Parliament of Victoria – Economic Development & Infrastructure Committee

Inquiry into Local Economic Development initiatives in Victoria

City of Port Phillip - Officers Draft
Due 17 September 2012

Version 4: Officers Draft
Date: 14 September 2012
Prepared by: Economic Development Unit
EXECUTIVE SUMMARY

In November 2011, the City of Port Phillip adopted the Port Phillip Economic Development Strategy 2012-2016 to facilitate and promote economic development within the context of its wider environmental, social and cultural sustainability objectives, as such, Council’s role is to influence appropriate investment and business development in line with Council goals and facilitate a conducive business environment.

Naturally, how economic development is directed and what the specific objectives are will vary from each local government authority. For the City of Port Phillip, the focus of economic development is to achieve sustainable economic growth that delivers positive outcomes for environmental, social and cultural sustainability within the municipality. As such, measures relating to social inclusion, environmental business practices and creativity are considered more reliable indicators of progress against Port Phillip’s economic development aims than traditional measures based on job growth or investment attraction.

The notion of economic development in Port Phillip tied closely to the achievement of social, environmental and cultural sustainability goals presents key challenges as the City grapples with the task of maintaining existing jobs and industry while creating new business and employment opportunities for a growing and highly-skilled population.

On the flipside, unique opportunities exist to expand the local economy while addressing Council’s wider aims; these include the fostering of environmentally sustainable business practices, developing an environmental technology industry, further enhancing the competitive position of business clusters, strengthening networks, partnerships and collaboration and seeking to increase the percentage of residents who work locally.

Fishermans Bend’s role as an industrial location for clustering has continued to evolve in response to global industrial trends, and the transition within advanced economies such as Australia towards the production and distribution of higher valued industrial products and services. Associated with this has been a growth in activities requiring modern high tech industrial accommodation which includes a significant office component.

Industry displacement is often a result of the gentrification process, rather than the urban renewal process. Typically government policy responses to gentrification focus on mechanisms to support local residents rather than industry displacement through an economic or demographic transition. Such responses usually focus on preservation, mitigation and replacement. These policy responses may have relevance to the City of Port Phillip particular in maintaining creative industries, main street activity centres, supply chains and building on the importance of cluster development.

Retail trade is a significant industry in Port Phillip, accounting for 7 per cent of jobs and representing a reputation as a retail hub. The municipality has five major activity centres of regional importance and a further six neighbourhood activity centres.

In particular, main street centres have faced a number of challenges in recent decades, ranging from the rise of a wide range of competing retail formats, including hardtop shopping centres and homemaker centres and internet retailing.
Furthermore, recent changes in strategic land use policy have created new expectations of main street centres in terms of their ability to accommodate growth and change, including higher density residential development.

Main street centres make an important contribution to the Victoria economy in terms of supporting businesses, generating jobs and incomes, and providing facilities and services to the community. Total employment in main street activity centres is estimated at approximately 374,000 jobs and this generates $15,500 million of wages income in the Victorian economy each year.

A submission prepared by Council in relation to the Act, Victoria Planning Provisions and the permit and amendment processes made a range of recommendations and sort to achieve four key principles:

1. Clearer leadership from the State Government, including on metropolitan wide issues such as climate change.
2. Strengthening the efficiency of the planning system.
3. Delivering State policy by providing local autonomy i.e. providing authority for local government to determine ‘how’ state policy will be delivered relevant to local conditions.
4. The provision of contemporary planning ‘tools’ to enable the effective delivery of planning strategies and responsiveness to current planning issues.
OVERVIEW

Role of Economic Development

There is no single, widely accepted definition of economic development. However, there is considerable agreement that the main goal of economic development is improving the economic wellbeing of a community through efforts focused on job development opportunities and improved quality of life.

In broad terms, ‘economic development’ can be defined as increasing an area’s level of income and capital (wealth) and distributing that wealth (through local expenditure and jobs) to the community. This notion applies equally to geographic areas of any size, whether it is a nation, state, region or local government area, or even precincts within that local area.

Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic wellbeing of a community. Economic development activity can include stabilisation, retention or expansion of the economic base and quality employment opportunities.

Economic development is typically measured in terms of creation of jobs and income but it also includes improvements in quality of life, human development, education, health and environmental sustainability.

How can Local Government value add with Economic Development?

Local Economic Development (LED) is generally what is carried out by a local government and is often in partnership with a business consortium such as the local Chambers of Commerce, Business or Industry Associations.

The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which community, business and government partners work collectively to create better conditions for economic growth and employment generation.

If there is a lack of participation in local government programs by a broad range of residents and businesses it tends to mean that both ownership and the program’s activities may be relatively limited, thus reducing the spread of benefits and beneficiaries. The goal is to have broad community (resident and business) participation so that LED is a comprehensive strategy.

Local economic development offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive.

LED encompasses a range of disciplines including planning, economics and marketing. It also incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision and development.

The practice of local economic development can be undertaken at different geographic scales. Typically, a local government pursues LED strategies for the benefit of its jurisdiction, and individual communities and areas within a local
government’s municipality. LED can also pursue strategies to improve the economic competitiveness of a local government area. Such approaches are most successful if pursued in partnership, community working with local government strategies.

