

## PART A: Study Context

### A.1 Basis of the Review

The Yarra Economic Development Strategy (2001) has been prepared as the outcome of a review of the current Strategy which was adopted by Council in November 1996. The current Strategy was directed to:-

- provide a clear vision for economic development in the municipality;
- provide an understanding of the economic base;
- document influencing factors;
- outline local issues and opportunities;
- indicate likely growth opportunities for the local economy; and
- specify initiatives and actions to support Council's commitment to economic development. (City of Yarra Economic Development Strategy Review, Study Brief, 13th October, 2000, Page 2)

As part of the current Strategy, Council identified its role in economic development to include:-

- providing local leadership and vision for business development;
- ensuring that the local operating environment is conducive to continued business investment;
- promoting the municipality and its constituent assets;
- actively engaging and assisting in project development;
- ensuring the provision of appropriately zoned land and;
- providing the necessary infrastructure. (Study Brief op. cit., Page 2)

To assist in delivering targeted economic development programs, a Business Development Unit was established in 1998 as part of the Finance and Business Development Division. Staff resources have been increased from one to three persons in 2001 and the unit has now become a branch.

In reflection of Council's identified role in economic development, activities have focused on facilitation. Key activities of the Business Development Unit have included:-

- the promotion of small business development;
- management of Council relationships with retail strip shopping centres;
- development of external funding sources;
- internal liaison and promotion of the role of business in the local community; and,
- management of relationships with key Government agencies to enhance local business development. (Study Brief op. cit. Page 2)

Business Development initiatives and activities currently include:-

- Business Consultation Program;
- Brainfood Seminars and Events;
- Business Growth Programs (in conjunction with the Department of State and Regional Development);
- Business Matrix (small business incubator) sponsorship and support;
- Seminars and training workshops;
- StreetLife Programs;
- Special Rates and Charges for Retail Centres;
- Retail Strips Marketing Project;
- Centenary of Federation Hard Yakka Project. (Study Brief op. cit. Pages 2 and 3);
- Retail Banner Program; and
- Business Planning.

1 In this report, the proposed new economic development strategy for the City of Yarra is always referred to as the Yarra Economic Development Strategy (2001). The economic development strategy for the City of Yarra, which was adopted by Council in November 1996 is always referred to as "the current Strategy".

2 In this report 'Council' and Yarra City Council are used interchangeably.

The review of the current Strategy has been directed to (inter alia) providing an opportunity to:-

- enhance Council's understanding of the role of business in the local community;
- examine the role and effectiveness of current business and economic development programs;
- document economic trends affecting local business development;
- assess the impact of Council policies and practices on local economic development;
- update economic statistics; and
- develop and refine existing programs and initiatives to enhance local business development. (Study Brief op. cit. Page 3)

The review of the current Strategy and the preparation of a revised Strategy to guide economic development and prosperity in the City has addressed the following study objectives:-

### **Review**

1. To review the existing City of Yarra Economic Development Strategy

### **Role and Contribution of Business**

2. To clearly identify the contribution of business to the community

### **Council Role and Business Development**

3. To clearly indicate why Council should support business in the local community
4. To clearly identify the impact of Council policies and practices on business development
5. Evaluate the role and effectiveness of Council's current business development programs and initiatives
6. Specifically examine the role of special rates and charges in the context of the promotion and enhancement of retail strip shopping centres

7. To identify, in consultation with Council, opportunities to enhance local business development, clearly identifying the role of Council and having regard to any resource issues

### **Economic Conditions and Business Outlook**

8. To provide Council with detailed information on issues and trends affecting the local business community

### **Consultation**

9. To clearly identify, in conjunction with the City of Yarra, key business groups and sectors within the City and undertake consultation with these groups and sectors where appropriate

### **Partnership and Linkages**

10. To identify appropriate linkages and relationships to increase resources devoted to the enhancement of local economic development

### **Performance Measurement**

11. Development of indicators to assist in monitoring business development activity in the local economy

### **Communication**

12. To identify effective methods of communication between local business and the City of Yarra; examples could include publications, forums, networks and electronic mechanisms. (Study Brief op. cit. Pages 3 and 4)

## A.2 City of Yarra: Social and Economic Context

The social and economic context of Yarra forms an important part of the background in preparing the Yarra Economic Development Strategy (2001). Yarra's socio-demographic characteristics and patterns of change reflect its role as an inner metropolitan municipality. The City has a number of significant defining social characteristics. These include:-

