"Good for the North, for Melbourne and Victoria"

Melbourne's North – the Market Leader

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This paper has been prepared by National Economics for NORTH Link/NIETL, and highlights the reasons why the Melbourne Wholesale Market (MWM) redevelopment is well suited to the north and articulates the advantages that relocation to the north of Melbourne will provide the MWM.

National Economics
National Institute of Economic and Industry Reseach

Melbourne's North – the Market Leader

The relocation of the Melbourne Wholesale Market (MWM) to Melbourne's north represents a unique opportunity for the future growth and development of the wholesale market.

Consistent with market needs, the north of Melbourne provides the environment for the development of the MWM through provision of workforce, facilities and infrastructure to complement its current and future growth requirements.

This paper has been prepared by National Economics for NORTH Link/NIETL, and highlights the reasons why the MWM redevelopment is well suited to the north and articulates the advantages that relocation to the north of Melbourne will provide the MWM.

The strengths and advantages the north of Melbourne can provide to a wholesale market relocated into the region are:

LAND

- Perfectly located greenfield sites of 70ha plus

LOCATION

- Serviced by the best air, road, rail and seaport networks and only 20-25 kms from CBD

OPERATIONS

- Accommodates all logistics and operational requirements 24/7 with no curfews

ACCESS

- All required infrastructure in place – additional cost $0

WORKFORCE

- Regional workforce matches MWM skill requirements
- Local education and training support additional growth

COMMUNITY & ENVIRONMENT

- Complements the environment and supported by the community

MELBOURNE'S FUTURE

- More than 25% of Melbourne's population growth to 2030 will surround this location

The economic sustainability of the project is enhanced in the north due to strong geographic locational advantages, which include:

- Capacity for expansion due to land availability
- Capacity to house a broad range of activities which are expected to be located in the immediate area at reasonable market prices
- Proximity to Melbourne's major domestic and international airport at Tullamarine
- Linkages to the Hume Highway, Australia's freight highway and source of the majority of interstate fruit and vegetables supplied to the market, and
- Proximity to modal interchange developments which could increase the viability of rail transport in the fruit and vegetables industry in the future

The triple-bottom line (TBL) sustainability of the project in the north is high when one considers:

- the strong social and business connections to food manufacturing in the north, and its recent strong performance
- the benefits of providing employment close to the future homes of Melbourne's young families
- the possible reduction in traffic generated on Melbourne's urban network (congestion / greenhouse benefits), and
- equity considerations based on current labour market outcomes which show lower than average levels of employment and higher levels of unemployment in the north

A strong social dividend in terms of employment can be expected from the project:

- The north of Melbourne needs employment of this scale and type both now and in the future, especially if it is to satisfy the objectives of Melbourne 2030, and
- The skills of the residents are well matched to those required in the market. Generating such labour force demands in an area which can provide them will improve local employment and sustain the viability of the workforce at the market in the future

"The eclectic nature of the northern Melbourne economy provides the perfect environment to tackle the requirements of modern business."

1. Background to the Northern economy and its growth

As noted in the Growing Melbourne's North report completed by National Economics in 2003, "the eclectic nature of the northern Melbourne economy provides the perfect environment to tackle the requirements of modern business".

Unlike the axis of activities which extend to the South and East, Melbourne's north collapses a range of economic structures into a small geographic region. The report identified that "the strength of the inner northern region is its integration of a range of industry sectors, the amenity and convenience of its location and great access to public transport. The competitive advantage of the outer regions such as Hume and Whittlesea are availability of land, scale of infrastructure and transport linkages. In these respects the northern region has a definitive advantage over the vast majority of Melbourne."

Developing diverse economic growth is essential. There are industries and activities which naturally produce a level of employment diversity.

Strategic industries or activities can be as diverse as the lifestyle / retail mix evident in Chapel Street, to the freight and transport concentrations which exist around the airport. What is clear is that an industry or activity which requires or generates linkages between specialised businesses for the benefit of all in the market is vital in a modern economy.