LED is therefore about communities continually improving their investment climate and business ‘enabling’ environment to enhance their competitiveness, retain jobs and improve incomes.

Naturally, local communities respond to their LED needs in many ways, and a variety of approaches can be taken by local government that include:

- Ensuring that the local investment climate is functional for local businesses
- Supporting small, medium and large sized enterprises
- Encouraging the formation of new enterprises
- Encourage retention and expansions of enterprises
- Attracting external investment (nationally and internationally)
- Investing in physical (hard) infrastructure
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues)
- Supporting the growth of particular clusters of businesses
- Targeting particular parts of the city for regeneration or growth (areas based initiatives)
- Supporting informal and newly emerging businesses
- Targeting certain disadvantaged groups

What is the role of Business Development within Economic Development?

Business development encompasses activities that seek either to create or attract new businesses or to enhance or promote existing ones to make them stronger or larger.

Thus business development is a more limited strategy than broader functions of economic development and is often referred to as an activity of economic development. However, clearly, more than industries are involved in the term ‘business’. The sector includes all types of entities that offer goods and services.

Business development can include many sorts of specialised activities, such as providing training in business management, helping to do market studies, establishing industrial parks, or facilitating networks and organisations of businesspeople. It is akin to the aims of economic development and in the case of the City of Port Phillip aligns with the work facilitated in precincts or main street centres across the municipality.

It may also include attempts to use location incentives to attract new businesses from outside the area.

The benefits can include:

- an increase in business activity in the target locality and all the related indirect effects of that
- an increase in opportunities to participate in business ownership and management
- an increase in the variety of goods and services produced locally
• an increase in the variety of (different levels of quality and price) locally available goods and services
• an increase in employment opportunities for local residents which is often of the highest importance
• an increase in business-to-business transactions at the local level

Economic Development infiltrates all parts of Council

It is clearly identified that Councils supply resources for Economic Development. In fact, most of what a Council does has some impact on the local economic environment.

Councils manage and influence the management of economic assets that deliver important services to local communities. Typically, these services and economic assets include: roads and footpaths, drainage, water supply and reticulation, waste water reticulation and treatment, waste management, parks, natural areas, productive agricultural land and ICT infrastructure, etc. All of these assets, actions or functions influence Economic Development.

In fact, Economic Development is one of these expanded services. It is obvious from the list above and the requirement for Council’s to take on expanded social and environmental service portfolios that Councils role in servicing the needs of their communities is no longer just ‘Roads, Rates and Rubbish’.

Some of the tools and capabilities available to Councils to influence Economic Development are outlined in the following section, with the figure 1 below highlighting the structure and content of a typical Council Corporate Plan. Some questions are asked to highlight the influence of the daily roles, responsibilities and actions of Councils on successful and sustainable Economic Development.

There are opportunities requiring intentional planning, operational alignment, regulatory enablement or further capacity development

Council capabilities and tools to influence Economic Development

Local Governments have an important role to play in Economic Development through their ability to influence those things that drive economic growth through Economic Development.

The main way that Local Government can influence these drivers is through their functions as advocate, facilitator, investigator, planner and service provider for their local community.

These functions provide Local Government with a series of capabilities or tools that can be utilised to influence those things that drive Economic Development. These tools can be used to regulate the economic environment, and provide a mechanism to support or enhance the local economy for the benefit of the community.

Regardless of size, all Councils have the following capabilities and tools available to them to influence Economic Development.
Figure 1: Some of the tools and capabilities available to Councils to influence Economic Development within the structure of a typical Council Plan

<table>
<thead>
<tr>
<th>Capability/Tool</th>
<th>Influence on Economic Development</th>
</tr>
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<tbody>
<tr>
<td>Leadership/Advocacy</td>
<td>Council is a community leader who can successfully engage with the community, other local, state and federal leaders to develop commitment, energy and attitude towards Economic Development. Actions undertaken by Council should be based on and informed by the communities’ desired outcomes.</td>
</tr>
<tr>
<td>Corporate/Operational Plan</td>
<td>The linking of Economic Development outcomes through the Corporate Plan and the Operational Plan with its subsequent budget items will ensure continued actioning of Economic Development initiatives.</td>
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<tr>
<td>Infrastructure</td>
<td>Service provision and access is one of the major functions of Local Government. A reliable supply of traditional and newly required services can support development opportunities.</td>
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<tr>
<td>Planning Scheme</td>
<td>Requirements of the planning scheme and the current land zoning influence the availability of land for development opportunities and the ease of industry and business development. The planning scheme can have both a positive and negative influence.</td>
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<tr>
<td>Local Laws/Regulation</td>
<td>Local laws provide Council with a mechanism to regulate certain activities in the community, and influence economic activity.</td>
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<tr>
<td>Relationships/Networks</td>
<td>Lobbying for specific action, resources or change at a higher level can provide new opportunities for local communities to utilise their resources and capability.</td>
</tr>
<tr>
<td>Promotion</td>
<td>Council can use its resources for local promotional activities such as investment prospectus, tourism attractions, business directory, business focused websites etc. Customer service is a critical part of Council’s promotional activities.</td>
</tr>
<tr>
<td>Information</td>
<td>Information flow between business and consumers is vital in generating demand for locally produced products and services.</td>
</tr>
<tr>
<td>Investment Capability</td>
<td>Depending on circumstances and resources, Council may pursue a range of individual or joint venture commercial activities such as land development that may serve as a catalyst to further Economic Development.</td>
</tr>
<tr>
<td>Incentives</td>
<td>Incentives (e.g.: such as rates holidays, relocation expenses, use of Council facilities, etc) are a positive motivational force on behaviour and provide greater encouragement for business and consumers to act in a particular way, or locate in a local area.</td>
</tr>
<tr>
<td>Education</td>
<td>Providing training opportunities</td>
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</tbody>
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ECONOMIC DEVELOPMENT AND THE ROLE OF THE CITY OF PORT PHILLIP

