November 2012

NMRDA Role

The NNMRDA works in partnership with community, business and all levels of government to support and contribute to regional development across the semi-rural Local Government Areas (LGAs) of Hume, Nillumbik and Whittlesea and the metropolitan LGAs of Banyule, Darebin, Moreland and Yarra, in northern Melbourne.

The NMRDA Committee of Management is community based and delivers its responsibilities and services on behalf of the Australian Government Department of Regional Australia, Local Government, Arts and Sport. In Melbourne, the four RDA committees are managed through Regional Development Victoria and the Department of Business and Innovation.

The Committee comprises representatives from business, industry, government, and education and training providers. Its membership includes cross-representation with other strategic regional organisations to achieve maximum input and consultation. The Committee meets seven times a year.

The NMRDA Committee’s vision is ‘to actively contribute to the strategic growth of a sustainable northern Melbourne knowledge economy with a focus on economic, social and environmental issues’.

This will be achieved by growing an integrated regional economy with a strong mix of key industry sectors especially advanced manufacturing; and by supporting economic growth; skills development; jobs creation; productivity; connectivity; social inclusion; sustainability; and liveability that will lead to increasing numbers of skilled workers living and working in the region.

NMRDA Priorities

- Manage population growth by improving the efficiency of existing infrastructure and by increasing regional infrastructure investment including community, health and education facilities; broadband; water; public transport; and transport to and around employment areas.
- Improve the skills capacity of the region through effective early childhood development; effective primary, secondary, tertiary and vocational education; developing required regional workforce skills; and attracting and retaining global knowledge workers.
- Grow business capacity, productivity and innovation with a focus on emerging knowledge based industries; advanced manufacturing; business incubators; teleworking; home based businesses; and industry clusters.
- Improve economic, social and health outcomes for the region particularly disadvantaged groups and communities including Indigenous persons; migrants and refugees; disabled persons; sole parents; youth; and the ageing.
- Increase regional employment that provides local jobs and the required hours and income to resource a family.
- Protect and sustain natural and built environments; utilize energy efficiently; and reduce greenhouse gas emissions.
- Enhance liveability and amenity by providing appropriate and affordable housing; support social harmony and inclusion; and providing opportunities for learning, leisure, arts and cultural interests.
About Melbourne’s North

Featuring some major road, rail, freight and public transport infrastructure, the region is notable for the presence of Melbourne Airport and significant transport hubs in outer areas as well as strategic assets including the soon-to-be-relocated Melbourne Wholesale Fruit and Vegetable Market and a range of new developments. Its economy is in the process of evolving from a manufacturing past to a knowledge economy that includes retention of high-tech manufacturing, and its knowledge based infrastructure includes universities, TAFE institutes and a number of private training providers.

A current population of over 900,000 people encompasses many cultures and offers a workforce with an increasing level of skills and qualifications. Diversity and creativity feature strongly in the inner areas, some of which are noted for their arts and entertainment offerings (Yarra, Northcote, Brunswick), while the outer areas are increasingly home to both business and residential development. Residential areas include several high quality precincts (Ivanhoe, Springthorpe, Eltham), yet the region also retains areas of affordable housing. Across all suburbs there is a range of amenity and natural attractions.

While Melbourne’s North has many advantages, it also faces significant challenges. The region is facing an unprecedented period of population growth, with some experts predicting that it will become home to more than 500,000 additional residents by 2025. The recent State Government decision to review further expansion of the urban growth boundary will require well considered planning responses.

Along with the rest of the world, the region is currently experiencing economic transition and uncertainty. Unparalleled population growth, a decline in manufacturing and transport congestion present issues that require urgent action. However, with the correct strategic interventions, the region has an opportunity to capture more than its share of Melbourne’s forecast growth. But the scale of this growth at a time when the global and local economies are in a state of flux can also create strong social and economic challenges and these must be addressed.

- Melbourne’s knowledge economy is currently centred in and around the CBD, but with the right policy development it is possible to attract knowledge intensive industries to the outer areas of the region. This would allow residents to work closer to home, improving the employment capture of skilled residents and increasing productivity by reducing travel time and improving quality of life. Issues to consider include development of appropriate land planning regimes, development of greater amenity to attract knowledge intensive business activity, appropriate levels of infrastructure and greater level of highly skilled and niche business services.

- Melbourne’s North already has a knowledge based infrastructure and its universities, TAFE institutes, research facilities, schools and knowledge intensive industries are essential to future growth. While investing more in secondary education, career guidance and pathways will give local young people the opportunity to use their skills and creativity to help grow the local economy, greater vertical integration of education and industry will increase opportunities for research and innovation, creating a sound economic base from which to develop greater protection from off-shoring and other supply chain risks.

