



A JOBS AND INDUSTRY STRATEGY FOR MELBOURNE'S WEST

– a region of opportunity,
a place to invest

A Western Melbourne RDA
and LeadWest report
May 2013

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A REGION OF OPPORTUNITY, A PLACE TO INVEST

Melbourne's West is now the fastest growing area in Australia. It's at the forefront of what Australia is becoming today – a largely urban society, fast growing, innovative, culturally diverse and inclusive. Population forecasts indicate that the region will accommodate more than 40 per cent of metropolitan population growth over the next 40 years.

We've attracted major investments and new infrastructure projects such as the \$4.3 billion Regional Rail Link and \$2.25 billion Western Ring Road upgrade. We have a diverse, skilled and qualified local workforce that's growing all the time. Business innovation is growing and encouraged, and we're home to a wide range of business services. A diverse range of greenfield and brownfield sites are available for development. And our suburbs offer all kinds of housing and lifestyle opportunities, with plenty of premium leisure and recreational choices.

But to provide jobs and a high standard of living for our current and future residents, we need to do more. We need to ensure that there are jobs of all kinds available near where people live, to grow our diverse economy, to relieve transport congestion and to increase liveability for everyone. So we need to encourage investment and showcase what the West has to offer to potential employers.

In today's uncertain economic climate, that's not easy. This report, by SGS Consulting, is a joint effort – from the Western Melbourne Regional Development Australia Committee, LeadWest, the cities of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham – to find ways to build on our significant strengths, overcome our challenges and rebalance Melbourne towards the West, where major growth is occurring.

This document provides us with a blueprint for action. It sets out a 'three horizon' strategy to fully capitalise on the economic development opportunities open to the West. It highlights the established strengths of the region and the areas where there is scope for building new competitive advantage.

We have a lot to offer. The framework is in place and all stakeholders are on board. What we need now is a united effort to ensure that we redress the historical imbalance and bring much-needed infrastructure investment to the West. And we need everyone to work together to advocate for these critical changes that will cement our region's future.

«THE REGION WILL
ACCOMMODATE
MORE THAN
40 PER CENT OF
METROPOLITAN
POPULATION
GROWTH OVER
THE NEXT
40 YEARS.»



Bill Jaboor

Chair, Western Melbourne Regional
Development Australia Committee



Barry Harvey AM

Independent Chairman
LeadWest Ltd





EXECUTIVE SUMMARY

Melbourne's West is a region of opportunity. It is set to lead industry and employment growth in Victoria over the next 30 years and will host around 13 per cent of metropolitan Melbourne's total employment growth up to 2046.

Over the past decade its population has grown markedly and this growth is expected to continue over the next 20 years – from around 750,000 today to 1.1 million by 2031 – attracting around a quarter of metropolitan Melbourne's labour force growth over the same period. And that workforce is fast becoming more qualified and skilled.

Growth is supported by major infrastructure projects such as CityLink, the Western Ring Road and the \$4.3 billion Regional Rail Link, underpinned by the region's pro-investment culture. In the future, the region's economic potential will be further improved by major committed or planned 'city-shaping' projects such as the East West Link (\$8 billion), Melbourne Metro Rail (\$6 billion) and the Outer Metropolitan Ring Road (\$2 billion).

The West's offer to investors is clear. Few other Australian regions can match its rapidly growing, highly qualified and diverse labour force, proximity to the CBD, ports and airports, and stock of sites ready for development. This opportunity is set to catalyse Melbourne's West as a powerful and diverse economy.

A POWERFUL AND DIVERSE ECONOMY

In recent years, Melbourne's West entered a phase of major industrial development transformation, which accelerated with the redevelopment of the West Gate Bridge and the Western Ring Road. The region has a strong manufacturing, logistics and supply chain, freight and distribution base, and will continue to play a vital role in meeting Victoria's industrial and logistics needs. A wave of investment in logistics-based industries led to the formation of the Western Industrial Node, which is recognised as one of the three major industrial nodes in the Melbourne metropolitan area.

Importantly, the region is also home to a diverse, knowledge-driven economy, based on the production, distribution and use of knowledge and information. Food based manufacturing activities earn the region more than \$1 billion in inter-regional exports every year. In addition there are emerging strengths in service exports, and rapid growth in education and health.

As Melbourne's West transitions towards knowledge economy industries, there are opportunities to capture and grow significant wealth in emerging industries. Professional services and construction are both offering considerable scope for import replacement as the West grows.

Retail also offers scope to grow the region's economy, with its population forecast to grow at 2 per cent per annum over the next 20 years. Residents of the West currently generate about \$8.3 billion in retail expenditure, compared to \$6.3 billion in aggregate retail sales – an 'escape' expenditure of around \$2.0 billion per annum that represents a major opportunity for investors.

A REGION OF ADVANTAGE

Melbourne's West is connected

The region is strategically located close to Melbourne's CBD, the Port of Melbourne, Melbourne Airport and Avalon Airport, and the major regional centres of Geelong, Bendigo and Ballarat. Almost all of Melbourne's interstate rail and road transport connections run through or adjacent to the region. And the West is central. Businesses gain a competitive advantage when they are within easy reach of other firms and offer a large and diverse labour pool.

The Western Ring Road and CityLink provide fast access to the CBD and to other businesses and regions. Other transport improvements such as the Regional Rail Link will capture the advanced skills resources of the wider metropolitan area.

Melbourne's West has the skills

The West's labour force profile is changing rapidly, providing a wide pool of potential talent for business. The region is expected to account for over one-quarter of total metropolitan growth in workers with bachelor or higher degrees and 27 per cent of those with trade training. Overall, the West will expand its number of skilled workers by about 47 per cent over the next 20 years, compared to just 34 per cent for Melbourne as a whole.

Melbourne's West has the employment land

The West offers a range of infrastructure advantages, including extensive areas of development-ready employment land available at the East Werribee Employment Precinct and the Brooklyn-Tottenham Industrial Precinct. These and other sites are well suited to space-intensive industries. The West can also leverage major recent investment in the Sunshine and Werribee health precincts to build new export markets in health-related businesses and technology.

Melbourne's West is a hub of business innovation

Dynamic firms in the West have developed robust business models in challenging markets through innovation and diversification. Business innovation can be measured by the rate of enterprise formation and in this the West is outperforming the Melbourne metropolitan area. Between 2009 and 2011, the region added almost 1000 small businesses at an average annual growth rate well exceeding that for metropolitan Melbourne.

Business innovation depends on ready access to advanced business services and the West's close proximity to the CBD is a major advantage. Two leading centres in terms of access to brainpower and know-how are located in the West – Footscray and Moonee Ponds. Both these centres have roughly twice the access to professional services that Monash and Box Hill, for example, enjoy. The West has key assets to help unlock innovation, including Victoria University, University of Melbourne, Deakin University, University of Notre Dame and the University of Ballarat. And the new \$21 million Business Accelerator and Centre for Excellence in Melton will offer assistance and training to new and existing businesses in the region.

«THE WEST'S OFFER TO INVESTORS IS CLEAR. FEW OTHER AUSTRALIAN REGIONS CAN MATCH ITS RAPIDLY GROWING, HIGHLY QUALIFIED AND DIVERSE LABOUR FORCE, PROXIMITY TO THE CBD, PORTS AND AIRPORTS, AND STOCK OF SITES READY FOR DEVELOPMENT. THIS OPPORTUNITY IS SET TO CATALYSE MELBOURNE'S WEST AS A POWERFUL AND DIVERSE ECONOMY.»

«THE REGION IS EXPECTED TO ACCOUNT FOR OVER A QUARTER OF TOTAL METROPOLITAN GROWTH IN WORKERS WITH BACHELOR OR HIGHER DEGREES. OVER THE NEXT 20 YEARS, THE WEST WILL EXPAND ITS NUMBER OF SKILLED WORKERS BY ABOUT 47 PER CENT, COMPARED TO JUST 34 PER CENT FOR MELBOURNE AS A WHOLE. »

Melbourne's West offers diverse lifestyle choices

The West offers a diversity of living choice for families, couples and singles from the inner suburbs through to new developments at the urban-rural interface.

Premium recreational facilities include Flemington Racecourse, Whitten Oval and world-class golf courses, as well as public tennis courts, sports grounds and parks and gardens. The Maribyrnong River's bike trails, walking tracks and other leisure opportunities are a big attraction. Bay beaches including Williamstown, Altona and Werribee are nearby, and it's an easy drive to Geelong, the Bellarine Peninsula and the Great Ocean Road. Universities, premium public and private schools, hospitals, professional services and all major amenities are also within easy reach. Highpoint, one of the largest shopping centres in the southern hemisphere, provides diverse retail experiences, along with local centres in Moonee Ponds, Yarraville, Williamstown, Werribee, Sunshine and Caroline Springs. And a range of markets offer the very best in fresh produce.

The region is rapidly developing a reputation as an edgy and innovative locale for artistic expression. The arts and creative industries play a vital role in economic development in three ways: they help attract and retain knowledge workers, they generate employment in their own right and they facilitate the development of creative enterprises more generally.

Melbourne's West welcomes investment

Melbourne's West has a strong sense of identity and regional cooperation. Councils and major regional organisations work together to welcome and assist investment, and to maintain and improve opportunities available to the region's current and future generations.



A THREE HORIZON STRATEGY FOR EMPLOYMENT AND INDUSTRY DEVELOPMENT

In line with best practice, the strategy set out in this document addresses a three pronged agenda for growing jobs and industry in the West.

- The first element or 'planning horizon' relates to the cost competitiveness of the West and defence of existing industrial strengths and market shares.
- The second element explores what the region can do to expand its economic base into allied industries and markets, by leveraging current key firms and infrastructures.
- The third element has a 'blue sky' dimension, where the region contemplates industry, labour market and infrastructure initiatives with the potential to radically transform the economic structure of the West.

FIRST HORIZON		SECOND HORIZON	THIRD HORIZON
Reinforcing the existing industrial base and preparing for new business		Building new exports and capitalising on Victorian and Australian Government investments	Integrating the business markets of western and central Melbourne
Strategies <ul style="list-style-type: none"> • Deliver the East Werribee Employment Precinct as a market ready investment • Promote investment in the Brooklyn–Tottenham Industrial Precinct and other key industrial nodes in the West • Ensure the State Government's <i>Tertiary Education Access Plan</i> is delivered in the West • Market the virtues of the West as a place to live and do business • Lift perception and performance of primary and secondary education in the West • Strengthen university based research capabilities, including developing critical mass at the Western Centre for Health Research and Education, through strong links with other research hubs in Melbourne 	<ul style="list-style-type: none"> • Further develop a clear centres policy for the West building on the joint council position on the Metropolitan Planning Strategy • Enhance the human capital of the residents of the West with a focus on the emerging skill requirements of business • Support incremental improvements (grade separation, duplications etc) at pinch points in the current transport network 	Strategies <ul style="list-style-type: none"> • Boost education exports through strategic links with inter-regional, interstate and international providers • Plan for and promote investment in employment lands advantaged by the Regional Rail Link 	Strategies <ul style="list-style-type: none"> • Support West Link and Melbourne Metro as priority transport projects for Victoria • Support the development of the Outer Metropolitan Ring Road • Develop strategies and investment promotion plans targeting employment expansion in areas advantaged by these projects • Identify and market industry clusters covering aerospace, food manufacturing, health services and education exporters

An aerial photograph of Melbourne's West, showing a mix of residential suburbs, industrial areas with large warehouses, and commercial zones. A major railway line runs diagonally through the center. The image is framed by large green and blue geometric shapes in the top right and bottom left corners.

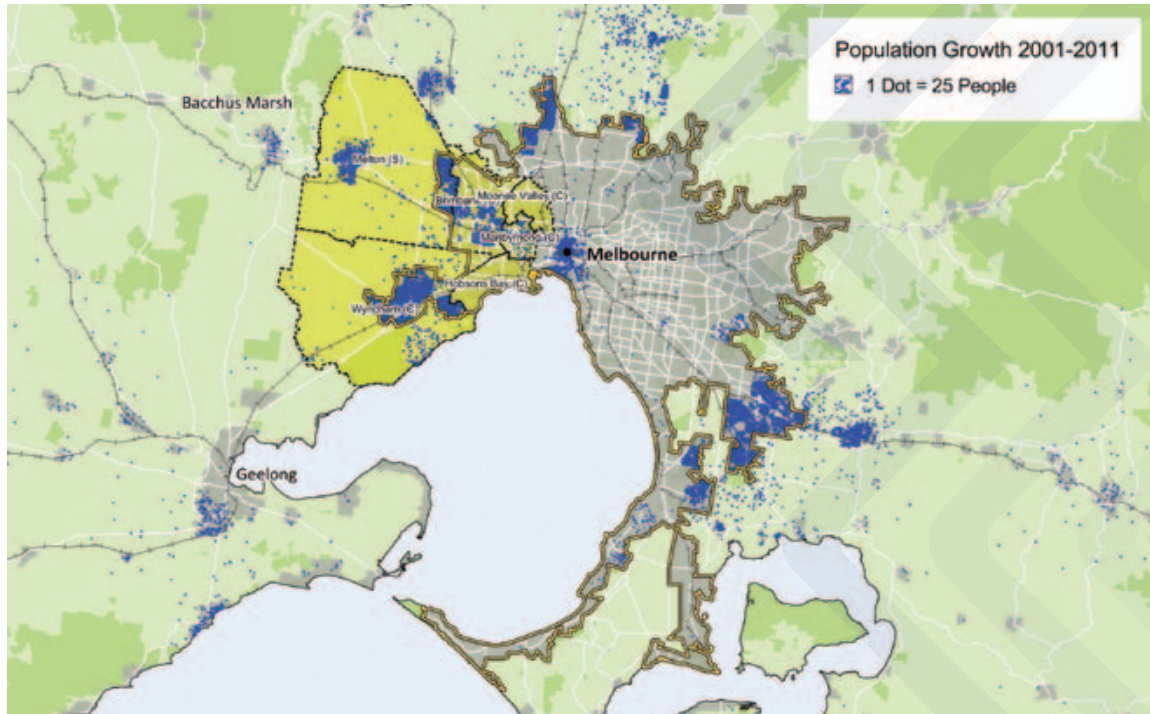
A REGION OF OPPORTUNITY

Melbourne's West

is, by any measure, a region of opportunity for Victoria and Australia. People and businesses are voting with their feet. Over the past decade all the communities of the West, whether suburbs established in the 19th century, middle ring districts or growth areas, have experienced strong growth. Meanwhile, environmental constraints and distance from the CBD are putting a brake on Melbourne's historic spread to the east (Figure 1).

**Figure 1
POPULATION
GROWTH –
METRO
MELBOURNE
2001-2011**

The West's labour force profile is changing rapidly, providing a wide pool of potential talent for business. The region is expected to account for over one-quarter of total metropolitan growth in workers with bachelor or higher degrees and 27 per cent of those with trade training. Overall, the West will expand its number of skilled workers by about 47 per cent over the next 20 years, compared to just 34 per cent for Melbourne as a whole.

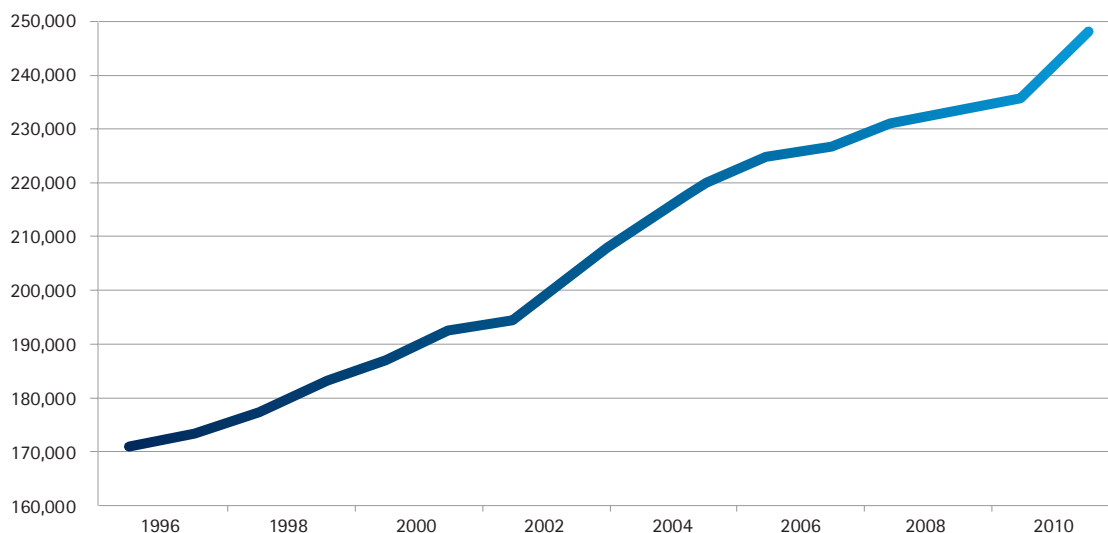


Source: SGS analysis,
ABS data

Recent strong jobs growth in the West is projected to continue and even accelerate into the medium term.

