

Economic Development is a Planning Issue

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1. INTRODUCTION

Community Economic Development (CED), put simply, is the stimulation of the local economy by Councils and community organisations utilising the existing resources (human, natural and institutional). It is becoming an important issue for rural areas of NSW and Australia as the focus moves away from the State and Federal Government led major infrastructure projects to a more community driven locally based process.

To be effective, CED must be a partnership between the wider community, the business sector as well as Local Government. Another important component is leadership. Somebody has to drive the process and keep it on course. This leadership role falls onto Local Government as it has the most to gain (and loose) from the local economy.

Planning policies and decisions as well as the attitude of Councillors and Council Officers can have a direct impact on the stimulation of economic development. Both the statutory and strategic planning functions are important and need to recognise that economic development is an issue. The planners need to recognise this, as do the economic development officers in a Council. There should be a symbiotic relationship between the two. Planning and economic development are linked – one cannot survive without the other. It is therefore important that the planners and economic development officers work together and form a common view about what it is they want to attract to the area in question. A strategy needs to be developed that achieves the issues and goals of both areas of the Council.

2. WHAT IS ECONOMIC DEVELOPMENT?

There are many definitions of economic development. Some texts call it local economic development, whilst others call it community economic development. It will be referred to as Community Economic Development (CED) here because it is for a local area but needs the entire community involved for it to be a success. Without the local community there will be no need for economic development and vice versa. So there is a need to involve the community in economic development because ultimately, they are who we are working for.

Edward Blakely provides a definition in his book titled *Planning Local Economic Development – Theory and Practice*, which is as follows:

Local economic development refers to the process in which Local Governments or community-based organisations engage to stimulate or maintain business activity and / or employment. The principal goal of local economic development is to develop local employment opportunities in sectors that improve the community using existing human, natural and institutional resources. (Blakely p xv)

It is a “bottom up” process that provides a local response to the changing economic and social characteristics of the local economy as it responds to changes in the regional, state and national economic climate. The CED process encourages rural communities to look inwards for the solution

to the economic problems and not to rely on outside factors and industry. “The central feature of locally based economic development is in the emphasis on endogenous development using the potential of local human and physical resources to create new employment opportunities and to stimulate new, locally based economic activity” (Blakely, p50). Often, there is an economic ‘gold mine’ in a community’s back yard, they just haven’t seen it yet. CED “is therefore a process that addresses and develops the capacity of local communities to contribute to determining their own economic destinies through stimulating employment and economic activity” (LGSA, p10).

Partnership and leadership are two key concepts of CED. No one organisation or company can solve the local economic problems alone. Therefore, it has to be done by a strategic partnership between the local business sector (Chamber of Commerce), the wider community (Service Clubs etc) and the local Council. Somebody has to be the leader for this process and to keep it on the right path.

The local Council is best placed to provide this function as it is a key stakeholder in the local economy and also has the political and economic power to make things happen.

Economic development has two components when it is related to Local Government (as identified by the Local Government and Shires Association of NSW in the document titled *Paving the Way – Local Economic Development Kit*. This has been modified to relate to the author’s experiences with both Council and economic development issues):

1. Community Economic Development Process. This is where the partnership develops a strategic plan which encompasses the following process:
 - Identify Liabilities, Assets, Needs and Dreams;
 - Using the outcomes of the above to develop a common goal for the future;
 - Preparing a plan to develop objectives, strategies and actions to achieve the vision; and
 - Preparing and adopting a framework and timetable to implement the plan.

2. A process by which local government reviews its functions and revises its policies, practices and procedures to create an environment to allow economic development to foster. Partnership with the local business community as well as the wider community is required to enable the process to be fulfilled. This will involve the following components:
 - Identifying the impediments to fulfilling the goal of economic development; and
 - Adopting appropriate strategies to remove these impediments and thereby improve the conditions for economic development to occur.

The basic tenet of CED is to involve the community in the process. Local Government is the best placed organisation to lead the process as it is best placed to provide the policy changes necessary to achieve the goal of improving the local economy. It cannot happen overnight and needs commitment from all members of the community and must start with a vision then action.

“Vision without action is merely a dream, action without vision is merely passing time, vision with action can change the world” – Joel Barker.

A good tool to develop this is by using a Community Based Charrette which is, in essence, a strategic planning process that involves the community to ask them where they are now, where they

want to be and how to get there. The first two questions are answered by the use of a strategic planning process done in conjunction with the community and the last question is answered by the charrette team devising a set of strategies and actions that will provide the actions necessary to improve the local economy and community. The charrette is conducted over a two day period which culminates in a presentation of the strategies to the community at the end of the second day. The community is then presented with a detailed report on the process at a later date.

