Inquiry into local economic development initiatives in Victoria

Thank you for your letter to CEO Phil Storer inviting comments in response to the terms of reference of the Economic Development and Infrastructure Committee (EDIC). Under the terms of reference I understand that the Committee is required to inquire into and consider issues relating to economic development initiatives in Victoria. Responses received will be used by the Committee in preparation of the Inquiry's final report to Parliament.

The following sets out the responses from Council's Economic Development Department addressing the following terms of reference of the Committee.

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. 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;

d. 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

e. investigate best practice local economic development initiatives relevant to the terms of reference.

Background

The City of Boroondara is located in the inner eastern suburbs of Melbourne between five and ten kilometres east of the Melbourne central business district and encompasses a total land area of 60.2 square kilometres (6,019 hectares). It includes the suburbs of Ashburton, Balwyn, Balwyn North, Camberwell, Canterbury, Deepdene, Hawthorn, Hawthorn East, Kew and Kew East, and parts of Glen Iris and Surrey Hills.

Boroondara has an estimated residential population of 170,439 people and is the 6th most populous local government in Victoria. The Boroondara community is slightly older, on average, than that of Melbourne as a whole. Fourteen per cent of our residents are aged 65 years and
over, and we have a larger population of people aged 85 years and over than any other metropolitan local government.

Although nearly seven out of ten Boroondara residents were born in Australia, we are increasingly diverse. The 2011 Census revealed that 28% of the population was born overseas, with the majority born in non-English speaking countries. Between 2006 and 2011 there was a large increase in the number of residents born in China and India, but a decrease in the number of residents born in European countries. The majority of migrant settlers to Boroondara arrive via the skilled migration stream and in 2011 almost one in three of our newly arrived migrants were 18 to 44 year olds born in China and India.

Boroondara has a network of 50 activity centres and three enterprise corridors which form a strong retail/commercial sector. The main shopping strips are located at Camberwell Junction, Kew Junction and Hawthorn's Glenferrie Road. According to the Australian Bureau of Statistics, the industry with the most businesses in Boroondara (as at 2011) was the Professional, Scientific and Technical Services industry with over 4,600 businesses (see table below), the next most represented industry categories were Rental, Hiring and Real Estate Services and Financial and Insurance Services.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Boroondara businesses, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>611</td>
</tr>
<tr>
<td>Mining</td>
<td>23</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>535</td>
</tr>
<tr>
<td>Electricity, Gas, Water and Waste Services</td>
<td>24</td>
</tr>
<tr>
<td>Construction</td>
<td>1847</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>919</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1402</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>801</td>
</tr>
<tr>
<td>Transport, Postal and Warehousing</td>
<td>388</td>
</tr>
<tr>
<td>Information Media and Telecommunications</td>
<td>306</td>
</tr>
<tr>
<td>Financial and Insurance Services</td>
<td>3412</td>
</tr>
<tr>
<td>Rental, Hiring and Real Estate Services</td>
<td>3481</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>4613</td>
</tr>
<tr>
<td>Administrative and Support Services</td>
<td>790</td>
</tr>
<tr>
<td>Public Administration and Safety</td>
<td>39</td>
</tr>
<tr>
<td>Education and Training</td>
<td>358</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>2275</td>
</tr>
<tr>
<td>Arts and Recreation Services</td>
<td>339</td>
</tr>
<tr>
<td>Other Services</td>
<td>549</td>
</tr>
<tr>
<td>Not Classified</td>
<td>555</td>
</tr>
<tr>
<td>Total</td>
<td>23267</td>
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</table>

Boroondara is generally an affluent area, with a median household income of $1,893 per week ($560 per week more than the median for metropolitan Melbourne as a whole). Nonetheless, 16% of all Boroondara households have an income less than $600 a week.
Role of Council
The Council Plan June 2012 envisages "a vibrant, liveable city which fosters the cultural, environmental, economic and personal wellbeing of our community".

In support of the Council Plan, the economic development vision for the city of Boroondara in its Economic Development Strategy 2009 - 2016 is "to maintain the City’s economic health and to advance appropriate and sustainable economic development of the City and its businesses in order to contribute positively to the quality of life of Boroondara residents".

Broadly the role of Council through its Economic Development Department is to deliver active support to local businesses and to expand where appropriate in terms of local amenity, the number of residents in Boroondara and the number of visitors attracted to shop and spend time in the city’s strip shopping centres.

A need exists to facilitate an environment in Boroondara which is conducive to business success and ongoing viability. Most businesses located in Boroondara are small entities (that is, less than 20 employees), and most are involved in the services sector, ranging from retail shops and other local service providers to professional services in accounting, law, health and the like.

Although the local market continues to expand with growth in population numbers and in personal and household spending, these small businesses are under constant pressure of competition from businesses in regional centres and firms operating in an extensive metropolitan marketplace. Macroeconomic pressures are also in evidence, especially in terms of a contracting world economy and the implications for local demand levels. With this understanding of both the business pressures and the opportunities for growth, Council supports the local economy through the following strategies:

- Foster strong leadership and enhanced communication
- Maximise value from Trader Associations
- Expand the Business Boroondara Network
- Upgrade the ‘Business In Boroondara’ web portal
- Investigate establishment of a Business Enterprise Centre
- Maximise retail sales in strip shopping centres
- Promote appropriate land use and development
- Promote sustainable transport options
- Attract visitors to the city
- Improve technological capacity
- Support and develop opportunities for youth innovation

Further information on these strategies are available in Council’s Economic Development Strategy 2009-2016 via this link http://www.boroondara.vic.gov.au/your_council/local-laws-policies/business/economic-development-strategy-

Existing Local Economic programs
Council implements many economic development programs which aim to support the local business community. Further information is available through Council’s website at http://www.boroondara.vic.gov.au/business. Broadly, these programs include:

- Support of special rate schemes
• Management of the Business Boroondara Network which includes planning and implementing a training and support program for the City's business community;
• Management of the Boroondara Farmers Market and Hawthorn Craft Market;
• Tourism related projects;
• Development and implementation of a range of initiatives associated with the 'Buy Boroondara' program;
• Undertaking research programs to inform planning, marketing and positioning our local shopping centres;
• Encourage incubation opportunities leveraging on educational institutions in the municipality.

