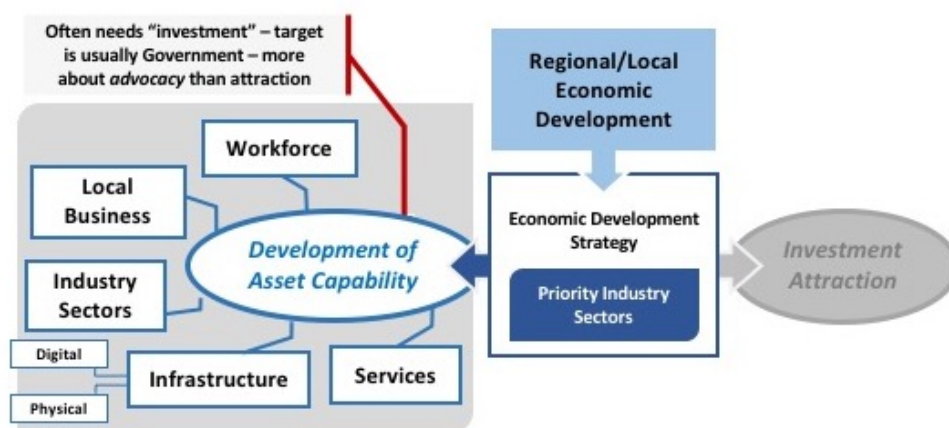
2.4 Asset Development

The operation of a local economy is highly dependent on the availability, capability and capacity of a range of assets within the local economy (and the wider region) – economies vary according to the mix of assets including the:

- major industry sectors that are present and how they are impacted by external influences and local demand
- range of businesses and the capability of their management – this includes the presence of businesses that support the operation of major industries including transport, professional services
- infrastructure that enables the operation of industries and businesses – including physical and digital assets
- key services that are relevant to the needs of industry and businesses including education and training, public administration; and very importantly the
- availability of a workforce both in number and skills that industries and businesses can draw upon

Asset development refers to building the capacity and capability, or even establishment, of such assets that enable improved efficiency, productivity, expansion and ultimately economic growth -see **Figure 2**

Figure 2 – Development of Asset Capability



2.4.1 Advocacy versus Investment Attraction

Often, the development of asset capability requires public sector investment – including in infrastructure and services. Achieving public sector investment often requires advocacy to government re regional/local needs and benefits that would accrue from public sector investment in the development of key assets. Thus, while the end result is “investment” the key process often required to attract such investment is advocacy – this can include the:

- development of investment and/or business cases,
- preparation of funding applications,
- bringing together a range of stakeholders for the purpose of influencing decision makers, and
- engagement with government and/or political representatives.

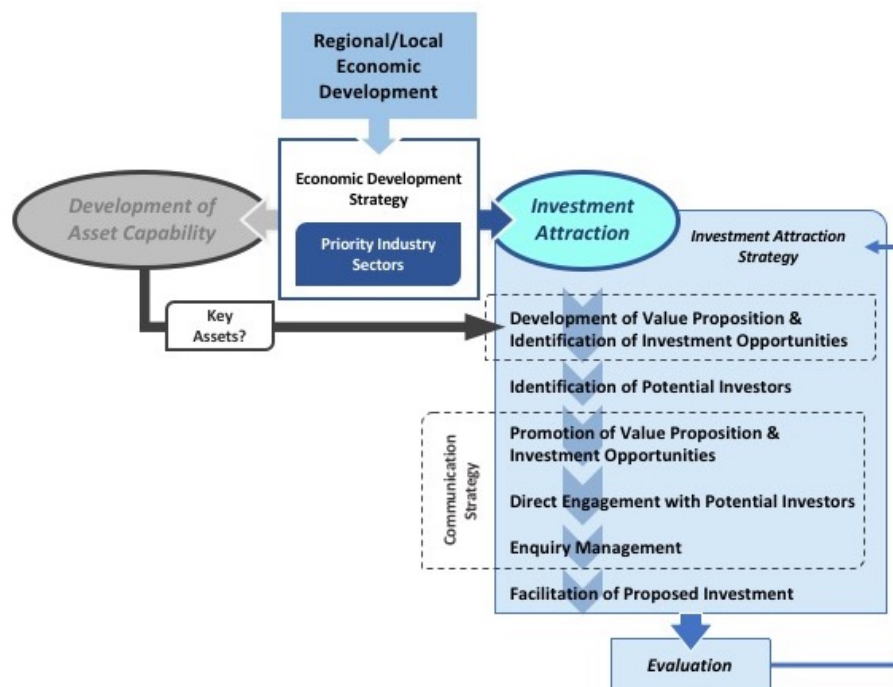
2.5 Investment Attraction

Investment attraction also seeks to leverage the “value” in the range of assets in the local (or regional) economy to attract increased investment from the private sector including to achieve local economic growth

As highlighted in **Figure 3** investment attraction includes the :

- development of an Investment Attraction Strategy to support the Economic Development Strategy that guides the development and operation of investment attraction activities – see also Section 3
- development of a value proposition that leverages the benefits inherent in the mix of key assets in the local economy – see also Section 4 and includes specific investment opportunities – see also Section 6
- identification of potential investors – based on the key elements of the value proposition – see also Section 7
- a Communication Strategy – see also Section 8.2 - that includes
 - promotion of the value proposition – see also Section 8
 - engagement with potential investors – see also Section 8.8
 - investor enquiry management – see also Section 9
- facilitation of proposed investment – see also Section 10
- evaluation of investment attraction – see also Section 11

Figure 3 – Investment Attraction



2.6 Local and New Investors

The default understanding for many Council representatives who attended the Investment Attraction workshops conducted in February and March 2019 was that investment attraction relates to attracting “new” investors from outside of the businesses that are already operating within the local economy.

2.6.1 Local Investors

Local “investors” are existing businesses already in the local economy; their expenditure on local goods and services and the payment of wages and salaries to local workers are the backbone of the local economy generate employment outside of their own workforce.

By way of example the Northern Grampians local economy has more than 520 businesses that employ people (and 641 non-employing businesses).

2.6.2 New Investors

These are investors who are operating businesses elsewhere who see opportunities in the available assets in the local economy and are prepared to invest in these opportunities.

2.7 Closing the Loop

Investment attraction is highly dependent of the “attractiveness” of the key assets in the local economy. The processes of seeking investment may highlight the opportunities to further develop and/or establish assets to improve their attractiveness and offer greater value to potential investors.

The feedback needs to be incorporated into the processes associated with asset development and be used to develop priorities for such development.

2.8 Local Economic Growth - Implications for Investment Attraction

2.8.1 Implications for Investment Attraction

There is a need to ensure that an appropriate balance is in place with respect to the Council resources needed to:

- support effective investment attraction that leverages Councils “value proposition” and the available key assets; and the
- development of assets that are needed to support a compelling value proposition

2.8.1.1 Inappropriate Balance

The feedback from many of the economic development practitioners who participated in the RCV Investment Attraction Workshops was that they spend a considerable amount of effort in asset development – see also Section 2.3 - including the preparation of funding applications through to RDV.

This effort detracts from the time that economic development practitioners have available to implement an Investment Attraction Strategy – see also Section 3

2.8.2 Implications for RDV

The feedback from RCV Councils suggest that there is a need for RDV to provide an improved focus for investment attraction – see **Figure 3 – Investment Attraction** that is separate to its efforts with respect to:

- Processing of funding applications
- Development of social and/or community infrastructure

3 A Strategic Approach to Investment Attraction

Successful investment attraction requires a commitment to the allocation of time and resources, both of which are limited in any Council, and particularly so in many rural Councils. It is essential that any effort with respect to investment attraction takes place within a clear strategic framework.

3.1 An Absence of Investment Attraction Strategies

The majority of RCV Councils have an “Economic Development Strategy” and the majority of EDSs acknowledge the importance of investment attraction.

A number of Councils have an “investment attraction” policy – the majority of these acknowledge that Council will consider financial and other support for attracting investment on a case by case basis. These policies do not define what type of investment is a priority – other than perhaps in terms of scale – and how investment will be attracted. They are reactive and provide some guidance to any investment opportunity that may arise.

Few Councils, however, have a comprehensive investment attraction strategy that clearly defines the priorities, resources for investment attraction and its implementation. Many Councils are not actively promoting investment related information – see Section 8.4. Given that there is a lack of strategic focus with respect to investment attraction then it can be understood that investment attraction effort is not seen to be achieving increased investment.

3.1.1 VAGO Report – Investment Attraction

The Victorian Auditor-General’s Office (VAGO) undertook a review of the investment attraction activities of the then Department of Business and Innovation (DBI) in August 2012 – see <https://www.audit.vic.gov.au/report/investment-attraction>

At that time (DBI) was Victoria’s lead economic development agency for attracting new investments and encouraging established businesses to invest further in the state.

While the machinery of Government has changed since that time the report makes a number of observations that are relevant to investment attraction in today’s context – the VAGO Reports notes that:

“The Department of Business and Innovation (DBI) has not documented a comprehensive investment attraction strategy or an effective monitoring and evaluation process for its investment attraction activities. Without them, DBI :

- cannot be assured that its investment attraction activities are achieving the desired outcomes and providing value-for-money.”
- does not have the information it needs to improve the effectiveness of its investment attraction activities.

“A strategic approach to investment attraction is important to achieve activities that are coordinated, appropriately prioritised and work towards achieving clearly defined objectives.”

“An evaluation methodology is necessary to understand whether intended outcomes are achieved, and to facilitate service improvements.”

3.1.2 A Strategic Focus for RCV Councils

The VAGO findings point to the need to have a clear framework for the deployment of resources. Many RCV Councils have limited resources – see also Sections 14.5 and 14.5.1 It is essential to have a clear strategic focus to

- ensure that limited resources are being deployed in the most effective manner
- evaluate the impact of the resources that have been deployed

3.2 Key Elements of an Investment Attraction Strategy

The key elements of an investment attraction strategy are essential those of any effective strategy and fall into the following three areas

3.2.1 Strategic Intent

Strategic intent relates to the clarity of what we want to achieve and its appropriateness with respect to supporting wider outcomes and current capabilities

Aim What is the intent of investment attraction – yes we want to attract investment, but from whom? How does this relate to the EDS and the Council Plan?

Objectives What is the range of desired outcomes that is consistent with the Aim? What scale and type of investment is being pursued and in which types of industry?

3.2.2 Implementation Planning

Implementation planning relates to what, when, where and who of how things will be done

Priorities What are the particular priorities/actions that need to be executed in what timeframe? How are we supporting :

- the development of a value proposition?
- promoting the value proposition?
- engaging with potential investors?
- managing enquiries?
- the facilitation of proposed investments?

Resources What resources – time and budget - will be allocated to the priorities?

3.2.3 Performance Review

Performance review relates to understanding what has actually been achieved and how investment attraction can be improved going forward

Outcomes How will the outcomes be assessed? Have we achieved a positive return on the resources allocated?

Evaluation How will information be gathered with respect to “lessons learned”? How will this be used to improve the investment attraction strategy? – see also Section 11

3.2.4 Impacts of Not Having an Investment Attraction Strategy

The absence of a strategic approach to investment attraction is likely to see

- an incomplete and/or uncoordinated approach to investment attraction
- a lack of focus regarding the “value” that needs to be delivered in order to attract investment
- the introduction of short term initiatives that are inconsistent with longer term outcomes
- an inefficient and/or ineffective deployment of resources – and likely frustration with a lack of desired results
- a lack of effective evaluation that does not identify key opportunities for improvement

Some of these impacts are already apparent – see Section 8.4 and Section 6.8.2

3.3 RDV’s Investment Attraction Strategy

The development of investment attraction strategies would benefit from an understanding of RDV’s Investment Attraction Strategy. Given the VAGO report – see Section 3.1.1 – it is assumed that such a strategy has been developed.

However, it has been unclear from the engagement with RDV what this strategy is.

3.3.1 Feedback from RDV

RDV's feedback was that they:

- expect to see more investment opportunities flagged to them by RCV Councils; and that
- place more focus on investment attraction with the regional Cities as there is a greater return for the resources and effort applied by RDV
- many RCV Councils do not have the resources and/or capability to effectively address investment attraction

This feedback is somewhat contrary to the expectations of many RCV Councils – see also Section

The contrast in expectations indicates that there needs to be a clear understanding across the RCV network of RDV's strategic priorities with respect to investment attraction. This would include an improved understanding of how RDV's Investment Attraction Strategy articulates with the efforts of

- Invest Victoria – see Section 8.7.4;
- The Invest in Victorian Agriculture (IVA) program that has been implemented by Agriculture Victoria – see Section 8.7.5

Such an understanding will enable RCV Councils to have a clearer focus of their roles in investment attraction and the priorities they need to reinforce in their respective investment attraction strategies.

3.4 Investment Attraction Strategy Implications for Investment Attraction

3.4.1 Development of Investment Attraction Strategies by RCV Councils

There is a need for RCV Councils to develop an appropriate strategic framework for investment attraction that supports their respective Economic Development Strategies.

This should include the identification of the resources that will be required to implement the strategies.

The collation of these strategies and the resources required will be informative to

- RCV regarding their ongoing efforts to grow the capability of RCV Councils with respect to investment attraction
- The identification of opportunities to collaborate between Councils
- RDV with respect to the support they can provide to improve the effectiveness of investment attraction across the RCV Council network.

3.4.2 Implications for RDV

RDV can support the development of investment attraction strategies across the RCV network by providing an understanding of the key elements and/or priorities of the RDV investment attraction strategy.

RDV could facilitate the process of collating RCV Council Investment Attraction Strategies and provide feedback to RCV regarding implications for relevant RDV programs and processes.

4 A Value Proposition

The investment attraction effort needs to be supported with a clear value proposition

4.1 Value Proposition - A Definition

In a commercial setting a value proposition refers to the value a company promises to deliver to customers should they choose to buy their product. It can be presented as a business or marketing statement that a company uses to summarize why a consumer should buy a product or use a service.

An effective value proposition makes it clear about what is on offer and how it can help the position of the potential purchaser.

4.1.1 A Value Proposition in an Investment Attraction Context

In an investment attraction context, there is no term that is widely used to describe the combination of elements that would be promoted to potential investors.

For the purposes of the RCV Investment Attraction Program we have adopted the term value proposition to collectively describe the features and benefits associated with an investment opportunity that can be promoted and communicated to potential investors from a particular industry sectors.

4.2 Key Elements of a Value Proposition

A value proposition represents the potential value that an investor may generate by investing in an asset that is available in a local economy and provides information about what is on offer and how it can help the potential investor.

The Value Proposition is a description of an investment opportunity that is currently available and includes the:

- Current and forecast demand for goods and/or services (this can include demand generated by visitation)
- relevant key asset(s) and their attributes – as they are relevant to the industry sector that is being targeted – this in turn would include:
 - location within the LGA
 - where a site(s) are involved the size and location of sites – and the planning zone that applies
- size and scale of investment that the asset(s) can cater for – and that will be supported by Council
- relative availability of a workforce – see also Section 5.6
- potential economic impact of the investment - see also Section 5.5.1
- Other relevant benefits – including “lifestyle assets” – see also Section 5.3
- Support Council will provide to the investor to leverage the asset - this would include the:
 - investment facilitation that will be provided – see also Section 10
 - support for relevant planning applications – see also Section 10.2.4

It can be envisaged that multiple opportunities could be available at any given time.

4.2.1 Current Investment Opportunities

A number of participants in the Investment Attraction Workshops flagged the investment opportunities that would be possible if particular infrastructure and/or assets are established and/or further developed.

An investment opportunity relates to what is currently available and not subject to the potential development of infrastructure and/or assets. The development of asset capability supports investment attraction – see Section 2.3 – but it is not investment attraction.

Should and/or when such infrastructure is developed a value proposition should be developed and/or updated – see also Section 4.2

4.3 Development of the Value Proposition

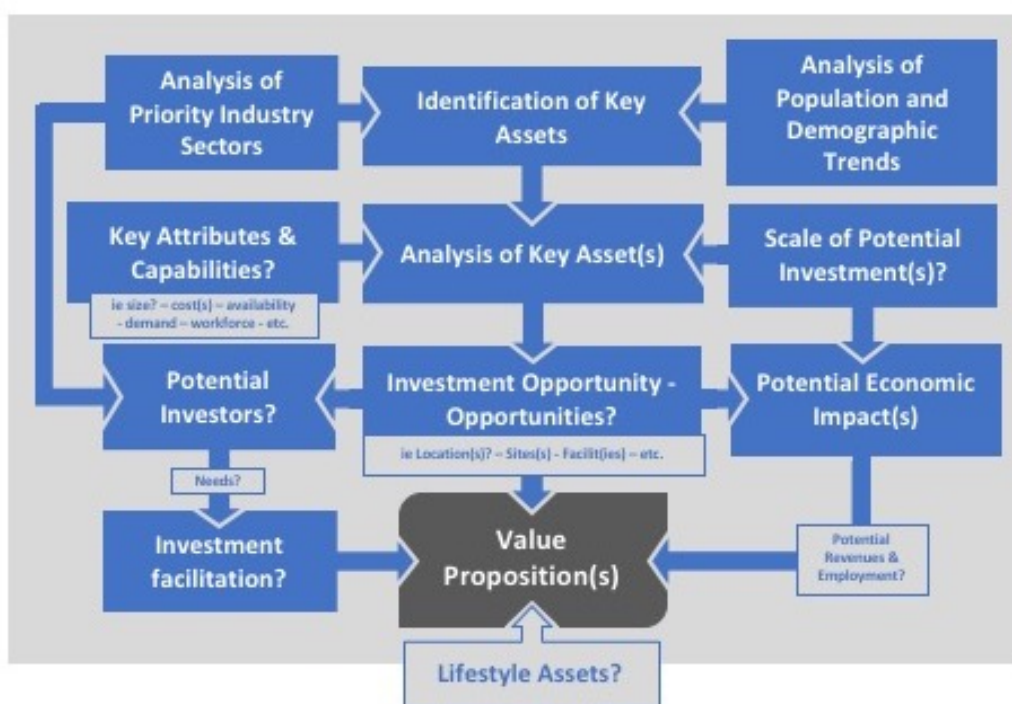
The development the Value Proposition – see **Figure 4** is consistent with the priorities of the Investment Attraction Strategy – see also Section 3.2 - and draws upon the outcomes of the analysis described in the previous Sections - i.e.

- Key industry sector analysis – see also Section 6
- Population changes – see also Section 14.4
- Identification of key assets– see also Section 5.1

4.3.1 Cross Functional Investment Attraction Group

The development of the Value Proposition can benefit from the establishment a cross organisational “Investment Attraction Group” that seeks input from areas of Council other than the economic development team.

Figure 4 – Development of a Value Proposition



Having such a group widens the understanding across Council about investment attraction and its key priorities and would:

- consider an analysis of the priority industry sectors to identify:
 - relevant key assets – and any developments and/or trends that may impact such assets
 - associated investment opportunities – including the identification of
 - particular sites/locations in which investment make take place
 - the potential scale and economic impact of such investments
- potential investors including existing businesses that can leverage such assets and opportunities
- any particular barriers to the investment opportunity being undertaken and the intervention that may be required to mitigate barriers – see also Section 5.8
- other key benefits – including lifestyle assets – see also Section 4.3.4

- the investment facilitation – see also Section 10 - that can be provided by Council for such opportunities including the:
 - the development of internal planning and legislative process that minimize red tape and ensure efficient delivery of all approvals
 - how any such facilitation would need to be delivered and the identification of Council resources that would need to be made available
- the key tenets of a communication strategy – see also Section 8.2 - to grow the awareness of potential investors including the:
 - development of relevant information to be provided
 - local and/or other potential investors to be engaged
 - stakeholder engagement required to engender wide community support for the identified investment opportunities

4.3.2 Engagement with RDV

The development of the Value Proposition also needs to engage RDV in the:

- potential scale and economic impact of such investments
- identification of potential investors
- involvement in the mitigation of barriers
- support that can be provided to investment facilitation
- identification of key elements of a communication strategy

4.3.3 Community Support

The value proposition can also be formed to provide information to the community about the potential economic impact and other relevant benefits of such investment and engender community support for the potential investment

4.3.4 Lifestyles Assets

The importance of lifestyle related assets with respect to the value proposition is dependent upon potential investors having a need for people to relocate to the LGA for the purposes of being in their workforce and that, in turn, the relocation is highly dependent upon having access to relevant lifestyle assets.

4.4 Implications for Investment Attraction

There is a need for Councils to have in place a clear value proposition that targets the sectors that are a priority for investment.

4.4.1 Implications for RDV

RDV can provide advice of the structure of a value proposition that would support the implementation of RDV Investment Attraction Strategy.

5 Key Assets and Investment Attraction

Investment is a function of the available assets within a local economy that can be leveraged by existing and/or new investors to generate growth in their respective businesses.

5.1 Identification of Key Assets

Key Assets are the assets are likely to be desired by investors from a particular industry sector for their potential capability to enable the establishment and/or growth of a commercial operation and may include one, or more of the Assets noted in **Table 1**

Table 1 – Types of Assets

<i>Asset</i>	<i>Description</i>
<i>Physical</i>	availability of appropriately zoned land – i.e. agricultural, industrial, commercial
<i>Utilities</i>	access to relevant utilities – i.e. water, power, sewer
<i>Digital</i>	Access to high speed broadband, mobile connectivity
<i>People</i>	<p>i.e. the availability of the people i.e.:</p> <ul style="list-style-type: none"> • local residents – the consumers of local goods and services • a local labour force that can form part of a workforce • visitors – who consume local goods and services
<i>Access to Relevant Inputs</i>	Efficient/cost effective access to the type and/or quantity of the inputs that an industry may need to for their processing operations
<i>Commercial support</i>	i.e. - the availability of businesses and/or commercial services that are required by investors to enable/support their own operations
<i>Services</i>	i.e. - the availability of services that are required by investors to support their own operations e.g. training

5.1.1 Priority Sectors and Key Assets

The identification of Key Assets is a function of identifying the industry sectors that are a priority for investment attraction.

Key assets are those that are of most value to investors – local or new – who operate in the priority sectors; understanding what is of most value to investors is therefore critical

5.1.2 Key Propulsive Sectors and Key Assets

The key assets in any local economy are those that support the operation of the Key Propulsive Sectors within the local economy – see also Section 13.2.2. These assets enable the operation of the sectors that have the widest impact upon the local economy.

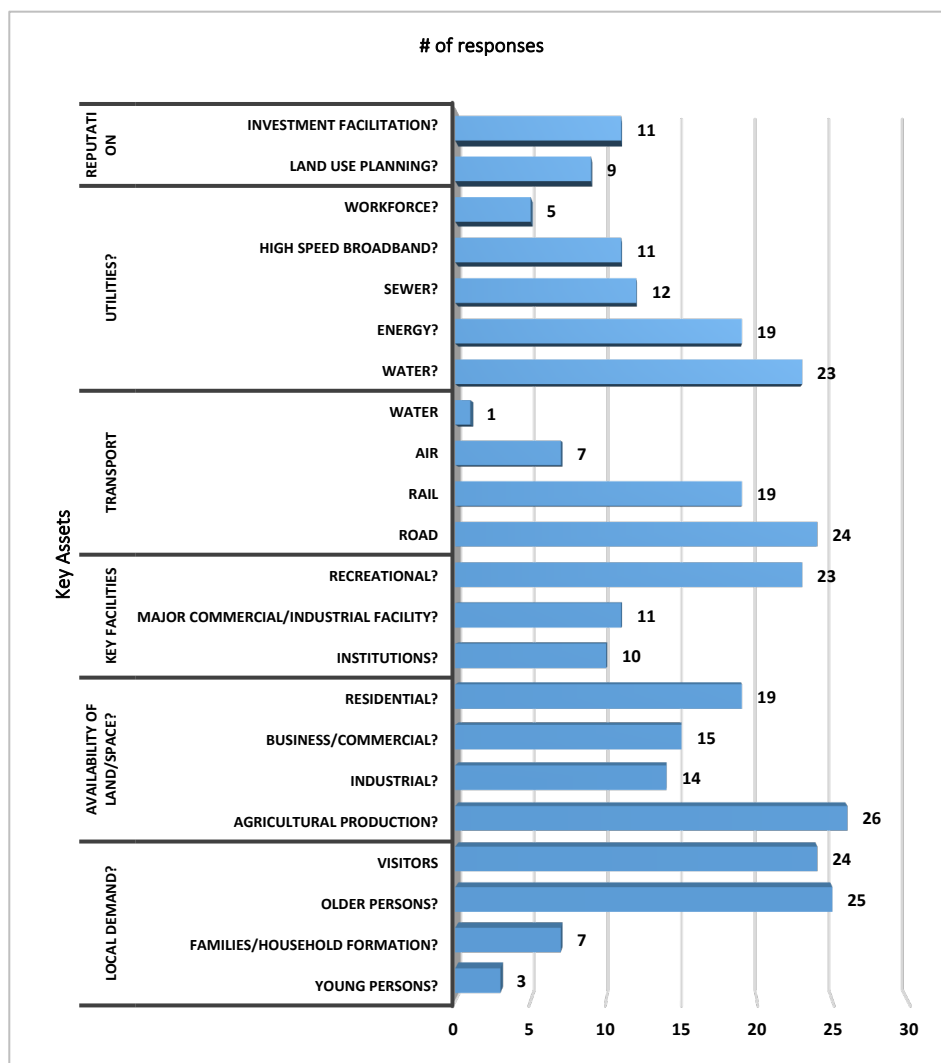
As noted in Section 13.2 – not all industry sectors are Key Propulsive Sectors but may have one or two of the components that underpin being rated as a Key Propulsive Sector – see **Table 10** The assets that support the operation of these sectors should also be understood.