- Outer areas of the region should consolidate community, business, amenity and retail and, with climate change set to be a major factor in the future, the built environment should comprise the highest possible environmental standards.

- Transport infrastructure has to improve, and it is critical that barriers to efficient public transport, road and rail infrastructure are removed. Congestion and transport issues have the potential to slow future economic development and integration as well as reduce the quality of life for both workers and residents, so further investment in roads and public transport (in the outer areas in particular) is crucial.

- With unemployment an issue across the country, retraining of workers who have lost their jobs will continue to be of paramount importance. The region needs to create the capacity to retrain its workers and ensure the resources are there to provide this service.
Population growth also emphasises the need to ensure that resident skills keep pace with the high skill demand of local industry.

- Creativity is pivotal to a knowledge economy. Today, successful regions develop an advantage based on their ability to quickly mobilise talented and creative people, resources and capabilities that can turn innovations into new business ideas and commercial products.

- Employment and business opportunities can be increased by creation of a regional manufacturing strategy, support for business incubators, increased commercial accommodation, retention of employment lands in inner areas, clustering and regional business networks.

- Employment zones must be retained in the inner areas, despite these sites being so attractive for residential developments, so that there is the flexibility to embrace new opportunities.

- In the future, the local manufacturing industry will need to deal with the impact of climate change, with its problems and costs. The region has the recognised manufacturing skills, educational capacity and know-how to become a premier manufacturer of environmental protection products. Growth in this sector will rely on the existing skills of the inner parts of Melbourne’s North for design and research, while the new outer areas are well placed to manufacture these products.

- It is important that businesses and households have equitable, affordable and high standards of connection to broadband services, as both businesses and households must be able to compete in an increasingly globalised economy.

- There are significant issues in the region relating to social exclusion and poor health outcomes. It is important that these issues are effectively addressed to ensure all residents benefit from economic growth.

With the growth in population, increasing development, a volatile economy and the demands of climate change approaching, it is vital that the region gets the local policy setting right and works collaboratively to inform state and federal governments so that it can grow and prosper in the future.
Population Growth

The population in the region is set to increase markedly, with well in excess of 25 per cent of Melbourne’s population growth targeted for Melbourne’s North, particularly Hume and Whittlesea.

Over recent years, population growth has been most rapid in these areas, with both exceeding forecasts. The trend towards increasing residential density and redevelopment of industrial areas to residential has also led to accelerated population growth in Yarra, Moreland and Darebin.

Population growth increases the need for frequency of public transport. It makes it even more essential that employment zones are retained in the inner areas, despite these sites being so attractive for residential developments, so that there is the flexibility to embrace new opportunities. Higher population figures also emphasise the need to ensure that resident skills keep pace with the high skill demand of local industry. If this does not occur, then any new positions created in the region could go to new population entrants or to people living in other regions, creating disadvantage for local residents. A key goal of any strategic development in the region will be to achieve employment levels comparable to the share of population.

Along with population growth comes the need for adequate amenity, which incorporates the tangible benefits that increase the attractiveness or value of a property, or that contribute to its comfort or convenience. In the context of regional planning, amenity includes buildings, services, transport, retail, parklands and design. While the inner north provides a good mix of amenity, it is essential that the amenity mix in the outer suburbs is planned to maximise positive outcomes for residents.

Policy Settings

The policy initiative of continued economic integration across a region becomes critical when major issues such as climate change, transport and rapid population growth are being faced. The only way to effectively address this is to work collaboratively on a regional level to inform and influence decision makers.

Getting the policy settings right is imperative and must take in all levels of government – local, state and federal. As development increases, it is important to encourage and foster diversity across the region, from the inner city areas of Yarra, Moreland, Darebin and Banyule, to the rural sectors of Nillumbik, Whittlesea and Hume.

The benefits of creating a more integrated local economy are evident. While knowledge economies are usually centred on metropolitan areas, the right policy development can create a framework to broaden the base of the knowledge economy through knowledge diffusion activities across the region. Issues to consider include the development of appropriate land planning regimes, the development of greater amenity to attract the kinds of knowledge intensive business activity suited to the inner and middle suburbs, the appropriate level of infrastructure (including office space and telecommunications), and greater level of highly skilled and niche business services. Attracting knowledge intensive industries to the outer areas would allow residents to work closer to home, improving the employment capture of skilled residents and increasing productivity by reducing travel time and improving quality of life.

