

UNLOCKING ENTERPRISE IN A CHANGING ECONOMY

SEPTEMBER 2018



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Definitions – innovation vs enterprise precincts

Throughout the document 'Innovation Precincts' (global literature) and 'Enterprise Precincts' (local context) are used interchangeably. The term Enterprise Precincts has been used in the local context to differentiate these precincts from those designated in *Plan Melbourne* as National Employment and Innovation Clusters (NEICs). Although the principles guiding the success of Enterprise Precincts may be appropriate to NEICs, NEICs differ in that they are identified in state policy and have been the focus of major planning efforts for some time.

Foreword



Minister for Planning

Innovation is an active process, borne of doing. Sometimes innovation is the new application of an old idea, sometimes it is iterative, but always change is its primary catalyst. Innovation is also strongly linked with productivity, and while productivity isn't everything for an economy, in the long run it is almost everything.

Ensuring Victoria is ready to accommodate and benefit from changes in the global economy is a key function of responsible and proactive planning.

The increasingly innovative, connected and nimble economy needs equally innovative, connected and nimble thinking when it comes to the way we plan, develop and manage our cities and regions.

To accommodate this emerging economy and changing ways of working we need locations where co-working spaces, start-ups, makers, micro-manufacturers and other enterprises can flourish. We need vibrant locations that reduce the barriers in taking a good idea and turning it into a new product or process, fit for markets around the corner or around the world.

Internationally, the areas where the emerging economy has taken root is instructive. This economic evolution has not happened in the sky scrapers of central business districts of the great cities, but in repurposed urban landscapes.

Take a look around our city and you will see evidence that the emerging economy is already changing the geography of our workforce.

In Melbourne, Enterprise Precincts such as Cremorne, South Melbourne and Collingwood have borne witness to an explosion of new enterprises and are typical of where the emerging economy can succeed. But this is not restricted to Melbourne. Signs of similar economic activity is occurring in our regional cities and towns such as Geelong, Ballarat, Bendigo, Kyneton and Castlemaine.

As change becomes more rapid and global competition intensifies, we must do more to nurture this key part of our future economy if we are to create the extra 1.5 million jobs required by 2050.

In this challenge, a key responsibility of the Victorian Government is to provide the overarching strategic policy direction as well as the tools for local council to implement planning outcomes customised to their conditions. Councils are, after all, at the coal-face of the emerging economy and a key partner in realising the opportunities it presents.

While *Plan Melbourne* provides the overarching strategic policy for Melbourne, to further the development of Enterprise Precincts an additional zoning tool has been added to the toolkit available to our planners: the Commercial 3 Zone.

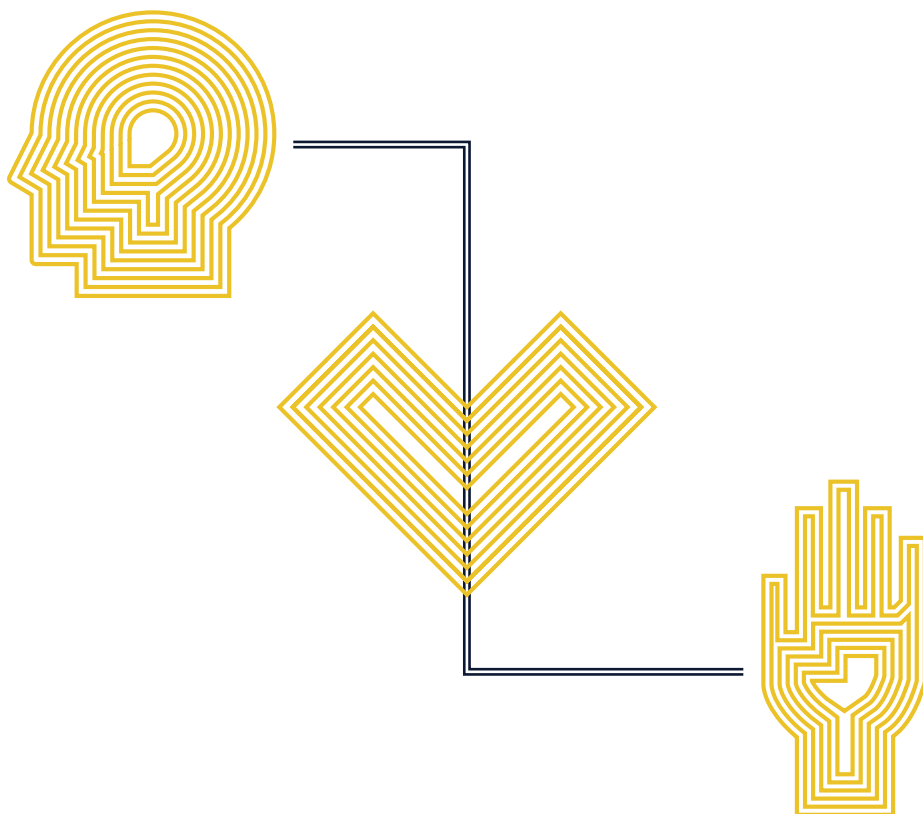
This zone gives preference to enterprises and reduces the planning burden for a diversity of employment uses while promoting the supporting amenities that make precincts great places to work.