ROLE OF ECONOMIC DEVELOPMENT

The City of Port Phillip identifies that economic development is the practice of stimulating, attracting or maintaining business activity and/or employment within a defined geographic region. The task of economic development is usually undertaken by a responsible governing authority but can also be performed by community organisations and/or other independent agencies.

Successful economic development is typically characterised by an improvement to the economic wellbeing of an area and is commonly quantified via measures such as an increase in the number of jobs, higher incomes, greater investment and/or higher tax revenues to fund infrastructure and services.

In the case of Port Phillip, the focus of economic development is to achieve sustainable economic growth that delivers positive outcomes for environmental, social and cultural sustainability within the municipality. As such, in addition to traditional measures of job growth and investment attraction, indicators relating to social inclusion, environmental business practices and creativity will also be relevant.

THE VALUE OF ECONOMIC DEVELOPMENT TO THE CITY OF PORT PHILLIP

Economic development promotes prosperity and improved quality of life across the whole community by supporting and serving the needs of local business people. This is achieved through a range of value-adding services that foster a sustainable, vibrant business environment.

Investing in economic development should not only deliver outcomes for the local business community but also create benefits for the wider community. Figure 2 shows the value that economic development brings to the entire Port Phillip community, mapped against the Council Directions in the Council Plan.

Achieving these outcomes requires close coordination and cooperation between the Economic Development Unit and other departments and units within Council which influence economic development directly or indirectly including for example, Sustainability, Strategic Planning, Events, Community Development, Communications and Engagement, and South Melbourne Market.

The City of Port Phillip Economic Development Strategy 2012-2016 is a key strategic document that will deliver Council’s vision by presenting a coherent and actionable plan for the next five years.

The strategy was formed by consultation with the community (residents, businesses and their key representatives) and is underpinned by the Local Government Act 1989, the Council Plan and other strategic documents including Municipal Strategic Statement, Towards Zero Sustainable Environment Strategy, Health and Wellbeing Plan and the Sustainable Transport Plan.
<table>
<thead>
<tr>
<th>COUNCIL DIRECTION</th>
<th>THE VALUE OF ECONOMIC DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Engaging and Governing the City</td>
<td>The business community in Port Phillip contains a wealth of skills, knowledge and experience. Economic development facilitates sharing of these skills and knowledge with the wider community through facilitation of corporate citizenship, leadership and/or networking programs.</td>
</tr>
</tbody>
</table>
| 2. Taking Action on Climate Change        | Economic development can play a lead role in tackling climate change by advocating emissions reduction strategies for businesses in areas such as:  
  ➔ Retrofitting buildings  
  ➔ Maximising renewable energy opportunities  
  ➔ Reducing water use.  
  
  Economic development can help encourage green businesses to relocate to Port Phillip.  
  Economic development is effective in maximising local multiplier effects in terms of getting more residents to work and shop locally, consequently minimising the need for car travel.  
  Economic development influences the take-up of more sustainable modes of transportation and advocates for improvements to public transport infrastructure. |
| 3. Strengthening our Diverse and Inclusive Community | Economic development can address social exclusion by increasing employment opportunities amongst disadvantaged groups. For example, by developing partnerships between industry and community organisations with the purpose of identifying jobs and training opportunities for the less advantaged.  
  It also provides a mutual benefit for business and community organisations as relationships are created, skills and expertise are shared and networks are extended.  
  Economic development leverages from the City’s existing creative economic base to further enhance the vibrancy, atmosphere and cultural diversity of the area. |
| 4. Enhancing Liveability                  | Economic development, as its central aim, seeks to improve quality of life for all community members through supporting local businesses, and strengthening the links between local community and businesses.  
  Economic development broadens working opportunities available to residents by providing support for home-based businesses and entrepreneurs.  
  Economic development enhances the overall appeal and attractiveness of the area through well-managed tourism visitation and retail diversification, and access to a range of goods and services. |
ECONOMIC VISION

Port Phillip will be a vibrant, inclusive, prosperous and sustainable local economy that meets the needs and aspirations of our community.

The purpose of the Port Phillip Economic Development Strategy 2012-2016 is to identify timely, practical and evidence-based strategies and actions that will:

- Enhance competitive advantage for businesses in the municipality
- Increase connections between the business, not-for-profit sector, visitor and residential communities
- Drive prosperity across the entire Port Phillip community
- Focus on ‘green’ business through supporting sustainable business operations and promoting participation in green business programs.