The MWM is such a project, because of the scale of activities which occur within such a market and because of the people-based and location specific connections made in such an environment. These tacit relationships, built on trust and information transfer are invaluable, a fact well understood by the MWM.

The capacity to spin-off new economic activity on the back of these linkages has, up to now, been constrained by the current location and the lack of room to expand.

A relocation of the MWM to the north of Melbourne will overcome these constraints and provide a sustainable site for long term growth and prosperity of MWM operations.

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1 The scope of industries expected to seek co-location in the MWM redevelopment is identified in the MWM redevelopment EOI information pack page 2.

The new MWM location must not be restricted by growth constraints, and as such should be located where the potential for growth is not inhibited by:

- Disinterest from market participants, as it is the strength of the relationships which will drive market growth. Advice received suggests that if a move is required, the north is preferred option for wholesale market customers, and
- Transport mismatches. The state government has identified the food manufacturing industry as being a crucial source of increased international exports. Fresh food manufacturing solutions for the rest of the world will need air freight access
- Transport blockages unrelated to the activity of the MWM such as:
  - traffic congestion related to journey to work traffic
  - the transport tasks of the retailers, producers and wholesalers
  - bottlenecks and infrastructure constraints such as the Westgate Bridge
- Labour shortages. Based on the profile of current workers and forecast growth, the workforce to support MWM operations exists in the north. Access to a large labour pool can be guaranteed in the north, options closer to Geelong cannot

In the MWM Redevelopment Expression of Interest Information Pack, a number of spin-offs were identified including the likelihood of co-location of food processing and value added industries. The Victorian food industry is one of our most important industries – a fact the State government clearly understands. Recent initiatives including the Next Generation Food Strategy and Growing the Demand for Victorian Food are examples of support.

According to the state government investment attraction information, Victoria produces 23% of Australia's agricultural commodities and 30% of Australia's food products, and employs 47,000 people, 13% of Victoria's manufacturing workforce. Key strengths exist in dairy products, horticultural and confectionery.

In the 2001 State of the Regions report for the Australian Local Government Association, National Economics investigated supply chain strengths at the regional level. The report found that the food manufacturing industry is one industry which is especially well-suited to the outer urban areas of our capital cites such as Melbourne's north. This was due to their requirements for strong transport linkages, thick labour markets, both for skilled and semi-skilled workers, linkages with final users, access to irregular business services support and integrated training and education bases.

Food manufacturing in Melbourne is an industry which has been characterised by a diverse geographic mix and regions have had historical or cultural connections to particular types of food manufacturing. The gentrification of the inner suburbs over the past 15 years has provided and will continue to provide incentive for food manufacturing to move to outer suburban locations in larger numbers to access new scale opportunities.

Location of food, beverage and tobacco manufacturing firms, ANZSIC 21, 1998 Business Register

Region	50 to 99 employees	More than 100 employees
Metro Melbourne, total firms	46	64
Postcodes within Melbourne with firms	33	39
Melbourne North	11	18
Share	24%	28%

The table above shows this diverse locational trend in 1982. The 64 firms employing over 100 people were spread across 39 suburbs, with a substantial 28 per cent in the north. Whilst the historical distribution is widespread, it is likely that new opportunities or the relocation of existing businesses will be more concentrated. Evidence for this and the capacity of the north to capture such changes can be investigated.

There are also a large number of smaller firms operating in the areas to the north of Melbourne. The following table shows that there are almost 500 firms in total in the sector in the north.

DTMS Yellow Pages database

Local government area	Food manufacturers
Banyule	41
Darebin	79
Hume	85
Moreland	110
Nillumbik	23
Whittlesea	70
Yarra	69
Total	*477*

An example is the recent trend in the output and employment in the fruit and vegetable processing industry away from inner urban areas. The north has increased output and employment in fruit and vegetable processing at least three times as fast as the rest of Victoria since 1996.