It's another step towards our commitment to support an economy that will be able to adapt, grow and meet the demands of a changing workforce and a changing world.

The Hon. Richard Wynne MP
Minister for Planning

The Hon. Philip Dalidakis MLC
Minister for Innovation and the Digital Economy

Executive summary



Enterprise, the creation of something new, requires a combination of head, heart and hands.



Good ideas (head) must be pursued with passion (heart), before being executed with skill and expertise (hands). All three are crucial to innovation, and if the barriers to realising a good idea are insurmountable, enterprise goes begging.

With an economy that is increasingly oriented towards creative problem solving, we must capitalise on the good ideas we have, whilst also positioning Victoria as a world leader that attracts and retains creative talent. This will be critical if Melbourne is to create the 1.5 million new jobs forecast to 2050 under *Plan Melbourne*.

Plan Melbourne provides the strategic direction for Melbourne's growth, with implementation actions to tackle the challenge of creating the jobs of the future. It provides a roadmap for Melbourne to build on its proud legacy and continue to be a global city of opportunity and choice.

The challenge of creating the jobs of tomorrow comes at a time when industries across the economic spectrum are going through major changes driven by globalisation,

advances in technology, disruption of existing business models, and shifting social attitudes and ways of working.

These factors are combining to make change more rapid, labour more mobile, and businesses more dynamic, often resulting in more collaborative working models and compressed timeframes to turn ideas into new products, processes or services. Old divisions between the processes of design, production and distribution are no longer as defined, and the lines between places where people work and places where people live are increasingly blurred.

Innovation is becoming increasingly urban, with convergence across sectors and industries driving product and process development in dense, accessible and amenity-rich precincts.

Cities where the emerging economy has become established, such as Berlin, New York or San Francisco, have seen an explosion of new enterprises, co-working spaces and the growing role of start-ups, micro-manufactures and SMEs in the innovation process. The growing relevance of smaller scale economic



Space Tank Studio

"Enterprise"

- *An enterprise is a company or business, often a small one.*
- *An enterprise is something new, difficult, or important that you do or try to do.*
- *Enterprise is the activity of managing companies and businesses and starting new ones.*
- *Enterprise is the ability to think of new and effective things to do, together with an eagerness to do them.*

— Collins Dictionary

activity to a culture of innovation necessitates a 'sum of parts' or 'ecosystem' perspective to economic development and city planning.

While some economic activity can operate entirely online, for most land remains a fundamental input – on which to create and make, to provide services, and to trade on.

Competition for land, particularly in inner Melbourne, is intense and this competition raises a serious public policy question –

how do we best use our land to balance the need to accommodate a growing population with the need to grow the economy, jobs, promote innovation and enterprise, and raise productivity?

Our future prosperity will reflect how well we manage the transition in our economy as well as the transition of the urban environment it operates within.

With the focus provided by geography, this policy paper offers a framework with which to understand and support 'Enterprise Precincts' as hubs for the emerging economy.

The 'Factors Driving the Success of Enterprise Precincts' framework (page 11) provides a holistic approach to assess the strengths and weaknesses of precincts, and provides a useful aid in decision making about where to target efforts and partnerships.

To support this framework a new zoning tool – the Commercial 3 Zone – has been developed, giving planners an additional tool to realise Enterprise Precincts.

This new zone better aligns with the needs of the modern and emerging economy and has a clear purpose to promote innovative and enterprising mixed-use precincts. It aims to reduce the planning burden for a host of employment uses from urban manufacturers and makers to co-working spaces, while allowing for complementary yet limited retail and residential uses where these uses are considered appropriate to support enterprises to flourish.

While zoning is an important tool to guide land use outcomes, there are many other innovative ways to leverage the innovation economy

that a focus on Enterprise Precincts promotes.

Precinct governance models, transport improvements, public amenity upgrades, creative uses of government land holdings, supportive funding streams and business assistance programs, and aligned strategic planning policies are just a few of the many approaches that can be utilised to drive the success of precincts.

Facilitating and coordinating the many mechanisms that can be utilised to realise Enterprise Precincts will require strong partnerships aligned with a shared vision of what can be achieved and a shared commitment to achieve it.

Together we can build on Victoria's long and proud history as a State of production and innovation, embracing the next wave of opportunities to unlock enterprise in a changing economy.



Photo credit: the Startup Photo Library

The economy is changing as are ways of working

In looking to where the economy may be going, it's important to take a step back and see where it has come from. In the 1990s, Victoria's economy was in the midst of a substantial structural shift. Its traditional industrial base was eroding and Victorians were emigrating *en masse* for sunnier futures further north. The subsequent two decades have seen the economy transition considerably, driven by the interactive forces of technological advancement, globalisation and changing patterns of consumption, social models and expectations.