**Figure 2
EMPLOYMENT
GROWTH
IN THE WEST**

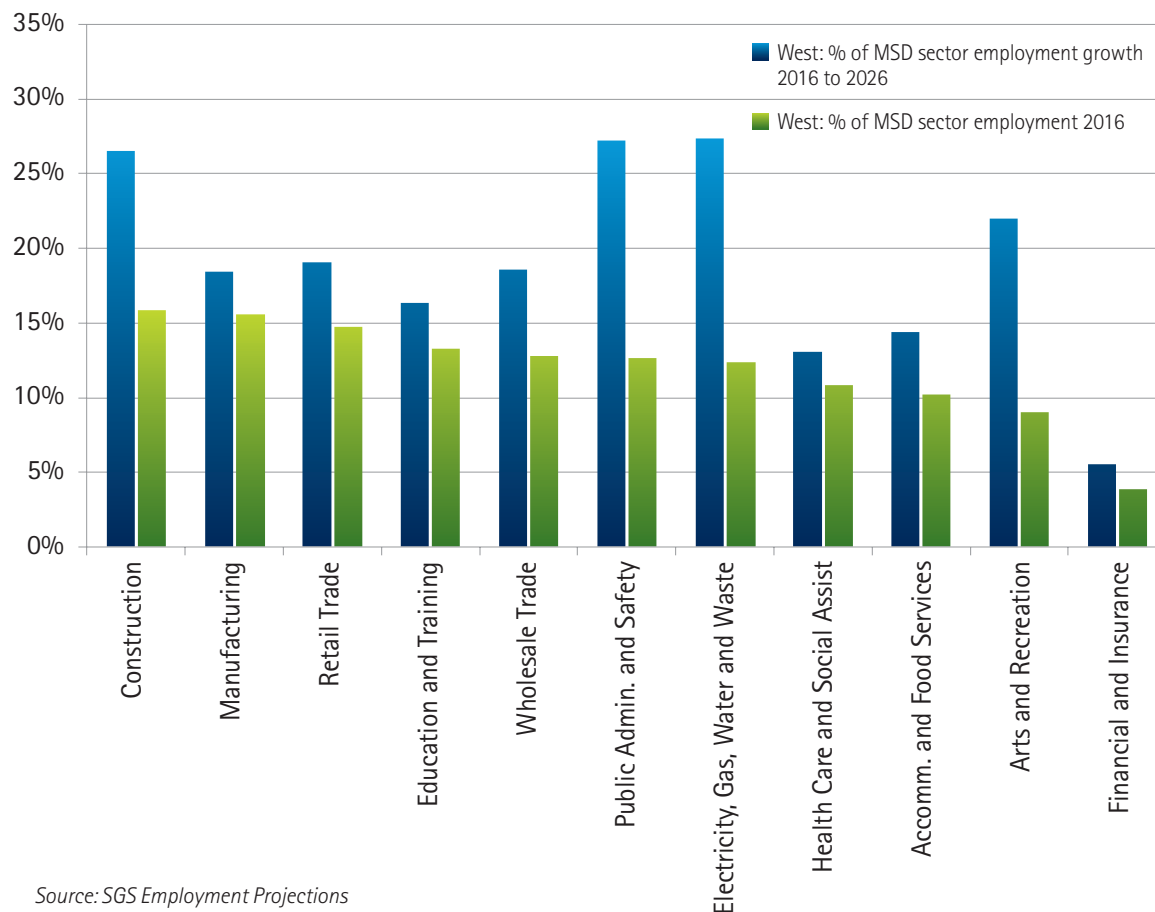
The West is also set to command a greater share of Melbourne's economic expansion over the next three decades. It will account for nearly 12 per cent of employment growth in the metropolitan area from 2006 to 2026, while starting the period with around 11 per cent of all Melbourne jobs. In the years to 2046, this outside share of growth will have picked up further still, with the West attracting over 13 per cent of new jobs. Implementation of this strategy will contribute to an acceleration of this growth.



Source: SGS Employment Estimates

**Figure 3
EMPLOYMENT
GROWTH –
STRENGTH
THE WEST**

Strong employment growth – where the share of growth in the West exceeds the West's share of employment in that sector – is forecast in a number of key industries over the medium term (Figure 3). These include the manufacturing sector, which is a traditional strength of the West. The region is projected to host 15.6 per cent of Melbourne's total manufacturing employment in 2016, but is forecast to see over 18 per cent of Melbourne's employment growth in the sector.



This recent growth in employment and population has been driven by a range of factors. These include structural changes in the economy, investment in infrastructure (in particular CityLink and the Western Ring Road), a growing residential sector and many other business and government decisions.

Ensuring the ongoing prosperity of the West into the future will require a new generation of infrastructure investments and other positive policy settings.

PLANNING TO THREE HORIZONS



All successful businesses and communities need to plan to three horizons if they are to maintain competitiveness and prosperity over the long run (see Figure 4). For a firm, the first horizon is usually focused on the near term and on current core business, that is, already established customers and income earners. The imperative here is to take care of the basics of competitiveness – cost control, effective pricing, careful monitoring of the market for demand shifts, maintenance of infrastructure, teamwork and workforce cohesion, and day-to-day risk management.

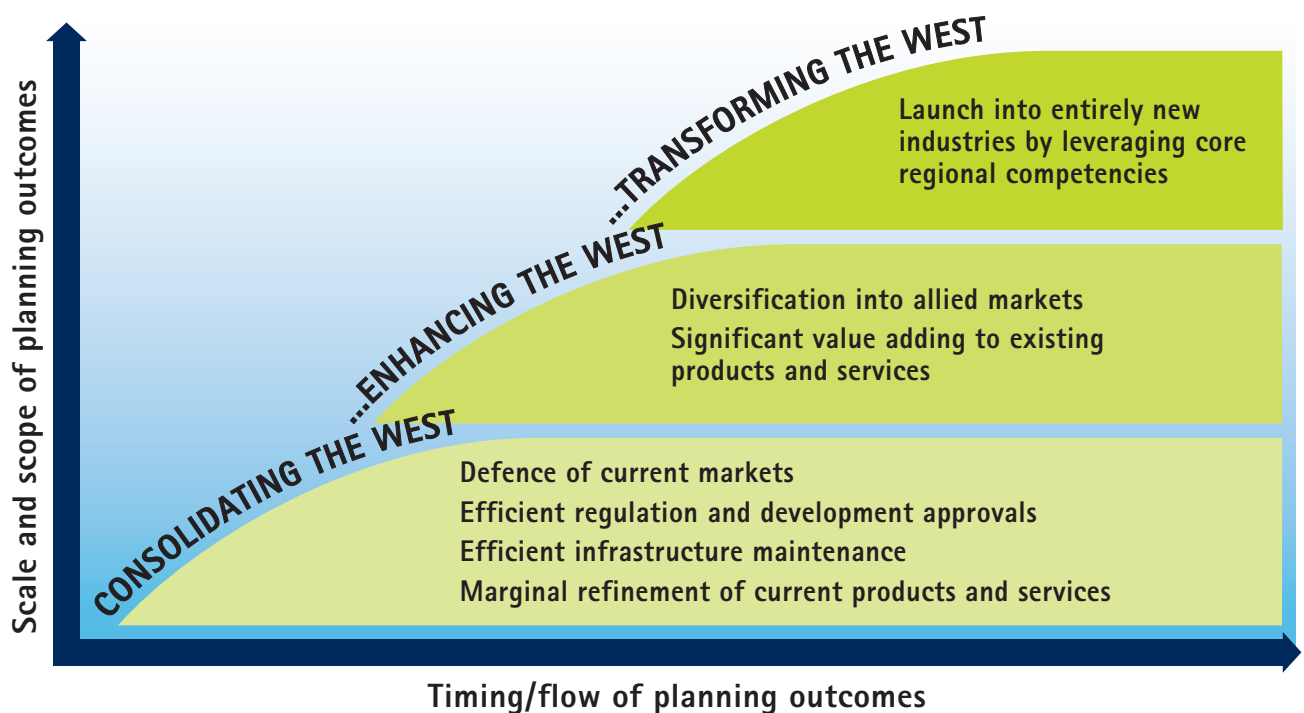
« PLANNING TO THREE HORIZONS WILL HELP THE REGION TO MAINTAIN COMPETITIVENESS AND PROSPERITY OVER THE LONG TERM. »

In a regional economic development context, such as in Melbourne's West, the first horizon is about making the most of the existing infrastructure and leveraging off this. It is about managing existing transport systems well, making sure that regulations and taxes on businesses are cost effective and administered in the least burdensome way, running efficient development approval systems and simply being responsive and helpful when investment enquiries come along.

The second horizon stretches the enterprise's aspirations to include leveraging existing markets and competencies to move into allied business areas. This is about adding value to existing economic activities through diversification and the formation of strategic alliances. In the case of Melbourne's West, the region's outstanding strengths in manufacturing and logistics, for example, could enable accelerated development of new export earners providing advisory services in value chain optimisation, taking advantage of the R&D and management expertise held by the university sector.

The third horizon is generally a longer term play and involves strategies to re-equip or reconfigure the enterprise, or region, so that it reaches into entirely new markets, though still building on inherent competencies, infrastructures and networks. This horizon aspires to a transformation of a business or economy. This is not a theoretical or rhetorical proposition. Victoria's economy today, based as it is on high value added services, high tech manufacturing, education and a rich hospitality, events and tourism offer, is virtually unrecognisable from what were once characterised as 'rust belt' industries in the early 1980s. This revolution in economic structure and performance occurred through planning and infrastructure investment, not by chance.

Figure 4
THREE HORIZONS
APPROACH TO
STRATEGIC
PLANNING



Source: Constructed from ideas set out in Baghai, Coley and White (1999)

Importantly, regions must work to all three horizons simultaneously. Those communities that are focused solely on the basics and the immediate issues of the day will miss opportunities to grow. Meanwhile, those that dedicate themselves solely to blue sky plans will be at risk of losing some of their mainstay industries; their competitiveness may be eroded by avoidable cost pressures stemming from poor administration of regulations or infrastructure failures.

2.1 UNDERSTANDING ECONOMIC DRIVERS AND ENABLERS

Developing an effective three horizon strategy requires a sound understanding of the current strengths and opportunities of a region. A useful way of framing this regional business analysis is in terms of the 'multiplier' model shown in Figure 5.

The key driver of a regional economy is its capacity to generate inter-regional export sales; that is, income injections from sales of goods and services to customers outside the region, whether these customers are located elsewhere in Melbourne, Victoria, Australia or overseas. Investment in infrastructure, plant and equipment, and housing also draws in external income that triggers a regional multiplier effect, as the new business orders enjoyed by exporters flow through to their suppliers and the local households that provide labour for these activities.

Of course, regional economies are completely open to inter-regional trade. The multiplier effect from inter-regional export sales and inward investment is inevitably diluted by 'leakages' of income. These occur when local businesses use outside suppliers for their inputs of materials and services, when local households shop outside the region, when local savings flow out to investments in other geographies and when dividends are distributed to external investors.

Figure 5
DRIVERS AND ENABLERS
OF REGIONAL JOBS AND
INDUSTRY GROWTH



Regional jobs and industry growth depends on boosting inter-regional exports and containing income leakages by building a more sophisticated, import replacing local economy.

Source: SGS Economics
& Planning

The capacity to do either of these things depends on a range of enablers:

- **Connectivity:** in a modern economy characterised by unbundled value chains or outsourcing, regions need to be well integrated physically with other major economic regions and nodes
- **Skills:** productivity and competitiveness are vitally dependent on high quality human capital
- **Local business innovation:** there are no low tech and high tech sectors, only leading and lagging businesses; whether the enterprise is involved in local retail or making global deals, it needs to be dynamic in its business process development, seek out opportunities for new markets and invest in technology
- **Infrastructure:** business activity is underpinned by a host of services and facilities that may be taken for granted – roads, telecommunications, water cycle management and land that is pre-planned for employment uses
- **Urban quality:** in a world of mobile talent and investors, regions must offer a high standard of liveability if they are to compete successfully
- **Leadership and governance:** high performing institutions and business networks are necessary if community effort is to develop around a shared vision for jobs and industry growth. As well as local councils and government agencies, these include local business clusters, unions and industry associations.

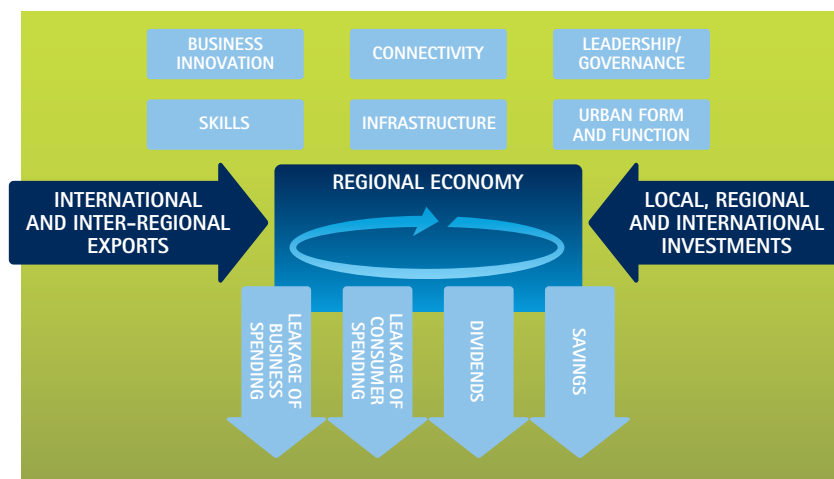
In the next two sections we recap on the inter-regional export drivers and enablers of jobs and industry growth in Melbourne's West, before moving to a three horizon strategy for the region.



DRIVERS OF THE WEST'S ECONOMY



3.1 INTER-REGIONAL EXPORTS



«THE REGION HAS BEEN TAKING ADVANTAGE OF ITS CORE COMPETENCIES AND RECENT INFRASTRUCTURE INVESTMENT TO STRIKE OUT INTO NEW MARKETS.»

The West is widely known for its concentration of heavy industries and, more recently, its leading role in the transport and distribution of products and materials across the metropolis, the state and the nation generally. The dominance of these functions is certainly borne out in the aggregate numbers. The West earns some \$13 billion annually in (gross) inter-regional export sales via the manufacturing, wholesale and logistics sectors.

A more nuanced picture emerges of the drivers of the West's economy when these figures are broken down into sub-sectors and imports are taken into account (Table 1). These reinforce the relatively recently acquired strength in transport and logistics, with these sectors (the combination of Transport Support Services and Storage, Road Transport and Wholesale Trade) accounting for \$2.38 billion in net export earnings for the region. Meanwhile, the disaggregated figures underline the broad based nature of the region's strengths in manufacturing. The biggest single manufacturing sector in gross terms, Motor Vehicles and Parts and Other Transport Equipment, has net export sales of around \$450 million, a performance that is matched by a number of other, unrelated, manufacturing activities when these are counted as clusters, for example, related to food processing and packaging.

There is evidence that the region has been taking advantage of its core competencies and recent infrastructure investment to strike out into new markets. Of note is that Air and Space Transport now earns the West over \$100 million in export sales each year.

It is also clear that the modern economy of the West is not just about 'traditional' industries, although these sectors are of vital continuing importance. For example, net export sales from Education and Training at \$289 million per year are of roughly the same magnitude as those from the petrochemicals industry (a combination of Petroleum and Coal Product Manufacturing and Basic Chemical Manufacturing) at \$300 million.

Table 1
INTER-REGIONAL EXPORTS
AND IMPORTS GREATER
THAN \$100 MILLION
(2007)

EXPORTS	\$ MILLION	IMPORTS	\$ MILLION
Petroleum and Coal Product Manufacturing	\$1720	Petroleum and Coal Product Manufacturing	\$1849
Motor Vehicles and Parts; Other Transport Equipment Manufacturing	\$1456	Motor Vehicles and Parts; Other Transport Equipment Manufacturing	\$1003
Transport Support Services and Storage	\$1412	Basic Chemical Manufacturing	\$855
Basic Chemical Manufacturing	\$1284	Wholesale Trade	\$678
Road Transport	\$1210	Road Transport	\$547
Wholesale Trade	\$1206	Basic Non-Ferrous Metal Manufacturing	\$467
Meat and Meat Product Manufacturing	\$582	Polymer Product Manufacturing	\$356
Basic Non-Ferrous Metal Manufacturing	\$492	General Government	\$331
Polymer Product Manufacturing	\$486	Iron and Steel Manufacturing	\$263
Education and Training	\$481	Professional, Scientific and Technical Services	\$237
Iron and Steel Manufacturing	\$384	Transport Support Services and Storage	\$219
Retail Trade	\$379	Automotive Repair and Maintenance	\$205
Soft Drinks, Cordials and Syrup Manufacturing	\$218	Retail Trade	\$199
Oils and Fats Manufacturing	\$212	Education and Training	\$192
Specialised and Other Machinery and Equipment Manufacturing	\$172	Food and Beverage Services	\$189
Dairy Product Manufacturing	\$171	Construction Services	\$189
Rental and Hiring Services (except Real Estate)	\$154	Specialised and Other Machinery and Equipment Manufacturing	\$172
Other Fabricated Metal Product Manufacturing	\$145	Building Cleaning, Pest Control, Administrative and Other Support Services	\$166
Plaster and Concrete Product Manufacturing	\$139	Heavy and Civil Engineering Construction	\$158
Structural Metal Product Manufacturing	\$138	Residential Building Construction	\$149
Oil and Gas Extraction	\$122	Non-Residential Building Construction	\$142
Finance	\$115	Health Care Services	\$117
Ships and Boat Manufacturing	\$105	Structural Metal Product Manufacturing	\$114
Air and Space Transport	\$104	Oils and Fats Manufacturing	\$108
Textile Product Manufacturing	\$104	Defence	\$101
Electrical Equipment Manufacturing	\$103		

Source: SGS analysis, ABS data

Disaggregation at the spatial level also cautions against making broad generalisations about the structure of the West's economy. Manufacturing and transport/logistics related businesses clearly represent anchor activities for Brimbank, Hobsons Bay, Melton and Wyndham. But Moonee Valley and, to a lesser extent, Maribyrnong, reveal a different profile of net export earners, with an increasing orientation to high value added services (Table 2).

