1. Introduction

This submission has been prepared by Bayside City Council\(^1\) following a request from the Parliament of Victoria’s Economic Development and Infrastructure Committee (EDIC) to respond to the terms of reference of its *Inquiry into local economic development initiatives in Victoria*.

This submission addresses each of the terms of reference and the responses reflect Bayside’s context, local research and Council’s adopted policy positions.

Council’s economic development vision for Bayside is for the municipality to become Victoria’s most attractive place to live and work. To achieve this, Council maintains a strategic focus on promoting innovative, knowledge-based industries in Bayside that best meet the needs of the local community and workforce.

2. Inquiry terms of reference

The following terms of reference were received by Parliament of Victoria’s Economic Development and Infrastructure Committee from the Legislative Assembly on 20 June 2012:

*That under section 33 the Parliamentary Committees Act 2003, the Economic Development and Infrastructure Committee is required to inquire into, consider and report no later than 24 June 2013 on issues relating to local economic development initiatives in Victoria and, in particular, the Committee is requested to:*

- **a.** examine the range of existing local economic development programs being carried out in Victorian municipalities;
- **b.** examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government;
- **c.** examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities;
- **d.** identify the barriers to local economic development, including compliance costs for business and planning delays, in operating in local municipalities and develop solutions to address these barriers;
- **e.** examine ways in which municipal councils and the Victorian Government can jointly support local economic development, enhance and promote employment and attract new investment, especially in localities with emerging economic potential; and
- **f.** investigate best practice local economic development initiatives relevant to the terms of reference.

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\(^1\) Council would like to gratefully thank Mr Wayne Street of Street Ryan and Associates Pty Ltd for assistance with preparation of this submission.
3. Bayside City Council’s responses to the Inquiry’s terms of reference

3.1. Inquiry Term of Reference (a) – *examine the range of existing local economic development programs being carried out in Victorian municipalities*

Existing local economic development programs in Victorian metropolitan municipalities have tended to move away from economic development policies which were conventional in the 20th century (i.e. to attract investment and jobs, in order to secure the future population or business base), particularly in well-established metropolitan areas².

Regional economic linkages in the 21st Century are more complex than in previous eras. Consequently, contemporary local economic development programs frequently relate to:

- protecting lifestyles, by directing growth to areas and sectors which are acceptable, or attractive, to local communities
- balancing the needs of resident and working populations
- encouraging appropriate skills based industry and services
- facilitating the provision and maintenance of suitable business and community infrastructure, and
- facilitating collaboration and business linkages to support expansion of existing businesses and stakeholders.

3.1.1. Bayside in 2012

Bayside is an established inner-metropolitan municipality on the coast of Port Phillip Bay between Brighton and Beaumaris with a population of nearly 100,000 residents. Bayside is a generally high-socio economic area that enjoys low unemployment and a local residential workforce with a high proportion of skilled professionals and managerial workers.

![Figure 1. Occupations of the Bayside residential workforce compared to the Victorian average.](source: ABS, 2006) The high level of Managers and Professionals in Bayside compared to the Victorian average is significant

3.1.2. Council’s approach to economic development

In evaluating the suitability of economic development initiatives, the protection and enhancement of the character of Bayside, including its liveability attributes and public amenity is fundamental to Council’s approach.

Council’s economic development priorities are to:

- deliver the physical and social infrastructure to maximise the climate for targeted and sustainable investment in Bayside;
- streamline and improve policies, local laws, planning policy and joint activities with the community to ensure desirable, sensitive and confirming economic development;
- facilitate local business initiatives and collaboration;
- support and promote access to State and Commonwealth industry and economic development programs for local businesses; and,
- pursue local economic development that promotes Bayside’s liveability.

The attraction of appropriate new business activity from outside the municipality is responsive and evaluated as opportunities arise.

Council adopted seven priority work areas in the Economic Development Strategy (November 2010) for Bayside (Appendix 1):

**Priority Area 1: Retail and Commercial Activity Centres**

Council’s Economic Development Unit undertakes a wide ranging program of initiatives for retail and commercial activity centres that:

- facilitates the creation of attractive streetscapes, building and shopfront presentations;
- leads collaboration among the business owners to implement consistent customer service standards and trading arrangements;
- implements theming and events at selected precincts;
maximises opportunities to differentiate Bayside’s retail centres by supporting shopping village retail centre coordination and assisting them to become self sufficient; and,

monitors the performance and retail offering of activity centres.