VALUE OF ECONOMIC DEVELOPMENT IN PORT PHILLIP

Economic development promotes prosperity and improved quality of life across the whole community by supporting, serving and advocating for local businesses. This is achieved through a range of value-added services which foster a sustainable, vibrant business environment.

The value of economic development to the Port Phillip community is multi-faceted. It:

- Develops skills, knowledge and experience that can be celebrated and utilised by the community
- Tackles climate change by providing local businesses with practical advice and measures to reduce carbon emissions and reduce operational costs, thereby increasing the capacity of business
- Maximises local multiplier effects (where an increase in one economic activity starts a chain reaction in others)
- Facilitates social inclusion
- Enhances the vibrancy, atmosphere, diversity and liveability of the area
- Fosters economic growth and business prosperity
- Encourages local access to goods and services for the City of Port Phillip community, which supports local jobs and business growth in the municipality.

The City of Port Phillip recognises that, although it does not directly deliver business outcomes, its role is as an enabler. The Council’s objective is to facilitate and promote economic development within the context of its wider environmental, social and cultural sustainability objectives. As such, Council’s role is to influence appropriate investment and business development in line with Council goals and facilitate a conducive business environment.

Achieving these outcomes requires a partnership approach i.e. close co-ordination between the Economic Development Unit, other units within Council and other levels of Government and business groups/representatives.

Council is an enabler of economic development. Its role is to create the environment where businesses can grow and new opportunities will be considered and explored.
PORT PHILLIP STRATEGIC CONTEXT

The City of Port Phillip enjoys a draw card location. Strategically positioned between the Melbourne CBD, the bay and the port, the City of Port Phillip is a landmark for a range of reasons. The area has convenient transportation access for freight and distribution as well as excellent public transportation links.

The City of Port Phillip has first class tourism assets and infrastructure and is home to some of Victoria’s best known attractions. Renowned for its unique atmosphere and diversity, the area is an attractive destination for a wide cross-section of residents, visitors and businesses.

The City of Port Phillip is an iconic Victorian location with first class tourism assets, sophisticated infrastructure and celebrated diversity.

The City’s image is somewhat threatened by perceptions that there are safety/security issues in some areas which may impact on amenity. There are similar concerns relating to the impact of high rents on maintaining the City’s unique diversity and vibrancy. Stakeholder consultation conducted in development of the Economic Development strategy revealed that some business people felt that major and neighbourhood activity centres within Port Phillip were becoming increasingly homogenised in their retail, food and entertainment offer.

Finally, Council’s Economic Development Strategy aims to strengthen its engagement with local business and community members.

STRATEGIC POLICY CONTEXT

A review of the existing regional and local policy context revealed a number of policy directions relating to creating a sustainable economic future for Port Phillip. The key points include:

- The importance of seeking to achieve social, environmental and cultural sustainability aims, not just economic growth at whatever cost
- Port Phillip has a strong competitive advantage in professional services and property quality and that retaining these competitive strengths should be a priority
- The City of Port Phillip has a vision for a vibrant well-managed tourism industry and encourages visitation (local, domestic and international) which delivers benefits to the local community
- The importance of retaining the significant role of Fishermans Bend (Port Melbourne) as a manufacturing, trade and industry hub
- The City of Port Phillip supports a diverse, creative city with safe and affordable cultural events
• The development of lively, viable, diverse and attractive retail precincts
• Support for green business and encouraging businesses and organisations to be environmentally sustainable
• Social inclusion, health and wellbeing, and social justice are underpinning principles in a range of existing policies.

A sustainable business environment in the City is underpinned by a range of government and business-based policies.

ECONOMIC CONTEXT

• Port Phillip's population is growing fast and this is set to continue in the short-medium term
• Port Phillip has a significant proportion of working age adults indicating a large resident workforce. Evidence suggests that people over 60 years of age are moving to Port Phillip, while at the other end of the scale, younger people under 24 years of age are moving out of the area
• Port Phillip is an area where a significant proportion of the population earn above the average Melbourne weekly income, suggesting that it is a relatively affluent area, however, there are localised pockets of social disadvantage within the municipality
• Although there are more jobs than working residents in Port Phillip, 75 per cent of working residents are employed outside the municipality. This diminishes local multiplier effects and impacts on environmental sustainability
• Professional services and property, manufacturing, trade and industry, tourism and retail trade account for over 75 per cent of jobs in the municipality
• Emerging sectors within the municipality include green businesses and home-based businesses.

The City of Port Phillip has a strong economic foundation. Further growth is predicted.
STRATEGIC DIRECTIONS

The City of Port Phillip has defined six strategic directions to steer economic development over the next five years. The strategic directions stem from the vision and strategy from the *Port Phillip Economic Development Strategy 2012-2016*.

The six strategic directions are intended to be pragmatic in that they can be addressed by specific strategies and actions as outlined in the Strategy Action Plan within the document.