Today Victoria and Melbourne's economy is much more dynamic. Globalisation has blurred national borders and competition for talent and ideas has intensified. Advances in technology have made the world more interconnected. While the pace of change has been fast, it is only expected to accelerate in the coming decades.

From smartphones and WiFi, to longer distance planes and higher capacity ships, technology has bridged divides and made previously unreachable markets accessible. While in the past a manufacturer may have had to be large-scale to make export costs feasible, now any company, no matter its size, has the ability to reach a global market almost instantly and in many cases at little cost.

This new economy is seeing a shift in business success factors toward digitalisation, smarter customer engagement, agile and network based organisational structures, and co-production with other businesses. This is driving a shift in skill requirements toward creativity, relationship-building, personal interaction and digital literacy.

Simultaneously influencing and reacting to the changing economy, demographic and social change is leading to different workplace preferences and ways of working.

The composition of the workforce is changing, with a shift toward greater diversity, a four generational workforce, increased female participation, and later retirement ages. This, coupled with an appetite among younger generations for self-employment, is seeing an increase in job flexibility and freelancing, but also decreasing job security and contract-based work, further complicated by the emergence of the share economy.

In this globally focused, technologically connected, diverse and flexible working environment, growth in the economy is increasingly driven by micro, small to medium sized businesses who have the agility to change models and production lines quickly as subtle variations in demand arise.

A shift in jobs to the knowledge sector

- Growing knowledge work will see a rise in demand for advisory, digital and other skills (some of which are transferable across sectors)
- Greater opportunities for project-based work and flexibility in work location and hours for knowledge workers
- Fewer low-skilled work opportunities

Changes in organisation models

Shift to network-based and collaborative working approaches will see a shift in

- staffing models toward smaller number of core staff complemented with on-call staff ("zero-hour contracts") and freelancers
- discrete tasks continuing to be unbundled from roles and outsources

Employee preferences

- Current labour market does not most effectively service worker preferences - e.g. research indicates 9-5pm hours are not ideal for worker welfare or for productivity. Business are expected to continue to increase flexibility for workers
- Increased participation in the 65+ and female cohorts
- Victoria's workforce is more skilled and increasingly seeking opportunities for development, diversity in work experience, flexibility in work hours and location
- Desire for secure work remains strong

Job flexibility and security (hours and tenure)

Economic uncertainty

- Uncertainty brought about by global competition, digital disruption or general macro economic conditions amplifies a need for job security
- This uncertainty affects investment and hiring decisions with firms seeking flexibility through temporary employment contracts.

The rise of the flexible workforce and the emergence of co-working

We are witnessing the rise of the flexible worker, with up to 30% of the Australian workforce participating in non-traditional forms of work. One outcome of an increasingly flexible workforce is the rise of co-working spaces.

Co-working spaces are open plan offices or workshops that see the creation of a community in which 'non-standard' workers, freelancers and early stage entrepreneurs come together in the same space to provide support and social interaction. They help to provide people who otherwise

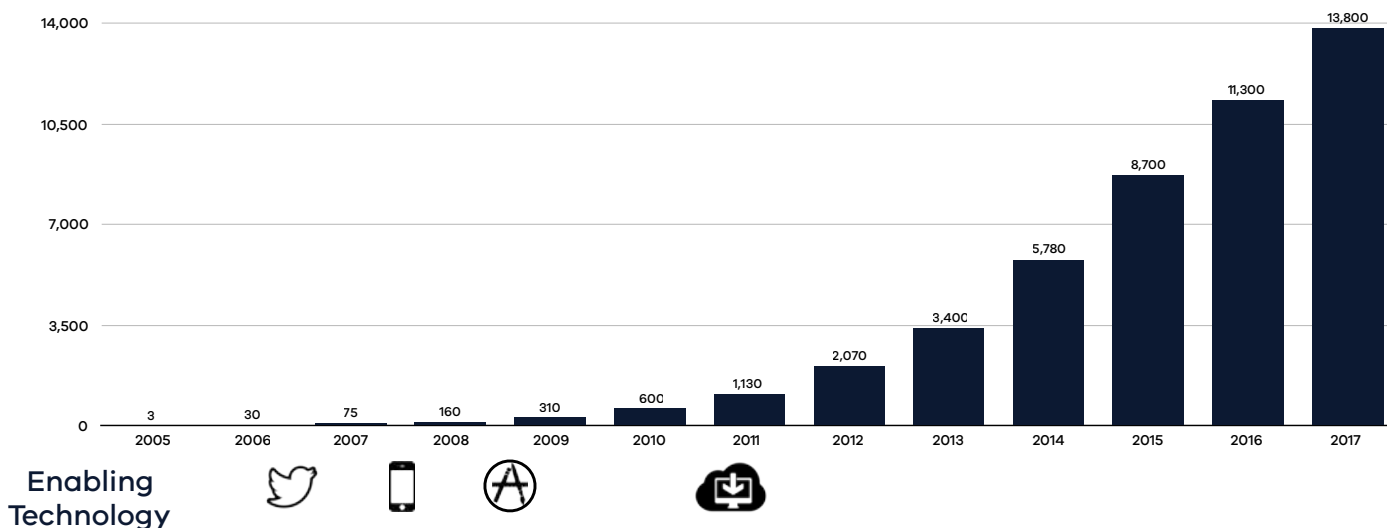
face 'professional isolation' working on their own to experience and participate in a community in which they can brainstorm, share and develop new ideas in a creative space.