3. Why is Community Economic Development important for Rural Towns and Cities?

Australia is one of the most urbanised countries in the world. In 1996, 79.5% of the population lived in towns and cities of 5,000 or more and 71.7% lived in urban centres larger than 80,000 people. (ABS, 1997) It is only natural that these large cities are where most of the economic development and associated investment is located. The trend in Australia is to have a greater concentration of population and economic activity in fewer locations. The main reason for these trends to emerge is the economic restructuring resulting in a greater drift of people and associated economic activity out of rural areas to the larger rural centres and metropolitan areas. This pattern has been contributed to by the economic rationalist policies of the state and federal government to centralise the provision of services and infrastructure as well as the industry assistance packages made available. The outcome of this for rural towns and cities has been to stack the odds against them in terms of their growth and development opportunities.

In NSW, 82% of the population lives in the coastal areas, with most of them in the Newcastle - Sydney - Wollongong regions (ABS, 1997). In nearly all cases except the larger regional centres, inland Local Government Areas (LGA's) have declined in population. It follows that this will lead to a downturn in the local economy. In fact the main reason for this population decline, or rural depopulation, has been the downturn in the local economy. The recent spate of bank closures in rural NSW is a good example of this issue.

There are two major explanations for these trends, as identified by the Local Government and Shires Association of NSW, which are both economic and non-economic. They are as follows:

1. Structural Change in the economy which has seen employment opportunities, and thus people, disappearing or being relocated out of rural areas due to:
 - A decline in the agricultural sector resulting in a "push" of population and economic functions out of rural areas;
 - Structural adjustments in the manufacturing sector which trend towards concentration due to the benefits of economies of scale and thus have had an impact on certain communities that have had a reliance on the industry as a basis for their economic activity; and
 - The emergence of the services sector as a significant employer and contributor to the economy but with benefit for fewer locations due to trends towards centralisation (translating to regionalisation) of service delivery.
2. The emergence of lifestyle factors as a significant reason in determining settlement and investment decisions.

The result of this has been a greater concentration of population and economic activity in metropolitan areas of Newcastle Sydney and Wollongong, the north and central coast as well as a few large regional centres. This has had the opposite impact on the country towns, which have all lost population and economic activity.

There are a number of challenges for country towns in NSW to boost their economy. There are two basic ways that this can be done:

1. Attract new industry to relocate to the town; or
2. Build on what is there.

The first option, although it might provide a big boost to the town economy, does not happen easily and there is a need to spend money to attract the industry. This can be in the form of rate “holidays”, free land, or subsidised infrastructure for the industry. This is not an easy option and can be risky – there is only a possibility of a return from the quite large expenditure required. Also, there are not a lot of such industries looking to relocate.

The second option has more tangible benefits to all of the businesses in a town. It also has the potential to attract more new industries if there is an already vibrant local economy. It involves looking at what is there and building on it.

Both of these options will not happen without leadership and the development of a plan to implement it.

Tourism is a way that can boost economic development in a rural area. A tourist is somebody who will go to a place for a specific reason or one that is passing through a town. The key is to attract the person to the place and then keep them there and provide them with a pleasant stay – even if it is only a couple of hours. If they had a good experience, they will tell others who will go there and so on. If they had a bad experience, they will also tell others who will not go to the town.

4. Why is it a Planning Issue?

Economic development and planning are linked and should be treated as linked, not as separate areas of the Council administration. Planning policies can create the appropriate ‘environment’ for economic development to occur. Economic development can create employment and money into the local economy that will allow for civic design and streetscape works that will create more economic development by making the town an attractive place to visit and tourism will flourish. Without this symbiotic relationship (partnership) the town will not achieve its potential.

The two areas of land use planning – statutory and strategic – have an important role to play in the economic development area.

The advice given and the attitude taken to the assessment of development applications (DA) are an important issue. It is all about the philosophy of assessing a DA – one can be positive and helpful or negative and unhelpful. A prospective investor in a country town will make an initial inquiry of the Council to ascertain the views about it. The principal of the firm and not a planning consultant will usually do this. The attitude of the officer answering the inquiry can give the investor confidence in the area or can cause them to look elsewhere. This attitude should be helpful and positive. The answer to the question about the suitability of the use for the area should be one that looks towards accommodating the use and looking for ways of permitting it, not being negative and just lumping it in a prohibited category. Even if it is prohibited, the planner should ask himself or herself if the use could be permitted by a change in the zoning. Of course, if it is not possible, then the prospective investor should be told so in a pleasant manner, giving him or her the feeling that the planner tried to help but could not. The Council should have a Development Advisory Unit or similar group of senior officers that the investor can meet with to find out more about the issues. A positive and

helpful attitude to a prospective investor can mean that the town gets an economic boost, but a negative and unhelpful one can lose the town that economic boost it is looking for. Even if the prospective investor's use is not acceptable, a positive attitude on the behalf of the planner will lead to the investor having a positive attitude about the area which may result in investment at another time or by them telling others about the area and how helpful the Council was.