Table 2
KEY EXPORT SECTORS BY
LOCAL GOVERNMENT
AREA \$ MILLION
(2007)

BRIMBANK	HOBSONS BAY	MARIBYRNONG	MOONEE VALLEY	MELTON	WYNDHAM
EXPORTS	EXPORTS	EXPORTS	EXPORTS	EXPORTS	EXPORTS
Manufacturing: \$2500 Wholesale: \$500 Logistics: \$725 Education: \$150	Manufacturing: \$3600 Logistics: \$880	Manufacturing: \$1200 Wholesale: \$200 Logistics: \$300 Education: \$120 Health: \$100	Wholesale: \$75 Logistics: \$150 Retail: \$180 Telecoms: \$160 Education: \$120	Wholesale: \$40 Logistics: \$60 Retail: \$50 Education: \$100	Manufacturing: \$1860 Wholesale: \$400 Logistics: \$850 Retail: \$50
IMPORTS	IMPORTS	IMPORTS	IMPORTS	IMPORTS	IMPORTS
Manufacturing: \$1800 Wholesale: \$250 Logistics: \$300	Manufacturing: \$2800 Logistics: \$250	Manufacturing: \$750 Logistics: \$100 Education: \$30 Health: \$30	Retail: \$30 Logistics: \$80 Telecoms: \$60 Business services: \$60 Education: \$30	Wholesale: \$40 Logistics: \$40 Retail: \$20 Education: \$25	Manufacturing: \$1325 Wholesale: \$200 Logistics: \$260

Net export performance is a key indicator of the 'regional driver' status of a sector, or group of sectors. However, consideration also needs to be given to the wider situation and trajectory of industry sectors at the state and national level. That is, it is important to distinguish between sunrise industries and those that might need to re-invent themselves to remain competitive. Analysing the size, location quotient and growth performance of sectors can provide insights to these issues.

*Source: SGS analysis,
ABS data*

Inter-regional exports are defined in this strategy to comprise sales from firms located in the West to customers located outside the region, whether these be elsewhere in the metropolitan area, regional Victoria, interstate or overseas.

The growth share matrix chart shown at Figure 6 brings together a measure of industry significance for the region (the 'location quotient' – see following) and the growth rates of the various sectors. It also shows the size of the industries in question, with the diameter of each bubble scaled to total sector employment in 2011.

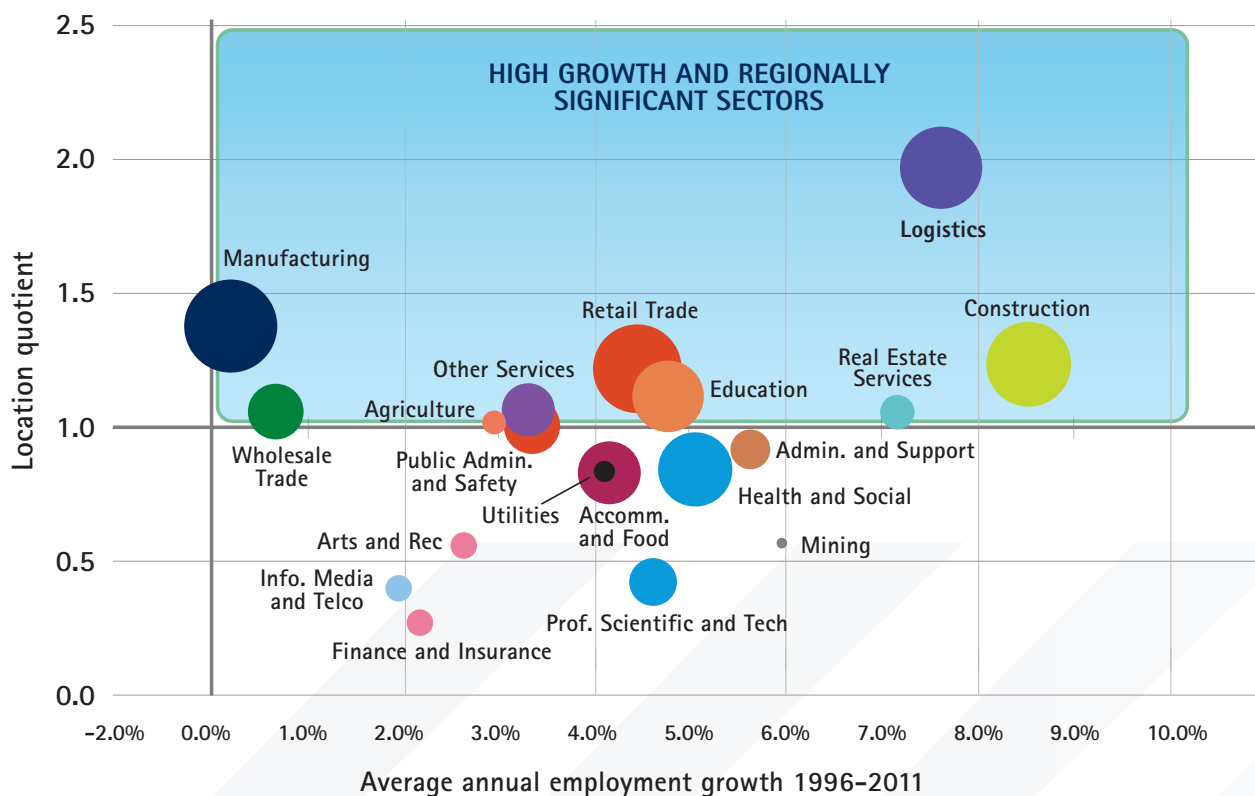
The location quotient for an industry is given by its proportional representation at the regional level divided by its proportional representation at the metropolitan level. A location quotient greater than one reflects a degree of 'over-representation' which, in turn, is likely to signify local specialisation, comparative advantage or export capacity.

Each quadrant of the matrix represents different stages for each industry. Industries located in the top right quadrant are industries that are growing strongly and are significant for the region. The West has a number of these including Logistics, Education and Construction.

Industries in the lower right quadrant are emerging industries with strong growth. These may require help to consolidate in the area.

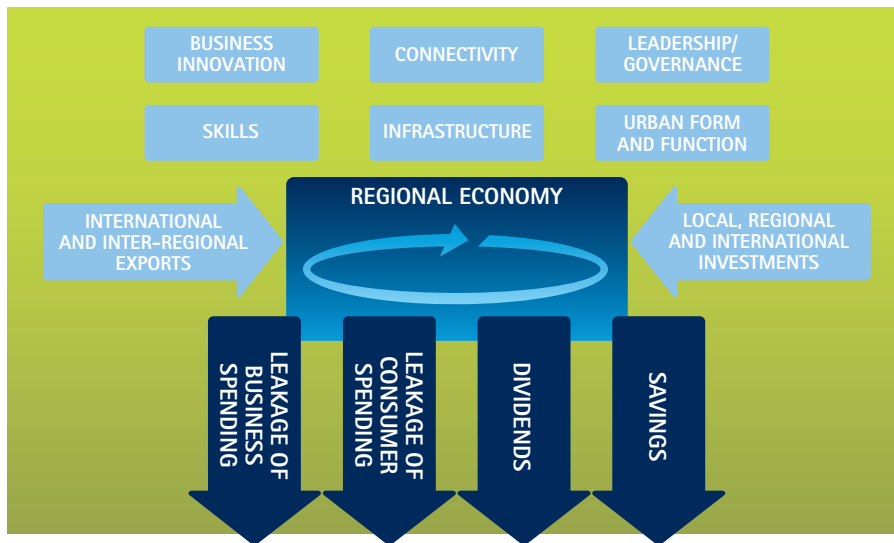
Industries in the left quadrants are low growth industries. Typically, these industries are in transition or may be suited elsewhere. The West has no industries in these quadrants.

Figure 6
LOCATION QUOTIENT
ANALYSIS FOR
MELBOURNE'S
WEST



Source: SGS Economics & Planning

3.2 INCOME LEAKAGES



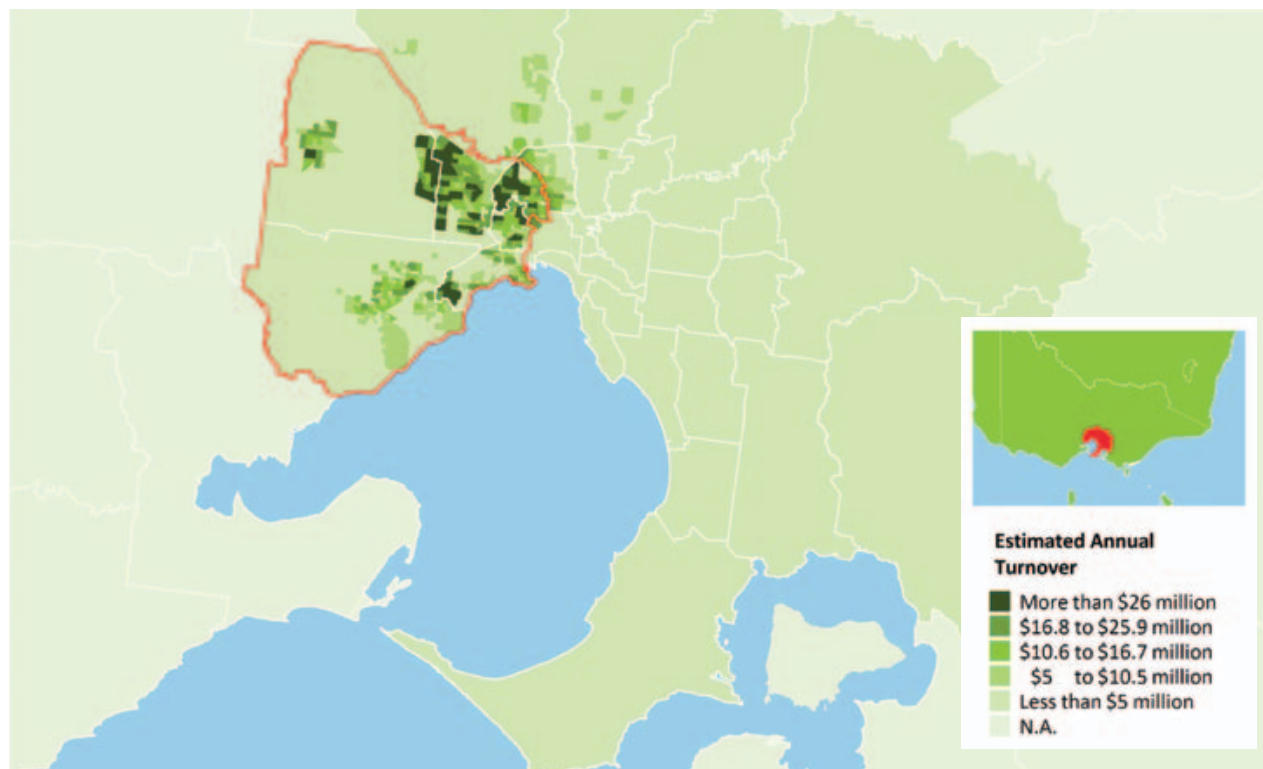
In terms of industry inputs, Table 1 shows that the West is a heavy user of Professional Services sourced from outside the region. Almost a quarter of a billion dollars' worth of these advisory and brokerage services are imported each year.

The region also appears to be reliant on external providers of Construction services, whether these are in civil construction, non-residential building construction, residential construction or general services relating to the building industry. Together, these imports amount to around \$650 million per year. This is, perhaps, surprising given that the West has a strong history in the trades and a powerful presence of substantive construction firms.

Further scope for improving local business multipliers through import replacement is evident in the region's sizeable imports of General Government services (\$331 million per year) and Health Care services, which top \$100 million per year.

Figure 7
SOURCE OF SALES
FOR WESTERN
REGION RETAILERS

Undue or avoidable leakages of household spending may also be diluting local job multipliers in the region. It is estimated that retailers in the West had a combined annual turnover of more than \$6.33 billion in 2011. Mostly, these sales were generated from within the region, though there was reasonable penetration into the northern suburbs of Melbourne, principally because of the pulling power of Highpoint shopping centre (Figure 7).



Source: SGS calculations
– Retail Model

The modest 'export' sales by retailers in the West were more than offset by outflows of spending by resident households. Total expenditure by western region residents was \$8.3 billion in 2011, indicating that 'escape expenditure' by these residents is well over \$2 billion per annum. Clawing back even a modest proportion of these 'lost' sales would significantly boost local employment.

Figure 8
DESTINATION OF
RETAIL EXPENDITURE
ORIGINATING IN
THE WEST

Figure 8 shows that retailers in central Melbourne – and even far distant Chadstone – are major beneficiaries of sales leaked from the West.

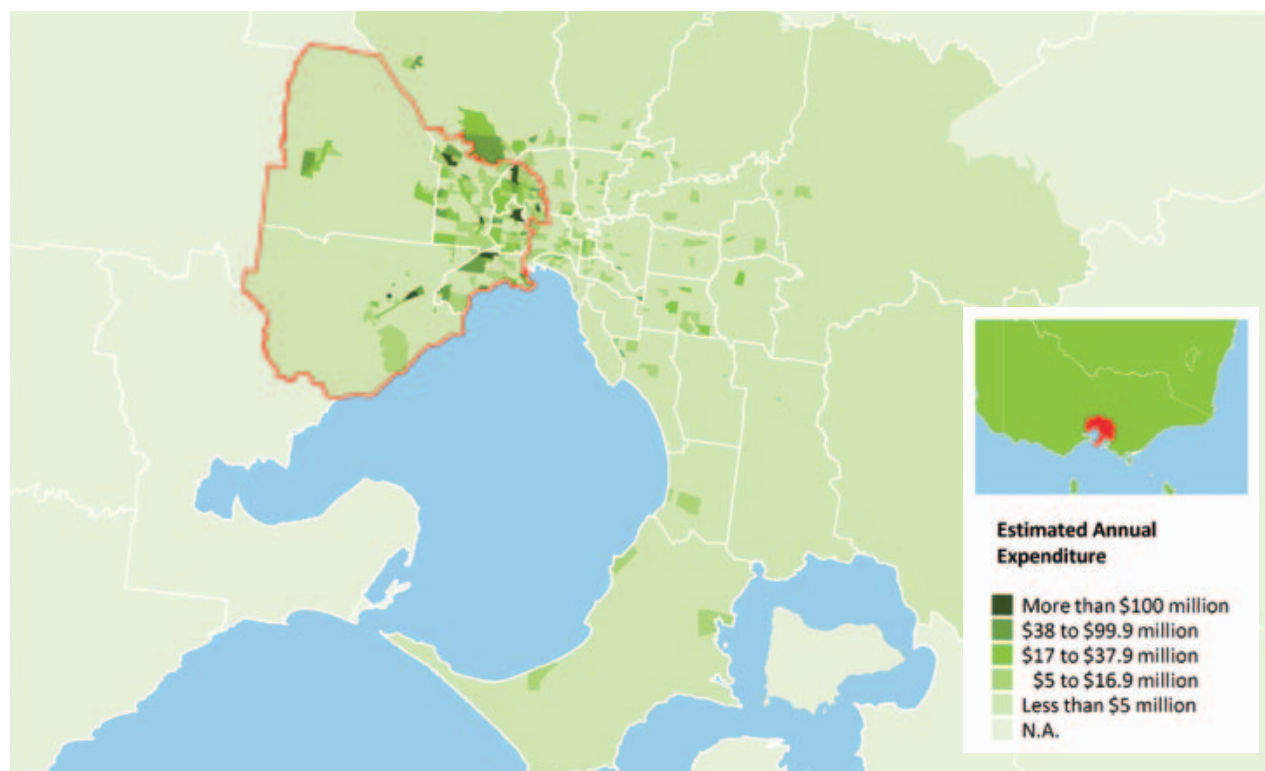


Table 3 provides more detail on the composition of escape expenditure across the local government areas making up the West.

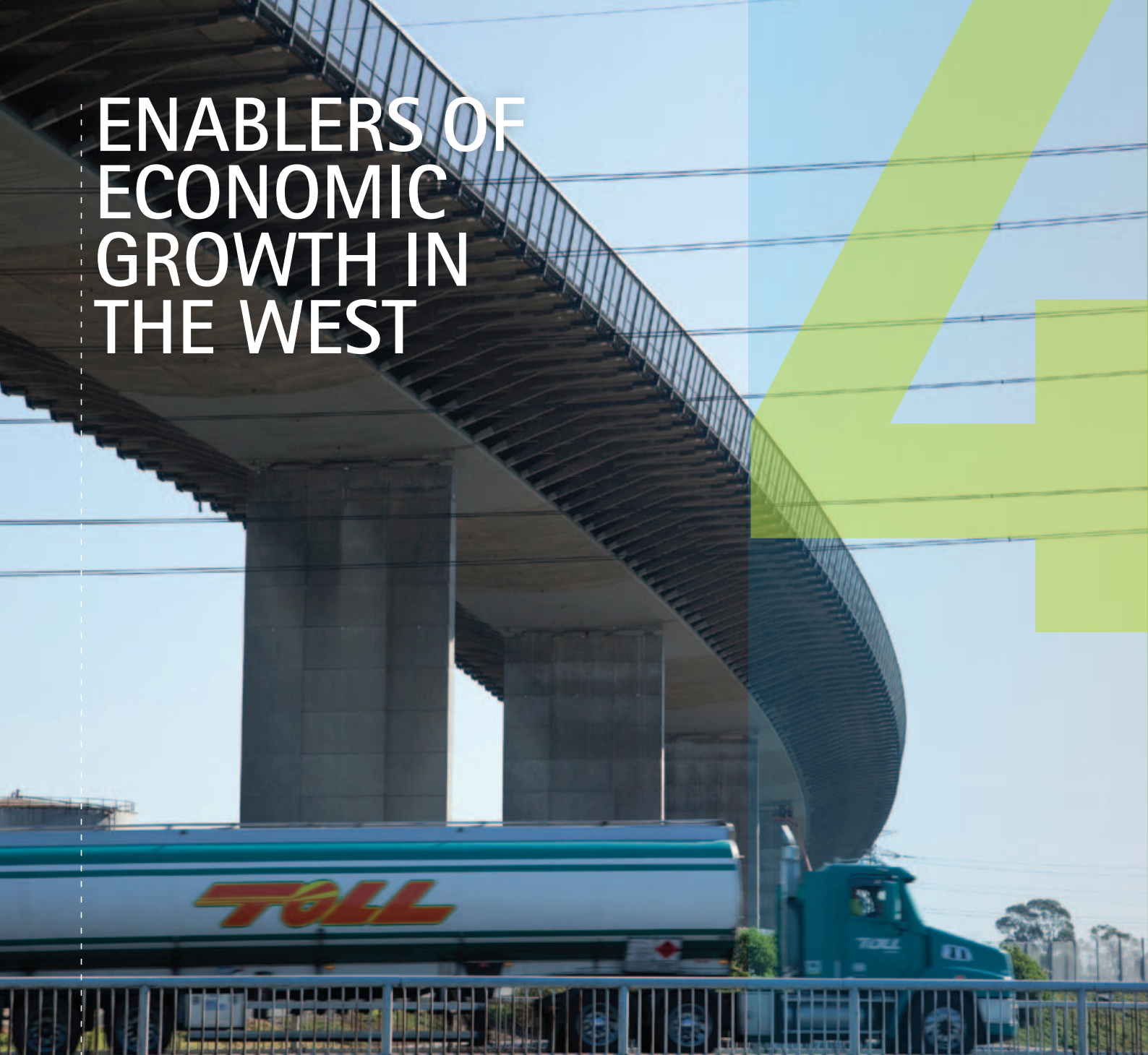
Source: SGS calculations
– Retail Model

COMMODITY TYPE	TURNOVER (generated by centre)	EXPENDITURE (generated by residents)	NET FLOW	PERCENTAGE
Supermarkets	\$2217	\$2577	-\$360	-16%
Department stores	\$500	\$575	-\$75	-15%
Other food	\$378	\$515	-\$138	-36%
Clothing and soft goods	\$553	\$773	-\$219	-40%
Household goods	\$1126	\$1552	-\$426	-38%
Other retail	\$871	\$1266	-\$395	-45%
Hospitality and services	\$690	\$1051	-\$361	-52%
All commodities	\$6335	\$8309	-\$1975	-31%

Source: SGS calculations – Retail Model

Having profiled the principal drivers of the West's economy, we now turn to a discussion of the enablers of regional growth as identified in the multiplier model shown at Figure 5. In the process, we highlight the established strengths of the region and the areas where there is scope for building new competitive advantage.

