

# The Role of Local Government in Local and Regional Economic Development



Centre for  
Local Government

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# Executive Summary

Promoting economic growth is a ubiquitous concern and a priority for all levels of government in Australia and abroad. Despite a steady stream of reforms, inquiries and initiatives intended to help clarify and improve the effectiveness of the role of government in economic development; this mongrel policy field continues to evade broad stakeholder agreement (both within and beyond the public sector). Such a condition serves as a barrier to meeting economic growth objectives and broader socioeconomic outcomes.

This research seeks to improve our existing understanding of the diverse roles and engagement of councils in the leadership, organisation, delivery and promotion of local and regional economic development in twenty-first century Australia. In particular, the lack of legislative clarity about the role of councils in economic development prompted this research.

In broad terms, this report should be of interest to all actors and institutions seeking to promote the economic development of places. More specifically, we aim to bring to bear the situated complexity of local and regional economic development and the role of councils in this messy endeavour. The research serves to demonstrate how understandings of economic development shape practice. Consequently, this may prompt the local government sector together with other actors and institutions to reflect upon their role in local and regional economic development.

We devise a framework for understanding local and regional economic development, which councils, and others, can apply when reviewing their objectives, functions and priorities. This is opportune in view of recent and on-going global, national and subnational transitions and transformations, which are creating new openings for councils to engage more strategically and proactively in economic development.

Through a broad-ranging analysis of primary and secondary material we provide key new insights concerning interpretations of local and regional economic development; demonstrating how such framings can act as *enabling* and *constraining* devices.

## **Mapping the institutional architecture**

Local and regional economic development in Australia is highly complex and lacks coherence: institutional architecture is fragmented, uneven and, in some instances, duplicated. In some cases, there is evidence of more competition than collaboration between various regional structures. Consequently, there is a need for greater clarity of roles and responsibilities among these different tiers and organisations.

Each tier of government has their preferred structures or even multiple preferred structures. At the state level, for example, there is no uniformity in the scope, size and focus of departments, agencies and programs relevant to local and regional economic development. However, this is not surprising given the diversity of institutional cultures, socio-economic conditions, and geographies. A key point to note is that local and regional economic activities sponsored by state governments are typically unilateral – often independent and lacking coordination with local and federal initiatives. A notable exception is the City Deal policy initiative. Further actions are required to help the incubation of closer intergovernmental relationships. There is merit in piloting Regional Deals in rural and remote areas to complement urban-centric City Deals.

## **Reviewing contested meanings**

The practice of local and regional economic development can mean considerably different things to different organisations, groups and individuals. It is not uncommon for terms, such as, 'area-based development', 'local development', 'local economic development', 'community economic development', 'regional economic development' and 'subnational development' to be used interchangeably. For example, interviewees suggested that, typically in smaller councils, the responsibility for economic development falls under the community development umbrella. This might help to explain why some local governments are not always aware of the extent to which they are influencing the development of local and regional economies.

For some stakeholders, economic development is predominantly concerned with enhancing prosperity and wellbeing, whereas for others economic development escapes a single definition. Responses ran along a continuum between a focus on supporting business and wealth creation to a broader interpretation which

encompassed ideas of community development, social equity and sustainability; mirroring growth-focussed and holistic definitions of local and regional economic development found in research literature and policy documents. Within a single council, multiple framings of local and regional economic development can be invoked, whereby each emphasises particular aspects in accordance with specific political and policy objectives. As a result, a whole-of-council approach to economic development could help to reconcile competing activities.

In terms of the (narrower) growth-focussed and the (broader) holistic interpretations of local and regional economic development, each can act as both enabling and constraining devices in terms of the role of local government in economic development:

- Growth-focussed framings as an enabling device e.g. help to prioritise economic and business issues so that activities are more manageable and results more tangible.
- Growth-focussed framings as a constraining device – e.g. if a council opts to focus on statutory responsibilities or if other actors are of the view that growth-focussed economic development falls outside the parameters of the council.
- Holistic framings as an enabling device e.g. help to embed the goal of economic development within the *raison d'être* of a council or bring into the tent a wider range of services and functions that councils typically perform, which are not usually associated with the goal of promoting economic development.
- Holistic framings as a constraining device e.g. if actors perceive economic development as linked to everything that a council does then it can become the responsibility of everybody and nobody, which can result in inertia or, worse, 'buck passing'. There is a risk that the rhetoric of a whole-of-council approach to economic development does not always translate into practice and transformational change.

External perceptions, such as those held by higher tiers of government or local businesses, are particularly important. They can influence, for example, whether a council is considered to be a core partner in local and regional economic development or not, or whether a council is considered to be a key facilitator of local and regional economic development or not.

A key finding emanating from different framings of economic development is the need for all stakeholders – including councils – to discuss and debate their specific understandings of local and regional economic development before embarking on activities, such as the development of an economic strategy. This is particularly crucial when working in partnerships so that shared views can be established. A practical action is for councils to publish and disseminate how they understand local and regional economic development, and what roles they seek to perform. This would also provide an opportunity to reconcile the multiple economic framings, logics and objectives exhibited by different elements of a single council. In turn this proactive approach might help to shape external perceptions, including the views of state government and the local business community.

#### **A framework**

Our framework for understanding local and regional economic development is derived from four primary considerations. Firstly, local and regional economic development is not the preserve of any single actor, organisation or institution. In other words, local and regional economic development is a collaborative endeavour or co-responsibility necessitating the input of myriad different actors. In terms of the role and involvement of government, it is a multilateral activity.

Secondly, local and regional economic development takes place through multiple scales: just as there is no preeminent actor neither is there a primary scale for economic development. A multi-scalar perspective suggests that each level of government has a role to play, whereby roles and responsibilities are negotiated (and renegotiated) on a case-by-case basis.

Thirdly, local and regional economic development is contextual. It is informed by factors specific to particular places, such as, locational attributes, demographic profile, industrial structure, cultural characteristics and innovative capacities. Fourthly, local and regional economic development is an ongoing process; it is evolutionary and path-dependent, but also open to new pathways.

The report addresses each of these primary considerations in turn, which collectively provide a multi-actor, multi-sector, multi-scalar, evolutionary and processual framework for understanding local and regional economic development. Each of the four considerations can act as enabling and constraining devices, although they should not be viewed in isolation.

### **The varied roles of local government: key considerations and challenges**

Local governments are a diverse sector and councils differ in the wide range of services they provide. Whilst the remit of local government continues to expand, it is noteworthy that economic development is not necessarily perceived as a 'general function'. Nevertheless, the formal reach of governmental actors – in terms of the constitution and legislation – is not always a useful indicator for clarifying the diverse roles and engagement of councils in local and regional economic development. In other words, there are no legal restrictions to councils performing a role in local and regional economic development. If a council views local and regional economic development as a central element of its mission, then consequently it is likely to be a defining feature of how they operate.

Economic development can be understood as an 'additional function' for many organisations including the majority of councils – it may be a corporate goal, but not necessarily an overriding service delivery objective. Councils that tend to view economic development as an attitude, typically seek to perform an integrated economic development role – mainstreaming rather than compartmentalisation. Regardless of the size, shape or budget of a local government area – all councils can perform a role in local and regional economic development. However, one must be cognisant of the practical constraints, including the limited capacity of some councils. Even so, how councils choose to position themselves vis-à-vis other actors and institutions are therefore crucial. It is here where there is a diversity of practice, with roles including:

- Infrastructure and assets
- Land use planning
- Supporting businesses
- Collaboration/networking
- Lobbying and promotion
- Strategies and plans
- Business case development, evidence and information

Where the economic function is located within a particular council's organisational structure has little impact on the function's effectiveness. It is for each council to determine, based on analysis of opportunities, barriers and threats.

A legislative deficit does not necessarily preclude councils from participating in economic development. Nevertheless, in many instances it can act as a major constraining device, particularly in a climate of mounting local government fiscal constraints.


### **Conclusion**

The lack of clarity on the role of local government in local and regional economic development is a serious issue. The framing of economic development vis-à-vis the role of councils is paramount. How councils view their role as economic development actors and how others (e.g. business, state government etc.) perceive the role of councils in promoting local and regional economic development is a crucial factor conditioning the actual roles performed by councils. A key finding is the mismatch between perceptions and reality. This is apparent when higher tiers of government perceive the role of councils in a generic sense, which neglects each council's distinct capabilities, capacities and priorities. A more nuanced understanding of the role of councils in the mongrel policy field of economic development is required, which will require enhanced dialogue between different tiers of government and sectors of society.

It is not our intent to make a case for local government to perform a pivotal role in local and regional economic development. Yet, the research and evidence helps to augment the need for local government to perform such a role. What such a 'pivotal' role might entail is for each council to determine, which can usefully be informed by our multi-actor, multi-sector, multi-scalar, evolutionary and processual framework.

The principle that economic development is a co-responsibility tends to be accepted by all tiers of governments and social and economic actors, but the translation of this principle into practice is a key challenge. Greater efforts are needed to help embed the co-production of local and regional economic development strategies. Each council is, therefore, encouraged to secure their niche role within relevant local and regional economic ecosystems. The role of local government will inevitably differ from place to place, which will add further layers of complexity to relationships with state and federal governments in particular. This poses a distinct challenge to higher tiers of government in terms of how they interface with specific councils.

Moving beyond a whole-of-government approach, a whole-of-place approach would not only seek to involve all three tiers of government, but would also seek to involve all sectors of society. A whole-of-place approach would require much closer working between different actors, interests and institutions than is



presently the case. It requires mature working relationships that take time to develop and requires all parties to compromise and negotiate in order to devise economic strategies that are tailored to the place in question. City Deals are one mechanism, amongst many, for implementing a place-based development approach; however it is the interpretation and utilisation of such mechanisms that is of principal concern. For example, a multi-level governance mechanism deployed in an overly prescriptive, top-down manner (e.g. stipulations, contracts and targets which are not open to negotiation) is unlikely to engender whole-of-place partnerships, collaborative endeavours and innovative practices necessary to realise transformational change. Moreover, value propositions are required that demonstrate collaborative advantages.