- predominance of small households. At the 1996 Census of Households and Population, it was shown that about two thirds of households in the City comprised one or two persons;
- significance of employment in the area. Information from the Australian Bureau of Statistics shows that an increasing proportion of Yarra residents also work in the City. The potential of the area to provide a wide range of employment opportunities should be seen as an important resource of Yarra from a social as well as an economic standpoint. More people work in the City than live in the City. It is estimated that some 8,000 businesses currently employ 70,000 people making Yarra the largest provider of employment in the metropolitan economy outside the Central Business District (CBD);
- cultural diversity. A third of the City's residents are from non-English speaking backgrounds. Countries of origin include Vietnam, Greece and Italy;
- concentration of a well-educated resident workforce. The City is characterised by a high concentration of tertiary trained workers. In 1996, approximately 27 percent of the resident workforce held a bachelors degree or higher compared to 14 percent for the Melbourne Statistical Division (MSD) average;
- high concentration of young adults. The City contains a relatively high proportion of persons in the 18-35 year age bracket compared to most other areas in metropolitan Melbourne;
- relatively low unemployment levels. Recent statistics indicate that in the period since 1996 unemployment levels in the City have fallen to average levels in metropolitan Melbourne. These recent trends are in sharp contrast to the relatively high levels of unemployment which the City exhibited in the period before 1996; and

- increasing levels of car ownership. Over the 15 year period 1981-1996, there has been a significant increase in car ownership by households resident in Yarra. This factor has important ramifications for local traffic management and car parking policy development.

Yarra's economic characteristics and trends are also reflective of its strategic location and role as an inner metropolitan municipality. The City is characterised by:-

- a substantial ongoing shift from a manufacturing-based economy to a services-based economy. Over the 15 year period 1981-1996, employment in manufacturing in the City halved (from about 20,100 to approximately 10,700 employees). At the same time employment in commercial services doubled (from approximately 5,000 to about 10,100 employees). Similarly employment in hospitality services also doubled (from about 1,100 to 2,600 employees). There were also significant increases in employment in community services and government and in retail and wholesale trade. Employment in these sectors increased by about 40 percent over the 15 year period (from 18,400 to approximately 25,800 persons);

More recent information from the ABS Business Register (1994-1998) shows similar patterns of on-going significant growth in commercial and hospitality services, together with further growth in employment in community services and government and in retail trade. Employment in manufacturing continues to decline;

- a diverse employment base. Yarra has a highly diversified employment base in several respects. First, employment is distributed across a wide range of industry groups. In 1998, the City's 70,000 workers were distributed across some 34 industry groups, with 20 industry groups each providing employment for more than 1,000 employees. Second, the City has a balance of employment in different sized businesses. The vast majority of Yarra's 8,000 businesses have less than 50 employees (approximately 7,930 of the 8,030 businesses in the City in 1998);

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The City's major employers provide an important core strength and investment focus for economic development in the City. The City's top 100 employers provide about 18,000 jobs or about 25 percent of the City's total employment;

- growth in information technology and multi-media business. A growing source of employment and investment is focused on new 'economy' industries including information technology and multimedia. Growth in companies and employment in these industries together with a high adoption rate of information technology across most industry groups places the City at the cutting edge of innovation and change in business and industry development;
- home to some of Australia's major institutions and companies. A number of Australia's major institutions and companies have significant investment and employment in the City. These include:-
  - St Vincents Hospital;
  - Epworth Hospital;
  - ANZ Bank (card services);
  - Carlton and United Breweries;
  - GE Capital;
  - Coogi;
  - Channel 9;
  - Telstra (mobile communications);
  - Nike Australia;
  - Country Road;
  - Honeywell;
  - Hutchison Telecoms;
  - Amcor; and
  - Just Jeans.
- shopping and lifestyle strips of metropolitan significance. In the course of the past 20 years several of the City's historic strip commercial areas have evolved into retail and lifestyle of metropolitan significance. These include:-
  - Bridge Road, Richmond;
  - Brunswick Street, Fitzroy;
  - Swan Street, Richmond;
  - Victoria Street, Richmond;
  - Church Street, Richmond; and
  - Smith Street, Collingwood.
- relatively high metropolitan accessibility. The City is well serviced by an extensive network of main roads and collector roads and by metropolitan rail and tramway systems. The metropolitan freeway system provides effective access to the municipality via CityLink, and the Eastern Freeway. In general terms the City is highly accessible to most areas of metropolitan Melbourne and to the key points of entry to the metropolis (Port of Melbourne, Melbourne Airport, major regional highways to country Victoria and interstate);
- booming residential sector. Yarra has undergone a sustained boom in housing demand since the late 1980s. This reflects increased interest in the area shown by professional groups and young adults, and forms part of a wider renaissance in residential development in Melbourne's inner region. Increased residential demands have placed redevelopment pressures on some of the City's industrial areas. A strategic framework to protect the City's employment areas has been developed on the basis of a detailed review prepared by Ratio Consultants (refer Industrial and Business Activity:Trends and Opportunities Analysis, July 2000, Ratio Consultants Pty Ltd for the City of Yarra);
- diverse commercial land use system. Yarra's commercial and industrial land use system offers a wide range of building types and locational options in a compact inner-city setting. The City's commercial and industrial areas have evolved into distinctive precincts which accommodate a diversity of businesses and industry groups; and
- Yarra as a focus for new investment. The City continues to attract significant investment for a diverse range of private and public sector developments. Recent and ongoing investment trends reflect the importance of Yarra for a wide range of business and professional services and as an important area for new residential development.

Further details of the social and economic context for the Strategy are provided in Part D of the Report (refer Section D.3).