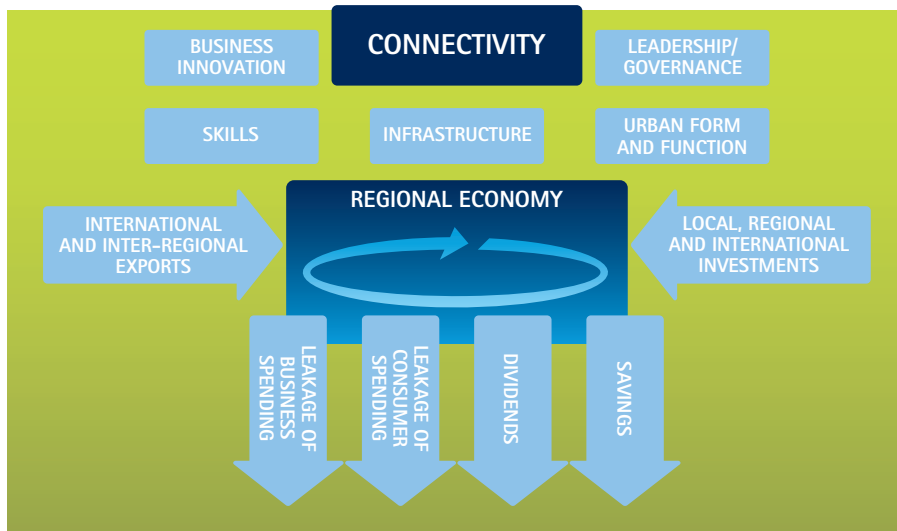
Table 3
ESTIMATED RETAIL
TURNOVER AND
EXPENDITURE IN
MELBOURNE'S WEST,
IN MILLION DOLLARS
– 2011



ENABLERS OF ECONOMIC GROWTH IN THE WEST

«BOOSTING THE
ECONOMIC DENSITY
OF THE INNER WEST
BY IMPROVING
INTEGRATION WITH
THE MELBOURNE CBD
WOULD ACCELERATE
THE DEVELOPMENT OF
ADVANCED BUSINESS
SERVICES IN THE
REGION.»

4.1 CONNECTIVITY



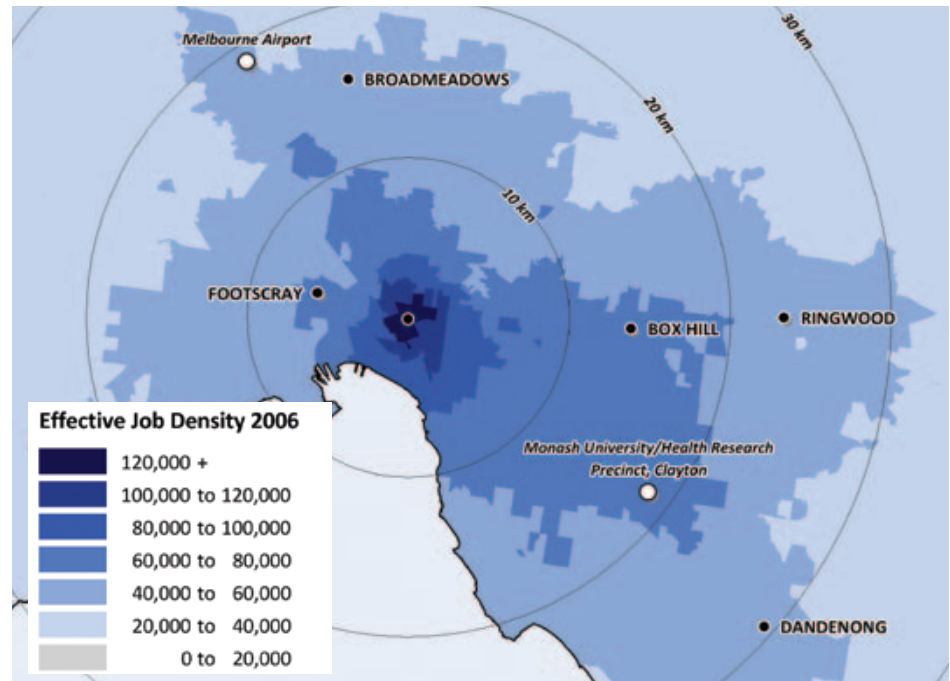
Connections build productivity

'Value chain unbundling' is one of the defining characteristics of the modern globalised economy. Regardless of which industry sector they might belong to, businesses are making far greater use of outsourced services. Increasingly, businesses manage value chains stretching around the world. For example, design and strategic management may happen in a head office in Melbourne, component manufacture may occur in China or Vietnam, assembly, using additional locally sourced components could take place back in Melbourne and distribution to customers might then proceed via a national network of wholesale outlets. Unbundling is also accelerating in the local environment. Businesses now make much greater use of a range of services that, in the past, might have been supplied in house. These include recruitment, training, R&D, financial brokerage, strategic planning, legal advice, logistics analysis and various design and marketing activities.

In this context, connectivity to other businesses or 'urban agglomeration' becomes a vital factor in the competitiveness of firms. Urban agglomeration is not simply about the concentration of businesses in a particular location. It relates to the number of businesses a particular firm can connect with within a reasonable travel time. It can be proxied by the number of jobs in a location plus all other jobs within reach of that location divided by the travel time involved in reaching them. This measure, known as Effective Job Density (EJD), is mapped for metropolitan Melbourne in Figure 9.

Productivity measured in terms of value added per hour worked has been shown to be positively related to EJD for most sectors in Melbourne. An otherwise similar firm located in an area with twice the EJD will enjoy an 8 per cent productivity boost on average.

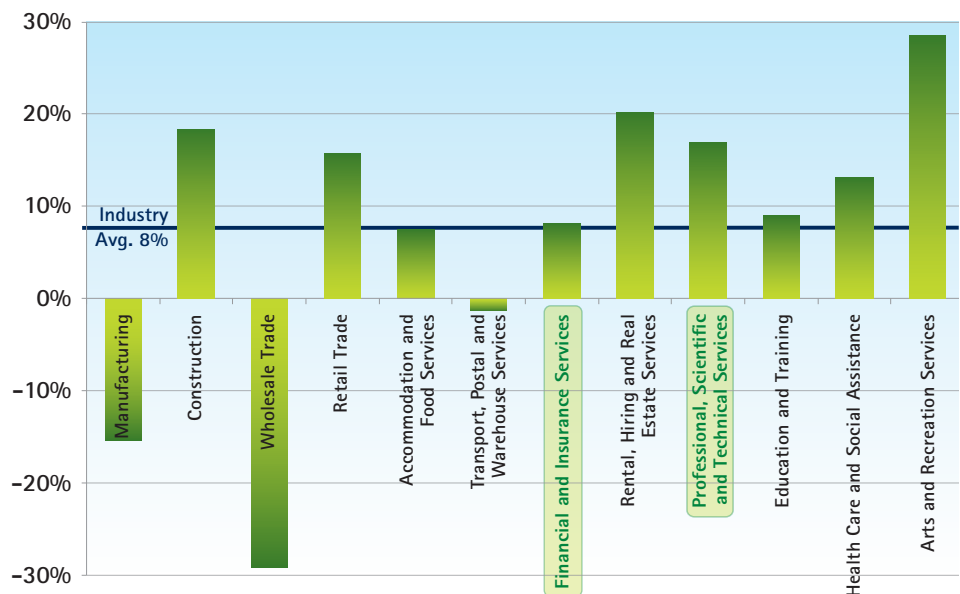
Figure 9
EFFECTIVE JOB
DENSITY,
MELBOURNE
2006



Source: SGS

This positive effect on productivity is much stronger for high value added services. Some industries, including manufacturing and logistics, get no particular advantage from higher EJD because it tends to come with greater congestion (Figure 10).

Figure 10
PRODUCTIVITY LIFT
WITH A DOUBLING
OF EJD - MELBOURNE



Source: SGS

Aside from the nexus between urban agglomeration and productivity, there is mounting evidence that human capital is also positively linked to higher EJD. This is because households in better connected areas enjoy greater exposure to learning opportunities, whether these are in formal education or in on-the-job training.

The West currently features intermediate levels of EJD. Boosting the economic density of the inner West by improving integration with the Melbourne CBD would accelerate the development of advanced business services in the region. This will have a twofold effect in terms of jobs and industry development. Firstly, it would improve the West's share of the fast growing services sector. Secondly, it will provide superior access to outsourced professional services for the manufacturing and logistics industries of the region, enabling them to better manage and profit from global value chains.

Melbourne Metro Rail

The Melbourne Metro Rail tunnel is proposed to run from the Domain to the inner West, linking Footscray more effectively with the Melbourne CBD. New stations in North Melbourne at Arden Street and Parkville will link areas of higher education institutions and concentrations of research establishments with a wider area and the CBD. The project will require the construction of a nine kilometre rail tunnel from South Kensington to South Yarra. The Metro Rail will also create a capacity increase of around 24,000 passengers per hour across the metropolitan network, including on the Werribee, Williamstown and Sunbury lines.

One particular benefit to the region will be that access is improved between resident workers and jobs in the West and the rest of Melbourne. That is, skilled workers in the east may chose to move to the West and commute to their existing jobs in the east. Over time, this will make the West more attractive to potential employers with higher skill requirements and will provide jobs for long-time residents as well as new arrivals to the region.

As well as helping to attract a higher skilled workforce to live in the West, the rail link will make the region more accessible to a wider range of employees resident in other parts of the metropolis. For instance, on completion of the planned link, the population of Parkville will have improved access to employment opportunities in Footscray. This expansion of the West's potential labour force will have a positive impact on the attractiveness of the region as a place from which to do business.

Analysis by SGS shows that the Melbourne Metro project will primarily advantage the West in terms of urban agglomeration effects. The EJD of the Statistical Local Areas (SLAs) in the region is expected to increase between 3 per cent and 8 per cent, with a consequential boost in productivity.

The implied lift in human capital in the West will further reinforce the competitiveness of the region and address the long standing, but now receding, socio-economic division between east and west in Melbourne. The planned East West road link is expected to have similarly large positive effects on the West (as follows).

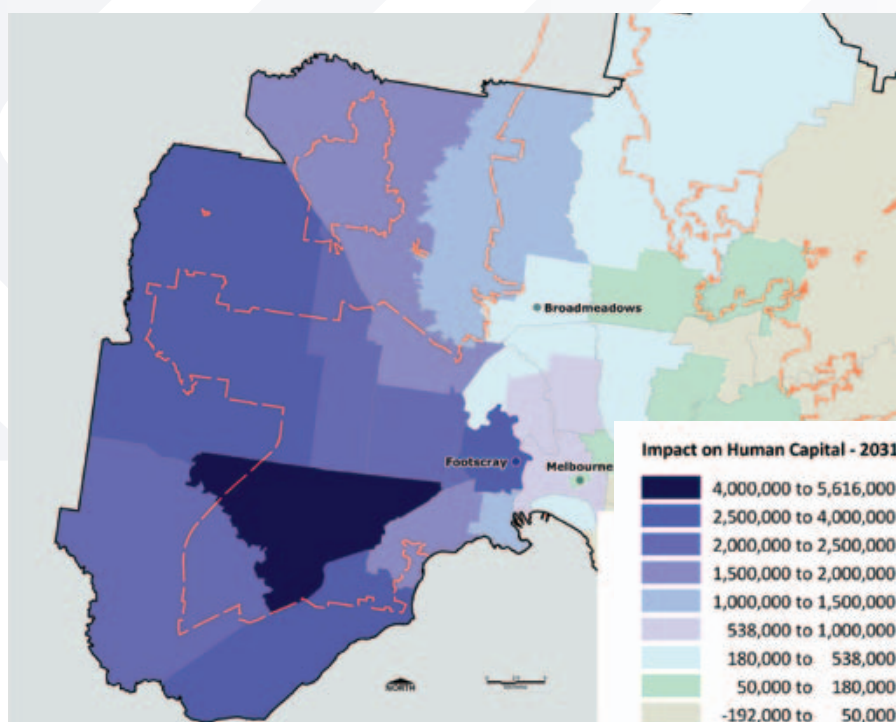


Figure 11
SGS ESTIMATES OF
POTENTIAL UPLIFT IN
HUMAN CAPITAL
RESULTING FROM
MELBOURNE METRO

Source: SGS

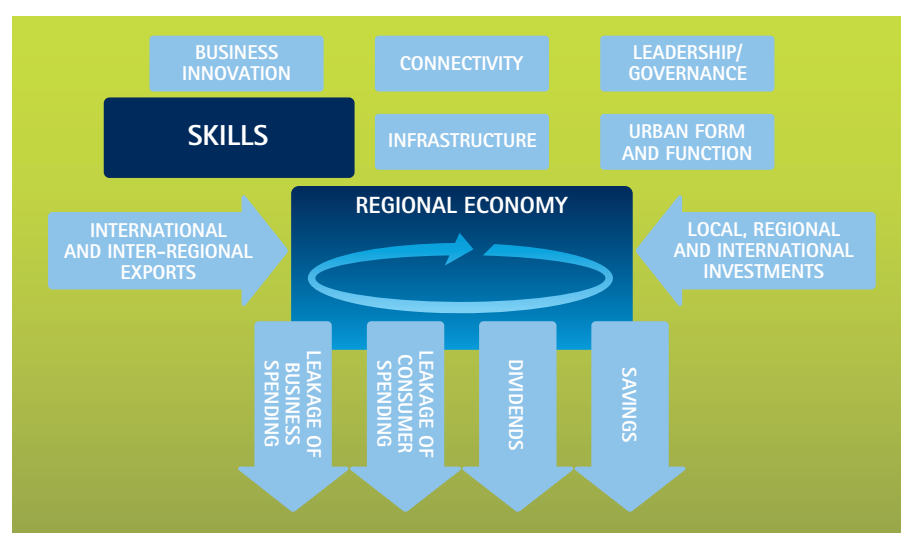
Implications for the jobs and industry strategy

Connectivity – the West's strengths	Connectivity – the West's challenges
<ul style="list-style-type: none"> • High accessibility to the Port of Melbourne, Melbourne Airport, Avalon Airport and the CBD. • Proximity to regional Victoria, including Geelong, the Surf Coast, Goldfields and Western Victoria. • Presence of a nationally significant freight and logistic cluster. 	<ul style="list-style-type: none"> • Excessive dependence on the West Gate Bridge for vehicle movements. • High levels of congestion on the public transport network into the CBD. • Freight congestion on secondary roads leading to and from the Port of Melbourne. • Less well developed (relative to the east and south east) road hierarchy in the West. • High levels of congestion through the region.

4.2 SKILLS

Human capital

« IN 2011, THERE WERE MORE RESIDENTS WITH A BACHELOR DEGREE AND HIGHER DEGREE IN THE WEST THAN IN THE EASTERN GROWTH AREA. »



This section examines the type of qualifications that residents of Melbourne's West hold. The levels of non-school qualifications as defined by the Australian Bureau of Statistics have been grouped into four broad categories. These are:

- skilled labour – includes Certificate, Advanced Diploma and Diploma levels
- bachelor degree – includes bachelor degree, Graduate Diploma and Graduate Certificate levels
- higher degree – includes postgraduate degree level
- unqualified – includes high school qualifications, not applicable, not stated and inadequately described.

The number and share of people in each of these four categories in Melbourne's West and the remaining regions in metropolitan Melbourne in 2011 are shown in Table 4. Of the four qualification levels, most residents within the West are classified in the unqualified level (66 per cent), followed by the skilled labour (18 per cent), bachelor degree (12 per cent) and higher degree (3 per cent) levels.

In terms of growth area regions, the proportion of residents of the West with a bachelor degree or higher is greater than the share in the eastern growth area, but less than the share in the northern region.

Table 4
LEVEL OF QUALIFICATION,
BY REGION, 2011¹

REGION	UNQUALIFIED	SKILLED LABOUR	BACHELOR DEGREE	HIGHER DEGREE	TOTAL POPULATION
Melbourne's West Share	475,800 66%	132,300 18%	87,900 12%	20,500 3%	716,500 100.0%
Northern region Share	504,100 64.2%	146,200 18.6%	107,900 13.7%	26,600 3.4%	784,800 100.0%
Eastern growth area Share	494,600 67.5%	163,100 22.2%	64,000 8.7%	11,500 1.6%	733,200 100.0%
Established eastern region Share	698,900 58.5%	243,900 20.4%	202,600 17.0%	49,400 4.1%	1,194,800 100.0%
Inner region Share	245,200 47.9%	73,700 14.4%	148,800 29.1%	43,700 8.5%	511,400 100.0%
MSD Share	2,418,600 61.4%	759,200 19.3%	611,200 15.5%	151,700 3.8%	3,940,700 100.0%

Source: ABS Census 2011

When considering university qualifications, the West again ranks in the middle of the three major growth area regions of Melbourne. In 2011, there were more residents with a bachelor degree and higher degree (87,900 and 20,500 residents respectively) in the West than in the eastern growth area (64,000 residents and 11,500 residents respectively).