Joint support of local economic development
Unfavourable macro-economic conditions can contribute to a lack of economic development, a decline in retail spending, an increase in local unemployment numbers, and a decreased level of consumer confidence; this potential for a downward spiral in economic confidence needs to be addressed if the local economy is to be sustained.

Competition from major shopping centres in close proximity to Boroondara, including Westfield Doncaster and Chadstone, can have adverse impacts on Boroondara's shops as these larger regional centres continue to expand their retail offer, invest in infrastructure upgrades, provide additional car parking, and increase their marketing campaigns. These larger, free-standing centres have significant resources, and present a strong unified brand to encourage shopper visits. As the economy tightens, this competitive advantage of the large regional centres will need to be met with improved marketing and business practices by those operating in Boroondara's centres.

Areas in which local and State Government can work together to improve business environments are:

• Simplify and ensure clarity and transparency of development processes and controls which may otherwise dissuade some developers and investors from considering investment or, at least, may lead to an increase in the cost of developing (minimising holding costs). Clarity and transparency will also assist in community expectations and understanding of changes that may occur in their neighbourhood.

• Eliminate unfavourable policy changes by State Government that can adversely affect the viability of businesses in Boroondara, and an example is the extension to Clearway times which negatively impacted on traders and other businesses in some of Boroondara's leading strip shopping centres. Such policy changes should in future include consultation with local government and consider and engage community sentiment and views.

• Invest in infrastructure and promote alternative modes of transport where appropriate to encourage greater use of other modes of transport other than the car by residents and workers so as to reduce existing traffic congestion and parking problems, and contribute to better environmental outcomes.

• Provide greater support and advice to trader associations in meeting the requirements of the Association Incorporation Act 1981 to encourage continuous improvement of
governance procedures recognising that associations are mostly run on a voluntary capacity.

- Consider the matter of establishing special rate schemes in particular bonafide objections and the need for greater clarity in applying the 50% majority rule in accordance with section 163B(6) of the Local Government Act 1989, in the event that appropriate documentary evidence to establish liability to pay is not forthcoming.

**Best practice local economic development initiatives**

The City of Boroondara has shopping centres representing the full spectrum of the shopping centre hierarchy, including a Principal Activity Centre through to Local Activity Centres and Enterprise Corridors.

Council has historically provided support to its shopping centres through the establishment, renewal and administration of their special rate and charge schemes. This approach to supporting the shopping centres has been employed by some shopping centres for nearly 20 years.

The City has ten trader associations which includes Camberwell Junction, Glenferrie Road (Hawthorn), Kew Junction, Balwyn, Ashburton, Burwood Village, Maling Road, North Balwyn, Greythorn and Hartwell Village. With the exception of Hartwell Village (which has only recently established itself as a trader association), each trader association is funded through a special rate and charge scheme which is administered by Council in line with regular reporting requirements as set out in legal agreements between Council and the trader associations. The total pool of funds across the nine trader associations is $1,132,958 in 2011-2012. The funds from these schemes are used by the trader associations to fund a range of marketing and promotions activities within their shopping centres.

In addition, to the trader associations, there are six unincorporated trader groups representing the following shopping centres: Hawthorn West, Auburn Village, Upper Glen Iris, Through Road, Camberwell Sunday Market and the Camberwell Fresh Food Market. Council continues to support these groups through collaborative projects and initiatives.

Over the last 3 years, Council has experienced increased pressure to support all its shopping centres. Consequently in addition to the special rate and charge scheme, Council provides support through a focused and diverse range of initiatives, including:

- the provision of a retail research program that is able to be accessed by the shopping centres' associations and groups;
- development and implementation of a suite of workshops and networking opportunities for the trader associations (including organization of quarterly President and marketing coordinator meetings);
- sponsorship of trader associations' representatives to attend Mainstreet Australia events (conference and awards event);
- specific collaborative projects such as the development of [www.itsyourplace.com.au](http://www.itsyourplace.com.au) as part of Council's Buy Boroondara program and the Grid Maps initiative;
- tourism related initiatives, including Destination Melbourne's Partnership Program and the Discovering your own Backyard initiative;
• the Public Realm Action Group (PRAG) which proactively identifies infrastructure maintenance requirements within each shopping centre; This is a collaborative project between the Infrastructure Services department and a number of other Council departments;
• Council’s Shopping Centre Improvement Plan program which provides a framework for progressive physical improvements to the City’s shopping centres;
• making available to all trader associations a specialist consultant to assist in the preparation of the regular reports and provide assistance to continuous improvement of good governance practices. The costs associated with this specialist advice have to date been borne by Council;
• development of a Trader Associations’ Toolkit which contains a series of helpful templates, guidelines and information to assist the trader associations to perform effectively; and
• a Council officer to liaise with associations, coordinate updates from other Council departments, attendance at association meetings, recruitment of marketing and promotions co-ordinators.

I trust that the information provided will be of assistance to the Committee. It would be appreciated and welcomed if Boroondara City Council were provided with the opportunity to comment on the final report before it is put to Parliament. If there are any further queries or clarifications please do not hesitate to contact me on [contact information removed].

Fiona Banks
Manager Economic Development