Figure 3. (Left) Black Rock Traders Association members pose for promotional photography to celebrate the completion of streetscape works in the shopping centre.

Figure 4. (Right) The Sandringham Village Fair, supported with seed funding from a Council program for street festivals and celebrations. Council’s Economic Development Unit closely liaises with incorporated traders associations to assist with regulatory compliance and general issues and projects in each centre.

In FY 2011-12, six of the nine major shopping centres in Bayside successfully held a festival under Council’s program.

Priority Area 2: Bayside Business Employment Area (BBEA)

Council seeks to facilitate a transition of Bayside’s former industrial hub in Cheltenham, Highett and Sandringham to a niche and technology oriented business park through:

- the establishment of a focal point, or hub, to integrate the BBEA as a precinct;
- encouraging owners and tenants to provide high quality standards of design and physical environment;
- the establishment of a consistent and unifying landscape and urban design theme to the area which presents it as a single identifiable precinct;
- undertaking landscaping and streetscape beautification works that complement the business park character identified for the area;
- preparing design and development guidelines for private development in the area;
- acknowledging the legitimate role of industry to remain in the area, to expand and upgrade and for new industries and associated uses to establish;
- ensuring that all industries, existing and new, operate so as to be compatible with offices and other non-industrial uses, as well as with nearby residential uses where they exist; and,
• creating a BBEA Reference Group to assist in marketing the BBEA as a modern, high amenity park for office based businesses and:
  ▪ act as a sounding board for streetscapes and infrastructure projects
  ▪ explore linkages between businesses
  ▪ target new industries that complement, and have potential to collaborate with, themes of value adding, sustainability and innovation.

Figure 5. A modern office complex in the Bayside Business Employment Area, Cheltenham, Highett and Sandringham.

Since the BBEA was rezoned by Council from Industrial to Business 3 and Mixed Use in 2006, developments like the above are replacing older industrial and warehouse facilities. Through this process, it is intended for the area to better meet the employment needs of the skilled local residential workforce.

Priority Area 3: Bayside Business Network (BBN)

The BBN is a successful business network auspiced by Council since 2004 with over 36 annual business events and a 2012 total membership of nearly 500 members. Council’s objectives for the BBN are to:

• maintain the successful formats for business breakfasts, seminars and women’s networking functions;
• establish small steering groups to explore and implement further value added business networking groups; horizontal networks across suitable sectors (in the quaternary or knowledge industry areas), and vertical (or value chain) networks, including accessing government support programs;
• develop specific business-to-business commercial collaboration opportunities by facilitating the formation of joint marketing, joint events and displays and project team alliances among businesses in four large employing sectors in Bayside:
  ▪ property and business services
  ▪ finance and insurance
  ▪ construction and trades
  ▪ retail and wholesale trade.

Figure 6. The three flagship BBN Business Breakfasts held every calendar year now regularly attract over 400 guests.
Priority Area 4: Home Based and Micro Business

Council provides targeted educational and networking initiatives to improve connectivity for the large number of local home and micro businesses that:

- provide targeted access to the BBN, initially through the establishment of a home based and micro business sub-network program of events and support services;
- research and implement specific collaboration initiatives involving:
  - supply chain partnerships
  - building critical mass among home based and micro businesses so they can compete
  - for larger contracts, projects and other work through alliances and consortia
  - potential buying groups for product and service inputs
  - virtual or physical business incubator style services (such as shared reception, marketing, meeting and communications resources);
- reduce the level of isolation for owner / operators of home based and micro businesses through peer support;
- establish a business community ‘Advisory Board’ mechanism to assist micro businesses in decision making and growth opportunities; and,
- assess the potential for new office developments in the BBEA through feasibility assessment and liaison with developers.

Priority Area 5: Tourism and Major Events

Council adopted the Tourism Strategic Action Plan 2009-13 (Appendix 2) to provide a comprehensive workflow of projects and programs to service this emerging local sector. Through this, Council seeks to:

- provide cross promotion of local business and accommodation providers with natural and cultural attractions (in terms of both linked marketing and infrastructure);
- facilitate new events to the Bayside area including golf tournaments, triathlons, sailing competitions, beach swims, art festivals etc. Support could include finance, advice, promotion, marketing and assistance in navigating Council regulations;
- facilitate partnerships between event organisers and the Bayside Tourism Network to develop viable ‘event packages’ that tie together events with complementary business activity;
- determine opportunities to build stronger links between the major events held in the area and the broader tourism appeal of Bayside;
- determine opportunities to promote or showcase other Bayside attractions at existing events;
- the redevelopment and expansion the Coastal Trails to 90 signs along the coast with links to nearby retail and dining precincts and to the revamped Architectural Trail; and,
- continue to encourage art, music, film and dance events and programs in Bayside.
Priority Area 6: Sustainable Bayside

