Economic Development Strategy

Updated April 2014

Bayside
CITY COUNCIL

Contents

Executive Summary

Economic development is a core area of responsibility for Council under the *Local Government Act* 1989. Bayside City Council adopted its first Economic Development Strategy (EDS) in November 2010. The purpose of the EDS was to provide a strategic framework for Council to support the sustainable development of the local economy, with particular reference to:

"…the needs and trends within the existing community and …opportunities to promote investment and employment growth within the changing local, domestic and international economic and environmental landscape."

The 2010 EDS outlined the key dynamics of the local Bayside economy. Data from the 2006 ABS Census and the 2006 Bayside Business Monitor informed the EDS, together with opportunities to increase Bayside's economic profile. These opportunities were then aligned with Council's five key objectives for the municipality's economic direction, and an action plan of value adding projects and programs was established.

Since the adoption of the EDS in 2010, many of the projects and programs that were within the action plan have been delivered and/or established, including the Bayside Business Monitor (2012). This comprised a detailed survey of Bayside's major commercial precincts and was delivered soon after the release of the Australian Bureau of Statistics (ABS) 2011 Census of Population and Housing. The Census contained updated data on Bayside's employment, businesses and demographics. Significant policy shifts have also occurred since the 2010 EDS was adopted, including the adoption by Council of the Bayside 2020 Community Plan, the Council Plan 2013-17, and changes by the Victorian Government to the Victorian Planning Provisions (VPPs).

The Bayside Economic Development Strategy 2014-19 provides an update of the performance and trends within the Bayside economy, and identifies the policy options available to Council in light of changes to the VPPs. The 2014-19 EDS also comprises an update to Council's Action Plan for economic development, supported by the framework of the strategic objectives set in the 2010 EDS, the Bayside 2020 Community Plan and the Council Plan 2013-17.

The strategy identifies one of the key advantages of the Bayside economy is the desirability of its location to reside in, work and enjoy.

Journey to Work data in the 2011 Census indicates that the municipality sits within a broader economic region in Melbourne's south-east that stretches from the CBD to as far as Dandenong. Bayside's integration within this economic region means there is a continuous flow of labour, investment, wages and profits to and from the municipality. Bayside's economic performance will therefore depend critically upon the performance, patterns of trade and trends in this broader metropolitan context.

Nevertheless, the local economy is also subject to the same endogenous and exogenous factors which result in activity and growth as any regional economy. The drivers of sustainable economic growth and prosperity can be grouped into five categories:

1. Human capital
2. Sustainable communities and growth
3. Comparative advantage and business competitiveness
4. Access to markets
5. Effective governmental/private partnerships and integrated regional planning.

While much of Bayside's land is used for non-commercial purposes (particularly residential), an estimated 33,000 people work within the LGA boundaries of Bayside. Approximately 48,900 of Bayside's residents are employed, many of whom work outside of the municipality. Bayside's highly educated and skilled workforce is primarily occupied in the service sector. The businesses operating in Bayside are overwhelmingly small to medium enterprises, also with a heavy service sector focus.

Bayside is at the forefront of transitions within the broader national economy towards information and highly-skilled based 'quaternary' and 'quinary' sector activities. This is considered a positive trend, as wages and profit potential in these specialised sectors is high. Being information and knowledge based also means that these sectors avoid some of the negative environmental externalities of earlier primary and secondary sector production. Bayside is therefore well positioned to balance the preservation of local amenity and a quality lifestyle, with high quality local employment and investment opportunities.

Based on the foundational information on the performance and structure of Bayside's economy now available, Council's role is to identify actions to consolidate and strengthen the key drivers of Bayside's economy, whilst preserving a high quality lifestyle for residents.

Consequently, Council's vision for Bayside's economy over the life of the strategy is that:

"Bayside will be Victoria's most attractive place to live and work, with new growth and investment in a local economy and business community increasingly structured around innovative, knowledge and service oriented enterprises."

A new comprehensive five-year Action Plan has been developed that addresses the fundamental drivers of growth in the Bayside economy and also identifies special projects that will be undertaken to enhance the major commercial area's in the municipality.

1. Introduction

1.1 Bayside in context

Bayside is a Local Government Area (LGA) in south-east Melbourne and according to the Australian Bureau of Statistics (ABS), Bayside's estimated resident population was 98,368 (as of 20th June 2013). The municipality covers an area of approximately 37 square kilometres, bounded to the west by a 17 kilometre stretch of Port Phillip Bay coastline from Brighton to Beaumaris, and to the east by Nepean Highway and the Frankston railway line. Bayside comprises established middle-ring suburbs and its predominant land use is residential.

Bayside is a desirable location to live and work, enjoying very favorable characteristics, including:

- residents have a much higher than average weekly household income profile
- residential, commercial and industrial property values are high
- the residential and non-residential workforce is highly skilled – managerial and professional occupations dominate the employed residential workforce
- unemployment is low.

See Section 2 – Bayside's Economic Characteristics for further detail.

Bayside is not an economic region in its own right. It is part of a larger economic region in south-eastern Melbourne. The economic sphere of influence impacting on Bayside extends to the local government areas of Glen Eira, Kingston, Port Phillip, Stonnington, Monash, Melbourne, Frankston and Greater Dandenong. As a result, economic changes (such as new businesses, business closures, industry restructuring, new infrastructure and changing policies) in this broader region affect Bayside's business environment.

1.2 Local economic development as a concept

Economic development is a significant component of Council's functional responsibilities, policies and work program. Economic development also articulates part of Council's relationship with business and resident communities. Council has a role to facilitate innovation, investment and job creation and to enhance the reputation of Bayside as a modern and progressive municipality.

Council's role in economic development is implicit in Part 1A of the *Local Government Act* 1989 – S3c (2), which states *"in seeking to achieve its primary objective, a Council must have regard to the following facilitating objectives:*

> *(a) to promote the social, economic and environmental viability and sustainability of the municipal district;*
>
> *(d) to promote appropriate business and employment opportunities."*

Council adopted the inaugural Economic Development Strategy (EDS) in November 2010 setting a vision and strategic framework for managing and enhancing Bayside's local economy over a five year period. Within the framework of the *Local Government Act* 1989 and the Council Plan 2009-13, the 2010 Strategy addressed four key factors:

- the existing structure of the Bayside economy
- directions and needs of the Bayside community, taking into account current trends
- the broader regional economic context
- implications from state, national and global economic drivers and factors.

1.3 Scope and purpose of update

The scope of the 2010 EDS was:

"To document a Strategy that is consistent with the needs and trends within the existing community and that identifies opportunities to promote investment and employment growth within the changing local, domestic and international economic and environmental landscape."

Since the original EDS was adopted by Council, a number of key developments have occurred that provide an impetus to update the Strategy.

1.3.1 Community Plan 2020 and Council Plan 2013 – 17 priorities

In 2011 the Bayside 2020 Community Plan was adopted following an extensive program of community engagement and consultation on what is important to the local community and its vision for Bayside for the decade through to 2021. Council adopted the new Council Plan 2013-17 in 2013, which elevated the function of economic development and tourism to one of the plan's seven key goals and identified new areas of attention. These two policy documents are central to Council's planning and policy framework and it is imperative that economic development initiatives are responsive to the priorities set by Council and the community. The next Section (1.4) addresses these two policy documents in detail.

1.3.2 New research and data on the Bayside economy

In addition to the new priority given to economic development in Bayside by Council, a considerable amount of new economic data for Bayside has since become available. The analysis of the four key economic factors (see page 4) that were identified in the 2010 EDS were underpinned by two primary sources of data: the Australian Bureau of Statistics Census of Population and Housing 2006 and the 2006 Bayside Business Monitor. This 2014 update incorporates new data from the ABS Census of Housing and Population 2011 and the findings of the Bayside Business Monitor 2012. This update will ensure Council's approach to economic development is based on current data and that the strategic approach remains relevant and targeted.

Figure 1.1 City of Bayside

1.3.3 Plan Melbourne Metropolitan Strategy and new Planning Zones

In July 2013, changes were introduced by the Victorian Government to the Victorian Planning Provisions (VPPs). The policy changes, which include significant changes to commercial and residential planning zones, have ramifications for permissible land uses in Bayside's key commercial precincts. As this will change the investment environment that underpins economic growth, the changes to the VPPs require Council to identify areas of further strategic work that will ensure that Council's economic development priorities are maintained through the transition to the new VPPs. Council's strategic work will ensure that the Local Planning Policy Framework implements the State VPPs consistent with the economic development objectives in this Strategy.

In October 2013 the Victorian Government released the draft Plan Melbourne Metropolitan Strategy which articulates the Government's vision for Melbourne's development through to 2050. The implications of Plan Melbourne for economic development in Bayside will only be fully understood once the Government has finalised the framework for its implementation. However, indications are that there is significant alignment between Plan Melbourne and Council's objectives for economic development in Bayside. The State Government's plan is to finalise Plan Melbourne in early 2014.

The implications of these new directions for economic development in Bayside are analysed in Section 4.

1.3.4 Victorian Parliamentary Inquiry into Economic Development in Victoria

The Victorian Parliament's Economic Development and Infrastructure Committee received terms of reference from the Legislative Assembly to conduct an Inquiry into Local Economic Development Initiatives in Victoria in June 2012 and tabled its report in July 2013.

At the time of writing, the Victorian Government is yet to respond to the tabled report, which it is required to do by 31 January 2014. It is appropriate for Council to reserve its response to the Inquiry's findings and recommendations until the Government indicates what changes to the practice of economic development in Victoria it will adopt as policy. Once advice from the Government is received, Council can then formulate an appropriate response. The report makes 43 recommendations on:

- clarifying the roles of government, the private sector and the community in economic development
- reinforcing the importance of economic development for communities
- promoting and strengthening collaboration and partnerships with the private sector
- infrastructure funding and delivery mechanisms
- improving investment attraction schemes
- improving the Victorian regulatory environment
- local government electoral reform.

1.3.5 Actions implemented since 2010

In addition to newly available information to incorporate into Council's approach to local economic development, 34 of the 49 actions from the five year work plan (commencing late 2010) in the current EDS have been implemented or established. An overhaul of the action areas in the plan is therefore appropriate to ensure the current actions are responsive. The new information also provides further opportunities for Council to pursue. The updated action areas incorporates the lessons learned from projects and programs implemented since 2010. For an analysis of the work plan, please refer to Section 3.4.

1.3.6 Scope of 2013 update to EDS

In light of these key developments, an update to the EDS is appropriate to maintain the relevance and efficacy of Council's actions. In particular, this update seeks to ensure that the appropriate direction for economic management of the municipality is maintained, adhering to the principle of an evidence-based policy.

The scope of this update therefore extends to:

- incorporating and analysing newly available data
- identifying emerging economic trends
- identifying possible impacts from the new VPPs zone changes and strategic ramifications
- reviewing and updating the action plan undertaken by Council's Economic Development Unit over a further five year period to ensure its appropriateness in its initiatives to enhance the local economy and to meet the facilitating objectives of the Victorian *Local Government Act* 1989 as discussed above.

1.3.7 Matters beyond the scope of the 2013 update

The vision for economic development in Bayside and the key objectives set in the 2010 have been examined at length and are not considered necessary to review. The 2010 EDS objectives and vision were developed through an extensive program of consultation and collaboration with local stakeholders, and in light of the key finding in Section 2 that Bayside's overall economic composition and priorities remain the same as those identified in 2010 at a macro level, it is unnecessary to change the vision or strategic objectives to Council's approach to local economic management.

[1]Council was invited to make a submission and did so in September 2012, which is available for viewing on the Victorian Parliament's website. www.parliament.vic.gov.au

1.4 Policy Context

1.4.1 Bayside 2020 Community Plan

The Community Plan articulates the community's vision for Bayside over a ten year period. Based on an extensive and ongoing community engagement process, it sits at the heart of Bayside's planning framework, providing an essential reference for all of Council's plans, policies and strategies.

The vision of Bayside's residents with respect to local economic management is that the community and business groups need opportunities to come together and identify new initiatives. Leadership from an economic development perspective is multi-faceted, including, but not limited to addressing climate change, promoting innovation and supporting knowledge-based industries. Collaboration between community, decision makers and business can enhance infrastructure, investment, employment opportunities, economic development and local liveability.

In particular, the Community Plan identified three areas of focus for economic management by Council:

Economic Leadership

Council can continue to build its facilitating and enabling role in local economic advocacy. Examples include the work already being done in managing activity centre developments and employment areas and associated implementation through the planning scheme. When Council knows what is important for its community and can support this knowledge through its actions, it creates community support and connections to address the larger issues.

Village Life

By continuing to enhance and promote the local villages and shopping centres, there is a wonderful opportunity for them to become more vibrant, active and dynamic centres and meeting places for all age groups.

Sustainable Communities

Promoting sustainable development is not just about the built form of the community. The streets and roads and pathways and lifestyle of the area have changed. There are fewer car parks, more commuting and a disparate sense of community. With the increase in home-based work, Council can support options for living and working in the same area. Working from home is a sustainable concept that can be better recognised by Council.

The update to the EDS is informed by these community aspirations, and identifies opportunities where they can be enhanced with further analysis and through the actions undertaken to implement them.

Note that the 2020 Community Plan's priorities for local tourism are addressed separately in the Bayside Tourism Strategy 2013.

1.4.2 Bayside Council Plan 2013 – 2017

The Council Plan 2013 – 2017 includes seven key goals aligned to the key priority areas of the Community Plan. Goal 6 – A thriving local economy (page 16) directly relates to economic development.

Goal 6 - A thriving local economy

Council Plan Goal *(What we want from Bayside)*	**Goal 6 - A thriving local economy** *Bayside will be recognised as a leading business hub and a prominent coastal tourist destination.*
Strategic Objective *(The outcomes we are seeking to achieve)* **Strategies** *(Our priorities over the next four years)*	**Strategic Objective 6.1** Supporting creation of a strong, creatuive and innovative local economy **Strategy 6.1.1** Enhancing and improving our foresjore, assets and attractions to strengthen tourism in Bayside **Strategy 6.1.2** Working with our business community to provide opportunities for growth and prosperity **Strategy 6.1.3** Promoting business and tourism features and opportunities
Strategic Indicators *(How we will measure our success)*	• Percentage of annual initiative achieved (as set out within the Annual Budget) • Improved comminity satisfaction rating for business and community development and tourism • Percentage of annual actions from the Economic Development Strat-egy implemented • Percentage of annual actions from the Tourism Strategy implements • Incresed number of tourism publications distributed • Increased level of busines participation in the Bayside Business Net-work

Council Plan Goal 6, Strategic Objective 6.1 and the three key Strategies (6.1.1 – 6.1.3) articulate Council's overall priorities for economic development focus over the next four years. The role of the updated EDS is to expand this focus into an overall framework of actions and policy to achieve Council's Strategic Objective for local economic management.

The Council Plan's strategic indicators are reflected in the action plan of this Strategy (See Section 6). Delivery of the projects, activities and programs are set out in the action plan are in the 'annual actions' to be implemented.

1.4.3 Bayside Tourism Strategy 2013

Reflecting the specific focus on tourism set by the community in the 2020 Community Plan, and reflected in Goal 6 of the Council Plan, the Bayside Tourism Strategy (2013) addresses the local tourism sector directly. As tourism has specific benefits and management challenges that are distinct from other areas of economic development, the Tourism Strategy has been formulated to articulate Council's dedicated tourism activities and priorities. The Tourism Strategy functions as a subordinate strategic plan to the EDS and the vision and strategic objectives of the EDS also set the parameters of economic management for tourism.

1.4.4 Other Council policies and strategies

Local economic development encompasses a wide variety of functions within Council, ranging from dedicated projects and programs to more indirect policies and actions that promote a wide range of economic externalities such as transport, land use planning, health and community wellbeing. The EDS has a symbiotic relationship with these other strategic plans. The EDS is informed by the objectives and analysis in these documents and concurrently sets objectives and a framework for economic development.

The position of the EDS within the hierarchy of Council's policies and strategies can be seen in the figure below:

2 - Economic Characteristics of Bayside

2.1 Introduction

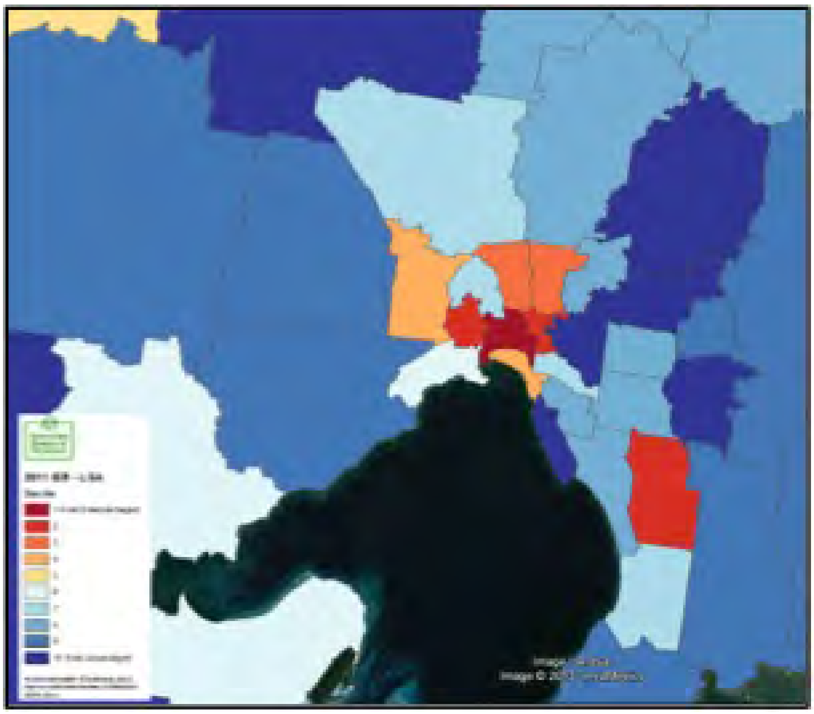
This section outlines current information on the Bayside economy relevant to formulating the analysis and policy responses (See Section 3).

2.2 Bayside's population and workforce

2.2.1 Bayside's population structure and age groups

Relative to other urban areas of Melbourne, Bayside does not have an abundance of 'hard' economic infrastructure in the form of industrial areas with extensive plant and machinery. Bayside's largest commercial area, the Bayside Business Employment Area (BBEA), is comparatively small on a metro scale at approximately 100 hectares in size and is shifting from industrial uses to more office and retail-oriented functions. Reflecting the high-socio economic characteristics of the area, Bayside's service-dominated economy is largely skilled labour, rather than capital-based. As such, demography and labour force characteristics are of central importance to consider in developing an economic profile of Bayside.

Bayside is one of the most advantaged municipalities in Melbourne in terms of the ABS Index of Economic Resources (IER, see Figure 2.2.1 above), which focuses on the financial aspects of relative socio-economic advantage and disadvantage, by summarising variables related to income and wealth. This index excludes education and occupation variables because they are not direct measures of economic resources. A high score indicates relatively greater access to economic resources in general. For example, an area may have a high score if there are many households with high income, or many owned homes.



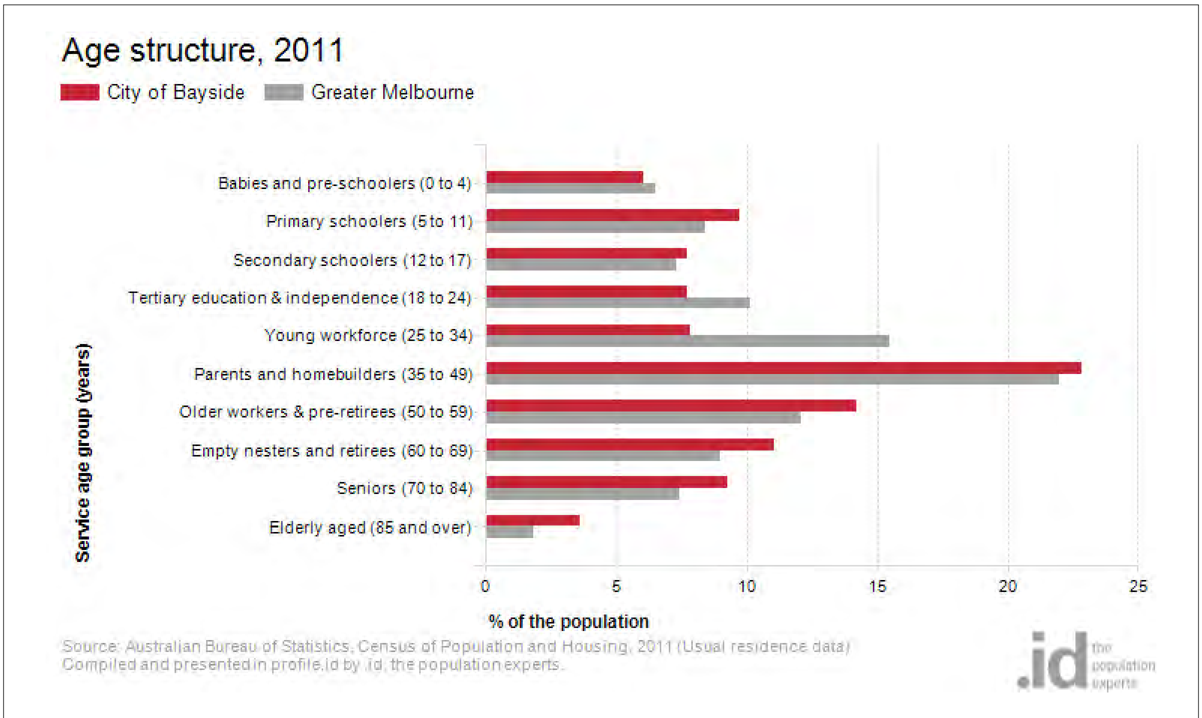
Bayside has a large proportion of residents in relatively high socio-economic quartiles. Residential, commercial and other land values are high, unemployment is low and the workforce is skilled. According to the Australian Bureau of Statistics (ABS), Bayside's estimated resident population was 98,368 (as of 20th June 2013).

Figure 2.2.1 ABS Index of Economic Resources 2011 by Local Government Area

Table 2.2.1 Age structure - service age groups

	2011			2006			Change
Service age group (years)	Number	%	Greater Melbourne %	Number	%	Greater Melbourne %	2006 to 2011
Babies and pre-schoolers (0 to 4)	5,552	6.0	6.5	5,588	6.4	6.3	-36
Primary schoolers (5 to 11)	8,941	9.7	8.4	7,951	9.0	8.8	+990
Secondary schoolers (12 to 17)	7,077	7.7	7.3	7,096	8.1	7.8	-19
Tertiary education & independence (18 to 24)	7,052	7.7	10.1	6,390	7.3	10.1	+662
Young workforce (25 to 34)	7,198	7.8	15.4	7,909	9.0	14.8	-711
Parents and homebuilders (35 to 49)	20,998	22.9	22.0	20,879	23.8	22.7	+119
Older workers & pre-retirees (50 to 59)	13,047	14.2	12.1	12,364	14.1	12.2	+683
Empty nesters and retirees (60 to 69)	10,145	11.0	9.0	7,985	9.1	8.1	+2,160
Seniors (70 to 84)	8,502	9.3	7.4	8,954	10.2	7.6	-452
Elderly aged (85 and over)	3,303	3.6	1.8	2,792	3.2	1.6	+511
Total population	**91,815**	**100.0**	**100.0**	**87,908**	**100.0**	**100.0**	**+3,907**

Source: ABS Census of Population and Housing 2006 and 2011. Compiled and presented by profile .id



Analysis of the five year age groups in Bayside in 2011 compared to Melbourne shows that there was a higher proportion of people in the younger age groups (under 15) as well as a higher proportion of people in the older age groups (65+).