There are many different forms of co-working spaces emerging to support both the hard and soft elements of entrepreneurship. These co-working spaces are designed to inspire collaboration, creativity, idea sharing, networking, socialising and the generation of new business opportunities.

In high-rent cities such as Melbourne, co-working spaces also minimise individual rental costs.

Co-working environments are also emerging in more traditional office workplaces. As Knight Frank's Kimberley Paterson notes, "Many corporations are acknowledging the benefits of shared, collaborative workspaces and are bridging the gap between what small businesses, freelancers and employees want in the workplace, and what traditional landlords offer."

Global Growth of Coworking Spaces



Source: Julian Waters-Lynch, 2017

MEET A PRECINCT



Source: City of Melbourne, 2018

West Melbourne – the fundamentals for economic growth

Wedged between major transport routes, close to the CBD, with a diversity of land parcel types and sizes, and industrial built heritage to leverage, West Melbourne presents significant opportunities to grow enterprising economic activity. As noted by the City of Melbourne in the West Melbourne Structure Plan 2018:

Inner city employment precincts such as West Melbourne, outside of the core central city but within its 'frame', deserve particular attention as they provide well-located yet affordable employment floor space to supporting economic activities such as IT start-ups, bespoke manufacturing and shared office spaces... The availability of affordable and flexible floorspace, in proximity to universities, cultural infrastructure and the central city, supports the productivity and creativity of businesses in West Melbourne. It also helps to deliver a more resilient economy, providing for a range of different types and sizes of businesses and employment opportunities.

While having all of these assets, the City of Melbourne identified the competition for land as a major impediment to the precinct realising this valuable economic role, noting:

The significantly higher sale or rental price available to developers for residential developments compared to commercial is a challenge in inner city renewal locations such as West Melbourne, with residential developments 'pricing out' employment and economic uses. Residential uses provide the highest financial return in the current market. This has been reflected in a 25 per cent decrease in job numbers in West Melbourne over the past 10 years. A range of jobs, including warehousing, manufacturing and logistics industries and finance and insurance jobs have moved out of the area and have been replaced with residential development.

MEET A CREATOR



Oh Yeah Wow, from Melbourne to the world

Operating out of a converted warehouse in Brunswick, creative content producers Oh Yeah Wow's resume is a little more global. The collection of filmmakers, animators, and visual effects artists have worked with Usain Bolt, produced commercials for worldwide brands Coca-Cola, Ikea, Milka and Uber, and music video clips for local bands Gotye, Boy and Bear, and the Jezabels.

Outgrowing their original home near Brunswick Station, Oh Yeah Wow made a sizeable

investment in a larger space further north in Brunswick. They then partitioned the space to make a home for not only themselves but a host of other creatives they routinely collaborate with, from costume designers, make-up artists and hairdressers, to digital content illustrators, animators and designers.

The result – an industry cluster that promotes collaboration and provides the agility and range of skills to tender for a diversity of jobs around the world.

The need to improve productivity and unlock enterprise

A changing economy and ways of working provides opportunities to grow the economy through productivity enhancements, but this requires a holistic approach to support a culture of creativity, experimentation, calculated risk taking and confronting of fear of failure – all necessary to the innovation process.