Transport is so important to the successful development of the region that it is a high priority policy issue affecting many other areas of concern. Congestion and transport issues have the potential to slow future economic development and integration as well as reduce the quality of life for both workers and residents, so additional investment in roads and public transport (in the outer areas in particular) is crucial.

Climate change is of increasing concern, and government policy in this area can have a significant effect. While there will be costs and problems associated with manufacturing, there will also be opportunities for research, design and manufacture surrounding new regulations that will inevitably come into force. And if new communities in the north are developed to high standards with energy savings across all buildings and on transport, these savings will make local economies more competitive and sustainable.

The manufacturing industry in the north continues to face restructure and the automotive industry in particular is facing crisis. Government policy on issues such as tariffs and
encouraging innovation can have a huge effect on turning industry around. The Prime Minister used Kangan Institute at Broadmeadows to launch the Green Car Plan, which provides Australian car companies with the opportunity to receive government funding to design and sell environmentally friendly cars. Again, there is an opportunity here – the north’s TAFE sector is well positioned to facilitate many of the changes required to create a more environmentally sustainable economy and all the things that go into creating green jobs.

As cities and their economies grow, parts of cities (particularly the inner areas) become gentrified. This means more knowledge based business with high skill requirements move into a part of the city, along with higher skilled and wealthier residents. As this process occurs and property prices increase, pockets of disadvantage develop in places such as public housing estates. Companies providing low skilled jobs that were once accessed by low skilled residents move out of these areas or close completely. This kind of ‘stranding’ in pockets of disadvantage is a trend in most major western cities and requires appropriate policy intervention.

The ‘SEIFA index of disadvantage’ points to pockets of social exclusion particularly in the LGA’s of Hume; Darebin; Whittlesea; and Moreland. Not surprisingly, the levels of welfare benefits dependency and unemployment are also highest in these LGA’s. A major challenge for the northern Melbourne region is to ensure that its low skilled and unemployed residents are provided with opportunities to enhance their work skills to enable them to compete for the increasingly skilled jobs that will be created as the region moves towards a knowledge economy.

**Challenges and Opportunities**

While the region is facing some significant challenges in the short to medium term, these challenges also produce opportunities that could lead to change and growth.

**Manufacturing**

Manufacturing remains a strategic industry for the region, even though jobs in this sector continue to decline. It has suffered over recent years by many operators moving offshore. However, opportunities exist to build advanced manufacturing businesses and so increase manufacturing employment. Examples include the possibility of an aerospace cluster at the Melbourne Airport precinct, automotive ‘green car’ cluster activities, biotechnology associated with medical hub and tertiary research institutions, and increased food cluster activity associated with the relocated market development.

**Retrain Staff – Integrate Education and Industry**

The importance of lifelong learning applies to all residents of the region, but is especially important in areas of industrial restructuring, particularly as manufacturing businesses close. Retraining people will be a key to keeping residents employed and filling skill shortages for local industry. The further integration of education and industry will assist this process, and resources must be made available to ensure that it happens.

**Jobs, Mobility and Services for Outer Areas**

Given the costs of climate change and transport issues, the requirement to provide local employment will be particularly high in the outer parts of the region in Hume and Whittlesea, where populations are growing rapidly. There are also needs for more local community services, education options, and diversity in housing, particularly an increase in social housing.

**Infrastructure**

Currently, the north has significant infrastructure issues that include roads, public transport, telecommunications, waste and storm water systems and the sustainability of domestic, commercial and industrial buildings. These are barriers to growth that need to be addressed as a priority. However, there is also infrastructure within the region that provides opportunity for linkages and increased activity, for example Melbourne Airport and the new market. These can be utilised more effectively by clustering associated industries around these sites.

**Costs of Climate Change**
Climate change will have an effect on all industries, particularly manufacturing, over the coming years. Traditional manufacturing processes are vulnerable to the costs of climate change. The need to convert the economy to a low carbon emissions future will require strong commitment to R&D and to innovation, the use of new technologies, and the further development of advanced manufacturing industries.

**Diffusion of the Knowledge Economy**

So far, diffusion of the knowledge economy away from the city core has been slow. The inner areas of the region are the gateway to the knowledge economy and are extremely important in enabling the outer areas to develop industries that are increasingly knowledge intensive. The development of business services to the advanced manufacturing industry will assist in integrating the inner and outer north.