From 2006 to 2011, Bayside's population increased by 3,878 people (4.4%). This represents an average annual population change of 0.87% per year over the period.

Analysis of the service age groups of the Bayside in 2011 compared to Melbourne (Table 2.1 and Figure 2.1) shows that there was a higher proportion of people in the younger age groups (0 to 17 years) as well as a higher proportion of people in the older age groups (65+ years).

The largest changes in age structure in this area between 2006 and 2011 were in the age groups:

- empty nesters and retirees (60 to 69) (+2,160 persons)
- primary schoolers (5 to 11) (+990 persons)
- young workforce (25 to 34) (-711 persons)
- older workers and pre-retirees (50 to 59) (+683 persons).

The most striking trend gleaned from Table 2.1 and Figure 2.1 is the significant disparity between Bayside's 'Young Workforce – 25 to 34' demographic and that of Melbourne. The Bayside demographic of young workers has declined both in absolute terms and relative terms to the equivalent Melbourne rate since 2006. This is likely to be related to the metropolitan housing market dynamics in recent years which has seen residential properties rise rapidly in price, making them unaffordable to younger buyers. A comparative mismatch between the local employment offer in Bayside and young workforce skills (relative to the jobs available in the CBD and other metropolitan areas) may also explain in part the low proportion of this group in Bayside.

Population growth forecasts through to 2031 prepared by Profile .id are as follows:

Bayside Population Forecast – 2013 to 2031	
Forecast population 2013:	97,400
Change between 2013 and 2031:	+10,975
Average annual percentage change between 2013 and 2031:	0.59% per annum
Total percentage change between 2013 and 2031:	11.27%

Bayside's population is projected to continue to grow moderately for the next two decades. The Department of Transport, Planning and Local Infrastructure (DTPLI) has forecast in Victoria in Future 2012 that between 2011 and 2031, Bayside will grow by 8,689 people. This has been modelled to require an extra 4,379 dwellings (See Bayside Housing Strategy 2012 for further information).

2.2.2 Summary and conclusions – Bayside's population structure by age

The age structure of a local population and indications of growth are significant to local economic development as they provide indicators of both demand for local services and labour force availability.

Bayside has had a relatively stable population in recent years, but is forecast to grow by over 11% over the next two decades. Whilst Bayside has a significantly smaller young workforce cohort relative to Melbourne, it does have a larger number of older, experienced workers. Reflecting national workforce trends over the last two decades, many of the rapidly growing 60-69 cohort may continue to work part-time.

These demographic growth trends suggest that the demand for local access to niche employment and services is likely to further grow in Bayside for the foreseeable future. A focus for Council should therefore include the consolidation of local employment opportunities and business activity to ensure service provision meets this growing demand.

Approximately 40% of Bayside's residents are over the age of 50, and the municipality has a skew of approximately 2% in each age cohort above 50 years of age above the metropolitan average.

The skew of Bayside's age structure towards a relatively large proportion of older age residents has implications for economic development. Bayside's retirement and senior citizens will be reliant on community and government support programs, pensions, investments and assets, and/or superannuation funds for their wealth and income. This means that Council's approach to economic development must address the needs of post-employment residents as well as those of a working age, to ensure a comprehensive approach to promoting economic wellbeing throughout Bayside's community.

2.2.3 Employment in Bayside and labour force characteristics

"The labour force is a fundamental input to domestic production. Its size and composition are therefore crucial factors in economic growth. From the viewpoint of social development, earnings from paid work are a major influence on levels of economic wellbeing."

(*Australian Social Trends* – ABS, 1995)

In profiling local labour, it is important to note immediately that the Bayside residential labour force and workers in Bayside are distinct terms.

- Bayside's *residential labour force*' or '*working residents*' refers to residents of Bayside who currently work or are actively seeking work. Approximately 49,000 Bayside residents currently work full time[2] approximately two-thirds of working residents indicated in the 2011 Census that they travel outside of Bayside to their place of employment.
- 'Workers in Bayside' refers to the estimated 33,000 persons whose place of employment is located within Bayside. it is estimated that approximately half of this group are employees who work in Bayside but do not live in the municipality

It is significant for Bayside's future economic development that two-thirds of working residents are employed outside the boundaries of the municipality as that it means that much of Bayside's local prosperity will be linked to the economic performance of other areas throughout Melbourne, well beyond the Council's area of governance.

[2]Estimate provided by SGS Economics and Planning Pty Ltd based on ABS Census 2011 journey-to-work data. Census figures relating to Bayside residential workforce and workers have been modified in these estimates to take into account shortcomings of the census journey-to-work data, which have been shown to undercount both the working residents and workers employed in an LGA by approximately 20%.

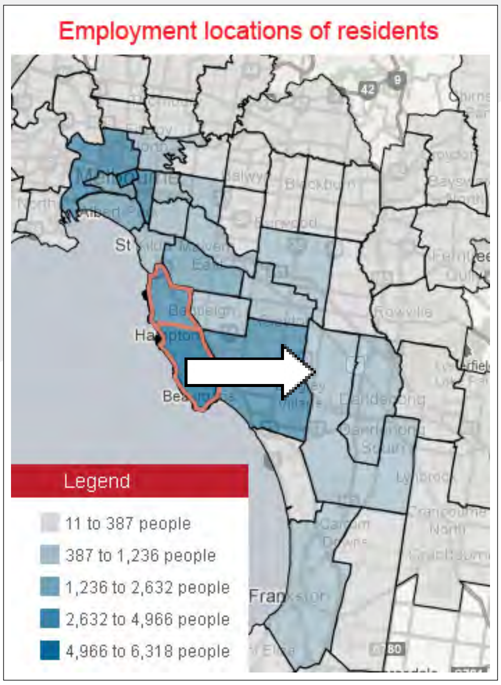


Figure 2.3.1
Source: ABS Census of Population and Housing 2006 and 2011. Compiled and presented in profile by.id

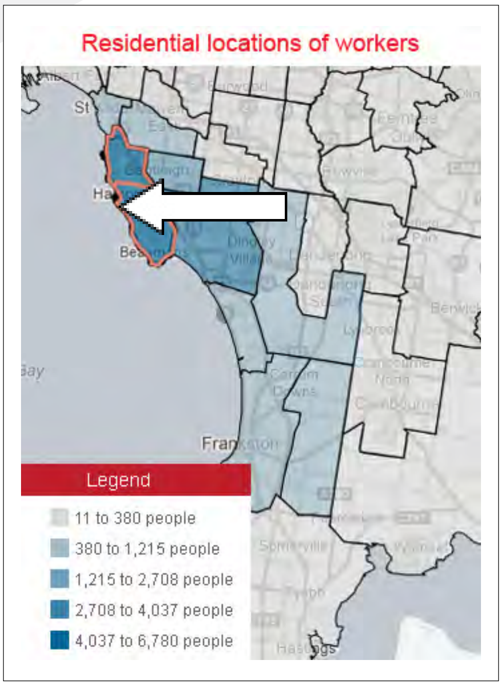


Figure 2.3.2
Source: ABS Census of Population and Housing 2006 and 2011. Compiled and presented in profile by.id

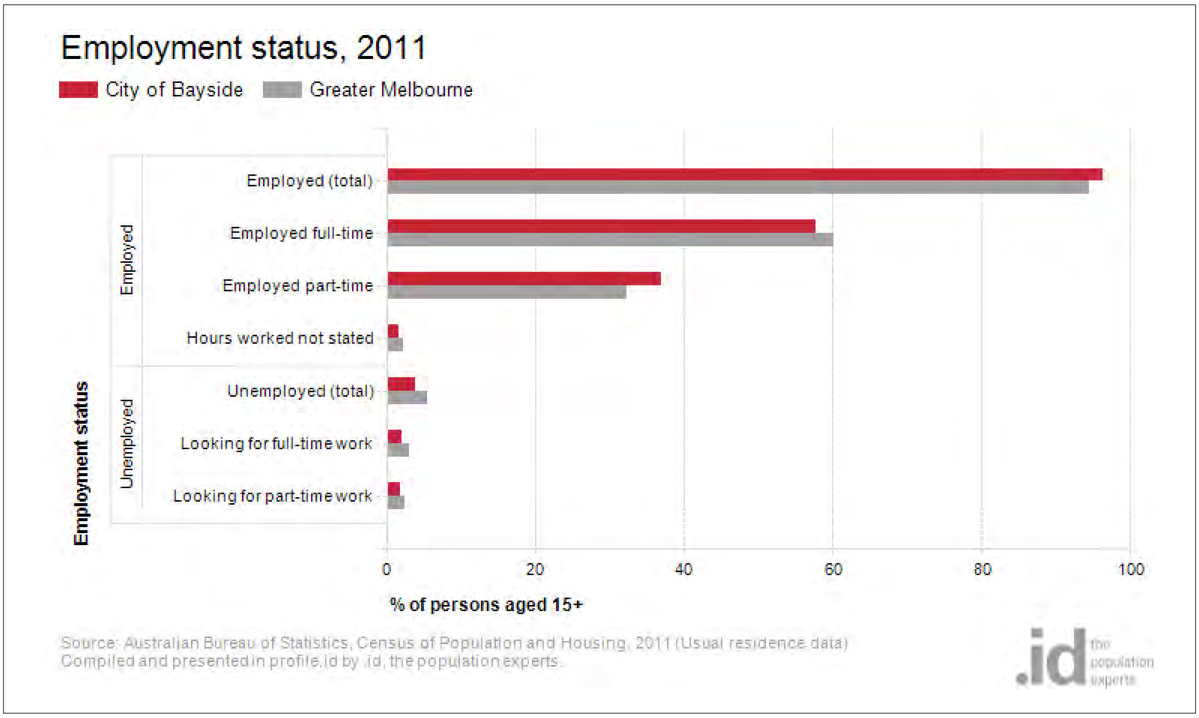
2.2.4 Bayside residential labour force characteristics and status

The labour force participation rate refers to the proportion of Bayside residents over 15 years of age that are employed or actively looking for work. The labour force participation rate of the population in Bayside in 2011 was a slightly lower proportion in the labour force (61.6%) compared with Melbourne (62.5%); however, labour force participation has grown in absolute numbers by approximately 10% between 2000 and 2010 according to the Department of State Development, Business and Innovation's (DSDBI) Industry Atlas of Victoria (2011, page 32).

As can be seen in Figure 2.4.1 below, approximately 58% of Bayside's working residents are employed full time and 37% part time. Unemployment in Bayside's residential labour force is very low, at approximately 3% in 2011, which is approaching what is considered in academic discourse to be the full employment rate of 2.5%[3] .

[3]McDonald, I (2007), Where is full employment?, University of Melbourne Department of Economics Research Paper 1011 (Published in Dialogue, 2007, vol. 26, 2, 81-92)

Figure 2.4.1 Employment status of Bayside's working residents, 2011



2.2.5 Summary and conclusions – Bayside's labour force status

The most significant feature of Bayside's labour force is the distinction to be drawn between its residential labour force and workers in Bayside. While there is overlap between these groups (i.e. employees who both reside and work within the boundaries of the Bayside LGA), data is only available on these groups as distinct entities.

The prosperity of Bayside as a community is heavily (though not exclusively) related to the employment of its residents. While the local employment offer (i.e. jobs available in Bayside) is important to the prosperity of residents through access to goods and services and, for some, also convenient employment close to home, much of Bayside's prosperity will be linked to the economic performance of other areas throughout Melbourne.

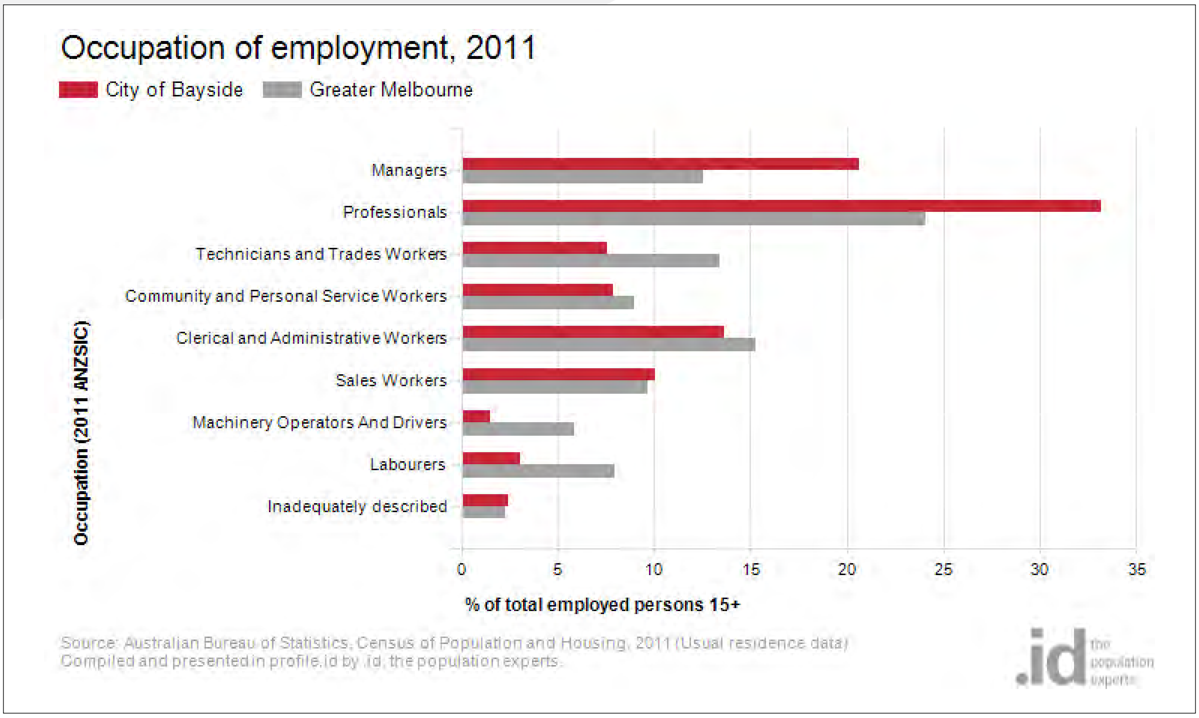
The mobility of Bayside's residential labour market can be seen as advantageous. The ability of Bayside's residents to secure employment throughout Melbourne brings new wealth to the area in the form of wages earned and indicates a flexibility to source employment in the regions of Melbourne which best matches their skills and provide the highest income.

2.2.6 Residential labour force occupation characteristics

An understanding of the occupation profile of local residents is important to analyse in order to understand the position of working residents within the production chain. SGS Economics and Planning (SGS) estimates that in 2011 approximately 48,900 Bayside residents were employed, a figure which comprises both full-time and part-time workers. This is an increase of approximately 18% over the 41,500 residents estimated to have been employed in 2006.

Figure 2.6.1 illustrates that a significantly higher proportion of working Bayside residents are classified as managers and professionals relative to the Melbourne average.

Figure 2.6.1 – Employment by occupation, Bayside 2011



The major differences between the jobs held by Bayside residents and Melbourne overall were:

- a larger percentage of persons employed as professionals (33% compared to 24%)
- a larger percentage of persons employed as managers (21% compared to 13%)
- a smaller percentage of persons employed as technicians and trades workers (8% compared to 13%)
- a smaller percentage of persons employed as labourers (3% compared to 8%).

Figure 2.6.2 – Change in employment by occupation, Bayside 2006 - 2011

The largest changes in the occupations of residents between 2006 and 2011 in Bayside were for those employed as:

- professionals (significantly increased)
- community and personal services (noticeably increased)
- managers (noticeably increased)
- labourers (noticeably decreased)

The occupational profiles of working Bayside residents largely accounts for the municipality's high income levels relative to Melbourne:

Figure 2.6.3 – Income, Bayside 2011

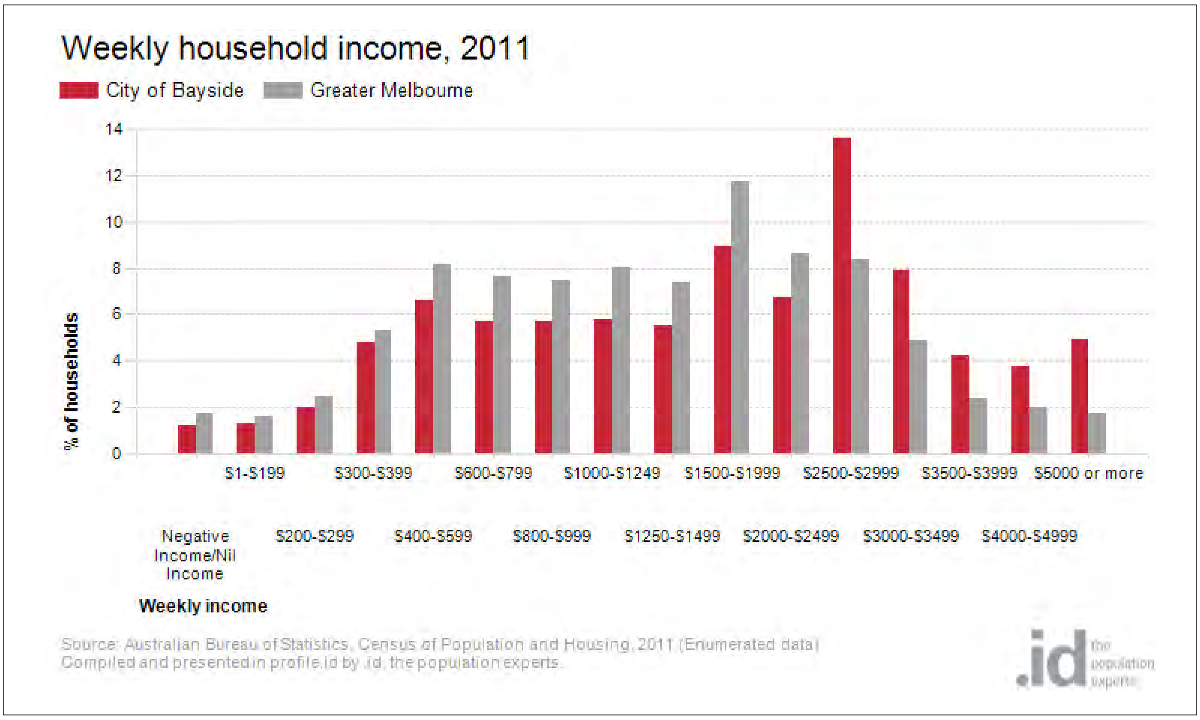
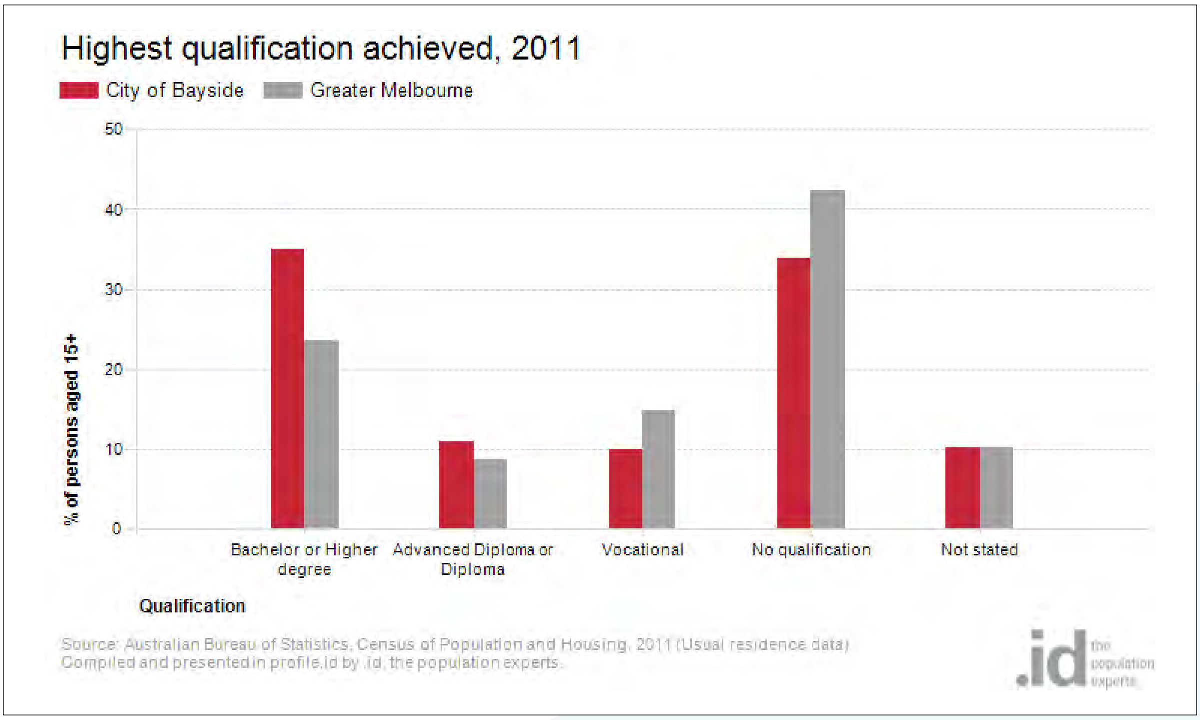


Figure 2.6.3 is all the more remarkable when the relatively large number of pension-aged residents is considered. Bayside's residents also possess relatively more tertiary qualifications than Melbourne overall, significantly more so in terms of Bachelor degrees or higher.

Figure 2.6.4 – Qualifications, Bayside 2011



A highly-skilled and educated workforce can help regions take advantage of new opportunities and overcome challenges. Regions with a highly-skilled workforce are more resilient to change as skilled workers have greater capacity to adapt and move between different occupations and industries. This 'human capital' development also improves workforce mobility, allowing individuals to move between occupations and regions to improve their own welfare.

2.2.7 Summary and conclusions – Bayside's occupational characteristics

Reflecting Bayside's high socioeconomic status as an area in general, the local residential workforce is relatively highly-skilled and has an income distribution skewed towards higher incomes and white collar, higher skilled employment relative to Melbourne overall. This characteristic appears to have intensified somewhat, judging by the significant growth in residents who are managers and professionals since 2006, and the concurrent decrease in the number of labourers.

The skill profile of the residential labour force is very important to economic performance: A well-educated and highly skilled workforce is relatively better placed to confront economic changes (such as structural changes in the economy which displace existing firms and industry), all else being equal. In particular, it is notable that employment of Bayside residents has grown 18% in absolute terms since 2006, an annual average growth rate of approximately 3.4%. This rate is slightly slower than Melbourne's average annual growth in employment rate over the five year period, which was 4.2%.

SGS estimates that the employment of Bayside's residents will grow by 2016 to approximately 51,400 persons. This suggests a slower average annual growth rate of approximately 1% per annum. Employment across Melbourne is also forecast to increase at a slower annual average rate of approximately 1.9% through to 2016.