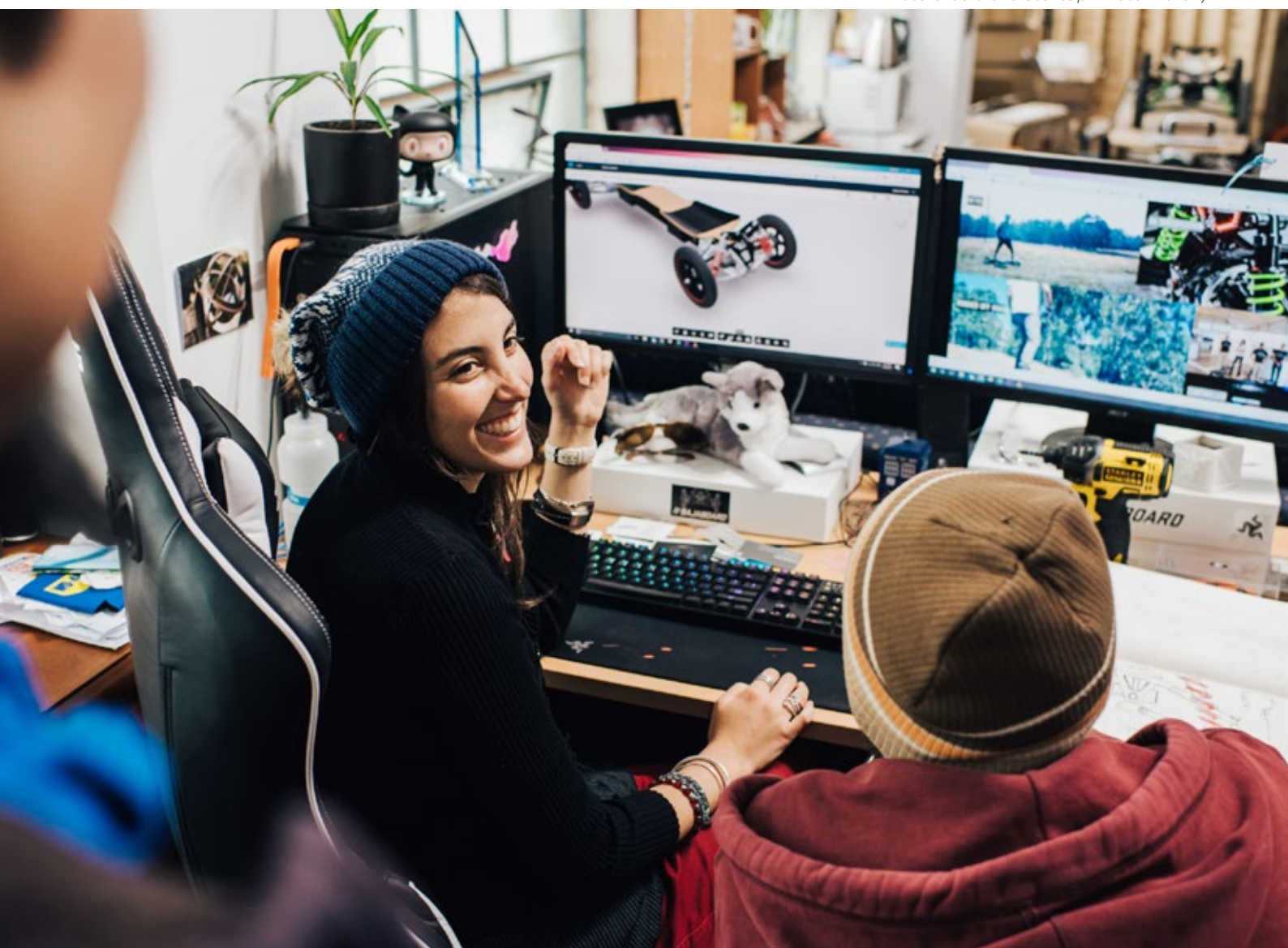
Economic growth, as measured by GDP, is determined by the 'three Ps' – changes in population, the workforce participation rate, and the productivity of the labour force.

While the Victorian economy has been growing strongly, population growth has largely underpinned the state's economic strength. Labour productivity growth has been slowing, and is growing at a slower rate than the Australia-wide average.

Innovation is a key driver to improving productivity – cultivating smarter and different ways of working, promoting knowledge spillovers and learning through the convergence of disparate sectors, or developing new products tailored to specific local needs or broad international markets.

The creative talent and ideas that drive innovation are globally mobile, and cities that can boast a culture of innovation are best placed to compete. Attracting and retaining creative talent also delivers benefits across Victoria's major economic growth sectors, particularly international education and professional services.

Photo credit: the Startup Photo Library



MEET A CONNECTOR



Photo credit: Justin Pearson, 2017

Confronting fear of failure – Inspire9, Richmond

Inspire9 in Richmond is home to many of Melbourne's tech start-up success stories including Etsy (online retail sales), Eventbrite (online event ticketing), Tablo (online publishing) and Strip (online payments). Converting the original 1910 Australian Knitting Mills building on the doorstep of Richmond Station, in addition to the physical space and tech infrastructure, Inspire9 provide a supportive community for entrepreneurs and start-ups to flourish in.

Developing new ideas, products or processes requires risk taking and overcoming the fear of failure. To demystify this process and enthuse budding entrepreneurs Inspire9 host regular, public and well attended events on start-up development.

These events provide a forum for (now) successful innovators and entrepreneurs to speak candidly about their businesses evolution and the numerous and often large mistakes they made along the way. These candid accounts promote an environment where failure can be openly discussed as an essential component of creation.

LaunchVic – accelerating connections to connect micros to markets

LaunchVic is Victoria's leading start-up ecosystem development agency. Partnering with entrepreneurs, institutions and industry, LaunchVic invest in organisations and projects that empower entrepreneurs to scale innovative companies, deliver economic and cultural benefits to the state and position Victoria as an internationally recognised start-up hub.