Industry activity in fruit and vegetable processing, ANZSIC Code 213

Output	1996	2001	Growth, p.a.
North	59	164	22.7%
Melbourne total	547	754	6.6%
Victoria	1,185	2,021	11.3%
Employment	1996	2001	Growth, p.a.
North	207	443	16.4%
Melbourne total	1,918	1,882	-0.4%
Victoria, total	4,150	5,431	5.5%

2 This is last year the location of businesses in Australia was collected by the ABS.

"Melbourne's Future: More than 25% of Melbourne's population growth to 2030 will surround this location."

2. Melbourne's Future

The Melbourne 2030 Strategy has sought to promote the development of Melbourne as a compact liveable city. Central to this aim is a reduction in the reliance on the motor car for household based transport. Responding to the fact that Melbourne continues to grow, and requires new housing at an even faster rate, the policy sought to quarantine growth on the urban fringe, and develop increased housing intensity in locations with strong public transport.

For the north, the strategy has highlighted the importance of local employment and transport linkages within the context of continued strong population growth. As identified in the Growing Melbourne's North (GMN) report, the linkage between population growth and employment is not particularly well developed in the north. It can be marginally improved by infrastructure but significant improvements can only be gained by increasing the diversity of available employment in the north.

The table below highlights the residential location of over 230,000 new people moving to the north over the next 30 years.

DSE Population projections

	2002	2030	Change	Growth, p.a.
Whittlesea	121,257	221,142	99,885	2.17%
Hume	139,809	216,499	76,690	1.57%
Moreland	137,813	151,776	13,963	0.35%
Darebin	128,900	131,148	2,248	0.06%
Banyule	119,395	120,665	1,270	0.04%
Nillumbik	60,971	64,278	3,307	0.19%
Macedon Ranges	38,430	54,496	16,066	1.26%
Mitchell	29,264	46,783	17,519	1.69%
Total	*775,839*	*1,006,787*	*230,948*	*0.93%*

The number of jobs required for the increased population highlights the importance of attracting strategic employment nodes such as the MWM. The following table shows how many jobs will be required by residents in the north. The two scenarios are, one, to assume a similar rate of employment as currently exists and two, to assume that, based on changes in participation and average hours worked related to our aging population, the proportion employed will increase over time. The second scenario is referred to as the "NIEIR likely employed share".

Jobs required by residents in the north 2030, two scenarios

Local government area	Employed persons, per cent of population, 2001	Jobs required to 2030, assuming 2001	NIEIR likely employed share	Jobs required to 2030, assuming NIEIR
Whittlesea	44.0%	43,914	47.0%	50,626
Hume	41.4%	31,782	45.0%	39,485
Moreland	42.1%	5,884	47.0%	13,264
Darebin	42.2%	948	51.0%	12,533
Banyule	48.2%	612	54.0%	7,655
Nillumbik	53.6%	1,772	55.0%	2,691
Macedon Ranges	46.4%	7,450	48.0%	8,337
Mitchell	43.1%	7,542	46.0%	8,921
Total		*99,904*		*143,512*

The north needs between 100,000 and 145,000 new jobs by 2030, to support the Melbourne 2030 Strategy and help achieve the objectives in that policy. The only way such an increase can be achieved, will be through directing strategically complementary industries to the north of Melbourne – population growth alone will not suffice. The MWM redevelopment would be the type of strategic intervention which could begin this process.

Employment outcomes for areas to the north of Melbourne such as the semi-rural areas of Mitchell and Macedon Ranges are important to include in the analysis. A location of the MWM in the north would provide high quality access to these areas. Small regional communities even as far north as Strathbogie are anticipating utilising the transport linkages possible in the MWM to further expand their food production capacity.

"Compliments the environment and supported by the community."