In some cases, the value proposition may also accentuate “lifestyle assets” – see also Section 4.3.4

5.2 Nominated Key Assets

Workshop participants were asked to nominate assets that would be valued by potential private sector investors – what they see as the key assets in the local economy. The responses are noted in **Figure 5**

Figure 5 – Range of Key Assets Nominated by Rural Councils



5.2.1 Alignment with Key Propulsive Sectors

The assets nominated are consistent with the needs of the common Key Propulsive Sectors – see also Section 13.3 – i.e.

<i>KPSs</i>	<i>Nominated Key Assets</i>
Agriculture	agricultural land, transport, water
Food Manufacturing	industrial land, water, power, sewer
Accommodation & Food Services	visitation
Health	population of older people

5.3 Lifestyle Related Assets

Lifestyle related assets refers to those factors that support lifestyle options that may be desired by people residing in the LGA and/or contemplating residing in the LGA. Such assets may include the access to:

- health services
- preferred housing options
- education and training
- recreational options
- public transport

5.3.1 Major Natural Assets

A number of Councils also nominated major natural assets and/or recreational facilities as being key assets – e.g. The Grampians, The Gippsland Lakes, coastal areas, the Murray River and these assets offered a wide range of recreational opportunities for residents and visitors.

5.3.2 Impact on Investment Attraction

Lifestyle assets have a particular impact on investment attraction if the investment requires either relocating workers and/or attracting workers to another location and the relocation/attraction is highly dependent on the quality of the lifestyle assets

5.4 Understanding the Attributes of Key Assets

There is a need to understand the particular attributes of key assets in order to be able to understand the relative value they offer to investors.

An understanding of the attributes of key assets needs to include the identification of the assets' key characteristics with respect to the;

- capability of the asset – i.e. what activities can it cater for and/or the type of commercial operations that are possible.
- availability of the asset – i.e. how much of the asset is available and how this will impact the scale of investment
- relative cost of the asset

The range of questions will vary according to the type of asset – for example

- *Land* – this may include:
 - how much “zoned land” (i.e. agricultural, industrial, commercial etc.) is available? – and its location
 - where in the LGA are “investment sites” that will be supported by Council?
 - what is the size of the investment sites?,
 - what utilities are available?,
 - how do the costs of the land compare to other locations – in particular Greater Melbourne and/or regional city locations?
- *Consumer demand* – this may include:
 - what are the trends with respect to the demands generated by changes in the local population/demographics?
 - how do individual/household incomes compare to other locations – in particular Greater Melbourne and/or regional city locations?
- *Visitors* – this may include:
 - what is the trend in visitation?
 - what do visitors spend?
 - What are the opportunities to capture more value from visitors through investment in accommodation, new/improved experiences etc.

5.4.1 Clarity of Available Assets

Our observations (from the analysis of information provided about investment opportunities) is that much of it is general in nature – see also Section 6.8. This includes information that relates to the types of industry and/or economic activity that current operate in the LGA.

While understanding that the local economy supports different types of industry and/or economic activity provides some insight for investors as to what assets are available, it does not provide information regarding what specific assets are currently available for investors to leverage

5.4.2 Collaboration between RCV Councils

The identification of key assets may be an opportunity for Councils to collaborate by combining assets to present greater value to potential investors e.g.

- total demand for age appropriate housing
- total visitation
- total demand for professional services generated by total size of industry sectors

5.5 Scale of Potential Investment and Economic Impact

An assessment of the key assets needs to understand the scale of industrial/commercial activity they can support

Having clarity regarding the potential scale of investment that may be possible enables Councils to understand the level of “development” (i.e. the scale of construction/building etc.) that may take place and the implications for:

- community reaction to such development
- the planning approval process
- the demand on other infrastructure and services
- the level of investment facilitation effort that may be required

Understanding the above enables Councils to determine to what level they will support such development

Having this clarity means that Council can be clear to potential investors - through its value proposition – see Section 4 – about its aspirations for the level of investment it will support. This goes some way to attracting the type and scale of investment that Councils, and communities, desire.

5.5.1 Potential Economic Impact

Understanding the desired scale of investment enables the development of scenarios that can be used for estimating economic impact.

This would include the impact on direct employment – and indirect employment - and the local industry sectors that will benefit from the:

- Industrial effect of the growth associated with the investment in terms of the demand for local goods and services
- Consumption effect of additional workers buying goods and services

Understanding the potential economic impact will provide RCV Councils with an understanding if the effort to develop a Value Proposition and identify and engage potential investors is a worthwhile exercise for the local economy, the community and an effective use of Council resources.

It is highly likely that private sector investors will undertake their own due diligence with respect to any potential investment including their own assessment of costs and revenues and do not require an estimate of economic impact that has not been prepared by themselves. However, an estimate of the economic impact will provide:

- potential investors with a better understanding of Council’s aspirations for the investment
- the community with an understanding of the potential benefits associated with such investment
- RDV with an understanding of the economic impact that they can support through investment facilitation

5.6 Available Workforce

The availability of a workforce for an investment by existing businesses or to service a newly established operation is a key asset.

5.6.1 Workforce Analysis

In order to promote the existing workforce as an asset there is a need to identify the range and capability of workers. This will require an analysis of the number of:

- people who reside locally and work elsewhere – i.e. outside of the LGA – and the industry sectors they work in
- people who may be underemployed and are seeking additional employment opportunities
- young people who may be leaving school and seeking employment opportunities

Scenarios for identifying sources for additional workers were addressed in the RCV Rural Workforce Development Plan – see <https://s3-ap-southeast-2.amazonaws.com/dutchmedia-static-ruralcvc/wp-content/uploads/2019/06/28162316/Rural-Workforce-Development-Plan-Final.pdf>

5.7 Council Reputation as a Key Asset

A Council that has a reputation for being supportive of investment opportunities and/or being able to expedite appropriate planning applications can be seen as an attractive asset by investors.

5.7.1 Feedback from RCV Councils

The feedback from the Investment Attraction Workshops suggests that many Councils likely have no, or even a poor reputation for investment attraction as they are not:

- actively promoting key assets and/or investment opportunities – see also Section 8.4
- proactively engaging with potential investors – see also Section 8.8
- monitoring investment attraction related activity and/or outcomes – see also Section 11

5.7.2 Feedback from the Private Sector

The development of the RCV Investment Attraction program has included gathering feedback from the private sector and in particular those businesses that have (i) grown their existing investment or that (ii) have established an operation in rural Victoria. In summary, the private sector feedback emphasised that Councils can enhance the likelihood of business investment attraction through:

- being clear about the investment opportunities that are available
- being clear about the types of investment, and their locations, that will be fully supported by Council, as expressed in a value proposition – see also Section 4.2
- building their reputation for the facilitation of investment – see also Section 5.10.2 – and working with existing investors to leverage opportunities including a focus on the development of asset capability that will reinforce/grow their comparative advantages

5.8 Barriers to Investment by Local Businesses

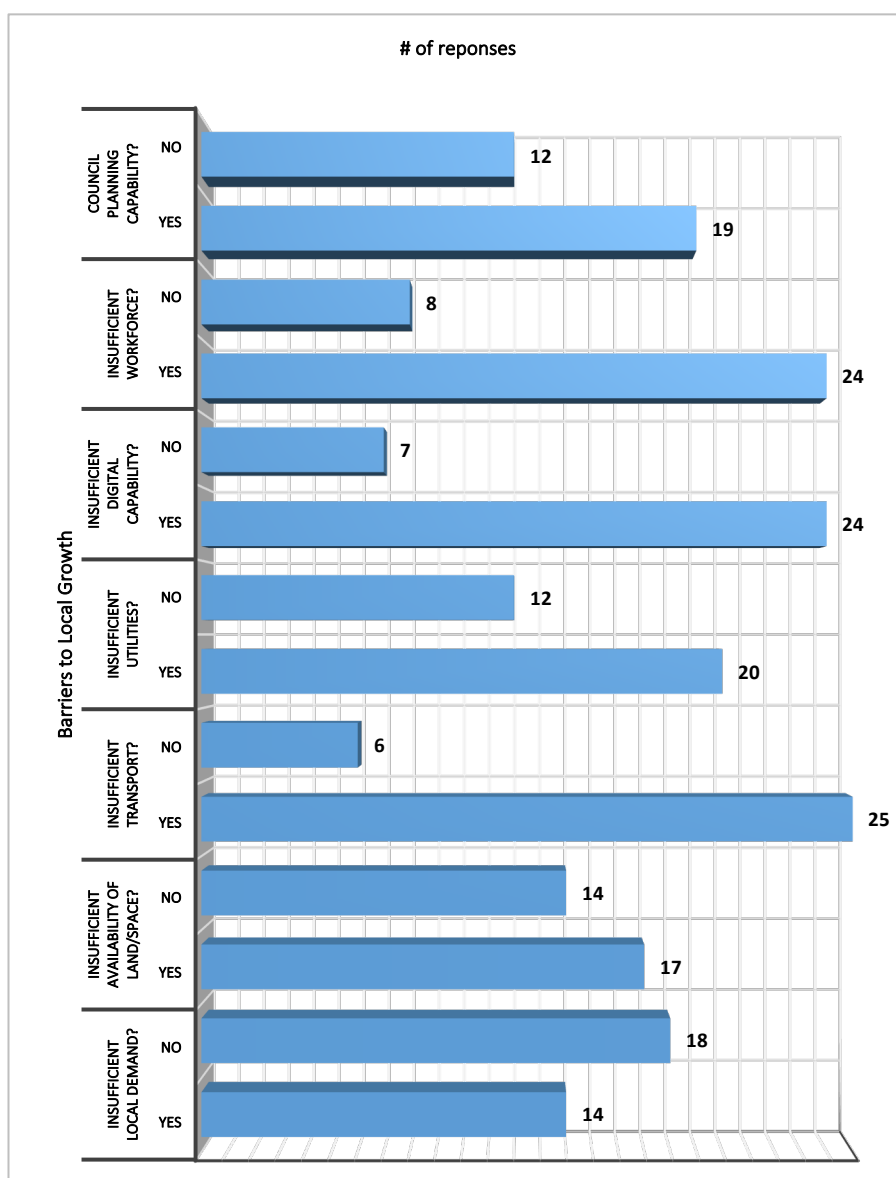
Investment Attraction Workshop participants nominated barriers to increased investment from local business – these responses are captured in **Figure 6 - Barriers to Investment by Existing Businesses Nominated by RCV Councils**

RCV Councils indicated a range of barriers to existing investors/businesses being able to grow/invest in their respective businesses and/or establish new businesses.

5.8.1 Insufficient Transport

Transport facilities and/or services that facilitate the movement of goods in/out of the local economy was the most frequently nominated barrier.

A number of Councils (some 40% of responses) flagged that the transport related barrier was insufficient public transport. This is more likely a “lifestyle” asset need – see also Section 4.3.4

Figure 6 - Barriers to Investment by Existing Businesses Nominated by RCV Councils

5.8.2 Availability of Workforce

The frequency that an insufficient workforce was nominated is of great concern with respect to investment attraction in rural Victoria.

The RCV Rural Workforce Development Plan noted that a range of existing businesses in rural Victoria are unable to fill required positions in their workforce.

5.8.2.1 An Example of the Need for a Workforce - Ararat

An example of businesses needing to find additional workers can be found in Ararat – both examples are in manufacturing. The following are links to stories in the local newspaper regarding local businesses seeking to find workers to leverage growth opportunities

- <https://www.araratadvertiser.com.au/story/5420624/abattoir-jobs-galore-but-new-workers-are-few/>
- <https://www.araratadvertiser.com.au/story/5426330/ame-systems-desperately-seeks-skilled-employees/>

5.8.3 Insufficient Digital Capability

The majority of commentary related to inadequate access to High Speed Broadband (HSB) and the range of mobile phone blackspots.

A number of participants also commented that this has an impact on the quality of lifestyle assets – see also Section 4.3.4

5.8.4 Council Planning Capability

A significant number of participants identified that their Councils land use planning/approvals related capability was a key barriers to local investors and growth.

5.8.5 Insufficient Availability of Land/Space

Much of the commentary provided related to having insufficient and/or inappropriately sized sites of land zoned for industrial use

There is a need for clarity around what is a “minimum” with respect to the size of sites required to enable growth and investment.

5.9 Asset Development – Enabling Infrastructure

RCV Investment Attraction Workshop participants nominated the priorities for the development of enabling infrastructure required to support improved investment attraction – the range of responses are captured **Figure 7**.

The range of “enabling infrastructure” nominated are reflected the barriers to local investment – see **Figure 6**

5.9.1 Digital Infrastructure

The highest number of nominations was for improved access to High Speed Broadband (HSB).

5.9.2 Industrial Land

Much of the commentary from participants with respect to “rezoning” related to the need for suitable industrial zoned land.

5.9.3 Public Transport

The responses relating to public transport need to better understood as to how improving these assets will support investment attraction.

Our observation is that improvements in public transport are more relevant to improving access to services for local residents than it important for businesses to enable their commercial operations.

Therefore, as important as public transport is to “lifestyle” we do not see this as being key to enabling greater investment from the private sector.

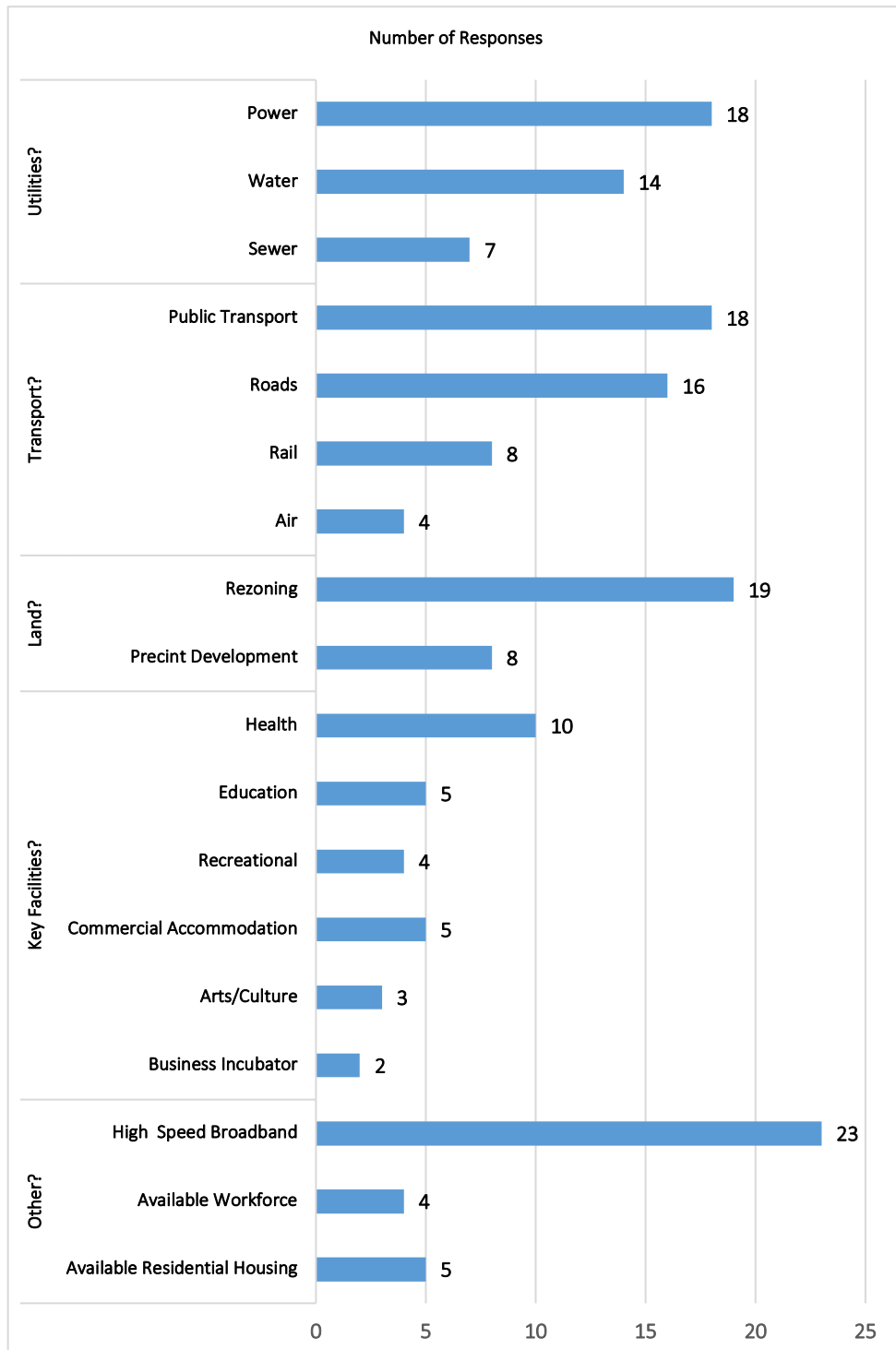
5.9.4 Power

Improved access to power was also frequently nominated. Given the focus on the development of renewable energy facilities – see also Section 6.8.1.3 - there may be further opportunities to provide “over the fence” solutions to enable value added usage of nearby land e.g. akin to the Nectar Farm development in the Northern Grampians to connect to renewable energy facilities.

5.9.5 Roads

The greater majority of comments from participants regarding roads related to upgrades of roads that are key to the operation of the local economy

Figure 7 - Enabling Infrastructure Requirement Nominated by RCV Councils



5.10 Key Assets for Investment Attraction – Implications for Investment Attraction

The Investment Attraction Strategies for RCV Councils need to be clear about the assets that are of high value to potential investors from the industry sectors that are a priority

5.10.1 Understanding the Asset Capability

It is difficult to provide a clear value proposition if there is an unclear understanding of the capability of assets. There is a need for the investment attraction process to be able to clearly articulate the relative availability, capability and cost of assets – and their location(s).

5.10.2 Growing Councils Reputation

RCV Councils should seek feedback regarding their “reputation” and/or promote their achievements/capabilities with respect to planning processes/investment facilitation. They can also pursue the following (what?)

5.10.2.1 Investment Attraction Strategy

The development of a clear Investment Attraction Strategy will support an improvement of Councils reputation by providing clear direction to desired outcomes and the deployment of resources.

5.10.2.2 Value Proposition

The development of a clear value proposition(s) that includes the identification of sites/precincts in which development that supports growth in priority industry sectors would be supported by Council and the wider community – see also Section 4.2 – and are less likely to be problematic with respect to gaining planning approvals

5.10.2.3 Communication Strategy

This would also include the development of a clear communication strategy for the promotion of Council’s Value Proposition – see also Section 8.2

5.10.2.4 Council Planning Capability

A perception by existing businesses that having to undertake a planning approval process will be highly problematic and will negatively impact further investment is a significant issue with respect to investment attraction.

RCV Councils should look to improve the planning approvals process through participation in the Better Approvals program

5.10.3 Workforce Availability

RCV Councils need to address workforce related issues with respect to being able to provide investors with confidence that they can access the workforce they require.

5.10.3.1 Workforce Development

Addressing workforce needs is an opportunity for greater collaboration between neighbouring rural Councils which may find opportunities to collaborate and share resources to achieve mutually beneficial outcomes with respect to workforce development. Councils can look to the recommendations in Rural Council Victoria’s Workforce Development Plan –ruralcouncilsvictoria.org.au/wp-content/uploads/2017/08/Rural-Workforce-Development-Plan-Final.pdf –for addressing workforce needs in the shorter term including:

- Improving the identification and/or promotion of actual employment vacancies in the local economy
- Targeting rural residents who work elsewhere – i.e. regional cities/Greater Melbourne – to fill employment opportunities within the local economy

5.10.4 Insufficient Digital Capability

The development of improved capability is an opportunity for Councils to collaborate.

An example of this is the Southern Grampians and Glenelg Digital Strategy - see http://www.sthgrampians.vic.gov.au/files/Public_Documents/PublicDocumentsSouthern_Grampians_and_Glenelg_Digital_Strategy_2016.pdf

The development of this Strategy was supported by funding from RDV. The feedback indicates that there is a need for similar strategies in other areas

5.10.5 Opportunities for Collaboration

A number of barriers nominated may be most effectively addressed through collaboration amongst RCV Councils – these include:

- Workforce development
- Digital capability

5.10.6 Feedback from RDV

RDV can provide feedback to RCV Councils regarding the priorities and perceptions of “investors” from priority industry sectors with respect to assets that RDV has garnered from their industry engagement activities- see also Section 8.10

5.10.7 RDV Policy Priorities

The responses from RCV Councils with respect to the need to improve the availability of industrial land, required workforce and access to HSB could underpin policy priorities for RDV with respect to the support for asset development.

6 Identification of Investment Opportunities

The following sections provide an overview of the investment opportunities in high priority sectors:

- Agriculture – this can be divided into three broad industry groups.
 - Intensive animals
 - Horticulture
 - Extensive agriculture
- Food manufacturing
- Visitor accommodation
- Health – many Councils have expressed a focus on aged care in particular to support the growing population of older people

The identification of particular investment opportunities in the priority industry sectors is highly dependent on:

- Understanding key trends relevant to these sectors
- Understanding the needs of potential investors

6.1 Investment Opportunities in Agriculture – Intensive Animals

The intensive animal industries include:

- Pigs
- Chickens (meat and eggs)
- Feedlots (mainly cattle, but some sheep)

The pig and chicken industries are largely domestic focussed industries with little import competition due to biosecurity regulations, i.e. no import competition in the fresh market, but substantial competition in the processed market. Consumption of pig and chicken meat has, and is forecast to continue to, grow rapidly. The combination of no import competition in the fresh market and growing demand means that domestic production will continue to grow.

6.1.1 Pork

Pork prices are currently at a historic low due to an over-supply following a period of sustained high prices. These low prices together with high feed prices caused by the current drought means the industry is undergoing significant restructuring. This will result in further consolidation of large scale production by domestic based corporates and family corporates, with more smaller family farms (<300 sows) leaving the industry. The larger investors see this as an opportunity and are gearing themselves up for the eventual upturn in the industry once the current over-supply is consumed. Therefore, the long-term outlook remains positive

6.1.2 Chicken

The chicken industry is facing the same high feed prices, but their product price remains relatively stable due to the largely vertically integrated nature of the industry. The chicken industry is dominated by large domestic based corporates who operate the processing facilities. The vertically integrated nature of the industry results in these processors providing all inputs to a larger number of contract growers who, by necessity, are located within 1.5 hours of the processing facility to whom they are contracted.

