INQUIRY INTO LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN VICTORIA

August 2012

FURTHER INFORMATION

- Executive Director - Nik Tsardakis
  Email: nik@committeeforwyndham.com.au  Mobile: 0411 252 686  Phone: (03) 8742 4290

PO BOX 2296, WERRIBEE VIC 3030
Index

1. The Committee for Wyndham Inc

2. Introduction – Wyndham City and South West Corridor

3. Need for Municipal Councils and Government Jointly Supporting Local Economic Development
   - creating employment opportunities for local workforce
   - employment precincts
   - education, skills development and employment
   - learning from global metropolitan cities (metros)

4. Barriers to Local Economic Development

Appendix

1. Department of Business and Innovation
   Employment and business snapshots. August and November 2011.
Thank you for the opportunity to make a submission.

Our focus has been to comment on the need for councils and government to jointly support local economic development with:

– a look at Wyndham and the South West Corridor
– a look at how New York City has repositioned itself in the innovations and technology economy
– a look at what some cities in Europe and Asia have done
– a very brief reference to the cluster practice and policy in the USA

Our last section covers barriers to local economic development.

Nik Tsardakis
Executive Director
1. The Committee for Wyndham Inc

Committee for Wyndham (CFW) is a civic, membership based, not-for-profit association that brings together influential business and community organisations to collaborate with government and network to build a more sustainable and dynamic urban community.

In the 14 years of activity since founding in 1998, CFW has played an important role in the change and ongoing development and transformation of Wyndham. As an a-political association CFW takes a long term strategic view - beyond and outside of electoral cycles, conducting an active advocacy strategy in order to influence public policy and resource allocation for the betterment of existing and future residents and businesses located in Wyndham. This is characterised by a continual drive for a healthy, liveable and safe environment, greater local employment, improved sustainable transport systems, a low carbon circular economy, orderly and timely planning and responsive public services for Wyndham and the South West Region. Urbanisation has the potential to correlate not only with sustainability but with the wealth creation, social tolerance and improved living standards.

Membership is by invitation. CFW currently has forty (40) members and are continually looking for like-minded individuals and organisations, who seek a collective and enduring way to contribute to the community, to share their expertise and values and help diversify and strengthen the economic and resource base of Wyndham and the south west.
2. Introduction – Wyndham City and South West Corridor

Wyndham and the South West have significant assets on which to build a more opportunity rich next economy, but they aren’t being fully utilised. i.e. capacity for recycled water, business clusters, existing infrastructure, Port Phillip Bay, Peri Urban area, Tourism, Higher Education, Research and Development, large local workforce and specific employment precincts.

Given its strengths, and weaknesses, it seems evident that efforts to move this region more firmly into the next economy will require a particular focus on industries located here that have the best potential to drive economic growth via:

- a healthy, globally connected manufacturing sector to create technical jobs and add businesses that serve it – technicians who install, operate, and repair the advanced equipment; engineers who design and continuously improve the equipment and the systems that link it together; and process specialists who make those systems more efficient etc.
- a transportation and logistics system that can efficiently and effectively move goods and people both within and outside the region
- a robust, market oriented higher education sector
- an open entrepreneurial information technology sector
- a large, diverse set of firms and jobs that convey a ‘green’ benefit

Together these options ease the way we do business, improve our health, preserve natural resources, and allow us to access goods, services and information more quickly than ever before.

But perhaps the best reason we should work to grow and develop these industries is because in doing so will help build an economy characterised by greater numbers of good paying jobs that greater numbers of workers can access.

The economic future of Victoria hinges largely on government policy and the performance of the Melbourne metropolitan assets that will drive the next wave of economic growth. The government must clearly understand the cost of not doing anything to help drive economic growth.

In respect of data on Wyndham and the South West Corridor, please refer to the attached Department of Business and Innovation snapshots.

We believe three (3) themes that should be foremost are:
- building from strength
- thinking regionally and collaboratively
- the need to build an environment conducive for innovation and entrepreneurship.

if we are to achieve sustainable economic achievements/development.
3. **Need for Municipal Councils and Government Jointly Supporting Local Economic Development**

a) **Creating employment opportunities for local workforce.**

Wyndham and the South West municipalities, in partnership with government need to focus on investing in the next economy and also ensuring lower income people are connected to it.