3. Community and Environment

An important element of community backing not only relates to support for development per se, but support for employment creation at the regional level. In the north there is an appreciation that employment oriented projects such as this are vital in combating unemployment. Melbourne's north experiences lower than average employment outcomes across a range of measures. Some of the poorer performance relates to skills profiles, some to historical trends and other parts include exposure to industries that have undergone restructure such as Textile, Clothing and Footwear (TCF). The outcomes for the north fundamentally relate however to a shortage of total employment.

In the following table the official unemployment rates and the NIEIR real or corrected unemployment rate is shown. In each case the north has a higher than state and metropolitan average level of unemployment. A more socially oriented measure called the Non Job Ready rate highlights how the north suffers from a higher level of structural unemployment. Up to 12 per cent of the population aged 18-65 are identified as Non Job Ready. These people are identified as being unable to access employment opportunities, a large amount considering the figure does not include the short-term unemployed.

With such a high level of non job readiness, it is not surprising that these regions also have low levels of labour utilisation. Hume, for instance, has approximately 55 per cent of total hours utilised. This is 5 per cent lower than the average for Victoria and indicates that current employment would need to be approximately 10 per cent higher to provide the levels of employment currently enjoyed in the majority of Melbourne.

Regional unemployment rates, various measures

	DEET Unemployment, 2003, % labour force	National Economics 'Real' Unemployment, 2003, % labour force	Non Job Ready Rate[3], % of pop 18 – 65	Labour Utilisation, % of available hours worked, pop 18 – 65
Whittlesea	7.5	11.7	11.7	55.9
Hume	8.7	13.2	13.0	54.4
Moreland	9.9	11.9	14.2	55.3
Darebin	9.2	11.5	15.4	54.3
Banyule	3.9	5.8	7.8	63.4
Nillumbik	2.5	3.5	3.7	68.0
Macedon Ranges	4.5	7.0	6.6	61.6
Mitchell	6.7	11.0	9.9	59.9
Metro Average			*9.6*	*60*

3 Non-job ready includes the long-term unemployed, a share of migrant unemployment, an allowance for single parents without employment opportunities, those mature age workers unable to find work and those on disability support pensions.

"Labour force matches wholesale market skill requirements."
"Local education and training support additional growth."

4. Workforce

The north has the capacity to deliver a labour market well suited to the MWM. The size of the available workforce both now and into the future, matchings regional skills to those required by the MWM. The following table shows the types of employment by occupations in fruit and vegetable wholesaling in Victoria in 2001 compared to average hours worked and average income in each occupation in Australia.

Major occupations employed in Fruit and Vegetable Wholesaling in Victoria, 4 digit ASCO classifications	Share of total employment in industry	Average income in Australia	Average hours per week in Australia
Hand Packers	14.39%	21,200	31.10
Crop Farmers	10.45%	27,129	44.73
Import / Exporters & Wholesalers	7.18%	42,497	41.82
Farm Hands	6.93%	20,990	35.28
Forklift Drivers	5.96%	32,635	38.21
Shop Managers	5.19%	31,015	44.75
Sales Representatives	4.81%	39,996	38.87
Storepersons	4.41%	23,542	30.30
Sales Assistants	2.77%	17,122	24.30
Other Food Factory Hands	2.67%	30,169	35.35
Product Quality Controllers	2.49%	33,314	35.96
Truck Drivers	2.44%	36,468	43.20
Delivery Drivers	1.87%	28,269	35.74
Fruit and veg wholesale total	*100%*	*31,216*	*36.79*
All industries		*35,310*	*35.20*
Difference		*-11.6%*	*4.5%*

With higher than average levels of unemployment, the natural policy solutions are to increase training and provide more low-skilled or semi-skilled positions. The MWM redevelopment has the capacity to do both. The table shows that the positions are in general, lower skilled and lower paid than the Australian average. Strong employment in hand packers, sales, forklift drivers and wholesalers highlight the range of opportunities likely to be created by the MWM.