The competitive behaviour of major processors has a significant impact on the rest of the industry. For example, Baiada chicken processor has consolidated their processing activities to Griffith in southern NSW. This resulted in the closure of their Victorian based processing plants and loss of grower contracts by a large number of Victorian growers. It would appear as though this move was part of a strategic initiative to lower their cost of production through consolidation of existing facilities and investment in a greenfield site.

Thus, other Victorian processors (Ingham in Bendigo and Turi in Geelong) will be under competitive cost pressure from Baiada and may be seeking similar opportunities to consolidate and establish greenfield sites or invest in existing facilities to lower their cost of production.

This provides an opportunity for Victorian rural councils to work together to secure the future of these industries in Victoria by proactively targeting these processors, rather than waiting for them to leave.

6.1.3 Feedlots

There is little investment in feedlots for cattle and sheep production in Victoria. Northern NSW and south eastern QLD have a comparative advantage in cattle feedlots, which Victoria is unable to match. Sheep feedlots are marginally profitable except in specific circumstances. Thus, they are more opportunistic than strategic investments.

6.2 Investment Opportunities in Agriculture – Horticulture

The horticulture industries are many and varied in their production, but they can be largely grouped into:

- Field production
- Protected agriculture (e.g. glasshouses)

Field production needs water and people, whilst protected agriculture needs water, people and energy. The availability and pricing of these resources is controlled by Commonwealth and State regulation.

6.2.1 Large Scale Operators

The industry is increasingly dominated by large scale domestically based corporates, family corporates and passive investors, both domestic and international (e.g. superannuation funds and high-wealth individuals).

6.2.2 Key Roles for Local and State Government

Given this and the size of the investors involved, the relevant investors have a national and State focus, rather than a local focus, i.e. they have no preferences for particular States or LGA as long as they can access the key needs that a major investment requires. They will also focus on working with the people who can influence the relevant Commonwealth and State policy (i.e. typically this is not the local government level).

Thus, investment attraction in this industry needs to be co-ordinated at a State level and look at attracting investors to locations where the three key resources they need can be co-located.

6.2.3 Role for Local Government

Local government planning needs to respond to this strategically by ensuring their planning provisions facilitate such development. They need to ensure that investors can access relevant key assets – see also Section 5.4

Another key role for local government in this sector is to facilitate labour availability, i.e. workforce development, transport, housing and social services. For example, the work undertaken by Hindmarsh Shire to ensure the growing Karen community in Nhill, which staff Luv-a-duck, can integrate smoothly into the local community and access the services they need. Thus, there is both a direct social service provision and a facilitation role local government can play, once State-wide strategic planning identifies the appropriate co-location of water and energy infrastructure.

6.3 Investment Opportunities in Agriculture - Extensive Agriculture

The extensive agricultural industries in Victoria are:

- Dairy
- Grain
- Livestock (beef cattle and sheep)

These are the “traditional” farming industries that dominate land use and the economy within many Victorian rural LGAs.

6.3.1 Industry Consolidation

These industries have been consolidating since inception and will continue to do so, as advances in technology facilitate increased labour efficiency and expansion. These businesses need to continue to expand to achieve economies of scale and remain cost competitive in the global commodity market in which they operate.

6.3.2 Low Priority

Although, unlike horticulture, these investors are largely replacing existing businesses, thus they are not necessarily creating extra investment of new jobs within the locality they invest in, unless significant productivity improvements are made by their investment. Furthermore, investors in extensive agriculture in Victoria are often mainly focussed on the capital gains they can achieve from investment in rural land in Victoria due to the relatively high value of land compared to its productive value. Those not interested in capital gain tend to invest elsewhere.

These industries should not be a priority for investment attraction in rural councils because investors in these industries are:

- largely replacing existing businesses and not necessarily creating extra investment or new jobs.
- many are more focussed on capital gain and, similarly, are not necessarily creating extra investment or new jobs.

6.3.3 Niche Market Producers

There is also a growing number of smaller, niche market producers in these industries. However, in the main, these are not located in the smaller rural councils, but closer to major regional centres and metropolitan areas where access to a ready market of high income people who seek the experiences and products they produce. This is a growing market segment, but still very small in comparison to the main commodity producers and, as such, contributes more to the lifestyle feel of a region and the visitor economy than to the agricultural economy.

6.4 Government Strategies

The State Government has developed a Food and Fibre Sector Strategy and an Agriculture Strategy. These strategies provide direction to the development of investment opportunities in the agriculture sector.

6.5 Investment Opportunities in Food Manufacturing

As already noted in Section 13.7.2 rural Victoria has experienced employment growth in the food manufacturing sector. This growth has been experienced across the rest of Victoria as noted in **Table 2**:

Table 2 – Food Manufacturing Employment Growth 2011 to 2016

	Jobs 2016	Jobs 2011	Jobs Growth 2011 to 2016	% change 2011 to 2016
Greater Melbourne	35,977	29,805	6,172	21%
Regional Cities	23,492	19,875	3,617	18%
Rural Victoria	13,880	11,888	1,992	17%
Totals	73,349	61,568	11,781	19%

Given that Australia has a growing population and well established export markets for its processed foods it can be anticipated that the demand for food products will continue to grow.

This growth will need to be accommodated through a combination of:

- Improving the efficiency of existing food manufacturing operations; and/or
- Expanding operations at existing manufacturing sites; and/or
- Developing additional manufacturing sites; and/or
- Consolidating expanded operations to new larger sites

6.5.1 Opportunities for Rural Victoria

All of the above suggest opportunities for investment in existing and/or new food manufacturing sites in rural Victoria.

There are food manufacturing operations based in Greater Melbourne, in particular, that

- cannot expand at the current location as the site cannot accommodate a larger manufacturing footprint; and/or
- are experiencing restrictions to their operations due to the encroachment of residential and/or non-industrial commercial development; and/or
- are seeking to establish a secondary manufacturing site to:
 - accommodate expansion of production and/or
 - provide a risk mitigation to having a single manufacturing site
 - establish a lower cost operation
- see financial opportunities associated with disposing of their current Melbourne site and acquiring a site out of Melbourne for a lesser cost

These manufacturing operations may see merit in establishing operations at appropriate sites in rural Victoria. Such sites would

- Be of an appropriate size with existing and/or ready access to required utilities
- Be available at an appropriate cost to the investor
- Have Council support for the establishment of a food related manufacturing operation/facility

6.5.2 Impact on the Victorian Economy

A business that relocates to another location in order to expand its operation, which would likely involve a growth in employment and potentially a growth in exports, will have a positive impact on the Victorian economy. This impact would be greater if an operation continues at the original site, or if the original site is developed to enable a different usage(s). Thus, there is a potential benefit to the State by expediting such a relocation.

6.5.3 Access to a Workforce

Analysis provided by Food Innovation Australia Limited (FIAL) – see https://fial.com.au/Attachment?Action=Download&Attachment_id=193 notes that

- 34% of Australian food manufacturers reported that they have difficulties in recruiting appropriate workers
- Over 8% of workforce positions in Australian food manufacturers are unfilled

The RCV Workforce Development Plan noted that businesses across a range of sectors in rural Victoria have difficulties with accessing the workforce they require.

A number of RCV Councils also noted that lack of an appropriate workforce was a barrier to investment growth in their LGA – see also Section 5.10.3

Given the above an opportunity in food manufacturing in rural Victoria will need access to an appropriate workforce if it is to be realised.

6.6 Investment Opportunities in High Priority Sectors – Visitor Accommodation

Visitation and visitor spending in regional Victoria – including rural Victoria – has grown over the past six years as noted in the following table:

Table 3 – Visitation to Regional Victoria 2013 to 2018

	2013	2014	2015	2016	2017	2018	AAG (2013-18) (% p.a.)	YOY change (2017-18) (%)
*Visitors (000's)	38,507	41,521	43,845	46,335	49,782	52,260	6.3%	5.0%
Visitor nights (000's)	40,905	43,437	44,587	47,059	52,947	54,143	5.8%	2.3%
Expenditure (\$m)	7,199	7,668	7,875	8,438	9,574	10,250	7.3%	7.1%

***Note** - inclusive of domestic daytrip visitors, domestic overnight visitors and international visitation.

6.6.1 The Need for Investment in Accommodation

Many RCV Councils are seeking to leverage the growth in visitation and capture an increased yield of visitor spending. A key element is growing the capacity for overnight visitation within their LGA which sees a focus on attracting investment in commercial accommodation facilities.

The development of tourism in rural Victoria is undertaken in concert with a range of regional tourism organisations (RTOs) that represents the interest of local governments and private sector operators. A scan of the Strategic Plans and/or Destination Management Plans of various RTOs notes that investment in accommodation is required to grow the value of their respective visitor economies

6.6.1.1 Destination Gippsland

This RTO includes 5 rural LGAs. Destination Gippsland's Strategic Plan notes that: - "The accommodation base has inherent weaknesses relating to the type, quantity, quality, size and location, particularly in areas such as Baw Baw and Latrobe. There is a need for internationally branded and operated accommodation (known and trusted by national and international consumers) throughout the region."

6.6.1.2 Tourism North East

This RTO includes 5 rural LGAs. Tourism North East Strategic Plan notes that:

- TNE will "work with the public and private sectors to drive innovative accommodation development in the wine region"; and that
- "There is a demand for accommodation that is unique and located within natural surrounds – in forests, near water or showcasing natural assets to enable visitors to feel closer to nature"

6.6.1.3 Murray Tourism

This RTO includes 4 rural LGAs. Murray Tourism's Destination Management Plan notes that there needs to be: - "Continued investment and diversification in accommodation to meet projected demand and market expectations including accommodation targeting the business events market"

6.6.1.4 Great Ocean Road Regional Tourism

This RTO includes 5 rural LGAs. Great Ocean Road Regional Tourism's Management Plan notes that - "There is also a lack of high quality accommodation to meet demand."

6.6.1.5 Clarity of Driving Investment Attraction in Commercial Accommodation

RTOs do not have a clear role in and/or the resources for investment attraction. There is a need to develop a greater clarity between RTOs and RCV Councils regarding investment attraction in general and for commercial accommodation in particular.

6.7 Investment Opportunities in High Priority Sectors – Aged Care Services

RCV has commissioned the development of the Older Persons Services and Accommodation Report which has forecast a growth in the demand for services and facilities relevant to the needs of older people in rural Victoria. The Report notes that improved access to services and facilities will “assist rural councils to influence population attraction and retention, stimulate local and regional economic development, and improve liveability.”

The Report proposes that the best opportunity to enable older people to remain in (or move to) their current community arises when four key ‘planks’ are in place. These are:

- 1) Age friendly communities - well developed and maintained
- 2) Housing for older people - suitable and accessible
- 3) Care at home - readily available
- 4) Residential aged care - locally available in appropriate facilities

With respect to investment attraction the Report notes that key opportunities associated with growth in demand for:

- age-specific housing,
- care in the home
- residential care

6.7.1 Age-Specific Housing

The Report notes there is “substantial demographic and demand analysis data to suggest a growing shortfall of age specific housing in rural LGAs” and flags the substantial economic impact associated with the construction of such housing – see also Section 13.4

With respect to facilitating such investment the report makes the following recommendations makes the following recommendations with respect to attracting investment in the construction of such housing:

- 1) Councils should identify local age specific housing so that a calculation can be made of likely net housing demand using the global estimates at Table 3 to inform investment promotion initiatives
- 2) Councils should confer internally to identify suitably located potential sites to be included in promotion efforts
- 3) Councils should consider offering some or all of the facilitation items identified in the Council survey to potential investors to encourage investment
- 4) Encourage nearby councils to join together to aggregate possible sites and potential demand as a more attractive investment offering
- 5) Rural Councils Victoria and government should consider assisting interested councils in the above activities and in facilitating approaches to housing providers
- 6) Further explore housing using a place based approach for the best path forward, taking into account various housing entry options (rental and ownership), as well as the exploration of a range of building types

6.7.2 Care in the Home

The Report notes that “Demand for care at home is likely to increase substantially for almost all RCV member councils based on demographic projections. All LGAs will experience at least some level of increased demand for Home Care Packages. While increasing demand will occur for Commonwealth Home Support Program services, there is likely to be an accelerated increase in demand/supply of Home Care Packages due to the scheduled phasing-in of higher provision ratios by the Commonwealth.”

The Report also notes that the “High rural growth of home care - nearly 130% - is predicted by 2031. At an average \$22,000 p.a. subsidy for 4,200 additional packages, a \$92.4m recurrent economic and employment boost will come from meeting demand” and makes the following recommendations:

- 1) Efforts should be made by rural councils to raise community awareness (especially among Commonwealth Home Support Program clients) of Home Care Packages as a real alternative to residential care
- 2) Councils should endeavour to assist older people to navigate the My Aged Care website where possible
- 3) Councils should liaise with local Home Care Package providers or attend regional peak body meetings of providers to ensure they are aware of the significant potential demand for home care within their communities
- 4) Councils should consider facilitation of local provider presence through offers of office space (if possible) or other incentives to selected providers in return for commitment to local operation and wide service coverage
- 5) If councils are reviewing their future role in CHSP delivery, a major consideration should be to ensure continuity of delivery if divestment is to occur

6.7.3 Residential Care

With respect to residential care the Report notes that “increasing demand and likely funding approval for residential aged care can be predicted for rural Victorian LGAs. Likely investment requirements and employment potential is quite substantial in a number of shires - large (60+ beds) in more than half and very large (100+beds) in 11 LGAs. The overall scale of additional Victorian rural demand amounts to around 3,600 beds by 2031.”

The likely demand growth and operational funding is predictable due to the Commonwealth’s bed provision ratio and long term patterns of provision. The demand is likely to occur both short term (by 2026) and into the future (beyond 2031). The challenge is to attract the investment and in some cases that will include supporting approaches to the State Government where they are the principle or only provider within an LGA.

The Report makes the following recommendations:

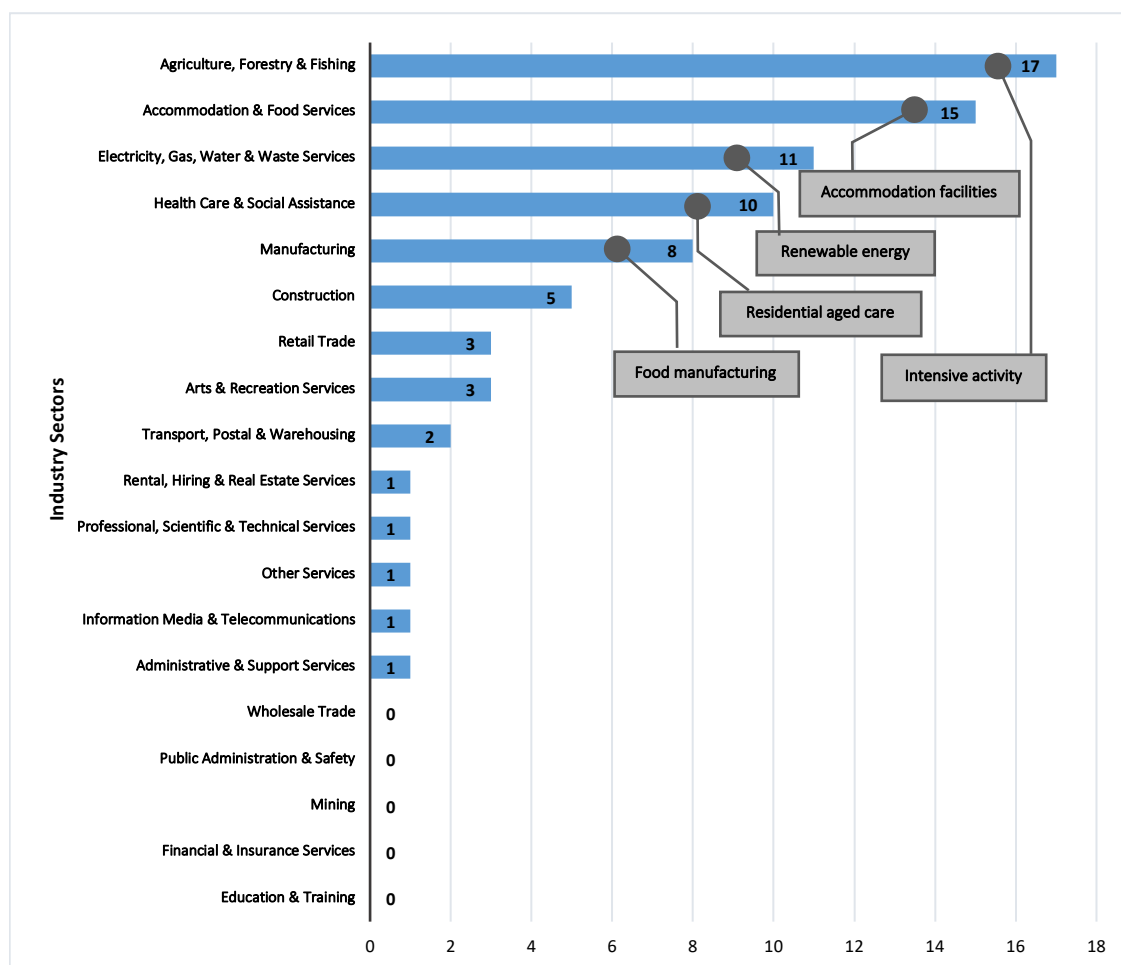
- 1) Where there is a likely demand for up to 50 additional beds by 2031, Councils should use the guidance and materials available from the Report to approach local residential care providers to alert them to the demographic demand analysis above and offer any practical assistance available to encourage investment in expanded facility capacity
- 2) Where there is likely demand above 50 additional beds by 2031, (as a natural extension of this project) councils should be further assisted to meet with Leading Age Services Australia peak body members and major providers of residential care to discuss the predicted demand evidence and discuss ways in which investment can be facilitated
- 3) Facilitation of investment by councils could include some of the matters relevant to housing development such as site identification, zoning/planning advice and community engagement
- 4) Approaches should be made to the state government via local members, through departmental channels (to the Victorian Department of Health and Human Services and Regional Development) to alert them to the evidence of pending unmet demand and seeking dialogue on appropriate responses

6.8 Existing Investment Opportunities

RCV Councils were asked to nominate the current investment opportunities within their respective LGAs along with the estimated “value” of such opportunities with respect to construction value and/or jobs created.

The facilitator guidance to participants for this question was to nominate what is ready to invest in right now (subject to a planning permit where appropriate) for a private sector investor. The responses are tabled by industry sector below.

Figure 8 – Existing Investment Opportunities



6.8.1 Frequently Nominated Key Industry Sectors

The most frequently nominated investment opportunities were in the following industry sectors

6.8.1.1 Agriculture

The majority of opportunities related to large scale horticultural related projects. Many Councils saw opportunities of a similar nature to:

- Large scale investments being made in Swan Hill – i.e. almonds
- Nectar Farm hydroponic development in the Northern Grampians – and the associated Bulgana Green Power Hub
- The Gippsland Strawberries and Berry Sensation hydroponic development in the Latrobe Valley

6.8.1.2 Accommodation and Food Services

The opportunities nominated largely related to the development of commercial accommodation facilities for visitors. A number of participants noted that the growth of AirBnB operators was having a negative impact on the interest of potential investors.

6.8.1.3 Electricity, Gas, Water and Waste Services Sector

These nominations mainly related to applications that are already in train for “new energy” developments – i.e. wind/solar electricity generation.

The virtue of these investments from a perspective of creating ongoing jobs has been commented upon in Part B – see also Section 13.16.1

However, the opportunities for “over the fence” access to such development create value adding opportunities for horticulture and/or food processing – see also Section 5.9.4

6.8.1.4 Health Care

Much of the commentary regarding these opportunities related to the development of aged care facilities

6.8.1.5 Construction

A number of nominations related to construction – in the main the construction opportunities were the “indirect” impact of investment in other sectors – i.e. the construction of:

- renewable energy facilities
- commercial accommodation facilities
- large scale hydroponic horticultural facilities

In such cases the construction is not the targeted investment opportunity.

6.8.2 Investment Readiness is Questionable

The discussion of the opportunities nominated by participants indicated that many of the responses were more about “concepts/possibilities” than “investment ready” opportunities (i.e. ready access to necessary infrastructure, availability of appropriate zoned/sized land, etc.) that is linked to a clear value proposition that Council is able, and willing, to facilitate – see also Section 4.2

6.8.3 Asset Development

Many responses related to seeking Government investment for “asset development” – refer to Section 2.3 – more so than investment attraction. This included the development of lifestyle related assets – see also Section 5.3.

Assets that need to be developed and/or are not capable of supporting investment attraction cannot be part of an effective value offer

6.8.4 Economic Impact

Very few nominations regarding current investment opportunities included any information regarding the estimated “economic impact” associated with the opportunity.

Understanding the potential economic impact, and the related benefits, is key to:

- identifying a “return” on Councils efforts to attract the associated investment
- growing support across Council and the wider community for the associated investment

6.8.5 Implications for Investment Attraction

There is a need for many Councils to develop a clear value offer for the industry sectors that they are targeting clarify processes required for attracting private sector investment, as opposed to attracting investment in the development of assets – refer to Section 2.3

This would also include developing a better understanding of the potential benefits of private sector investment, so that support for attracting such investment can be more effectively garnered.

6.9 Implications for Investment Attraction in the RCV Network

The analysis and review of investment opportunities suggests the following implications for investment attraction in RCV Councils

6.9.1 Analysis of Priority Sectors

There is a need to improve Council's, and in particular their 'economic development' officers, understanding of the factors and trends impacting the industry sectors that Councils have nominated as being priority sectors – i.e.

- Agriculture
- Food manufacturing
- Health
- Accommodation

This would involve undertaking a strategic analysis of the future of each industry including:

- where they are headed,
- what they need; and
- what will attract them to locate in a specific location.

Such knowledge could be used to take a strategic approach to investment attraction in these industries, as general promotional activities to the industry, as a whole, could prove a poor investment and even, counter-productive.

At present the effort to understand these sectors is undertaken by each of the Councils, many of which have limited capacity and/or capability with respect to undertaking the research and/or investigation required to identify these factors and keep this up to date.

6.9.2 Support from RDV

Given that many RCV Councils share the nomination of the same industry sectors as being a priority for economic growth it would be efficient to have a collaborative and/or centralised approach to undertake and update the analysis of priority industry sectors.

This effort could be undertaken by

- a collaboration with RDV – this would include seeking advice from RDV as to how Government strategies such as the Food and Fibre Sector Strategy and an Agriculture Strategy. Can support investment attraction in rural Victoria
- Third parties with relevant expertise
- A combination of the above

6.9.3 Improved Clarity of Investment Opportunities

There is a need to improve the clarity of investment opportunities with the development of:

- A clear Value Proposition that is targeted to the priority industry sector(s) that Councils are seeking investment in – see also Section 4.2
- An analysis of the estimated economic impact of the investment being targeted through the Value Proposition – this may involve the development of different scenarios
- Identification of non-economic benefits associated with such scenarios

7 Identification of Potential Investors

The identification of potential investors is an extension of understanding the key characteristics and trends influencing industry sectors that are of a high priority with respect to economic growth.

Potential investors may be from businesses currently operating within the local economy or from businesses that are external to the local economy. Understanding the key trends in various sectors enables a better identification of potential investors with respect to the types of businesses that could:

- benefit from the potential opportunities that have been identified by Councils
- offer sustainable investment in the local economy

7.1 Local Investors

A key source of investment is from those businesses that are already operating, and are investing in the local economy which may:

- have interest in growing their current investment and/or making additional investments in addition to their current business operation
- already have sound knowledge of the local economy including awareness of key assets however, it cannot be assumed that this will be the case for all such business owners/operators.
- already have effective working relationships with local suppliers relevant to the needs of their business and/or who can support the establishment of additional investments
- not need to relocate themselves and/or other workers to the rural LGA to support the additional/new investment

As noted in **Figure 9** the identification of potential local investors would involve the activities described in the following sections.