**Ensuring the Efficiency of Built Form**

Emissions trading and complementary policies will play a major role in shaping communities in terms of built form. Buildings will need to be planned well, with a goal of improved efficiency in energy savings as a priority.

**Maximising the Benefit of Activity Centres and Central Activity Districts**

Activity Centres need excellent transport if they are to succeed, and the north is no different in this regard. Congestion of inner roads and extensions to clearways destroy amenity and undermine the role of Activity Centres.

**Attracting Knowledge Intensive Industries**

While the north has succeeded in attracting some knowledge intensive industries, particularly in the inner suburbs, it is important to the development of the outer north that knowledge intensive industrial activity increases.

**Economic Strategies for the Middle Suburbs**

While some manufacturing is suffering, there are still opportunities in advanced manufacturing and some niche areas; for example, the north has a thriving food sector that is innovative and successfully exporting. Initiatives such as the Plenty Food Cluster have proved that markets can benefit from clustering together and linking to the tertiary sector.

**What Needs to be Done?**

To maximise the future for the north, it is critical that the knowledge economy is used as a driver and spread as broadly as possible across the region. This means that smart businesses operate in the region, growing knowledge, skills and innovation. It also means an increased number of high skilled households, whose residents have a range of qualifications and skills, adding value to the region.

Education and industry must be further aligned to ensure a higher level of research and development, as well as training residents with the skills needed by local businesses. Retraining of unemployed residents is also a vital factor.

The built environment should include smart office buildings, housing developments, business parks and incubators. Both businesses and households should be positioned to take advantage of a carbon constrained economy and the opportunities presented by climate change.

Importantly, population and transport policies must be strategic, realistic, flexible and responsive to current and future needs.

Because of the rapid growth forecast for the region, this is a time of unprecedented change and unprecedented opportunity. All stakeholders must work together to formulate a regional approach, informing and lobbying local, state and federal governments for strategic interventions that will assist the region to cope with the demands of massive population growth. If this is not achieved, then the north will not grow and prosper in the future.

**SWOT Analysis of Northern Region**
Strengths

- The existing asset base of the region can be leveraged to further improve economic performance. These assets include Melbourne Airport, the region’s medical precincts, and colleges and universities. New assets such as the development of the wholesale markets, freight hubs and master plan developments will add to existing opportunities.

- A diverse economic base, development of which has managed to offset the decline of the manufacturing industry in the region.

- A growing tertiary sector with developing research capacity.

- The knowledge economy strengths of the inner region combined with the industrial strengths of parts of the outer region.

- The opportunity, because of redevelopment options in the inner parts of the region and available greenfield sites in the outer parts, to develop well planned and sustainable communities.

- Being a region-wide gateway to Melbourne, with major transport links to the north and with Melbourne Airport providing access to Interstate and International markets.

Weaknesses

- Inefficient and ineffective transport links reduce households' capacity for mobility in some parts of the region, including sparse road, rail, tram and bus links within a given employment catchment and especially to major employment nodes.

- Historical perception – it remains important to remind policy makers that the region has changed in terms of its amenity and capacity to provide local employment in a developing and diverse set of industries.

- Level of household skills and the imbalance between skills demand of local industry when compared to resident skills. This is a critical policy issue and will drive the local economic outcomes and resident wellbeing for the former manufacturing zones within the region. Issues of skills imbalance also go beyond local industry. The region’s household skills mix will need to include residents with the capacity to access CBD knowledge type employment. This will assist the rapidly expanding cities of Hume and Whittlesea to provide improved business services to local industries, as highly qualified individuals switch from CBD type employment to local employment as more opportunities arise.

- Relatively poor linkages between local enterprises, catchment enterprises and catchment industries, making relatively poor use of catchment skills. This is a knowledge and information based issue requiring improved business and employment networks with better communications and links.

- Strategic drivers of regional productivity form supply chains oriented outside the catchment or are highly capital intensive, with low value added ratios accruing to catchment residents. This requires more activity at a local level that generates local investment in research and innovation to create greater value adding opportunities and the capacity to retain profits in the region, rather than exporting them.

Opportunities

- Build in competitive advantage by creating sustainable housing and sustainable communities in greenfield sites in outer parts of the region and redevelopment areas in the inner parts of the region. That is, create energy and water efficient buildings and local skilled employment opportunities.

- Leverage regional assets to reduce regional inefficiencies.

- Improve transport systems and, in doing so, lift regional productivity and amenity.
• Improve supply chain efficiency and industry links, both internal and external to the region, by attracting export oriented enterprises to establish in the region and increasing knowledge intensity of local production to improve value adding ratios.