# Introduction

Promoting economic growth is a ubiquitous concern – it saturates political discourse, policy measures, media coverage and everyday conversations. It will therefore come as little surprise that economic development is a priority for all levels of government in Australia and abroad.

Recent years have been marked by a steady stream of reforms, inquiries and initiatives intended to help clarify and improve the effectiveness of different branches of government in promoting economic development, such as:

- 2012 – Inquiry into local economic development in Victoria by the Economic Development and Infrastructure Committee (EDIC).
- 2013 – Regional Australia Standing Council's *Framework for Regional Economic Development*.
- 2015 – Review into Regional Economic Development and Services in Victoria.
- 2016 – Review of the Regional Development Australia program.
- 2017 – Australian Government's policy statement *Regions 2030: Unlocking Opportunity in Regional Australia*.
- 2017 – The Select Committee on Regional Development and Decentralisation's Inquiry into regional development and decentralisation.

Despite such efforts, there is little agreement about the scope of economic development in what could be termed a mongrel policy field. In turn, debate on the role of government in local and regional economic development is troublesome, politically divisive and ridden with conflict. This condition serves as a barrier to meeting economic growth objectives and broader socioeconomic outcomes.

In broad terms, this report is intended to be of interest to those seeking to promote the economic development of places. More specifically, it is intended to bring to bear the situated complexity of local and regional economic development and the role of councils in this messy endeavour. The research serves to demonstrate how understandings of economic development shape practice. Consequently, this may prompt the local government sector together with other actors and institutions to reflect upon their role in local and regional economic development. Councils, and others, can apply our framework for understanding local and regional development when reviewing their objectives, functions and priorities.

## Going for growth: Contemporary approaches to local and regional economic development

Almost every place wants to grow their prosperity, but this is where the commonalities abruptly end. The nature and scope of economic development, the key actors and institutions involved, and attendant projects pursued, interventions devised, opportunities sought, needs identified and methods of financing are some of the factors that influence how economic development is understood and, subsequently, practiced.

In international and historical terms, the role of Australian councils in local and regional economic development has been rather constrained for several reasons, not least the federal system of governance and constitution, and attendant fiscal constraints. Nevertheless, since the 1970s and 1980s there has been a gradual shift from more traditional top-down development policies and initiatives to a more bottom-up approach as a result of new and evolving business practices, industries, technological developments and cultural shifts associated with intensified patterns of globalisation.

These transitions are creating new openings for councils to engage more strategically and proactively in economic development. Even so, the importance of broad trends towards more bottom-up, collaborative forms of local and regional economic development should not be exaggerated. The leverage of top-down policies and processes remains dominant. Thereby, openings are contextual and need to be negotiated.



Contemporary approaches to local and regional economic development seek to combine, marshal and promote a variety of physical, human, political, environmental, economic and cultural capabilities and endowments. These are often informed by a place-based perspective and endogenous growth theory, whereby strategies are intended to be tailored to promote locally relevant forms of development that make the most of local and regional distinctiveness, assets, conditions and opportunities (Regional Australia Standing Council 2013).

## Local government and economic development

The role of local government within the Australian federation is often underestimated despite its crucial role in providing a wide range of services. In 2015-2016 total revenue for the government of Australia (i.e. Commonwealth, state and local governments combined) was approximately \$578 billion. Local government revenue during this time was \$42 billion. Local government rely on four main types of revenue. These include rates on property, financial assistance grants from the Commonwealth Government, council fees and other revenue such as interest from investments (Department of Local Government NSW 2006).

In addition to providing services, local government is a significant employer. In June 2014 there were 1,908,200 public sector employees of which 246,400 were employed by the Commonwealth Government, 1,472,900 by state government and 188,900 by local government (ABS 2014). The total local government workforce equates to 1.6% of the Australian workforce. Importantly, local government is a significant employer in rural and regional areas (Hastings et al. 2015).

Given that employment is often central to notions of economic development, councils can be understood as key employers and businesses, particularly in some areas where the council is the largest source of employment. This helps to affirm that councils can be important economic actors, but does little to shine light on the role and functions that they perform in the pursuit of local and regional development goals. Moreover, it should not be assumed that councils will continue to be major employers over future decades, therefore how councils deploy their resources, utilise their capabilities and marshal the capabilities and endowments of their localities is crucial.

The long held view of some that local government has a decisive role to play in local and regional economic development, has been augmented by more bottom-up, place-based methods, but even so we find ourselves in a situation where there is still no agreed position concerning the precise functions that local government does and could perform in this complex policy space. To some extent, this reflects the diversity of circumstances. Nevertheless, agreement on some broad principles, which can be implemented in ways that reflect contextual factors, should be possible.

The concept and practice of 'economic development' is by no means clear-cut. When one includes the prefixes 'local' and/or 'regional', then debates about the nature and purpose of economic development become even more unclear. This is further complicated by the diversity of the 550 or so local government authorities throughout Australia (under-going perennial reforms), which differ in terms of functions, governance, leadership, budgets, geography, history and culture, and related to micro- and macro-economic conditions, resource bases, physical infrastructure, social capital, business networks and so on.

## Research purpose

It is the above mentioned context that sparked our review of the role of local government in local and regional economic development. Therefore, this report seeks to improve our existing understanding of the diverse roles and engagement of councils in the leadership, organisation, delivery and promotion of local and regional economic development in twenty-first century Australia.

Through a broad-ranging analysis of primary and secondary material – including semi-structured interviews together with less formal conversational interviews with a range of public policy-facing economic development actors across each state and territory, such as councillors, local government officers and representatives of regional organisations – we seek to provide key new insights concerning interpretations of local and regional economic development and demonstrate how such framings can act as *enabling* and *constraining* devices. The research set out to achieve the following five key objectives:

1. To map the institutional architecture of local and regional economic development.
2. To review the contested meanings of local and regional economic development.
3. To develop a framework for understanding the goals, strategies and tactics of local and regional economic development.
4. To analyse the role and responsibilities of local government in the practice of local and regional economic development, and highlight and consider critical challenges.
5. To identify prevailing practice, facilitate knowledge-sharing and make some practical recommendations.

It is widely accepted that local governments can and do make an important contribution to local and regional economic development (OECD 2004), although promoting economic development is a relatively recent feature of the (official or otherwise) remit of councils in Australia. As Jones (2008) notes, prior to the 1980s economic development policy was firmly within the remit of Commonwealth and state governments. However, over past decades – mirroring global trends towards decentralisation – roles have evolved.

In some circumstances, councils are prominent, some might even argue primary, policy actors in local and regional economic development strategies. Whilst the reasons are diffuse and contested, the South Australian Centre for Economic Studies suggest that this is due to:

‘contemporary approaches to economic development strategies, the importance of ‘place-based’ approaches and new approaches to regional development that emphasise the development of human capital and the identification and mobilisation of local assets [which has] placed local government at the centre of economic development. Partnerships with government, businesses and community leaders to develop ‘bottom-up’ strategies were necessary for local development and were identified as a core role for local government’ (The South Australian Centre for Economic Studies 2013: 1).

In addition, the economic leadership role of local government is now increasingly acknowledged, which extends well beyond the confines of legislative responsibilities (in a similar vein to the leadership role performed by some business and civic actors). Consequently, the formal reach of governmental actors is not always a useful indicator for clarifying the diverse roles and engagement of councils in local and regional economic development.

# The Australian institutional architecture for local and regional economic development

The federal system of governance in Australian has resulted in a complex and at times opaque institutional architecture for local and regional economic development. Through this section, we map this terrain as it relates to federal, state and local levels of government.

## Commonwealth Government

Historically speaking, the Commonwealth's engagement in local and regional economic development has been intermittent, as some tentative forays into this space have tended to be abandoned with changes to political leadership. That said, the Commonwealth performs a key role in local and regional economic development in both direct and indirect ways, including taxation, funding and regulations. In view of the fact that the majority of taxes flow to the federal tier (approximately 75 percent), Andrew Beer suggests that 'the Federal Government is probably the only tier of government in Australia with the necessary resources to sustain a coherent and viable program of local or regional economic development' (Beer 2007: 120). What this serves to highlight is the interdependencies between each tier of government, whereby the decisions of one tier can influence the activities of another tier. For example, access to federal funds might determine the viability of a council-backed business support program. Consequently, the role of the Commonwealth in influencing local and regional economic development should not be underestimated. Yet, this is not to suggest that local and regional initiatives or endogenous strategies (whether public, private or community-led) cannot flourish without federal government support.

There exists a long history spanning several decades of Commonwealth governments establishing bespoke regional structures with a broad focus on economic development (ACELG, 2012), including Area Consultative Committees, Regional Development Organisations and their successors, such as Regional Development Australia Committees.

In May 2017, the Commonwealth launched; *Regions 2030: Unlocking Opportunity in Regional Australia* (Australian Government 2017). A rather anodyne and orthodox policy document in many respects, it nevertheless reaffirms government's commitment to Regional Australia, through numerous programs and initiatives across five key focus areas of Jobs and Economic Development; Infrastructure; Health; Education; and Communications including:

- A Regional Investment Corporation.
- Regional Jobs and Investment Packages.
- Building Better Regions Fund.
- Stronger Communities Programme.
- Roads to Recovery program.
- National Stronger Regions Fund.
- Regional Aviation Access Programme.
- Flexible Literacy for Remote Primary Schools program.

Whether 'The Regions 2030 agenda signals a marked shift in the Government's approach to regional development' is debateable. For example, it could be argued that the above 'list' of programs does little in the way of setting out a cohesive and strategic federal approach to regional development, with one research participant characterising it as "window dressing for electoral reasons". Yet, 'a recognition that 'one-size-fits-all' initiatives will not work in all regions; that local communities often have better solutions than government; and that when communities and government work in partnership, we can achieve long lasting and great outcomes' (Australian Government 2017: 28) is indicative of the need for institutional architecture that helps to align the efforts of diverse partners.