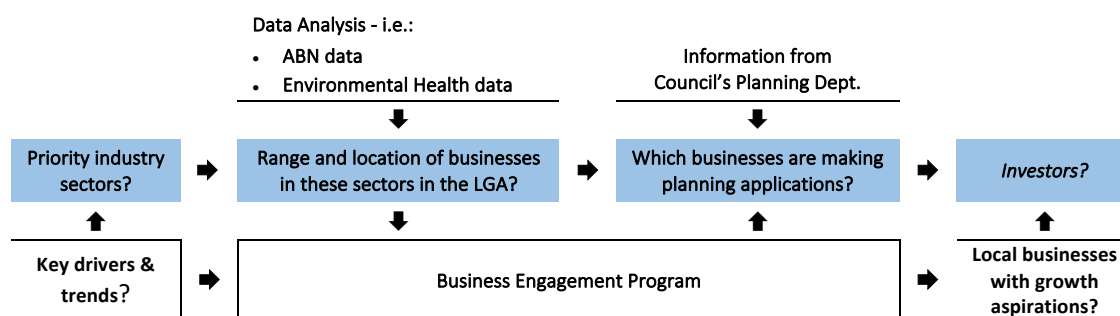
7.1.1 Identifying the Business Profile of Potential Sectors

Developing a profile of businesses that operate in priority industry sectors can provide an insight into the identification of those business owners/operators who may have interests in growing their existing investment. A profile of businesses can be identified through a range of means including the following activities:

7.1.1.1 Key Drivers and Trends for Sectors

The understanding of key drivers and trends for priority industry sectors – see also Section 6 - will provide an insight into the businesses within these sectors that may be well placed to leverage industry drivers and trends.

Figure 9 – A Process for Identifying Local Investors



7.1.1.2 Australian Business Number (ABN) Data

Local Government can access Australian Business Register data from the ATO. This data provides information regarding industry sector type and location of businesses with a registered Australian Business Number (ABN). This information can be used to identify the number of businesses within the priority industry sectors that operate within the local economy.

This data can be geo-coded to provide a visual reference of the relative location of businesses within the LGA that are

7.1.1.3 **Review of Councils' Environmental Health Data**

All commercial accommodation and food related business are required to be registered with Council. This data will provide a profile of businesses that are serving the visitor economy

7.1.1.4 **Identification of Relevant Planning Applications**

Planning applications for commercial related development can identify as to whether local businesses owners/operators are the planning applicants for developments in business, industrial, and/or other relevant zones within the LGA.

Many participants in the Investment Attraction Workshops noted in that there is a lack of processes that informs economic development practitioners of relevant planning applications.

7.1.2 **Engagement with Business Owners/Operators**

Not all additional investment by local businesses will require a planning application.

A program of engaging with local business owner/operators will support the identification of those that are seeking to grow their investment. Such a program can be targeted through the identification of the businesses in priority industry sectors - see also Section 13.18

Such a program would also support the identification of businesses that are owned and/or operated by entities that are located outside of the LGA. Such ownership models are commonplace in a range of sectors including those that have been the most frequently nominated by RCV Councils and priority sectors; this includes agribusiness, food manufacturing and tourism – see also Section 6

7.2 **Potential Sources of New Investors – Agriculture – Intensive Animals**

Potential investor types in the intensive animal industries are existing domestic based corporates and family corporates. There are only a small number of key operators in each of the chicken and pig industries. Thus, they could be individually targeted.

7.3 **Potential Sources of New Investors – Agriculture – Horticulture**

The industry is increasingly dominated by large scale domestically based corporates, family corporates and passive investors, both domestic and international (e.g. superannuation funds and high-wealth individuals). The latter group are attracted by growing demand amongst the growing middle class of Asia and the security of investment return provided by water (i.e. security = limited supply, growing demand and the opportunity for significant capital gains).

Communication channels for these investors differ significantly from the intensive animal industries and should focus on those activities and events that attract major investor advisors and managers, i.e. mainstream large scale investment attraction activities and industry conferences

7.4 **Potential Sources of New Investors – Agriculture – Extensive Farming**

The investor types attracted to these industries are similar to those attracted to horticulture, i.e. large scale domestically based corporates, family corporates and passive investors, both domestic and international (e.g. superannuation funds and high-wealth individuals).

7.4.1 **Industry Based Investment Attraction Programs**

A number of farming related industry bodies and associations promote investment in their particular farming activities e.g.

- WestVic Dairy - Investment opportunities in the WestVic dairy region - <https://www.dairyaustralia.com.au/westvic-dairy/industry/westvic-dairy-industry/investment-opportunities>
- Victorian Farmers Federation - Examples of investment opportunities - https://www.vff.org.au/vff/Policy/Policy_Priorities/Foreign_Investment/vff/Policy_Submissio

[ns/Top_issues/Talent_and_Foreign_Investment.aspx?hkey=1918e7ca-82d2-4541-b0c6-505b905aee6b](https://www.rcv.vic.gov.au/Top_issues/Talent_and_Foreign_Investment.aspx?hkey=1918e7ca-82d2-4541-b0c6-505b905aee6b)

The identification of potential investors should incorporate the efforts by relevant industry bodies.

7.5 Potential Sources of New Investors - Food Manufacturing

Potential sources of new investors in food manufacturing would be operators in Melbourne, or regional Cities that are seeking to establish a new/additional operation(s).

7.6 Potential Sources of New Investors - Accommodation

The identification of potential investors would involve the identification of accommodation operators who

- have established similar operations to those envisaged in various rural locations e.g.
 - Resort complexes
 - Nature based facilities
 - Facilities that cater for business events
- are familiar with operating in a rural location
- may be based in Victoria or other States

This could involve discussion with relevant industry bodies and in particular with:

- RTOs
- Victorian Tourism Industry Council (VTIC)

7.7 Potential Sources of New Investors – Services and facilities for Older Persons

As noted in Section 6.7 the key investment opportunities fall into one or more of the following key areas:

- age-specific housing
- care in the home
- residential care

7.7.1 Age-Specific Housing

The target are developers and/or residential construction companies – particularly those with a track record in the development of age friendly housing.

The identification of particular providers can be facilitated through collaboration with appropriate peak bodies. In the course of preparing the RCV Older Persons Services and Accommodation Report consultation were undertaken with the Property Council of Victoria (which includes the Retirement Living Council) and with Leading Age Services Australia's Victorian branch, which represents providers of aged care and housing.

Both peak organisations said they could provide access to meetings of their members for councils to present and discuss potential housing investment opportunities.

7.7.2 Care in the Home

The key investors in this space are the existing and/or approved providers of Home Care Packages – the RCV Older Persons Services and Accommodation Report notes that there are 1,547 providers nationwide.

Given the policy and funding complexities associated with this sector there is a need to develop a collaborative approach across the RCV network to the engagement with this sector.

7.7.3 Residential Care

The identification of potential investors with respect to the development and/or operation of residential aged care is aligned to the scale of need in the rural LGA. The RCV Older Persons Services and Accommodation Report notes that “Expansion of existing facilities is likely to be the main solution to meet growing demand for locations needing up to 70 or 80 new places. When larger numbers of new places are predicted as needed, there is a strong possibility of new providers or facilities being established.”

7.8 Investors that have Linkages to Rural Victoria

RCV’s Rural Population Growth Policy Report notes that people who have a previous rural connection have a greater propensity to return to reside and/or invest in rural Victoria

see <https://s3-ap-southeast-2.amazonaws.com/dutchmedia-static-ruralcvc/wp-content/uploads/2019/06/28162026/Population-Growth-In-Rural-Victoria-Opportunities-and-Actions-Final-Report-120718.pdf>

Feedback from the private sector noted that some business owners that had invested in rural Victoria did have a connection to the town or broader region in which they had invested.

7.9 Identification of Potential Investors – Implications for Investment Attraction

7.9.1 Local Investors

The identification of local businesses that are seeking to grow their investment is a key element of the investment attraction process; there is a need for RCV Councils to

- Have identified priority sectors they are targeting for investment growth
- Understand key drivers and trends that are/may impact these sectors – this may draw upon a collaborative approach
- Undertake data analysis to identify the range/number of businesses operating in these priority sectors in the local economy
- Have a process in place that flags when there are planning applications in business, industry and/or or relevant zones
- Have a targeted and ongoing Business Engagement program in place

The outcomes of the above would be used to identify particular businesses to support through investment facilitation.

7.9.2 A Collaborative Approach to the Identification of Potential Investors

The identification of potential investors requires a not insignificant effort and it would seem that several RCV Councils undertaking the same exercise is a highly inefficient use of Council resources.

There is a need for a coordination of such effort across those RCV Councils that are targeting like industry sectors.

This approach could be coordinated by RDV.

7.9.3 Agriculture - Intensive Animals, Horticulture and Extensive Farming

The identification of potential investors could be undertaken on behalf of those rural Councils that have a clear value proposition for investment in intensive animals, horticulture and/or extensive farming by:

- a collaboration with RDV – in concert with appropriate metropolitan based elements of the Department of Jobs, Precincts and Regions including:
 - Agriculture Victoria
 - Invest Victoria
- A third party/parties with relevant expertise
- A combination of the above

7.9.4 Food Manufacturing - Implications for Investment Attraction

The identification of potential investors could be undertaken on behalf of those rural Councils that have a clear value proposition for investment in food manufacturing by:

- a collaboration with RDV – in concert with appropriate metropolitan based elements of the Department of Jobs, Precincts and Regions including:
 - Industry Participation and Advanced Manufacturing
 - Invest Victoria
- A third party/parties with relevant expertise
- A combination of the above

The process would have a particular focus on identifying Melbourne based businesses that are seeking to relocate or expand via a second site – this process could be expedited by the development and promotion of a program to seek out such businesses. This program could be underpinned by RDV/State Government.

7.9.5 Accommodation - Implications for Investment Attraction

The identification of accommodation investors and/or operators requires a not insignificant effort and it would seem that several RCV Councils undertaking the same exercise is a highly inefficient use of resources.

The identification of potential investors could be undertaken on behalf of those rural Councils that have a clear value proposition for investment in accommodation by:

- a collaboration with RDV – in concert with:
 - appropriate metropolitan based elements of the Department of Jobs, Precincts and Regions including Invest Victoria
 - Visit Victoria
 - relevant RTOs
- A third party/parties with relevant expertise
- A combination of the above

7.9.6 Services and Facilities for Older Persons

The identification of potential investors requires a not insignificant effort and it would seem that several RCV Councils undertaking the same exercise is a highly inefficient use of resources.

The RCV Older Persons Services and Accommodation Report has noted that

- ahead of attracting investors rural Councils should develop clarity regarding the projected level of demand and the areas/sites in which development would be supported.
- a range of peak bodies can be utilised to facilitate discussion with relevant and potential investors
- existing service providers would be of highest priority – the inclusion of such providers in locally led and or/RDV businesses engagement should be prioritised.

Both of these processes could be supported and facilitated by RDV and in particular the engagement with peak bodies.

7.9.7 Links to Rural Victoria - Implications for Investment Attraction

The identification of potential investors should also seek to identify those investors and/or businesses that have links to rural Victoria.

This information is not always readily available or visible – identifying such businesses can include:

- RCV Council's engagement with business owners/operators already operating in the local economy to determine if they are aware of such businesses with these connections – see also Section 8.9

- RCV Council's engagement with business owners/operators already operating in the local economy to establish the opportunity for other companies operating in other parts of the industry sector supply chain to establish new facilities in the LGA
- RDV's engagement with business owners/operators already operating in the local economy to determine if they are aware of such businesses with these connections – see also Section 7.1.2
- Identifying businesses with rural connections through a program aimed at identifying food manufacturers who are looking to relocate or expand – see also Section 7.5

7.9.8 Implications for RDV

RDV can provide a leadership and/or coordinating role in the identification of potential investors.

The common thread across the identification of potential investors in the high priority sectors is the inefficient use of resources through having multiple RCV Council's repeat the same task.

This points to have a centralised approach to the identification of potential investors that shares the outcomes with the relevant RCV Councils. RDV is best placed to undertake such an approach.

The process is not about assigning potential investors to particular local economies but more about growing the pool of potential investors who can be engaged in the full range of value propositions in rural Victoria – see also Section 7.9.8

8 Promotion of the Value Proposition and Investment Opportunities

A clear and targeted Value Proposition and available investment opportunities are only potent if they effectively communicated to potential investors.

The aim of the effective promotion of the value proposition is to generate enquiries from potential investors. An enquiry provides an opportunity for Councils to directly discuss their investment opportunities with the potential investor and determine the likelihood of the investment occurring, and appropriateness of the investor.

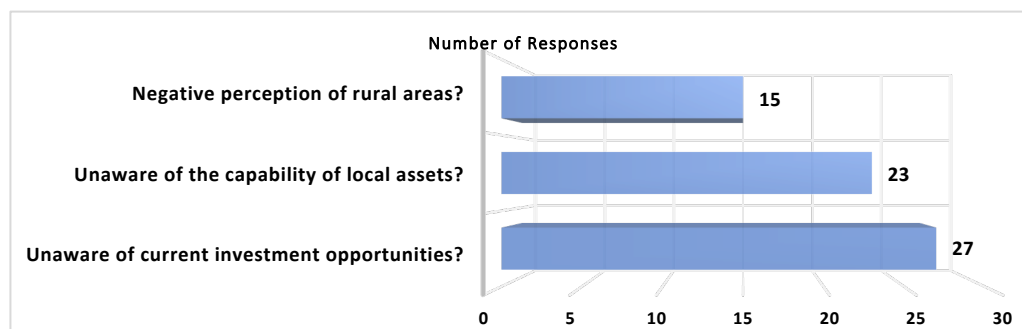
Promotion of the value proposition needs to be focused through an effective communication strategy that aims to generate investor enquiries and would likely involve a combination of the following:

- Indirect communication
- Targeted communication
- Direct engagement – both local and with external investors

8.1 Barriers to Attracting New Investors

Investment Attraction Workshop participants were asked to nominate key barriers to new investors from the factors noted in **Figure 10**

Figure 10 – Barriers to Attracting New Investors



The most frequently nominated barriers related to investors being unaware of local assets and/or current investment opportunities. This points to the need for RCV Councils to improve the promotion of their Value Proposition(s).

8.1.1 Other Barriers to New Investors

In addition to the nominated list, participants also identified other barriers to gaining new investors. These barriers fall into the following areas:

Asset Capability

- Availability of industrial land
- Challenging logistics
- Poor ROI
- Transport
- Utilities

Government support

- Inadequate Government support
- Government policy re industry development e.g. timber

Competition from Melbourne/Regional City

Council Processes

- Council stance/attitude/processes
- Planning regulations

Local attitudes/opposition

Workforce

- Perception of/actual workforce

8.2 An Effective Communication Strategy

An effective investment attraction program needs to be underpinned by an effective communication strategy that, in basic terms, provides clarity with respect to:

- Purpose – what is the desired outcome(s)?
- Audience – who are the target(s) to be communicated to?
- Message – what is to be communicated? – what is the call to action?
- Channels – how will the communication be provided?

8.2.1 Purpose

The purpose of the communication strategy needs to reflect the aim of the Investment Attraction Strategy – see Section 3.2

While the overall aim of investment attraction is to foster increased investment there is a need to

- grow the awareness of targeted investors of the information regarding the value proposition and investment opportunities; and
- connect with potential investors and commence a dialogue with them – this dialogue starts with an investment enquiry

8.2.2 Audience

Much of the current promotion of investment related information is not targeted to a particular audience – in this case investors from priority industry sectors.

Investors from different industry sectors have different needs and interests; industry sectors differ in the:

- drivers that are influencing trends and needs
- regulations they are subject to
- culture of businesses in the industry
- communication channels they use

It follows that the communication strategy needs to be industry specific, or at least have industry specific elements within it.

8.2.2.1 Local Investors

The communication strategy needs to recognise that potential investors can be local and already operating in the LGA and that they need to be communicated with. Ideally, this would include a “Business Engagement” program – see also Section 7.1.2

8.2.3 Message

The message is a clear value proposition – see also Section 4.2– that provides information regarding investment opportunities that are relevant to the needs of potential investors from the priority industry sectors being targeted for investment

The call to action is to have investors make an enquiry – see also Section 9

8.2.3.1 External Investors Awareness of Rural Victoria

The communications strategy needs to recognise that larger investors are often less concerned about the location and more about the value proposition and the confluence of assets that would support an effective investment. This focus needs to be on providing information that is specific to their requirements – this need was borne out of the findings of the Rural Promotion Program – see also Section 8.3

The communications strategy also needs to recognise that potential investors from outside of the rural Victoria may have very low or no awareness of the location of rural LGAs and that they do not recognise the Shire’s name – i.e. how many Melbourne based business owners/operators know where Corangamite is (or Yarriambiack, Buloke, Glenelg etc.) – this challenge was noted by a number of participants in the Investment Attraction Workshops.

8.3 RCV Rural Promotion Program

The recently completed RCV Rural Promotion Program has demonstrated the impact of a strategic communication effort that has involved collaboration across a number of RCV Councils.

8.3.1 LiveCountry campaign

The program delivered the LiveCountry campaign which has demonstrated its performance through gathering and reporting relative metrics. The metrics have shown that the campaign achieved a reach of more than 361,500 people, with more than 13,900 engagements on Facebook and a growing following of more than 600 people on Instagram both driving strong web traffic. Many businesses and communities featured in campaigns have reported increased enquiries and visitation as a result of the campaign.

8.3.2 Relevant Outcomes

RCV Rural Promotion Program identified a number of relevant outcomes including:

8.3.2.1 Negative perceptions can to be combatted

Market research indicated that people in rural and urban areas both were more likely to believe that there were fewer job opportunities and inferior health and education options in rural areas. Changing these often false perceptions is important not just to attract new people, but also to retain people in rural areas.

The RCV Rural Promotion Program notes that “ongoing work is required to continue to build a strong positive image of country life, based on real stories and location-specific facts, not spin” – see also Section 8.12.1

8.3.2.2 Invisible jobs

In the course of visiting employers and councils for the campaign we documented thousands of invisible jobs in rural areas – jobs that are available but no longer advertised. This finding was also made in the RCV Rural Workforce Development Plan. The RCV Rural Promotion Program report recommends that a curated website which identifies all available jobs and provides that information in a targeted way to employees, packaged with other relevant information about each local area is clearly required – see also Section 8.3.2.2

8.3.2.3 The power of homecoming

Research and anecdotal evidence showed that people who had grown up in the country were more likely to want to move back. There are many opportunities to build links and affinity with people interested in moving back – see also Section 7.8

8.3.2.4 Competing campaigns

There is a huge amount of information available to people willing to move to the country, but very little of it is specific and targeted to their needs

8.3.3 Relevance to Investment Attraction

The RCV Rural Promotion Program has highlighted the need for an effective campaign relevant to the needs of investment attraction and that targets the priority industry sectors .

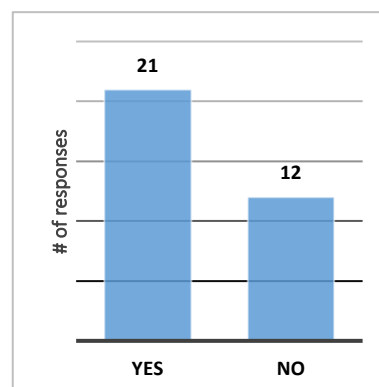
8.4 Promotion of Investment Related Information by RCV Councils

The feedback from the RCV Investment Attraction Workshops noted that not all RCV Councils are actively promoting assets and/or opportunities as noted in **Figure 11**

This suggests that more than 30% of RCV Councils are not promoting investment opportunities in rural Victoria. In effect this creates a “blackspot” with respect to the promotion of investment opportunities available in rural Victoria.

If investment attraction is to be more effective across the RCV network, then all RCV Councils need to be communicating investment information in an effective manner.

Figure 11 – Active Promotion of Investment Related Information



8.5 Indirect Promotion

Indirect promotion refers to making relevant information about the value proposition(s) and/or investment opportunities available via means that do not target any particular investor(s).

8.5.1 Information being Provided

RCV Councils provide a range of investment related information with respect to its specificity to the potential investment opportunities.

While there is not a need to use the term “value proposition” when in communication with potential investors there is a need to provide clarity with respect to:

- industry sector priorities
- relevant assets and their attributes – see Section 4.2
- the type and scale of investment opportunities that are possible
- the level of Council support for particular investment opportunities
- other benefits associated with operating in the LGA – i.e. lifestyle, access to services etc.

In the majority of cases the investment related information that is provided:

- noted Council’s interest in investment in the local economy – and in some cases their aspirations for particular industry sectors
- includes information about and/or links to data regarding the characteristics of the local economy
- is broad in its nature and does not specify any particular/specific investment opportunities.

8.5.2 Investment Prospectus

Just over 50% of Councils indicated that they provide an “investment prospectus” – i.e. 18 Councils do provide an investment prospectus, 15 Councils do not. In the main these documents:

- attempt to address a range of industry sectors – i.e. the documents are not specific to a particular industry sector
- provided information about the local economy
- provided information about other benefits associated with operating in the LGA – i.e. lifestyle, access to services etc.
- did not have information about specific opportunities

Of the 18 RCV Councils that do provide a prospectus 15 noted that the prospectus can be downloaded.

8.5.2.1 RDV Funding of Investment Prospectus

RDV have provided funding towards the development of a number of the investment prospectus - for example:

- Murrindindi Shire Council – see
 - [file:///Users/john/Downloads/Murrindindi-Business-Investment-Prospectus-low-res-final-proof%20\(2\).pdf](file:///Users/john/Downloads/Murrindindi-Business-Investment-Prospectus-low-res-final-proof%20(2).pdf)
 - <https://murrindindiinvestment.vic.gov.au/>
- Gannawarra Shire Council – see <https://www.youtube.com/watch?v=KF5xFDdcpw>

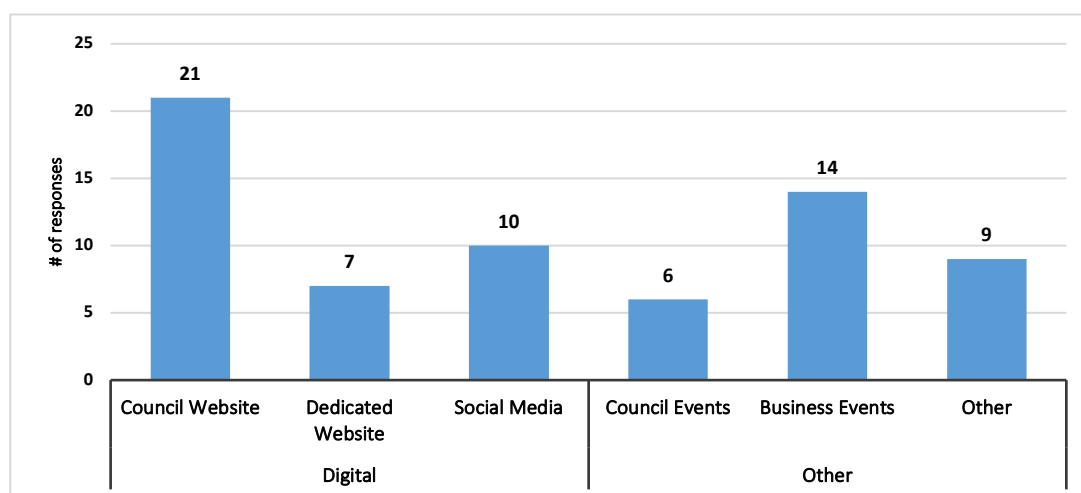
The process for gaining such support from RDV is unclear.

8.5.3 Web Pages and Web Sites

The feedback from the RCV Investment Attraction Workshops noted that of the Councils that are promoting investment related information the majority of information is provided via the internet through web pages on Council websites and/or by dedicated websites – see **Figure 12**

In some cases, Councils noted that other forms of social media are also used – in the main this was Facebook – the Facebook sites link users back to Council's main website.

Figure 12 Channels Used to Promote Investment Information



8.5.4 Website Content and Navigation

Council websites provide a wide array of information for their communities and other stakeholders.

The investment related content provided varies widely. Many of the webpages make comment about Councils aspirations for investment and that investment is welcome. Few provide a clear value proposition and/or clarity of actual investment opportunities.

The information provided also varies in how compelling it is with respect to attracting interest. A few sites employ a professionally prepared video – most of these have been funded, at least in part, by RDV.

In some cases, the information was quite dated and more than 12 months old – and in some cases significantly more than 12 months.