• Build on opportunities to diversify some of the region’s employment opportunities into emerging knowledge economy sectors.

• Focus employment growth strategies and training efforts on growth sectors, including some aspects of the manufacturing industry and regional assets including Melbourne Airport (aviation, transport and logistics), medical precincts and universities (research and commercialisation of intellectual property), wholesale markets (food processing and manufacturing, food logistics and exports), and niche education developments (such as the aviation college).

Export opportunities

• Export of skills, such as design and engineering skills, and business services skills.

• Export of intellectual property rights in bioscience, manufacturing, media, aerospace systems and technology, and green technologies.

• Export of specialist food items and manufactures.

• Export of education and skills development.

• Licensing of locally developed intellectual property, such as inventions relating to climate change adaptation technologies or renewable energy.

Threats

• Offshoring of employment, particularly in the manufacturing industry and automotive manufacturing industry.

• Continued hollowing out of manufacturing industry supply chains, creating future declines in this sector.

• The low skill levels of residents in some parts of the north and increasing skills demands of local industry, leading to long term structural unemployment and stranding of residents away from suitable employment nodes.

• A carbon price shock damaging competitiveness of region, particularly exports.

• Lack of opportunity for local enterprises to access new business generated by mining/energy export boom, particularly steel fabrication and engineering.

• The impact of the economic development of India and China on the region, particularly manufacturing.

• The strength of the Australian dollar and its impact on the region’s economic structure longer term.

Northern Region Major Economic Development Needs

1. Transport Linkages: The rapid population growth that will continue to be generated over the next decade in Hume and Whittlesea will need to be serviced by timely and relevant road and public transport infrastructure. The need is already obvious and it is critical that this infrastructure is delivered proactively rather than reactively.

It is also important that east/west transport linkages in the northern region are improved particularly to improve access to employment centres currently inaccessible by public transport.

2. Industrial Land Use: Significant population growth in the outer north will require increased levels of local employment opportunities. Industry growth in these areas will
benefit greatly by the State Government being responsive to local council requests for flexibility in the allocation and innovative usage of available industrial land.

3. **Manufacturing Sector Support**: The northern Melbourne region is fortunate to have a large manufacturing sector that employs 58,000 people and represents 17.7% of the manufacturing workforce in Victoria. It is critical that Government supports the sustainability and growth of the manufacturing sector particularly in relation to the uptake of global opportunities available in advanced manufacturing. Our experience shows that many small to medium manufacturing businesses require assistance to compete globally particularly in areas such as effective business management and business growth.

4. **Office and Commercial Accommodation**: The NMRDA and NORTH Link are jointly working on a strategy to address the shortage of office/commercial accommodation across the northern region. Government support is required to support the contribution from a wide range of partners committed to overcoming this barrier to economic development.

5. **Skill Shortages and Skills Development**: A regional strategy is required to address inadequacies in the current system that have created a situation whereby the region suffers from high youth unemployment yet at the same time employers are unable to find suitable young people who are aware and interested in the skilled pathways available.

   It is also important that education and training resources in the outer northern region keep pace with population growth to ensure that a highly skilled workforce is developed that can undertake skilled occupations in knowledge based local industries.

6. **Business Incubators**: The NMRDA and NORTHLink have been directly involved in the development and establishment of two highly successful mixed use business incubators based at Alphington and Brunswick. Incubators can be a very effective method of providing support and guidance to start-up businesses and minimising significantly business failure rates. The establishment of a new business incubator in the outer north would provide significant benefits to local start-up businesses and provide increased employment growth.

7. **High Speed Internet and the NBN**: Over the next one to two decades, high speed internet will result in a high degree of structural change in the demand for occupations. More importantly, a great deal more flexibility will be introduced to the location of employment to service the requirements of the region. These changes will also create an opportunity to strengthen the regional skills base in terms of a growing online economy. Given the region’s educational and research infrastructure, with change comes first mover advantage and an opportunity to define Melbourne’s North as a growing information economy.

   By 2030, NIEIR projects productivity gains from the introduction of the NBN of the order of **11-12 per cent** for inner regions of Melbourne, whereas the equivalent gains in most of the suburban regions are between **7 and 9 per cent**. The benefit for non-metropolitan regions is lower, at around **5 per cent**.

   An intensive rollout of the NBN in Melbourne’s North will provide a strong return on investment with significant gains in productivity and regional integration. And this will occur, because of its existing assets and greater potential for improved efficiency, at higher levels than in most other regions.