2.2.8 The industries of employment for Bayside's residents

Many of Bayside's working residents have a place of employment outside of the boundaries of the municipality, and so it is important to note that the industries in which Bayside residents are employed is not the same as the industries which comprise the local Bayside economy.

It is, however, useful to understand the key industries of employment for Bayside residents to identify those most significant to local prosperity. A comparison can be drawn with the employing industries located within Bayside itself (See Section 2.3) to identify the industries that could be promoted that have a higher employment relevance to Bayside's residents.

'Industry', 'sector' and 'occupation' explained:

'Industry' and 'Sector' are related but distinct economic terms. An 'industry' refers to the classification of common types of economic activity (e.g. all employment or investment related to the manufacturing of cars) which the ABS categorises at their broadest level of common activity into 'divisions'. The current 19 industry divisions used by the ABS are those observable in Figure 2.8.1 'Sectors' are groups of industry divisions which have common features of production, such as those industries which produce goods and those which produce services. The Primary Sector comprises the agricultural (etc.) and mining industries. The Secondary Sector comprises manufacturing, utility (electricity, gas etc) and construction industries. These sectors are characterised by the production of physical goods.

The Tertiary Sector can be viewed as all ABS industries from wholesale trade to other services. These industries are characterised by the production of services. 'Quaternary' and 'Quinary Sector' are terms used by economists (Kenessey, 1987) to refer to new subsets of the Tertiary Sector that include increasingly specialised and sophisticated areas of 'information' and decision-making, service-based activity. These are distinguished from the lower-order service functions in other Tertiary Sector industries.

'Occupation' refers to the particular type of employment sub-activity within each industry traditionally characterised by the level of specialist skills involved. All industries will employ a proportion of managers, skilled professionals, clerical and admin staff, labourers etc. Historically, Primary and Secondary activities employed relatively greater proportions of lower-skilled labourers compared to Tertiary and higher-level sectors.

However, technological and information advances in recent eras has resulted in increasingly automated and specialised production throughout Australia's Primary and Secondary sectors in particular, so this distinction is becoming increasingly less apparent.

Like most OECD nations, Australia's economy shifted throughout the 20th century from a predominance of Primary and Secondary production to an increasingly post-industrial, service-based economy. Bayside has followed this shift and the workforce and company characteristics identified throughout Section 2 indicates that Bayside is very much at the forefront of the national shift towards increasingly skilled quaternary and quinary sector composition.

[1]Kennessey, Z. (1987), The Primary, Secondary, Tertiary and Quaternary Sectors of the Economy, US Federal Reserve Board.

Bayside's transition to higher-order sectors, historic and projected

Research for the Business Monitor 2012, prepared by Street Ryan Pty Ltd depicted Bayside's transition from lower order (Primary, Secondary) sectors based on volume production to increasingly higher-order service functions, based on research reflecting such transitions (current and future) in the Australian economy. Bayside's highly skilled workforce places it 'ahead of the curve' somewhat in its progress towards new information-based service sectors.

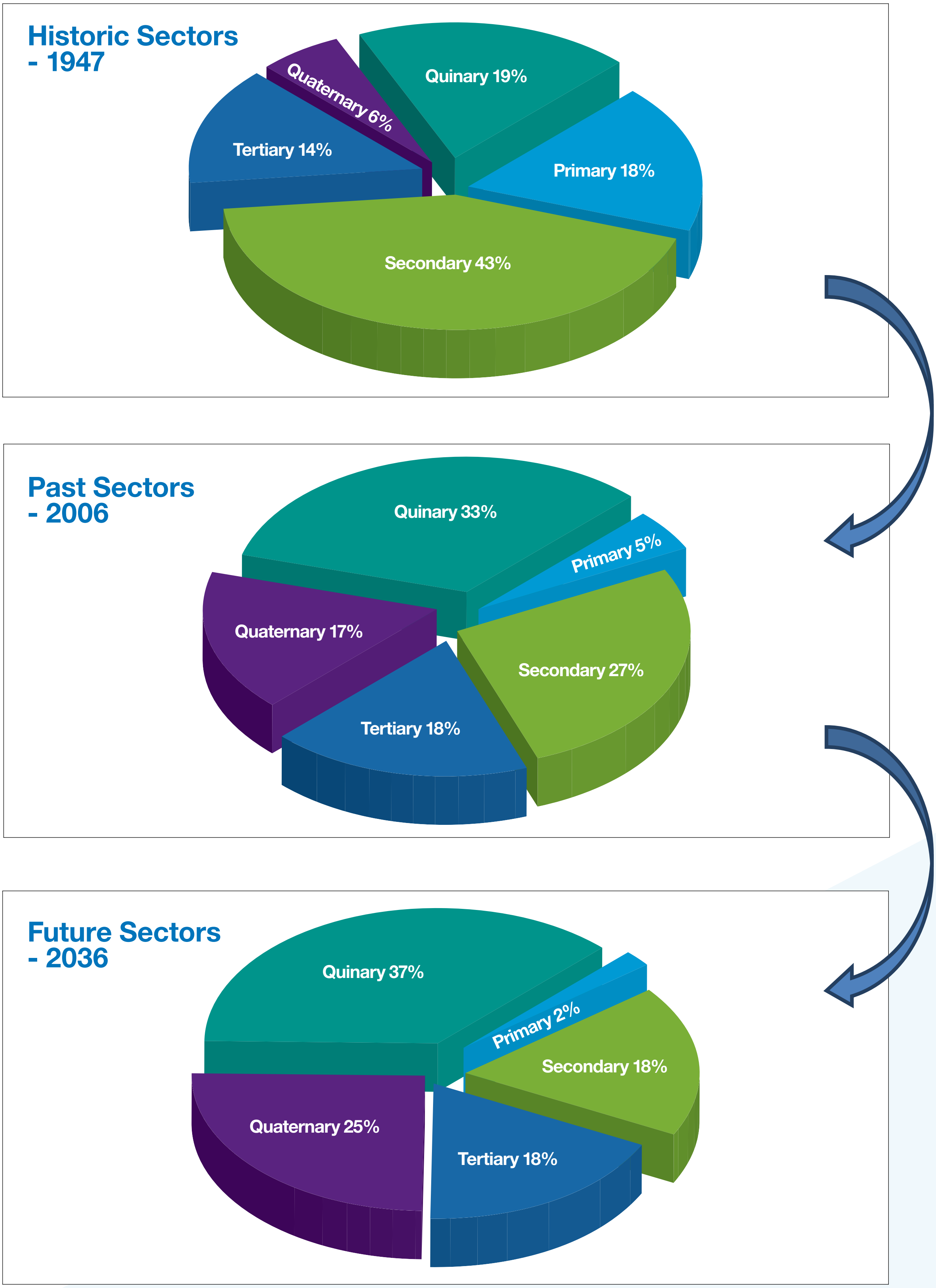


Figure 2.8.1 – Employment by Industry, Bayside residents, 2011, cf? Melbourne

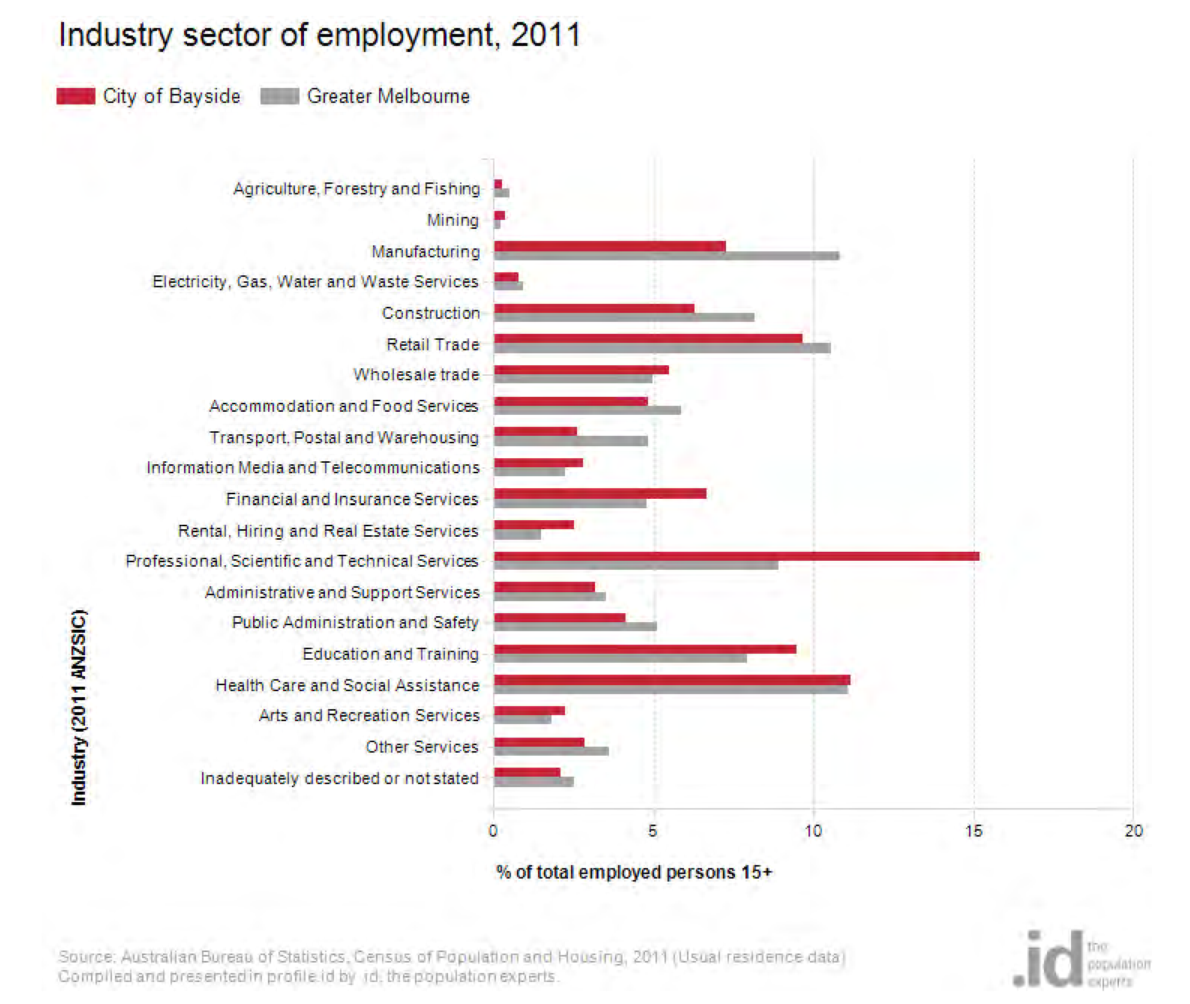


Figure 2.8.1 shows a significant concentration of professional, scientific and technical services industry employment of Bayside residents, which is well above the metropolitan average. Bayside residents are also relatively overrepresented in the employment in Financial and Insurance industry jobs.

Also notable is the relatively lower level of manufacturing, construction and transport employment among Bayside residents. However, it is difficult to quantify the scale of this possible under represention with precision, as census data undercounts these industries.

2.2.9 Summary and conclusions – industries of employment of Bayside's residents

The most significant industry of employment for Bayside's working residents is professional, scientific and technical, by a considerable margin, followed by financial and insurance services. According to the ABS Year Book Australia, 2012 (Issue no. 1301.0), these industries are typically the highest Gross Value Adding service sector industries, which is likely to account in part for the relatively higher levels of income among Bayside residents compared to Melbourne` as a whole.

Given that these industries are significant for employment of local residents and generally high value-adding, the facilitation of such employment locally (and access to it in other metropolitan areas) is of importance to local prosperity.

2.2.10 Jobs in Bayside

As well as the ability to access jobs throughout Melbourne from Bayside, the availability of employment within Bayside itself is critical to its prosperity. Local jobs can provide potential employment opportunities for residents with the benefit of avoiding lengthy commuting. Local jobs are also useful statistics for estimating the structure of a local economy, as they can be used as a proxy for output. This means that the number of jobs in a local industry can give an indication of the relative importance of particular industries in the overall local economy.

Section 2.2.3 identified that there are two working populations that relate to Bayside. Sections 2.2.5 and 2.2.7 identified significant characteristics of Bayside's working residents. This section quantifies the jobs located within Bayside, some of which are undertaken by residents who both live and work in the municipality, and also jobs which are based in Bayside, but whose employees live elsewhere in Melbourne and commute to Bayside.

SGS estimates that there are approximately 33,000 jobs in Bayside, based on ABS 2011 Census estimates, adjusted to take into account a range of industry classification issues and documented undercounts in journey-to-work data. Table 2.10.1 provides further detail.

Table 2.10.1 Jobs in Bayside, 2006 to 2011

Industry	Jobs in Bayside, 2006	Jobs in Bayside, 2011	# change since 2006	% change since 2006	Average Annual Growth Rate	Location Quotient
Agriculture, Forestry and Fishing	82	78	-4	-5%	-1.0%	0.43
Mining	59	81	22	37%	6.5%	1.16
Manufacturing	2,723	2,499	-224	-8%	-1.7%	0.71
Electricity, Gas, Water and Waste Services	49	57	8	16%	3.1%	0.18
Construction	2,990	3,585	595	20%	3.7%	1.24
Wholesale Trade	1,124	1,203	79	7%	1.4%	0.84
Retail Trade	3,543	3,691	148	4%	0.8%	1.04
Accommodation and Food Services	1,987	2,370	383	19%	3.6%	1.15
Transport, Postal and Warehousing	855	943	88	10%	2.0%	0.58
Information Media and Telecommunications	413	265	-148	-36%	-8.5%	0.32
Financial and Insurance Services	911	1,168	257	28%	5.1%	0.68
Rental, Hiring and Real Estate Services	819	961	142	17%	3.2%	1.66
Professional, Scientific and Technical Services	3,362	3,970	608	18%	3.4%	1.26
Administrative and Support Services	857	855	-2	0%	0.0%	0.80
Public Administration and Safety	665	682	17	3%	0.5%	0.43
Education and Training	2,732	3,421	689	25%	4.6%	1.28
Health Care and Social Assistance	4,101	5,068	967	24%	4.3%	1.36
Arts and Recreation Services	472	654	182	39%	6.7%	0.90
Other Services	1,283	1,456	173	13%	2.6%	1.13
TOTAL	29,027	33,008	3,981	-	-	-

Location quotients are derived by dividing employment in each industry sector as a proportion of all employment in Bayside with employment in the same sector in Melbourne as a proportion of all employment in Melbourne. A location quotient of more than 1 indicates a sector for which Bayside has a comparative advantage and can represent an 'export' of labour to other regions. Table 2.10.1 is plotted as a 'Growth Share Matrix' overleaf in figure 2.10.1 to visually represent the size, recent growth, and level of specialisation relative to Melbourne for each of Bayside's industries.

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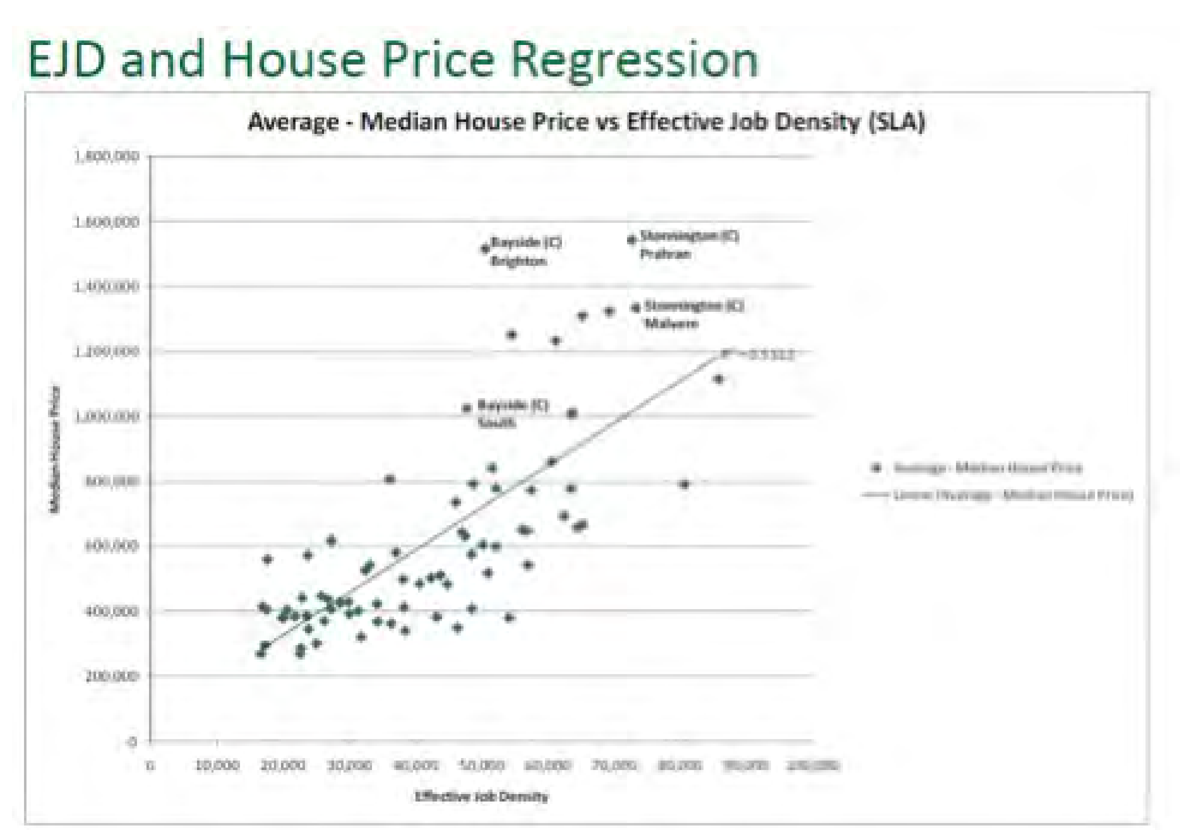
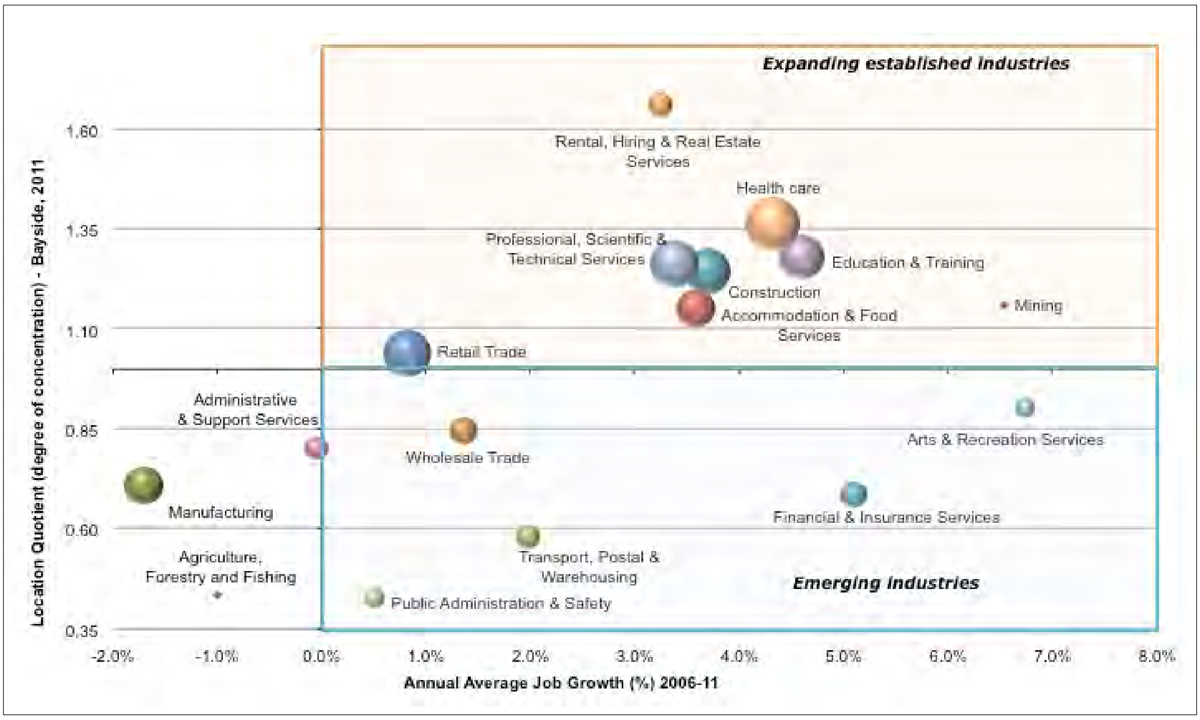
'Not just jobs' – the significance of employment in Bayside to community wellbeing



Source: SGS Economics and Planning 2011 (NB: Bayside is divided into ABS SLAs, 'Brighton' and 'South' which comprise Bayside north and south of South Road, respectively).

Figure 2.10.1 - Growth Share Matrix – Bayside 2006 - 2011



The Growth Share Matrix plots the percentage increase in the number of jobs from 2006-11 along the X axis. This indicates how quickly the industry has grown over the five year period. The Y axis plots the location quotient of an industry – any industry above the origin (which represents a value of 1) is relatively concentrated in Bayside compared to the rest of Melbourne.

Table 2.10.1 and Figure 2.10.1 provide significant insights about Bayside's economy. Bayside has a number of established competitive industries which have enjoyed good growth since 2006, even during a period which coincided with the 2009 Global Financial Crisis (GFC) and the associated shocks to credit availability and consumer and business confidence.

Health care and social assistance is Bayside's largest employing industry, and also one of its most rapidly growing and specialised, compared to the rest of Melbourne. This is likely to reflect the relative concentration of dependant age residents such as young children and the elderly that was identified in Section 2.1. Education and training is also a large and growing established industry, which likely reflects the large number of private and public schools in the municipality.

Professional, scientific and technical services are also relatively concentrated in Bayside with solid average annual growth evident since 2006. This is significant as it was found to be a major source of employment for Bayside's working residents, and suggests that it may be a high value-adding industry with good alignment between the relative strength of Bayside's local economy and also the skills of the local residential workforce.

Emerging industries can be seen in the bottom right hand quadrant of the matrix. Of particular note is the rapid growth of the financial and insurance industries, and that of arts and recreation firms. These are potentially industries of significance to the Bayside economy. Financial and insurance services was identified in the ABS Year Book Australia, 2012 (Issue no. 1301.0) to be the largest gross value-adding industry in the services sector by a considerable margin, which suggests that the local growth is particularly valuable to the Bayside economy and also aligns with the employment profile of working residents. Arts and recreation industry growth reflects 'lifestyle' strengths in the area and suggests that it is particularly vibrant and creative.

Construction industry growth in Bayside has been strong and, when considered with the very high level of specialisation of the rental, hiring and real estate industry, indicates a particularly strong local property market, reflected in table 2.10.2 below. Property market trends are discussed in further detail in Section 2.3.