In many cases the navigation to the investment related information within the Council website is not intuitive and can take several clicks to get to. Only in a few cases was the term investment directly used as a heading in the website menu – most often it is included in a range of information for businesses.

8.5.5 Dedicated Investment Websites

In some cases, Councils have developed a website dedicated to providing information regarding investment opportunities – see **Figure 12** – in most cases these websites have been developed with funding and/or support from RDV.

The advantage of such websites is that they provide a more direct access to investment related information and negate the navigation issues presented by many Council websites.

In most cases the dedicated websites are not supported by a communication strategy – see also Section 8.5.7

In all cases the website is branded with the name of the LGA – this presents a challenge to growing the awareness of potential investors from outside of the LGA – see also Section 8.2.3.1

8.5.5.1 Visitor Registrations

In all cases there is a contact number provided and in some cases a contact name – the absence of a name means that when the caller comes through the “switchboard” the switchboard operator has to know who the appropriate contact for “investment” is within Council – often this is not the case.

Only a few websites provide the opportunity for website visitors to register their interest and some key details regarding themselves/their business that can be then followed up by relevant Council personnel. Having such a register also means that data can be reliably collected regarding the number and range of enquiries received. This is data that helps to assess the effectiveness of the information being provided (although this is not being done in the vast majority of cases)

8.5.6 Assessment of Impact of Web Site Metrics

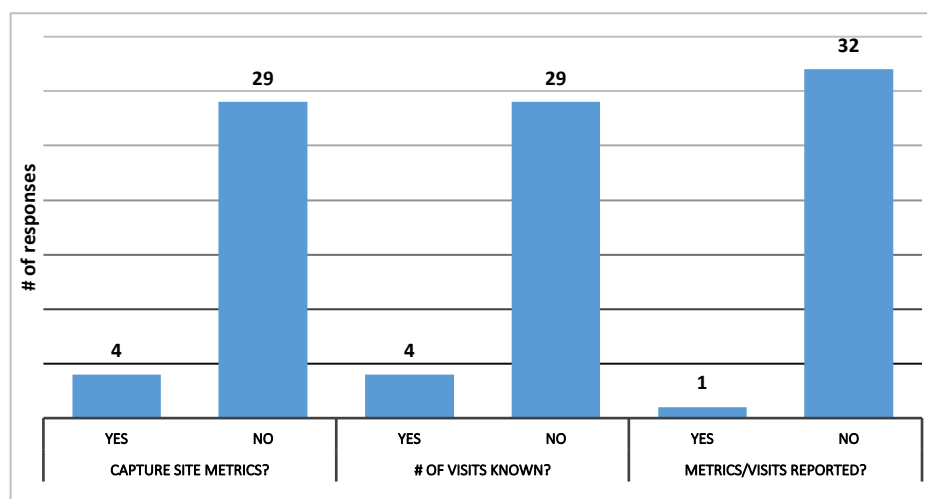
RCV Investment Attraction Workshops participants were asked to identify how they capture and/or report activity with respect to the websites they use to promote assets and investment opportunities.

As can be seen in **Figure 13** very few Councils capture, collate and/or report the level of “traffic” their websites/webpages generate.

This indicates that vast majority of RCV Councils have a reduced insight into how effective their efforts to promote investment opportunities have been.

There is a need to be able to equate the number and type of enquiries that Council receive regarding investment opportunities to the total number of website visits they generate. This provides some insight into the impact of the investment related information being provided.

Figure 13 – Capture and Reporting of Investment Attraction Website Metrics



If there is limited insight into the effectiveness of providing investment related information then Council support this process with respect to the allocation of resources and effort will be brought into question. If there is limited or little Council support then it is highly unlikely that there will be success with respect to attracting investment to the local economy. In such a situation RCV Councils become highly/totally reliant on investors taking all the initiative to determine if there are investment opportunities and the determining the merit of such opportunities.

8.5.7 Communication Strategies

Digital platforms are only as effective as the number of visitors they receive and if they are viewing the particular content within the platform.

There was little evidence of any RCV Councils having in place a communication strategy designed to:

- grow the awareness of the “target audience” of investment related websites/other information platforms, and that
- utilise “communication channels” consistent with the media behaviour of target audiences

The absence of a communication strategy will place a significant limitation on the effectiveness of the investment related webpages/websites.

8.5.8 Other Channels

A number of other channels of communication were flagged by some of the Councils that noted that they promote investment opportunities - see **Figure 12** - these included:

- Council events – which would suggest that the participants are largely from the local community
- Business events - which would suggest that the participants are largely from the local businesses

Other channels can be useful but need to be relevant to the priority industry sectors that RCV Councils are targeting.

8.5.9 Invest Gippsland

RDV Gippsland, in concert with the Councils in the “Gippsland Regional Partnership” (including Latrobe City Council) is developing the “Invest Gippsland” website.

The “Invest Gippsland” website addresses a number of shortfalls observed across the array of RCV Council websites noted in Section 8.5.3 and will include:

- The ability for users to search by location and/or industry sector with respect to investment opportunities, contact details
- The ability for users to register their contact details
- A budget for the development of required content
- Links to the Gippsland based Councils websites/pages and guidelines for the Councils with respect to the type and standard of information to be provided
- The ability for local businesses to utilise the site to promote employment opportunities
- A targeted communication plan to promote the Website, including a site launch strategy – this will involve launching the website at the Global Table event – see <https://globaltable.com.au/get-involved/exhibitor-opportunities/>

The investment in the development of Invest Gippsland will be in the order of \$120,000

8.5.9.1 Support for other Regions

It is unclear as to whether RDV plans to replicate the Invest Gippsland initiative in other regions.

It is also unclear how the Invest Gippsland initiative fits into a broader RDV Investment Attraction Strategy – see also Section 3.3 – and how the Invest Gippsland initiative forms part of a communication strategy to target high priority sectors for investment attraction in rural Victoria.

An insight into RDV intentions in this space would have a significant impact on how RCV Councils in other regions develop their Communication Strategies – see also Section 8.2

8.5.9.2 Recognition of Region Names

There are potential challenges associated with replicating this model with other “regional partnerships” with respect to branding. As noted in Section 8.2.3.1 many people are not aware of the location of regions and/or Shires in rural Victoria

The Gippsland regional partnership is the only partnership in which the “partnership” name is the same as the branding used in tourism related marketing (although Phillip Island is marketed separately to Gippsland). This reinforces the Gippsland name to a wide audience and has helped to generate a wider awareness of the Gippsland region.

All other “partnership regions” do not share the same destination brand name – this creates confusion from a “wider recognition” context – see **Figure 14** In many cases the regions have more than one “destination” brand name covering the region. In the case of Goulburn there is no RTO that markets the region.

Thus, many of the regional partnerships “brands” do not have the wider awareness that Gippsland does.

Figure 14 – Relationship between Sub-Region Names and RTO Names

Sub Regions	Relevant RTOs							
	Gippsland	Phillip Island	Geelong & the Bellarine	Great Ocean Road	Grampians	Murray	Bendigo/Goldfields	Ballarat/Goldfields
Gippsland	✓	✓						
Barwon			✓	✓				
Great South Coast				✓	✓			
Loddon Campaspe						✓	✓	
Central Highlands					✓			✓
Ovens Murray						✓		✓
Mallee						✓		
Wimmera Southern					✓			
Goulburn						?		?

8.6 Reactive Approach to Promotion of Investment Opportunities

The following factors indicate that in general, there is a reactive approach to investment attraction across the RCV network

- 30% plus of Councils not providing investment related information
- No communication strategy designed to grow the awareness of website amongst target audiences
- Much of the information being provided is not targeted to specific investors
- Absence of ability to capture/report website metrics
- Very few Council monitoring/reporting website metrics

The reactive approach is not delivering a high success rate with respect to attracting investment – particularly outside of the peri-urban areas.

8.7 Targeted Promotion

Targeted promotion refers to efforts to provide specific investment related information to targeted audiences within the priority industry sector. By way of example if the priority sector is “horticulture” then the target is the horticulture industry

The process requires identifying and utilising communication “channels” that are used by businesses (i.e. potential investors) from within a particular industry sector in order to:

- increase the likelihood that they may “see” the investment related information that Councils are providing; and/or
- can be directed to other information platforms – including digital platforms (i.e. websites).

These channels may include the following

8.7.1 Industry Related Channels

This involves identifying relevant industry associations and leveraging their communication channels and relevant events to provide information regarding investment opportunities.

The industry associations to be targeted are those associated with the high priority sectors – i.e.

- Horticulture – e.g. Horticulture Industry Network
- Tourism – e.g. Victorian Tourism Industry Council
- Food Manufacturing - e.g. Australian Food and Grocery Council (AFGC)
- Aged Care – e.g. Aged Care Industry Association

The aim of such activity is to :

- Provide information to businesses that may have an interest in investing in rural Victoria
- Direct businesses from priority industry sectors to where they can find further information and/or register their interest in investing in available opportunities
- Meet owners/representatives of businesses and having the opportunity to discuss investment opportunities in rural Victoria

The industry association channel can include:

- Industry association website –
This would involve providing content that can be highlighted in these websites and that would direct visitors to the industry association website to relevant RDCV websites
- Industry related publications
This would involve looking to place “PR” piece or having paid advertising in a relevant industry publication e.g. Food Australia journal - <https://www.aifst.asn.au/industry-resources/food-australia-magazine/food>
- Industry related events – e.g.
This would involve having a presence at a relevant industry event in order to distribute relevant information and/or meeting business owners/representative and having an opportunity to either:
 - Present regarding investment opportunities; and/or
 - Have a stand at the event

Examples of industry events in the last twelve months are:

- Agribusiness Australia – Annual Agri Investor Australia Forum -
- Hort Connections – Melbourne Convention and Exhibition Centre
- Australian Grains Industry Conference – Crown Conference Centre Melbourne
- Baking Industry Trade Show – Moonee Valley Racecourse Melbourne
- Foodservice Australia – Melbourne Convention and Exhibition Centre Melbourne

8.7.2 Third Parties

There are a range of businesses that have strengths in servicing clients from priority sectors in areas such as agribusiness and food manufacturing in areas such as

- Financial management and accounting
- Banking
- Legal services

These businesses can be considered as third parties which can be a conduit to their client businesses in terms of passing on relevant information regarding investment opportunities in rural Victoria

Examples of such business are:

- Corporate Accountants with agribusiness and food manufacturing strength e.g. PKF, Deloitte, Ernst & Young, KPMG and Price Waterhouse Coopers
- Corporate Lawyers with agribusiness and food manufacturing strength e.g. Clayton Utz, Mallesons, Minter Ellison
- Major Banks that have client managers with a focus on agribusiness / food manufacturing - Rabo Bank, ANZ, NAB, Westpac, Macquarie, CBA
- Large real estate agents with an Australian/international client base looking for agribusiness investments in Australia e.g. Elders

8.7.3 Government Agencies

Government agencies, and in particular Invest Victoria and Agriculture Victoria are key players in attracting investment to Victoria

8.7.4 Invest Victoria

Invest Victoria – as per their “is a world-class investment promotion agency (IPA) providing free confidential services and professional advice to international investors.”

While much of the content on Invest Victoria’s website relates to Melbourne there is reference to sectors that are of high priority in rural Victoria including:

- Agriculture and Food Processing – see <http://www.invest.vic.gov.au/opportunities/food-and-fibre/food-agribusiness>
- Health and aged care – see <http://www.invest.vic.gov.au/opportunities/health-and-aged-care>
- The visitor economy – see <http://www.invest.vic.gov.au/opportunities/the-visitor-economy>

There is a need to ensure that Invest Victoria has up to date information regarding Value Propositions and investment opportunities from the RCV network.

8.7.5 Agriculture Victoria

Agriculture Victoria has developed the *Invest in Victorian Agriculture* (IVA) website – see <https://invest.agriculture.vic.gov.au/#/>. The IVA website incorporates a series of 16 downloadable PDF reports on Victorian agriculture and food processing: one state-wide summary report, six sector focused reports, and nine regional reports covering each Victorian Regional Partnership region.

The website also includes a summary of agriculture and food processing in the Melbourne region – there is no commentary re food processing outside of Melbourne.

The industry sectors are consistent with priority sectors for rural Victoria including:

- Dairy – see <https://invest.agriculture.vic.gov.au/#/industry/da>
- Beef and Sheep – see <https://invest.agriculture.vic.gov.au/#/industry/bs>
- Other Livestock – see <https://invest.agriculture.vic.gov.au/#/industry/ol>
- Grains – see <https://invest.agriculture.vic.gov.au/#/industry/gr>
- Horticulture – see <https://invest.agriculture.vic.gov.au/#/industry/ho>
- Food Processing – see <https://invest.agriculture.vic.gov.au/#/industry/fp>

The IVA website introduces a state-of-the-art interactive map featuring detailed data relevant to Victoria’s agriculture and food processing industries, including information on soils, water, climate, agricultural production, processing locations, and infrastructure.

8.7.6 Government Events

The State Government conducts a calendar of events, that, like industry events, provide an opportunity for rural Councils to provide information and discuss value propositions and investment opportunities – see <https://extensionaus.com.au/vicfin/events/2019-09/>

8.7.7 Local Businesses

Targeted promotion also needs to recognise that potential investors may be local businesses already operating in the LGA – such businesses would be targeted through a “Business Engagement Program” – see also Section 8.9

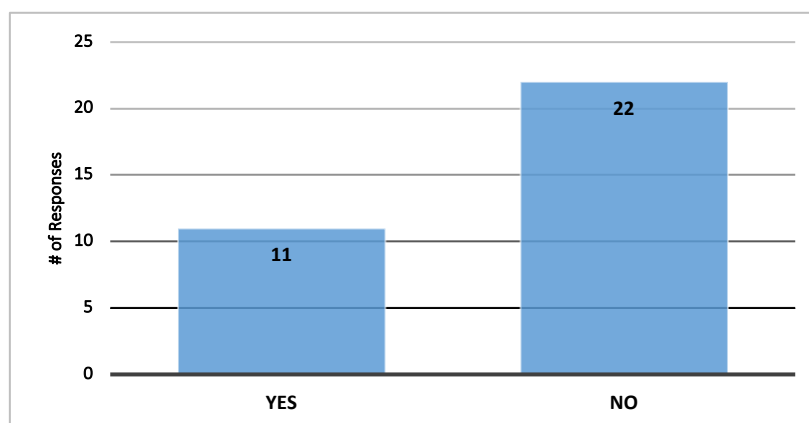
8.8 Engagement with Potential Investors

Engagement refers to a proactive attempt to make direct contact with owners/representatives of businesses that may wish to grow and/or establish their investment in the local economy

8.8.1 Current Engagement

The majority of RCV Councils flagged, as noted in **Figure 15** that they do not actively identify and seek to engage potential investors.

Figure 15 – Active Identification and Engagement of Potential Investors



Our observation is that many of those that flagged that do proactively engage with potential investors were actually responding to enquiries that they have received – i.e. they are engaging with potential investors but have not initiated the engagement.

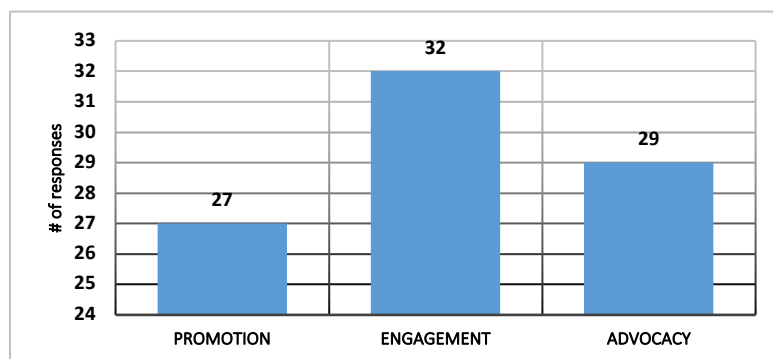
A number of comments made by participants in the Investment Attraction Workshops indicate a lack of clarity around roles with respect to leading any engagement and how much engagement is initiated and undertaken by the CEO/Executive Management team as opposed to the “economic development” team in Council.

The leadership of the executive team is important in making it clear to potential investors that Council is fully supportive of its value proposition and the inherent investment opportunities. There needs to be a clear process in place to ensure that there is shared clarity regarding who is driving effective engagement including which investors are to be targeted.

8.8.2 Support from RDV

Investment Attraction Workshop participants were asked to identify where and how RDV can support their investment attraction efforts and their responses are captured in **Figure 16**

Figure 16 – Support Desired from RDV



There was strong support from participants for RDV to:

- Promote investment opportunities
- Engage with potential investors – which was supported by all bar one participant; and
- Advocate for needs with respect to developing the capability of assets

8.8.2.1 Promotion of Investment Opportunities

The widest impact that RDV could have is the support for the development and implementation of the communication strategy to target high priority industry sectors and that would include information regarding the value proposition(s) to these sectors from across the RCV network of Councils

8.8.2.2 Engagement with Potential Investors

As already noted – see also Section 7.3 – an uncoordinated approach to engage with potential investors may have negative impact.

RDV could seek to engage with “key players” from the high priority industry sectors that are being targeted to help them to better understand that value and investment opportunities that are on offer in rural Victoria.

8.8.2.3 Advocacy

Advocacy has more to do with RCV Councils seeking to gain funding for asset development – see also Section 2.4.1. While the capability of key assets is central to the value that RCV Councils can offer this is not about promoting current investment opportunities.

8.9 Local Engagement

Local engagement refers to a deliberate program that is designed to meet with business owners/operators of targeted businesses in the local economy.

A program of engagement with local businesses based on the analysis of priority sectors – see also Section 7.1.2 - aims to identify their investment/growth aspirations and their associated needs.

A local engagement program provides opportunities to:

- identify the communication channels they use within their industry sector and the industry associations they belong to – this will help Councils to focus their targeted communication efforts – see also Section 8.2
- discuss the supply chain of each business to identify any links in those supply chains where the Council's resources may support investment discussions e.g. businesses may have common suppliers where the collective value of their purchases from that supplier may make it attractive for the supplier to invest in the LGA. This process can be supported by Gap Analysis – see also Section 13.17
- explore the business networks with the view that some business owners/operators of them may know other companies located elsewhere which have difficulties with their current location e.g. landlocked and unable to expand, having workforce difficulties, and may be amenable to an approach from the Council with respect to investing in the LGA – see also Section 6.5.1

8.9.1 Frequency of Engagement

The frequency of engagement would need to be determined by Councils but as a guide the larger the prospect for significant growth (or the prospect of the business relocating) the more frequent the engagement. Post the initial engagement Council can establish with the businesses involved the frequency that works best for all.

Outside of any targeted engagement Councils will still have engagement with businesses through enquiries they make to Council regarding needs and issues that they have.

8.10 RDV Business Engagement

RDV advises that it has a program of ongoing engagement with businesses across the various regions. RDV Trade and Investment team members are active across all Regions, making approximately 2,000 engagements per year, regarding growth and investment opportunities.

It is unknown at this time the breakdown of how many of these engagements are with businesses in rural LGAs as opposed to those in regional Cities. The RCV Rural Workforce Development Plan identified that rural economies account for around 45% of jobs in rural and regional Victoria. If the RDV engagements are based on some form of ratio of relative employment then:

- 55% of engagements in regional Cities = 1,100 engagements = 110 engagement per regional City
- 45% of engagements in rural LGAs = 900 engagements = 24 engagements per rural Council

RCV Councils have advised that,

- generally, they are not aware of which businesses in their local economy that RDV is engaging and when this takes place
- made aware of the outcomes of any engagements

8.10.1 Coordination of Engagement with RCV Councils

Local engagement with business by RCV Councils would benefit from a coordinated approach with RDV which should include

- Councils advising RDV of the businesses they have prioritised for engagement and recommending to RDV any particular businesses that would benefit from engagement with RDV
- RCV Councils sharing the findings of their local engagement with RDV
- RDV sharing the findings of their engagement with businesses – both in the local economy, as well as in “similar” economies – with RCV Councils

The sharing of findings would include:

- any investment/growth aspirations that businesses have
- particular assets that local businesses are seeking to leverage
- type of information being sought by businesses and the channels that they prefer to use for information/communication
- barriers to investment and/or growth being nominated by investors

A better understanding of the above would enable rural Councils to improve their investment attraction processes.

The access to this information would also help Councils' decision-making with respect to priorities for the development of asset capability to make assets more relevant to targeted investors.

RCV Councils could also support RDV's business engagement through providing RDV with clarity regarding investment priorities and opportunities, as identified through their EDS.

8.11 Direct Engagement with External Businesses

Investment attraction can benefit from direct engagement with businesses that have been identified as possibly to benefit from Council's value proposition and/or have interest in the available investment opportunities.

The focus in direct engagement is establishing a relationships with businesses that would be making a significant investment in the context of the local economy should they determine that Council's value proposition is of particular benefit to them.

8.11.1 Identification of Target Businesses

The identification of such businesses, and their potential scale of interest, has been qualified through:

- Identification of potential investors through sector analysis – see also Section 6; and/or
- Feedback from local businesses gathered through the Business Engagement program – see also Section 7.1.2; and/or
- The undertaking of gap analysis – see also Section 13.17; and/or
- Follow-up of investor enquiries – see also Section 9.2

8.11.2 Engagement Process

The process by which such engagement is initiated will vary according to nature of the business to be engaged.

The initial engagement may be through a third party which has particular knowledge of, and/or relationships with the industry sector in which the business operates.

In general, the engagement would likely benefit from being undertaken by the CEO/a representative of Council's executive management team to signal the Council's commitment to their value proposition/available investment opportunity – particularly if the investment opportunity is significant in the context of the local economy.

Any form of engagement needs to respect the businesses commercial interests and not compromise any commercial intellectual property and/or relationships.

8.11.3 Engagement by RDV

As noted in Section 0 there was strong support from RCV Councils for RDV to take a lead role in engaging with potential investors.

8.12 Promotion of the Value Proposition and Investment Opportunities – Implications for Investment Attraction

If RDV see merit in the Invest Gippsland will RDV fund a similar approach in other regions?

Latrobe City is included in the Invest Gippsland website - will RCV Councils collaborate with regional city Councils?

Will other regions be recognised in the way that Gippsland is? -i.e. Gippsland is the only region that has a name that is the same as that used by the RTO to promote the region for tourism and in some cases these names overlap as noted in

8.12.1 Communication Strategies

There is a need to develop a coordinated communication strategy that targets priority industry sectors for investment attraction. The strategy needs to grow the awareness of businesses in these sectors of the value and investment opportunities on offer across rural Victoria.

The recent experience of an RCV Rural Promotion Program – see also Section 8.3 – has highlighted the effectiveness of a strategic and targeted campaign.

The communication strategy would include the use of industry related channels, relevant third parties and appropriate Government agencies.

The content in the communication plan would draw upon an analysis of relevant industry sectors in order to provide material that is specific to the needs of these industries

The development and implementation of the strategy needs the collaboration from across the network of RCV Councils.

8.12.1.1 Support from RDV

A well-constructed and resourced communication strategy would have wide impact across the RCV network of Councils. Support from RDV for this initiative would add significant value to the efforts of the RCV Councils to promote investment opportunities in rural Victoria.

8.12.2 Indirect Promotion – Websites

Websites are more effective if the content is both engaging and current – this requires effort and resources.

There is a need to provide common guidelines to all RCV Councils regarding the standards of information that need to be delivered and maintained. These guidelines would be developed on recommendations from the targeted communication program.

8.12.2.1 RDV Support for Content Development

RDV needs to provide a clear policy regarding providing support and resources for the development of appropriate content for RCV Councils websites – at present some Councils have received support from RDV – the basis for the provision of this support is not clear.

This includes extending the “Invest Gippsland” website to other regions – this would need to be incorporated in the Communications Strategy

8.12.3 Local Engagement

RCV Councils should consider the implementation of a local business engagement program based on an analysis of potential local investors.

RDV can coordinate its Business Engagement Program with local engagement programs being undertaken by RCV Councils

RDV to provide RCV with updates of the outcomes of RDV Business Engagement Program – including the types of investment and/or assets that potential investors are seeking

8.12.4 Industry Related Channels and Third Parties - Key Implications for Investment Attraction

The use of third parties should be coordinated through RDV – the third parties to be targeted/utilised would be identified through the Communications Strategy.