Table 5 presents the level of qualification for each local government area in the West in 2011. There are some challenges facing the region in building up its human capital. However, there are clear signs that the West is progressing well in re-profiling its skills offer. Already, Moonee Valley and Maribyrnong are reporting a proportional representation of workers with bachelor or higher degrees in line with, or better than, the MSD average (19 per cent). Hobsons Bay is also closing in on this benchmark. The major transport investments outlined previously will accelerate this process and enable other municipalities in the region, including Brimbank, Melton and Wyndham, to rapidly build their skills base.

¹Note: Northern region: LGAs of Moreland, Banyule, Darebin, Hume, Nillumbik, Whittlesea and Mitchell; Eastern growth areas: LGAs of Cardinia, Casey, Frankston, Mornington Peninsula and Greater Dandenong; Established eastern region: LGAs of Manningham, Monash, Whitehorse, Knox, Maroondah, Yarra Ranges, Bayside, Glen Eira and Kingston; Inner region: LGAs of Boroondara, Melbourne, Port Phillip, Stonnington and Yarra.

Table 5 LEVEL OF
QUALIFICATION BY LOCAL
GOVERNMENT AREA,
MELBOURNE WEST
REGION, 2011

REGION	UNQUALIFIED	SKILLED LABOUR	BACHELOR DEGREE	HIGHER DEGREE	TOTAL POPULATION
Brimbank Share	132,400 72.4%	30,900 16.9%	16,500 9.1%	2900 1.6%	182,700 100.0%
Hobsons Bay Share	53,400 63.6%	16,000 19.1%	11,600 13.9%	2800 3.4%	83,800 100.0%
Maribyrnong Share	43,100 60.2%	11,600 16.3%	13,300 18.6%	3500 4.9%	71,500 100.0%
Melton Share	75,900 69.4%	22,300 20.4%	9,500 8.7%	1600 1.5%	109,300 100.0%
Moonee Valley Share	64,500 60.0%	19,300 18.0%	19,300 18.0%	4300 4.0%	107,400 100.0%
Wyndham Share	106,600 66.0%	32,100 19.9%	17,600 10.9%	5300 3.3%	161,600 100.0%
Western region Share	475,900 66.4%	132,200 18.5%	87,800 12.3%	20,400 2.9%	716,300 100.0%

Source: ABS Census 2011

In any case, the varying qualification levels within the West indicate the diversity of the population and provide the labour force with flexibility to accommodate a range of different industries with different skill requirements as the region grows.

The region has a high level of cultural diversity that is embraced and celebrated, providing numerous opportunities for economic development. Many second generation residents are highly aspirational and are able to drive entrepreneurial innovation.

Table 6 presents projections based on the published Victoria in Future population estimates, recent trends from the Labour Force Survey, the Intergenerational Report and targets outlined in the Bradley Review. The next 20 years will see the number of people in the resident labour force living in the West increasing by 188,700. This represents about a quarter of total labour force growth in Melbourne. Given that the region currently accommodates less than 18 per cent of Melbourne's workers, these trends underscore the strategic significance of the West in the metro economy. The region will host a growing share of the most vital productive resource of the 21st century – skills and know-how.

Table 6
LABOUR FORCE
GROWTH BY
QUALIFICATION
LEVEL

	WEST	MELBOURNE	WEST'S SHARE OF MELBOURNE
2011			
Unqualified	213,800	1,046,700	20.4%
Skilled	105,500	605,000	17.4%
Bachelor and higher	79,000	594,900	13.3%
Total	398,300	2,246,700	17.7%
2021			
Unqualified	261,800	1,254,000	20.9%
Skilled	136,600	719,900	19.0%
Bachelor and higher	102,500	689,300	14.9%
Total	500,800	2,663,300	18.8%
2031			
Unqualified	300,600	1,423,200	21.1%
Skilled	162,300	815,300	19.9%
Bachelor and higher	124,100	769,300	16.1%
Total	587,000	3,007,800	19.5%

Source: SGS Economics & Planning

Table 6 also highlights that the West's labour force is quickly up-skilling. The region is expected to account for 26 per cent of total metropolitan growth in workers with bachelor or higher degrees and 27 per cent of those with trade training. Overall, the West is expected to grow its stock of skilled workers by some 47 per cent between 2011 and 2031, compared to 34 per cent for the metro area as a whole.

Suzanne Cory High School

Suzanne Cory High School in Werribee is one of just four selective entry state high schools in Victoria. It is a coeducational school with capacity for 800 enrolments. The mission of the school is to provide able students with clear pathways into tertiary education in collaboration with Melbourne and Victorian universities.

Built on 6.6 hectares of land, Suzanne Cory High School boasts an environmentally sustainable design and facilities. The school is expected to reach full capacity of 800 students in years 9 to 12 by 2014.



Tertiary education and trade training

Victoria University anchors tertiary education in the West. It operates seven campuses in the region with a total enrolment of close to 60,000 students (see Table 7).

Several of these facilities (those at Footscray Nicholson, Melton, St Albans and Sunshine) offer vocational (TAFE) courses aimed at providing education oriented to the skill requirements of local population and industries. The Footscray Park and Werribee campuses offer a combination of vocational and academic courses.

Table 7
VICTORIA
UNIVERSITY
ENROLMENTS

CAMPUS	VU COURSE ENROLMENT BY CAMPUS					
	2009		2010		2011	
	NO	SHARE (%)	NO	SHARE (%)	NO	SHARE (%)
Footscray Nicholson	6268	12%	7185	14%	7172	14%
Footscray Park	12,316	23%	13,728	26%	12,736	24%
Melton	948	2%	788	1%	405	1%
Newport	3185	6%	3273	6%	3418	6%
St Albans	6430	12%	7831	15%	8664	16%
Sunbury*	1116	2%	32	0%	0	0%
Sunshine	4237	8%	5306	10%	5248	10%
Werribee	3739	7%	4226	8%	4139	8%
Total West region	38,239	72%	42,369	80%	41,782	79%
City Flinders	5223	10%	5201	9%	4916	9%
City King	2578	5%	2693	5%	2083	4%
City Queen	1419	3%	1333	3%	1404	3%
Total city	9220	17%	9227	17%	8403	15%
Industry/workplace	5174	10%	5130	10%	6685	13%
Internet	334	1%	316	1%	306	1%
Total	52,967	100%	57,042		57,176	

Source: Victoria University Annual Report (2011)

Under the *Tertiary Education Access Plan* (State Government of Victoria, 2011), the Victorian Government will work with Victoria University to improve access to university education for outer western metropolitan residents. The plan announces a partnership between Victoria University and the University of Ballarat to provide increased vocational training in Melton, as well as a partnership between the Victorian Government and Victoria University to develop 'green skilling' and retraining programs for experienced workers transitioning out of sunset industries.

Harvester Technical College



Harvester Technical College is a partnership between Sunshine College and Victoria University. It is the first vocational senior secondary college in the West.

The college provides teaching to build industry specific skills. These include the growth industries emerging in the region, including the creative industries, as well as industries in which Melbourne's West is an established key international force.



Victoria University has a strong commitment to research and is active in technology development, including collaborative projects with industry. It has four research institutes, six research centres and one research group with specialist expertise and capabilities. The research institutes include areas focusing on the key strengths of the West's economy. These include the Institute for Supply Chain and Logistics, which is the only education provider with international accreditation from the Chartered Institute of Logistics and Transport.

Other research institutes in Victoria University include:

- Institute of Sport, Exercise and Active Living
- Institute for Sustainability and Innovation
- Victoria Institute for Education, Diversity and Lifelong Learning.

Victoria University's Strategic Plan 2012–2016 outlines five distinctive specialisations to shape its research capability:

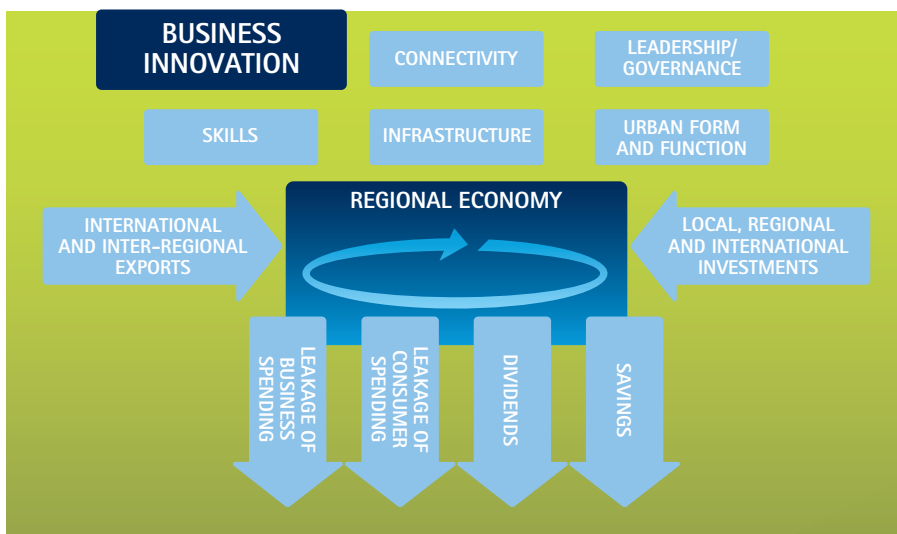
- education, lifelong (adult) learning and workforce development
- environmental sustainability
- health, active living and sport
- cultural diversity
- targeted industry performance.

Three of these – environmental sustainability, health, active living and sport, and targeted industry performance – provide opportunities for applied research that support high value scientific, technical and professional employment.

Implications for the jobs and industry strategy

Human capital – the West's strengths	Human capital – the West's challenges
<ul style="list-style-type: none"> • Significant number of workers with high levels of trades and industrial know-how. • A rapidly increasing labour force provides a deep pool of potential employees for business. • New educational facilities are opening in the West. This includes a pipeline of new primary and secondary schools, and an expanding university sector. • Firms are attracting skilled labour from outside the region to deepen the skill base of the local economy. The opening of the Western Ring Road and CityLink has facilitated this outcome. • It is forecast that, by 2046, the West will have over one quarter of professionally qualified Melburnians. 	<ul style="list-style-type: none"> • The matching of resident workers to unfilled vacancies is hindered by a divergence in skill levels. • Jobs have to be filled by workers from outside the region. While not unique to the West, advanced manufacturers are increasingly turning to 457 visa workers to fill skilled vacancies. • In relative terms, the resident population currently has lower levels of tertiary education. • There is a perception that there is not a strong selection of high quality schools in the West. • The region lacks a multi-provider environment in terms of higher education services. • Retention of students into the tertiary education system appears below the Melbourne average.

4.3 BUSINESS INNOVATION



To some extent, the propensity for business innovation in a region is reflected in the rate of enterprise formation. In this regard, the West has recently outperformed the Melbourne metro area as a whole in the creation of small firms. These are businesses comprising fewer than 19 employees. Between 2009 and 2011, the metro area generated a net increase of some 5300 businesses in this category, representing an average annual growth rate of 2 per cent over this two-year period. Meanwhile, the West added almost 1000 small businesses at an average annual growth rate close to 3 per cent.

Success stories are also evident at the other end of the corporate spectrum. Qenos and Linfox exemplify the dynamic firms of the West, having developed robust business models in challenging markets through innovation and diversification.

Linfox and Qenos – leading innovators in the West



Linfox, the logistics and supply chain company founded in 1956 by Lindsay Fox, is headquartered in Melbourne's West. It is the largest privately owned logistics company in the Asia Pacific region.

The company has grown from one man and a truck to become an employer of around 18,500 people worldwide with over 5000 vehicles. Linfox also operates two key airports in Victoria, at Avalon and Essendon, both of which serve the needs of Melbourne's West.



Qenos is Australia's sole manufacturer and leading supplier of polymers to Australia's manufacturing industries. The company adds value to the ethane produced as a by-product of Australia's petrochemicals industry. Qenos employees receive training onsite at its in-house education facilities while a large proportion of the tertiary qualified employees are trained locally in business, sciences and engineering.

At the 2012 *PACE* Zenith Awards, the Oil and Gas Category prize was awarded to Qenos for its Altona Olefins Advanced Process Control and Plantwide Feed Maximiser submission. In 2011, Qenos was inducted into the Victorian Manufacturing Hall of Fame following a \$195 million investment to expand and upgrade the Altona manufacturing facilities. This increased Altona's domestic high density polyethylene production capacity by 20 per cent, enhancing Qenos's international cost competitiveness by improving scale and efficiency.

In the unbundled value chain environment described earlier, business innovation is sparked by and supported through access to specialised advisory services. These services act as carriers and developers of ideas for improving business performance, whether this is through new product design, business process enhancement or changes in management and governance arrangements. A number of business locations in the West enjoy a significant advantage in terms of access to these innovation circuits.

The following table shows total jobs and professional service jobs accessible within a 30 minute drive (a.m. peak) from a selection of major suburban centres in metropolitan Melbourne. The potential to connect with professional, scientific and technical services is a good proxy for access to the drivers of innovation. On this measure, the two leading centres in Melbourne in terms of access to brainpower and know-how are located in the West – Footscray and Moonee Ponds. Both these centres have roughly twice the access to professional services that Monash and Box Hill enjoy. And businesses located in Footscray and Moonee Ponds have about 60 per cent of the access to these services that a business located in Melbourne's CBD (Flinders Street) would.

Excellent prospects for innovation and new business formation lie in the health area. The ageing of the population, improved longevity and greater community interest in healthy lifestyles and preventative medicine are driving investment in health and related sectors. These are projected to grow at the fastest rate of any sector across the metropolis over the next two decades. Health and community care has already overtaken retail as an anchor employer across the metropolitan community.

«IN A FURTHER WIN FOR BUSINESS INNOVATION AND FORMATION IN THE WEST, THE CITY OF MELTON HAS ATTRACTED A \$14 MILLION AUSTRALIAN GOVERNMENT INVESTMENT FOR COUNCIL'S \$23 MILLION BUSINESS ACCELERATOR CENTRE FOR EXCELLENCE (BACE).»

CENTRES	ALL JOBS	PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES
Footscray	884,000	113,000
Moonee Ponds	930,000	103,000
Monash	791,000	59,000
Box Hill	602,000	52,000
Dandenong	575,000	32,000
Ringwood	506,000	32,000
Knox	473,000	25,000
Sunshine	272,000	10,000
Broadmeadows	255,000	9000
Frankston	237,000	10,000
Werribee	75,000	2000
Melton	72,000	2000

Table 8
JOBS ACCESSIBLE WITHIN
A 30 MINUTE DRIVE TIME
2011, SELECTED CENTRES

Source: SGS Economics & Planning

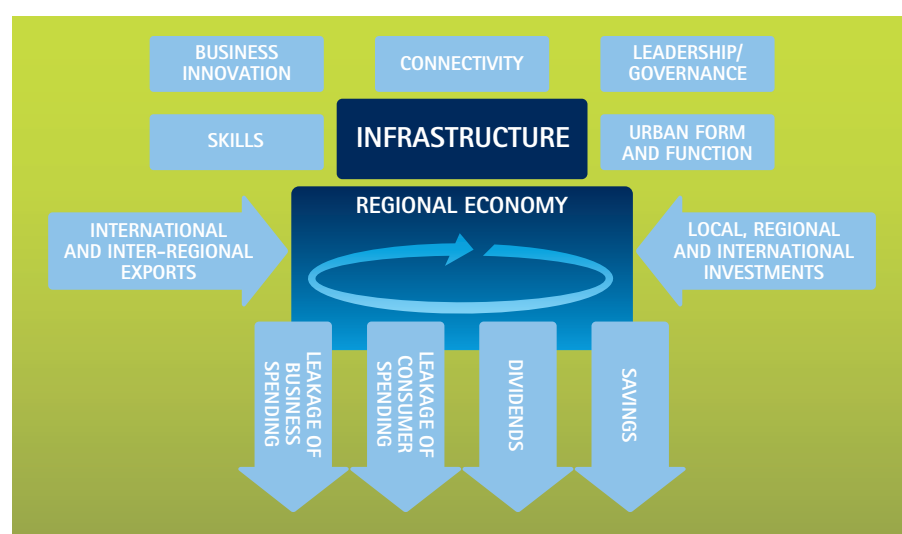
The West is well positioned to take advantage of these opportunities in the health sector. The region has recently enjoyed large scale Victorian Government investment in health research. There is also significant scope for further development around Sunshine Hospital and Mercy Hospital at Werribee. The region now needs to develop better links with other key centres for health research and business across Melbourne.

Implications for the jobs and industry strategy

Innovation – the West’s strengths	Innovation – the West’s challenges
<ul style="list-style-type: none"> • The West has key assets to help unlock innovation, including Victoria University, the University of Melbourne Western Centre for Health Research and Education and its Faculty of Veterinary Science. • Segments of the business community have a strong focus on innovation, with the petrochemical industry being a prime example. • Key centres in the West have excellent access to advanced business services. 	<ul style="list-style-type: none"> • The connections with the R&D hubs of Parkville and Monash Corridor could be improved. • In relative terms, the West has fewer workers with advanced R&D skills than other regions of Melbourne.