Table 2.10.2 Median property sale prices for houses and units, City of Bayside, 1990 - 2010

Year	House Prices ($ median)	Unit Prices ($ median)	Year	House Prices ($ median)	Unit Prices ($ median)
1990	232500	165000	2000	435000	265000
1991	217500	150250	2001	524000	325000
1992	214000	150000	2002	602000	355000
1993	225000	155000	2003	650000	375217
1994	250000	152000	2004	695000	400000
1995	245000	156750	2005	710000	415000
1996	250000	150500	2006	812500	445250
1997	305000	184250	2007	978569	515000
1998	352000	200000	2008	1040000	510000
1999	402500	256000	2009	1065000	555000
			2010	1230000	634000

Source: Department of Sustainability and Environment, 2011, *A Guide to Property Values* 2010

Reflecting Bayside's relatively slow population growth over the 2006-11 period, retail industry growth has been slow overall. However, local incomes are likely to have grown at around the same real growth rate of approximately 10% observed nationally during the five year period. This is significant, as it implies that the local spending capacity of consumers has continued to grow, but has not been captured by Bayside's retail industry. A range of factors were identified in the Bayside Business Monitor 2012 that explained this inability to capture greater local spending growth, including shocks to consumer confidence caused by the GFC, and structural changes in the retail industry such as the rise of online shopping. See Section 3 for further analysis.

Manufacturing is a declining industry in Bayside, which was a trend identified as early as the preparatory analysis for the 2004 Bayside Industrial Area Strategy. The Strategy found that the rising land values in the former Bayside Industrial Area compared to outer-metropolitan locations were driving the relocation of manufacturing and other secondary industry firms such as warehousing, logistics and transport. Planning Scheme Amendment C39 prepared as part of implementing the industry strategy, sought to rezone the industrial land to attract commercial investment which was better suited to providing employment opportunities for the highly-skilled local workforce. The contracting number of jobs available and low location quotient observable in the growth share matrix reflects these developments.

Overall, Bayside has a good level of diversity in its growing and emerging industries. This diversity is important in providing resilience during downturns in particular industries, as Bayside does not have a particular reliance on a single industry.

SGS has provided estimates of employment growth in Bayside's industries through to 2016 based on trend growth rates, current estimates of industry growth in Victoria through to 2016 and other variables. These employment projections by industry in Bayside are depicted in Figure 2.7.2 overleaf. Employment projections at a local level is difficult to forecast with certainty, particular given the economic uncertainty in both Victoria and nationally. Recognising this limitation, care should be taken in interpreting them and assumptions about specific growth in absolute numbers should be avoided. However, two overall trends identified in the forecast appear likely: the continued growth of the services sector in Bayside, and the rapid growth of health care in particular.

Bayside's professional, scientific and technical services industry is forecast to significantly increase, as well. This industry is already a large local employer and includes the largest single category of firms operating in Bayside. Future growth is particularly positive, given the large number of Bayside residents employed in this industry (both within Bayside and throughout Melbourne). The availability of more jobs locally of a similar nature to those undertaken by Bayside residents is critical to promoting local employment work/life balance objectives. It also allows residents to capture the benefit of local economic opportunities and avoids commuting.

2.2.11 Shift-share analysis

Using SGS historical data on employment in Bayside by industry between 1996, 2001, 2006 and 2011, a shift-share analysis was undertaken of the growth in local employment to determine the amount that can be attributed to the competitiveness of Bayside's local industry. The shift-share tables are provided at Appendix 2.

Shift-share analysis seeks to determine a given local industry's growth by establishing:

- How much change was attributable to Melbourne's growth overall?
- How much change was attributable to the overall performance of the particular industry in Melbourne?
- How much change can therefore be attributed to Bayside's competitive performance in the given industry relative to the rest of Melbourne?

Figure 2.10.2 – Jobs in Bayside (projected)

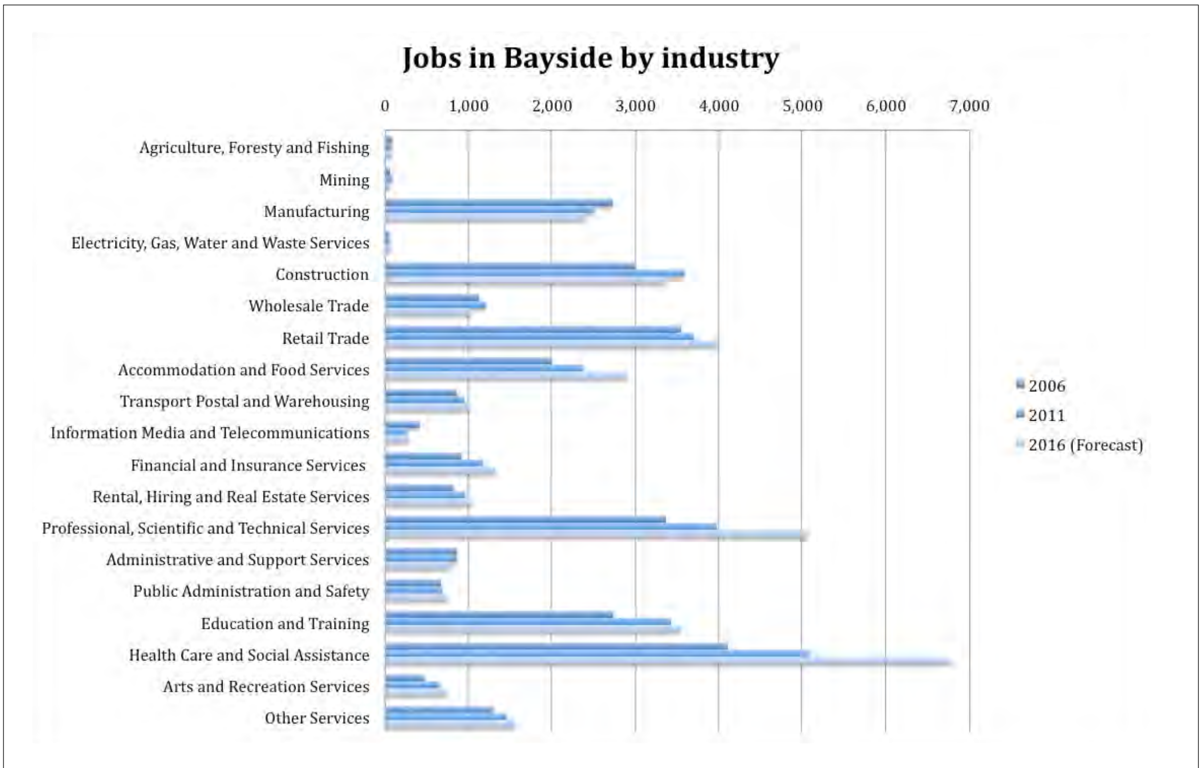
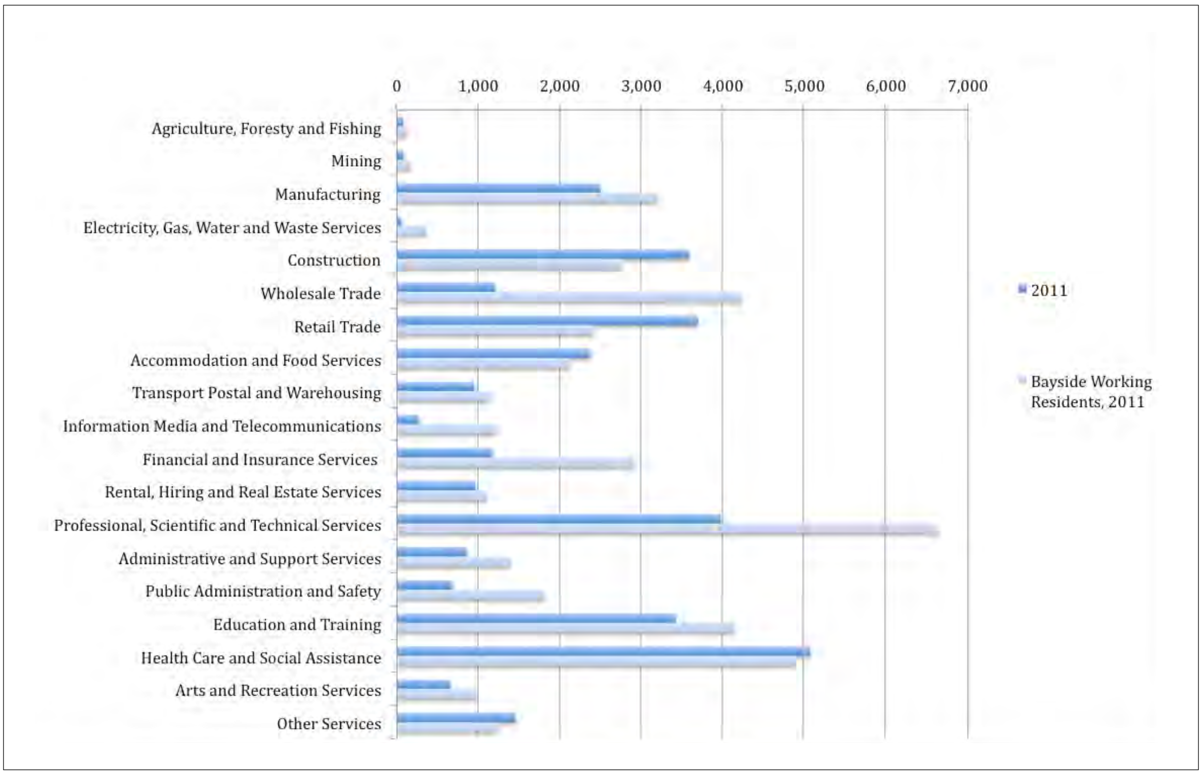


Figure 2.11.2 – Jobs in Bayside compared to the employment of residents



(2.2.11 Shift-share analysis cont.)

The shift-share analysis was undertaken over three periods: between 1996 and 2011, between 2001 and 2011, and between 2006 and 2011. This allows for Bayside's long-term, medium-term and more recent competitive performance to be assessed.

Since 1996, Bayside's competitiveness in a number of industries has been observable; however this has declined somewhat in the periods from 2001 to 2006 and 2011. This indicates that industries in other areas in Melbourne have become relatively stronger competitors. A number of possible reasons exist to explain this including the strong performance of the local property market (Table 2.10.2) increasing the input costs to production and constraints in opportunities for industry or transport infrastructure expansion in Bayside's largely built-up residential suburbs.

2.2.12 Summary and Conclusions – Employment in Bayside and its labour force

A consistency exists between the dynamics of employment of residents and the dynamics of jobs available within Bayside since 2006. In particular, employment in manufacturing has declined significantly since 2006 both amongst residents and within Bayside itself. Similarly, retail employment has been sluggish. On the positive side, however, health and education service employment has increased, as has professional, scientific and technical service employment (both that which is undertaken locally and of residents throughout the broader region), along with a number of smaller industries. Construction employment growth has also been strong and competitive since 2006, indicating a healthy local property market.

Employment among both residents and the number of jobs available in Bayside overall has increased since 2006. This has occurred despite this period coinciding with major macroeconomic shocks in Australia such as the GFC and the historically-high Australian dollar, which indicates resilience in the local economy.

The indications from the workforce data is that Bayside has developed to a heavily-service based economy with high-value adding employment generally being undertaken by the skilled local workforce. A positive trend also observed is that similar high-value jobs that lucratively employ Bayside's residents, such as those relating to the professional, scientific and technical industry, have grown solidly in the municipality since 2006 and are forecast to continue to do so.

Bayside's dependent-age population cohorts are likely to underpin the forecast rapid growth in health and social assistance jobs available locally. Health is still one of the largest industries of employment for Bayside's working residents.

2.3 Bayside's population and workforce

2.3.1 Introduction

Bayside does not have a single dominant 'local champion' company or a cluster of major significance, though the Business Monitor 2012 did find that there are three companies of national significance with hundreds of employees located in the Bayside Business Employment Area (BBEA). Bayside's economy is comprised overwhelmingly of small to medium entities.

2.3.2 Business establishments in Bayside by number of employees

Table 2.3.1 – Business establishments and their employees, Bayside - 2011

Industry	Non-employing	1 to 4	5 to 19	20-199	200+	Number of firms 2011 Total	Number of firms 2009 Total
Agriculture, Forestry and Fishing	272	27	9	0	3	311	402
Mining	3	0	0	0	0	3	3
Manufacturing	177	103	50	32	3	365	361
Electricity, Gas, Water and Waste Services	6	9	3	0	0	18	21
Construction	872	440	103	20	3	1438	1312
Wholesale Trade	269	148	71	15	0	503	470
Retail Trade	395	258	139	40	3	835	771
Accommodation and Food Services	110	108	122	47	0	387	360
Transport, Postal and Warehousing	184	43	12	3	0	242	295
Information Media and Telecommunications	120	49	18	3	0	190	172
Financial and Insurance Services	1303	229	43	15	0	1590	1481
Rental, Hiring and Real Estate Services	1510	142	52	15	0	1719	1644
Professional, Scientific and Technical Services	1481	948	137	25	3	2594	2301
Administrative and Support Services	245	115	51	24	3	438	395
Public Administration and Safety	14	12	3	3	0	32	27
Education and Training	99	36	20	9	0	164	152
Health Care and Social Assistance	428	256	92	35	0	811	770
Arts and Recreation Services	152	43	18	9	0	222	246
Other Services	173	122	75	6	0	376	413
Inadequately Described or Not Stated	253	51	6	6	0	316	300
TOTAL	8,066	3,139	1024	304	18	12,554	11,896

Source: ABS Counts of Australian Businesses, including Entries and Exits, June 2007 to June 2011

Table 2.3.1 provides further evidence that that Bayside has a heavily service-based economy comprised largely of small businesses, though the proportion of small businesses is slightly smaller (33.1%) in Bayside relative to the equivalent proportion throughout Victoria (36.8%). The proportion of large businesses in Bayside (200+ employees) is 0.1%, which is similar to the proportion in Victoria overall (0.3%)[5].

[5]Industry Atlas of Victoria, Department of Business and Innovation (2011, pg 20)

Professional, scientific and technical industry firms are the single largest category of firms in Bayside, observed as such in both 2006 and 2011. This is significant given this that particular industry is forecast to grow strongly and employs many working residents.

Table 2.3.1 reflects the population data identified in Section 2.2, as Bayside's relatively high number of elderly residents is likely to be driving considerable demand for local health care services.

Similarly, Bayside's cohort of managers and professionals was noted in Table 2.6.1 as substantially larger than the metropolitan Melbourne average, and the large number of small businesses in this industry reflects this feature. The solid growth in the number of such local firms is also consistent with the growth in the employment of residents in this industry.

2.3.3 Business establishment turnover in Bayside – 2011

Industry	Zero to $50k	$50k to less than $100k	$100k to less than $200K	$200k to less than $500k	$500k to less than $2m	$2m or more	Total
Agriculture, Forestry and Fishing	208	31	35	26	11	0	311
Mining	3	0	0	0	0	0	3
Manufacturing	99	47	53	73	51	42	365
Electricity, Gas, Water and Waste Services	3	0	0	9	6	0	18
Construction	291	265	285	278	210	109	1438
Wholesale Trade	131	65	61	75	107	64	503
Retail Trade	203	84	112	164	186	86	835
Accommodation and Food Services	48	57	81	100	85	16	387
Transport, Postal and Warehousing	102	44	38	33	19	6	242
Information Media and Telecommunications	77	28	37	17	22	9	190
Financial and Insurance Services	748	289	233	203	95	22	1590
Rental, Hiring and Real Estate Services	595	359	326	268	125	46	1719
Professional, Scientific and Technical Services	763	474	567	523	220	47	2594
Administrative and Support Services	142	88	52	73	62	21	438
Public Administration and Safety	11	3	3	6	6	3	32
Education and Training	41	38	41	28	13	3	164
Health Care and Social Assistance	139	106	145	217	185	19	811
Arts and Recreation Services	90	39	36	27	30	0	222
Other Services	70	72	84	93	51	6	376
Not Classified	85	118	35	54	12	12	316
TOTAL	3849	2207	2224	2267	1496	511	12,554

Source: ABS Counts of Australian Businesses, including Entries and Exits, June 2007 to June 2011

Note that Table 2.3.2 demonstrates that even the non-employing businesses in Bayside generate turnover (these businesses are generally sole traders or contractors and are commonly in inner-urban areas of Melbourne).[6]

[6]'Non-employing businesses in Victoria' – Industry Atlas of Victoria, Department of State Development, Business and Innovation (2011, pg 17)

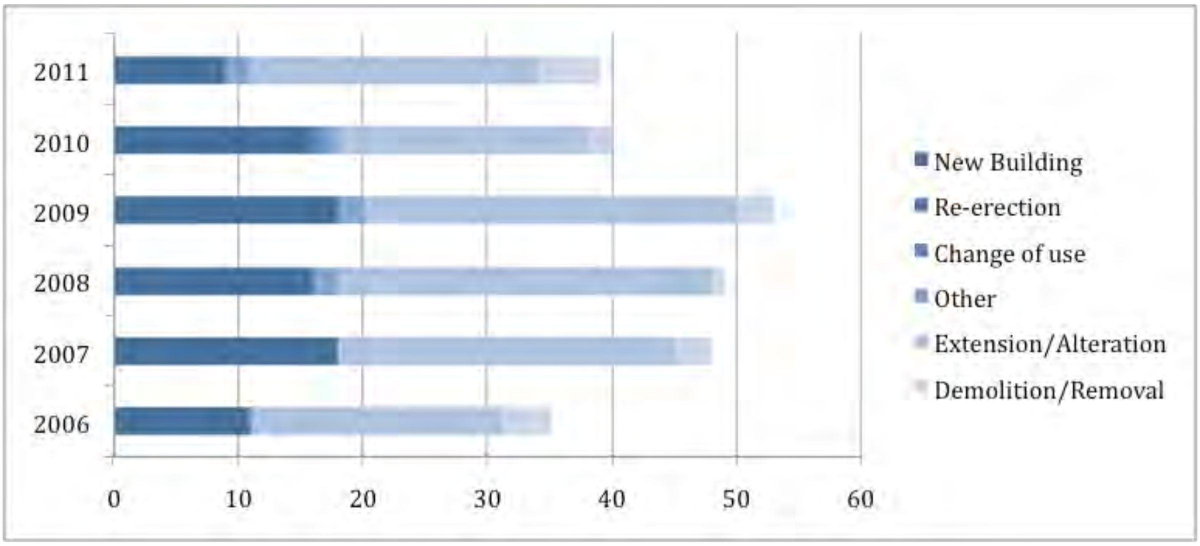
Table 2.3.2 is consistent with Table 2.3.1 in that the overwhelming majority of Bayside's businesses are small-scale with annual turnover under $2 million. This suggests that a focus for economic development support programs for businesses in Bayside should primarily address the needs and challenges of small businesses.

Professional, scientific and technical firms are the most common single firm type in Bayside, and the high number of small to medium firms in particular correlates with the professional and managerial occupation of many Bayside residents working locally identified earlier in Table 2.6.1.

2.3.4 Commercial investment activity in Bayside

Building permit data is available between 2006 and 2011 on construction, demolition and refurbishment activity within Bayside. This provides an indicator of the commercial investment activity in properties and information on the different categories of business activity.

Figure 2.3.4 – Commercial building permits, Bayside 2006 to 2011



Commercial (i.e. office premises) permits have been issued at a much larger number (particularly the share of new-construction) than retail. Retail has had higher demolition rates and, in recent years, has also experienced a higher volume of extensions/alterations.

This data is consistent with the findings of the Bayside Business Monitor 2012 that commercial office and service businesses were becoming relatively more prevalent in Bayside's activity centres, and retail relatively less so.

Figure 2.3.4 – Retail building permits, Bayside 2006 to 2011

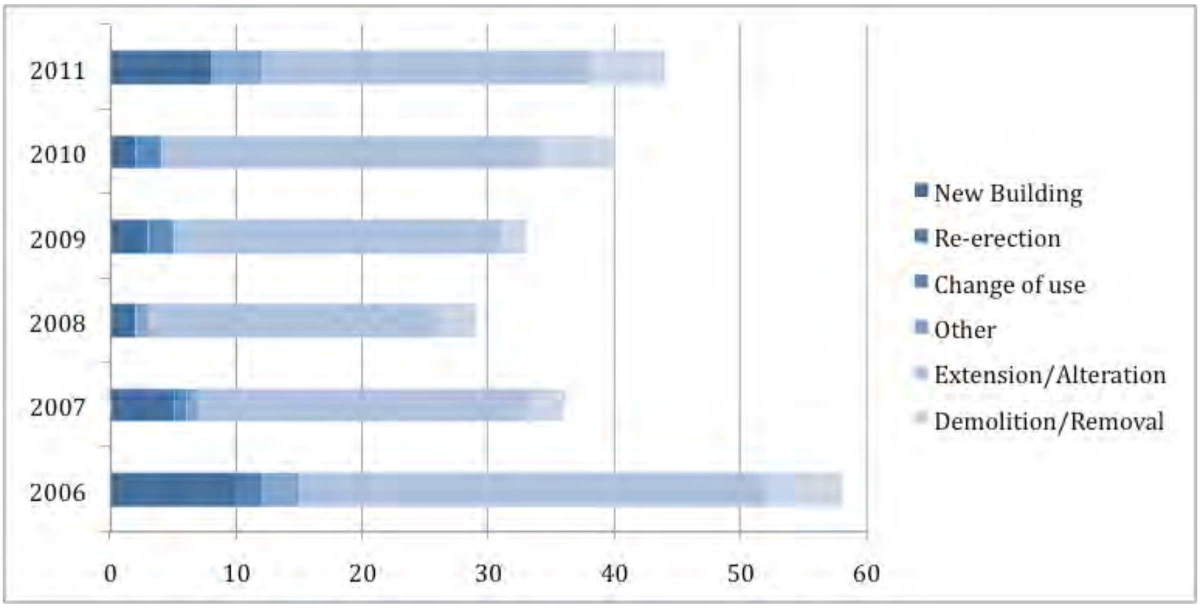


Figure 2.3.4 – Hospital/healthcare building permits, Bayside 2006 to 2011

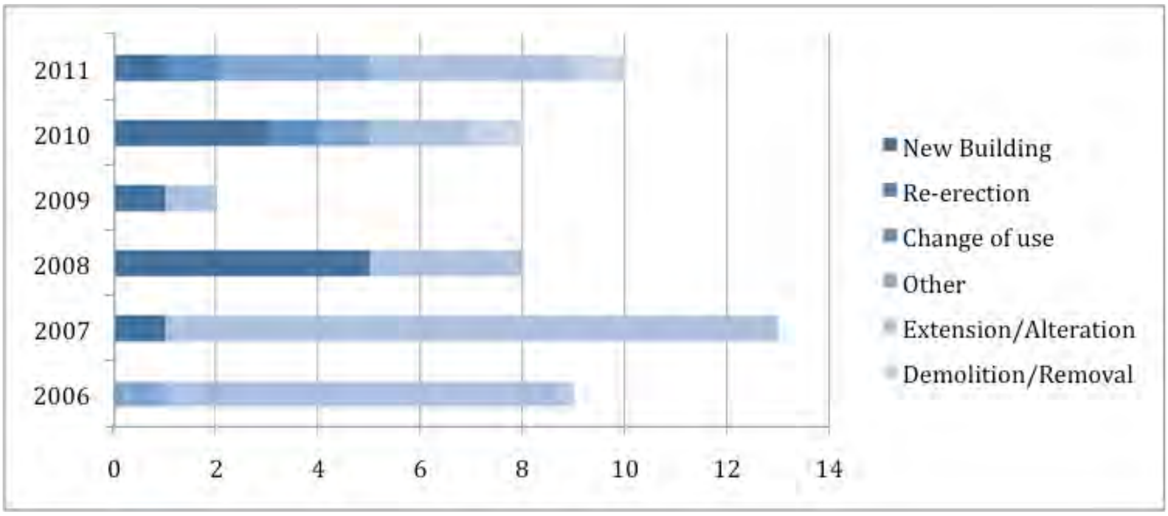
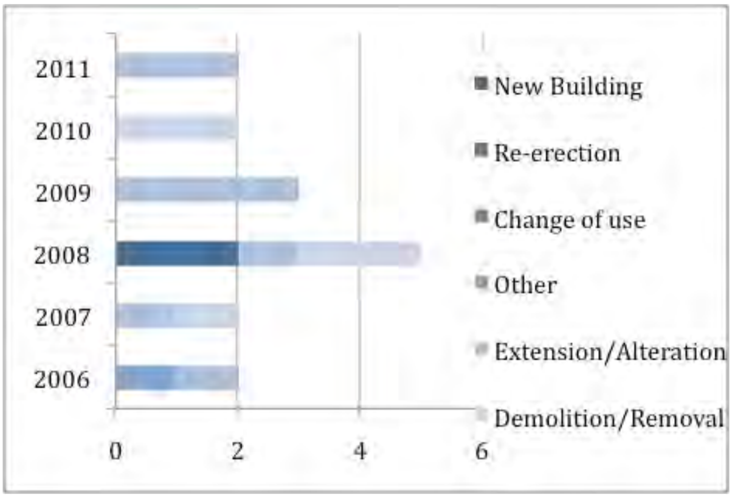


Figure 2.3.4 – Hospital/healthcare building permits, Bayside 2006 to 2011



Industrial building activity is now minimal in Bayside and reflects the relocation of manufacturing industry firms that was anticipated by the 2004 Bayside Industrial Strategy.