1. An integrated and inclusive local community
2. Sound environmental leadership
3. A first class tourism destination which balances visitation and amenity
4. Flourishing activity centres
5. Strong economic clusters
6. The Creative City

**STRATEGIC DIRECTION 1: AN INTEGRATED AND INCLUSIVE LOCAL COMMUNITY**

*The Port Phillip community will be one where business people, the not-for-profit sector, residents and visitors value and benefit from each others’ strengths to contribute to a greater sense of vitality, vibrancy, sustainability and liveability in the area.*

**Feature Activities:**

- Create partnerships between business and the community to promote diversity, support community interaction and create local employment
- Showcase the success and achievements of businesses in Port Phillip through the Business Excellence Awards
- Strengthen the business community, build capacity and support the growth of businesses by providing a series of networking events, training and mentoring sessions

**STRATEGIC DIRECTION 2: SOUND ENVIRONMENTAL LEADERSHIP**

*Environmental sustainability will be at the forefront of the Port Phillip economy*

**Feature Activities:**

- Participate in the CitySwitch program and recruit large-scale businesses to the initiative, implementing sustainable solutions to improve their energy efficiency
- Collaborate with and promote Council, State and Federal Government climate change programs to local businesses in the City of Port Phillip
- Assist small to medium sized businesses in reducing their energy usage by implementing the Green Business Program
STRATEGIC DIRECTION 3: A FIRST CLASS TOURISM DESTINATION WHICH BALANCES VISITATION AND AMENITY

*Port Phillip will encourage sustainable tourism experiences and respectful visitation which does not compromise local amenity or the natural environment.*

Feature Activities:

- Partner with the IMAP Tourism working Group to strategically develop inner Melbourne as a vibrant and welcoming destination, ultimately increasing visitation levels and supporting growth for businesses within Port Phillip
- Help develop the profile of St Kilda by building the capacity of the St Kilda tourism Association
- Partner with Destination Melbourne in the development of tourism publications, which will continue to grow all parts of Port Phillip as an exceptional visitor experience
- Promote and support the Tourism Accreditation Program, which enhances industry professionalism and improves standards

STRATEGIC DIRECTION 4: FLOURISHING ACTIVITY CENTRES

*The Port Phillip community will be supported by a number of strong, vibrant, differentiated and accessible major, neighbourhood and local activity centres providing convenience to the local community.*

Feature Activities:

- Continue the ongoing administration and governance of Special Rates Schemes, in partnership with Business Associations, enabling:
  - Business Associations to develop individual business plans which maintain a ‘point of difference’ and diversified business mix
  - Local self-sufficiency in the retail offer available to the community
  - The facilitation of business development and coordinated marketing and promotion
- Provide governance training and capacity building for board members of Business Associations
- Continue to support the ‘Building connections’ network between the Business Associations across the municipality, which will allow the Associations to explore ideas, raise concerns and implement solutions which support the growth of business within Port Phillip
STRATEGIC DIRECTION 5: STRONG ECONOMIC CLUSTERS

Port Phillip will continue to be home to a number of industry clusters of state-wide significance.

Feature Activities:

- Promote the strong competitive position of St Kilda Road as a core commercial hub
- Collect and analyse key business data and information on Fishermans Bend to support economic development and planning initiatives

STRATEGIC DIRECTION 6: THE CREATIVE CITY

The City of Port Phillip will be renowned within Victoria and nationally as the ‘creative city’

Feature Activities:

- Conduct an economic benefit analysis to understand the value of the creative sector to understand the value of the creative sector to Port Phillip’s economy and identify opportunities for future business development and clustering
- Support community festivals in Albert Park and Elwood to provide creative, community-based activities that stimulate business growth and development
Response to Terms of Reference

1. **Examine the range of existing local economic development programs being carried out in Victorian municipalities**