It is more likely that major industries, industry associations and third parties would be interested in the total array of relevant investment opportunities in rural Victoria rather than a single opportunity from one location.

There is potential to damage the “brand” of rural Victoria if multiple RCV Councils are making separate approaches to industry association rather than the industry association seeing that there is a concerted effort to support investment from that particular industry.

Finally, it is highly inefficient to have multiple Councils undertaking the work of identifying relevant industry associations and approaching them to leverage their relevant communication channels.

8.12.5 Government Agencies – Agriculture Victoria and Invest Victoria

The investment attraction strategy needs to incorporate the links to relevant Government agencies.

8.12.5.1 Agriculture Victoria

At present the Invest in Victorian Agriculture (IVA) – which is operated by Agriculture Victoria - website does not make direct reference to available/specific investment opportunities in particular rural LGAs. The IVA website has links to Invest Victoria and to RDV websites – it is important that:

- Both IV and RDV have up to date information regarding RCV Councils’ value propositions.
- RCV Councils can provide IV and RDV with up to date information regarding their value propositions
- RDV can provide RCV with updates as to the level of enquiries that IVA has received regarding investment opportunities in rural Victoria

8.12.5.2 Invest Victoria

RDV could facilitate the process of:

- Gathering and providing Invest Victoria/IVA with relevant value proposition of RCV Councils
- Providing RCV with updates as to the level of enquiries that Invest Victoria has received regarding investment opportunities in rural Victoria

8.12.5.3 RDV Updates

RDV could provide RCV with updates on the enquiries (range and total) and relevant website metrics IV/IVA have generated regarding rural based investment opportunities. This information could be used by RCV Councils to update and/or improve the Investment Attraction Communication Strategy and/or RCV Councils’ value propositions.

9 Management of Investor Enquiries

The generation of investor enquiries reflects the effective promotion of the value proposition.

Enquiries provides an opportunity for Councils to directly discuss investment opportunities with a potential investor, who has further qualified their interest by making an enquiry and determine the likelihood of the investment occurring, and the appropriateness of the investor.

The effective management of investor enquiries is imperative in order to:

- maximise Councils' return on the resources and effort they have expended in the effective promotion of the value proposition; and to
- foster the likelihood of the transforming enquiries into actual investment being made in the local economy
- assess the appropriateness of the investor with respect to providing sustainable investment in the local economy

The key components of an effective enquiry management system are capturing and collating enquiries, responding to enquiries and the analysis

9.1 Capturing Investment Enquiries

The effort in the development and promotion of the value proposition generates enquiries from investors.

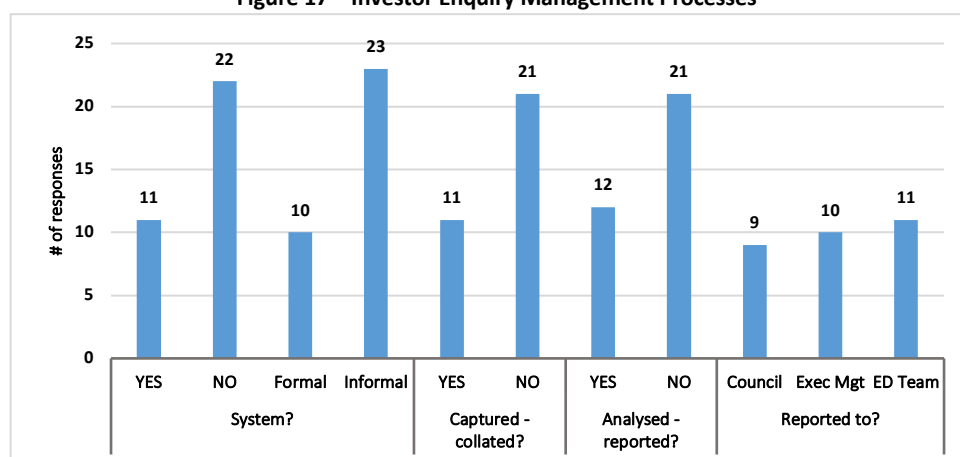
Not all investor enquiries will translate into a proposed investment. In order to maximise the likelihood of identifying a potential investor(s) whose interest will translate into an investment it is essential that all enquiries are captured.

9.1.1 Current Investment Enquiries Processes

In the Investment Attraction Workshops, the majority of RCV Councils, as noted in **Figure 17**, flagged that they do not:

- have a formal/organised enquiry management processes in place
- capture and collate investor enquiries
- report any findings, which suggests that understanding these trends is not a strategic focus for those Councils

Figure 17 – Investor Enquiry Management Processes



9.1.2 Capture of Investor Enquiries

It is important to facilitate the capture of investor enquiries and make it as straightforward as possible for potential investors to register their interest.

9.1.2.1 Phone

Providing a direct contact (name and number) for potential investors makes it easier for them to contact Council as they do not have to navigate Council's switchboard system. There is a need for this number to receive a voicemail and/or provide an email address in the message to the caller.

The nominated contact person then the contact person needs to be able to:

- readily access information regarding the investment opportunity relevant to the enquiry (i.e. this will relate to the value proposition that Council is promoting)
- log the call into the relevant database – see also Section 9.1.4

If Council cannot provide a direct contact it is important that when an enquiry comes through the switchboard that the operator can:

- readily identify that it is an investment enquiry
- transfer that call to the right contact, or
- capture the details of the investor and the nature of their enquiry

9.1.2.2 Website

Ideally a webpage/site should:

- provide the opportunity for visitors to register their interest including the noting their preferred contact details i.e. email and/or phone.
- send an auto email response noting that the enquiry has been registered and that a Council representative will follow-up the enquiry (and within what timeframe) – see also Section 9.2.2

This provides them with a greater level of confidence that their enquiry has been captured.

9.1.2.3 Direct Engagement

Direct engagement with local businesses and/or potential investors can also generate enquiries

9.1.2.4 Planning Applications in “Employment” Zones

A planning application for a development in any employment zone (e.g. business, industrial, rural activity zone etc) can be considered as potential investment in the local economy and should be treated as an enquiry that requires a response from Council (in addition to the response associated with the management of the planning application). The application may also trigger Council's investment facilitation process – see also Section 10.2.4

9.1.3 Collate Recording of All Enquiries

An effective investment attraction process needs to be able to collate all enquiries regarding particular investment opportunities from all contact points (i.e. phone, website, business engagement); ideally this process needs to capture:

Details of the enquirer – business, name, role and contact details	• Investment opportunity enquired about	
Date of enquiry		
Nature of investment enquiry -i.e.	• Requirements for more information?	• Other?
	• Desire to meet with Council?	
How enquirer found information regarding the investment opportunity – i.e.	• Council Website?	• Third party?
	• Industry communication channel?	• Other?
Preferred ongoing communication method – i.e. direct call, email	• Date/time of Council's initial response to enquiry	

9.1.4 Enquiry Database

The above information needs to be collated in a database of all investment enquiries from which information can be extracted, analysed and/or reported. This information is key to assessing the effectiveness of the communication effort.

9.1.5 RDV Enquiries

RDV also receives investment related enquiries. A process by which the total number and range of enquiries received by RDV could be reported to RCV Councils would help RCV Councils to refine their investment attraction processes – see also Section 9.1.4

9.2 Responding to Investment Enquiries

A timely and appropriate response to investor enquiries is critical to reinforcing to the enquirer that Council is highly supportive of the investment opportunity and of the enquirer's interest in the opportunity. Feedback from the private sector clearly indicates that Council support is key to them proceeding.

9.2.1 Timeframe

Effort and resources have been committed to the generation of investment enquiries including:

- Development of the value proposition – including the analysis of priority industry sectors and the identification of potential investors
- Promotion of the value proposition – including the development and implementation of a communication strategy

The return on this effort is the generation of investment related enquiries and it is imperative that these enquiries are responded to in a timeframe that reinforces that the Council is interested in and supportive of the enquirers investment plans and objectives

The timeframe for the response needs to have at least a minimum standard that has been defined by Council as appropriate.

The scale and potential impact of the investment should influence the timeframe in which the initial response takes place – i.e. the larger the scale the sooner is the response.

The investment enquiry database should have the capacity to be to record when the response was made – see also Section 9.1.4

9.2.2 Appropriate Response

An appropriate response is one that reinforces to the enquirer that Council is organised and prepared with respect to:

- attracting investment to a particular opportunity
- working with potential investors

A key to providing an appropriate response is:

- contacting the enquirer via their preferred method of communication
- acknowledging to the enquirer Councils awareness of who they are and nature of their enquiry
- providing relevant and particular information in line with what has been requested
- being clear regarding what Council can do to facilitate investment – see also Section 10.2

The ability to provide an appropriate response is a function of the quality of the information captured through the initial enquiry – see Section 9.1.2

9.3 Analysis of Investment Enquiries

The investment attraction process will benefit from a regular analysis of activity and performance with respect to enquiries.

9.3.1 Analysis of the Level of Enquiry Activity

The analysis of the level of enquiry activity is key to understanding the effectiveness of components of the investment attraction process; this includes understanding how:

- many enquiries have:
 - been received in a given time period will provide Council with insight into the effectiveness of efforts to promote the value proposition – see also Section 11.3.2
 - proceeded to investment proposals will provide insight into the:
 - relative attractiveness of Council's current value proposition(s) – see also Section 4.1.1
 - whether the most appropriate potential investors are being targeted – see also Section 7
- became aware of Councils value proposition(s) will provide insight into the effectiveness of the Communication Strategy that supports the promotion of the value proposition(s). This data is key to assessing the effectiveness of the processes and/or programs in place to promote such assets and/or opportunities.

9.3.2 Analysis of Response Performance

A regular review of how many enquiries were responded to in an agreed timeframe is key to the integrity of the investment attraction processes.

As such there is a need to ensure that response performance is imbedded into Councils performance management system.

9.4 Enquiry Management – Implications for Investment Attraction

RCV Councils need to review their respective enquiry management processes and determine where there are opportunities to improve the capture, response and/or analysis of enquiries.

9.4.1 RDV Support

RDV can provide RCV Councils with updates on the enquiries received by RDV, IV and IVA

RDV could facilitate the process of collating and reporting the total and range of enquiries received by RCV Councils

The above activities would provide insight into the effectiveness of:

- An Investment Attraction Communication Strategy – see also Section 8.2
- RCV Councils' value propositions

10 Investment Facilitation

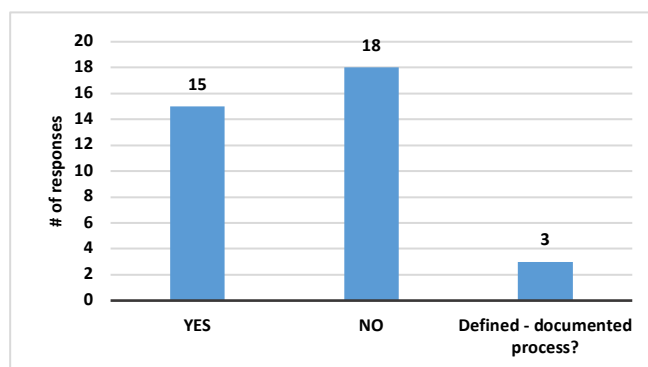
Until a proposed investment is completed it is not an investment in the local economy. The facilitation of proposed investment is critical and feedback from the private sector suggests that their confidence in Council's willingness to assist is critical to them pursuing their interests in investing in the local economy.

10.1 Current Investment Facilitations Processes

As noted in **Figure 18** more than 50% of RCV Councils claimed through the Investment Attraction Workshops that they do not have a defined process for facilitating investment opportunities.

The wide absence of an investment facilitation process may reflect the low number of investment opportunities that need facilitation for some Councils – and suggests that there is a need to develop a strategic approach to investment facilitation – see also Section 3

Figure 18 – Use of a Investment Facilitation Process

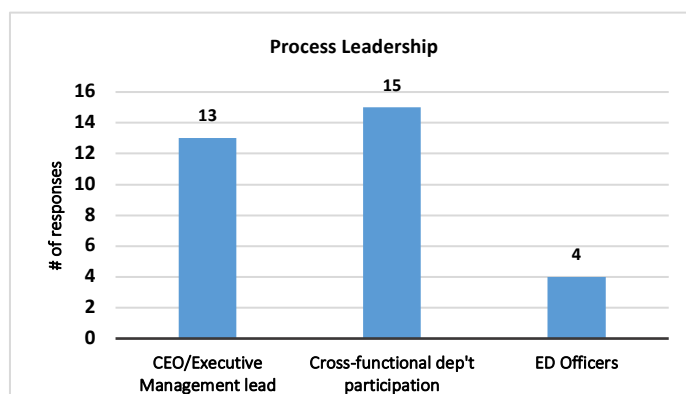


A defined process suggests that for the majority of RCV Councils that investment facilitation needs to more effectively imbedded into the Councils' value proposition so that potential investors can gain an early understanding of the support they may receive if they proceed with an investment.

10.1.1 Process Leadership

The majority of Investment Attraction Workshop participants who nominated that their Council has an investment facilitation process noted that the process is led by the CEO/Executive Management team and, that in all cases, there is cross functional involvement. In a few Councils the process is led by members of the Economic Development function – see **Figure 19**

Figure 19 – Leadership of Investment Facilitation Process



10.2 Key Principles of an Effective Investment Facilitation Process

The key principles of an effective investment facilitation process are about supporting the delivery of the desired benefits to the local economy and community at a "cost" that Council is prepared to bear.

10.2.1 Aligned to Investor Needs

The elements in the investment facilitation process need to reflect the needs of investors. Understanding these needs is in part a function of the process of identifying potential investors – see also Section 7. These needs can be further refined through engagement with potential investors – see also Section 8.8, including existing businesses – see also Section 7.1.2.

10.2.2 Level of Council Support

Councils need to determine what resources they are prepared to provide to facilitate the proposed investments so this level of support can be included in Councils' value proposition(s) – see also Section 4.2.

The level of support should reflect:

- the potential economic impact and benefits associated with the delivery of the investment opportunity – see also Section 5.5.
- the need for businesses to deliver their proposed investment in a minimal time period in order to minimise their establishment costs and commence the generation of associated revenue as thereby maximise the return on their investment. This applies for both existing businesses as well as for new entrants to the economy

10.2.2.1 Support from RDV

The facilitation of the proposed investment may require responses and/or expertise that is not available through Council and/or the proposed investment may generate an economic benefit that is significant to the wider region.

In such a situation there may be an opportunity to work with RDV to identify what support RDV can provide. The outcomes of any such collaboration can be imbedded in Councils' value propositions.

This process also enables the early identification of investment opportunities to RDV who have expressed concerns that they are not fully aware of the range of investment opportunities that are being pursued by RCV Councils.

10.2.3 Clear Point of Contact

The provision of a clear point of contact within Council who is empowered to make decisions regarding the facilitation of the investment is key – these decisions need to reflect the level of support that Council has identified in its value proposition. The key is that decisions can be made quickly so that the investors establishment costs are minimised.

10.2.3.1 Role of the CEO

A sizeable proposed investment in the context of the size of the local economy may require the focus of the CEO or a member of the Executive Management Team and/or a delegated Council Officer acting on their behalf.

10.2.4 Expediting Planning Applications

The value proposition should provide clarity about the support that Council has for any planning application that may be associated with an investment opportunity. This needs to be determined at the time of developing the value proposition and should involve representatives from relevant Council functions – see also Section 4.3.1

Councils cannot ignore the requirements of their planning approval process. However, they can expedite the processes of a planning application through directing the resources that are required to process the application – as long as it does not fail to meet the time requirements associated with any other planning applications it may have.

10.2.4.1 Better Approvals Process

RCV Councils need to consider undertaking the Better Approvals process to improve the efficiency and timeliness of planning applications.

10.2.5 Financial Support

There is much discussion regarding the virtues of Council's providing financial support and/or incentives to potential investors.

Should Councils determine that they want to provide any financial incentive and/or support this should be expressed in a policy that has been adopted by Council that provides clarity regarding the:

- level of financial support that can/be provided; and the
- conditions that would need to be met in order for such support to be implemented.

10.2.5.1 Decision Timeframes

The private sector has flagged that there can be significant costs associated with the timeframes for required decisions- particularly if the funds being used involve borrowings. Depending of the scale of the proposed investment these costs may be far greater than any financial support that can be provided by a Council. In such a case an efficient decision-making process can more highly valued by investors than any financial support.

10.2.5.2 Relationship with Existing Businesses

The provision of financial support to new investors needs to consider the relationship with existing local businesses who are “investors” in the local economy – see also Section 7.9.1. There is a need to consider if such support will be provided to local businesses which have determined to increase the size of their investment in their businesses and thereby the local economy.

10.2.6 Securing a Local Workforce

An existing business that is expanding or a new established business operation will need access to a workforce. Councils’ investment facilitation process can play a key role in working with employment service providers to promote the opportunity for employment.

10.2.7 Workforce Transition

In some situations, the investment may require the operator to relocate workers to the local area. Councils’ investment facilitation process can play a key role in supporting such transition including liaising with local service providers to help new residents to more easily make the transition. If the investor is confident that required workers can readily relocate to the local area, they will be more likely to proceed with the proposed investment.

10.2.8 Local Business Networks

A new entrant in the local economy can more easily establish their operation if they are aware of local businesses that can provide services needed by the new operation. Councils’ investment facilitation process can play a key role in facilitating B2B networks for newly established businesses.

10.2.9 Cross Functional Facilitation Team

Council may also consider the establishment of a cross functional team to support the facilitation of a proposed investment. The feedback from RCV Councils notes that this is common practice for those Councils that have an “investment facilitation” process in place - see also Section 4.3.1

10.3 Implications for Investment Attraction

An analysis of investment facilitation needs that are common to many Councils would inform the development of appropriate resources and/or support mechanisms.

10.3.1 Implications for RDV

This analysis could be undertaken by RCV in collaboration with RDV with a view to identifying any investment facilitation resources that RDV already has in place that could be widely leveraged by RCV Councils.

11 Evaluation of the Investment Attraction Process

Investment attraction requires effort and resources from Councils. It follows that Councils should regularly assess the effectiveness and outcomes of the investment attraction processes they put in place in order to determine if

- improved investment outcomes can be delivered; and if
- Council is getting an appropriate return on the effort and resources they have committed to the investment attraction process

11.1 Investment Attraction Strategy

As noted the investment attraction process should have a clear strategic framework – see also Section 1.2

The assessment of the investment attraction process needs to identify:

- the existence of an appropriate framework; and to
- what degree its:
 - Aims are being met
 - Objectives are being delivered

11.2 Investment Attraction Strategic Outcomes – Key Performance Indicators

A number of key performance indicators can be used to assess the investment attraction process

11.2.1 Level of Investment Made

The development of the value proposition should include consideration of the scale of investment that is possible – see also Section 4.2

This area of assessment would seek to identify the total value of investment made, how this compares to the original analysis, and the:

- range/type of investments made – including the type of “operation” that has been established and the industry sector
- size of each investment – this would include the values for
 - development and construction (where relevant)
 - ongoing gross revenue/outputs associated with the operation of the “investment”
- source of investor(s) – i.e. external/internal

11.2.2 Economic Indicators

The development of the value proposition should include consideration of the potential economic impact – see also Section 5.5

This area of assessment would seek to identify the actual economic impact including the:

- Direct impact – and the sector most impacted
- Indirect impact – and the sectors impacted
- Construction related impact – if relevant

11.2.2.1 Workforce Assessment

In addition to the employment generated the assessment may also consider what additional skills have been added to the local workforce through the establishment of the operation resulting from the investment.

11.2.3 Social Impact

The development of the value proposition should include consideration of the non-economic benefits that may be associated with the investment including the impact on the following areas:

11.2.3.1 Population Retention and/or Attraction

The assessment of the investment should include consideration of how the creation of employment opportunities (direct and/or indirect) has worked to:

- retain current residents
- attract new residents

11.2.3.2 Access to Improved Services

The assessment of the investment should include consideration of any impact on improvement the availability of and/or access to improved services

11.2.3.3 Other Benefits

The assessment of the investment should include consideration of what impact it has had on “social” related outcomes in the Council Plans

11.3 Investment Attraction Operational Outcomes– Key Performance Indicators

The assessment of the following will provide insight into the effectiveness of the operation of the investment attraction process

11.3.1 Website metrics

Understanding the metrics related to the visitation to the webpages/websites that are being used to provide information regarding the value proposition provides insight into the:

- effectiveness of the communication strategy in place to lead potential investors to the digital platforms being used – see also Section 8.5.5
- draw of the content on the digital platforms and the relative ease of navigation – see also Section 8.5.4

11.3.2 Investor Enquiries

Generating investor enquiries is the aim of the investment attraction communication strategy – see also Section 9

Understanding the number and range of the investor enquiries, including an analysis of how investors came to the value proposition, provides insight into the effectiveness of the various elements of the “communication mix” – i.e. indirect vs targeted vs engagement etc

11.3.3 Enquiry Responses

The effective management of investor enquiries is critical to reinforcing to the enquirer that Council is highly supportive of the investment opportunity and of the enquirer’s interest in the opportunity – see also Section 5.7

The assessment of the performance against defined response times is key to understanding the integrity of the enquiry management system

11.4 Feedback

Feedback from various businesses can also be used to identify the effectiveness of the investment attraction process and if there are any priorities for improvement e.g. feedback from:

- actual investors – both new and existing businesses – regarding the factors that underpinned their decision to invest in the local economy will provide insight into the particular components of the investment attraction process that need to be reinforced
- businesses – both new and existing businesses – that considered investment but chose not to proceed – can provide insight into areas of the investment attraction process that may need improvement
- existing businesses gained, for example, through a business engagement program can provide insight into the barriers to growth and further investment.

The above feedback will provide insight into the:

- capability of local key assets
- attractiveness of Councils' value proposition

11.5 Assessment of the Investment Attraction Process – Implications for Investment Attraction

RCV Councils should build the evaluation of their investment attraction efforts into their respective investment management strategies – see also Section 3

11.5.1 Implications for RDV

RDV could collate the investment attraction evaluation outcomes – gathered by a website based portal – and report these to the RCV network for the purpose of respective Council identifying opportunities to improve their strategic focus and/or execution.

The feedback could also be used by RDV to refine relevant policies and support for investment attraction going forward.

RDV could also facilitate regular sessions with RCV Councils to review investment attraction and identify opportunities to improve investment attraction processes.

12 Implications for RDV

12.1 Investment Attraction in the Context of Local Economic Growth

The feedback from RCV Councils suggest that there is a need for RDV to provide an improved focus for investment attraction that is separate to its efforts with respect to'

- Processing of funding applications
- Development of social and/or community infrastructure

12.2 A Strategic Approach to Investment Attraction

RDV can support the development of investment attraction strategy across the RCV network by providing an understanding of the key elements and/or priorities of the RDV Investment Attraction Strategy

An RDV investment Attraction Strategy should reflect the priority industry sectors – see Section 13.18

The variance in the forecast population and demographic changes across the RCV LGA's suggests that an RDV Investment Attraction Strategy would have a particular focus on:

- Identification of investment opportunities with those Councils that are forecast to experience population contraction
- Investment facilitation with those Councils that are forecast to experience population growth

RDV could facilitate the process of collating RCV Council Investment Attraction Strategies and providing feedback regarding implications for relevant RDV processes and how RDV can provide effective support

12.3 A Value Proposition

RDV can provide advice of the structure and content of RCV Councils "value propositions" that would support the implementation of RDV Investment Attraction Strategy

RDV can also undertake an analysis of the trends and needs of the high priority industry sectors and provide the findings to relevant RCV Councils

12.4 Key Assets and Investment Attraction

RDV can provide feedback to RCV Councils regarding the priorities and perceptions of "investors" from priority industry sectors with respect to assets that RDV has garnered from RDV's industry engagement activities.

The responses from RCV Councils with respect to the need to improve the availability of industrial land, required workforce and access to HSB could underpin policy priorities for RDV with respect to the support for asset development.