Regional Development Australia (RDA) is a federal government initiative intended to foster stronger partnerships between the Australian, state and territory and local governments to support the growth and development of Australia's regions. It aims to 'provide a strategic and targeted response to issues in each region and to facilitate community leadership and resilience' (RDA 2009: 1). Committees undertake a combination of visioning, prioritisation, action planning and delivery activities. Given that they are creatures of federal government, they also act as their 'eyes and ears'. The intention is that RDA Committees, which have moderately distinctive structural arrangements across each state, are a mechanism for communicating with all tiers of government and different government departments the impact of government policies in the region. Yet, it is much less apparent how RDA Committees (or the RDA network) shape federal policies.

RDA Committees in principle are an attempt to bring together unique combinations of multi-actor, multi-sector, multi-scalar, evolutionary and processual relationships intended 'to provide a strategic framework for economic growth' (ACELG, 2012: 12). In practice, however, some RDAs are peripheral bodies in local and regional economic development (Pugalis & Keegan 2017), and their relationship with councils is particularly tenuous or fractious in some areas.

A comparative analysis of Regional Organisations of Councils [ROCs] in NSW and Western Australia by ACELG observes that:

'The RDA committee model is consistent with the trend ... of the federal government establishing separate structures as the vehicle for its engagement in regional development rather than using the ROCs, though on several RDA committees the local government representatives have been drawn from or via the relevant ROCs. The RDA committees therefore present both an opportunity and a challenge for ROCs. The RDA model represents a significant engagement by the federal government with state and local governments over regional issues and in doing so acknowledges their importance. On the other hand, while the RDA model promises to avoid duplication, several of its key roles and responsibilities appear to cut across what a number of ROCs are already doing in the regional 'space' (ACELG, 2012: 12-13).

In an urban context, the Smart Cities Plan (Australian Government 2016) seeks to improve intergovernmental and cross-sector relations in order to accelerate physical development and enhance growth through the use of City Deals. According to the Commonwealth,<sup>1</sup>

'City Deals between the Australian Government, a state or territory government, and local governments will make our cities better places to live in and do business. Through City Deals, governments, industry and communities will develop collective plans for growth and commit to the actions, investments, reforms and governance needed to implement them ... City Deals will set out the specific investments and reforms needed to unlock business and industry development and ensure community wellbeing. In addition to being more strategic, City Deals will drive reform through incentivising actions and accountabilities at the state and local level ... By bringing together all levels of government, the private sector and the community, City Deals will provide a coordinated investment plan for our cities'

To date, two 'deals' have been signed – Townsville and Launceston – and one for Western Sydney is under negotiation. Whilst the process for 'selecting future deals is yet to be announced', there is a sense amongst councils that City Deals are a mechanism for implementing strategic economic development ambitions, particularly for those councils that harbour growth ambitions.

At the federal level, there is an abundance of programs and bodies that are central to the achievement of local and regional economic development ambitions. However, entities, such as RDA committees, do not always align with and empower state and local initiatives.

## State Governments and Territories

At state level, various state departments and agencies share responsibility for facilitating economic development within their jurisdiction. In NSW for example no single department is charged with overseeing economic development, but rather various departments, such as, the Department of Industry, the Department of Planning and Environment, and the Department of Transport undertake their respective programs and activities to promote growth in the state.

<sup>1</sup> <https://cities.dpvc.gov.au/city-deals>

This is in contrast to states, such as, Queensland and Victoria which have a Department of State Development, and a Department of Economic Development, Jobs, Transport and Resources, respectively. In Victoria this department is tasked with bringing together many of the key functions that drive economic development and job creation across the state. These include transport and ports, investment attraction and facilitation, trade, innovation, regional development and small business, together with key services to sectors such as agriculture, the creative industries, resources and tourism.

Economic Development Queensland, located in the Department of Infrastructure, Local Government and Planning, is a specialist land use planning and property development unit that engages with state and local government, the development industry and the public to identify, plan, facilitate and deliver development and infrastructure projects. Such examples notwithstanding, responsibility for economic development at the state level tends to be shared or dispersed amongst several government departments. Or as one interviewee put it:

“In Western Australia responsibility for economic development is scattered across the state government apparatus – there is no department for economic development” (local government officer, metropolitan council, WA).

This institutional architecture contributes to the fuzziness and lack of over-arching policy direction identified by interview respondents as a key factor shaping local governments ability to undertake economic development.

Clearly each state and territory organises its economic development functions in different ways, and has a different architecture for engaging with councils with respect to local and regional economic development matters. In NSW for example, the Department of Industry intends to ‘refresh its current regional governance structures’, ‘establish common regional boundaries’ and ‘work with local bodies to develop and publish Regional Prospectuses’, facilitated by a (NSW Government chaired) Regional Leadership Group in each region (Department of Industry 2016: 14 & 18). Some respondents stated that historically the work of the NSW Government has been informed by a deficits model (i.e. intervening when required), however new policy shifts including the establishment of the Greater Sydney Commission may provide opportunities for local and state governments to work more collaboratively.

At the state level, there is no uniformity in the scope, size and focus of departments, agencies and programs relevant to local and regional economic development. However, this is not surprising given the diversity of institutional cultures, socio-economic conditions, and geographies. A key point to note is that local and regional economic activities sponsored by state governments are typically unilateral – often independent and lacking coordination with local and federal initiatives. A notable exception is the City Deal policy initiative.

## Local Government

Local governments are a diverse sector; ranging from very large metropolitan to smaller rural organisations. Consequently, councils differ in the wide range of services they provide. Although constitutional responsibility for local government lies with the state and territory governments, specific roles and responsibilities differ. Despite this diversity, the Australian Local Government Association identify the following general functions:

- Infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management.
- Provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks.
- Health services such as water and food inspection, immunisation services, toilet facilities, noise control and meat inspection and animal control.
- Community services, such as child care, aged care and accommodation, community care and welfare services.
- Building services, including inspections, licensing, certification and enforcement
- Planning and development approval.
- Administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking.
- Cultural facilities and services, such as libraries, art galleries and museums.

- Water and sewerage services in some states.
- Other services, such as abattoirs, sale-yards and group purchasing schemes.

Whilst the remit of local government continues to expand, it is noteworthy that economic development is not necessarily perceived as a 'general function' and does not feature on ALGA's list. This could point towards disconnect between high-level objectives, such as those set out in the strategic plans and community strategic plans of councils, and functions performed. Nevertheless, contingent on how economic development is understood and framed, economic development pursuits are often disguised by other general functions and strategic leadership roles.

Many functions that do appear on ALGA's list – such as infrastructure, building, planning and community services – are often pivotal to local and regional economic development strategies. ALGA argues that local government contributes to economic development through a range of policy measures, including:

- Planning and coordination.
- Supporting local businesses.
- Providing infrastructure.
- Identifying investment opportunities.
- Promoting tourism, cultural and recreational activities.
- Incentives for investment (cited in Jones 2008: 29).

This accord with international literature, such as OECD research that classifies the broad roles of local government into four main categories:

- *Representation*: actions by locally elected officials on behalf of the community which elected them.
- *Services*: the delivery of activities, amenities and infrastructures which are fundamental to the quality of life of the local population.
- *Regulation*: the provision and enforcement of guidelines and rules to maintain order and the well-being of local people.
- *Development and investment*: the stimulation and management of sustainable economic growth and social and environmental well-being for the benefit of residents, workers and visitors in the future (Clark, Huxley & Mountford 2010: 13).

Clark and colleagues go on to note that 'This fourth role of local government is different from its other roles. The development and investment agenda operates with different markets, geographies, timeframes, partners, financing, stakeholders, tools and audiences. As a result, it requires distinctive expertise, skills base and capacity, as well as different structures and organisational arrangements' (Clark, Huxley & Mountford 2010: 13). Such an insight draws attention to the need for councils to cooperate with i) one another ii) other tiers of government and iii) other business and civic actors in ways that respond to functional economic areas.

The South Australian Centre for Economic Studies point to recent legislation included in State Local Government Acts, which provides councils with:

'the authority to provide for "good governance" of their local community through powers of general competence conferred on them: that is, they are able to take on any role not precluded by other legislation. They also are designated as responsible authorities for undertaking functions and providing services on behalf of other governments and they undertake a number of functions and services jointly with other governments, most notably in health and social services ... [Consequently,] there would seem to be little or nothing, resource constraints apart, that would preclude local government in ... Australia ... from taking on whatever role they might wish to play in promoting economic development within their local economies' (The South Australian Centre for Economic Studies 2013: 6).

This conclusion is instructive as it alludes to the vital importance of meanings and how economic development is framed. In other words, there are no legal restrictions to councils performing a role in local and regional economic development. If a council views local and regional economic development as a

central element of its mission, then consequently it is likely to be a defining feature of how they operate. However, one must be cognisant of practical constraints, including the limited capacity of some councils.

In addition to the roles and responsibilities of individual local governments, in many jurisdictions councils have come together to facilitate collaboration and cooperation through the establishment of ROCs and similar entities. Their formation has been encouraged by higher tiers of government dating back to the 1970s. ROCs are intended to facilitate strategic collaboration between councils concerning larger-than-local matters that extend beyond the boundaries of a single municipality. Not all councils belong to a ROC, whereas others are members of two ROCs where this is deemed appropriate and advantageous. As noted earlier, how ROCs interact with other regional structures and bodies is not always clear. In some cases, there is evidence of more competition than collaboration between various regional structures.

## Mapping the institutional architecture of economic development

To help map the institutional architecture of economic development from a governmental perspective, see Table 1, which outlines some of the primary bodies and departments with a key stake in local and regional economic development.

What becomes apparent from an analysis of this provisional mapping exercise is the complexity of the institutional architecture, particularly given that each tier of government has their preferred structures or even multiple preferred structures. Local and regional economic development in Australia is highly complex and lacks coherence: institutional architecture is fragmented, uneven and, in some instances, duplicated. Consequently, there is a need for greater clarity of roles and responsibilities among these different tiers and organisations.