2.4 Conclusions – What do we now know about the Bayside economy?

2.4.1 Key observations

Since 2006-07, Bayside's industry structure has been generally stable with growth in jobs and businesses observed, despite the GFC of 2008-09 and the associated macroeconomic instability in Australia and shocks to business and consumer confidence during this period.

The local employment on offer in Bayside generally continues to match the occupational profile of its local residential labour force, with strong growth in personal and commercial service sector employment and a shift away from manufacturing and (to a lesser extent) retail.

2.4.2 Bayside's comparative advantages and strengths

Overall, the Bayside economy is continuing to trend in the directions identified in the 2010 EDS. In particular, Bayside has a highly-skilled, service-based local workforce and industry structure that has enjoyed good employment and income performance relative to the rest of Melbourne. The indications from business establishment growth rates since 2006 are that Bayside has an agile and entrepreneurial culture which can adapt to changing macroeconomic circumstances.

The projections of future employment growth in Bayside indicate that it is well placed to continue to make the transition towards higher-order quaternary and quinary sector functions, which are likely to match the skilled employment sought by the local workforce.

Bayside does not have a major regional retail centre (Southland being located in the City of Kingston) and will not have one in the foreseeable future. As such, its smaller retail centres alone will not be sufficient to provide a critical mass that can give Bayside a major edge in this industry relative to Melbourne overall. Continued population growth, business investment and innovation and rising real incomes will underpin future economic growth in Bayside for the foreseeable future.

Manufacturing in Bayside is projected to continue to relocate from Bayside's relatively expensive land in prime suburbs towards other metropolitan locations with fewer competing uses such as residential. Given that manufacturing employs a relatively modest proportion of Bayside's working residents, this dynamic (observed largely within the Bayside Business Employment Area) is consistent with the issues identified in the Bayside Industrial Area Strategy 2004 and has the benefit of freeing up land in the BBEA for further office and service-based business investment that can provide high-value local jobs.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3. Council's Economic Development Vision and Strategic Objectives

3.1 Evaluation and key findings of the 2013 update

A significant amount of new economic data on Bayside has become available since 2010, and has been analysed in the previous section. The major finding of this update is that Bayside's economy has maintained a similar composition and direction to that identified in the original 2010 Strategy. In particular, Bayside continues to enjoy a strong, diversified, service sector-based economy with areas of alignment between the skills of residents and the local jobs available. The overall role for Council in the local economy, therefore, remains unchanged and is as essential as before.

In light of this finding, Council's 2010 EDS vision and objectives for economic development remain appropriate and should be retained.

3.2 Economic outlook and directions

The term 'think global, act local' continues to be a principle of regional economic development of considerable applicability to Bayside, in an era where:

- The accepted economic roles of dormitory suburban areas are under challenge from changing relationships between workplace, home and lifestyles.
- The growth in tertiary sector industries business and domestic services, including the intellectual property services which are sometimes referred to as the quaternary sector, far outstrips primary and secondary industries.
- Environmental sustainability incorporating concerns over climate change, greenhouse gas emissions/global warming, waste management and depletion of fossil fuels is an increasing issue for residents.
- Ethical and healthy living standards and practices are driving many business developments.

Due to the extent to which Bayside's economy is integrated within the south-eastern Melbourne region, Bayside does not need economic development policies in the conventional mould aimed at attracting significant investment and jobs to secure the future population or business base. Instead, Bayside's economic development objectives relate to:

- protecting lifestyles which has the potential to limit some growth opportunities while 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
- facilitating collaboration and business linkages to support expansion of the current enterprise base
- promoting the economic wellbeing of residents throughout all stages of their lives, from education in childhood to retirement incomes in senior years.

It is widely accepted that 70% or more of new jobs and new investment in Australian regions are derived from expansion and re-investment by the existing community. A key finding from Section 2 Bayside is well placed to maintain its comparative advantages in the future. Significant among these local advantages are:

- occupational dominance of professional and managerial occupations
- above average household incomes
- expanding tertiary and quaternary sectors
- markets for domestic services
- a good socioeconomic and occupational mix to expand flexible, home and branch-based knowledge industries
- innovative businesses which are able and prepared to implement measures to ensure future sustainability.

Maintaining and intensifying these local strengths will secure the high-value local jobs that are central to Bayside's continued prosperity and its desirable work/life balance.

3.3 Council's Vision and Objectives

Council's vision for Bayside's economy over the coming years is:

"Bayside will be Victoria's most attractive place to live and work, with new growth and investment in a local economy and business community increasingly structured around innovative, knowledge and service oriented enterprises."

Council's objectives for economic development to achieve its vision over the next five years are aligned to the five key determinants of long-term regional economic growth discussed in further detail ahead in Section 4[7]

Economic Driver	**Objective**
Human capital	1. To support the City's business community as an important local employer, investor and contractor of services
Sustainable communities and growth	2. To achieve sustainable growth will include: • streamline and improve policies, • appropriate local laws, • planning policy aligned to Council's strategic objectives • partnerships established with the community to ensure desirable, • sensitive and conforming economic development.
Comparative advantage and business competitiveness	3. To facilitate local business initiatives and collaboration
Access to markets	4. To deliver physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City
Effective governmental/private partnerships and integrated regional planning	5. To provide local access to, State and Commonwealth industry and economic development programs for businesses and community organisations.

[7]Department of Regional Australia, Local Government, Arts and Sport (2013), Regional Economic Development Guide, Commonwealth of Australia

3.4 Analysis of Action Program 2010-13

3.4.1 Bayside Business Network

Objectives:
This action area addresses two of the five year economic development objectives:
- to facilitate local business initiatives and collaboration
- to provide local advice, and access to, State and Commonwealth Government industry and economic development programs for individual businesses, groups of businesses and community organisations in Bayside.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.1.1	Maintain and continuously improve the successful formats for business breakfasts, seminars, women's luncheons and networking functions	· Hold a well-publicised facilitated annual summit with BBN members to reflect and collect data on the performance of the Network over the previous year and determine the most appropriate program to meet members' needs for the following year · Undertake post BBN event evaluation surveys · Hold annual workshops of seminar presenters to determine the optimum model to increase business-to-business training · Conduct seminar presenter briefing evening to ensure the new presenters have an understanding of how to conduct a successful seminar · Ensure informal networking functions are well rganized to attract as many members as possible. Consider appointing a BBN member as host · Attend functions of other networking groups to compare, contrast and gain new ideas	· Annual Summit held · Number of attendees	Annually	Held annually since 2009. The summits have proved invaluable in formulating the direction of the BBN and are attributed with a number of innovations that have shaped the BBN events Attendees: 2009 - 1721 2010 - 2586 2011 - 3004 2012 - 3088 2013 - 3013
			· Completion of six online surveys · Achieve a minimum of 80% satisfaction	Quarterly	Since 2009 each of the BBN's flagship events have had post evaluation surveys undertaken. Of the 24 breakfasts and luncheons undertaken over this period, by the BBN, all have had a satisfaction rating ranging of between 85% - 90% as very good to excellent
			· Annual workshop held · Presenter's briefing evening held · Minimum of 30 attendees per seminar	Annually	The Annual workshops have been held with the quality of seminar presenter substantially approved. Average attendance levels at the seminars are growing with the 2013 series ranging from 35 to 150 attendees.
			· Minimum of 30 attendees per networking night	Quarterly	Networking nights have averaged between 50 to 70 attendees with some of the recent summer events averaging 100+ attendees
			· Attend a minimum of one external event · Brief report for annual summit completed	Annually	For the purposes of benchmarking a number of events held by neighboring councils have been attended. It would appear that BBN events are by far better attended and organised. A report on the composition of membership, satisfaction and attendance levels has been provided to every summit.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.1.2	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	· Introduce a members only login by category for an online BBN database · Identify members from each sector, via membership application, self identified 'business category' · Facilitate dedicated networking events and information exchange forums for each of the four categories to encourage networking and collaboration · Where applicable hold joint promotions at BBN events	· Completion of online database	3rd Qtr 2010	BBN database has expanded with a range of online options for the membership, the memeber directory
			· Hold a minimum of one industry night per annum	Annually	A number of retail industry specific events have been held. On average, 31 per annum
			· A minimum of one joint promotion per annum	Annually	Joint promotions events have been held with: - Small Business Victoria - Australian Taxation Office - Australian Retailers Association - BBN Ambassadors
3.4.1.3	Explore and implement further value adding features and business networking groups; horizontal networks across suitable sectors (in the quaternary or knowledge industry areas), and vertical (or value chain) networks to expand and develop the BBN	· Undertake a proactive campaign to expand the membership base into other sectors of the local economy · Work in partnership with sponsors to expand the mix and numbers of the network · Establish a steering group to assist with recruiting new members · Introduce a card that would entitle members to discounted products and services	· Membership increased by 10% from 2009	Annually	At 2009 the membership was approximately 260 and as at 2013 was 480 i.e. An 84.6% increase over a 4 year period
			· Establish membership steering group	2nd quarter 2010	The appointment of the Seminar series presenters as Ambassadors of the BBN has worked effectively as a steering group in marketing and building the BBN and have actively promoted the BBN
			· Introduction of a BBN members' cards	3rd quarter 2010	The members' cards were trialed in 2011 however, given the nature of the membership the initiative was not taken up, due to a lack of incentives on offer.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.1.4	Build and develop sponsors' relationships to both increase funding to the BBN and benefits to members	· Hold a sponsors' event for BBN members only · Undertake a sponsors' satisfaction survey · Encourage sponsors to undertake displays at BBN events	· Sponsors' night conducted with a minimum attendance of 50	Annually	BBN sponsorship has grown considerably with the cash and in – kind sponsorship for 2013 topping $285,000. In comparison the 2009 sponsorship was approximately $60,000 cash and in kind. Sponsors are routinely engaged and when approached to explore the options for a sponsors night, none felt the need to hold such an event as they believe the best value for them was in the exposure they gained at BBN events. Satisfaction survey not commenced. Envisaged to commence end of 2014 financial year.
			· Satisfaction survey undertaken with an overall above 80% approval rating	Annually	

3.4.2 Bayside Business Employment Area (BBEA)

Objectives:
This action area addresses three of the five year economic development objectives:

- to plan and facilitate the delivery of physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City
- to implement local policies, local laws, planning schemes and joint activities with the community to ensure desirable, sensitive and compatible economic development
- to directly provide (or assist in the provision of) selected infrastructure (both hard and soft) to meet known demand and to complement private investment.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.2.1	Establish a consistent and unifying landscape and urban design theme to the area, which presents it as a single identifiable precinct	· Complete a comprehensive urban design framework (UDF) that features excellence in both design and environmental management · Develop a capital works program and funding model · Consult widely with businesses within the BBEA and interface households on the UDF consistent with Council's community engagement framework	· Completion of UDF	4^{th} quarter 2011	Due to a number of developments in the area, including the proposal for a Railway Station at Southland, and a number of re-zonings of large parcels of land within the area, Economic Development did not progress this component of the work program. However, Council has commenced a visioning exercise and worked with Councillors in a workshop on the 3^{rd} of September 2013 to determine possible future scenarios for the area. Work will progress in 2014 with the relevant local trader groups, industry representatives and internal stakeholders. Retail, Commercial and Employment Strategy starting 2014.
			· Capital works and funding model completed	3^{rd} quarter 2012	
			· Undertake consultation	1^{st} quarter 2012	
3.4.2.2	Ensure that all private redevelopment includes appropriate landscaping, a built form and a quality of development that complements the Business Park character identified for the area	· Ensure statuatory planning are aware of the UDF's desired outcomes and provide guidelines	· Completion of guidelines	2^{nd} quarter 2012	
3.4.2.3	Create a Bayside Business Employment Area (BBEA) Reference Group to market and promote the precinct. It will: · assist in marketing BBEA as a modern, high amenity park for office based businesses · act as a sounding board for streetscapes and infrastructure projects · facilitate networking linkages between businesses to develop business-to-business connectivity · target new industries that complement, and have potential to collaborate with, themes of value adding, sustainability and innovation	· Establish a BBEA Reference Group that is representatives of the industry mix · Develop a comprehensive marketing strategy together with a logo and tag line to promote the area · Conduct networking opportunities for BBEA businesses	· Establish BBEA	3^{rd} quarter 2011	
			· Completion of a marketing strategy	4^{th} quarter 2011	
			· Networking opportunities held	3^{rd} quarter 2011	

3.4.3 Retail and Commercial Activity Centres

Objectives:
This action area addresses three of the five year economic development objectives:

- to plan and facilitate the delivery of physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City
- to implement local policies, local laws, planning schemes and joint activities with the community to ensure desirable, sensitive and compatible economic development
- to facilitate local business initiatives and collaboration.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.3.1	Facilitate the creation of attractive streetscapes consistent with Council's adopted activity centre structure plans with the principles of place management	· Implement the completed streetscape masterplans for: o Black Rock o Martin Street o Bay Street o Church Street o Sandringham Village o Beaumaris Concourse · Completion and adoption by Council of a streetscape masterplan for Hampton Street together with community consultation including the Hampton Street Traders Association · Undertake streetscape upgrades in Baysides' smaller activity centres · Work with and continue to champion Council's Activity Centre Cross Organisational Group (ACCOG) to put forward projects that improve streetscapes such as 'Greening our Villages'	· Number of streetscape works undertaken	Subject to Council's capital works budget	Since the adoption of the strategy and to date streetscape works have been either completed or in progress in: · Black Rock · Bay Street, Brighton · Church Street, Brighton · Sandringham Village · Beaumaris Concourse · Hampton Street
			· Adoption by Council of a Hampton Street streetscape masterplan	3rd quarter 2010	The masterplan was adopted by Council in 2010
			· Number of streetscape upgrades in Bayside smaller activity centres	Subject to Council's capital works budget	Works completed in: · Keys Street, Beaumaris · Seaview Village, Beaumaris · Balcombe Road, Beaumaris · Dendy Village, Brighton · Brighton Beach · Hampton Street
			· Number of proposals put forward by the Activity Centre Cross Organisational Group	Subject to Council's capital works budget	With the appointment of the Coordinator Urban Places the ACCOG was discontinued.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.3.2	Encourage the establishment of robust traders' associations that lead to collaboration among business owners to implement consistent customer service standards, shop front presentations and trading arrangements	· Provide Council's 'Retail Tips' to traders' associations and new shopkeepers · Continue to conduct the quarterly meeting of representatives of all Bayside's traders' associations · Assist traders with support to form and maintain associations · Engage existing available programs through State Government's DIIRD and Federal Government's ARA to encourage training and up-to-date arrangements	· Number of 'Retail Tips' distributed	Annually	Over 2000 Retail Tips were distributed in 2010. The publication in the digital age is now no longer required.
			· Number of representative traders' association meetings conducted	Annually	Economic Development staff routinely attend traders association meetings held across the municipality.
			· Number of active traders' associations in the municipality	Annually	As at 2013 the active traders associations in the municipality are: · Bay Street · Hampton Street · Sandringham Village · Martin Street · Balck Rock · Beaumaris Concourse
			· Number of State or Federal Government program auspiced by Council	Annually	Council has participated annually in: · Streetlfe programs (Vic Gov) · Victoria small business festival · Auspiced program by the Australian Taxation Office, · Promoted the work of the Victorian Ombudsman for residential and small business

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.3.3	Implement regular theming and coordinated events at selected activity centres	· Provide funding to rganized traders to establish and stage events · Work with traders' associations to determine reasonable outcomes such as: o increased visitor numbers o satisfaction by attendees	· Number of events conducted by traders' associations	Annually	The Shopping Centre Event and Celebration program has proved very successful with a range of events being conducted throughout the municipality since 2010. The greatest success has been the Sandringham Village Fair which has had attendances of between 15,000-20,000 people each year. A range of smaller events have been conducted in activity centres with the latest being "Halloween" in Hampton Street which attracted hundreds of children and their families to the shopping centre. The fund has proved most effective as seed funding for trader sponsored events. Due to the nature of the events, post satisfaction surveys are not undertaken.
			· An 80% satisfaction achieved by attendees to traders' events	Annually	
3.4.3.4	Maximise opportunities to differentiate Bayside's retail centres by supporting shopping village retail centre coordination and assisting it to become self-sufficient	Explore the opportunity to levy special rates for marketing and promotion particularly in: · Hampton Street · Church Street	· Declaration of at least one special rate for marketing and promotion	3rd quarter 2011	Special rates have not been considered as the Council has not resolved a policy position.
3.4.3.5	Build relationships between compatible tourism market sectors with the intent of encouraging links between retail promotion and other marketing / promotional initiatives	· Establish email database of traders to routinely update them on tourism activities · Invite members of the Bayside Tourism Network to attend Retail traders' meetings and vice-versa · Continue to engage Bayside Tourism Network members to distribute relevant information to event attendees at events in activity centres	· Establishment of email database and a minimum of four updates provided	3rd quarter 2010	Email databases have been established of all of the major activity centres as well as the large neighbourhood centres.
			· Number of joint meeting held	Annually	Quarterly meeting of presidents of traders associations have been conducted.
			· Number of traders events attended by BTN members	Annually	BTN members attend the event organising meetings of traders associations as required. For example 2 BTN members have been working with the Beaumaris Traders and Beaumaris Rotary to assist them in the development of their Christmas Carnivale.
3.4.3.6	Monitor the performance and retail offering of activity centres .	Continue to compile the Bayside Business Monitor on a 5 yearly interval.	· Completion of Business Monitor	1st half 2011	Business Monitor completed and adopted by Council in June 2012.

3.4.4 Home Based and Micro Businesses

Objectives:
This action area addresses three of the five year economic development objectives:

- to facilitate local business initiatives and collaboration
- to support the City's business community as an important local employer, investor and contractor of services
- to provide local advice, and access to, State and Commonwealth Government industry and economic development programs for individual businesses, groups of businesses and community organisations in Bayside.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.4.1	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	· Introduce a members' only login for an online BBN database · Identify home based BBN members via membership application, self identified 'business category' · Conduct targeted training opportunities for home based businesses with the support of State and Federal Government programs	· Establishment of a members' only login for baysidebusiness.com.au	2^{nd} quarter 2010	Members logins were established in 2012 with the transition to the new BBN Website.
			· Number of businesses identified as home based business on BBN registration.	Annually	Given the nature of business classifications, home-based businesses have not been identified.
			· Number of training sessions conducted for home based businesses.	Annually	The seminar series conducted by BBN have attracted a range of businesses from micro to medium sized businesses.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.4.2	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)	· Undertake a random survey of residences to determine the number of home based businesses within the municipality · Identify opportunities, both physical and knowledge based, for the sector with partnerships such as the Federal Government's 'Enterprise Connect' program · Undertake a feasibility study to establish an incubator for home based businesses	· Survey completed	Biannually	Has not been undertaken.
			· Conduct industry information nights to encourage industry sectors to work cooperatively	1^{st} quarter 2011	A number of retail industry nights have been conducted and exploration has commenced into conducting hospitality, financial services and health industry networking nights.
			· Completion of feasibility study	2^{nd} quarter 2010	The study has not been undertaken as resources have been limited.
3.4.4.3	Reduce the level of isolation for owner / operators of home based and micro businesses through peer support	· Facilitate dedicated networking events and information exchange forums for Home Based and Micro Businesses as a subset of BBN activities · Establish a BBN mentor group for smaller businesses	· Conduct a minimum of one networking event for home based and micro businesses annually	Annually commencing 3^{rd} quarter 2010	The numerous networking events afforded by the BBN has meant that the home-based business specific event has not been required.
			· Establishment of BBN mentor group	3^{rd} quarter 2010	Appointment of BBN seminar presenters as Ambassadors has provided effective mentor group.

3.4.5 Sustainable Bayside

Objectives:
This action area addresses three of the five year economic development objectives:

- to plan and facilitate the delivery of physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City
- to integrate economic, social and environmental activities of Council
- o directly provide (or assist in the provision of) selected infrastructure (both hard and soft) to meet known demand and to complement private investment
- to facilitate local business initiatives and collaboration.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.5.1	Increase awareness for local businesses on the Federal Government's Emissions Trading Scheme (ETS) if legislated with the support of relevant government agency	· Conduct well advertised and promoted seminars on the ETS	· A minimum of 50 attendees	Dependent on Federal Government	As legislation in this area has not been resolved, this has not progressed.
3.4.5.2	Provide ongoing advice and information on reducing energy and water consumption with a view to reducing operating costs	· Develop partnerships with relevant water and electricity suppliers · Hold sustainability information sessions for local businesses in conjunction with relevant agencies and suppliers	· Conduct an annual meeting with water and energy local suppliers	Annually commencing 2nd quarter 2010	A number of BBN breakfasts have been themed on the issues of sustainability. Numerous breakfasts have had expo displays of sustainable products.
			· Hold a minimum of one information session annually	Annually commencing 3rd quarter 2010	
3.4.5.3	Encourage residents to take up sustainability initiatives and products supplied by local businesses	· Conduct sustainability forums for residents and encourage local businesses operating in the sector to participate or exhibit. Consider sponsorships opportunities to augment costs.	· Conduct a minimum of one sustainability forum biannually	1st quarter 2011	The promotion of the Built Environment Awards (Sustainability Category) has been proven successful, with Council receiving five nominations in the 2013 award. With the Environmental Strategy Team, these initiatives will be investigated further.