In an economy increasingly dominated by micro and small entities, having a channel to represent the needs of the diverse and dispersed entrepreneurial and start-up sector is fundamental. LaunchVic provides this representation, providing the start-up

community with investments in core infrastructure, facilitating access to capital, advocating on collective challenges and providing the networking assets that are vital to building a strong and collaborative community.

For local government LaunchVic have developed a start-up guide and toolkit to guide councils to nurture start up activity and encourage greater participation.



launchvic

Why geography matters – the value of precincts



In promoting an innovative, enterprising and creative culture, geography and physical environments matter. With the divisions between the processes of design, production and distribution no longer as sharp, and the lines between places where people work and places where people live increasingly blurred, the geography of innovation is changing.

Previously dominated by suburban corridors like Silicon Valley (which required relatively low levels of government intervention), the landscape for innovation is now predominately urban, with world best practice focused on the development of 'innovation' or 'enterprise' precincts.

As noted by the Brookings Institute, innovation or enterprise precincts:

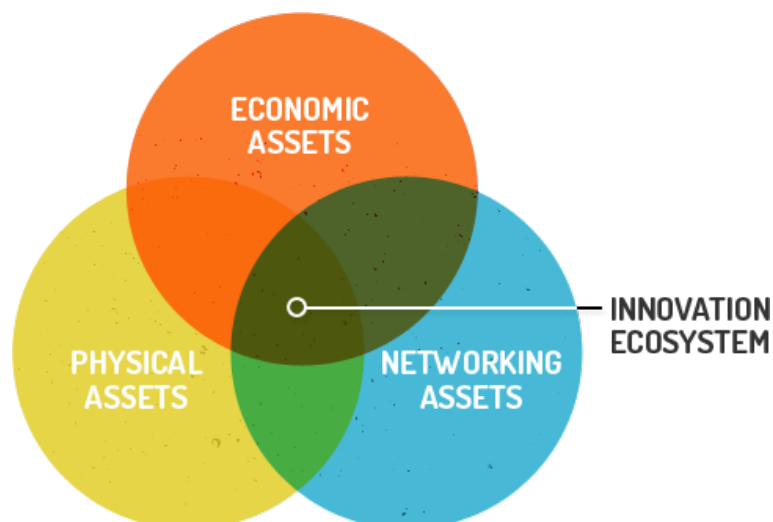
"facilitate the creation and commercialization of new ideas and support metropolitan economies by growing jobs in ways that leverage their distinct economic attributes. These districts build on and revalue the intrinsic qualities of cities: proximity, density, authenticity, and vibrant places."

In these environments entrepreneurs mingle with other entrepreneurs, ideas and different ways of problem solving converge, and collaborations can be formed easily. Precincts allow for critical mass to be attained, reinforcing competitive advantage and brand, and promoting agglomeration benefits and the sharing of knowledge and services.

The Brookings Institute identify that to create an innovation ecosystem a precinct must comprise three types of assets:

- **Economic assets** are the firms, institutions and organisations that drive, cultivate or support an innovation rich environment.
- **Physical assets** are publicly, or privately-owned spaces including streets and other infrastructure, designed and organised to stimulate new and higher levels of connectivity, collaboration and innovation.
- **Networking assets** are the relationships between people, firms and places that facilitate ideas generation and advances in commercialisation.

INNOVATION ECOSYSTEMS



Source: Katz and Wagner, 2014

To assess the potential of enterprise precincts a checklist of 9 factors that drive their success has been developed (below).

Applying this criteria promotes a holistic approach to precinct development and can be used to assess the strengths of precincts, as well as aid in decision making about where to target efforts to improve precinct performance.

The criteria can highlight how, for example deficiencies in one of these factors, such as poor quality of place or lack of collaborative culture could be holding back a precinct from realising its full potential despite the presence of other factors, such as strong anchor institutions or high quality ICT infrastructure.

FACTORS DRIVING THE SUCCESS OF ENTERPRISE PRECINCTS



Insights from the United States

The United States is often at the forefront of innovation and furthering innovation precincts. The following case studies provide food for thought and demonstrate actions being taken elsewhere to spur enterprise, diversify economies and promote collaboration.

Boston District Hall – a public home for innovation

While home to significant anchor institutes and large companies, the Boston Innovation District did not have a long tradition of collaboration. To bridge institutional borders a civic centre, the Boston District Hall, was developed as a highly visible focal point for engagement and interaction, providing a host of networking assets to be 'Boston's public home for innovation'.

The District Hall provides a wide range of resources and curated programs to help broker and foster new connections and create an environment where ideas can be discussed, shared, or converged. Initiatives range from collaborative 'cafe club' events, to skills workshops, mentorship programs, public workspaces, and pop-up exhibitions that showcase start-up concepts and

products to thought leaders, government and larger companies.