While it is not possible to prescribe generic roles for each actor as these are contingent upon the unique combinations of multi-actor, multi-sector, multi-scalar, evolutionary and processual relationships that shape the practice of local and regional economic development, further actions are required to help the incubation of closer intergovernmental relationships. There is merit in piloting Regional Deals in rural and remote areas to complement urban-centric City Deals.

**Table 1: Institutional overview of Economic Development in Australia**

	<b>Federal</b>	<b>State</b>	<b>Local*</b>
NSW	14 RDA Committees	<p>The Department of Industry creates conditions for the NSW community to prosper, which is intended to ensure a highly-skilled workforce, management of natural resources sustainably and encourage investment and competition.</p> <p>It is supported by the Regional Development Advisory Council and the NSW Innovation and Productivity Council.</p> <p>UrbanGrowth NSW is a state owned corporation established under the Landcom Corporation Act 2001 intended to deliver housing, employment and the renewal of urban areas.</p> <p>Key plans and strategies include:</p> <ul style="list-style-type: none"> <li>• Making it Happen in the Regions: Regional Development Framework (2016).</li> <li>• Economic Development Strategy for Regional NSW (2015).</li> </ul>	132 Local Government Areas, including: 30 Cities 58 Shires
QLD	12 RDA Committees	<p>The Department of State Development is responsible for leading the delivery of economic development outcomes for Queensland.</p> <p>The <i>Economic Development Act 2012</i> (ED Act) establishes the Minister for Economic Development Queensland (MEDQ), who operates as a corporation sole to exercise the functions and delegations of the MEDQ.</p> <p>Economic Development Queensland (EDQ) is a specialist land use planning and property development unit within the Department of Infrastructure, Local Government and Planning. EDQ engages with state and local government, the development industry and the public to identify, plan, facilitate and deliver property development and infrastructure projects to create prosperous, liveable and connected communities.</p> <p>Key plans and strategies include:</p> <ul style="list-style-type: none"> <li>• Advancing our cities and regions strategy: Delivering economic and community development outcomes (2016).</li> <li>• Governing for Growth Economic Strategy and Action Plan (2014)</li> <li>• Regional priorities.</li> </ul>	74 Local Government Areas, including: 29 Regional Councils 12 Aboriginal Shires



SA	8 RDA Boards	<p>Department of State Development is responsible for assisting industry, business and communities identify and capitalise upon opportunities for job creation and economic growth.</p> <p>The Economic Development Board was established in 2002 and is an independent advisory body to the Government on economic development issues in South Australia.</p> <p>Key plans and strategies include:</p> <ul style="list-style-type: none"> <li>• The Aboriginal Economic Participation Strategy.</li> <li>• South Australia. The place where people and business thrive (2014).</li> </ul>	64 Local Government Areas, including: 35 District Councils 21 Cities
TAS	1 RDA Committee	<p>The Department of State Growth is responsible for supporting economic growth and facilitating the creation of jobs and opportunities for Tasmanians.</p> <p>The Tasmanian Development Board supports the industry development activities of the department. Its primary focus is the creation of investment and associated employment, and has specific areas of responsibility under the Tasmanian Development Act 1983 and has governance of the legal entity Tasmania Development and Resources.</p> <p>Key plans and strategies include:</p> <ul style="list-style-type: none"> <li>• Jobs and Economic Plan: Update (2016).</li> </ul>	29 Local Government Areas, including: 23 Councils 6 Cities
VIC	9 RDA Committees	<p>Department of Economic Development, Jobs, Transport and Resources brings together many of the key functions that drive economic development and job creation across Victoria. These include transport and ports, investment attraction and facilitation, trade, innovation, regional development and small business, together with key services to sectors such as agriculture, the creative industries, resources and tourism.</p> <p>Regional Development Victoria (RDV) is the lead agency in developing rural and regional Victoria. RDV delivers the Victorian Government's agenda to drive jobs and more prosperous communities in regional Victoria.</p> <p>The Regional Development Advisory Committee (RDAC) is an independent committee established under the Regional Development Victoria Act 2002 to provide advice to the minister, undertake research and consult stakeholders on the development of rural and regional Victoria.</p> <p>Key plans and strategies include:</p>	89 Local Government Areas, including: 33 Cities 39 Shires

		<ul style="list-style-type: none"> <li>• Victoria's Regional Statement: Your Voice, Your Region, Your State (2015).</li> <li>• Victorian Aboriginal Economic Strategy 2013-2020: Building Opportunity and Economic Prosperity for all Aboriginal Victorians.</li> </ul>	
WA	9 RDA Committees	<p>The Department of Jobs, Tourism, Science and Innovation is Western Australia's lead agency for economic development, international trade and investment, and tourism.</p> <p>The Department of Primary Industries and Regional Development is committed to building vibrant regions with strong economies through jobs growth, economic growth and capable people. The Regional Development Portfolio includes the Department, the nine Regional Development Commissions, the Regional Development Council, and the Western Australian Regional Development Trust.</p> <p>Key plans and strategies include:</p> <ul style="list-style-type: none"> <li>• Regional development strategy 2016-2025: Building vibrant regions with strong economies.</li> <li>• Regional Centres Development Plan Framework.</li> </ul>	152 Local Government Areas, including: 107 Shires 12 Towns

\* Sourced from Nokia (2017).

# Economic development: contested meanings

The practice of local and regional economic development can mean considerably different things to different organisations, groups and individuals. It is not uncommon for terms, such as, 'area-based development', 'local development', 'local economic development', 'community economic development', 'regional economic development' and 'subnational development' to be used interchangeably. For example, interviewees suggested that, typically in smaller councils, the responsibility for economic development falls under the community development umbrella.

Whilst *development* is the common denominator, how it is understood and interpreted is important in regards to the nature, scope and design of local and regional economic development policies, programs and initiatives. In Australia, 'regional' is often prefixed to discussions of subnational economic development. However, regional in this sense is used to refer to nonmetropolitan, rather than in a scalar sense (i.e. larger than local).

Understandings of local and regional economic development influence policy perceptions about goals, instruments and interventions, and also those actors and institutions that are deemed to be 'core' or 'legitimate' actors in the development process. A review of the contested meanings of local and regional economic development is therefore crucial given that framings shape and motivate policy and practice.

Understandings of economic development differ across places and cultures including sectors and professions. For example Rural Councils Victoria state that "Economic development is about making the best use of available resources to drive employment growth, investment and economic activity regardless of the size and budget of the council. The scale of resources can range from a full team of dedicated officers to a conscious effort and application by different team members across the council" (Rural Councils Victoria 2014: 1). This definition of economic development is a useful starting point as it refers to making the best use of available resources. The implication is that all places and councils possess resources that can support economic development goals, but it is how such resources are mobilised that is decisive.

Alternatively, the Local Government Association of South Australia's Economic Development Statement<sup>2</sup> sets out 'the roles Local Government may engage in to create and progress opportunities to develop a prosperous local economy'. The statement argues that:

'local government is a *natural leader* in local economic development because Councils know their local business communities, workforce and comparative advantages better than anyone else. Local people are the key to economic growth and development and Councils are perfectly positioned to work with local stakeholders to drive a bottom-up, place-based approach to achieve economic prosperity. Every Council's economic development activity will be different according to the unique structures and needs of their local economies, as well as the capacity of the Council and community. Councils will be engaging in the priorities outlined in this Statement in different ways and at different levels. However, the economic development objective is always the same: to increase the wealth and wellbeing of citizens'.

This emphasises the civic or place-based leadership role of councils; positioning local government as key brokers operating in accordance with a stakeholder partnership framework. Consistent with the view of Rural Councils Victoria, the Local Government Association of South Australia recognise that every council's engagement with economic development goals will be different. They also note that 'the economic development objective is always the same', whereas others contend that this is not necessarily the case (Feldman & Lowe 2017). Objectives are not fixed – they are socially produced and subject to ongoing negotiation and reinterpretation.

The Local Government Association of Queensland's Economic Development and Investment Attraction Guidelines define local economic development as 'a sustainable increase in living standards that delivers

<sup>2</sup> <https://www.lga.sa.gov.au/page.aspx?u=6809>

higher incomes, better education, health and wellbeing as well as environmental protection resulting from conscious and applied effort. At its core economic development is about improving the quality of life experienced in your community' (LGAQ, 2012: 1). It provides a more nuanced account of the aims of economic development than for example, the Local Government Association of South Australia, with less emphasis on wealth creation, which does not necessarily lead to enhanced quality of life.

During the interviews respondents provided their own interpretations of the scope and purpose of local and regional economic development and typically related their meanings to practical experiences. The responses varied significantly and appear to reflect diversity across the literature. One interviewee observed that "Economic and regional development can mean different things to different people. In our state, more people still understand regional development in narrow terms, e.g. more in economic terms rather than incorporating a wider view which may include areas of sustainability and community" (peak body, WA). This perspective was supported by other respondents who noted that the field of local and regional economic development and its policy scope escape a single definition.

The responses from those interviewed ran along a continuum between a focus on supporting business and wealth creation to a broader interpretation which encompassed ideas of community development, social equity and sustainability; mirroring growth-focussed and holistic definitions of local and regional economic development found in research literature and policy documents. Within a single council, multiple framings of local and regional economic development can be invoked, whereby each emphasises particular aspects in accordance with specific political and policy objectives.

Perhaps unsurprisingly, the respondents which focussed on supporting businesses and wealth creation tended to occupy specific economic development roles within councils. For example, some officers whose primary role was to interface with and support local employers defined economic development in similar terms; emphasising business growth and development, and employment creation. When asked about the function of an economic development officer (EDO), one interviewee from a regional council in NSW responded that "80 percent of the EDO function focusses on supporting and attracting businesses and investment while the remaining 20 percent is more socio-economic and community oriented in nature". Such a view reflects growth-focussed understandings of local and regional economic development.