It needs to:
- create a “Wyndham brand” which is leveraged internationally as part of the all-important Melbourne/Geelong region/corridor picking up clusters specialising in different aspects of aerospace and logistics, manufacturing, science/research and development, tourism, fresh food supply and a significant urban population for the new knowledge economy.
- build a stronger export economy
- provide greater support for innovation and entrepreneurship
  - help new ideas become businesses
  - help manufacturers stay on the cutting edge
- build on the regions clear economic strengths
- help young and incumbent workers get the skills and education next economy employers need
- build a more co-ordinated workforce training and delivery system
- improve lower income workers ability to get the next economy jobs
- growth and employment through a polycentric structure
- generate highest and best returns from private and public assets
- ensure transit connects employees to labour
- use cities as ‘living laboratories’ to target research and apply solutions in real-world settings
- grow manufacturing to the precision high-value manufacturing that thrives in places like Germany, despite our high wages, than to the vast assembly operation in Asia.

We believe the key to boosting employment and productivity and thus growth is a policy framework promoting competition in all sectors.

We should be fully leveraged not just to a particular country’s growth story, but a sustained multi-decade long widening and deepening prosperity of that country’s middle class (ie. China, India, Indonesia, Vietnam etc) to ensure we increase our exports of education (based on the reverence they have for education) and tourism including Geological tourism (Geotourism).

b) **Employment Precincts**

(able to attract new investment with continual and emerging economic potential)

- East Werribee Employment Precinct (EWEP)
- Werribee CBD as part of the capital of the ‘new’ west
- Industrial, freight and logistics – Laverton North Industrial Precinct, Derrimut & Truganina Employment Precinct
- Tourism – Port Phillip Bay, Wyndham Harbour, Werribee Park Mansion Complex, Equestrian Centre, Point Cook Aircraft Museum, Open Range Zoo, Werribee Irrigation District, Golf Courses, Ramsar Wetlands/Bird Watching etc. (which deliver over one million visitors every year)
- Manufacturing and export capacity – Laverton North, Altona
- Peri urban – Werribee Irrigation District (WID) Food Bowl
- Avalon Airport
c) **Education, skills development and employment**

Government and council could consider the New York Economic Development Corporation (NYEDC) initiative:

New York has recently gone through a repositioning of itself in the innovation stakes through increased capacity in applied sciences, engineering, technology and research via a partnership between Cornell University and Technion – Israel Institute of Technology to build a new campus to dramatically transform the city’s economy.

Last year New York City released a request for proposals to universities to provide prime New York City owned real estate, plus US$100million in infrastructure upgrades, in exchange for the universities commitment to build or expand a world class science and engineering campus in the city.

It is anticipated that the New York facility will further diversify the cities economy and secure its place as a capital for innovation. This facility will have a transformative effect on the local economy, expected to generate us$6billion in economic activity over the coming decades, spinning out hundreds of new businesses out of the school directly, and creating more than 30,000 new permanent jobs in diverse fields including 7,700 construction jobs.

The West should take advantage and increase its capability in Applied Science and Engineering. An opportunity exists to build or expand the applied science and engineering campuses in the Werribee Employment Precinct/East Werribee to increase the probability that the next innovative process and high growth company will emerge in the West. This should be encouraged through the existing Universities and campuses or through invitation of other Australian or overseas parties to locate in the West; particularly in the East Werribee Employment Precinct (EWEP), to ensure a far greater number of ‘white collar’ jobs/roles than would otherwise be possible.

Could the New York City model be used to further enhance the academic status and therefore provide the workforce to shape the type of new and existing business investment off the back of the new workforce emanating from the Werribee Employment Precinct and therefore be a key employment component of the South West corridor (Melbourne to Surf Coast) to support both metro and regional sustainable growth? The State Government planning document, Melbourne @ 5 million, identified the region between Werribee and Avalon Airport as a future employment corridor.

The potential of the EWEP to be the major employment hub for the West would have enormous implications on work travel direction on this side of metro Melbourne. This is a once in a generation opportunity to diversify the economy more to innovation and dramatically increase competitiveness and potential for economic growth and employment.