3.4.6 Accessing State and Commonwealth Government Programs

Objectives:
This action area addresses two of the five year economic development objectives:

- to facilitate local business initiatives and collaboration
- to provide local advice, and access to, State and Commonwealth Government industry and economic development programs for individual businesses, groups of businesses and community organisations in Bayside.usiness initiatives and collaboration.

	Action	Method	Measure	Time & Reporting of Measure	Progress
3.4.6.1	Increase the awareness of local businesses of assistance programs provided by the State and Federal Governments	· Encourage State and Federal Government business support and advisory agencies to participate in BBN events	· A minimum of one information session conducted	Annually commencing 3rd quarter 2010	The Department of State Development and Business Innovation has been a significant sponsor. Council has actively promoted and facilitated numerous programs of the Department. Providing the link between State services and funding opportunities and Bayside Businesses.
3.4.6.2	Access relevant State and Federal Government programs to be delivered in Bayside	· Apply where applicable for funding and / or training opportunities to be delivered in Bayside	· A minimum of one program delivered	Annually commencing 4d quarter 2010	Council has secured significant funding for a range of initiatives to assist local industry.

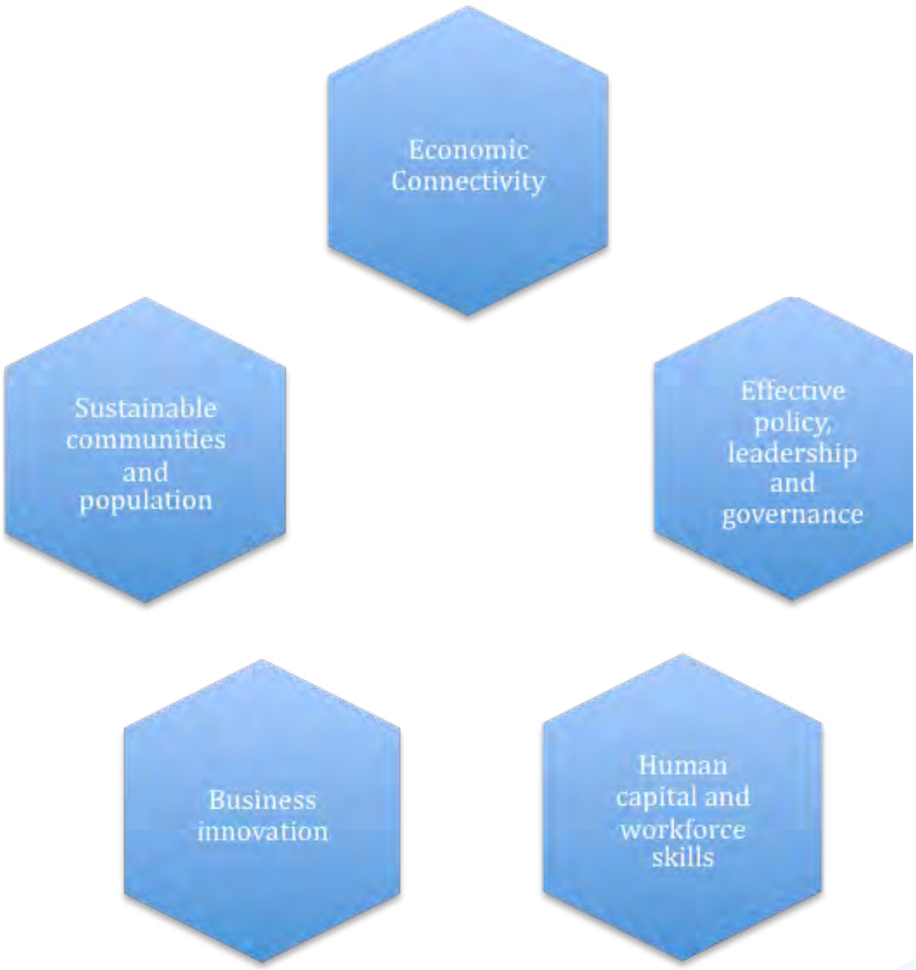
4. Bayside as a regional economy and opportunities to foster growth

4.1 What drives Bayside's economy?

As noted earlier, Bayside is not an economic region in its own right. The journey-to-work data in Section 2 demonstrates the labour movements to and from employment, from Bayside and within Bayside. It indicates that the municipality sits within a broader economic region in Melbourne's south-east that stretches from the CBD to as far as Dandenong. Bayside's integration in this economic region means there is a continuous flow of labour, investment, wages and profits to and from the municipality. Bayside's economic performance will therefore depend critically upon the performance, patterns of trade and trends in this broader metropolitan context.

Nevertheless, the local economy is also subject to the same endogenous and exogenous factors which result in activity and growth as any regional economy. The drivers of sustainable economic growth and prosperity can be grouped into the six labels depicted below. Council's role is to identify the available data on each of these and to identify actions to consolidate and strengthen each.

Figure 4.1 – The five key drivers of sustainable local economic growth[8]



[8]Department of Regional Australia, Local Government, Arts and Sport (2013), Regional Economic Development Guide, Commonwealth of Australia

These key factors are the drivers of growth as they constitute the necessary preconditions for the private sector investment that sustains economic growth. The role of all levels of government is to support these preconditions to maximise the attractiveness of investment and business retention in Bayside.

4.1.1 Human capital, particularly education and skills

Human capital is the stock of knowledge, expertise and abilities of a population.

Human capital is one of the most important inputs to economic activity. Human capital is crucial to supporting local businesses to be competitive and drive economic growth. Businesses need access to workers with suitable skills, which is particularly important for advanced industries that rely heavily on technical knowledge and creative abilities. Improvements in education and skills can enhance the innovative and productive capacity of a workforce. Individuals with greater education and skills can pursue a wider range of employment opportunities, adapt to new processes and technologies which improve productivity, and improve their standard of living. The way in which businesses engage with their employees and make use of their skills is also crucial in driving productivity improvements.

Human capital is important to entrepreneurship. People who are experienced in business and have well-developed technical skills and abilities are well-equipped to pursue new ideas and business opportunities. Fostering a strong entrepreneurial culture is also important for enhancing innovation and can encourage businesses and their employees to seek out commercial opportunities. The presence of a skilled workforce can make a region more attractive to investment. Businesses will seek out regions that have an adequate supply of skilled labour when making decisions about where to locate their operations.

Cultural amenities and social infrastructure also play a role in supporting the human capital of a region. Arts, sport, volunteering and cultural activities contribute to the social fabric of a community. These factors can enhance creativity and innovation, build a community spirit and create linkages within regional economies to build on the existing stock of knowledge.

4.1.2 Sustainable communities and population growth

Sustainable communities refers to the ability of a region to endure in the long-term. It has economic, environmental and social dimensions. This concept links closely with and supports Human Capital.

A region's population is one of its most important resources. It provides the local workforce and plays a large role in determining the attractiveness of living in a region. Population change is a significant factor in the long-term viability of the local community in terms of economic, environmental and social sustainability.

While population growth in the retirement demographic may have a smaller impact on the labour force, it can stimulate economic activity and contribute to improvements in social capital. For example, older residents tend to participate in community events and volunteer activities, bringing knowledge and experience that can be shared with local businesses. An ageing population can also create demand for services, including aged care and health services.

Population growth can promote further economic development by creating economic and social benefits that attract ongoing migration and business investment. Regions with a growing economy tend to create favourable employment opportunities that attract new residents. The resulting migration can then stimulate additional economic activity as new residents invest in housing, and spend their money in the local economy.

Another key aspect of sustainable communities relevant to Bayside is the need for access to income throughout a person's life within a place. Younger age residents require access to education and skills to prepare them for the workforce; working age residents need access to employment during their prime years; and senior citizens will require community and government support programs, pensions, investments and assets, and/or superannuation funds for their wealth and incomes.

As noted in Section 2.2.2, Council's approach to economic development needs to include actions to assist these older residents as part of overall economic wellbeing throughout residents' life.

Bayside's aged residents are the first generation of retirees to have universal superannuation which was introduced by the Commonwealth in 1992. Given that 40% of Bayside's residents are retirees or approaching retirement age, it is important to understand the income sources that Bayside's residents rely upon for income during post full-time employment. Limited data is currently available to profile these dynamics, and this information gap needs to be addressed as part of the five year action plan.

4.1.3 Comparative advantage and business competitiveness

A region has a **comparative advantage** when it can produce a product, good or service at a lower opportunity cost than other regions. Regional comparative advantage can be considered as a region's area of relative strength or specialisation, such as access to natural resources.

Business competitiveness is the ability of a business to sell and supply goods and services compared to a competitor. A business has a competitive advantage when its products or services cannot be easily duplicated by competitors.

A region's comparative advantage can stem from various sources, such as its geographic location and proximity to other population centres, availability of natural resources, climate and arable land conducive to agriculture, the existence of industry clusters, access to infrastructure or the skill profile of the local population.

These underlying attributes influence the types of economic activity that are likely to be successful in a region. They also have implications for development initiatives, which are generally more effective where they build on an existing strength. However, this does not mean that regions cannot diversify their economies. Rather, regions can benefit by strengthening current areas of specialisation and diversify by developing new ways to exploit existing assets, resources and knowledge.

A region's comparative advantage is not static and can evolve over time with changes in natural resources, market forces, or planning and investments that aim to build up new capabilities.

Local businesses can use a region's comparative advantage to build a competitive advantage. Competitive advantages are also developed through the combination of multiple factors including knowledge, resources, skills and, importantly, the capacity to innovate. These factors can give a business an efficiency advantage, or underpin the development of a unique or innovative product that cannot be easily replicated by competitors.

Competitive local businesses are essential to economic development. They are the building blocks of a successful regional economy, providing the employment opportunities and income that underpin higher living standards. Actions to promote innovation, improve productivity, gain access to markets and lift the educational profile of a region, all contribute to making businesses more competitive.

4.1.4 Economic connectivity

Economic connectivity and access to markets is the ability to trade goods and services in markets at a local, metropolitan or national level.

Access to markets is facilitated by physical and non-physical connections. Reducing transport costs can improve physical access to markets and enable businesses to move goods more quickly. Soft infrastructure, such as strong business relationships, the right commercial access, trade agreements between countries and access to connective technology like the NBN, is equally important. When entering a new market, producers need to have the knowledge and ability to provide goods and services that are attractive and that meet local regulatory requirements, such as safety and quality standards.

Some businesses, by their nature, are focused on the local market. For example, demand for health and personal services is driven by local consumption as they serve specific local needs, and focus on relatively small local markets. However, other industries, particularly primary producers, are outwardly oriented and have stronger export potential. Growth in these sectors is greatly aided by building connections to larger trade markets.

Regions that are well connected to large or diverse markets can access a wider range of potential customers. Greater access to markets provides local businesses with opportunities to grow by trading more goods and services. Further, producing on a larger scale can help businesses to bring down their costs through economies of scale, making them more competitive. Access to markets is not restricted to building international links. Connecting with other areas of Australia can impact a region's economic development in a similar way to international trade, and can support the formation of businesses that operate across multiple regions of the country.

Greater access to markets also creates the opportunity to purchase from a wider range of sellers. Market access can benefit businesses by providing a greater choice of suppliers and potentially lowering their costs, and gives consumers access to a larger range of goods and services. Greater access to markets also opens the door to new investment and innovation, through the sharing of information, knowledge and technology.

4.1.5 Effective cross-sector and intergovernmental partnerships

Effective cross-sector and intergovernmental partnerships are areas of formal and informal cooperation between stakeholders that can help deliver on shared priorities. They are linkages between the local community, businesses, industry, and across all levels of government.

Integrated regional planning aligns the objectives of multiple levels of government, businesses and the community to coordinate development efforts at different levels.

No one level of government can fully respond to the diverse needs and circumstances of Australia's regions, and partnerships are essential for coordinating the activities and investments of different stakeholders. Effective regional development policy relies on all three levels of government working in partnership with each other, communities and the private sector, to focus on the challenges and opportunities for a particular region.

4.1.6 Recent State Government policy changes and directions

Plan Melbourne Metropolitan Strategy

Plan Melbourne is the first major change in strategic metropolitan policy since Melbourne 2030 was adopted by the State Government in 2002. Plan Melbourne presents a number of implications for economic development, including its focus on employment opportunities throughout Melbourne's major economic nodes and land use policy. A key economic theme of Plan Melbourne is the '20 minute city' concept whereby jobs and services may be accessed throughout the city within a 20 minute journey from any given point.

As noted earlier, Bayside is not a major economic region in its own right and is not identified as a cluster in Plan Melbourne. Bayside sits at the periphery of the CBD cluster and the journey-to-work patterns in Section 2 (page 33) indicate that Bayside also has a relationship with the south-eastern industrial cluster based around Dandenong and Monash.

Bayside's economic role is, in fact, already consistent with the aspirations of Plan Melbourne as the existing road and rail infrastructure that connects the municipality with the rest of the city provides it the efficient access required for Bayside's residents to access the major sources of employment and commercial nodes needed to integrate within the broader metropolitan economy.

Council's priority to foster positive preconditions in Bayside for commercial investment further reinforces alignments with Plan Melbourne as this investment further increases access and opportunities by Bayside's residents to employment and commercial interactions.

Plan Melbourne's implications for the BBEA.

Plan Melbourne's implications for the BBEA are unclear. The BBEA is not identified as a component of the 'Integrated Economic Triangle' (which instead refers to the CBD and major transport infrastructure), nor is it identified as part of one of the National Employment Clusters, a (State Government) investment or employment opportunity, or as a Metropolitan Activity Centre.

Plan Melbourne identifies the significance of activity centres in providing jobs and commercial opportunities, but does not discuss in detail the distinction between traditional mixed-use activity centres and dedicated commercial precincts such as the BBEA. This is particularly pertinent as the strategy's Initiative 1.2.3 includes an action to update the planning provisions to remove retail and commercial floor space caps in Precinct Structure plans as activity centres are developed. This action would increase the potential for the dispersal of major commercial investments away from the BBEA as a dedicated business and employment precinct to other areas both within and outside of Bayside. While this may diversify the functions of these other areas, the erosion of commercial investment was a key risk for the BBEA identified in the 2012 Business Monitor.

Clarification is required from the Victorian Government as to what role the BBEA is envisaged to play under the new metropolitan strategy. An opportunity to seek this clarification may arise when the Government undertakes the quantification of commercial and retail land requirements as an action to be completed in the short term as part of Initiative 1.2.3. The Government could also articulate how the BBEA functions (both currently and in the future) in meeting the employment component of the strategy's objective of a '20 minute city'. The Government's view of the correct balance between meeting housing and employment needs in Bayside's last major commercial area should also be sought.

Recommended addition to the action plan: seek clarification from the State Government on the future role and function of the BBEA as it relates to the objectives of Plan Melbourne.

Planning Zone changes

The Victorian Government introduced changes to the Victorian Planning Provisions which came into effect in July 2013. These zoning changes have potential implications for existing activity centres and commercial areas in Bayside (and elsewhere in metropolitan Melbourne).

The five previously existing Business Zones (Business 1-5) have been replaced with two new Commercial Zones (Commercial 1 and 2), which significantly expand the number of 'as-of-right' uses (i.e. uses for which a planning permit is not required).

For example, under the Commercial 1 Zone, which replaces the existing Business 1, 2 and 5 Zones all shops, including supermarkets, are 'as-of-right' and are no longer subject to floor space limits in urban municipalities. Similarly, the new Commercial 2 Zone replaces the existing Business 3 and 4 Zones that allows for the establishment of small-scale supermarkets with floorspace up to 1,800 m2 and small shops up to 500m2 'as-of-right' in the metropolitan area, on sites with access to a main road.

In addition to these changes to the Commercial Zones, the Industrial 3 Zone has been amended to now permit a supermarkets up to 1,800m2 and shops to a maximum of 500m2 to locate 'as-of-right' in that zone on sites adjoining or within 30 metres of an arterial or major road. Although Bayside has no land zoned Industrial 3, several sites in the adjoining Glen Eira and Kingston LGAs are located within a few hundred metres of the Bayside boundary which could potentially be targeted for supermarket/small shop development. Such development could attract trade from existing Bayside activity centres.

Whilst the greater 'as-of-right' uses permissible for shops and commercial activity under the new zones will simplify the planning application process somewhat and reduce it as a barrier to investment, 'planning certainty' could be reduced due to the likely expansion in the number of locations where new retail activities may locate. This potential outcome may serve to reduce investment in existing small centres as a response to greater perceived investment opportunities in newly-zoned commercial areas.

Under the zoning changes supermarkets could conceivably be developed within the Bayside Business Employment Area (BBEA) flanking Bay Road between George Street and Jack Road, Cheltenham and on land currently zoned Business 4 on the northern (Kingston) side of Nepean Highway. The potential for new 'out-of-centre' developments could undermine the vitality and viability of existing activity centres by redirecting trade away and by attracting existing tenants to re-locate to the new centres.

The decrease in the number of uses that require a permit and the rationalisation of the business zones also removes the discretion Council previously had to some degree, manage the commercial mix in centres.

For example, under the previous zoning regime, the Business 2 Zone was designed specifically to encourage the development of offices through requiring planning permits for all retail premises, with offices being 'as-of-right. Under the new Commercial 1 Zone, offices and retail 'premises (including shops) are both 'as-of-right, limiting Council's ability to direct where these uses are located and reducing the ability of the Planning Scheme to enforce a strong activity centre-based policy. The Bayside Small Activity Centres Strategy and the upcoming Retail, Commercial and Employment Strategy will provide the support to Bayside's activity centres that is available to Council under the new planning zones.

The new zones are likely to have significant property market effects by changing the opportunities and options for investment in commercial-zoned land. Retail and office construction activity was demonstrated in Section 2.3.4 to have had differing patterns of activity since 2006, reflecting the differing performance between retail and service industries over this period.

The changes to the local property market may affect new economic circumstances which could be studied in detail to identify Bayside's commercial investment environment and outlook, and establish policy priorities for maximising investment suitable for Council's economic development objectives.

4.1.7 Bayside's economic development outlook and priority action areas

Section 2 identified and analysed the key data available that is linked to each of these drivers.

Section 3 outlined Council's objectives in local economy development. This section relates to each economic driver to relevant findings from data in Section 2 and then draws conclusions for Bayside's economic outlook. An optimal suite of targeted actions, policies and interventions Council can undertake will be identified from this analysis.

Bayside's activity centres and the BBEA are also analysed given their roles as key nodes in the local economy and the distinct opportunities that exist to further strengthen their investment and employment offer.

5. SWOT and Action Plan

5.1 Economic Driver 1 – Leveraging and building Bayside's human capital

Council's Objective:

1. To support the City's business community as an important local employer, investor and contractor of services.

SWOT

Strength	Weaknesses or Constraints	Threats	Opportunities	Action Ref.
Bayside residents generally possess a high level of skills, education and work experience and have income levels above the metropolitan average. These existing endowments provide residents high probabilities of access to employment and wealth.	The large number of working residents that are employed beyond Bayside's boundaries means that Bayside's economic prosperity is dependent upon the broader regions, beyond Council's ability to directly influence.	The reliance of residents on areas outside of Bayside for employment leads to increasing pressure on existing transport infrastructure.	National trends indicate that Bayside's relatively large cohorts of senior working age residents are likely to remain in the workforce longer than previous generations. These residents may consider extending their working careers through consultancies or via the commencements of small businesses.	5.1.1
Bayside has good transport links to Melbourne's major employment areas. This feature supports Bayside's effective job density and prosperity. Bayside has a very low rate of local unemployment and this is forecast to remain low.	Council's role in the provision of transport services and infrastructure is subordinate to State Government priorities and budget limitations, restricting scope to directly lead the delivery of new transport options. The total local employment offer is significantly lower than the overall number of working residents. This means many residents need to find work outside of Bayside.	Given the limited funds available for further investment to expand public transport capacity/services, this constraint may limit Bayside's Effective Job Density potential and prosperity. Bayside's relatively older workforce will need to continue to update their skills and training to ensure they remain relevant in a changing, knowledge-intensive labour market.	Service clubs and/or advisory committees to council comprise skilled, experienced members who could share insights and transfer knowledge to new or prospective business operators.	5.1.2 5.1.3

Strength	Weaknesses or Constraints	Threats	Opportunities	Action Ref.
Figure 2.10.2 (page 29) demonstrates that there is an alignment between the largest industries in Bayside and the industries which employ large numbers of working residents. This means that the jobs available locally may be a good match for the jobs which residents seek for employment.	While employment aligns by industry, the overall number of jobs in Bayside is lower than the number of working residents. This means that Bayside has a shortfall of jobs within the municipality relative to the number of residents who are employed overall.	Australian Business Register data allows for the quarterly identification of new ABNs registered in Bayside. This information and other data available to Council can be communicated as an ongoing publication distributed to new, prospective and established businesses to keep them informed and identify commercial opportunities and important local trends.	Given the existing BBN connections and the increasing levels of local retirees the potential exists to develop a 'home grown' investor program.	5.1.4
	Bayside does not have a local higher education facility, which is considered to be a critical enabler of commercial innovation. Bayside has a slightly lower home-based business employment proportion than the Melbourne average.	Unforeseen structural changes in the national and/or metropolitan economic may cause misalignments to develop between the provision of jobs locally and the skill sets, qualifications and industries of employment available in Bayside	Convert local skills to local jobs: 'Incubation' (through possible hard facility, virtual facility, or skill/networking/ mentoring program development), promoting the establishment of new HO/SO businesses by residents.	5.1.5
		The encroachment of residential developments on limited commercial land may erode the provision of local jobs and business investment opportunities	Varying incubation models have been trialled around the world. An assessment of suitable models for Bayside would warrant consideration.	5.1.6
			Monitor the alignment, priorities those industries for focus of Council and government programs. Council's EDS can support local economic growth and employment by maintaining the preconditions favourable for targeted commercial investment.	5.1.7 5.1.8 5.1.9

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion (Calender Year)	Indicative Cost	Funding Source	Partnership Internal / External
5.1.1 Undertake a local home-based business needs analysis. The analysis will provide insights as to what may be the barriers for retirees commencing home based businesses.	Completion of home based study.	Q3 2016	$$	New Initiative	Bayside Business Network.
5.1.2 Continue to monitor community demographic profiles to ensure the alignment of economic development actions are meeting the changing needs of the community. The Bayside Annual Business Register will provide data on the performance of the local economy and highlight issues that may require adjustment to Council's strategic approach to Economic Development. The annual review will add agility and responsiveness to the long term strategy.	Bayside Annual Business Review (BABR).	Annual commencing Q1 2016	$$	Service Budget	Internal collaboration with Communications Department.
5.1.3 Establish a partnership with U3A to identify and deliver courses that promote retirement age residents to effectively manage wealth, maintain currency of their skills and remain engaged in the broader economy.	Establish an ongoing dialogue with U3A operators.	Half yearly commencing Q3 2014	Staff Resource	Service Budget	Internal collaboration with Aged and Disability Services Department.