Another interviewee echoed this understanding, but also emphasised that "the use of the word 'local' is very important. [Local economic development] is about projects, programs and policies that help support local business growth. The approaches vary widely from location to location. Affluent and less affluent councils require different approaches, but fundamentally it is about being 'pro-business'". This respondent also acknowledged the tensions that can arise when viewing economic development through a pro-business lens: "This does not sit well with everyone. Government tends to shy away from helping people make money. But trying to grow an economy means trying to grow money in order to generate employment" (metropolitan council, WA).

Such meanings associated with local and regional economic development are underpinned by the idea that economic growth will gradually filter through the broader economy, creating an economic multiplier effect, and thus contributing to broader development goals. Nevertheless, other respondents were of the opinion that economic growth does not automatically result in economic development, pointing to examples where particular places are economically buoyant but where socio-economic disparities have continued to grow. This alludes to the importance of politics in local and regional economic development as economic development does not improve the prosperity, wellbeing and capability of people, business and places in a uniform manner. In other words, there will be winners and losers.

On the other end of the continuum, were broader framings of local and regional economic development, incorporating notions such as sustainability, health, wellbeing and community development. Such framings were symptomatic of local government officers with responsibility for community development functions and those officers wearing several different 'policy hats' who are expected to perform a variety of roles. The following interview extract captures the essence of this: "the ultimate goal [of economic development] is to support ... industries to create/retain employment and keep people in the region to create a sustainable community with the flow on benefits for health, education and other services". Here, the creation of employment, for example, is perceived as a means to an end i.e. a sustainable community.

In addition, one interviewee with a state-wide remit contended that, "From a council's point of view, local economic development refers to anything that they can do to improve or expand their economy", which reflects what could be described as a whole-of-council approach to economic development. However, this same officer also observed that "Councils in particular are thinking more along sustainability [lines] rather than economic development lines. In WA, [for example] it is more about [responding to] population shifts

and ensuring a sustainable community” (peak body, WA). From this perspective, economic development is a component of sustainable development.

Other stakeholders presented a more strategic role for local government in terms of economic development, with one officer stating that, “Supporting small business is not the main role of local government in terms of economic development. Local government’s role is more strategic. It is about creating conditions to facilitate opportunity, vibrancy and the transformation of city centres. The role of council is about bigger ticket items such as the elaboration of an Economic Development Strategy or the pursuits of Smart City objectives, [or] the negotiation and implementation of City Deals” (rural/regional council, NSW). This view is also consistent with a whole-of-council outlook, but the emphasis on a strategic economic development role is indicative of council’s focussing on transformational activities. The reference to City Deals is one example where councils have the opportunity to enter into agreements with state and federal government.

In terms of the (narrower) growth-focussed and the (broader) holistic interpretations of local and regional economic development, each can act as both enabling and constraining devices in terms of the role of local government in economic development. A growth-focussed view of economic development can assist in prioritising this activity and thus act as an enabling device. For example, a clearer remit, such as supporting business development, can act as an enabling device to secure political and financial support for undertaking a specific service. By focussing on a particular facet of development, in this case economic growth, the broader issue of economic development can be distilled into something more manageable and tangible, which could be more conducive to concrete targets, timeframes and key performance indicators.

Conversely, a growth-focused view of economic development could also constrain the role of councils in this space, including: i) if the council opts to focus on statutory responsibilities or ii) if other actors are of the view that growth-focussed economic development falls outside the parameters of the council. Hence, it is important how local government perceives its role in local and regional economic development, but it is also just as important how other actors, such as business and other tiers of government, perceive the role of councils. External perceptions, for example, can influence whether a council is considered to be a core partner in local and regional economic development or not, or whether a council is considered to be a key facilitator of local and regional economic development or not.

In terms of a broader, holistic framing of local and regional economic development, this can be an enabler in several ways. First, a broader framing can help to embed the goal of economic development within the *raison d’être* of a council, for example in terms of strategic goals and community strategic planning processes. What could be referred to as the institutionalisation of economic development by a council can, therefore, be utilised as an enabling device. Secondly, a broader framing of economic development can bring into the tent a wider range of services and functions that councils typically perform, which are not usually associated with the goal of promoting economic development.

Alternatively, holistic articulations can act as a constraining device if actors perceive economic development as linked to everything that a council does then it can become the responsibility of everybody and nobody, which can result in inertia or, worse, ‘buck passing’. There is a risk that the rhetoric of a whole-of-council approach to economic development does not always translate into practice and transformational change.

A key finding emanating from different framings of economic development is the need for all stakeholders – including councils – to discuss and debate their specific understandings of local and regional economic development before embarking on activities, such as the development of an economic strategy. This is particularly crucial when working in partnerships so that shared views can be established. A practical action is for councils to publish and disseminate how they understand local and regional economic development, and what roles they seek to perform. This would provide an opportunity to reconcile the multiple economic framings, logics and objectives exhibited by different elements of a single council. In turn this proactive approach might help to shape external perceptions, including the views of state government and the local business community.

# Towards a framework for understanding local and regional economic development: four primary considerations

For the purposes of this report, our interpretation of local and regional economic development is informed by four primary considerations. Firstly, local and regional economic development is not the preserve of any single actor, organisation or institution. In other words, local and regional economic development is a collaborative endeavour or co-responsibility necessitating the input of myriad different actors. In terms of the role and involvement of government, it is a multilateral activity. Secondly, local and regional economic development takes place through multiple scales: just as there is no preeminent actor neither is there a primary scale for developing economic development strategies. Thirdly, local and regional economic development is contextual. It is informed by factors specific to particular places, such as, locational attributes, demographic profile, industrial structure, cultural characteristics and innovative capacities. Fourthly, local and regional economic development is an ongoing process; it is evolutionary and path-dependent, but also open to new pathways. We address each of these primary considerations in turn, which collectively provide a multi-actor, multi-sector, multi-scalar, evolutionary and processual framework for understanding local and regional economic development.

## Multi-actor and multi-sector

There is broad support and acknowledgement that local and regional economic development is an endeavour involving multiple actors. Indeed, 'collaboration', 'partnership working' and similar terms pervade policy discourse. However, how different actors interact with one another, in what forums and who brings them together is much more complicated and contested. Whilst all respondents emphasised the need to work with other actors, with some referring to the limitations of any single tier of government or organisation, there was little clarity on the roles performed by different actors. As was pointed out by several interviewees, the actors involved in economic development initiatives are conditional on the aims and objectives. For example, a council may cooperate with businesses on a place marketing campaign, whereas it may cooperate with community groups on a neighbourhood renewal project.

There is also broad support and acknowledgement that local and regional economic development is an endeavour involving multiple sectors of society and economy, and can thus be described as a mongrel policy field. However, there are different views concerning the disciplinary basis and credentials of economic development. Some refer to it as a fledgling discipline, whereas others position it as a field of activity, which draws on multidisciplinary perspectives. Whilst formal qualifications and certifications exist, it is just as common – perhaps more so – for economic development 'professionals' to enter the field from a variety of disciplinary and industry backgrounds. Some of the disciplines closely affiliated with those pursuing a career in economic development include economics, urban and regional planning, finance, public management, marketing and tourism. As one interviewee noted, "[economic development officers] come from many different backgrounds such as planning, marketing, business, community services, which *results in different approaches to the job*" (peak body, NSW). Therefore, whilst an individual may be accredited by Economic Development Australia, for example, it is just as likely that they will be affiliated to one or more other professional bodies. Thus, there is no generic role of a council economic development officer and, therefore, job descriptions should be tailored to local requirements.

It is also worth stressing that whilst economic development is increasingly becoming a professionalised field, the majority of organisations and individuals who might describe themselves as 'economic development actors' would not necessarily describe this as being their core mission. As a result, economic development can be understood as an 'additional function' for many organisations including the majority of councils – it may be a corporate goal, but not necessarily an overriding objective.

One council officer put forward the case that economic development role is “less about a particular skill set than about an attitude that staff bring to the role, a willingness to work together, collaborate and bring about change. LED is best integrated into many professions rather than being the responsibility of one person or a particular skill set. It is about being creative and innovative, working across the organisation, thinking creatively. It is not a technical skill but an attitude” (regional/rural council NSW). Similarly, some councils may perceive the promotion of economic development to be subsidiary or in addition to a core mission of enhancing the quality of life of citizens. Councils that tend to view economic development as an attitude, typically seek to perform an integrated economic development role – mainstreaming rather than compartmentalisation.

Just as all governments, organisations and businesses have a ‘stake’ or interest in local and regional economic development to a greater or lesser degree, so do all citizens. Consequently, local and regional economic development is not the preserve of professionals, policy elites or any single body. Business and community ‘leaders’, for example, are often active in local and regional economic development through various networks, committees, chambers, groups and partnerships. In addition, a much broader range of stakeholders perform a less active role, which can also be decisive in shaping local and regional economic development strategies. How councils choose to position themselves vis-à-vis other actors and institutions in the local and regional economic development policy space is therefore crucial.

We found that most councils who participated in this research, recognise that they are but one actor in the labyrinth of actors contributing to the development of local and regional economies. However, whereas some councils have clarity on their core roles and activities within what we refer to as a local and regional economic development partnership framework, other councils are less clear about how they should interface with other sectors and interests. In such circumstances, this can lead to inefficiencies and strained partner relations, especially where roles and services appear to be duplicated.

Over recent times there has been an increasing incidence of councils publishing economic strategies. This might reflect the expanding remit of councils and the importance that they attach to economic development, which can be viewed as a positive direction of travel. Alternatively, some councils have prepared economic strategies that merely gather dust on a shelf for a variety of reasons. It appears that some councils are preparing economic strategies and action plans for the sole purpose of securing resources from a particular funder. In some places there is an abundance of economic strategies, such as those that are industry specific, community-based, multi-area or state level. In these instances, a plethora of economic strategies is often an indicator that collaboration and cooperation is lacking.