Envisaged by the City of Boston and the Boston Redevelopment Authority, but delivered through a public-private partnership, Boston District Hall was privately funded as a cornerstone of a broader private redevelopment. Cambridge Innovation Centre were then invited to create an active innovation hub concept and accept responsibility of the lease, with a not-for-profit, Venture Café Foundation created to manage operations and programming. Two eateries operate on the site, and support was provided by local tenants, including Microsoft, John Hancock and Bose.

Portland's planning tools to protect and capitalise on a changing economy

In the USA some cities have experienced similar changes in the use of former heavy industrial lands, and with a changing economy have been quick to recognise the importance of providing planning protection for their resurgent maker and urban manufacturing sector.

In Portland, Oregon the Central East Side Industrial Precinct blends contemporary manufacturing with residential, ICT, and commercial creative industries. Floor Area Ratios (FAR) and Floor Area Uplift (FAU) zoning controls allocate a ground floor industrial bonus to incentivise the inclusion of manufacturing space in redevelopment projects while allowing higher density mixed use developments near transport interchanges. The plan also introduces design standards intended to minimise conflicts between mixed use and industrial operations.

In the local context, it is noteworthy that the tools available to the planning profession have evolved in recent years, with the introduction of Floor Area Ratios and Floor Area Uplift a step-change in planning tools. Whether to ensure a minimum level of affordable housing or public space provision, or to incentivise commercial floorspace in locations where there are broader benefits to the metropolitan economy, there now exist planning tools to do so.



Photo credit: Brooklyn Navy Yard Corporation

Brooklyn Navy Yard - Resurgent manufacturing in the world's financial capital

New York City, more commonly known for the millions traded daily on Wall Street and its intense residential driven land markets, has experienced a prolonged resurgence in local manufacturing that is small-scale, high value-add and customised.

This resurgence is epitomised and showcased by the Brooklyn Navy Yard, a 120 hectare former ship building yard just over the East River from Manhattan. The Navy Yard has been progressively redeveloped for a range of manufacturing and related businesses of various types and scales, and is now host to over 330 firms employing more than 7000 people.

Owned by the City, but operated by a not-for-profit under a long term lease, the site is carefully curated to create productive clusters and foster a culture of collaboration and innovation. Tenants range from textile designers to book binders, coffee roasters to modular housing builders. This diversity of makers collectively add over US\$2 billion and growing to the New York economy every year.

The ongoing presence of manufacturing jobs presents a critical pathway for the middle class to find meaningful and reasonably paid work in a city characterised by growing wage polarisation and high costs of living. Manufacturing at the site also plays an important role supporting New York's other high-value sectors, such as the fashion industry and Broadway.

The potential of Melbourne's Enterprise Precincts

Melbourne has many of the essential ingredients to realise successful enterprise precincts. It's a creative city with a long history in innovation and production. Decades of being the engine room of Australian manufacturing has left the Victoria with a deeply embedded skills base, industrial built form and supporting infrastructure.

Cultural assets from the large scale of the National Gallery and Princess Theatre, to the gritty street art covered laneways and local live music scene provide a constant undercurrent of activity that attracts a diversity of creative minds. Coupled with Melbourne's famed liveability and strong broader economy, the city is well positioned to attract the next wave of economic growth and social progression.

With the CBD, Docklands and Southbank catering to the needs of more traditional, larger floorplate and established businesses, precincts such as Cremorne (tech), South Melbourne (media), and Brunswick (design) offer something different.

Collectively these and other enterprising areas are of state significance, playing a critical role in supporting the broader economic ecosystem by providing fertile ground for business formation and idea development.

Photo credit: the Startup Photo Library





Cremorne - Australia's magnet for tech talent

Cremorne has emerged as Australia's premier destination for creative design, particularly in the tech and digital space. Its reach is now global, with several billion dollar tech firms mixing healthily with small-to-medium sized entities, start-ups and co-working spaces.

Enabled by the City of Yarra's foresight and steadfastness to retain its employment focus, and spurred by some committed and engaged local landowners and businesses, Cremorne is going through a profound period of growth, reinforcing its industry specialisation and strategic potential, and furthering Melbourne's economic ecosystem.

Drawing from its industrial heritage and building stock, proximity to central Melbourne, diversity of small and large land parcels, pokey laneways complementing good public transport access, and the amenities provided on Swan and Church Streets, Cremorne has all the characteristics of an enterprise precinct tailored to the needs of the emerging economy.

Reflecting these characteristics, development activity is running hot in Cremorne. During this period of rapid change, the challenge will be in ensuring development adds to the precinct's economic functioning and 'buzz', maintaining it as a creative place to work for years to come.



Moon Dog Brewery, evolving Abbotsford's craft beer legacy

The transition that beer production in Melbourne has taken over the last hundred years reflects many of the changes that have occurred in the broader economy. Melbourne's beer market used to be dominated by a diversity of local manufacturers, including the Richmond and the Abbotsford breweries. Over the 20th century these smaller producers were progressively acquired and their brands retired by larger companies like Carlton and United Breweries. Smaller batch local production was consolidated into centralised mass-scale production.