In collaboration with community environmental organisations and other Council departments, Council’s Economic Development Unit implements projects to:

- assist local businesses to adopt new environmental and resource usage practices that meet or exceed carbon reduction and water and energy consumption targets;
- facilitate individual and groups of Bayside businesses to access State and Commonwealth Government programs relating to resource usage, climate change and energy efficiency and energy best practice;
- develop a sustainability sub-program of the BBN, with relevant events and support services; and,
- identify and support Bayside businesses that have a ‘sustainable’ product or service portfolio (such as renewable energy products, water saving devices and biological measurement equipment) and assist in building local supply chains in this sector.

Priority Area 7: Accessing State and Federal Government Programs

To leverage these programs for local business, Council will:

- continue to build working relationships with State and Commonwealth Government staff in economic development related portfolios (such as innovation, industry, employment, environment, infrastructure and transport);
- to attend State and Commonwealth Government programs for industry briefing sessions and maintain an electronic library of program guidelines, case studies and application forms that may suit Bayside businesses;
- promote the available programs through BBN and other Council communiqués, and assist businesses to apply and to form consortia (where relevant) for group programs; and,
- support businesses in implementing State and Commonwealth Government programs and monitor the outcomes.
A complete overview of the priority work areas and a detailed workflow matrix of projects and programs are provided in Section 5 – Strategic Directions of the Economic Development Strategy.

3.2. Inquiry Term of Reference (b) - examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government

In most metropolitan locations, single municipalities are not “economic regions” in their own right and are part of larger economic regions3. For example, the economic sphere of influence that affects Bayside encompasses, at least, the local government areas of Glen Eira, Kingston, Port Phillip, Stonnington, Monash, Melbourne, Frankston, and Greater Dandenong. As a result, many economic development initiatives and events (such as new businesses, business closures, industry re-structuring, new infrastructure, and changing policies) in this broader region have an impact on Bayside.

This is also true in non-metropolitan Victoria, where local government area boundaries are not barriers to economic interaction. The implication is that regional rather than local economic development approaches are needed, involving partnerships and collaborative arrangements.

Council therefore believes that economic development roles for local and state government include:

**Local Government:**
- to plan and facilitate the delivery of physical and social infrastructure to maximise the climate for targeted and sustainable investment in the municipality;
- to integrate economic, social and environmental activities of Council;
- to implement local policies, local laws, Planning Schemes and joint activities with the community to ensure desirable, sensitive and compatible economic development;
- to contribute, in partnership with State and Commonwealth Governments, in making available selected infrastructure (land, services and/or amenity) to meet known demand and to encourage private investment;
- to facilitate local business initiatives and business collaboration;

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to support the local business community in its local employment, investment and contracting of services activities; and,

to provide local advice on, and access to, State and Commonwealth industry and economic development programs for individual businesses, groups of businesses and community organisations.

State Government:

- to provide leadership in economic development innovation by offering support programs to local areas, individual businesses and groups of businesses which will lead to sustainable economic growth;
- to take a leading role (in partnership with Local and Commonwealth Governments) in providing selected infrastructure (land, services and/or amenity) to meet known demand and to encourage private investment; and,
- to develop and implement state-wide policies, legislation and plans to ensure sustainable, desirable, and compatible economic development in appropriate locations around Victoria.

3.3. Inquiry Term of Reference (c) - examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities

There are fundamental differences between economic development functions in metropolitan and rural municipalities.

Residents in rural municipalities tend to have a high incidence of living and working in the same municipality. In metropolitan areas there is a very high incidence of commuting to work. This creates multiple ‘economic development constituents’ comprising people who:

- live but do not work in the municipality
- work and/or own a business in the municipality but live elsewhere, and
- both live and work in the municipality.

While all councils across Victoria are dealing with the complexities that result from the nexus of economic development, environmental sustainability and social and lifestyle issues, this complexity of constituents and interest groups is considerably greater in metropolitan areas.

The economic structure of metropolitan municipalities, generally, has moved more rapidly towards the tertiary, quaternary and quinary sectors of industry⁴, whereas rural municipalities have economies which have greater dependence on primary and secondary sectors. This has led to rural municipal economic strategies focusing almost entirely on investment attraction and job creation, whereas metropolitan economic development strategies have a greater mix of innovation and collaboration initiatives and programs involving service sectors (in addition to investment and job attraction).