4.4 INFRASTRUCTURE

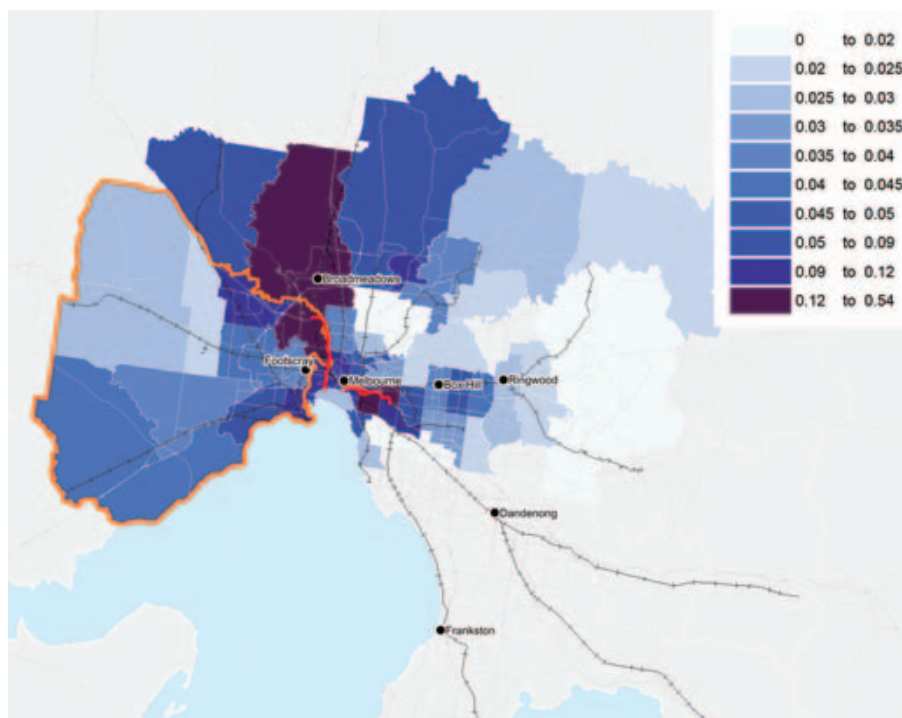
Transport



The rapid population growth witnessed in the West over the past decade (see Figure 1) is in no small part a function of 'city shaping' transport projects launched in the early 1990s. CityLink and the Western Ring Road provided a significant accessibility boost to the region. This shifted locational preferences for households, as they could now reach a much wider pool of employment, educational, recreational, retail, health service and other opportunities within a reasonable travel time.

Business location and expansion decisions were also positively influenced in favour of the West. The Western Ring Road reinforced the advantages of the region as a logistics and warehousing hub, generating considerable industrial development. Meanwhile, CityLink gave businesses in the West much improved access to the advanced skills resources of the wider metropolitan area. This improved competitiveness has enabled more rapid business expansion than otherwise would have been possible. Figure 12 reflects the improvement in accessibility that resulted from the opening of CityLink, shown as changes in EJD, as at 2011.

Figure 12
SLA EJD CHANGE (%)
RESULTING FROM
OPENING OF CITYLINK
(2011)



Source: SGS Economics
& Planning

Travel times of centres within the region to key strategic transport and logistics infrastructure – as shown in Table 9 – are relatively low compared to other centres in metropolitan Melbourne. All of the centres in the West are within an hour of Melbourne, Essendon and Avalon Airports, with two centres being within half an hour of Melbourne Airport (while the closest eastern region centre is Monash, at 55 minutes' drive time). The Port of Melbourne is also relatively accessible to most of the centres in the West, although Werribee and Melton are only just under one hour away.

The relative accessibility of these key infrastructure assets to centres in the West will further reinforce the strategic advantages and points of difference offered by the logistics and industrial land available within the region.

TABLE 9
TRAVEL TIME TO
KEY TRANSPORT
INFRASTRUCTURE

CENTRES	MELBOURNE AIRPORT	ESSENDON AIRPORT	AVALON AIRPORT (ESTIMATED)	PORT OF MELBOURNE
Footscray	36	25	36	12
Moonee Ponds	20	10	48	21
Monash	55	44	66	40
Box Hill	59	49	74	45
Dandenong	70	60	82	55
Ringwood	67	57	85	54
Knox	72	62	85	58
Sunshine	29	23	36	32
Broadmeadows	16	15	55	39
Frankston	94	84	106	81
Werribee	56	50	19	54
Melton	49	45	52	56

Source: Melbourne Integrated Transport Model, Department of Transport, 2011

Today, the rapid growth triggered by strategic investments such as the Western Ring Road and CityLink is stretching available transport infrastructure. Congestion and over-reliance on the West Gate Bridge have been identified as key challenges for the region. As well as the Melbourne Metro project discussed earlier, a range of strategic infrastructure initiatives are needed to meet this challenge.

West Link (planned)

West Link is a proposed tunnel and freeway project connecting Footscray Road and Dynon Road in the Port of Melbourne precinct, with Paramount Road in West Footscray (Stage 1) and a further surface road connection to the Western Ring Road (Stage 2). The Linking Melbourne Authority conducted a planning study to determine the route and scope of the project, releasing this preferred route in October 2010. This will significantly reduce the reliance of the region on the West Gate Bridge for connectivity with the CBD and the east of Melbourne.

Based on previous research undertaken by SGS, West Link will lead to a significant increase in EJD for locations in the region. It will bring the vast amount of jobs and services located in the central core of Melbourne closer to the West, with a substantial dividend in productivity and human capital enhancement. Major stakeholders in the West will need to increase their advocacy efforts for West Link to occur sooner rather than later.

East West Link (planned)

The East West Link project is a proposed 18 kilometre inner urban freeway connecting the Eastern Freeway and the Western Ring Road with key intermediate access and egress points including the Tullamarine Freeway, Port of Melbourne and Geelong Road. The Victorian Government has endorsed the concept and developed it to include a new section that would connect the Eastern Freeway to CityLink, connect CityLink to the Port of Melbourne and connect the Port of Melbourne and Western Ring Road (West Link as mentioned previously). East West Link would provide an alternative river crossing to the West Gate Bridge.

This project has the potential to provide large agglomeration benefits, resulting in both higher labour productivity and human capital enrichment in Melbourne's West. As with the Melbourne Metro rail project, linking up the west and east of Melbourne is likely to have a proportionally larger impact on the West.

Outer Metropolitan Ring Road (proposed)

The Outer Metropolitan Ring Road project is a proposed freeway connecting the Hume Freeway at Kalkallo to the Princes Freeway south-west of Werribee. Preliminary designs for the route indicate a 100 kilometre long high-speed transport link for people and freight, with both a road and rail component. A link from the Outer Metropolitan Ring Road to Melbourne Airport is also under investigation.

This project is not likely to have a large impact on the agglomeration levels of the region. But the project serves as a vital transport link (where none currently exists) between the south-west and north-west areas of the broader western region of Melbourne. The strong population growth projected to occur in the region will require good access to jobs and services within the West. So this project will have social equity and inclusion benefits for residents of the West and for the whole of metropolitan Melbourne.

Regional Rail Link (under construction)

This major new rail line runs from Southern Cross station through the western growth areas to Werribee. The project includes the laying of new track from Sunshine through Wyndham Vale to Werribee and the duplication and utilisation of existing track between Sunshine and Southern Cross. The Regional Rail Link will link Geelong, Bendigo and Ballarat with Melbourne's West at the Sunshine activity area. Stopping trains at Sunshine will allow for increased employment job density at the geographic centre of the West, with transport links to three main regional centres as well as Melbourne CBD. There will be new stations at Wyndham Vale and Tarneit, as well as station upgrades at Footscray, West Footscray, Sunshine, Tottenham, Wyndham Vale and Southern Cross. Deer Park and Ardeer stations, presently serviced by V/Line, will be connected to the metropolitan electrified network.

This project is a key tool in improving the connectivity and attractiveness of the West. The rail link will service the new residential communities and separate regional trains from metropolitan trains, increasing capacity and reliability. It will also have large positive impacts on the EJD of locations in the West, particularly those closest to the CBD. This will expand and redistribute employment and services within the West to more accessible locations along the train line. This, in turn, will boost productivity and human capital in these areas and in the region overall.

Broadband

At this point, Melbourne's West has a moderate uptake of telecommunications and broadband connectivity, particularly in the growth areas. However, the region has been prioritised in the rollout of the National Broadband Network.

Melton will be part of the next phase of the rollout. Currently in Victoria there are services available in Brunswick, construction is underway in South Morang and Bacchus Marsh, and is to commence within 12 months in Ballarat Central, Tullamarine, Melbourne City and Melton.

Water

There are several initiatives underway to achieve water security for the West and deliver economic development benefits to the region in the process. These initiatives revolve around long term water security and adding value to water resources, with a focus on the Western Treatment Plant.

Three forces – rapid population growth, growing industry and logistics hubs, and a thriving agriculture sector based on irrigated vegetable production – have enabled the West to develop a wide range of integrated water solutions. These include:

- a number of new housing developments in Wyndham, which have been provided with recycled water piping and access to recycled water
- the Werribee Tourism Precinct and Werribee Irrigation District, which are being supplied with recycled water from the Western Treatment Plant
- community awareness programs that have been developed to raise the profile of water sustainability in the region
- encouraging the harvesting of water from industrial and commercial rooftops as part of the Big Roof Project
- research into the relationship between ground and surface water on the Werribee Plains.

These initiatives will help to increase the sustainability of the region's water supply (and provide a point of difference in residential and commercial markets). In addition, they will provide skills, experience and technology to underpin the export of engineering and management services from the region in the future.

Power

The industrial sector in the West is hungry for energy. Ensuring a reliable supply of energy is vital. Victoria has abundant electricity provided by brown coal. In the future the pricing of carbon will shift demand towards new energy sources and away from brown coal power generation. The West is already taking steps to ensure that new energy sources are developed to guarantee energy security for the region.

The Big Roof Energy Project mentioned previously is also exploring the feasibility of covering approximately 75 per cent of the expected 20 square kilometres of commercial and industrial roof space in the West with Solar PV. If fully implemented, the cumulative size of the Solar PV array would be approximately 1150 megawatts of peak energy, making it the largest existing solar array in the world.

Another noteworthy energy innovation in the West is the installation of a biogas and co-generation plant to make the water treatment plant at Melton South carbon-neutral.

These types of projects establish the West as a pace setter in the development of more sustainable energy supplies.

Ports

The West enjoys superior accessibility to the Port of Melbourne (see Table 9). It also holds options for the development of a third metropolitan port at Bay West.

Employment land

A rich and diverse portfolio of initiatives has been put in place to establish strategic employment and business nodes to serve the West.

East Werribee Employment Precinct



The expansive industrial area around Laverton and Werribee includes the East Werribee Employment Precinct. This supports scientific, research and professional employment and has state significance. The Growth Areas Authority has prepared a Precinct Structure Plan for the precinct, which has the potential to deliver 50,000 jobs across a range of industries.

At nearly 800 hectares, the East Werribee Employment Precinct is the largest piece of undeveloped government land in the metropolitan area. At present, it houses a number of R&D organisations and programs linked to the Department of Environment and Primary Industries, Food Sciences Australia, the University of

Melbourne and Victoria University. The master plan for the precinct will provide opportunities for the development of a new commercial precinct, a new town centre, a health and learning precinct, an enterprise precinct and a business precinct – all of which will be supported by the development of 7000 new homes, as well as key pieces of linking transport infrastructure including a new train station, road infrastructure and dedicated bus lanes.

Key industrial precincts

Brimbank hosts the Brooklyn–Tottenham Industrial Precinct, a strategically located industrial and commercial area containing just under 2000 jobs that are predominantly concentrated in the manufacturing sector. Brimbank City Council is preparing a strategy for existing and new development in the Industrial Precinct that will guide employment and business opportunities over the next 20 years.

West Park Industrial Estate in Derrimut comprises almost 300 hectares of land alongside Deer Park bypass, a 15 minute drive to the CBD. In addition, Derrimut is home to the Paramount Industrial Estate. Comprising nearly 200 hectares of industrial land, this estate is located adjacent to the Western Ring Road and the Western Freeway.

Further employment lands are well established at Laverton and Laverton North. The DEXUS Industrial Estate on Boundary Road, Laverton North is a key industrial hub for the region in addition to the Wyndham Industrial Estate at Laverton North. The estate, located 18 kilometres from the CBD, has lot sizes ranging from 2000 to 100,000 square metres and following the success of the initial 32 hectare development, a further 26 industrial lots over 60 hectares have been released by the developer. With sites available to buy or to lease, the estate offers opportunities for established and emerging light and heavy industries.

The Brooklyn–Tottenham Industrial Precinct, the employment lands at Derrimut and Laverton and other key industrial areas in the region are shown in Figure 13.

These significant areas of industrial land are key competitive strengths for Melbourne's West. They are expected to continue to provide a range of job and business opportunities for the region.

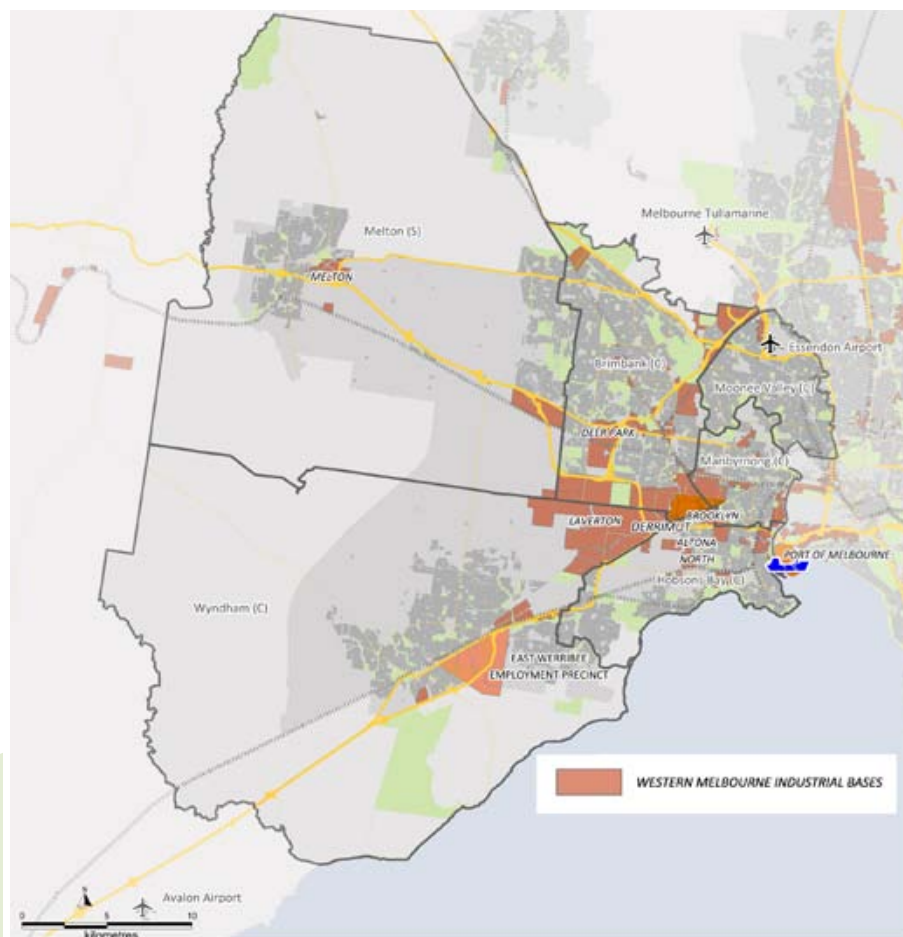


Figure 13
KEY INDUSTRIAL
BASES IN
MELBOURNE'S
WEST

Source: SGS Economics
& Planning

Western Centre for Health Research and Education



Sunshine Hospital is home to the Western Centre for Health Research and Education and part of an emerging health and employment precinct in Sunshine. The \$51.6 million facility opened in June 2011. There is potential to use the existing and newly opened facilities to promote the Sunshine area as a centre for health research and medical science. The centre is the first purpose-built research and training facility for medicine and the health sciences in Melbourne's West and houses up to 300 undergraduate and higher degree students. It is a partnership between Western Health, the Victoria University Faculty of Health, Engineering and Science, and the University of Melbourne Faculty of Medicine, Dentistry and Health Sciences. The centre, which also houses the Australian Institute for Musculoskeletal Science, provides training at undergraduate and postgraduate level for doctors in the West, as well as training for nurses and allied health professionals.

Footscray and other key centres



The Footscray central activity area is undergoing extensive redevelopment, catalysed by government investment in the Footscray station upgrade and public open space areas, and the redeveloped Footscray Mall. And the Footscray Transit City is already attracting significant private sector investment in mixed use developments in, and close to, the centre.

Further redevelopment is occurring around Highpoint, although onsite residential development is expected to be minimal. Braybrook – Central West has an emphasis on employment uses, with minimal residential development expected.

Housing

Several areas in the West, particularly the growth areas of Wyndham and Melton, offer a distinct affordability advantage. More generally, the West is increasingly known for the diversity of its housing offer spanning a wide range of dwelling types (high density apartments through to traditional detached villas) situated in inner city, middle ring, outer suburban and semi-rural environments.

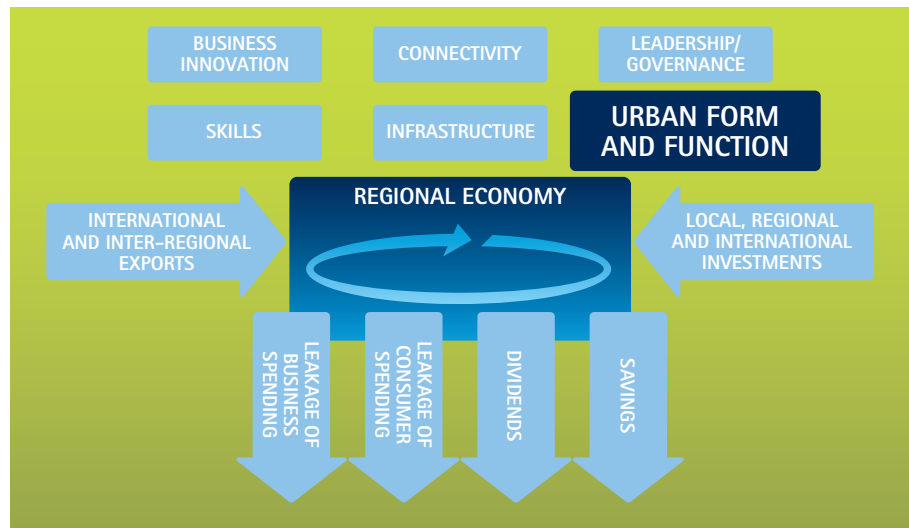


Implications for the jobs and industry strategy

Infrastructure – the West's strengths	Infrastructure – the West's challenges
<ul style="list-style-type: none"> • Large volumes of employment lands that can be quickly brought to market. • Sites that are well suited to space intensive industries. • The presence of the Western Treatment Plant. • A significant supply of residential land that can be quickly released into the market to meet future demand. • Key centres in the West have excellent access to strategic transport infrastructure. 	<ul style="list-style-type: none"> • The uncertainty of the cost of dealing with contamination of old industrial sites hinders redevelopment. • Rapid population and employment growth has placed pressure on existing infrastructure at peak times. This has impacts on liveability and business operations. • There is a shortage of quality office space in the West. • When compared to other regions of Melbourne, the West lacks a large established centre (or network of centres) that can provide a high quality CBD environment.