## Multiple scales

“[economic development has to happen at a regional scale] our economy is bigger than our municipality” (regional/peak body, TAS).

The scalar dimension of economic development would appear to also influence interpretations of economic development, particularly in terms of appropriate or optimal interventions. The recognition that economic development is a multi-scalar activity involving multiple actors and institutions has led some practitioners to seek the ‘perfect’ scale. Of particular note, council officers tended to look towards the state-level for a clear economic development regulatory and policy framework, which in turn would inform strategy-making and implementation at regional and local scales. This may reflect the historical culture of intergovernmental relations in some States, where councils are more reactive and/or receptive to state government announcements.

During the discussions many respondents pointed to the lack of a state level policy framework within which local governments could plan strategically:

“The current Tasmanian government does not have an economic development strategy. Local government feel they are working in a vacuum” (local government officer, rural council, TAS).

“The lack of a state or national level policy on settlement patterns and population shifts means that councils are working in a vacuum. They end up competing against each other to attract residents and businesses in what seems to be a zero sum game. There is no policy context within which local communities can operate and contextualise their work to build on their strategic advantages and develop their communities” (regional/peak body, WA).

This was a clear source of frustration amongst local practitioners, although it was in tension with views that economic development is a 'bottom-up' and place-based exercise (see, for example, The South Australian Centre for Economic Studies 2013). However, such perspectives can be explained, in particular, by historical roles and contemporary capacity issues. In Tasmania, for example,

“the previous Labor government took a large interest in regional economic development. Regional economic development plans were established and state government staff had responsibility for implementing these plans. The current Liberal government actively pulled out of the regional and local economic development sphere. There are no staff resourced to regional economic development nor are there plans” (regional/peak body, TAS).

There is clearly a fine line between policy-guidance and prescription. One suggestion is for state governments to devise economic development strategies in partnership with local councils (and other actors). Whilst this is by no means a novel suggestion, it would be a welcome departure from the norm where consultation is the preferred mechanism, which can often be tokenistic. The NSW Government is currently embarking on a regional economic development planning process, which is seeking to engender local ownership of these strategies. Monitoring and evaluating the success of such initiatives will be important going forward.

Articulations of economic development that envisage a 'perfect' scale can act as enabling and constraining devices. For example, viewing 'the local' as the most appropriate scale for economic development might warrant active local government involvement, whereas an interpretation that positions the nation as the most appropriate scale for economic development might constrain the role of councils. A multi-scalar perspective suggests that each level of government has a role to play, whereby roles and responsibilities are negotiated (and renegotiated) on a case-by-case basis.

A multi-scalar perspective underpins the City Deals policy initiative, which is equally applicable in rural and regional areas. In the case of the emergent Western Sydney City Deal, eight local councils, New South Wales Government and the Commonwealth Government are intending to work together according to a deals-based mechanism involving incentives and conditions, which will include the reform of planning laws intended to speed up the supply of housing. Treasurer Scott Morrison stated in May 2017 that “Local governments will develop strategies showing how they will reach agreed housing supply targets. Incentive payments will be tied to the delivery of these ambitious local planning reforms under the Western Sydney City Deal”.<sup>3</sup> Other countries which have utilised deals-based mechanisms have done so across a variety of geographies, including city-regions in the case of English Devolution Deals and regions in the case of Polish Regional Contracts. Therefore, there is no reason why the basic principle guiding Australian City Deals – intergovernmental coordination, collaboration and joint-working – cannot be applicable in rural and regional Australia.

Finally, it should be noted that the concept of scale is fluid. It is not always clear how different scales intersect and align with one another. Even within local government areas, scales can differ particularly among those councils where services are provided according to distinct geographies (e.g. ward, neighbourhood, city centre etc.). In addition, state agencies (e.g. health, education, planning, police etc.) often have different administrative boundaries for operational and planning purposes posing a challenge to collaboration among different state agencies themselves. Furthermore, these state level administrative boundaries often do not align with local government bodies, such as ROCs, adding complexity to projects which require collaboration between different levels of government.

Too often the focus is on creating new and presumably more efficient geographies of governance (e.g. regional bodies, council amalgamations etc.), which create new boundaries and divides at the same time as they seek to erase old ones and improve effectiveness. Further research is needed that examines how functional economic regions (with potentially fluid or fuzzy geographies) can inform the work of councils and others with fixed governance geographies. The view that councils operate at a singular 'local' scale is a constraining device, which can limit their participation in other economic initiatives, such as those promoting the development of transport corridors. Consequently, there is a need to focus more policy and research attention on how councils as well as other economic actors work with, in-between and across multiple scales when pursuing economic development strategies. This leads us to highlight the importance of brokers, networkers and organisational boundary-spanners. It is a role that several research participants referred in various ways, although they also indicated that such a role is often underappreciated and can prove difficult to secure the funds to resource.

<sup>3</sup> <https://ministers.dpmc.gov.au/taylor/2017/western-sydney-housing-package-more-homes-right-locations>



## Context

A complex and multidimensional range of contextual factors including the institutional framework, the organisations and individuals involved, economic climate (micro, meso and macro), sociocultural characteristics, natural attributes and locational features, will condition the nature, scope, form and effectiveness of local and regional economic development strategies. A place-based perspective promotes strategies that help to realise endogenous development capabilities – maximising territorial competitive advantages, assets and competencies (Pugalis & Gray 2016). An understanding of place-specific contextual characteristics can help to set parameters for the types of local and regional economic development strategies that may be feasible, desirable and advantageous. Parameters such as the policy and funding tools available will influence what are deemed to be the key functions of a particular economic development activity, such as, promotion, networking, regulation, finance and delivery. Hence, how local and regional economic development is framed is influenced by context factors.

Many of the interviewees echoed the need for approaches to local economic development that were context specific. For example, one respondent noted that, “LED is about creating the environment for business to succeed and create employment. The interpretation of this role varies from local government to local government” (regional/peak body SA). Contextual factors help to explain why “the [economic development] function can sit in many different parts of the organisation such as corporate services, community services or indeed sit alone [as a distinct council service or council-owned entity]” (peak body, NSW). Where the economic function is located within a particular council’s organisational structure has little impact on the function’s effectiveness. It is for each council to determine, based on analysis of opportunities, barriers and threats.


A link can be made between contextual conditions and the interpretation of the role of councils in economic development – the relationship is interactional and recursive. This perspective leads us to caution against the use of universal policy, guidance and criteria relating to the roles of local government in local and regional economic development. Whilst there appears to be a ‘policy vacuum’ in some circumstances and a lack of clarity on the economic development roles performed by different councils, a blunt one-size-fits-all approach is not advocated.

In terms of context, interviewees were quick to point to place-based differences between councils, where, as one respondent observed, “the needs of rural and urban areas vary considerably. In urban areas you need to consider the commercial, retail, social and community needs of a particular suburb or group of suburbs. This may include objectives of housing, community hubs, general amenity and open space. In rural areas the key driver is agriculture, therefore, council has a role in understanding what the needs of the industry sectors are and how it can help the sector to meet those needs by, for example, advocating for changes in government policy or by facilitating agricultural research or by accommodating agricultural manufacturing in industrial precincts” (rural/regional council, TAS). An explicit recognition of contextual differences, including the different capabilities of councils, is an important step in understanding the subtleties of economic development strategies. The respondent above paints a picture of urban-rural differences for illustrative purposes, but the actual differences between places – including neighbouring council areas or within a single local government area – are often much more stark and nuanced.

A key issue with prevailing economic strategies is a tendency to refer to the importance of context, with phrases such as ‘our diverse landscape’ or ‘unique environment’, without then going on to consider the implications. In some circumstances, context will be an enabling device, whereas in other circumstances it will be a constraining device. It is for this reason that lessons can be learnt from practice throughout Australia and internationally, although there is a danger of accepting ‘best practice’ without careful scrutiny and seeking to implement it under distinct contextual conditions. There is remarkable similarity across local and regional economic strategies, which indicates that there is much talk about context, which belies a fuller appreciation of its fundamental importance.

## Ongoing process

Local and regional economic development is an ongoing process; it is evolutionary and path-dependent, but also open to new pathways, such as those shaped by disruptive technologies or climatic changes. This is where there was the most divergence of opinion amongst respondents. For example, some focussed on the end product making reference to achieving targets, such as employment growth or new business start-



ups (which is reflected in economic strategies and action plans that set targets e.g. x new businesses supported). This can be enabling in the sense of being 'tasked-focussed', but can also be constraining if the task is tangential to more fundamental economic development objectives e.g. if the businesses supported not not result in positive socioeconomic outcomes or enhanced local and regional capabilities. Alternatively, other research participants discussed the long-term nature of economic development strategies. There was an implicit acceptance that the local and regional economic development 'project' will never be complete. It is in this sense, that we view local and regional economic development as an ongoing process. It is a process informed by past practice and conditions that evolve over time, as well as future scenarios and visions. Outcomes and outputs will be achieved, but as some issues are solved and opportunities grasped new ones will inevitably arise. Economic development is, thus, a negotiated enterprise.

Framing local and regional economic development in process terms can be enabling for councils as it aligns with their longer-term strategic and community planning roles. Nevertheless, such an outlook can be constrained by the day-to-day practicalities of governing and service delivery, with some local government officers stating that longer-term strategies are quickly cast aside when immediate actions take precedence.

It is important to emphasise that the four primary considerations that inform our framework for understanding local and regional economic development cannot be viewed in isolation. It is the unique combinations of multi-actor, multi-sector, multi-scalar, evolutionary and processual relationships that shape the practice of local and regional economic development.

# The varied roles of local government in local and regional economic development: key considerations and challenges

“Councils have to work with business themselves particularly through planning approvals processes by accompanying land use planners to meetings with businesses. We also need to provide regulatory advice, for example, with regard to environmental health regulations for small businesses” (local government officer, metropolitan, WA).