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⁴ Street Ryan (2012): Tertiary, Quartenary and Quinary areas of industry refer to post-industrial higher-order output sectors. Quartenary examples include services such as information generation and sharing, information technology, consultation, education, research and development, financial planning, and other knowledge-based services. Quinary examples include arts, media and research.
3.4. Inquiry Term of Reference (d) - *barriers to local economic development – including, but not limited to, compliance costs, planning delays – and solutions to address these*

The nature of economic development often means that commercial investment opportunities frequently have a limited ‘window’ of time for implementation. Commercial decisions on where to invest, meeting the needs of a market, or securing a contract can require rapid response. Local and State Government regulatory legislative and processes increase the time required by investors to react to opportunities. Providing certainty and consistency in customer service levels, setting and adhering to firm timescales for processing of planning/legislative applications, appeals and approvals where possible can assist in overcoming these barriers.

Other barriers to local economic development include inadequate infrastructure and amenity, community concern, and competing or non-compatible activities. However, developing broadly-applicable and expeditious responses to overcome these barriers remains difficult. Resolution of the tensions and competing interests generally requires a balanced consideration of the conflicts by Council, the State Government, or administrative bodies such as VCAT, and a compelling business case to be presented as each development arises.

Economic Development Units play a crucial role in assisting business stakeholders with understanding and navigating the regulatory processes that are established to mediate and manage these difficult issues. An effective interface between Council and business stakeholders can be maintained through dedicated Economic Development Units providing guidance and information to businesses unsure of regulatory and procedural requirements. Economic Development Units typically deal with a wide range of cross-organisational issues within Council through the course of their responsibilities, and are therefore well-placed to handle a wide range of business enquiries.

**3.4.1. Example Case Study – Hampton Rotary Farmers Market**

A recent local case study in Bayside was the establishment of the Hampton Rotary Farmers Market in Sandringham. Regulatory issues that required resolution prior to the establishment of the market included: securing Department of Sustainability and Environment consent under the *Coastal Management Act (Vic.)* 1995 for use of the site (Trey Bit Reserve, Sandringham); health and safety management; and traffic management planning. Council’s
Economic Development Unit worked closely with Hampton Rotary and the appropriate State and Council departments to resolve these issues.

Since May 2011 the monthly Farmers Market has attracted close to 25,000 tourists and visitors and has raised tens of thousands of dollars for local community groups and projects.

Figure 9. The Hampton Rotary Farmers Market at Trey Bit Reserve, Sandringham, held on the third Saturday of each month.

Established with assistance from Council’s Economic Development Unit, the market has become a significant monthly local fixture.

3.5. Inquiry Term of Reference (e) – examine ways in which municipal councils and the Victorian Government can jointly support local economic development, enhance and promote employment and attract new investment, especially in localities with emerging economic potential

The Victorian Government and Victorian municipalities are well placed to implement economic development programs which will capitalise on the growth of new industry sectors if there is sufficient investment in the associated technologies and skills.

Joint State and municipal initiatives could include:

- Expanded support for local and regional business networks and clusters.
- Support for the development of local and regional supply chain connections.
- Including provision for knowledge based and other service sectors (such as professional and technical services) in eligibility criteria for ‘grow your business’ programs and grants.
- Supporting business developments which can demonstrate innovation and long term sustainability as equally important economic outcomes compared with job creation and capital investment.
- State Government identifying industry sectors in which the State has a competitive advantage, and providing generic support programs to assist local areas in capitalising on these advantages.
- Establish a regular roundtable for discussion on state/national economic issues with local council’s economic development departments.
3.6. Inquiry Term of Reference (f) – *investigate best practice local economic development initiatives relevant to the terms of reference*

Best practice in local economic development is founded on programs and initiatives which understand that most local development comes from the existing community expanding and investing, from sensible supply chain links with the existing community and local resources, and from facilitating/coordinating local groups. Best practice also acknowledges that economic development, social/community development and the environment need to be integrated to achieve sustainability and balance and to protect lifestyle and liveability.

The best government policies and programs have been re-shaped from direct intervention into regional economic development to facilitation and leadership in economic development.