### ECONOMIC DEVELOPMENT PROGRAMS

<table>
<thead>
<tr>
<th>Program Description</th>
<th>Details</th>
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</table>
| **1. Implementation of the Port Phillip Economic Development Strategy 2012-2016** | • Job containment – undertake research to assess labour and skills shortages and facilitate a series of job matching events  
• Partner with training providers to achieve job containment  
• Develop an Economic Development Advisory Panel  
• Strengthen existing clusters and establish one to two structured new clusters  
• Undertake business mapping across the city (CLUE) |
| **2. Business Excellence Awards** | • Delivery of the biennial Port Phillip Business Excellence Awards and Gala event  
• Ongoing business development program for finalists |
| **3. Business Excellence Communication Strategy** | • Business Website and membership login business forum  
• City of Port Phillip IPhone App  
• Business Newsletter  
• Business e-communicate |
| **4. Tourism Development & Partnerships** | • Cruise ship engagement program  
• Research into resident perceptions of tourism and visitation  
• Tourism Accreditation program  
• Tourism Workshops  
• Visitor, Friends and Relatives (VFR) campaign  
• Capacity Building in tourism marketing strategy  
• Support for St Kilda tourism Association and associated programs  
• IMAP Tourism Working Group  
• Partnership with Destination Melbourne and other key stakeholders |
| **5. CitySwitch Program** | • Technical support to implement the City Switch program  
• Engage businesses from commercial offices to join the Tenancy NABERS rating scheme  
• Provide discount vouchers for registering businesses  
• Undertake a baseline NABERS assessment of commercial tenancy to reduce energy consumption |
| **6. Greening Business Leadership program** | • Establish a Green Business Audit Program  
• Undertake an assessment of ‘whole of centre’ interventions that may be undertaken by businesses in activity centres |
| **7. Business Workshops and Mentoring Programs** | • Provide a series of ongoing business workshops in partnership with state, federal and external providers  
• Provide targeted mentoring programs in partnership with Small Business Mentoring Service |
| **8. Business Excellence Networking Series** | • Delivery of business breakfasts targeting SME’s  
• Delivery of networking events to link businesses across Port Phillip |
| **9. Creative City Cluster Development** | • Foster a network of creative based industries  
• Establish 2-3 structured and formalized creative clusters  
• Produce a creative prospectus focusing on the newly formed key creative clusters  
• Economic analysis |
| 10. Economic Profiling | • Maximise use of latest census data through the id.profile business website  
• Create a series of fact sheets specific to key industry types across the municipality  
• Research statistical data and deliver and guide the economic agenda |
|-------------------------|--------------------------------------------------------------------------------------------------|
| 11. Activity Centre Development | • Provide support and assistance for non-rated neighbourhood centres in Elwood and Albert Park to strengthen and develop and examine suitable methods to obtain funding  
• Provide support for the four special rated activity centres throughout Port Phillip to ensure they operate within the special rate agreement  
• Foster a collaborative positive relationship between Council and each of the special rate schemes  
• Provide business information and facilitate Council relations to assist in the success of each Association |
| 12. Fishermans Bend Repositioning Study | • Analyses of key data and research collected in 2011/12  
• Identify business clusters and trends in symbiosis by undertaking mapping  
• Identify emerging industries and investment opportunities for existing and new industries  
• Create a series of Business Leader Roundtables |
2. **Examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government**

Through its networks with local businesses and knowledge of industry, Council is strengthening business within Port Phillip, facilitating economic growth and reducing the barriers that impede growth within the municipality by:

- Improving financial returns for business through capacity building through various workshops and seminars
- Facilitating business and community partnerships to reduce unemployment and underemployment
- Exhibiting community leadership and building community relations
- Creating networking forums for businesses to share knowledge, ideas and issues
- Improving environmental efficiency within business and educating business on sound environmental practices
- Increasing the level of visitation within the municipality while ensuring the impacts to the residential community are minimized
- Strengthening business capacity and resilience in major and neighbourhood activity centres in Port Phillip through building networks and promoting individual precincts
- Increasing investment and retention of business in the municipality
- Empowering different industries critical to Port Phillip’s economic success through clustering
- Strengthening the creative industry within Port Phillip, building on our competitive advantages to attract, retain and integrate businesses within this sector.

In addition to delivering on the City of Port Phillip’s own initiatives, Council is partnering with the State and Federal Government to successfully deliver programs, services and information to local businesses.

The State and Federal Governments have a range of initiatives that target all industry types within Victoria. The City of Port Phillip is focused on selecting and communicating the initiatives that best suit the business, industry and community needs of the municipality, and which also contribute to the overarching Council Plan.

Accordingly, local knowledge and understanding of local business and community needs, allows Port Phillip to achieve maximum value and effectiveness for these initiatives. Therefore, it is considered part of the City of Port Phillip’s responsibility to ensure local businesses are made aware of the State and Federal Government’s offerings, disseminating information in a consistent, targeted and efficient manner.

In terms of partnership opportunities, Council is focused on a number of initiatives that meet local business needs and contribute to the goals and priorities of the City of Port Phillip. For example, Council has developed, and is currently developing, partnerships with a number of agencies including Tourism Victoria, the Department of Business and Innovation, Sustainability Victoria and AusIndustry.

These partnerships will contribute to a number of economic development strategies, such as delivering business mentoring, increasing visitation in the municipality and improving energy efficiency among local businesses.
Council also works with a number of local, non-government agencies and organisations in order to achieve economic development for Port Phillip. For example, Council is working closely with Destination Melbourne and the Victorian Employers’ Chamber of Commerce and Industry (VECCI), focusing on a number of partnership opportunities in the areas of tourism marketing and development, and sustainability, specifically targeting small business.

Council also collaborates with other agencies and associations in exploring ideas to better address key areas of economic development. Additionally, Council also works closely with Business Associations across the municipality’s major and neighbourhood activity centres to promote their precincts in Port Phillip and beyond, and to address issues impacting their ability to grow and prosper.

Council also works closely with the municipality’s Business Association’s providing strategic guidance and governance training to ensure they meet their fiscal and incorporation responsibilities. Council also engages the expertise of organisations such as Our Community to deliver governance training.

Council works with businesses themselves. While it is impossible for Council to engage with all of Port Phillip’s estimated 16,500 businesses individually, it is able to gain valuable information and knowledge by consulting with a large number of businesses in a range of different industries within the municipality.

Therefore, Council has an accurate assessment of local needs, and understands the key factors that not only contribute to economic growth, but the collective issues that impede economic growth.