12.5 Identification of Investment Opportunities

Given that many RCV Councils share the same industry sectors as being a priority for economic growth it would be much more efficient to have a collaborative and/or centralized approach to undertake and update the analysis of priority industry sectors with respect to the identification of trends and needs and the identification investment opportunities.

This effort could be undertaken by

- a collaboration with RDV – this would including seeking advice from RDV as to how Government strategies such as the Food and Fibre Sector Strategy and an Agriculture Strategy. Can support investment attraction in rural Victoria
- Third parties with relevant expertise
- A combination of the above

12.6 Identification of Potential Investors

The identification of such potential investors requires a not insignificant effort and it would seem that several RCV Councils undertaking the same exercise is a highly inefficient use of resources.

RDV can provide a leadership and/or coordinating role in the identification of potential investors.

The process is not about assigning potential investors to particular local economies but more about growing the pool of potential investors who can be engaged in the full range of value propositions in rural Victoria.

The identification of potential investors could be undertaken on behalf of those rural Councils that have a clear value proposition for investment in the high priority industry sectors by:

- a collaboration with RDV – in concert with:
 - appropriate metropolitan based elements of the Department of Jobs, Precincts and Regions
 - Agriculture Victoria
 - Invest Victoria
 - Visit Victoria and relevant RTOs – in the case of investors in visitor accommodation
 - DHHS – in the case of investment in services for older people
- A third party/parties with relevant expertise – this expertise could be engaged by RDV
- A combination of the above

12.6.1 Identification of Melbourne Based Businesses that are Seeking to Relocate and/or Expand

There is a need for particular focus on identifying Melbourne based businesses that are seeking to relocate or expand via a second site – this process could be expedited by the development and promotion of a program to seek out such businesses. This program could be underpinned by RDV.

12.7 Promotion of the Value Proposition and Investment Opportunities

12.7.1 Communication Strategy

RDV could lead the development of a coordinated communication strategy that targets priority industry sectors for investment attraction. The strategy needs to grow the awareness of businesses in these sectors of the value and investment opportunities on offer across rural Victoria.

The communication strategy would include the use of industry related channels, relevant third parties and appropriate Government agencies (i.e. Invest Victoria/IVA)

A well-constructed and resourced communication strategy would have wide impact across the RCV network of Councils. Support from RDV for this initiative would add significant value to the efforts of the RCV Councils to promote investment opportunities in rural Victoria.

12.7.2 Indirect Promotion – Websites

RDV needs to provide a clear policy regarding providing support and resources for the development of appropriate content for RCV Councils websites – at present some Councils have received support from RDV – the basis for the provision of this support is not clear

This policy includes extending the “Invest Gippsland” website to other regions – this would need to be incorporated in the Communications Strategy

RDV could provide RCV with updates on the enquiries (range and total) and relevant website metrics IV/IVA have generated regarding rural based investment opportunities. This information could be used by RCV Councils to update and/or improve the Investment Attraction Communication Strategy and/or RCV Councils’ value propositions.

12.7.3 Industry Related Channels and Third Parties

The use of third parties should be coordinated through RDV – the third parties to be targeted/utilised would be identified through the Communications Strategy.

It is more likely that major industries, industry associations and third parties would be interested in the total array of relevant investment opportunities in rural Victoria rather than a single opportunity from one location.

There is potential to damage the “brand” of rural Victoria if multiple RCV Councils are making separate approaches to industry association rather than the industry association seeing that there is a concerted effort to support investment from that particular industry.

Finally, it is highly inefficient to have multiple Councils undertaking the work of identifying relevant industry associations and approaching them to leverage their relevant communication channels.

12.7.4 Government Agencies – Agriculture Victoria and Invest Victoria

RDV could facilitate the process of collating and providing Invest Victoria/IVA with relevant value proposition of RCV Councils

12.7.5 Business Engagement

RDV can coordinate its Business Engagement Program with local engagement programs being undertaken by RCV Councils

RDV to provide RCV with updates of the outcomes of RDV Business Engagement Program – including the types of investment and/or assets that potential investors are seeking

RDV could seek to engage with “key players” from the high priority industry sectors that are being targeted to help them to better understand that value and investment opportunities that are on offer in rural Victoria.

RDV can coordinate the process of providing Invest Victoria with relevant material with respect to investment opportunities in rural Victoria

12.8 Enquiry Management

RDV can provide RCV Councils with updates on the enquiries received by RDV, IV and IVA. RDV could facilitate the process of collating and reporting the total and range of enquiries received by RCV Councils

The above activities would provide insight into the effectiveness of:

- An Investment Attraction Communication Strategy – see also Section 8.2
- RCV Councils’ value propositions

12.9 Investment Facilitation

An analysis of investment facilitation needs that are common to many Councils would inform the development of appropriate resources and/or support mechanisms.

The analysis could be undertaken by RCV in collaboration with RDV with a view to identifying any investment facilitation resources that RDV already has in place that could be widely leveraged by RCV Councils

12.10 Assessment of the Investment Attraction Process

RDV could collate the investment attraction evaluation outcomes – gathered by a website based portal – and report these to the RCV network for the purpose of respective Council identifying opportunities to improve their strategic focus and/or execution.

The feedback could also be used by RDV to refine relevant policies and support for investment attraction going forward.

RDV could also facilitate regular sessions with RCV Councils to review investment attraction and identify opportunities to improve investment attraction processes

PART -B – Identification of Priority Sectors for Investment Attraction in Rural Victoria

13 Key Industry Sectors in Victoria's Rural Economies

The following section provides an overview of key drivers and trends in Victoria's rural economies including the identification and discussion of Key Propulsive Sectors, Employment trends and the implications for investment attraction in rural Victorian LGAs.

13.1 Employment Growth 2011 to 2016

As noted in the RCV Workforce Development Plan report these sectors are all significant sources of employment in rural Victoria – collectively these sectors account for almost 42% of all jobs in rural Victoria in 2016. The RCV Workforce Development Plan identified trends in employment growth in rural Victoria (i.e. across the 38 LGAs). An overview of this growth provided in **Table 4**.

Table 4 Industry Sector Employment Growth in Rural Victoria 2011 to 2016

Sector	Jobs Growth 2011 to 2016	% of All Jobs Growth
Construction	6,634	16.1%
Health	6,137	14.9%
Agriculture	5,910	14.3%
Education	3,744	9.1%
Accommodation & Food Services	3,640	8.8%
Administrative & Support Services	2,801	6.8%
Food Manufacturing	2,588	6.3%
Public Administration	2,084	5.0%
Other Services	1,760	4.3%
Professional Services	1,669	4.0%
Transport	1,514	3.7%
Arts & Recreation Services	910	2.2%
Retail	416	1.0%
Mining	414	1.0%
Other Manufacturing	347	0.8%
Real Estate Services	296	0.7%
Energy, Water & Waste	175	0.4%
Financial Services	130	0.3%
Telecommunication Services	78	0.2%
Publishing	64	0.2%
	41,311	100.0%

There were also a contraction in employment of almost 5,900 jobs across a range of sectors – the majority of the employment contraction was in the wholesale trade sector and a wide range of manufacturing sectors.

In all the net growth in jobs in rural Victoria in the above period was 35,422.

13.1.1 Geographic Distribution of Jobs Growth in Rural Victoria

The RCV Workforce Development Plan identified that the peri-urban rural LGAs accounted for a significant level of jobs growth in rural Victoria as noted in **Table 5**

Table 5 - Geographic Distribution of Jobs Growth in Rural Victoria 2011 to 2016

	<i>Sub-regions</i>										
	Peri-Urban	Gippsland*	Loddon Campaspe	Great South Coast*	Barwon*	Goulburn*	Central Highlands*	Ovens Murray*	Mallee*	Wimmera Southern*	Totals
<i>Jobs growth</i>	12,931	6,311	4,356	2,491	1,608	2,276	1,633	1,812	1,591	413	35,422
<i>% of all jobs</i>	37%	18%	12%	7%	5%	6%	5%	5%	4%	1%	100%

*Note – minus the peri-urban Councils and regional Cities in that sub-region

13.2 Key Propulsive Sectors

REMPPLAN identifies the industry sectors that make the largest contribution to the following components:

- *Employment* – which creates opportunities for the consumption of local goods and services
- *Expenditure* on local goods and services and their growth opportunities for local businesses
- *Exports* – which generates revenue for businesses from sources outside of the local economy that can be used to purchase local goods and services and/or wages and salaries
- *Value added* represents the marginal economic value that is generated by businesses through their respective operating processes

Industry sectors that are ranked in the top 5 for any of the above components in a local economy are designated as propulsive sectors in that they make a significant contribution to the local economy.

Sectors that are ranked in the top 5 in 3 or more of the above components are designated as Key Propulsive Sectors (KPS).

13.2.1 Growth in KPSs

Growth in KPSs will have the widest positive impact on the local economy – conversely contraction in these sectors will have the widest negative impact.

13.2.2 Key Propulsive Sectors and Key Assets

KPSs reflect the presence of relevant key assets in the LGA that are being leveraged by businesses that are operating in the KPSs. – i.e.:

<i>KPS</i>	<i>Assets</i>
accommodation and food services	➡ significant levels of visitation
agriculture, forestry and fishing	➡ availability of agricultural land/access to water etc
manufacturing	➡ access to inputs – particularly food manufacturing

Achieving growth in the KPSs can be achieved through:

- growing the awareness of existing businesses operating in the KPS of relevant key assets and the capability of these assets; and/or
- improving the effectiveness and/or capability of the relevant key assets – based on feedback from the businesses that are leveraging the assets in particular; and/or
- promoting the key assets to relevant investors outside of the local economy

13.3 Key Propulsive Sectors in Victorian Rural Economies

An analysis of KPSs in Victoria's rural economies indicates the occurrence of a number of industry sectors are the most frequent KPSs and noted in **Table 6**

Table 6 - Occurrence of Key Propulsive Sectors by Industry Sector in Rural Victoria

Industry Sector	Number of Rural LGAs in which industry sector is a KPS		Totals
	4 components	3 components	
Construction	16	12	36
Agriculture, Forestry & Fishing	24	7	31
Manufacturing	11	7	18
Education & Training		10	10
Transport, Postal & Warehousing	2	3	7
Public Administration & Safety		7	7
Health Care & Social Assistance		7	7
Accommodation & Food Services		6	6

The analysis notes that the Construction and Agriculture, Forestry & Fishing sectors have the widest impact upon rural Victorian economies.

13.4 The Construction Sector

The analysis of KPSs indicates that the construction sector has a wide impact across rural Victoria through being a KPS in 36 of 38 local economies and being ranked in the top 5 for local expenditure in all. Growth in this sector is dependent upon private sector investment which is a response to:

- business growth in other sectors;
- public sector demand – i.e. investment in schools, hospitals, roads, public infrastructure; and/or the
- demand for construction related goods and services by residents.

Thus, the focus is on growing demand by attracting investment into other sectors and/or growing the population.

13.4.1 Construction Related Employment

Growth in construction related employment was widespread across the 38 LGAs with 32 experiencing growth in the sector. The great majority of growth -some 86% of all jobs - in the construction sector was in "Construction Services". Residential Building Construction accounted for some 12% of the jobs growth in the sector with Heavy & Civil Engineering Construction accounting for just over 1% of jobs growth.

Employment in Non-Residential Building Construction in rural Victoria experienced an overall contraction of more than 370 jobs in this period – this included a contraction of more than 660 jobs in this sector in the Bass Coast Shire post the completion of the construction of the Wonthaggi Desalination Plant. Given this circumstance then the sector experienced a growth of some 300 jobs across the remaining rural LGAs.

13.4.2 Rental Housing

The RCV Workforce Development Plan notes that "Many rural businesses are hampered in their efforts to recruit workers from outside of the locality of the business because potential workers cannot access housing, and, in particular, rental housing."

There is a need to engage the construction sector, and relevant investors, in the development of residential housing.

13.5 Agriculture, Forestry & Fishing

The Agriculture, Forestry & Fishing sector is diverse sector with the following subsectors all contributing to agriculture's overall economic impact in rural Victoria:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Sheep, Grains, Beef & Dairy Cattle • Poultry & Other Livestock • Other Agriculture –(horticultural activities) • Aquaculture | <ul style="list-style-type: none"> • Forestry & Logging • Fishing, Hunting & Trapping • Agriculture, Forestry & Fishing Support Services |
|---|---|

The agriculture sector:

- varies in its mix of activities across local economies which reflects the available assets in that economy.
- is a significant contributor to the expenditure on local goods and services
- often has a significant relationship with food manufacturing in the same local economy

Growth in this sector is dependent upon private sector investment which is a response to a multitude of factors including:

- the demand for produce and market prices
- access to water
- access to infrastructure – including digital infrastructure
- access to labour
- land use policy and planning processes

13.5.1 Agriculture Employment

28 of the rural LGAs experienced employment growth in the agriculture sector. Some 49% of the sectors employment growth (i.e. 2,344 jobs) was in Sheep, Grains, Beef & Dairy Cattle with 24% - 1,421 jobs -in "Other Agriculture" which is largely horticultural activities.

13.6 Health Care & Social Assistance

While this sector was a KPS in far fewer LGAs than the previous sectors it ranks in the top 5 sectors for employment in all rural LGAs bar two. Employment grew in this sector both in the:

- Health Services sector – which includes:
 - public and community health services; as well as a
 - mix of private providers including a wide range of small businesses – e.g. local doctors, dentists, physiotherapists etc
- Residential Care & Social Assistance Services sector which includes:
 - Aged Care Residential Services – of which there is increasing demand in many rural LGAs with an ageing population – many of the providers in this sector are from the private and the NFP sectors
 - Child Care Services – for which there is increasing demand in the peri-urban rural LGAs that are experiencing significant population growth - many of the providers in this sector are from the private sector; and
 - Other Social Assistance Services – many of which are in the NFP sector

Investment in this sector is a mix of public and private sector investment and is very much a response to local demand.

While the sector is important from an economic perspective it is also a key lifestyles asset for communities

13.6.1 Health Employment

29 of the rural LGAs experienced employment growth in the health sector – this growth was almost evenly divided between jobs in "Health Services" – 3,037 jobs - and "Residential Care & Social Assistance Services" – 3,100 jobs.

13.7 Manufacturing

The KPS analysis indicates that around half of rural LGAs have manufacturing as a KPS in their local economy. Rural Victoria's manufacturing sector:

- is dominated by food and beverage manufacturing with some pockets of sawmill product manufacturing.
- experienced no growth in overall employment from 2011 to 2016 with the exception of employment growth in food and beverage manufacturing that was offset by contraction in employment in a range of other manufacturing sectors – see **Table 7**
- ranks in the top 5 for exports in all bar 3 rural LGAs
- is dependent upon private sector investment for growth Growth in this sector

13.7.1 Manufacturing Employment

The overall manufacturing sector experienced a slight increase in jobs growth. However, the majority of manufacturing sub sectors experienced a contraction in jobs with the Food and the Beverage Product Manufacturing sub sectors driving employment growth in the main as can be seen in **Table 7** In all only 10 rural LGAs experienced growth in manufacturing related employment.

Table 7 - Changes in Manufacturing Employment in Rural Victoria

Manufacturing Sectors	Jobs 2016	Jobs 2011	Jobs Growth 2011 to 2016
Food Product Manufacturing	13,880	11,888	1,992
Beverage Product Manufacturing	1,415	1,114	301
Petroleum & Coal Product Manufacturing	72	37	35
Furniture Manufacturing	417	444	-27
Saw Mill, Wood & Paper Product Manufacturing	1,824	1,877	-53
Pharmaceutical Product Manufacturing	109	167	-58
Other Manufactured Products	121	180	-59
Basic Chemical, Cleaning & Polymer Manufacturing	399	577	-178
Transport Equipment & Parts Manufacturing	920	1,109	-189
Non-Metallic Mineral Product Manufacturing	606	828	-222
Apparel Manufacturing	355	657	-302
Technical Equipment & Appliance Manufacturing	1,139	1,723	-584
Metal & Metal Product Manufacturing	2,029	2,678	-649
Totals	23,286	23,279	7

13.7.2 Food Manufacturing Employment

The jobs growth in food manufacturing in rural Victoria was largely driven by Meat & Meat Product manufacturing which accounted for 62% of all growth and Bakery Product manufacturing which accounted for 21% of jobs growth. Beverage related manufacturing accounted for some 11% of jobs growth – most of this was in wine production. Dairy product manufacturing accounted for 2% of jobs growth.

Some areas of food manufacturing experienced a contraction in employment with Oils & Fats Manufacturing, Grain Mill & Cereal Product Manufacturing, Fruit & Vegetable Product Manufacturing and Processed Seafood Manufacturing all experiencing an overall loss of jobs.

13.8 Education & Training

Like the health sector growth is highly dependent on local demand and investment is highly dependent on public sector investment (even the private school system receives significant public sector funding). Growing the investment in this sector is highly dependent on effective advocacy to Government.

13.8.1 Education Employment

20 of the rural LGAs experienced employment growth in the education sector with 99% of the jobs growth in this sector being in Pre-School, Primary, Secondary & Special Education”.

13.9 Transport, Postal & Warehousing

While this sector is a KPS in 7 LGAs it ranks in the top 5 for local expenditure and exports in the majority of rural LGAs. The transport sector varies across the rural LGAs by its subsectors – in LGAs with:

- agriculture and manufacturing as key elements there is a significant presence of the Road Transport sector
- significant population growth there is a strong presence of the Courier Pick-up & Delivery Services sector
- port/harbour facilities – i.e. Queenscliff - the water passenger transport sector is a key feature
- ready access to Victoria’s high country the Scenic and Sightseeing Transport sector is a key feature of the LGA’s transport sector

Growth in the sector is highly driven by private sector investment in response to the demand from:

- local businesses in other sectors – as such the presence of a capable transport sector is key to the effective operation of the wider economy
- residents
- visitors to the LGA; and/or
- clients outside of the LGA

In any case growth in the sector is highly geared to achieving growth in other industry sectors.

13.9.1 Transport, Postal & Warehousing Employment

Road Transport represents some 60% of all employment in the transport sector in rural Victoria and the employment growth in this sub-sector represented around 9% of growth in transport. Much of the employment growth in transport was in the following transport sectors:

Table 8 Changes in Transport, Postal & Warehousing Employment in Rural Victoria 2011 to 2016

	Jobs 2016	Jobs 2011	Jobs Growth 2011 to 2016	% of Sector Employment Growth
Courier Pick-up & Delivery Service	1,860	1,364	496	32.8%
Transport Support Services & Storage	1,046	651	395	26.1%
Water, Pipeline & Other Transport - this includes:				
• Water Passenger Transport*	744	436	308	20.3%
• Scenic Passenger Transport*				

***Note** – these sectors are highly geared to the level of visitation to the LGA

13.10 Public Administration & Safety

This sector is driven by public sector expenditure and 50% of the employment growth in this sector was in Public Order and Safety which includes Prisons and Policing. The growth in this sector is highly geared to Government policy regarding investment in these services. The sector includes local government which is a major employer in a number of rural LGAs

13.11 Accommodation & Food Services

This sector is a litmus of the LGA's visitor economy and, in those LGAs with a significant visitor economy the Accommodation & Food Services sector is a KPS – this includes the Alpine, Bass Coast, Hepburn, Mansfield, Queenscliffe, and Surf Coast LGAs.

Many RCV Councils have significant visitor related economies. Tourism Research Australia (TRA) maintains Local Government Area Profiles – which record visitation to the LGA – for 26 rural Councils. The existence of a TRA LGA profile indicates that the LGA experiences a significant level of visitation.

While the sector may not be a KPS in a number of LGAs it ranks in the top 5 for exports in eighteen rural LGAs which reflects the value of the visitor spend in these local economies. Local demand – especially for Food & Beverage Services - is also important.

13.11.1 Growing Visitor Yield

Victoria's Regional Tourism Organisations (RTOs) – of which many rural Councils are members - are seeking to grow the yield from visitors. This is a function of providing attractive experiences and products - and accommodation - that enables visitors to stay for longer in the local area. Many Councils have identified that investment in accommodation is a key investment opportunity – see also Section 6.8.1.2

Growth in the sector is highly driven by private sector investment in response to the demand from visitors to the LGA.

13.11.2 Accommodation & Food Services Employment

21 of the rural LGAs experienced employment growth in the Accommodation & Food Services sector with 94% of the jobs growth – i.e. 3,428 jobs - in these sector being in Food & Beverage Services with the remaining 6% - or 212 jobs – being in the Accommodation sector. Much of the growth in this sector is due to private sector investment.

13.12 Administrative and Support Services

The Administrative and Support Services sector did not rank as a KPS in any of the rural local economies however, 20 of the rural LGAs experienced employment growth in the sector and it was the sixth largest employment growth sector overall – see also **Table 4 Industry Sector Employment Growth in Rural Victoria 2011 to 2016**

Businesses in the Administrative and Support Services sector are mainly engaged in performing routine support activities for the day-to-day operations of other businesses or organisations – this includes businesses providing:

- other types of support services such as building and other cleaning services; pest control services; gardening services; and packaging products for others.
- administrative support services are mainly engaged in activities such as office administration; hiring and placing personnel for others; preparing documents; taking orders for clients by telephone; providing credit reporting or collecting services; and arranging travel and travel tours.

Much of the employment growth in other types of support services such as building and other cleaning services; pest control services; gardening services was in the peri-urban Councils and/or those that receive significant levels of visitation. – see also Section 14.3– and/or that have a high percentage of unoccupied residential buildings.

The investment in this sector is driven by private sector although some private sector clients may be in the public sector – i.e. schools, hospital etc.

13.12.1 Employment Growth in Administrative and Support Services

Much of the employment growth in the Administrative and Support Services sector was in building and other cleaning services; pest control services; gardening services – these types of businesses accounted 84% or 2,350 of the jobs growth in the sector. The RCV Workforce Development Plan identified that this sector was in the top 5 of sectors that experienced employment growth for 20 of the rural LGAs.

13.13 Professional, Scientific & Technical Services

The Professional, Scientific & Technical Services sector did not appear as a KPS in any of the rural local economies however the sector ranked in the top 5 for local expenditure in 18 rural local economies.

The sector includes a diverse range of service related businesses including:

- | | |
|--|---|
| • Architectural Services | • Accounting Services |
| • Engineering Design and Engineering Consulting Services | • Advertising Services |
| • Scientific Testing and Analysis Services | • Market Research and Statistical Services |
| • Scientific Research Services | • Management Advice and Related Consulting Services |
| • Legal Services | • Computer Systems Design & Related Services |

Many of these services are key to enabling the operation of businesses in KPSs such as those in construction, agriculture, tourism, and manufacturing.

13.13.1 Employment in the Professional, Scientific & Technical Services Sector

Employment in this sector across rural Victoria grew by almost 1,700 jobs over the period 2011 to 2016. 31 of the rural LGAs experienced employment growth in this sector including a number of the peri-urban LGA experiencing particularly strong growth in this sector.

13.14 Retail

The retail sector is in the top 5 employment sectors in 34 LGAs and represents some 11% of all jobs across rural Victoria. The RCV Workforce Development Plan noted that employment grew by over 400 jobs – or by 2% - from 2011 to 2016.

The sector is a key element in the “high street” of rural town centres which includes a mix of businesses from other sectors including accommodation and food services, health services, professional services, financial services and real estate services.

13.15 Arts & Recreation Services

The Arts & Recreation Services sector ranked in the top 5 for local expenditure in 33 rural LGAs. The sector is also highly geared to visitation and is a key part of the visitor economy of many rural LGAs.

13.15.1 Employment in the Arts & Recreation Services Sector

The RCV Workforce Development Plan noted that employment in the sector was driven by employment in the :

- Sports & Recreation sector with an increase of 450 jobs - or 50% of employment growth - in the sector – this sector includes:
 - Health and Fitness Centres and Gymnasia Operation
 - Sports and Physical Recreation Clubs and Sports Professionals
 - Sports and Physical Recreation Venues, Grounds and Facilities Operation
 - Horse and Dog Racing Administration and Track Operation
 - Amusement Parks and Centres Operation

- Heritage, Creative & Performing Arts with an increase of 443 jobs - or 48.5% of employment growth – this sector includes:
 - Museum Operation
 - Zoological and Botanical Gardens Operation
 - Nature Reserves and Conservation Parks Operation
 - Performing Arts Venue Operation
 - Creative Artists, Musicians, Writers and Performers
- Gambling sector related employment grew by 17 jobs.