4.5 URBAN QUALITY



The liveability offer of the West is important as it influences the region's capacity to attract knowledge workers. Renowned urban studies theorist Richard Florida and others claim that businesses are likely to be more footloose in a modern economy and will be drawn to locations offering high urban amenities or 'cafe culture'.

Premium recreational facilities in the region include Flemington Racecourse, Whitten Oval and world-class golf courses, as well as public tennis courts, sports grounds and parks and gardens. The Maribyrnong River's bike trails, walking tracks and other leisure opportunities are a big attraction. Bay beaches including Williamstown, Altona and Werribee are nearby, and it's an easy drive to Geelong, the Bellarine Peninsula and the Great Ocean Road. Universities, premium public and private schools, hospitals, professional services and all major amenities are also within easy reach. Highpoint, one of the largest shopping centres in the southern hemisphere, provides diverse retail experiences, along with local centres in Moonee Ponds, Yarraville, Williamstown, Werribee, Sunshine and Caroline Springs. And a range of markets offer the very best in fresh produce.

Certainly, the West also confronts a range of liveability challenges. Some of these it shares with other regions, for example, the social infrastructure shortfalls in growth areas. The West must also contend with a lingering negative image relating to its historic role as host to heavy industries. However, the region is undoubtedly repositioning itself, and rapidly, led by the inner western suburbs.

Williamstown has gentrified over the last decade and today is a popular destination for tourists due to its maritime heritage, cafes and restaurants. New residents also compete strongly for housing in Williamstown for similar amenities and its proximity to the bay. Other inner areas have also seen a wave of gentrification that has attracted a new demographic not previously seen in the West. Western region suburbs are emerging as climbers in the most liveable suburbs in Melbourne. Qualitative rankings, published periodically, include a number of neighbourhoods in the West – such as Footscray, Williamstown, Newport, Flemington, Seddon and Essendon – in the most liveable Melbourne suburbs.

The Maribyrnong Defence site is a redevelopment site in the West that will house a significant amount of mixed use development. The site provides an opportunity to create a transport corridor between Footscray, Highpoint shopping centre and Moonee Ponds. The Olex site in Sunshine also provides ample opportunities for development.

An important facet of urban quality is the cultural life of the region. The arts play a vital role in economic development in three ways: they help attract and retain knowledge workers, generate employment in their own right and facilitate the development of creative enterprises more generally. The West is rapidly developing a reputation as an innovative locale for artistic expression. Following is a selection of leading institutions and organisations.

Footscray Community Arts Centre

Footscray Community Arts Centre is recognised as one of Australia's top centres for contemporary arts and community engagement. Located on the banks of the Maribyrnong River, the venue comprises two facilities – the heritage listed Henderson House (containing the Basement Lounge, the Basement Theatre, the Gabriel Gallery, the Happy River Cafe and a number of artists' studios) and the recently redeveloped Warehouse, adjacent to Henderson House, where further gallery and performance space is provided. This building contains the Roslyn Smorgon Gallery, the Performance Space, a Digital Media Hub, a number of studios and performance/meeting spaces. Future plans for the Community Arts Centre include the development of a recording studio.



The Substation Centre for Art & Culture: Newport

The Substation in Newport is a community based arts centre and a not-for-profit organisation. The venue was refurbished in 2011 to provide six exhibition spaces, which host a monthly program of exhibitions from emerging and established contemporary artists. The Community Access Gallery is an exhibition space for artists and organisations from the local community. Priority is given to exhibitions that engage with, and reflect, community interests and social concerns.



Woods Street Arts Space: Laverton

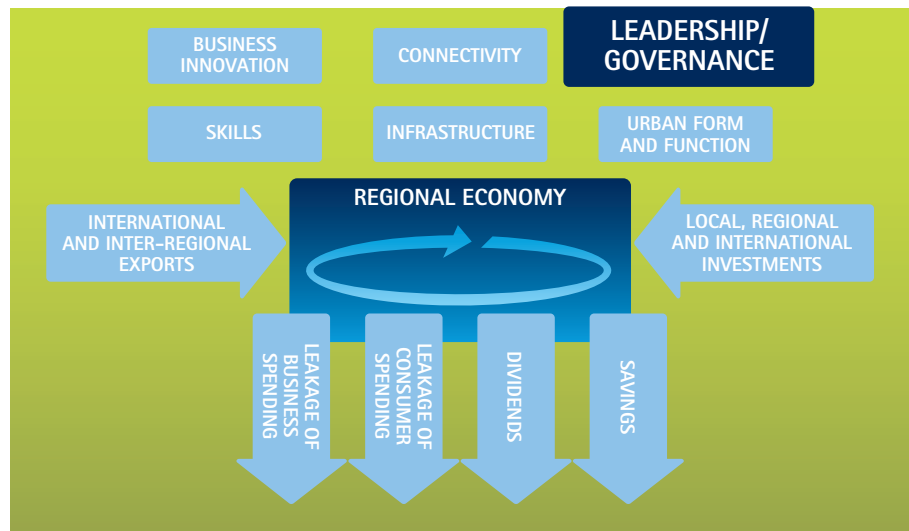
The former Laverton post office has been restored after becoming dilapidated and vandalised when vacated during 2010. Hobsons Bay Council intervened when the shop front was available to rent and transformed the building into a space where creative workshops, arts education and cultural forums are held.



Implications for the jobs and industry strategy

Liveability – the West's strengths	Liveability – the West's challenges
<ul style="list-style-type: none"> Increased diversity of housing available in the West. A growing and culturally diverse community. Ready access to inner Melbourne and regional Victoria. A rapidly expanding network of cultural and artistic spaces and attractions. Inner suburbs undergoing rapid regeneration, attracting new residents and investment. 	<ul style="list-style-type: none"> Air quality in parts of the West is impacted by road traffic movements and some industrial uses. Lack of diversity in streetscape and urban form. Residual negative perceptions of the West by some residents and those living outside the region. Underdeveloped retail and service offer in the West.

4.6 LEADERSHIP AND GOVERNANCE



There is a long history of regional cooperation and leadership in Melbourne's West, reflecting the region's strong sense of identity and destiny within the wider metropolitan and Victorian communities. Today this is reflected in the partnership between the Western Melbourne Regional Development Australia Committee (WMRDA) and LeadWest.

The work of WMRDA and LeadWest is complemented by a range of issue specific groupings of councils and other stakeholders. For example, the Western Alliance for Greenhouse Action group brings together eight councils, a community group and a university in the West with the aim of reducing greenhouse gas emissions in their own operations and across the regional community generally. Similarly, the Western Transport Alliance brings together more than 20 organisations including councils, government departments, business and community groups to lobby for transport investment in the West, based on sound research.

A further example of effective regional cooperation and leadership is Greening the West, where City West Water, councils, businesses and government departments are working to build environmental amenity across the region (see textbox).

More recently, councils in the region have come together to present a unified position on the Victorian Government's evolving Metropolitan Planning Strategy (MPS), which is being led by an expert Advisory Committee appointed by the Minister responsible for planning.

GREENING THE WEST

'Greening the West' exemplifies leadership and cooperation between the organisations in the West. The program is supported by key agencies in the region including City West Water, the Department of Health, Brimbank City Council, Hume City Council, Parks Victoria, Hobsons Bay City Council, Western Water, Maribyrnong City Council, VicRoads, City of Melbourne, Urban Development Institute of Australia, Melton City Council, WMRDA, Moonee Valley City Council, Wyndham City Council and a number of community groups. The program is exploring how to improve the environment in the West through increased vegetation and tree cover. The objective is to reduce the impact of urban heat islands, achieve improvements in air quality and improve public amenity and community health outcomes.

In a formal submission to the Ministerial Advisory Committee, the CEOs of the six councils in the West argued that the new strategy '*provides the opportunity to rebalance Melbourne towards the West, recognising the significant potential for development and investment to occur in the fastest growing region of Australia*'. The submission also underlined the need for leadership and partnership in the implementation of the MPS. Specifically, the CEOs called for:

- the MPS to drive Victorian Government policy and budget allocation
- establishment of new governance arrangements involving all stakeholders – local governments, land owners, developers and communities – so that the MPS may survive the rigours of the electoral cycle
- the creation of a long term financial resourcing plan to back the strategy
- an operating model where the MPS sets the broad objectives, parameters and priorities and leaves local governments and communities to develop the details.

Of particular relevance to the current strategy is that the six councils have reached consensus on the hierarchy of centres that should frame the 'polycentric city model' in the West – that the highest order functions should be shared across Footscray, Sunshine, Toolern and Werribee. These centres are to provide '*complementary (not competing) roles to (the) Melbourne CBD*'. The councils further recognise that immediate development at Footscray will assist development of Sunshine which will, in turn, promote development of Werribee and Toolern.

In their MPS submission, the CEOs also reaffirmed joint regional priorities for transport investment and management in the region as identified in the Western Transport Strategy. These are:

- East West Link (western section)
- growth area arterial roads – corridor upgrades
- SmartRoads Growth Area Plan
- managed motorways on the region's freeway system
- activity centre arterial road/rail grade separations
- transit network development packages:
 - upgrading existing premium routes
 - Regional Rail Link package
 - Melbourne Metro/Melbourne Airport Rail Link package
 - West Gate Freeway bus rapid transit package
 - Melton rail upgrade package
 - Avalon Airport rail link
 - second CBD rail corridor planning
- principal freight networks
- Western Freight Activity Centre (incorporating Western Intermodal Freight Terminal and Metropolitan Intermodal System)
- Outer Metropolitan Ring transport corridor
- cycling network development.

Implications for the jobs and industry strategy

Leadership – the West's strengths	Leadership – the West's challenges
<ul style="list-style-type: none"> • Strong sense of community identity. • Well-developed cooperation between councils and all regional bodies. • LeadWest is an established advocate for the West. 	<ul style="list-style-type: none"> • Building momentum on regional cooperation on spatial planning issues, following successful development of a joint council position on the forthcoming MPS. • Advances in cross-council efforts to promote development in the West would benefit from a similar surge of leadership in industry.

A photograph of three people in a meeting. A woman in the foreground is speaking, wearing a floral top. Behind her, a man in a blue shirt is looking on. To the left, another woman is partially visible. They are seated around a table with papers and a pen. The image has a blue overlay on the right side with a circular graphic element.

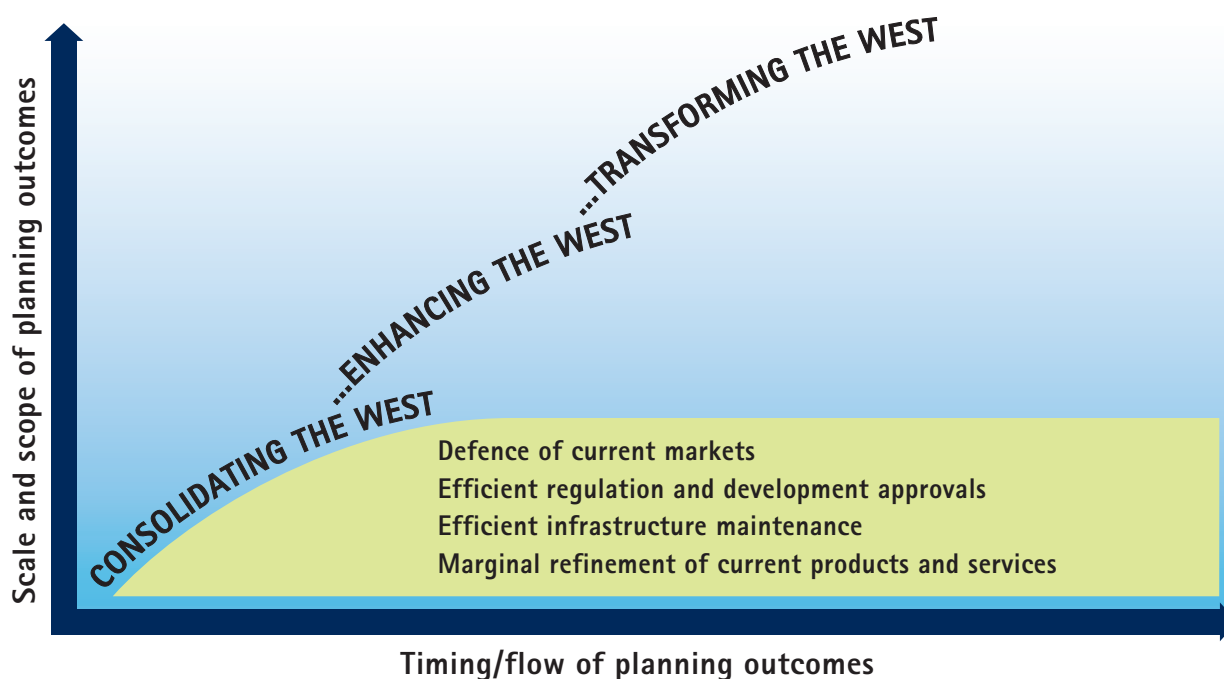
A JOBS AND INDUSTRY STRATEGY FOR THE WEST

«THIS JOBS AND INDUSTRY STRATEGY BUILDS ON THE STRENGTHS OF THE WEST AND DEALS WITH CHALLENGES BY TAKING A THREE HORIZON APPROACH.»

5.1 OVERVIEW

The jobs and industry strategy builds on the strengths of the West and deals with any challenges before the region taking a three horizon approach, as discussed earlier.

First horizon – reinforcing the industrial base and preparing for new business



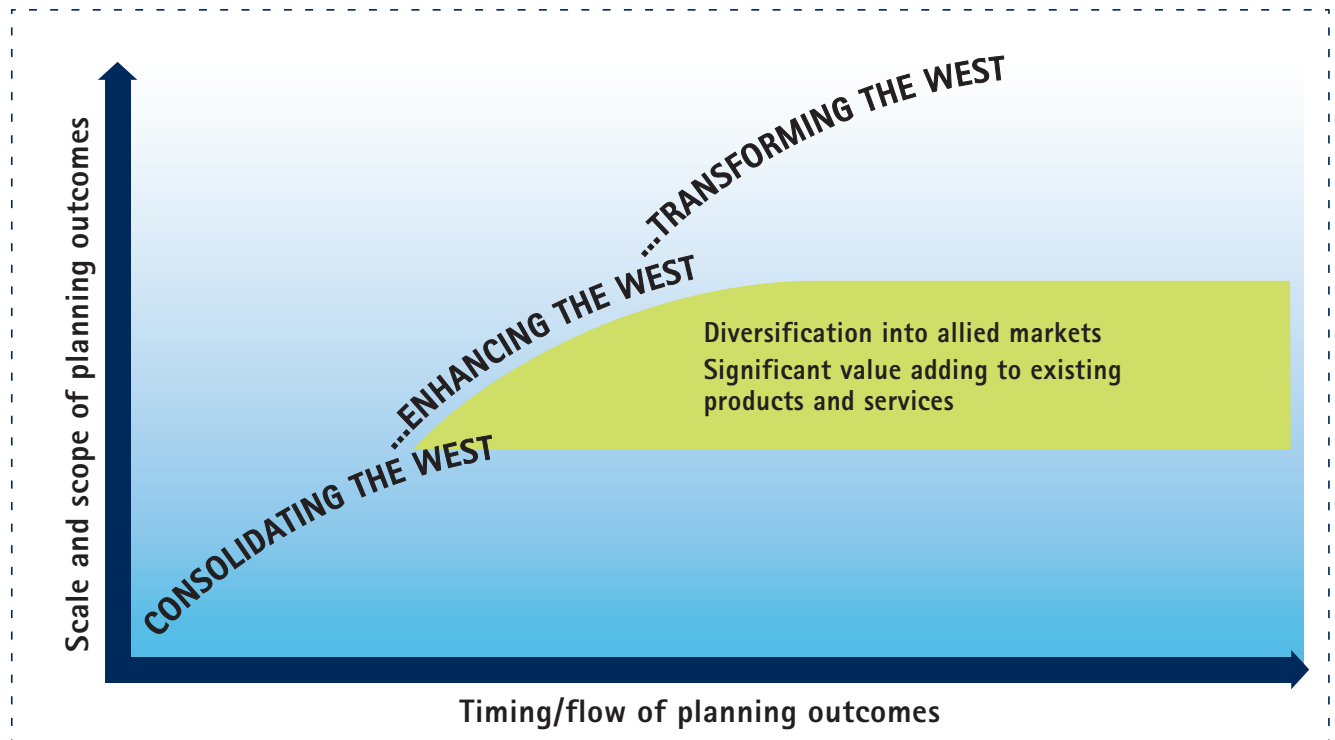
The first horizon has two major themes. One relates to consolidating and protecting the existing anchor industries in the West – manufacturing, wholesaling, and transport and logistics – while the second strives for improvement in the enabling conditions for employment diversification.

Key regional level priorities for the consolidation of existing industries include delivery of investment ready plans for the Brooklyn–Tottenham Industrial Precinct and the East Werribee Employment Precinct, which target high value added industries.