Subsequently, Council can use this knowledge to create a favourable framework for businesses to do business in Port Phillip by harnessing existing strengths, and reducing or removing barriers that suppress economic growth.
3. **Examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities**

Regardless of if you have a population of less than 1,000 persons or greater than 500,000 persons, the process for economic development remains the same. What varies is the size and scope of project targeted and the available budget and resources to deliver a successful outcome.

**The Spectrum of Local Government**

Local governments vary dramatically in their size, shape, and resources. Each Local Government area will also have a different economic structure from other areas, and will have its own set of unique attributes.

The amount of attention given to economic development by each Council will also differ depending on its setting (metropolitan, rural or regional) and the community’s priorities.

As a result, the scope and scale of the ‘economic development’ component of a Council will differ markedly between settings.

There is no ‘one-size-fits-all’ method to generating economic development in a local government setting. Each community will have different opportunities, capabilities and resources that will influence the opportunities it has for economic development.

Councils with a greater degree of resources are likely to have a greater scope to invest in economic development activities, with these usually reflecting a larger-size economy. Economic development activity, however, can be just as effective with a small amount of resources if they are used in the right way.

Although the City of Port Phillip enjoys a strong economy of its own, its unique geographic position means that it is also significantly influenced by its high profile neighbours, namely, the Melbourne CBD and the Port of Melbourne.

The Melbourne CBD is characterised by a highly diversified economy and plays a vital regional role in the finance, IT, professional services and tourism industries.

According to the Port of Melbourne Corporation’s own data collection it is estimated that the Port of Melbourne accounted for approximately $80 billion of movements in trade in the 2010-11 period, indicating the significant economic impact the port has on Victoria as a whole. At the local level, the Port of Melbourne exercises substantial influence over Port Phillip through its key port infrastructure and the related industries that directly and indirectly services the port.
The presence of a strong labour pool may also offer flexibility for small companies, as an abundance of people with appropriate skills enables them to meet peaks through the use of contract labour. Labour force turnover is also an important means through which ideas and techniques are transferred amongst firms within a cluster.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Accommodation and Food Services</td>
<td>5,644</td>
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<td>TOTAL</td>
<td>78,414</td>
<td>100.0%</td>
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</table>
4. **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**

External threats are where Council has little to no control. For example, fluctuations in the Australian dollar affect a number of industries, particularly tourism.

A higher Australian dollar results in more outbound international travel and decreases the level of inbound travel. Additionally, Council programs can hinge on the policies of the State and Federal Government, such as the introduction of the price on carbon, State Government related planning decisions and changes in interest rates.

While Council has little to no control over these external factors, the key concern for Council will be knowledge sharing with industry and educating businesses on these factors and how they will be affected, including strategies that can mitigate their impact.
5. **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**

A strategy prepared by Melbourne’s inner city municipalities ‘Inner Melbourne Action Plan (IMAP)’ provides support for the development of businesses in key industry sectors and was born as a direct response to the state government’s blueprint on the demands of Melbourne 2030.

The City of Port Phillip’s Economic Development Strategy 2012-2016 identifies key strategies in working collaboratively with state, federal and local governments to deliver and enhance economic growth in the municipality.

Other examples of projects, programs or opportunities for collaboration are outlined below:

### Cluster Development

An understanding of emerging industry clusters is particularly important in identifying the future strategic direction for Fishermans Bend. The existence of clusters within Fishermans Bend industrial area suggests that it has a competitive advantage in these activities, which provides a strong basis for further economic development. The reasons for the competitive advantage that generates any industry cluster will most likely be traced to the ability of businesses to attract staff, service clients, and the availability of appropriate industrial accommodation, rather than intentionally collocating with similar businesses.

While it has been fashionable to base economic development strategies upon notions of synergies between businesses working collaboratively within a defined local precinct, the commercial reality is that this rarely occurs, particularly within large cities such as Melbourne. Instead, clusters will reflect the common factors that impact upon the commercial success of broadly similar businesses. Factors that influence industry clusters are generally attributed to:

- **Demand conditions** - Competition for key customers may encourage suppliers to locate nearby, although this will depend upon the market niche within which businesses operate and the uniqueness of the product produced. Also, the further down the supply chain a business is, the more important proximity to the end market user becomes.

- **Proximity to related and supporting industries** - proximity to suppliers and other supporting firms can reduce transaction costs and encourage innovation. The ability for similar businesses to access and share supporting facilities and access local markets also supports the clustering of particular activities. The cluster itself may also attract additional businesses, thereby generating a virtuous circle of growth.

- **The clustering of similar activities supports the viability of support facilities** ranging from business services (e.g. couriers, printers, office machinery servicing etc.) through to services that enhance the amenity of a location for employees (e.g. cafes and retail facilities).

- **The presence of a strong labour pool may also offer flexibility for small companies, as an abundance of people with appropriate skills enables them**
to meet peaks through the use of contract labour. Labour force turnover is also an important means through which ideas and techniques are transferred amongst firms within a cluster.

• Image and reputation of an area - location decisions can be made based on an association with being in an industry or business park with high profile tenants or near businesses that are at the ‘cutting-edge’ of a particular field, or the quality of life which a particular location is able to offer.