The match-up of employment provided by the MWM with the workforce in Melbourne's north is shown in the following table, illustrating the occupational intensity of the major occupations in Hume and Whittlesea compared with the average for local government areas in the north, and the Melbourne metropolitan average.

Major occupations employed in Fruit and Vegetable Wholesaling in Victoria, 4 digit ASCO classifications	Hume	Whittlesea	North Average	Metropolitan Average
	Occupational intensity[4]			
Hand Packers	**3.18**	**4.45**	**1.12**	**2.11**
Crop Farmers	**0.01**	**0.01**	**0.02**	**0.60**
Import / Export & Wholesalers	**0.31**	**0.25**	**0.25**	**0.80**
Farm Hands	**0.08**	**0.78**	**0.18**	**0.29**
Forklift Drivers	**4.83**	**3.05**	**1.07**	**2.15**
Shop Managers	**3.37**	**3.42**	**2.83**	**4.11**
Sales Representatives	**3.30**	**3.39**	**2.80**	**4.72**
Storepersons	**11.28**	**7.83**	**3.87**	**5.40**
Sales Assistants	**16.09**	**18.37**	**11.05**	**14.28**
Other Food Factory Hands	**2.16**	**1.91**	**0.56**	**0.86**
Product Quality Controllers	**1.65**	**1.78**	**0.48**	**0.67**
Truck Drivers	**8.91**	**5.37**	**2.50**	**2.85**
Delivery Drivers	**3.92**	**3.01**	**1.65**	**1.57**
All employment	***3.15***	***2.94***	***1.59***	***2.48***

The strong match the MWM has for the region is shown in the overall average occupational intensity of 3.15 and 2.94 for Hume and Whittlesea respectively. This is 16 to 20 per cent higher than the metropolitan average indicating an above average match with MWM required occupations. In key occupations such as drivers, hand packers and product quality controllers, the advantage of the north is even stronger.

The average hours worked in occupations which dominate the fruit and vegetable wholesaling industry is slightly more than the national average. In the case of the MWM we would expect that strong full-time employment would be provided based on the

4 Standard location quotient analysis, share of total Victoria employment in occupation multiplied by share of resident employment in local area times 10,000. High scores are achieved either when region has a high share of such occupations in all residents jobs, or when these residents represent a high share of Victoria's employment in such an occupation.

ordinary operations of the market.

4.1 CURRENT LABOUR MARKET CONNECTIONS TO THE MARKET

The journey to work patterns for wholesale trade in general in the Melbourne (C) – Remainder SLA including the current MWM site on Footscray Road, highlight the degree to which the north already relies on employment in this sector.

Almost one thousand workers currently working in wholesaling in the vicinity of the current MWM site live in the north. This is a similar amount to the number living in the local area (1,031).

As compared to other areas under consideration for the MWM redevelopment, the current employment patterns are more strongly related to the northern areas.

Wholesale Trade:

Journey to Work patterns to Melbourne (C) – Remainder	Number of employees
Banyule	136
Darebin	168
Hume	217
Moreland	215
Nillumbik	57
Whittlesea	118
Macedon Ranges	31
Mitchell	18
Northern Melbourne sub-total	*960*
Moonee Valley	277
Other non metro Victoria	170
Dandenong, Casey, Cardinia, MP, Kingston	326
Wyndham, Geelong	348
Local: Hobson's Bay, Maribyrnong, Melbourne, Brimbank, Yarra	1,031
Remaining areas	1,752
Total	*4,864*

4.2 EDUCATION AND TRAINING LINKAGES

All industries require high skill as the modern economy is ever more reliant on its access to technology and innovation. The MWM is no different and also demands these requirements.

The product development potential and business sustainability of the MWM will be improved by access to a labour market which can respond to the changing requirements of a modern wholesale market – the north of Melbourne meets and exceeds these requirements.