The above interview extract is characteristic of the view of the role of councils from the operational perspective of local government economic development officers. What this serves to demonstrate is that the means by which economic development is pursued by many types of councils across Australia emphasises brokering, facilitation and information sharing. In other words, collaboration and partnership working, which features strongly in most accounts of economic development (see, for example, UN-Habitat, 2009). Indeed, working with business (as the above quote identifies) and working through partnerships appears to be the *modus operandi* of the 21<sup>st</sup> Century economic development officer.

It is also apparent that collaboration with colleagues in the same organisation can be just as important as collaborating with neighbouring councils, other tiers of government, and sectors of the economy and society. For example, one interviewee argued that:

“Traditionally local government works in silos and this needs to be addressed for sustainable economic development to occur. Place shaping or a place-based approach is much more appropriate for local economic development” (regional/peak body, TAS).

However, silo-based working practices are an endemic feature of institutions across the public, private and voluntary sector. It is common for practitioners to refer to place-based modes of service delivery as a way for councils to align multiple economic development objectives and activities, although it is noteworthy that relatively few organisations (including councils) operate in this manner. Thus, there is a need for further research to examine the operationalisation of place-based development principles including implementation challenges and blockages.

During the interviews, respondents detailed a wide variety of roles that local governments play in the promotion, facilitation and support of local and regional economic development (see Table 2). These cut-across the OECD classifications of representation, services, regulation, and development and investment (Clark, Huxley & Mountford 2010).

**Table 2:** A high-level summary of stakeholder perspectives of local government’s economic development roles

<p><b>Infrastructure and assets</b></p> <ul style="list-style-type: none"><li>- Infrastructure development and maintenance.</li><li>- Connecting business with infrastructure e.g. councils may own airports, have primary responsibility for roads, provide ICT technology etc.</li><li>- Develop and implement large scale projects in collaboration with other levels of government and with funding from state and federal agencies.</li><li>- Use of assets (e.g. buildings) to promote economic development.</li></ul>
<p><b>Land use planning</b></p> <ul style="list-style-type: none"><li>- Devising ‘business-friendly’ and ‘fast-track’ planning procedures and systems.</li><li>- Working with businesses to help them negotiate council requirements particularly with regard to planning applications.</li><li>- Developing Master Plans to support economic growth and sustainability.</li></ul>

<p><b>Supporting businesses</b></p> <ul style="list-style-type: none"> <li>- Acting as a 'shop front' for investors and other levels of government.</li> <li>- Grants for small business (e.g. innovation grants).</li> <li>- Whole-of-council approach to help support the attraction and development of business.</li> <li>- Facilitating communication between businesses and council.</li> </ul>
<p><b>Collaboration/networking</b></p> <ul style="list-style-type: none"> <li>- Facilitate networking, learning and opportunities for collaboration amongst economic actors.</li> <li>- Create governance structures, partnerships and forums to foster collaboration.</li> </ul>
<p><b>Lobbying and promotion</b></p> <ul style="list-style-type: none"> <li>- Lobbying state and federal government for support, investment and resources.</li> <li>- Promoting their area to a broader audience (e.g. tourists, investors etc.).</li> </ul>
<p><b>Strategies and plans</b></p> <ul style="list-style-type: none"> <li>- Strategic planning processes, workforce planning and the production of economic strategies and associated documents.</li> </ul>
<p><b>Business case development, evidence and information</b></p> <ul style="list-style-type: none"> <li>- Undertaking feasibility and capacity studies.</li> <li>- Develop business cases.</li> <li>- Sector-based research, business surveys, data gathering and monitoring, including economic profiles and economic assessments.</li> <li>- Stakeholder mapping exercises.</li> </ul>

## Economic development as a co-responsibility

The perception that economic development is a co-responsibility involving multiple actors can act as both an enabling and constraining device. Given that in Australia councils are the level of government closest to citizens, a partnership approach could position local government as a key node in a network of partners. Nevertheless, partnership rhetoric can also be used to marginalise and constrain the role of particular partners. For example, RDA Committees are often scripted as being partnerships involving *all* three levels of government, yet in many cases the role of councils in these structures is peripheral.

Recent policies and strategies by the federal and state governments are not too dissimilar in their economic discourse (e.g. Australian Government 2017; Department of Industry 2016). In particular, reference to taking a 'whole-of-government' approach is common. However, each tier of government – including many local councils – are deploying the whole-of-government notion in a purely horizontal manner and thus confined to their own governmental responsibilities. What is missing is the vertical dimension of a whole-of-government approach, which would necessitate the involvement of all three tiers of government.

Moving beyond a whole-of-government approach, a whole-of-place approach would not only seek to involve all three tiers of government, but would also seek to involve all sectors of society. A whole-of-place approach would require much closer working between different actors, interests and institutions than is presently the case. It requires mature working relationships that take time to develop and requires all parties to compromise and negotiate in order to devise economic strategies that are tailored to the place in question. City Deals are one mechanism, amongst many, for implementing a place-based development approach; however it is the interpretation and utilisation of such mechanisms that is of principal concern. For example, a multi-level governance mechanism deployed in an overly prescriptive, top-down manner (e.g. stipulations, contracts and targets which are not open to negotiation) is unlikely to engender whole-of-place partnerships, collaborative endeavours and innovative practices necessary to realise transformational change.

Reading economic development-related policy documents, plans and strategies (irrespective of the tier of government), it is alarming the extent to which other tiers of government are silenced from narratives about delivering economic development. As one respondent noted:

“Ideally community development is driven from the bottom-up using the strategic planning process which requires community consultation. At the same time Regional Development Commissions are required to have plans and blueprints for their work. They drive their ideas downwards. The result is a disconnect between state and local level planning processes” (regional/peak body, WA).

The principle that economic development is a co-responsibility tends to be accepted by all tiers of governments and social and economic actors, but the translation of this principle into practice is a key challenge. Greater efforts are needed to help embed the co-production of local and regional economic development strategies. Each council is, therefore, encouraged to secure their niche role within relevant local and regional economic ecosystems. The role of local government will inevitably differ from place to place, which will add further layers of complexity to relationships with state and federal governments in particular. This poses a distinct challenge to higher-tiers of government in terms of how they interface with specific councils, which warrants a move away from one-size-fits all approaches, programs and forms of engagement.

## Collaboration and competition between (and within) councils

“The Joint Organisation model currently being piloted in NSW is aimed to facilitate collaboration amongst local governments. To date, the pilot experience has shown that there is an interest in collaboration at a regional level for LED, particularly in areas such as freight transport, industry attraction and cross government initiatives to address particular issues such as youth employment” (regional/peak body, NSW).

Collaboration amongst councils is certainly patchy, whether through more formalised structures, such as the Joint Organisation model, ROCs or more informal channels, such as networking.

Multi-council working and collaboration must offer tangible advantages over other methods. In view of its multi-scalar nature, local and regional economic development is surely a prime candidate that necessitates multi-council cooperation. Many council respondents, for example, discussed the imperative of working with their neighbours to facilitate the movement of freight through their respective jurisdictions. However, not all had formal or informal mechanisms in place to help facilitate this. Some councils need convincing of the merits of multi-council cooperation and joint working, and others remain wary that voluntary collaborative governance structures could result in forced amalgamations. Value propositions are required that demonstrate collaborative advantages.

One must be vigilant that councils are often encouraged to compete with one another, especially when funding competitions are announced by federal and state governments. As a consequence, strategic, cross-border relationships can be fractured quickly when member councils are competing directly for funds. This calls for a radical rethink of existing federal and state funding programs, whereby funds are reoriented to promote collaboration.

Another key consideration and challenge concerns the ability of councils to reconcile their diverse objectives. Different departments are often responsible for the drafting, implementation and monitoring of diverse strategies with different goals, rationales, timeframes and budgets. For example, land-use planning can complement local and regional economic development objectives, but it can also constrain them. Economic development need not be a standalone function of local governments. This indicates the importance of integrating and aligning economic development objectives and activities with other policies, priorities and initiatives, including community strategic planning, corporate planning, land use planning and workforce planning. A whole-of-council strategic policy approach to economic development would help in this respect.

Mainstreaming and institutionalising economic development within councils might also help to address its relative ‘isolation’ in some local government areas – in effect relegated in importance due to pressures to deliver general functions.

## Multi-sector working: the public-private-civic interface

In this report we have emphasised intergovernmental relations, which is a reflection of the perspectives and responses from interviewee participants. Indeed, this is an important finding and challenge in itself: such a perspective from public policy-facing actors must not divert attention away from the need for councils to work closely with business and community groups.

As with other aspects of the role of local government in local and regional economic development, how councils cooperate with the business sector and citizens more broadly is highly diverse. Given the constraints on local government (e.g. fiscal), cross-sectoral partnership working would appear to be a pragmatic route for achieving economic development objectives. Local government has a vital role to play in creating the conditions for more effective economic partnership working and enabling private and community entrepreneurship.

## Capacity and professional development

Capacity is an enduring issue for any organisation, but it is particularly relevant to the local government sector. Many respondents identified the great variability in the capacity of councils to pursue local and regional economic development objectives. As the following respondents explain:

“At local government level it is highly variable as to how LED is dealt with or whether it is addressed at all” (regional/peak body TAS).

“Local governments currently sit on a spectrum in terms of capacity and the level of activity in relation to local economic development. While all see the need and role for local government in local economic development some have more capacity than others, some have more capacity because they are better resourced but it can also be the case that a particular councillor or staff member has the appropriate skills set, motivation and ability to pursue local economic development initiatives. In larger councils the LED role is more institutionalised so less dependent on a particular individual’s skills or capacities” (regional/peak body, NSW).

“Some may have dedicated staff employed as economic development officers while in other councils staff deal with LED as part of a much larger portfolio e.g. community development” (regional/peak body, TAS).

Insufficient capacity is not limited to staffing and resources. Many respondents also spoke of the need to enhance capacity in terms of upskilling and educating the full range of elected members and officers (from junior staff to chief officers/general managers) in the ‘art of economic development’:

“Part of the challenge is that there is a lack of formalised training, qualifications or professional development in the local economic development field (regional/peak body WA).