The same can be said for the strategic side of planning. There is a need to develop flexible land use policy to allow, for example, home based businesses to operate in residential areas which can employ one person without the need to have a DA. It is a fact that a lot of new businesses which move into a commercial area have started off as home based businesses and that the need to pay rent is a major impediment – more so than employing someone when it is needed – you only have to pay somebody when they do work that can be costed into a job, but rent has to be paid each week, even if there are no jobs on the books. By being able to employ a person to come in on a part-time basis at the home based business, it is allowing it to flourish and prosper. The non-flexible approach of not allowing any employment can have the opposite impact of stifling growth of the home based business.

There is a need to develop economic development strategies that have a land use flavour – too often these are developed without any consultation with the planners and they sometimes also do not have any land use components or if they do, it is not easy to implement. It gets back to the earlier point about planning and economic development being linked. You can have the goals for big industry but if the local environment is not suited to such developments they will not happen. By including a land use component in the strategy you will know that the business attraction component can be implemented. This is not to say that it will – there is a lot of work to be done in attracting the business.

Urban design is an issue that is becoming more prevalent in rural towns. This is due in part to the Main Street Grant Program. The improvement of the main street of a country town can be a cost-effective way of encouraging economic development. It doesn't have to be elaborate and can start small with a few planter boxes and colour schemes for the painting of buildings. If the local chamber of commerce can be encouraged to help it will be easier to get it done.

The tourism example used above is pertinent here. There is a saying "You never get a second chance at a first impression". This is very apt for the main street of a country town. If it is a pleasant looking street with some trees and planter boxes with a few seats and an attractive park nearby, it will entice somebody to stop and shop or even stay the night. If it is all road with no trees or parks and not attractive, chances are that the traveller (tourist) will drive on to the next town that may have an attractive main street that they have been told about by other visitors to that town. But if the tourist has a pleasant experience in the first town, they are likely to tell others about it and so on.

There is an argument that zones in small towns (5,000 people and less) actually inhibit economic development by making it more difficult for a person to operate a business from home. As long as the amenity and pollution issues can be dealt with why shouldn't somebody be able to operate a mobile farm machinery workshop from their home in a residential area? (This would come under the definition of a workshop or commercial premises and would be ordinarily prohibited.) The planning system should encourage not discourage economic development.

Planning as a whole is becoming more outcome focused and less prescriptive. There is a need therefore, to develop policy that is flexible and allows the planner and the applicant to negotiate a desired outcome within a policy framework.

There is a need for planners to become facilitators of development as opposed to regulators. It is not meant that this is not happening in Councils but it should be reinforced that it is a good way to achieve economic development in an area – and also quite an easy task to do without much expenditure needed.

5. How can it be done?

There are many ways that economic development can be fostered. Using the theme of Community Economic Development, it can be seen that it is necessary to involve the whole community in the process.

One way is to use a community visioning workshop or Charrette as the vehicle to achieve the strategies necessary to promote economic development. This process is used to great success in the USA and has been used in Australia and New Zealand with success. The key to it is to involve the community and have them feel involved. There is a Chinese proverb that goes “tell me and I’ll forget, show me and I may remember, involve me and I will understand. The charrette process is described in an article by the author in *New Planner*, Number 31, June 1997 titled *Small Town Charrette Workshop*.

The Council should take a proactive approach to the economic development issue by creating links between the economic development and planning staff. This should begin with a meeting where each explains to the other their roles and issues. Then they will have a better understanding of each other’s role in the Council. Once this has been done a formal policy should be drawn up where the economic development officer will notify the planning department of a prospective investor and their needs and issues. If it is considered an appropriate use, a meeting should be set up where the planner, economic development officer and investor sit around a table and discuss the issues. By doing this, the planner will have a better understanding of the role of the economic development officer and the economic development officer can understand the issues that the planner needs to have sorted out before the DA is lodged such as effluent disposal, ecological issues, and so on that are often not conveyed to such people. The Council should also prepare an Economic Development Strategy, which has this team as the people who do the work, or by a consultant working with both disciplines.

6. Conclusion

Economic development is a process that utilises the natural, built, human and institutional resources of a community that will lead to identifying the needs of the community to enable it to prosper economically. Planning is a discipline that has a major impact on economic development but is not used proactively. Economic Development and Planning are areas of a council that are linked as one has an impact on the economy and the other impacts on the community. Community Economic Development, therefore has to have both working in partnership. After all, we are all trying to improve the community of the areas we work in. It is easier to do it in partnership than alone.

7. Bibliography

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