Given the dominance of outsourced business models, the focus of the second theme in this strategy is to boost access to local and imported knowledge intensive services. Capitalising on the start that has been made on establishing Footscray as a dominant business service centre for the West will be vital in this regard. Improving westward connectivity for Moonee Ponds and Essendon will also be important, as these centres have already developed as notable hubs for advanced services.

Another vital strand to the first horizon strategy is improving the robustness of skills supplies in the region. Strategic transport projects mooted or currently under construction will play a key role in this regard by better integrating the West with the wider metropolitan labour market. But it will also be necessary to add value to the several initiatives that have already been undertaken in the region to improve the quality of its secondary and tertiary education institutions.

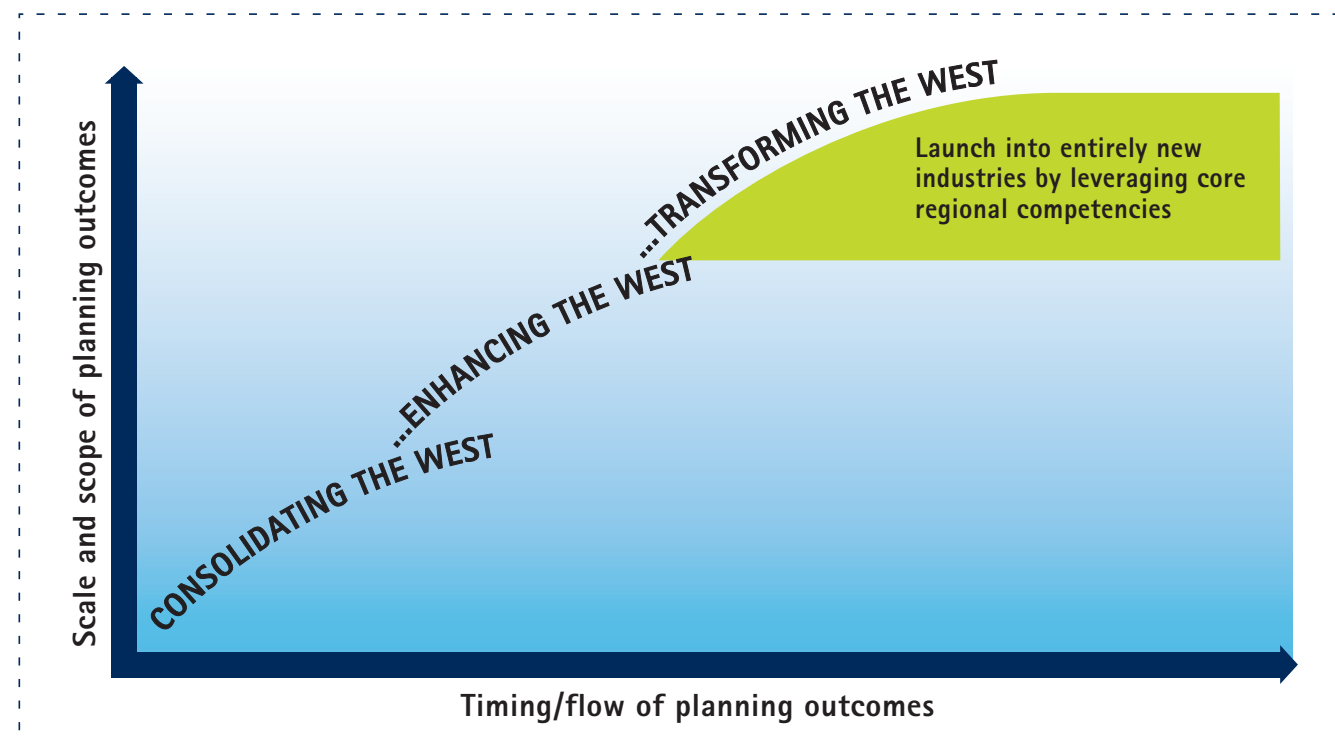
Second horizon – building new exports and capitalising on state and federal investment



The second horizon strategy for the West also has a twin focus. Firstly, it aims to establish a more diverse business base for the region by taking advantage of the major infrastructure projects already underway in the region, in particular, the Regional Rail Link.

Secondly, this strategy endeavours to accelerate growth in the West's emergent exports, with education and training uppermost among these.

Third horizon – integrating the business markets of western and central Melbourne



As discussed earlier, the third horizon envisages a transformation of the West's economy, so that its profile converges on that for the wider metropolitan area. This involves a much stronger local presence of knowledge based business services and the migration of existing industries into higher value added activities based on superior access to these services.

The third horizon envisages the emergence of strong, nationally significant industry clusters founded on the region's current and developing capabilities in aerospace, food manufacturing, and health and education services.

This transformation of the West will be greatly facilitated by the completion of two key 'city shaping' transport projects – the East West Link and Melbourne Metro. These investments will deliver much more than congestion relief for commuters and freight transporters. They will take trade and skills integration with the rest of Melbourne to a new level, generating productivity gains counted in the billions of dollars for the West and for the state generally. Ensuring that these projects are adopted and delivered represent top priority in the third horizon strategy. Equally important is that the region is ready with its land use plans and local infrastructure investment to fully capitalise on these transport links once they come into operation.

5.2 PLANS INTO ACTION

Table 10 identifies the overarching directions and strategies arising from the analysis in this plan. In broad terms the three horizons involve shorter through to longer term time frames for economic benefits to materialise. But as stressed earlier, this is not to imply that these horizons should be tackled sequentially. The region must organise its planning, promotional, investment and lobbying efforts in three coordinated teams of partners so that the three strategic directions can be advanced simultaneously.

Detailed actions applying to each strategy are set out in the Appendix.



Table 10
DIRECTIONS
FOR EMPLOYMENT
AND INDUSTRY
DEVELOPMENT
IN THE WEST

FIRST HORIZON		SECOND HORIZON	THIRD HORIZON
Reinforcing the existing industrial base and preparing for new business		Building new exports and capitalising on Victorian and Australian Government investments	Integrating the business markets of western and central Melbourne
Strategies <ul style="list-style-type: none"> • Deliver the East Werribee Employment Precinct as a market ready investment • Promote investment in the Brooklyn–Tottenham Industrial Precinct and other key industrial nodes in the West • Ensure the State Government's <i>Tertiary Education Access Plan</i> is delivered in the West • Market the virtues of the West as a place to live and do business • Lift perception and performance of primary and secondary education in the West • Strengthen university based research capabilities, including developing critical mass at the Western Centre for Health Research and Education, through strong links with other research hubs in Melbourne 	<ul style="list-style-type: none"> • Further develop a clear centres policy for the West building on the joint council position on the Metropolitan Planning Strategy • Enhance the human capital of the residents of the West with a focus on the emerging skill requirements of business • Support incremental improvements (grade separation, duplications etc) at pinch points in the current transport network 	Strategies <ul style="list-style-type: none"> • Boost education exports through strategic links with inter-regional, interstate and international providers • Plan for and promote investment in employment lands advantaged by the Regional Rail Link 	Strategies <ul style="list-style-type: none"> • Support West Link and Melbourne Metro as priority transport projects for Victoria • Support the development of the Outer Metropolitan Ring Road • Develop strategies and investment promotion plans targeting employment expansion in areas advantaged by these projects • Identify and market industry clusters covering aerospace, food manufacturing, health services and education exporters

APPENDIX – ACTION PLAN

In the following table, 'timing' should be interpreted as follows:

- Immediate: work could be undertaken immediately.
- Short term: work could be undertaken in one to two years.
- Medium term: work could be undertaken in two to five years.
- Long term: work could be undertaken in five years.

Table 11
EMPLOYMENT
ATTRACTION
STRATEGY
FOR THE WEST

FIRST HORIZON	RATIONALE	ACTION	LEAD	TIMING
1 Ensure that planned major employment nodes in the West are delivered	Current and future employment land areas like the East Werribee Employment Precinct and the Brooklyn–Tottenham Industrial Precinct, among others, represent crucial points of difference between the West and the rest of Melbourne. They can act as magnets for large scale industrial and commercial investment.	Action 1.1 Support the Growth Areas Authority in the development and implementation of a targeted investment recruitment campaign for the East Werribee Employment Precinct.	WMRDA/LeadWest	Immediate
		Action 1.2 Develop similar investment recruitment programs for the Brooklyn–Tottenham Industrial Precinct and other major employment nodes in the West, taking a whole of region perspective (rather than leaving marketing of these assets to host councils).	WMRDA/host councils	Immediate
2 Image and marketing of the region	The image of the region has implications for a variety of aspects of employment generation and labour force growth.	Action 2.1 Implement an ongoing marketing strategy to address outdated concepts of Melbourne's West.	WMRDA/LeadWest/Western Melbourne Tourism Association	Immediate
		Action 2.2 Promote provision and recognition of high achieving schools in Melbourne's West.	WMRDA/LeadWest	Short term
		Action 2.3 Support diversification of the school education offer of the region, including appropriate and sustainable investment in private schools.	WMRDA/LeadWest	Immediate
		Action 2.4 Undertake needs assessment of health and community services in Melbourne's West. Depending on outcome, either:	WMRDA/Medicare Local/Dept Human Services/Western Health	Immediate
		Action 2.5a Promote results demonstrating sufficiency of service provision in the region	WMRDA/LeadWest	Short term
		OR		
		Action 2.5b Use results to campaign for increased Victorian Government funding for improved health and community services in the region.	WMRDA/LeadWest	Short term
		Action 2.6 With councils and City West Water, identify areas that would benefit from accelerated or enhanced tree planting initiatives.	Greening the West/City West Water	Short term
		Action 2.7 Recruit high profile public figures suitable to work with WMRDA in promoting the West as a place to live and do business.	WMRDA/LeadWest	Medium term

FIRST HORIZON	RATIONALE	ACTION	LEAD	TIMING
3 Primary and secondary education	Underwrite the long term human capital of the region.	Action 3.1 Convene a working group of government schools in the region and metro-wide tertiary providers to determine ways of securing assured or better scholastic outcomes from identified high achieving local students.	WMRDA/ LeadWest/ Dept Education	Immediate
		Action 3.2 Identify 'candidate' primary and secondary schools in the region that have some existing advantages in retaining local students and attracting students from a metropolitan catchment. Work with these schools to enhance and market these advantages.	WMRDA/ LeadWest	Short term
		Action 3.3 Identify demand for private school provision in the region and recruit appropriate and sustainable investment in this sector.	WMRDA/ LeadWest	Short term
4 Tertiary education	Improve the human capital of the region.	Action 4.1 Audit research institution capability and employment profile in the region and compare to other regions.	WMRDA/ LeadWest	Short term
		Action 4.2 Work with Victoria University and other universities to identify research infrastructure opportunities and potential not-for-profit or commercial research partners.	WMRDA/ LeadWest	Medium term
5 Critical mass in health research	Leverage the newly developed capability in health research in the West to promote new business formation in knowledge intensive sectors.	Action 5.1 Audit and document existing collaborative research projects in health in the region, with a view to identifying potential for commercial investment.	WMRDA/ LeadWest/ Western Health	Short term
		Action 5.2 Critically review and revamp, as necessary, existing brokerage and facilitation arrangements in the region for the commercialisation of health sector research.	WMRDA/ LeadWest/ Western Centre for Health Research and Education/ relevant regional universities	Medium term
6 Congestion	Reduce delays and other transport costs arising from intermodal rail conflict.	Action 6.1 Assess impact of delays caused to traffic flows resulting from grade rail crossings.	Western Transport Alliance	Immediate
		Action 6.2 Work with relevant local councils to advocate for state and federal earmarking of funding for grade separation. Highlight the productivity improvements that will flow as a result.	Western Transport Alliance	Short term
		Action 6.3 Lobby government for prioritisation of grade separations in the region. Highlight the productivity improvements that will result.	Western Transport Alliance	Immediate
7 Development of activities areas and employment nodes in the region	Achieve relative reductions in congestion on main transport routes into CBD by provision of alternative employment centres in Melbourne's West. Build agglomeration economies in the West.	Action 7.1 Develop guidelines aimed at improving the quality of business cases being submitted to government for investment projects in centres within the region.	WMRDA/ LeadWest/ relevant councils	Short term
		Action 7.2 Work with property developers and councils to attract investment by 'de-risking projects' as has been done successfully elsewhere (such as Doncaster Hill).	WMRDA/ LeadWest	Short term

SECOND HORIZON	RATIONALE	ACTION	LEAD	TIMING
8 Regional Rail Link	The West is a major beneficiary of this significant 'city shaping' infrastructure investment. This can be used to leverage substantial private sector investment, based on similar experience with, for example, the Melbourne CBD rail loop.	Action 8.1 Continue promoting the new rail link to a wider metropolitan audience, highlighting that the West is benefiting from structural infrastructure investment at a time when such projects are scarce.	WMRDA/ LeadWest	Immediate
		Action 8.2 Develop a business case for government investment in Sunshine (similar to Central Dandenong).	WMRDA/ LeadWest/ Brimbank City Council	Short term
9 Promote education exports	The West is already a quiet achiever in education exports, with this sector bringing in approximately \$300 million (net) per year. There is scope to expand this industry by drawing on the liveability advantages of the West.	Action 9.1 Approach tertiary education institutions not present in the region with a view to promoting investment in the region. Institutions to approach include Monash, Deakin, Swinburne and RMIT.	WMRDA/ LeadWest/ local councils	Long term
THIRD HORIZON	RATIONALE	ACTION	LEAD	TIMING
10 Melbourne Metro Rail	This is a genuine 'city shaping' project that will dramatically improve accessibility and connectivity in the West, underpinning substantial new private sector investment in the region. The project will: <ul style="list-style-type: none"> • improve access of Melbourne West residents to Melbourne CBD, making the West a more attractive place to live for white collar employees and business owners • improve access to Footscray from other areas of Melbourne, increasing the effective job density of the area • increase capacity of lines serving the West and north by some 12,000 passengers an hour • increase effective job density of Statistical Local Areas in the region by 3 per cent to 8 per cent. 	Action 10.1 Coordinate local councils to present a united front to lobby the Australian Government for infrastructure funding.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
		Action 10.2 Mount a media campaign in support of the project	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
		Action 10.3 Work with relevant local councils to advocate for state and federal earmarking of funding for the nominated infrastructure. Meet regularly with the state Minister responsible for transport and local federal MPs to maintain momentum in securing funding for the project.	WMRDA/ LeadWest/Wstn Transport Alliance	Immediate
		Action 10.4 As part of a promotional campaign compile evidence of, need for and economic impact of the Melbourne Metro Rail, including quantification of the wider economic benefits.	WMRDA/ LeadWest/Wstn Transport Alliance	Immediate
11 West Link	Promote inward investment and business formation by improving accessibility and connectivity in the region. West Link will: <ul style="list-style-type: none"> • increase the effective job densities of locations in the region • enhance residential amenity for areas currently affected by heavy levels of freight traffic • reduce barriers to cross suburb movements. 	Action 11.1 Coordinate local councils to present a united front in lobbying for Australian Government funding.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
		Action 11.2 Mount a media campaign in support of the project	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
		Action 11.3 Work with relevant local councils and industry leaders to advocate for state and federal earmarking of funding for the nominated infrastructure. Ensure that the Minister responsible for transport and local federal MPs are continuously well briefed on the project.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term

FIRST HORIZON	RATIONALE	ACTION	LEAD	TIMING
		Action 11.4 As part of a promotional campaign, compile evidence of need for and economic impact of West Link, including quantification of the wider economic benefits.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
12 East West Link	<p>The proposed East West Link also promises to be a genuine city shaping project. It will achieve an unprecedented integration of the West's labour market with that of the metropolitan area as a whole. Major productivity and human capital benefits are anticipated for the West.</p> <p>The project will:</p> <ul style="list-style-type: none"> • provide an alternative river crossing to the West Gate Bridge • generate significant agglomeration benefits • improve access to employment for residents of Melbourne's West. 	Action 12.1 Work with relevant local councils and industry leaders to advocate for state and federal earmarking of funding for the nominated infrastructure. Ensure that the Minister responsible for transport and local federal MPs are continuously well briefed on the project.	WMRDA/ LeadWest/Wstn Transport Alliance	Immediate
		Action 12.2 Mount a media campaign in support of the project.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
		Action 12.3 As part of a promotional campaign, compile evidence of need for and economic impact of the East West Link, including quantification of the productivity and human capital benefits.	WMRDA/ LeadWest/Wstn Transport Alliance	Short term
13 Outer Metropolitan Ring Road	<p>This project is important to the integration of the West's labour market as it will provide a more complete road network for the rapidly growing region. It will:</p> <ul style="list-style-type: none"> • create a transport link between the south west and north west areas of Melbourne's West • improve intra-regional connectivity to the advantage of both industry and residents. 	Action 13.1 Work with relevant local councils to advocate for state and federal earmarking of funding for the Outer Metropolitan Ring Road.	WMRDA/ LeadWest/Wstn Transport Alliance	Long term
		Action 13.2 Work with relevant local councils and industry leaders to advocate for state and federal earmarking of funding for the nominated infrastructure.	WMRDA/ LeadWest/Wstn Transport Alliance	Long term
14 Promote cluster development	<p>Analysis shows that the West has some emergent clusters. Aside from the health services potential noted (see actions 5.1 and 5.2), there is identified potential in aerospace and the food sectors. Development of these clusters will increase the productivity of local firms and boost local employment.</p>	Action 14.1 Identify and market existing clusters. These should include:	WMRDA/ LeadWest	Long term
		<ul style="list-style-type: none"> • aerospace • food and beverage manufacturing/processing • a potential health services cluster in Sunshine associated with recently developed facilities. 		
		Action 14.2 Approach aerospace industries located in Fishermans Bend to determine location requirements and market the potential for investment in the West, taking advantage of major transport projects underway or mooted in the region.	WMRDA/ LeadWest	Long term
		Action 14.3 Develop a regional network of business incubators aligned, where appropriate, with key clusters in the West.	WMRDA/ LeadWest	Long term

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Acronyms

ABS Australian Bureau of Statistics
CBD Central Business District
EJD Effective Job Density
MPS Metropolitan Planning Strategy
MSD Melbourne Statistical District

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