In particular, it was felt that there was a need to improve knowledge about identifying economic challenges and opportunities, and addressing them through economic strategies. A review of recent economic strategies published by councils augments this gap in skills and capacity. Councils have typically sought to engage the services of consultants to help plug this gap, but through this approach it is often more difficult to develop in-house capacity. Councils lacking the capacity to formulate economic strategies also tend to lack the capacity to implement these strategies.

A first step for addressing this lack of capacity for many local governments may be to deal with a fundamental knowledge gap: “Councillors need to understand what LED means for their local government area” (rural/regional council TAS). There is a need to enhance capacity in terms of upskilling and educating chief officers/general managers, locally elected members as well as other rank and file officers in the ‘art of economic development’.

Other interviewees stated that a robust evidence base can help to guide the strategic decisions of elected members:

“For example if the data shows that tourism is not as big a contributor to their economy as agriculture and construction, councillors can make better informed decisions using this evidence base. This helps them to focus their work in areas that are strategically important. They need to

know what the key economic drivers are in their LGA ... But the election cycle means it can be hard to get elected members to understand that their decisions have much longer term impacts than a 4 or 8 year horizon” (rural/regional council, TAS).

Spatial economic profiles are equally useful for local government staff, particularly senior officers, enabling them to make informed and strategic decisions with regard to supporting economic development. Nevertheless, a challenge is the dynamic nature of local and regional economies:

“The pace of change is outstripping our ability to plan and keep up. Formal/traditional strategic planning processes which require lengthy consultation can take too long when it comes on an organisation’s or community’s ability to seize opportunities. We need a more flexible and responsive strategic planning system” (regional/peak body, TAS).

The above point indicates the need for more adaptable economic strategies and new sources of data, which is a far cry from orthodox practice of reviewing and updating a plan after a specific period of time (e.g. 2 or 3 years). There is a need for new datasets that better reflect the dynamism of spatial economies and functional economic regions. Territorial Impact Assessments could perform a useful role in *ex ante* analyses of economic strategies, programs and portfolios – taking a place-based perspective in terms of territorial synergies, impacts and unintended consequences. This could complement the use of Cost Benefit Analysis that is favoured by higher-tiers of government, which typically appraise the merits of project proposals (e.g. infrastructure improvements) in relative isolation. Territorial Impact Assessments might be one way of avoiding government investments with limited additionality or negative outcomes for other places.

# Conclusion and recommendations

Promoting the development of places, whether rural, urban, regional or metropolitan, is a key priority of all tiers of government, business and communities. Yet, the promotion of economic development is a relatively recent feature of the (official or otherwise) remit of local government in Australia. Moreover, there is 'an established consensus that economic development activities are unlike the other roles and responsibilities of local governments' (Clark, Huxley & Mountford 2010: 13). Economic development is a mongrel field.

This research has sought to improve our existing understanding of the diverse roles and engagement of councils in the leadership, organisation, delivery and promotion of local and regional economic development in twenty-first century Australia. In particular, the lack of legislative clarity about the role of councils in economic development prompted this research. Through a broad-ranging analysis of primary and secondary material we have provided key new insights concerning interpretations of local and regional economic development; demonstrating how such framings can act as enabling and constraining devices; devising a framework for understanding local and regional economic development.

In view of the fact that economic development can be understood as an objective, activity and process, and moreover a pursuit that is contingent on numerous other policy domains, such as taxation, trade, education and housing, there is a strong case for advocating the involvement of all tiers of government in the pursuit of local and regional economic development. Consequently, legislative responsibility for economic development, nominally associated with the state tier, which permits the use of some powerful tools including the establishment and operation of Development Corporations that can by-pass local government democratic channels and procedures, is important but not essential. A legislative deficit does not necessarily preclude councils from participating in economic development. Nevertheless, in many instances it can act as a major constraining device, particularly in a climate of mounting local government fiscal constraints.

Our high-level mapping and examination of the institutional architecture of local and regional economic development showed that each tier of government is involved in promoting economic development, albeit in distinct ways that do not necessarily align and/or complement one another.

The federal tier, for example, performs a crucial role in shaping the contours of local economic development through its numerous 'space blind' policies, such as trade agreements or immigration standards, which produce variegated 'place-based' effects. Alternatively, how localities respond to exogenous policy decisions and other forces, can help to position councils as key, or even primary, government actors in local and regional economic development. However, that is not to say that this is likely to be the case in all situations.

Local government is a vital component of Australia's multi-layered governance system, evidenced by its growing remit over time, which now includes services to people and to a lesser extent services to business. However, the lack of clarity on the role of local government in local and regional economic development is a serious issue. Generic guidelines or principles will not suffice. Reviewing the contested meanings of local and regional economic development, and in particular how this relates to the role of councils, we found that practitioner framings ran along a continuum between a focussed role for councils supporting business and creating wealth to a broader role for councils which encompassed ideas of community development and sustainability; mirroring growth-focussed and holistic definitions of economic development.

In terms of the (narrower) growth-focussed and the (broader) holistic interpretations of economic development, each can act as both enabling and constraining devices in terms of the role of local government in economic development. Therefore, we conclude that the framing of economic development vis-à-vis the role of councils is paramount. How councils view their role as economic development actors and how others (e.g. business, state government etc.) perceive the role of councils in promoting local and regional economic development is a crucial factor conditioning the actual roles performed by councils. A key finding is the mismatch between perceptions and reality. This is apparent when higher-tiers of government perceive the role of councils in a generic sense, which neglects each council's distinct capabilities, capacities and priorities.




Analysing the role and responsibilities of councils in the practice of local and regional economic development we found that there is a huge range of diversity. Whilst this finding is not unexpected, its implications are important. It calls for a place-based perspective, which eschews generic roles that all councils should perform in the pursuit of economic development. A link can be made here between contextual conditions and the interpretation of the role of councils in economic development – the relationship is interactional and recursive. This perspective leads us to caution against the use of universal policy, guidance and criteria relating to the roles of local government in local and regional economic development. Whilst there appears to be a ‘policy vacuum’ in some circumstances and bewildering complexity in other circumstances, such as a litany of economic strategies, there exists a lack of clarity on the economic development roles performed by specific councils. A more nuanced understanding of the role of councils in the mongrel policy field of economic development is required, which will require enhanced dialogue between different tiers of government and sectors of society.

It has not been our intent to make a case for local government to perform a pivotal role in local and regional economic development. Yet, the research and evidence presented helps to augment the need for local government to perform such a role. What such a ‘pivotal’ role might entail is for each council to determine, which can usefully be informed by our multi-actor, multi-sector, multi-scalar, evolutionary and processual framework for understanding local and regional economic development. The democratic mandate of local government can add legitimacy to economic development initiatives. Councils often possess the place-based knowledge, connections and credentials which higher-tiers of government do not. When one also considers their other roles, including but not limited to regulators of land, tax collectors, service providers and developers, then it reveals how councils might wish to draw upon their existing capabilities to perform a pivotal economic development role. Local governments are a distinct voice within a pluralist system of government. It is for this reason, that they are often, though not exclusively, a key actor, facilitator and/or instigator of economic partnerships.

We wish to stress that a council does not necessarily require a specific economic development policy, dedicated services and programs, or specialist staff to perform a pivotal role in local and regional economic development. For example, as councils familiarise themselves with community strategic planning, workforce planning and associated processes, then as a by-product their strategic economic development role will be enhanced. Even those councils that might at first appear to be less active in fostering and promoting the economic development of their locality, perform an indirect, albeit crucial, role in enabling (or stymying) economic development in terms of how they undertake their core business and general functions.

We have identified prevailing practice to help facilitate discussion and knowledge-sharing. Greater efforts are needed to help embed the co-production of local and regional economic development strategies. Moving from a whole-of-government mind-set to a whole-of-place approach may help to address key tensions, overlaps and gaps hindering multi-level governance and collaborative efforts between all three tiers of government and economic/social actors. In addition, our findings have led us to generate the following recommendations:

1. Develop a shared and pragmatic understanding of local and regional economic development as a co-responsibility.
2. Federal and state government to empower local councils to support their strategic role in promoting local and regional economic development, including incentives and funds to encourage collaboration over competition and focussing efforts on creating conditions for more effective partnership working, which might include resourcing networks and economic development brokers.
3. Implement the notion of a whole-of-government approach in both horizontal (i.e. cross-departmental) and vertical (i.e. all tiers of government) as the first stage of a two stage process of implementing a whole-of-place approach.
4. Strengthen intergovernmental relations and accords, particularly between state government and individual or groupings of councils, whereby roles and responsibilities are negotiated and agreed in a manner that reflects contextual conditions and capacities, which could seek to learn from, build upon and expand the principles of City Deals, including the piloting of Regional Deals.
5. Councils – in concert with local stakeholders and communities – should seek to develop a shared understanding of the scope and goals of local and regional economic development for their area, and should subsequently clarify and publicise this as part of mainstreaming and institutionalising economic development within councils.

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6. Upskilling including bespoke training for councillors and local government officers as well as other stakeholders in the 'art of economic development'.
  7. Continued experimentation with different approaches, models and activities together with careful monitoring and evaluation.
  8. Augmented evidence-base, including *ex ante* and *ex post* qualitative and quantitative evaluations of economic strategies to provide new evidence about what has worked, where it has worked and why it has worked.

Our findings lead us to conclude that all councils have an important role to play in local and regional economic development. This is irrespective of whether they employ economic development officers or have a formal economic development policy.

Given local governments' ambiguous role in local and regional economic development in an Australian context, there has been only limited research attention in this field. More detailed and case specific research is needed to tease out some of the broader constraints, issues and opportunities identified in this report. In particular, there is a need to undertake further research to understand the value of economic strategies, the utility of functional economic regions and the strengths and limits of different local and regional economic development structures.

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