The north can offer a range of educational and training institutions which are able to not only cater for the training of workers at the MWM but also help lead the future development of associated industries. The following institutions have provided information about their roles, capabilities and programs which will be important to the development of the MWM in the north:

- Kangan Batman TAFE
- Latrobe University
- Northern Melbourne Institute of TAFE (NMIT)
- RMIT University

Kangan Batman TAFE

Kangan Batman TAFE provides innovative training solutions for the supply chain, logistics and transport industries.

The new Logistics Centre features a heavy vehicle driving range, mini warehouse, loading dock and overhead crane. The warehouse is a 'live' warehouse with state of the art warehousing software and hardware.

Kangan Batman TAFE can provide for all stages of the training cycle, from planning, needs analysis, resource development, program design, delivery and evaluation to consultancy services and traineeships.

Short courses accredited by Kangan Batman TAFE are a cost-effective form of meeting specific industry needs, professional development and are useful for upgrading or refreshing specific skills. They include courses from load shifting operations to dangerous goods and transfer station operations.

La Trobe University

La Trobe University provides a world wide network of educational and scientific links. Its teachers and researchers are recognized and sought after internationally. A network of metropolitan and rural campuses throughout Victoria and overseas would complement the operations and needs of a wholesale fruit, vegetable and flower market.

In addition a new $19.5 million Victorian AgriBiosciences Centre will be built at La Trobe University Bundoora and is expected to provide significant research benefits to Australian agricultural industries.

Teaching, research and training programs that would support the market, include Agriculture, Animal Science and Biotechnology; Health and Safety; Tourism and Hospitality; Business and Leadership; Law; Marketing, Accounting and Management; Statistics and Quality Control; Basic Sciences and Testing plus a Science Precinct linked with international scientific institutions.

The university is ready, able and willing to support the research, education and training needs required by the MWM in ensuring the success of its relocation to the north of Melbourne.

Northern Melbourne Institute of TAFE (NMIT)

NMIT is located in the centre of Melbourne's north. It is the largest single provider of vocational education and training in the region. NMIT provides a wide range of programs designed to meet the needs of individuals and businesses operating throughout the north specifically and the state of Victoria generally.

The Epping campus contains the Primary Industry Skills Centre, providing high level consultancies and training across the broad spectrum of primary industries. NMIT also boasts a number of wholesale market specific programs including an extensive forklift driver training complex; food safety training and accreditation; occupational health and safety; and site traffic management.

NMIT also offers tailored business efficiency and business planning training in retail, sales and marketing and international trade, all areas listed as important to the market relocation.

NMIT is the first Victorian TAFE Institute given Government approval to offer and confer its own degree courses

RMIT University

The relocation of the MWM to the northern region of Melbourne provides exciting opportunities for synergies with the education and training provided by RMIT and would invite collaboration between industry and RMIT researchers in food science and biotechnologies.

Potential exists for RMIT to offer training in a number of relevant skills areas, as well as add value through professional development opportunities and research in food and biotechnologies. The MWM would also offer the opportunity for the development of direct links with relevant industries for RMIT students.

RMIT offers training, short courses and research programs that support and add value to the MWM, including degrees in Food Technology and Nutrition; Consumer Science; Transport and Logistics Management; MBA's in Administration, Logistics and Transport, Marketing plus a Logistics Executive Advancement Program.

RMIT also offers a number of wholesale market specific programs, including residue testing; emission controls; recycling and waste management conversions; logistics and supply chain management.

4.3 POSITIONED FOR GROWTH

Whilst there is a strong connection with the north, it is important not to overstate the impact fruit, vegetable and flower wholesaling by itself would have. The wholesaling industry is one which has a very interesting mix of occupations. National Economics utilises three measures to describe the skills intensity of an industry. Global Knowledge Flows highlight the level of information technology utilised in an industry. Knowledge Driven Growth Potential measures the relative levels of analytical occupations in an industry, while Skills Sustainability highlights employment risk from technology.