An interesting comment made about the value of science and engineering is the statements that if companies founded by graduates of Massachusetts Institute of Technology (MIT) were an independent nation, it would have the 17th largest economy in the world.
d) Learning from Global Metropolitan Cities (Metros)

A number of European and Asian cities have demonstrated sustained growth over the past three decades, notwithstanding the current economic crisis. Breaking free from historical dependencies they overcame challenging cases to show progress in economic development. Four metro cities: Munich (Germany), Torino (Italy), Barcelona (Spain) and Seoul (North Korea). This was done through:

1. An Intentional Government with Partners
   The metros demonstrated the essential role of local and regional government (the tier between municipal and national levels) in sustaining and leading, economic development with national and business partners.

2. Internationalisation and Trade
   All four metros have developed programs to accelerate the internationalisation of their economies based on:
   - trade and export promotion through public sector programs
   - attracting foreign investment and international institutions
   - using international events to spur new international indexes

3. Innovation and Entrepreneurship
   - developing an innovation led economy through strategic planning
   - promoting entrepreneurship.

4. Re-using Industrial Land for Innovation and Technologies
   - modernising manufacturing industries and diversifying supply chain activities
   - promoting investment into cutting edge science and technology facilities and infrastructure

5. Human Capital and Quality of Place
   - building and developing human capital
   - creating new amenities and quality places
   - revitalising city centres
   - supporting talent attraction and retention

6. Green Economy
   - creating national renewable energy policies which are adopted and implemented locally
   - promoting green economy approaches to sustain economic growth and job creation
   - investing long term in highly profitable green energy solutions
   - expanding green transport infrastructure – invest in rail and high speed rail infrastructure and electric vehicle infrastructure

In addition there is a growing buzz around cluster practice and policy in the USA which also focusses on the technology and innovation economy.
4. **Barriers to Local Economic Development**

(Barriers to development reside mostly with government policy, and lack of political will).

a) Federal and State Government “protecting” their triple A credit rating structure; often blindly, under the parameters of the embedded weaknesses that precipitated the global financial crisis by the Credit Rating Agencies, to the detriment of the Australian community.

b) Local Government
   - Council will need to redefine ‘leadership’ to ensure growth is more than just being engaged in low level economic development such as pursuing developers, builders and retailers as if housing and retail were drivers of the economy rather than derivative of the sectors that truly generate employment and wealth such as that fuelled by innovation, powered by low carbon processes and products driven by those exports. Local service sectors like retail and construction are important drivers of overall GDP growth because of their sheer size.
   - The need for three levels of government? More local government reform?
     Currently we have thirty (30) councils to cover Melbourne with 30 sets of planners, management teams etc
   - State government and growth councils need to better connect with the largest single collection of Australians moving to the outer urban areas.

c) Lack of sustainable real estate development, specifically:
   - Lack of transport and mobility. Mobility is the vital prerequisite of economic growth, employment and social inclusion.
   - Insufficient community and human services, resources and support.
   - Gaps in crime prevention resources, including police resources.
   - Urban sprawl transportation problems due to the government not effectively handling traffic loads or controlled access to its rail/roads/freeways. Vehicles are the predominant travel mode.
   - Transit fails to connect most employers with a majority of their metropolitan labour pool.
   - Growth and employment through a polycentric employment precinct. eg. East Werribee Employment Precinct.

d) The “wall effect” created by the existing rail and freeway corridor due to the lack of grade separation. Major roads and railway lines are proven physical and psychological barriers.

e) Affordability/Red Tape/Taxation/Funding Cuts etc
   - price of land
   - slow planning process
   - cost of basic infrastructure
   - extension of an effective and sustainable road and public transit system
   - current business ‘red tape’
   - taxation rates, R&D investment incentives etc.
   - funding cuts to TAFE/Universities etc.
   - high Australian dollar
   - payroll tax rate, workcover premiums
f) Werribee South Green Wedge and food bowl.
   - The State Governments future intentions in relation to planning provisions for further subdivision and activity within the Werribee South Green Wedge.
   - The future intentions regarding a new, secure water supply system which can provide water in the quantity and quality which Werribee Irrigation District food bowl growers require.

h) Lack of a second East West link to the existing Westgate Bridge to support the Port of Melbourne and improve the western hub of transport, logistics, distribution as well as connectivity between the East and West of the metropolitan area.

i) Limited availability of connecting university research to business opportunities.

j) Lack of timely investment in both physical (road, rail, mass transit) and social infrastructure. (Public health, community hubs, libraries, schools and child care).