Actions	Measure	Date of Completion (Calender Year)	Indicative Cost	Funding Source	Partnership Internal / External
5.1.4 ‘Home grown’ program of mentoring/’angel investor program’ to assist local entrepreneurs with start ups.	Investigation undertaken into angel investor opportunities to promote via Bayside Business Annual Review and BBN.	Q2 2015	Staff Resources	Service Budget	External BBN ambassadors.
5.1.5 Undertake a Cost Benefit Analysis on Business Incubator/co-working spaces and models.	Cost Benefit Analysis completed.	Q2 2015	$$	Service Budget	External investigation with State Government and other local council s that have or had incubator programs.
5.1.6 Subject to Cost Benefit Analysis (Action 5.1.2.3) viability, develop an incubator business plan.	Business plan completed and submitted to Council for consideration.	Q4 2015	$$$	New Initiative	External investigation with State Government and other local council s that have or had incubator programs.
5.1.7 Development of a new business alert system to provide a ‘welcome’ for new businesses established in the municipality with an outline of relevant programs and opportunities.	Welcome system established to ensure new businesses are aware of all local opportunities for engagement and networking.	Q2 2014	$ & Staff resources	Service Budget	Internal collaboration with Communications and Amenity Protection Department.

Actions	Measure	Date of Completion (Calender Year)	Indicative Cost	Funding Source	Partnership Internal / External
5.1.8 Monitor the industries of employment in Bayside and the employment trends of working residents sourced from ABS, ABR and ATO data.	Annual analysis undertaken. Publish findings in Bayside Annual Business Review.	Q4 2014	$$	Service Budget	Internal collaboration with Communications Department.
5.1.9 Investigate with State and Federal government departments available support programs suitable for local industries that are in transition.	Liaison with relevant departments and local facilitation of programs.	Ongoing	Staff Resources	Sponsorship/ Grant	External collaboration with departments of State and Federal government.

5.2 Economic Driver 2 – Sustaining economic growth in Bayside

Council's Objective

2. To ensure sustainable growth:
   - streamline and improve policies,
   - appropriate local laws,
   - planning policy aligned to Council's strategic objectives,
   - partnerships established with the community to ensure desirable,
   - sensitive and conforming economic development.

SWOT

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Bayside's quality lifestyle and high amenity will continue to drive local economic development through attracting ongoing investment and construction activity.	Demand for apartment construction in Bayside's activity centres means that residential uses compete for sites suitable for commercial construction in Bayside's key employment locations.	Strong demand for residential developments in Bayside's activity centres may constrain site availability for commercial construction. This will restrain the employment growth potential of the municipality.	Bayside's family lifestyle and balance of residential/ access to quality employment can be promoted as a particular work/life asset. To understand the growth and constraints on the Bayside economy a long term study into retail, commercial and employment sectors is proposed.	5.2.1
Both employment amongst residents and Bayside's population overall are forecast to continue to grow.	Bayside's lack of regional catchment retail precincts (e.g. Southland) means that some consumer expenditure leaks outside the municipality.	Commercial buildings in close proximity to residential areas may cause interface/ infrastructure conflicts (such as parking) which may reduce the desirability of locating to Bayside's activity centres.	As outlined in the Bayside Housing Strategy 2012, the upcoming development of more affordable housing/diversity in dwelling options may redress young workforce imbalance. Increased housing density supports greater demand for businesses within centre catchments. The Bayside Built Environment Awards presents Council with an opportunity to encourage appropriate development in Bayside commensurate with the needs of the local community.	5.2.2

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Bayside has attracted significant commercial investment and building activity since 2006. Annual building approvals and dwelling price data indicates a very strong residential housing market and apartment growth. Bayside's attractive seaside location, village lifestyle, school availability and considerable local parkland underpin a desirable local lifestyle which will continue to drive investment and demand for housing and commercial investment.	High property prices make local dwellings relatively unaffordable for younger working age cohorts. This creates a degree of imbalance in the age groups that comprise Bayside's workforce and may dissuade some investment.	Other regions in Melbourne with increasing amenity may emerge as lifestyle competitors and erode Bayside's comparative advantage.	Active traders associations in Bayside's major commercial centres can market and hold events which capitalise on the character and strengths of their centres, and drive greater footfall. Council has existing programs to assist traders to promote their shopping centres.	5.2.3
			Traders associations can represent the businesses in their street as a sounding board for Council to liaise with on place-making improvements to the centre.	5.2.4
			Council could undertake research to understand the key local dynamics of a 'night-time economy' and determine what support could be given to foster its growth, including issues such as regulatory barriers.	5.2.5
Bayside's health and personal services industry is particularly strong, and the increasing number of senior residents will continue to drive demand for more high quality services of this type.	Many of Bayside's large number of senior residents will be reliant on a mix of pensions, community support, superannuation or asset performance for retirement income.	The level of income available to Bayside's older residents from funds will be determined by overall national economic performance.	Council can undertake a study to profile the retirement-age income sources of Bayside's residents to identify the key to their sources of local income and identify opportunities to assist with wealth management.	5.2.6

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Bayside's relative concentration of aging residents will underpin significant demand for local health care and services for the foreseeable future.	The income of retirees is generally indexed, limiting the potential for income growth available for local spending.	Continuous change in rules and regulations pertaining to superannuation will require vigilant management by self funded retirees.	Further links between BBN and local schools – e.g. build on 'Accounting Excellence Awards 2012' to connect students with local firms.	5.2.7
Bayside's residents and industries have the resources to transition to a low-carbon economy, and the dominance of service industries minimises the chance of disruptive structural adjustment.	Sustainability is frequently viewed by business as a cost deterrent or a regulatory burden, rather than an opportunity.	Given the rapid transitions in all sectors of the Australian economy, Bayside's residents and businesses will need the resources and agility to respond to change. Financial and advisory services of the local economy are likely to be supported by this demand.	Council can expand the BBN to include wealth management education for residents to build wealth and safeguards against future economic shocks.	5.2.8
		Opportunities for relatively low-cost or straightforward green business actions may be missed by local firms due to a lack of awareness or understanding.	Bayside's service-based economy is well-placed to adapt new environmentally sustainable practices as a point of difference.	5.2.9
		A lack of green credentials may disadvantage local businesses in tendering for government services and fail to meet changing consumer expectations.	The BBN provides an educational platform that is well suited to build the awareness of Bayside's business operators of actionable improvements. A number of state and Federal Government sustainability.	5.2.10

Action Plan

Cost range of projects:

$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.2.1 To ensure the alignment of employment opportunities for local residents, undertake a Retail, Commercial and Employment Strategy to determine if industry growth and demographic changes are matched.	Complete Retail, Commercial and Employment Strategy	Q4 2015	$$$$$	New Initiative	Internal collaboration with Statutory Planning and Urban Places.
5.2.2 To encourage appropriate development and to foster and grow the local architectural and design industry, continue the Bayside Built Environment Awards and showcase excellence in design for medium and high density.	Conduct awards annually	Ongoing	$$$$$	Service Budget	Internal collaboration with Statutory Planning, and Building Surveying.
5.2.3 Themed and coordinated marketing and events held by Traders Associations with the support of Council through the Shopping Centre Event and Celebration Program.	Regular meetings with active and formalised traders associations on events, business development initiatives and major capital works. One event held per quarter	Annual ongoing	$$$$$	Service Budget	Internal collaboration with Events and Communications departments. Externally with Traders’ Associations.

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.2.4 Place making in Bayside's key commercial precincts.	Recommended actions reported to Council for consideration	Q3 2015	$$$$$	Capital Works	Internal collaboration with Urban Place and externally with community groups and Traders Associations.
5.2.5 Undertake a Bayside night time economy study with recommendations on actions to support this economic activity.	Study undertaken	Q4 2014	$$$	New Initiative	Internal collaboration with Amenity Protection Department.
5.2.6 Undertake a profile and needs assessment identifying opportunities for Council to support wealth management strategies in post-retirement ages.	Profile completed	Q2 2014	$$$	New initiative	Internal with the Aged and Disability Department.
5.2.7 BBN Student Excellence awards established as an annual program	Awards program	Annual ongoing	$$	Sponsorship	BBN sponsor.
5.2.8 Establish a BBN personal wealth manager education program	Program established	Q3 2014	$$$	Service Budget	Internal with the Aged and Disability Department.
5.2.9 "Green business is smart business" education program run through the BBN	Grants or business programs identified and communicated to local businesses	Q2 2016	Staff resources	Grant/Sponsorship	Internal with Environmental Sustainability & Open Space.
5.2.10 Access to state and federal government green business programs facilitated locally in Bayside	Program established	Ongoing	Staff resources	Grant/Sponsorship	Internal with Environmental Sustainability & Open Space.

5.3 Economic Driver 3 – Strengthening Bayside's businesses: comparative advantages and competitiveness

Council's Objective

3. To facilitate local business initiatives and collaboration

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Bayside's local economy has grown since 2006, despite the GFC and falls in consumer and business confidence.	Shift-share analysis indicates that Bayside's industries may have declined in relative competitiveness compared to Melbourne overall.	The limited availability of commercial land in Bayside (particularly given the strength of residential construction) may continue the decline in relative competitiveness of industries relative to Melbourne overall.	To ensure policy is responsive to the investment priorities of private enterprise, a detailed study of Bayside's commercial property environment can be undertaken to identify opportunities for Council's planning policy to further support high-quality commercial investment.	5.3.1
	The relatively high cost of land in Bayside places pressure on business investors to achieve a higher return on investment.		Council can promote the co-location[1] of jobs and employment for agglomeration benefits of connectedness and collaboration.	5.3.2
Bayside has a number of industries with relatively strong local concentrations that have grown solidly since 2006. In particular the local health and care, education, construction, professional services and real estate/property management industries have performed strongly. This diverse mix of strong businesses will provide the local economy with overall resilience in the event of a downturn or decline in individual industries. Other high-value local industries have grown strongly as new emerging strengths particularly, financial services, and arts and recreation.	Some of Bayside's strongest industries (health, education, construction) are heavily dependent on dynamics that cannot be directly influenced by Council such as overall consumer sentiment, availability of finance and population demography. This means they have rather limited opportunities for industry-specific support strategies. The location quotients of these local industries suggest that they are relatively small relative to Melbourne overall at present and will need to grow further before they are a local economic strength.	Other areas of Melbourne also experienced rapid growth in high-value jobs. Loss of relative competitiveness in the quaternary sector. The CBD and inner areas may continue to attract greater governmental and commercial attention for fostering these industries in a central cluster, and compete with Bayside for investment.	Continued expansion of local industries may provide continued source of local employment for residents.	5.3.3
			A closer study of the drivers of these industries may enable council to gain insights as to what are the most appropriate initiative to foster their growth locally.	
			Local concentration of real-estate firms may provide an effective network for marketing Bayside to potential investors and receiving market intelligence on investment/purchasing trends.	5.3.5

9NB: co-located businesses, even of the same type, do not constitute 'clusters' per se. 'Clusters' are regional or metropolitan scale phenomena

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Council has a well-established business support and networking platform through the BBN.	The success in building the BBN's membership and profile in Bayside since 2004 may result in a degree of 'saturation' of the local market. This may restrict new membership recruitment opportunities to newly established local enterprises and businesses outside the municipality.	The BBN model is unique and Council will need to continue resourcing it to ensure that it is relevant and meeting the needs of its members.	The increasing connectedness of local business through e-communications allows for far more effective marketing and engagement. The BBN can develop relationships with its membership to promote the network via word of mouth and 'third party' endorsement through social media, ambassadorial roles and sponsorship.	5.3.6 5.3.7 5.3.8 5.3.9 5.3.10 5.3.11

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.3.1 As part of the Retail, Commercial and Employment Strategy, (Action 5.2.1), undertake a study of the Bayside commercial property environment to profile the provision of floorspace, policy options and constraints to further investment.	Study completed. .	Q1 2017	Refer Action 5.2.1 (costed)	Service Budget	Internal collaboration with Communications Department.
5.3.2 Maintain strong activity centre based planning policy in transition to new VPPs zones and provisions.	Report to Council with options for policy support for an effective mix of commercial floor space. Report can be undertaken as part of the Retail, commercial and employment study. Refer to action 5.2.1 & 5.3.1.	Q4 2015	Refer Action 5.2.1 (costed)	Service Budget	Internal collaboration with Communications Department.

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.3.3 Undertake the Bayside Business Monitor, expanded to provide industry as well as precinct analysis	Monitor expanded	Q3 2018	$$$$	New Initiative	Internal and possible external partnerships with peak industry bodies such as VECCI.
5.3.4 Establishment of Real Estate/ Developer Network to promote Bayside with consistency and quality.	Investment prospectus/briefing program through the BABR	Q2 2016	$$	Service Budget	External with Real Estate Institute of Victoria.
5.3.5 Hold a minimum one additional BBN event dedicated to industries in quinary and quaternary sectors per annum with the purpose of establishing ongoing B2B relationships and joint initiatives.	One event held per annum, minimum 80% satisfaction from attendees..	Q1 2015	$$	Service Budget	External with BBN members and corporate members

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.3.6 BBN ‘business basics’ seminar, training and workshop program to realise latent resident entrepreneurship.	Program established	Q2 2017	$$	Service Budget	Internal with Aged and Disability Services department
5.3.7 Undertake the BBN annual program of events.	Annual delivery of: · Three breakfasts · Three luncheons · 10 Networking nights · 15 Seminars Minimum 80% satisfaction at all events.	Annual ongoing	$$$$	Service Budget	BBN ambassadors and sponsors
5.3.8 Deliver ‘omni-channel’ marketing of all BBN events, promotions and initiatives, where suitable.	For all membership support, new campaigns and events: · Social media campaign · Hard copy collateral distributed · Website updated · Membership	Annual ongoing	$$	Service Budget	Internal
5.3.9 BBN sponsors recruited annually.	Number of sponsorship agreements (cash and/or contra) executed annually.	Annual ongoing	Staff resources	Service Budget	Internal
5.3.10 BBN private sector ‘ambassadors’ recruited.	BBN ambassadors recruited annually.	Annual ongoing	Staff resources	Service Budget	Internal

5.4 Economic Driver 4 – Economic connectivity and access to markets

Council's Objective

4. To deliver physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City

SWOT

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Bayside has good access to the metropolitan economy and can access new government services and programs with relative ease.	Bayside's manufacturing industry is in long-term decline or relocation, and is unsuited to take advantage of the municipality's proximity to the Port of Melbourne.	The municipality's central location in Melbourne means that threats to Bayside's access to markets are remote.	Businesses from outside the municipality can access the BBN with relative ease. Bayside can use these links and market initiatives such as the BBN outside the municipality to bring contacts to local businesses for networking and joint ventures.	5.4.1
The NBN (or equivalent) is scheduled to be rolled out in Bayside late: 2014-15, starting in the southern section of the municipality.	The roll-out of the NBN may disrupt trade in Bayside's key commercial precincts for a period.	Business not aware of opportunities provided by NBN. Continued delays in roll out of the NBN may make businesses doubt its value.	The BBN provides a good platform for advising business on possible applications and impacts of the NBN and business opportunities.	5.4.2

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.4.1 Promote the BBN, Bayside Annual Business Review and other suitable business support initiatives to regions outside the municipality.	Minimum one email blast to business, BBN and real estate/ developer network annually	Ongoing	Staff resources	Service Budget	Internal with Communications Department.
5.4.2 Use BBN to educate industry on NBN impacts	Information workshops facilitated prior to key project milestones	Dependent on NBN announcements prior to and following rollouts as needed	Staff resources	Grant/Sponsorship	External with NBN Co.

5.5 Economic Driver 5 – Leveraging cross-sectoral and intergovernmental partnerships

Council's Objective

5. To provide local access to, State and Commonwealth industry and economic development programs for businesses and community organisations.

SWOT

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
An effective working relationship established between Council's Economic Development Unit and the business departments of the State and Federal Governments.	Frequent change of staff in Government makes it difficult to build on established relationships. The funding mechanism requires significant commitment of resources in application and in acquittals.	Change and/or withdrawal of government assistance programs. Lack of continuity of funding and certainty.	Council can demonstrate to the State Government that sponsorship of Council business initiatives (such as the BBN) can provide cost effective support to the government's objectives for local business.	5.5.1 5.5.2

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.5.1 Establish a biennial Bayside Business summit with invitations to Bayside businesses, major regional businesses, commercial advocacy organisations and appropriate State and Federal Government departments.	Bayside Business Summit held	Biennial commencing Q1 2015	$$$	Grant/Sponsorship	External, State and Federal Governments Departments , relevant agencies and peak industry bodies.
5.5.2 Deliver the annual Bayside Annual Business Register at each summit.	Number of copies distributed	Ongoing distribution	Refer 5.1.3	Refer Action 5.13 (costed)	Internal with Communications Department.

5.6 *Bayside's key commercial precincts?*

The driver-based analysis and action plans outlined in Sections 4.2 to 4.6 relate to the key economic development issues that apply in general throughout the entire municipality. In addition to these actions, Council can play an effective 'place management' role in Bayside's key commercial precincts. 'Place management' refers to the range of policy and project activities Council can undertake to shape precincts to maximise positive externalities of commercial investment and activity. This encompasses planning and built form management through planning regulation and guidelines, infrastructure improvements and maintenance. It also includes business support programs such as training works on new technology and local consumer research (e.g. the shopper data provided in the Business Monitor). Council can also play a supporting role in assisting local businesses to work collectively and form representative traders' associations.

This 'place management' function requires actions specific to the individual precincts beyond the general economic development actions earlier in Sections 4.2 to 4.6 to maximise the value of the commercial investment. As such, this section will outline Council's action plan for its activity centres and the Bayside Business Employment Area, based on the findings of the Bayside Business Monitor 2012.

5.6.1 Bayside's Activity Centre network

Bayside does not have a retail precinct which performs a regional role: Southland Shopping Centre in Cheltenham (located nearby in the City of Kingston) is the regional commercial centre servicing the broader region's population. Under the Bayside Planning Scheme, the municipality has five major activity centres:

- Bay Street, Brighton
- Church Street, Brighton
- Hampton Street, Hampton
- Sandringham Village
- Hampton East (part of the Moorabbin Activity Centre, located in the Bayside LGA)

These centres are the largest in Bayside, and are complemented by four smaller centres referred to as 'Neighbourhood Activity Centres', of which the five most significant are:

- Beaumaris Concourse
- Highett Village
- Martin Street, Brighton
- Black Rock Village

There are also Small Neighbourhood Activity Centres' located throughout the municipality. The number of businesses in these centres range in size from as few as a handful of shops to as many as forty or so businesses. There are approximately 420 businesses in total in these centres.

The significance of Bayside's Activity Centres to the community is outlined in the Local Economy – Village Life section of the Bayside 2020 Community Plan, (page 19) that:

"The community believes that by continuing to enhance and promote local villages and shopping centres, there is a wonderful opportunity for these centres to become more vibrant, active and dynamic."

Activity centres are characterised by both commercial and residential land use. Council's Housing Strategy 2012 (page 59) notes that, whilst there is an increased focus in both the State and Local Planning Policy Frameworks on providing residential development within activity centres, they also play a vital commercial role:

"It is important to ensure that increased residential development in commercial centres does not occur at the expense of commercial activities. A vital commercial centre which provides a wide range of services is an essential element of any Activity Centre development Strategy. There may also be a need to expand the existing commercial facilities, as well as provide additional services in order to meet the future needs of the community."

5.6.2 Findings of the Bayside Business Monitor 2012

The 2012 Business Monitor analysed the nine largest retail centres, which account for the majority of Bayside's retail floor space. The land-use field survey undertaken in the Business Monitor identified approximately 1,438 commercial sites in the nine centres with 1,316 of these occupied. Total commercial Gross Floor Area (GFA) in the major centres is approximately 196,919 m2 of which 187,219 m2 is occupied (95%).

The key conclusions from the 2012 Business Monitor were that:

- The retail mix within Bayside's commercial precincts is changing with a move towards personal services, business services and health services and away from general retailing. This finding is also consistent with the differences in industry growth rates identified in Section 2 and indicates that Bayside's activity centers are playing a role in the industry transition in Bayside to highly-skilled and specialist industries.
- The multi-storey developments with active street frontages and residential dwellings on upper levels in a number of the precincts are likely to completely change the nature and vibrancy, and the desired business mix within these precincts over time.
- Hampton Street and Church Street perform the role of 'district centres and draw from the primary trade areas of the smaller precincts. Bay Street has the potential to be elevated to a 'district centre' with the introduction of a full line supermarket and additional multi-storey developments. Sandringham Village

also performs just below a 'district centre' but has the potential to be elevated to a 'district centre' with an expansion in its range of specialty outlets.

- All precincts face competition from Southland. None are able to compete on the range of products and shops available in Southland, but can compete on consistent and personalised service, and through offering the shopper an 'experience' rather than simply focusing on making a transaction. This could be achieved, for example, through landscaping and streetscape treatments, consistency in appearance or theming, more outdoor dining, in-centre events etc.
- Many of the precincts have not yet capitalised on the potential to differentiate themselves and create a theme or consistent appearance that adds to their ambience.
- Parking is perceived to be an issue both for shoppers and staff in most precincts.
- There is a lack of innovation amongst some retailers, particularly with respect to the take up of internet technology an 'e' or 'm' marketing (mobile phone marketing).
- There is a mismatch between trends in customer expectations and behavior in using internet and mobile technology to research shopping and undertake transactions, and the adoption of such technology amongst Bayside businesses.
- There is little evidence of clustering of activities in many precincts or of joint initiatives amongst traders to initiate strategies to attract shoppers and encourage them to stay.
- All precincts are dominated by absentee landlords and have a low rate of building refurbishment. This adds to the difficulty in 'theming' precincts or using appearance and ambience as hooks to attract shoppers.
- Local residents comprise a large component of all precinct catchments.
- There is strong support for more on-street dining.

As outlined in the attached SWOT and Action Plan in Section 5.6.3 – *"Bayside's activity centres and action plan"*, the Business Monitor recommended that Council focus on initiatives built around three sets of priorities:

1. Encouraging innovation and more active marketing through working with trader associations and other agencies, as required, to facilitate:
    - the take up of online marketing, 'e' or 'm' commerce
    - the building of marketing databases
    - utilisation of social media and other platforms such as Google Maps
    - continued exposure to modern developments in retailing and retailing techniques
    - the use of in-store technology to broaden the customer experience and make their shopping 'easier'
    - training of customer service employees to enhance product knowledge and the standard of service provided
    - collaboration amongst business owners in developing and implementing initiatives.
2. Improving access to the precincts through, for example:
    - improved parking management, particularly through the adoption of new technologies such as Real Time parking availability signage, parking sensors, designated areas for traders/employees in areas with limited off-street parking and/or restrictive parking time limits etc.
    - extending bicycle lanes where possible
    - providing bicycle parking racks.
3. Encouraging precinct differentiation and vibrancy through, for example:
    - the development of village concept plans for each precinct capitalising on unique features or areas of specialisation (including themed signage and images for use in promotions), and working with landlords and tenants alike to encourage implementation of those plans
    - applying landscape and streetscape treatments consistent with precinct concept plans
    - supporting residential developments with active street frontages within the precincts
    - supporting appropriate on-street dining
    - in association with tourism marketing agencies, developing and implementing a calendar of events at each precinct
    - working with traders' associations and, where necessary, individual groups of traders to encourage clustering of activities within precincts.