Understanding the knowledge intensity of fruit and vegetable wholesaling

	Fruit and Vegetable Wholesaling	Melbourne Statistical District, All Industries	Victoria, All Industries
Knowledge Driven Growth Potential[5]	33.9%	85.7%	79.9%
Global Knowledge Flows[6]	11.6%	17.0%	14.4%
Skills Sustainability[7]	45.4%	73.8%	74.0%

Global Knowledge Flows are relatively strong - 11.0 per cent versus 14.4 per cent for all industries, but Knowledge Driven Growth Potential and Skills Sustainability are comparatively low. This is because the industry produces high levels of low skilled employment, as well as having a requirement for information based support.

The spin-off industries and businesses which are likely to contribute even more than the wholesaling itself ride on the back of the flows of information and scale of activity in the market. Even in the birth of internet shopping in Australia the MWM had a role with on-line fruit and vegetable retailing.

The north is well placed to provide the full range of employees likely to not only work in, but invest in the future of the MWM and its spin-off activities. The combination of local matching of employment needs with the capacity to grow higher skilled employment through innovation and complementary industry highlights how well placed the north is to drive the potential of the MWM redevelopment.

Additional background to the recent economic performance of the region highlights the fact that the north's manufacturing industry has undergone a significant transformation over the past decade, especially through the loss of TCF employment, and low skilled positions within other forms of manufacturing.

One would have considered manufacturing in the north to be poorly placed at the start of 1991. The future role of Australia's car industry in the world was uncertain, there was an over reliance on TCF employment which was facing necessary reform.

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5 The relative level of symbolic analysts positions (those which revolve around the processing of information from varied sources) to routine workers whose jobs are at risk of automation or codification. 33 per cent indicates one symbolic analyst per three routine workers.

6 Share of employment in global knowledge occupations. Such occupation rely on the transfer of information within the economy and include computing logistics support, sales and marketing along with many technical or professional occupations

7 The exposure of the workforce to low skilled or clerical positions, 45.4 per cent means that only this amount of workers are not low skilled or clerical.

ANZIC Code	Industry – northern region	1991	2001	Change
21	Food	6,622	5,924	-698
22	Textiles, clothing & footwear	17,831	10,165	-7,665
23	Wood	3,320	3,689	369
24	Printing & publishing	4,695	4,970	276
25	Petroleum & chemicals	4,733	5,978	1,245
26	Non-ferrous	2,364	1,818	-540
27	Ferrous	7,045	5,938	-1,107
28	Machinery	19,166	17,986	-1,180
29	Building	3,656	5,126	1,273
Total manufacturing		*69,630*	*61,597*	*-8,033*

Source:YourPlace database 2001, NIEIR

Despite this the region has been able to sustain total employment after allowing for losses in the TCF industry.

5. Sustainability

The concept of sustainability has a number of components in the context of the MWM redevelopment. Many of these relate to the locational advantages the north has in delivering land, operations, access and workforce.

5.1 LAND AND LOCATION

The sustainability of the site and its operations in the short and long term would be well provided for in the north because:

- The north of Melbourne has perfectly matched sites available for a MWM relocation that will generate strong rents around the market without inhibiting new development. The desire for co-location will drive and sustain the site
- Allied industries will drive the sustainability of the market through increased rents. With high utilisation and ties to complementary activities in the area in the medium term, this will increase the long-term viability of the site
- The markets were forced to leave the Old Queen Victoria markets 30 years ago and move to the current site. As noted in the EOI, the planned life-cycle of the new site must be longer than the two previous market sites provided. Relocation of the MWM to the north of Melbourne will ensure this occurs
- By the mid 1950's, the moving of ever larger trucks into the rapidly expanding post-war city became a major problem for the first site. This was not solved until the move in the 1970's. In 2004, a similar situation exists and expansion on the current site is not possible, however, relocation to the north of Melbourne will overcome this problem, and
- Experience from both previous sites suggests that a truly sustainable site simply must not cut corners on transport linkages and capacity for expansion

6. Location, Operations and Access

The northern region of Melbourne provides outstanding locational advantages to meet the requirements of the MWM. These include the following:

- Serviced by the best air, road, rail and seaport networks and only 20-25 kms from CBD
- Accommodates all logistics and operational requirements 24/7 with no curfews
- Reduces the freight tasks and traffic congestion important for sustainability through a location which has the best connections to the entire supply chain
- Transport productivity and an increased role in exports with unencumbered access to the northern states and the airport, essential to the sustainable future of the MWM
- The travel distance for end users is likely to be increased on average for any move from the current site. This is not surprising given the central location of the Footscray Road site. A movement closer to suppliers and interstate connections will reduce the congestion impact - the north of Melbourne best achieves this
- Proximity to the international airport at Tullamarine
- Linkages to the Hume Highway, Australia's freight highway and source of the majority of interstate fruit and vegetables supplied to the market, and
- Proximity to modal interchange developments which will increase the viability of rail transport in the fruit and vegetables industry in the future

To highlight the benefits to the MWM of positioning itself in the north, the following analysis looks at distances for the supply chain to the market. The Distances to Places of Production table shows the share of employed persons involved in the production of goods sold in the MWM, along with the distance from the current site and the alternative site in the north. A tick is also shown for connections between the northern site and the place of production which would remove traffic from the metro system.

The Average Distances to Supply Chains table shows the average distances between the alternative sites and the distribution of employment for each.

Distances to Places of Production

Major employment regions	Share of Employed Persons, Victoria	Distance to Northern Melbourne	Distance to Current Site	Removed from Metropolitan Roads
Mildura	19.5	547	548	✓
Swan Hill	11.8	355	364	✓
Yarra Ranges	9.8	55	45	
Shepparton	8.0	166	189	✓
Cardinia	3.5	90	77	
Casey	3.4	70	56	
Mornington Peninsula	3.2	85	66	
Wyndham	2.9	25	48	
Hume based traffic	n/a	288	310	✓
Industries used: Flower growing, Vegetable growing, Grape growing, Apple growing, Stone Fruit growing, Other fruit, inc. Kiwi fruit				

Significant reductions are realised for the important interstate trips from the north, those trips which would ordinarily use the Hume Highway. In such circumstances, in addition to the 22 kilometres saved, the trips would not impact on traffic in the metropolitan system. The importance of the linkages to the production centres of Mildura, Swan Hill and Shepparton is also highlighted.

Average Distance to Supply Chains

Major Employment Regions	Production	Wholesale Linkages	Retail	*Total*
Share of total	60%	10%	30%	*100%*
Current site	248.6	158.7	76.9	*188.1*
Northern Melbourne	245.8	163.0	86.0	*189.5*
Laverton	259.0	167.5	88.1	*198.6*
Avalon	277.6	186.2	110.9	*218.5*
Dandenong South	272.7	182.1	96.1	*210.7*
Industries used: Flower growing, Vegetable growing, Grape growing, Apple growing, Stone Fruit growing, Other fruit, inc. Kiwi fruit				
Assumes 11 per cent of traffic generated is via Hume connection to NSW				

The table above shows a northern Melbourne site is likely to be equal to the current site in terms of proximity to the total supply chain. In total, the northern Melbourne site has a 5% advantage over a site in the Laverton area. Far more significant gains are made if the comparison is with Avalon or Dandenong, neither of which have strong locational connections to markets or producers.

7. Conclusion

The relocation of the Melbourne Wholesale Market (MWM) represents a unique opportunity for the market to develop and grow, both short and long term, in tandem with the future projected developments in the north under the Melbourne 2030 Strategy.

The north of Melbourne provides exceptional benefits and advantages for the MWM to re-locate within the region under all of the key criteria of land, location, operations, access, workforce, community & environment and for the future development of Melbourne.

Further Information

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SEE ALSO

"Growing Melbourne's North: developing an integrated economy"
(NORTH Link/NIETL and NACC, 2003)
www.melbournesnorth.com.au