3.6.1. Bayside Business Network

Council’s *Bayside Business Network* is an example of a best practice economic development initiative. With membership in 2012 of nearly 500, and over 3000 attendees in total to events this year, Council believes the Bayside Business Network (BBN) to be one of the most successful and popular municipal business networks in Australia. The BBN enjoys significant support from local businesses through sponsorship and member and participation. The yearly calendar of events is extensive and levels of attendance are consistently very high. The BBN was first established in 2004 and establishes an ongoing platform of events for local professionals to network on business issues, innovation and entrepreneurship.

This initiative reflects the educational, business development and networking priorities of the highly skilled professional and managerial residential workforce, and the large number of home office and micro businesses in the municipality.

In 2011 and again in 2012, the Department of Business and Innovation (DBI) was a Platinum sponsor of the BBN. The establishment of this relationship allowed both Council and the Department to further leverage the BBN’s success. The BBN provides the Department a clear channel of communication to bring its programs and initiatives to the attention of local businesses, and to enlist and encourage participation in them. Through DBI involvement with the BBN, effective cross-governmental collaboration is achieved by ensuring that Bayside businesses are given an ongoing interface with Department staff at events.

DBI support was critical in enabling the improvement of the BBN’s online presence and offering. In particular, the BBN has significantly broadened its educative and connectivity functions for local business through recording and posting keynote speakers at seminars and events and presenting these on an improved website. This allows many more viewers to access the insights of these high-quality presentations than just the attendees to the events.

Further Web 2.0 capability that the BBN can now offer includes an interactive, mapped directory of local business members. Members can personalise their directory listings with social media and design to provide a permanent and engaging online presence for business to business connections within the network.

3.6.2. The Bayside Business Employment Area

The rezoning and re-positioning of the former industrial district of approximately 100 hectares in Cheltenham, Sandringham and Highett that is now referred to as the Bayside Business Enterprise Area (BBEA) is another local example of best practice. After conducting a detailed investigation which suggested that the traditional industrial focus of the district
was no longer suitable and would struggle to remain viable given industrial relocations to cheaper outer metropolitan areas, Council proactively rezoned the district to Business 3 and Mixed Use zones in 2006. Since the rezoning, the BBEA has begun to attract niche and technology oriented businesses into the precinct. Such businesses provide a better employment profile match with the highly skilled local residential workforce than the generally lower-skilled, labour-intensive profiles of the older industrial business.

To complement this process Council intends to introduce design guidelines and landscaping to support the transition to a high-quality business park. The BBEA is promoted as a modern, high amenity park for office based businesses, clean processing and value adding.

3.6.3. The Bayside Coastal Trail

Bayside’s foreshore is a significant local environmental and cultural asset. The foreshore is home to distinct native flora and fauna and many of Australia’s finest artists have painted vistas along its length since the 19th Century. A popular local attraction for many years has been the Coastal Art Trail which comprised 45 signs along the foreshore that displayed reproductions of prominent paintings of the coast, including many by the celebrated Heidelberg School artists.

In 2007 it became apparent that these signs had aged and would require replacement. Council took the opportunity to rework the content and design of the signs and to expand the trail from art to include three complete new elements to the Trail: History, Environment and Indigenous.

The four elements of the Trail are now complete and comprise 90 signs along the 17 kilometres of the Bayside foreshore from Brighton to Beaumaris. Additional directional and orientation infrastructure has also been incorporated with the signs along the route. The signage is now supported by a range of complimentary media to enhance the experience of exploring the elements of the trail.

The supporting Coastal Trail media includes a hard-copy brochure and map of the locations of the signs and amenities, and a complete sub-section of Council’s website with pages dedicated to further information on each trail point of interest.

Council also developed a Coastal Trail iPhone application in 2012 which functions as a narrated audio tour that expands on the trail elements. The App also features integrated Google Maps plotting of the exact locations of signs and amenities (and, for devices which support this feature, the user’s location) for ease of navigation, and the ability to take and share photos without having to exit the application.

Through these media, the Coastal Trail is now expanded from a passive experience of signs on a limited topic to a much more immersive experience with far greater content and accessibility. The Trail has been heavily promoted both within Bayside and through Destination Melbourne visitor publications.
Local participation in awareness building and brochure distribution has been enlisted by Council through enlisting the Bayside Tourism Network ambassadors and the Stay Bayside alliance of local accommodation providers. The overhauled Trail was launched by the Hon. Louise Asher MLA Minister for Innovation, Services and Small Business, and Minister for Tourism and Major Events in February 2011 and has become a prominent Bayside tourism attraction.

Figure 10. (Left) Bayside Coastal Trail iPhone App screenshot.

Figure 11. (Right) Coastal Trail signs along the foreshore.