[10]The Business Monitor is a business and economic performance assessment that has been conducted by Council approximately every five years since 1996. Its data and findings inform Council's business support programs, strategic work and policy formulation. Surveys of each centre were conducted reviewing land use; business performance, profiles and perspectives; and shopper profiles and perspectives.

[7] 'District centre' is a term used in the Business Monitor to denote that the centre is of a significant scale and provides weekly shopping and service needs for catchment area residents. Such centres generally include full-line supermarkets, a range of specialty shops and personal services, some chain stores and convenience stores.

[12]'Clusters' in this context refers to the co-location of similar businesses in a precinct or district to enhance their market reach

Figure 4.7.2 Bayside’s Activity Centre Network

5.6.3 Bayside's activity centres Action Plan

Council's Objective

1. To support the City's business community as an important local employer, investor and contractor of services.

SWOT

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Strong existing mixed-used activity centre network in Bayside.	Black Rock Village and Beaumaris Concourse centres lack Rail access which is perceived to constrain growth opportunities.	Activity centre hierarchy undermined by dispersal of commercial/retail investments out of centre. Ageing population car-reliant on access to centres.	Bayside has an integrated range of available personal services, convenience retail, employment opportunities and transport. To maintain and strengthen it would be appropriate to consider investigating the appropriate options within the Retail, Commercial and Employment Strategy.	5.6.3.1 5.6.3.2
Good access by both rail and road networks to centres.	Business Monitor found access to parking perceived to be a weakness by shoppers and traders.	Perception of parking unavailability may deter shoppers and encourage them to travel to Southland.	If parking capacity not an issue, parking management infrastructure may be sufficient to address perceptions of the lack of available public parking. Non-vehicular access to centres can be inexpensively encouraged. Parking Precinct plans for Bayside's Major Activity Centres are proposed that will address the range of issues of access, egress, parking supply and demand.	5.6.3.3
Centres have an established and desirable 'village lifestyle' characteristic supported by community.	Some centres have a fragmented visual appearance of varying quality and physical utility. These precincts lack a distinct feel or use.	If lower-quality commercial buildings not redeveloped (due to a variety of possible factors) or vacant, will perpetuate poor urban environments in some centres.	Commercial 1 Zone permits greater 'as-of-right' business uses, reducing barriers to investment or redevelopment. The development of quality public streetscapes by Council may consequently encourage private sector investment.	5.6.3.4
The vacancy rate in Bayside's centres was found in the Business Monitor to be equivalent to that in other comparable centres in Melbourne.	Ground-floor vacancy rate has increased markedly between 2006-2012 from 4.1% to 8.7%.	High rents may perpetuate or exacerbate vacancy.	Pop up shops (short-term/temporary retail spaces) have become increasingly common in Bayside's centres.	5.6.3.5

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref
Growth of quaternary-sector service businesses identified in Business Monitor findings. Retail business establishments and employment in Bayside have grown since 2006.	Instances of active local political opposition to dwelling intensification, expansion of commercial opportunities in sensitive areas (particularly MACs and NACs) Difficult period of transition for retail (large local employment industry but slow average annual growth, structural adjustments, cyclical downturn, increasing vacancy rates). Relatively lower levels of new building/extension/refurbishment permits suggests businesses and absentee landlords reluctant to reinvest in existing commercial stock.	Commercial businesses at ground level may have inactive frontages, disrupting the visual continuity of activity centres. Continuing strong competition from Southland identified. Out of centre supermarkets may establish under new VPP zones.	Transition of business mix in Bayside's centres towards greater higher-order service industries will provide local employment that better aligns with the skills of local resident workforce. Two large, in-centre, mixed-use developments anchored by national-brand full-line supermarkets to be completed in 2013. Further investment by national brand supermarkets likely to continue in Bayside over medium term. An overarching study of Bayside's retail. employment and commercial sectors would highlight opportunities for targeted and focussed actions to enhance the local economy.	5.6.3.6
Degree of business stability and confidence over medium-term identified in Business Monitor survey of traders. Significant trader support for further kerbside trading.	Low level of retailer innovation, creativity: particular of 'e' or 'm' –commerce. Relatively low-levels of kerbside dining relative to comparable inner-city activity centres.	Local retailers may not effectively adapt to rapidly changing consumer preferences and expectations, leading to further declines in competitiveness. Support for kerbside trading could be undermined by poor operators abusing system (and poor enforcement!).	Increase the level of retailer innovation, creativity: particular of 'e' or 'm' – commerce.	5.6.3.7
			Additional kerbside trading could improve visual vibrancy and provide a distinct competitive advantage to for Bayside's activity centres.	5.6.3.8 5.6.3.9 5.6.3.10
Traders' associations active in most major retail precincts with capacity to hold annual major event/campaign.	Lack of special rate means burden of running association falls on individual businesses.	Traders' associations fail in some centres due to lack of volunteers to support.	Distinct 'shopper experience' initiatives could be established through traders' associations. The encouragement of proactive Traders Associations can play a vital strategic partnership role in developing vibrant, prosperous, active local shopping centres.	5.6.3.11 5.6.3.12 5.6.3.13 5.6.3.14 5.6.3.15 5.6.3.16

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.6.3.1 Identify specific areas of planning policy to strengthen Bayside's activity centre network.	Completion of upcoming Retail, Commercial and Employment strategy and incorporation into the Bayside planning scheme.	Q4 2018	$$$$$	New Initiative	Internal collaboration with Statutory Planning and Urban Places.
5.6.3.2 Bayside Business Monitor 2018 to review land use and profile key industries/changes (i.e. cross-sectional).	Business Monitor 2018 completed.	Q3 2018	$$$$	New Initiative	Internal and possible external partnerships with peak industry bodies such as VECCI.
5.6.3.3 Within the scope of Parking Precinct Plans consider parking management options such as real-time availability signage, time-limits, sensors etc.	Completion of Parking Precinct plans.	Q4 2015	$$$$$	New Initiative	External liaison with relevant Trader Associations and internally with Amenity Protection Department and Traffic Engineering.
5.6.3.4 Identify next centres for streetscape improvements and develop master plan with quality 'sense of place' treatments.	Minimum two activity centre master plans completed with 'Sense of place' concepts incorporated into master plans.	Q3 2015	$$$$$	Capital Works	Internal collaboration with Urban Place and Externally with community groups and Traders Associations.

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.6.3.5 Review the suitability of facilitating pop up shops in Bayside Activity Centres and consider impacts on existing businesses and Planning implications.	Review completed.	Q4 2015	Staff Resources	Service Budget	Internal consultation with Statutory Planning and Amenity Protection Departments.
5.6.3.6 With the scope of the Retail, Commercial and Employment strategy review appropriate Planning policy to minimise out-of centre retail developments	Completion of upcoming Retail, Commercial and Employment strategy and incorporation into the Bayside planning scheme.	Q4 2015	$$$$$	New Initiative	Internal collaboration with Statutory Planning and Urban Places.
5.6.3.7 Investigate funding sources to educate the local retail industry on E' or 'm' - retailing business improvement programs.	Application completed for DSDBI Streetlife grant funding.	Ongoing	Staff Resources	Service Budget	External DSDBI.
5.6.3.8 Investigate the feasibility on introducing an annual kerbside trading award program for best practice for street trading including display of goods and on street dining.	Investigation completed and reported to Council.	Q1 2016	$$$	New Initiative	Internal with Amenity Protection Department and externally with Traders' Associations.
5.6.3.9 To increase the vibrancy of Bayside's Activity Centres and to encourage more and better quality Kerbside activity undertake a review of the kerbside trading fee structure and options.	Review completed.	Q1 2016	$$s	New Initiative	Internal with Amenity Protection Department and externally with Traders' Associations.
5.6.3.10 Streetscape capital works to facilitate quality kerbside trading.	As per master plans.	Q1 2016	$$$$$	Capital Works Budget	Internal with Urban Places.

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.6.3.11 Promote active frontages through Christmas window competition and planning policy.	Competition held, minimum 30 businesses participating.	Q4 2014	Staff Resources	Service budge	Internal with Communications Department.
5.6.3.12 On a timely basis use database of activity centre businesses to market and build awareness of BBN program of events/recruit membership.	BBN email blasts (minimum 1 per month on average).	Ongoing	Staff resources	Service Budget	Internal.
5.6.3.13 Continue active support to centre traders Associations: by facilitating and encouraging annual street festival grant program	Minimum four annual street celebration grants approved	Ongoing	Staff resources	Service Budget	Externally with Traders Association and internally with Recreation Events and Social Development.
5.6.3.14 To encourage and ongoing liaison with Council hold quarterly Traders Association delegate meetings with Economic Development Staff	Quarterly meetings held	On going	Staff resources	Service Budget	Externally with Traders Association
5.6.3.15 If sufficient (i.e. 70% in rateable area) support emerges, establish special rates for centre coordination and special projects	Discussions paper submitted to Council should 70% support from traders emerge	Undefined – subject to traders' associations requests	$$$$$	New Initiative	Externally with Traders Association
5.6.3.16 Work with traders' associations to establish precinct differentiation through events and themed activities	One themed initiative per centre per year	Ongoing – Annual	Staff Resources	Service Budget	Externally with Traders Association

5.7.1 Bayside Business Employment Area (BBEA)

The Bayside Business Employment Area (BBEA) is home to roughly one quarter of all businesses in Bayside with approximately 500 enterprises. It includes a mix of nationally (and internationally) significant companies and micro enterprises and includes three of Australia's top 200 companies.

While businesses within the precinct cover a broad range of industries, many are associated with:

- the construction industry and manufacture of products used within this industry
- the automotive maintenance, servicing and repair industry
- the landscaping industry
- business services.

The precinct traditionally has had a focus on manufacturing and, to a lesser extent, wholesaling. However, changes over time have led to some diversification in its business mix as well as an increase in residential development. In particular, there has been development of business parks and an associated increase in smaller allotment developments.

5.7.2 Findings of the Bayside Business Monitor 2012

The key findings of the Bayside Business Monitor 2012 that relates to the BBEA are that:

- The BBEA continues to be of major economic significance to the Bayside economy. It is Bayside's largest single commercial precinct and is estimated to account for roughly a quarter of the jobs in Bayside.
- The BBEA is also facing change with a shift towards more retail, personal and business service enterprises and increased residential development within the precinct. This is evidenced by smaller allotment developments and a rise in strata developments and mini-business parks.
- Land market pressures and changes in cost structures have not been assessed by Council in detail since the work undertaken for the Industrial Strategy in 2004.
- A number of sites within the BBEA have come under pressure to relocate in recent years because of residential development that is occurring within the precinct. Continued encroachment on the land available for commercial uses may be eroding the supply of commercial land to such an extent that it lacks the critical mass required to remain as a distinct commercial area in the medium to long-term.

A number of sites within the BBEA in recent years have seen interest by private developers to be rezoned for residential uses. While BBEA businesses largely indicated they expected to remain in the precinct in five years time, encroachment by residential developments was listed as the most likely reason they would not. Should this critical mass of commercial land be lost, the key objective of Industrial Strategy for the BBEA to contribute to meeting the employment needs of the local workforce may not be realised.

It is also possible that the market pressure to redevelop BBEA sites for residential uses in recent years may be emerging evidence of the next major land market shift to affect the precinct since the decline of industrial uses in the precinct became apparent in the late 1990s. It is clear from the business surveys that land factors such as location, leasing costs and lot sizes are the most important determinants for businesses to locate in the BBEA. This underlines the sensitivity of businesses to the costs and availability of land in the BBEA as significant issues. Land market pressures and changes in cost structures not been assessed by Council in detail since the work undertaken for the Industrial Strategy, and an updated evaluation of recent dynamics is also strongly recommended.

If the demand for residential land in the area is such that commercial uses for BBEA sites become uncompetitive for landowners and force businesses to relocate to other areas in Melbourne with lower rents, the economic rationale for maintaining the current zoning of the BBEA may need to be reconsidered. It is has now been over a decade since the preliminarily strategic work that culminated in the Industrial Area Strategy was undertaken. Without an updated and detailed understanding of the dynamics currently affecting the BBEA, the risks to the area identified in the Industrial Strategy may yet emerge.

The uncertainty regarding the BBEA should be resolved by a detailed examination of the BBEA's function and possible future roles. Given the strategic importance of the area as a major employment precinct intended to service the needs of Bayside's highly-skilled workforce, it is appropriate for Council to consider a comprehensive employment strategy to inform and determine the BBEA's role and strategic direction.

As well as resolving the strategic role of the BBEA, a number other initiatives to improve the appearance and functionality of the precinct as a business park could be undertaken.

Previous strategic work has identified that a high-quality visual appearance as a key driver of investment in the BBEA through the establishment of an attractive physical appearance for the precinct. The transition process has given rise to an ad hoc appearance in buildings, landscaping and premises with recently completed buildings displaying a high visual amenity being interspersed with older industrial-era sites. The visual improvement of the area may continue to be gradually progressed by further private investment and site redevelopment. However, there remains the opportunity identified in previous strategic work undertaken by Council to develop a distinct, continuous and attractive appearance for the BBEA through design and development guidelines, and by landscape and streetscape treatments. This is supported by the results of this Monitor which found that improved presentation of the area and more trees were the two improvements that would assist the most in attracting investment to the BBEA by local businesses.

The suggested focus for the BBEA is to:

- undertake a detailed assessment of the strategic role of the BBEA and prepare a Retail, Commercial and Employment Strategy to assess the extent to which the BBEA is achieving Council's local employment objectives and determine how this objective can be further progressed and positioned for future success
- improve the appearance and sense of identity of the precinct through landscaping and urban design themes, signage, preparation of design and development guidelines
- create a BBEA Reference Group to assist in marketing, strengthening linkages and liaising with Council
- encourage smaller clusters of retail, personal service and business services 'enclaves' that enhance the amenity of the precinct and provide a service to its employees and residents alike.

5.7.3 BBEA action plan

Council's Objective

4. To deliver physical and social infrastructure to maximize the climate for targeted and sustainable investment in the City.

SWOT

Strengths	Weaknesses or Constraints	Threats	Opportunities	Action Ref.
District core continues to attract commercial investment to replace departing industrial users, including office developments that have attracted national-brand tenants such as iSelect.	Overall BBEA industry mix transition and direction unclear – no emerging local or sub-district of industry type.	Increase the 'mixed use' function of the BBEA to capitalise the amenity of the precinct (new zones: commercial offices may be displaced from activity centres, but may instead shift to BBEA). Office developments displaced by residential developments in Activity Centres may shift to BBEA instead.	Encroachment of residential loss of commercial land drops to below a critical mass to maintain local employment objectives, sub-optimal business mix. New Commercial 2 Zone may permit 'as-of-right developments such as retail which have a limited alignment with the employment profile of the local workforce. Further 'interface zoning' may be appropriate, such as C92 amendment to build a buffer of uses between intense commercial and residential. The objective would be to have appropriate employment opportunities within the BBEA with housing in close proximity.	5.7.3.1
Mix of long-term and new businesses from a wide variety of industries identified in the BBEA.	Diversity means a variety of differing needs to be catered for. Lack of definition would make marketing and promoting the precinct difficult. No overall district representative body exists to work with Council/Government agencies.	A cross-section of businesses could be recruited to a district reference group body to liaise with Council.	Lack of tangible capital works project may hinder recruitment of representative mix of business advocates. Unrepresentative/imbalanced mix of businesses could distort advice and feedback to Council.	5.7.3.2
New developments have improved the quality of built form since 2006.	Visual amenity of the BBEA still mixed and development types highly fragmented.	'Boutique business park' landscaping treatments and infrastructure are still an option.	Residential/retail growth in BBEA enabled under new zones (or by design) may compromise 'Boutique Business Park'.	5.7.3.3

Action Plan

Cost range of projects:
$ = <$1,000
$$ = $1,001 - $5,000
$$$ = $5,001 - $10,000
$$$$ = $10,001 - $20,000
$$$$$ = > $20,000

Actions	Measure	Date of Completion	Indicative Cost	Funding Source	Partnership Internal / External
5.7.3.1 Within the scope of the Retail, Commercial and Employment strategy: · Assess local property market trends to determine if quarantining of commercial land for employment viable · Zone and development controls to be set to restrict encroachment of residential and promote highest-employment generating uses · Link (or possibly locate) business incubator with BBEA	Completion of Retail, Commercial and Employment strategy to determine the Commercial Zones mix to be incorporated in Bayside Planning Scheme	Q4 2015	$$$$$	New Initiative	Internal collaboration with Statutory Planning and Urban Places.
5.7.3.2 Establish a database of BBEA businesses to: · Establish a stakeholder reference group for future strategic work · Identify and implement targeted industry training programs specific to the area · Develop a real estate/developer network to market precinct as a boutique business park to attract investment	Establish a BBEA Reference Group	Q1 2015	Staff resources	Service Budget	External with BBEA Reference Group
5.7.3.3 Undertake a review to determine appropriate design controls to promote high-quality developments Determine if 'business park' amenity and visual treatments still relevant and worthwhile	If 'business park' capital works still suitable, devise precinct master plan and funding model	Q1 2017	$$$$$	New Initiative	BBEA Reference Group

Appendix 1 – Acronyms, Glossary of Terms and Bibliography

Acronyms

ABS – Australian Bureau of Statistics
ARA – Australian Retailers Association
BABR – Bayside Annual Business Review
BBEA – Bayside Business Employment Area
BBN – Bayside Business Network
CBA – Cost Benefit Analysis
CBD – Central Business District
DSDBI – Department of State Development, Business and Innovation
EDS – Economic Development Strategy
EJD – Effective Job density
GFA – Gross Floor Area
GFC – Global Financial Crisis
GVA – Gross Value Added
HO/SO – Home office or small office
KPI – Key Performance Indicators
LPPF – Local Planning Policy Framework
NBN – National Broadband Network
SCECP – Shopping Centre Event and Celebration Program
TA – Traders Association
U3A – University of Third Age
VPPs – Victorian Planning Provisions

Terms used

Industry class

The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). Activities are narrowly defined within the industry class level, which is identified by a four-digit code, e.g. Industry Class 3241 Plastering and ceiling services. Usually, an activity is primarily defined to one class. However, some activities may be primary to more than one class.

Industry division

The structure of ANZSIC comprises four levels, ranging from industry division (broadest level) to industry class (finest level). The main purpose of the industry division level is to provide a limited number of categories which give a broad overall picture of the economy. There are 19 divisions within ANZSIC, each identified by an alphabetical letter that is; 'A' for Agriculture, forestry and fishing , 'E' for Construction etc.

Industry subdivision

This is the broadest level category within each industry division of ANZSIC and is identified by a two-digit code, e.g. Industry Subdivision 31 for Heavy and civil engineering construction. Industry subdivisions are built up from industry groups which, in turn, are built up from industry classes.

Industry value added (IVA)

IVA is an estimate of the difference between the market value of the output of an industry and the purchases of materials and expenses incurred in the production of that output.

The derivation of IVA for individual businesses depends on whether they are classified as market or non-market producers. Non-market producers are those institutions which provide goods or services either free or at prices that are not economically significant. In other words, their prices are not significantly influenced by the amounts that producers are willing to supply, nor the amounts that users are willing to pay to purchase the goods or services being provided. Conversely, market producers provide goods and services at prices that are economically significant.

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Appendix 2 – Shift-Share Analysis

Shift Share Analysis Bayside: 1996 to 2011

	Components				
	Share (viz Melbourne total employment growth rate)	Shift		Change in local employment 1996 2011	Total jobs in Bayside 2011
		Mix	Competitive		
Agriculture, Foresty and Fishing	22	-36	3	-4	78
Mining	2	4	67	73	81
Manufacturing	968	-1571	-444	-1047	2,499
Electricity, Gas, Water and Waste Services	10	25	-15	20	57
Construction	585	940	-82	1443	3,585
Wholesale Trade	293	-38	-127	128	1,203
Retail Trade	816	44	-156	703	3,691
Accommodation and Food Services	490	73	11	574	2,370
Transport Postal and Warehousing	182	-44	136	275	943
Information Media and Telecommunications	71	-99	33	5	265
Financial and Insurance Services	195	84	175	454	1,168
Rental, Hiring and Real Estate Services	108	184	276	567	961
Professional, Scientific and Technical Services	757	341	97	1195	3,970
Administrative and Support Services	223	-170	-17	37	855
Public Administration and Safety	161	-16	-51	93	682
Education and Training	528	389	568	1485	3,421
Health Care and Social Assistance	874	908	87	1869	5,068
Arts and Recreation Services	90	98	134	323	654
Other Services	408	-36	-411	-39	1,456
Total Employment	6784	0	1370	8155	**33,008**

Shift Share Analysis Bayside: 2001 to 2011

	Components				
	Share (viz Melbourne total employment growth rate)	Shift		Change in local employment 2001 - 2011	Total jobs in Bayside 2011
		Mix	Competitive		
Agriculture, Foresty and Fishing	25	-40	2	-13	78
Mining	5	11	46	62	81
Manufacturing	912	-1480	-273	-841	2,499
Electricity, Gas, Water and Waste Services	12	31	-31	12	57
Construction	725	1166	-962	929	3,585
Wholesale Trade	254	-33	54	274	1,203
Retail Trade	933	50	-711	272	3,691
Accommodation and Food Services	573	86	-388	271	2,370
Transport Postal and Warehousing	202	-48	51	205	943
Information Media and Telecommunications	109	-152	-92	-134	265
Financial and Insurance Services	213	91	85	389	1,168
Rental, Hiring and Real Estate Services	147	252	23	422	961
Professional, Scientific and Technical Services	787	354	-56	1086	3,970
Administrative and Support Services	344	-262	-489	-406	855
Public Administration and Safety	175	-18	-118	40	682
Education and Training	681	501	-255	927	3,421
Health Care and Social Assistance	1049	1090	-912	1227	5,068
Arts and Recreation Services	136	147	-125	158	654
Other Services	323	-29	-22	272	1,456
Total Employment	7605	0	-2455	5149	**33,008**

Shift Share Analysis Bayside: 2006 to 2011

	Components				
	Share (viz Melbourne total employment growth rate)	Shift		Change in local employment 2006 - 2011	Total jobs in Bayside 2011
		Mix	Competitive		
Agriculture, Foresty and Fishing	12	-16	1	-4	78
Mining	8	7	7	22	81
Manufacturing	382	-594	-12	-224	2,499
Electricity, Gas, Water and Waste Services	7	12	-11	8	57
Construction	420	175	0	595	3,585
Wholesale Trade	158	-73	-6	79	1,203
Retail Trade	497	-223	-126	148	3,691
Accommodation and Food Services	279	236	-132	383	2,370
Transport Postal and Warehousing	120	-12	-20	88	943
Information Media and Telecommunications	58	-83	-123	-148	265
Financial and Insurance Services	128	91	38	257	1,168
Rental, Hiring and Real Estate Services	115	16	12	143	961
Professional, Scientific and Technical Services	472	286	-150	607	3,970
Administrative and Support Services	120	-103	-19	-2	855
Public Administration and Safety	93	17	-94	17	682
Education and Training	383	372	-66	689	3,421
Health Care and Social Assistance	575	506	-115	967	5,068
Arts and Recreation Services	66	41	75	182	654
Other Services	180	-11	4	173	1,456
Total Employment	**4072**	**0**	**-92**	**3980**	**33,008**

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