It should be noted that many “sports/fitness” and “heritage/performing arts” facilities are owned and operated by Councils or the State Government. The employment associated with these arrangements would be attributed to the Public Administration & Regulatory Services sector

13.16 Electricity, Gas, Water & Waste Services

The Electricity, Gas, Water & Waste Services sector ranked in the top 5 for local expenditure in 18 rural economies. The sector includes the sub-sectors noted in the following table.

The table also highlights that, by employment, much of the activity in in the Electricity, Gas, Water & Waste Services sector is in the following sub-sectors:

- Water Supply, Sewerage & Drainage Services
- Waste Collection, Treatment & Disposal Services
- Electricity Distribution

Table 9 Changes in Employment in the Electricity, Gas, Water & Waste Services Sector in Rural Victoria 2011 to 2016

Sub Sectors	Jobs 2016	Jobs 2011	Change 2011- 16	% of 2016 Sector Jobs
Waste Collection, Treatment & Disposal Services	686	573	113	28%
Gas Supply	136	96	40	6%
Electricity Distribution	486	464	22	20%
Electricity Generation	81	91	-10	3%
Water Supply, Sewerage & Drainage Services	1,027	1,080	-53	43%
<i>totals</i>	2,416	2,304	112	

13.16.1 Electricity Generation and Renewable Energy Investment

The electricity generation sector includes employment generated by activity associated with the operation of “renewable energy” facilities – i.e. wind/solar.

The RCV’s strategic intent for a focus on improving investment attraction is about growing the range of economic and/or employment opportunities to support the attraction and/or retain the rural population. In 2016 the *Electricity Generation* sector accounted for 81 of rural Victoria’s 269,722 jobs or 0.03% of all jobs. It is understood that the development of renewable energy facilities (i.e. wind, solar generation) facilities generate significant construction related jobs over the period they are built.

The development of “renewables” from an employment “legacy” perspective (i.e. ongoing employment) in rural Victoria is questionable from this perspective – but highly attractive from an environmental perspective and of high benefit to the State.

Given the combination of a limited employment legacy and the limited resources that many RCV Councils have with respect to investment attraction there may be merit in having the State “facilitate” the investment attraction process for this sector.

The development of facilities in this sector can provide key assets to support investment attraction by providing a power source that was previously unavailable – see also Section 5.9.4

Table 10 - Analysis of Key Propulsive Sectors in Rural Victorian Local Economies

LGAs	Industry Sectors																		
	Agriculture, Forestry & Fishing	Construction	Manufacturing	Health Care & Social Assistance	Transport, Postal & Warehousing	Education & Training	Rental, Hiring & Real Estate Services	Accommodation & Food Services	Retail Trade	Arts & Recreation Services	Public Administration & Safety	Electricity, Gas, Water & Waste Services	Professional, Scientific & Technical Services	Mining	Wholesale Trade	Other Services	Financial & Insurance Services	Administrative & Support Services	Information Media & Telecommunications
Alpine	3	1	3	1	2	1	2	3	1	1		1	1						
Ararat	4	3	2	2	1		1		1	1	3	2							
Bass Coast	2	4	1	2	1	1	1	3	2	1		1	1						
Baw Baw	3	4	2	2		3	1	1	1	1		1	1						
Benalla	4	3	3	2	1	1	1		1	1		2			1				
Buloke	4	3	1	3	2	3	1		1			1			1				
Campaspe	4	4	4	3	1		1	1	1	1									
Central Goldfields	2	1	3	2	1	3	1	1	2	1		1		1		1			
Colac Otway	3	3	4	2			1	2	1	1	1	1	1						
Corangamite	4	1	4	2	1	1	1	1	1	1		1		2					
East Gippsland	3	3	2	2	1	1	1	2	1	1		2			1				
Gannawarra	4	4	1	2	1	1	1		2	1		1	1	1					
Glenelg	4	2	3	2	3	1	1	1	1	1					1				
Golden Plains	3	4	4			1	2		1	1	1	1	1	1					
Hepburn	4	4	1	2	1		1	3	1	1			2						
Hindmarsh	4	1	4	3	3	1	1		1		1	1							
Indigo	4	3	4	2			1	2	1	1	1		1						
Loddon	4	1	4	2	1	3	1		1	1		1		1					
Macedon Ranges	1	4	1	2		3	1	1	1	1		1	1			1	2		
Mansfield	4	3			3	1	2	3	1	1		1	1						
Mitchell	2	4	1	2	2	2	1		1	1	3	1							
Moira	4	4	4	2	1	1	1	1	1						1				
Moorabool	4	4	1	2	2	2	1		1	1			1	1					
Mt Alexander	2	4	2	2	2		1		1	2	3		1						
Moyne	4	4	4	3			1	2		1		1							
Murrindindi	3	4	1	2	1	3	1	2		1			1		1				
Nth Grampians	4	1	4	3	1		1	2	1	1				2					
Pyrenees	4	3	3	1	2	1	1			1	3	1							
Queenscliffe		2		2	4		2	3	1	1	3		1					1	
SGippsland	4	4	4	2			1		1	1		2		1					
Sth Grampians	4	3	1	3	1	3	1		1	1			1	1					
Strathbogie	4	3	3	2	1		1	1		2	1	1	1						
Surf Coast	3	4	1	1		1	2	3	2	1			1					1	
Swan Hill	4	3	3	2	2	2	1		1	1						1			
Towong	4	3	2	2	1	3	1	1	1				1			1			
Wellington	4	4	2	1	1		1		1	1	3			2					
West Wimmera	4	2	1	3	2	3	1			1	3								
Yarriambiack	4	1	1	3	4	3	1		1					1	1				
totals	130	113	89	76	50	49	43	39	37	35	26	25	19	14	7	4	2	2	0

Scores in each cell relate to how many time one of the KPS elements (i.e. employment, local expenditure, export or value added) generated by the industry sector ranked in the Top 5 for all industry sectors in the local economy. A score of 4 means that all elements in that industry sector ranked in the Top 5.

13.17 Gap Analysis

Gap Analysis is a two-stage process where the purchases of goods and services by industries based in a local economy from within Australia are compared with the proportion of these goods and services that are estimated to be sourced from within the region. The differences between the Australian supply-chains and the local supply-chains are the 'Gaps'.

These 'Gaps' represent demand that is unmet by local supply that may indicate opportunities for local supply chain development, import replacement, job creation and increased value-adding. The supply of these goods and services is currently feasible in the Australian context and may provide a guide to realistic, high value strategic opportunities to further develop the local economy and targets for investment attraction.

13.18 Key Industry Sectors in Victoria's Rural Economies – Implications for Investment Attraction

13.18.1 Focus on Priority Sectors

There is a need to ensure that the investment attraction effort in RCV Councils has a clear focus on priority industry sectors for their respective local economies.

Many Councils have aspirations for growth in a range of industry sectors. The analysis undertaken by RCV Councils in developing an Investment Attraction strategy needs to clearly identify a focus on those sectors where there is some comparative advantage or value that can be offered and that, if investment occurs provide flow on benefits to others.

The analysis of the KPSs, along with employment trends, see **Table 11**, suggests that with respect to attracting investment from the private sector in rural Victoria the priority sectors would be :

- Agriculture, Forestry & Fishing – the particular subsector to focus on will vary across rural LGAs
- Manufacturing – in particular food and/or beverage manufacturing
- Accommodation & Food Services – and particular opportunities for accommodation
- Health – most particularly private providers in aged care, childcare and a range of health services

Growth in these sectors will generate growth opportunities in other industry sectors including those that provide support to the above including transport, construction and professional services.

It is acknowledged that there are specific opportunities in other sectors in particular LGAs however, there is need to ensure that there is clarity

13.18.2 Advocacy Strategies

Many rural communities are seeking to improve the access to services including in areas such as education and health – given the level of government investment in these sectors this has much to do with advocacy more so than investment.





Given this RCV Councils need to ensure that they have appropriate “advocacy strategies” in place and there is clarity about the effort for advocacy versus that for investment attraction – see also Section 2.4.1

13.18.3 RDV Investment Attraction Strategy

An RDV investment Attraction Strategy should reflect the focus on priority industry sectors noted in RCV Council's Investment Attraction Strategies.

Table 11 Summary of the Analysis of Investment Priorities in Rural Victoria

Sectors	Investment Characteristics				
	KPS in a wide range of LGAs	Significant Employment Growth	Driven by Private Sector Investment	Not Overly Dependent on Growth in Other Sectors	Not Overly Dependent on Population Growth
High Priority Investment Targets					
Agriculture	✓	✓	✓	✓	✓
Food Manufacturing	✓	✓	✓	✓	✓
Accommodation & Food Services	✓	✓	✓	✓	✓
Health <ul style="list-style-type: none"> • Residential care • Child care • Private service providers 	✓	✓	✓	✓	✓
High Priority for Govt Investment					
Health - Public health services	✓	✓		✓	
Education	✓	✓		✓	
Public Administration	✓	✓		✓	
Secondary Investment Targets					
Construction	✓	✓	✓	✓	✓
Admin & Support Services		✓	✓	✓	
Transport	✓	✓	✓		
Professional Services		✓	✓		

Key  = strongly the case  = often the case  = somewhat the case  = can be the case

14 Population and Demographic Changes

Changes to population and demographic profiles have an impact on local economies through the associated changes in the demand for goods and services

14.1 Population Growth in Rural Victoria 2011 to 2016

The RCV Rural Workforce Development Plan notes that rural Victoria experienced an overall population growth of some 43,600 people in the period 2011 to 2016 – this included:

- 29 rural LGAs that, collectively, experienced a population growth of almost 46,000 people; and
- 9 rural LGAs that, collectively, experienced a population contraction of more than 2,300 people

The peri-urban rural LGAs accounted for almost 75% of the population growth in rural Victoria in the same time period.

14.2 Forecast Population Growth in Rural Victoria 2011 to 2031

The RCV Rural Workforce Development Plan notes that rural Victoria is forecast to experience an overall growth in population however, much of this growth will be in the “peri-urban” LGAs as noted in **Error! Reference source not found.** There will also be a significant growth in the population of people aged 65 years plus with this cohort accounting for almost 64% of rural Victoria’s projected population growth.

Table 12- Forecast Population Changes in Rural Victoria 2011 to 2031

	Overall	Age < 65	Age > 65
Forecast Population 2011 to 2031	Number of People		
9 of 38 Rural LGAs are projected to experience population growth across all age cohorts	149,731	99,658	50,112
These are the peri-urban LGAs			
12 of 38 Rural LGAs are projected to experience population growth, but only in the aged 65 and over cohort	24,399	-9,485	33,813
these LGAs will experience an overall loss of population aged under 65 years and an increase in people aged 65 and older			
17 of 38 Rural LGAs are projected to experience a decline in their total population, but an increase in people aged 65 and over	-17,660	-34,372	15,962
these LGAs will experience an overall loss of population aged under 65 years and an increase in people aged 65 and older			
Totals	156,470	55,802	99,886

14.3 Non-Permanent Population

The ABS Census records the number of “unoccupied residential dwellings” in each LGA. Many of these dwellings are “holiday homes” and, when occupied, they have an impact on the local population.

11.3% of all dwellings in Victoria are unoccupied residential dwellings – the percentage of unoccupied residential dwellings exceeds:

- 12% in all but 2 of the 38 rural LGAs
- 20% in 18 of the 38 rural LGAs
- 40% in 4 of the 38 rural LGAs – i.e. Queenscliffe, Bass Coast, Mansfield, and Surf Coast

Many of the LGAs with a high percentage of unoccupied residential dwellings experience substantial visitation and significant employment in sectors such as Accommodation and Food Services.

14.4 Opportunities for Investment Attraction

The forecast changes in rural Victoria population and demography vary across rural LGAs and:

- generate opportunities for investment attraction, and/or
- influence a focus on particular industry sectors

14.4.1 Population Growth

The rural LGAs that are forecast to experience population growth – i.e. the peri-urban Councils – see **Error! Reference source not found.** - will have a commensurate growth in the demand for goods and services – this has a range of implications for investment attraction including:

- Facilitating investment in the construction sector to support the development of required housing and commercial facilities
- The identification of opportunities for investment in a range of service related sectors including:
 - Education – including advocating for investment in relevant pre, primary and secondary education facilities from both government and private/NFP providers
 - Health services including:
 - facilitating investment by relevant private health care providers
 - facilitating investment in child care facilities
 - advocating for government investment in public health services
 - Professional services sector – including legal and accounting services as well as a range of services that support the construction sector including architecture and relevant technical services
 - Other services sector including repair services and personal services
 - Administrative and support services – this sector has already experienced significant growth - see also Section 13.1
 - Transport services – and in particular the Courier Pick-up & Delivery Services sector – see also Section 13.9.1
- Working with the accommodation and food services sector to identify opportunities for increased investment that would be associated with increased visitation that is driven by the Visiting Friends & Relatives (VFR) market and the growing population
- Facilitating investment in the development of business and/or commercial facilities
- Working with sectors such as agriculture and manufacturing to:
 - identify opportunities for increased investment through access to a growing labour force in the LGA
 - minimise the impact of population growth on the operation of those sectors

14.4.1.1 Investment Attraction Process

Much of the above places an increased emphasis on having effective processes in place for:

- investor engagement – see also Section 8.8
- investment enquiry – see also Section 9; and
- investment facilitation – see also Section 10

14.4.2 Growth in the Older Person Population

All rural LGAs are forecast to experience growth in the population of people aged over 65 – this suggests that there is a need to attract investment in facilities and services relevant to the needs of older people; this would include:

- facilitating investment by private health care providers – this includes working:
 - with existing providers to identify opportunities for increased investment
 - to identify that there are appropriate locations that can house/be developed to accommodate such providers

- advocating for government investment in relevant public health facilities
- advocating for growth in the provision of services to support older people being able to “age in the home”
- facilitating investment in the provision of residential aged care including the :
 - development of increased capacity of existing facilities; and/or
 - identification of appropriate locations for the development of aged care facilities

The RCV Older Persons Services and Facilities report includes insights into the above – see also Section 7.7

14.4.3 Contraction in Population

Many RCV Councils have, and are, projected to experience a contraction in their population – this has an impact on the local demand for goods and services and the growth of some industry sectors in the local economy.

Investment attraction in such circumstances needs to focus on those sectors that are less dependent on local demand – these may include:

- Agriculture – and in particular larger scale investments in horticulture operations
- Manufacturing – and in particular food manufacturing

These sectors have featured widely in the priority sectors nominated by RCV Councils and key opportunities in these sectors are discussed in Section 6

14.5 Impact on RCV Council’s Resources for Investment Attraction

Many of the RCV Councils in the LGAS that have and/or forecast to experience a contraction in population have the challenges of servicing their communities and maintaining infrastructure while experiencing a contraction of their rate base. This creates additional pressure on Council’s resources including those that can be made available for investment attraction.

14.5.1 Feedback from RDV

RDV (via their Investment and Trade function) observe that many of the RCV Councils do not have the resources to support effective investment attraction. The feedback from RDV in Stage I was that:

- RCV Councils need to identify more opportunities for investment that could engage RDV
- RDV tends to focus on the Regional Cities as there is a better “return on investment” for RDV’s efforts with respect to investment attraction

14.6 Population and Demographic Changes - Implications for Investment Attraction

14.6.1 RCV Council Investment Attraction Strategies

The development of RCV Council’s Investment Attraction Strategies should reflect the opportunities and influences associated with changes in rural Victoria’s population and demography

14.6.2 RDV Investment Attraction Strategy

The variance in the forecast population and demographic changes across the RCV LGA’s suggests that an RDV Investment Attraction Strategy would have a particular focus on

- Identification of investment opportunities with those Councils that are forecast to experience population contraction
- Investment facilitation with those Councils that are forecast to experience population growth

15 Nominated Priority Sectors for Investment Attraction

This Section provides an analysis of the industry sectors that RCV Councils have nominated as being a priority for investment attraction

15.1 Context for Nominating Sectors

Participants from RCV Councils in the Investment Attraction Workshops were asked to nominate the sectors they see as being a priority for investment attraction in their respective local economies. They were provided with an information sheet that included an analysis of:

- employment trends in their respective local economies – this information was drawn from the RCV Rural Workforce Development Plan
- *Key Propulsive Sectors as identified from the REMPLAN Economic Models that were developed for each of the RCV Council's local economies
- their respective "Economic Development Strategies" and the industry sectors identified as being of strategic importance.

This analysis was provided to assist participant is identifying and/or nominating the industry sectors that are a priority for investment attraction

15.1.1 Commentary

Many participants stated that they were unfamiliar with one or more of the area of analysis that were provided. The vast majority of participants were unfamiliar with the RCV Rural Workforce Development Plan.

15.2 Nominated Priority Sectors

Error! Reference source not found. captures the frequency with which different industry sectors were nominated by the RCV Councils as being a "priority" for investment attraction.

A diversity of sectors were nominated with respect to the focus for investment opportunities

As can be seen in **Error! Reference source not found.** the most frequently nominated industry sectors were:

- Accommodation and Food Services
- Agriculture, Forestry and Fishing
- Manufacturing - participant were asked to nominate the particular area of manufacturing - much of the focus in manufacturing related to food processing
- Health Care and Social Assistance

15.2.1 Alignment with Key Propulsive Sectors

These sectors align highly with the outcomes of the analysis of Key Propulsive Sectors – see also Section 13.18.1

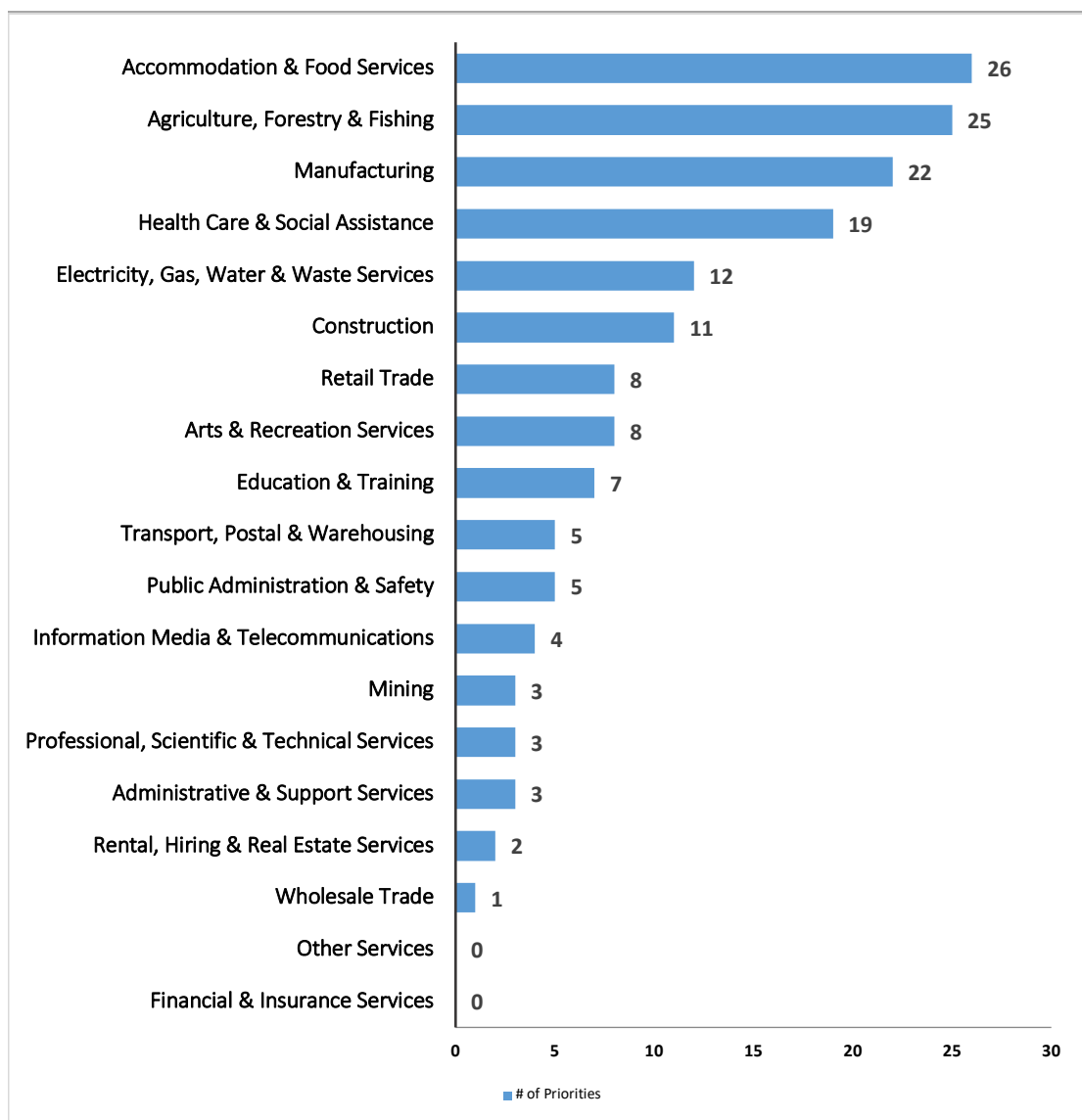
15.3 Electricity, Gas, Water & Waste Services as a Priority Sector for Investment

The particular focus noted by participants with respect to the Electricity, Gas, Water & Waste Services sector was on renewable energy and the Electricity Generation sector

The focus on this sector as a means to create an increase in long-term employment opportunities has already been questioned – see also Section 13.16.1

15.3.1 Opportunities for Other Businesses

Investment in this sector can provide opportunities for new, or existing businesses, to directly access a power source that is not possible from the existing electricity distribution network.

Figure 20 - Range of Investment Attraction Opportunities nominated by RCV Councils

15.4 Nominated Priority Sectors for Investment Attraction - Implications for Investment Attraction

15.4.1 RCV Council Investment Attraction Strategies

Given the challenges for many RCV Councils for resources to support investment attraction there is a need for their Investment Attraction Strategies to be highly focused on priority industry sectors. This would include the focus of their Communication Strategy – see also Section 8.2

15.4.2 RDV Investment Attraction Strategy

An RDV investment Attraction Strategy should reflect the focus on industry sectors noted in RCV Council's Investment Attraction Strategies.

Appendix I - Investment Attraction Checklist

The following provides a checklist of items to be addressed in order to have a comprehensive approach to investment attraction in place

Industry Sector Analysis

- ☐ Priority industry sector to be targeted for investment attraction identified and agreed
- ☐ Analysis of industry trends and needs undertaken

Investment Attraction Strategy

- ☐ Investment Attraction Strategy in place
 - ☐ Effectively integrated with Economic Development Strategy
 - ☐ Evaluation process defined

Identification and Assessment of Key Assets

- ☐ Key assets for relevant to priority industry sectors identified
- ☐ Analysis of key assets relevant to priority industry sectors completed
 - ☐ Availability
 - ☐ Location(s) identified
 - ☐ Capacity and capability identified
 - ☐ Relative costs identified
 - ☐ Scale of activity/activities that can be accommodated identified
 - ☐ Potential economic impact(s) identified
- ☐ Opportunities that will be supported by Council and community identified and agreed

Value Proposition

- ☐ Value proposition for each target industry sector developed
 - ☐ Asset capability
 - ☐ Specific investment opportunities that will be supported by Council
 - ☐ Potential scale of commercial activity
 - ☐ Relative costs
 - ☐ Potential economic impact

Identification of Potential Investors

- ☐ Potential investors identified
- ☐ Identification of local investors

Promotion of Value Proposition

- ☐ Communication Strategy developed
 - ☐ Relevant website content
 - ☐ Access to relevant website metrics
 - ☐ Reporting of website metrics
 - ☐ Other digital platforms
 - ☐ Targeted communication
 - ☐ Investor engagement process in place

Enquiry Management

- ☐ Enquiry management process in place
 - ☐ Enquiry database
 - ☐ Performance reporting

Investment facilitation

- ☐ Investment facilitation process in place