Located in the shadows of the giant and historic Carlton and United Brewery in Abbotsford, Moon Dog Brewery represents an economic full circle.

There, like other smaller breweries in the Abbotsford-Collingwood area – Mountain Goat, Stomping Ground, and the Mill – Moon Dog are leveraging the areas industrial heritage, changing consumer preferences and expanding residential population to derive a new competitive advantage.

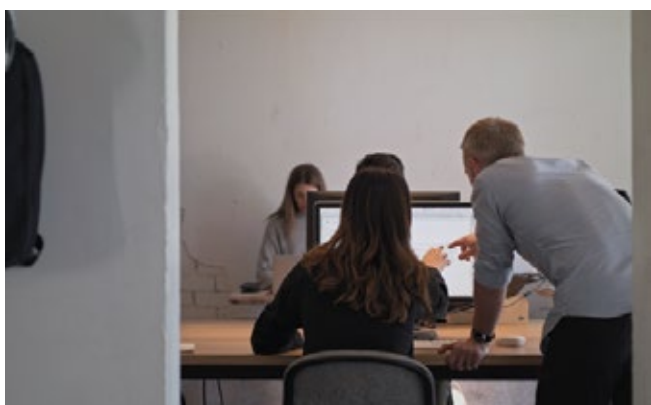
Their business is as much about providing a hospitality experience on-site as it is about the wider distribution of stock, with their Abbotsford address providing Moon Dog with a visible front-of-house to build brand recognition and a point of difference in a competitive marketplace.



Know Your Product



Pan y Rosas Textiles



HV.H / Kintaro Studios



Mörk Chocolate

Working together to unlock enterprise in a changing economy

In a changing economy, collaboration and shared problem solving increasingly drive innovation and enterprise. This is important for the development of a new product or service, but equally in the approach we apply to the planning and ongoing management of our cities and the precincts within them.

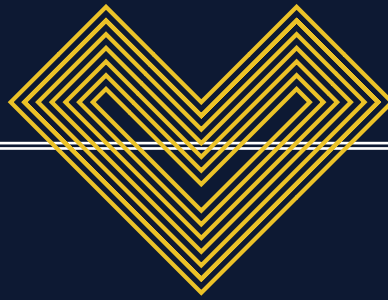
As the effects of globalisation continue to play out, identifying and harnessing the power of local knowledge, skills and specialisation will be vital to Victoria's continued economic success. Enterprise Precincts can play an important role in addressing this challenge by providing the fertile environments for innovative businesses and entrepreneurial individuals to establish and grow.

The success of Enterprise Precincts will depend on strong partnerships, shared vision and shared commitment.

Ultimately it is the development sector, the research institutions, and expanding local businesses that create the physical urban environments; and the energy and ingenuity of the urban manufacturers, makers, start-ups, co-working operators, innovators and entrepreneurs who inhabit them that will spur enterprise and innovation within our economy.

While these precincts are collectively of keen interest to the State, they have the best chance of success when planned and developed at a local level. Policy and governance are best implemented by those most affected by its use and this requires nuanced local understanding.

The Victorian Government has an important role in coordinating actions, providing the policy setting as well as the tools that enable others, including local government to implement that policy setting.



Within the planning portfolio this responsibility includes ensuring the right tools are available to promote the environments demanded by the emerging economy – diverse, vibrant and high amenity mixed-use employment precincts.

To this end, **a new Commercial 3 Zone** has been developed as an additional zoning tool for planners across Victoria to aid in the realisation of Enterprise Precincts.

The Commercial 3 Zone has a clear purpose: to promote innovative and enterprising mixed-use precincts that provide the fertile ground for business creation and experimentation. The zone aims to reduce planning burdens and opportunity cost for nimble enterprises and facilitate a physical environment conducive to turning good ideas into new products,

processes and services. It allows for complementary yet limited retail and residential uses where these uses contribute to vibrant employment precincts.

Zoning, while an important tool, is only one tool available to support Enterprise Precincts.

Precinct governance models, transport improvements, public amenity upgrades, creative uses of government land holdings, supportive funding streams and business assistance programs, and aligned strategic planning policies are just a few of the many approaches that can be utilised to drive the success of precincts.

With the focus provided by geography, this policy paper offers a framework with which to understand and support 'Enterprise Precincts' as hubs for the emerging economy.

The **Factors Driving the Success of Enterprise Precincts framework**

(page 11) provides a holistic approach to assess precinct strengths and weaknesses. Recognising that the relationship between different success factors is dynamic, this framework is a useful lens in which to view precincts and target and coordinate efforts to improve their performance.

The policy framework supporting Enterprise Precincts and the aligned new zoning tool sit within the broader implementation of *Plan Melbourne*, Melbourne's strategic planning blueprint for growth.

These initiatives, along with the many other *Plan Melbourne* actions that focus on facilitating employment and economic growth will be critical if Melbourne is to create the 1.5 million new jobs forecast to 2050 and continue to be a global city of opportunity and choice.