Green Business

Port Phillip is well positioned to capitalise on green businesses that operate in the manufacturing, research and development, administrative and related service industries that contribute substantially to preserving or restoring environmental quality. The green business sector is anticipated to be a growth industry over the coming decades with environmental consulting identified as a key global growth sector (IBIS World, 2009).

The municipality boasts high amenity, well-serviced business and industry environment in Fishermans Bend which could be suitable to develop environmental technology, renewable energy and related industries. In addition there are opportunities for Council to encourage existing businesses to adopt environmentally sustainable practices through the CitySwitch Green Office program.

The CitySwitch program encourages commercial office tenants to improve their energy efficiency. Partnering in the CitySwitch program has led to council building relationships with other government agencies. The expansion and re-engagement of the CitySwitch program has also been a result of intensive promotion and marketing, which included the development of media releases, advertisements and various program briefs to assist with raising the profile, brand and recognition of the program, and its goals.

As part of Council’s commitment to encourage sustainable practices, partnered with Sustainable Victoria to co-fund the pilot Greening for Growth Forum. The aim of the Pilot Program was to communicate key priorities relating to climate change and improve the operational energy efficiency and reduce the environmental impact of the local business community by providing a structured program that includes a combination of achievable capital improvements and behaviour change elements.

Creative Industries

The Federal Government commissioned a Creative Industries Cluster Study (2004) which explores the role of creative industries in the economy of Australia. It is acknowledged that there are potentially large economic gains that can be made through the development of the creative industries. It is envisaged that the central role of a cluster would enable small-to-medium sized firms to collaborate to facilitate investment, production and distribution of goods and services.

The study focuses on the changes that were affecting creative industries, in particular the role of digitalisation. As some industries have been able to successfully benefit from the changing role of technology, while others have seen slower rates of adaptation. At the time of the study it was assed that Australia had an embryonic approach to industry clusters that were patchy, potentially driven by government restrictions and a small domestic market which limits the ability to collaborate. One of the key barriers was that industry was often unaware of common ambitions, with
industry fragmentation, poorly developed business models, and access to business skills were limited.

In a recently study commissioned by the City of Port Phillip on creative Industries the study revealed comparing the City of Port Phillip to all the Melbourne, Sydney and Brisbane Statistical Divisions it can be concluded that the City of Port Phillip is significantly more concentrated in terms of creative employment relative to all of the state capital Statistical Districts.

The City of Melbourne consistently scores a Location Quotient lower than that of the City of Port Phillip and therefore appears to be less orientated toward Creative Industry employment. In fact, the City of Melbourne scores a 0.8 when compared with Inner Melbourne, whereas the City of Port Phillip has a value of 1.75. This indicates that that relative to Inner Melbourne the City of Port Phillip is 75 per cent more concentrated on Creative Industries employment than Inner Melbourne.

Government can play a key role in supporting networks, providing training opportunities, providing information on local suppliers and distributors, and providing marketing materials to create and grow export opportunities.
6. **Investigate best practice local economic development initiatives relevant to the terms of reference**

The State Government recently announced that it will partner with councils and business trader groups to support small retail businesses in local shopping precincts as part of the newly launched Streetlife Program. The four year $6 million Streetlife program for retailers will help them to develop their business and marketing strategies, boost skills, and improve online and social media capacity in order to increase customer traffic and sales.

Small business contributes approximately 30 per cent of the state’s production and employs a significant number of Victorians, accounting for 1.2 million jobs.

Recent research conducted by Mainstreet Australia has revealed that there are an estimated 680 main street activity centres in Victoria accounting for 45% of total state wide floor space. Main street activity centres provide strong economic and social benefits to the people of Victoria by providing approximately 370,000 jobs and generating $15.5 billion in wages income.

With this significant announcement of funding by the State Government there will be a new level of measurable support, growth and activity at a time when it really is needed by our main street business community.

Port Phillip community is being supported by a number of strong, vibrant, differentiated and accessible major and neighbourhood activity centres providing convenience and a connection to the local community for residents and visitors that will benefit from the Streetlife program since the announcement.

The Southern Melbourne Regional Development Australia (SMRDA) Committee builds partnerships between all levels of government, local businesses, community groups and key regional stakeholders to provide strategic and targeted responses to economic, environmental and social issues affecting Melbourne’s south across a number of local government areas.

The City of Port Phillip is working closely with the SMRDA to adopt a digital economy strategy for the roll out of the National Broadband Network.

The City of Port Phillip is partnering with private enterprises to deliver significant programs to the business community via a range of strategic programs.

A series of Executive Roundtables are being rolled out within the municipality to provide ongoing forums for Business Leaders. The emphasis is on the heart of business model innovation and acceleration of business potential by focusing on the four pillars of strategy; leadership, collaboration and innovation and providing an independent sounding board and source of new strategies and ideas.

Through facilitated Roundtable discussions, business leaders are involved in peer to peer learning and development with like-minded leaders providing a platform for connecting, inspiring and vitalising their thinking in a confidential and supportive environment for non-competing businesses. The Roundtable concept can assist in discussions around current issues and trends in economic development and act as an advisory to Council and activate a collection of business leaders to investigate cluster development and innovative economic development practices.