9th December 2011

Mr Nathan Blunt
Executive Officer
Outer Suburban/Interface Services and Development Committee
Parliament of Victoria
EAST MELBOURNE VIC 3002

LEADWEST SUBMISSION TO THE INQUIRY INTO GROWING THE SUBURBS:
INFRASTRUCTURE AND BUSINESS DEVELOPMENT IN OUTER SUBURBAN MELBOURNE

Please find attached a submission by LeadWest to the Outer Suburban/Interface Services and Development Committee of the Parliament of Victoria on matters relating to Growing the Suburbs: Infrastructure and Business Development in Outer Suburban Melbourne.

LeadWest is a regional organisation for Melbourne’s west. It is governed by a ten-member Board of Directors comprising five local government representatives (one each from the cities of Brimbank, Maribyrnong, Melton, Moonee Valley and Wyndham), four elected by the corporate members and an independent chairperson.

LeadWest’s objective is to foster and undertake actions that will support sustainable growth and development of the region. We aim to build on the region’s social, economic and environmental capacity and to plan and create a sustainable future for the wellbeing of its communities. Consequently, LeadWest and the organisations it represents have a keen interest in the growth, success and prosperity of the outer suburbs in Melbourne’s west.

This submission reflects the views of stakeholders from across the range of communities in the west of Melbourne.

Please feel free to contact me if you require further information on LeadWest and its submission.

Yours sincerely,

Anton Mayer
Chief Executive Officer
LeadWest Ltd
LEADWEST SUBMISSION TO THE INQUIRY INTO GROWING THE SUBURBS:
INFRASTRUCTURE AND BUSINESS DEVELOPMENT IN OUTER SUBURBAN MELBOURNE

LeadWest applauds the Outer Suburban/Interface Services and Development Committee for inviting submissions to address issues in respect of the Infrastructure and Business Development in Outer Suburban Melbourne.

LeadWest also commends the Victorian Government on its vision and foresight in laying the foundation for supporting a growing population within outer Melbourne whilst safeguarding our liveability and we welcome the opportunity to provide this submission.

LeadWest understands that the Committee has invited written submissions addressing any aspect of its terms of reference, which include:

(a) identification of existing public and private infrastructure provision, including schools, hospitals, commercial and shopping precincts, transport and roads, telecommunications, water and power;

(b) assessment of the capacity of existing infrastructure to accommodate increased population growth;

(c) investigation of options, based on intrastate, interstate and international evidence, which reduce pressures on infrastructure and essential services;

(d) compilation of a catalogue of the skills mix of outer suburban residents to identify those areas with a skills shortage and provide options for skills training and retention, especially as it relates to both younger and semi retired people;

(e) examination of the role of small businesses, local councils and community groups (such as Rotary and Lions clubs) in developing local expertise;

(f) investigation of the value of sister city relationships with key trade and innovation markets; and

(g) Identification of local manufacturing capacity and highlight export development opportunities available for businesses operating in the outer suburbs.

LeadWest’s submission addresses each of the aspects of the Committee’s terms of reference from (a) through to (e).

Many people are attracted to outer suburban areas by affordable housing options, but costs of living at the city’s fringe are often higher, particularly when the commute to work is long, when public transport access is limited, and when access to activity centres and facilities for health and recreation, education and entertainment is predominately oriented toward road-based transport.
It is LeadWest’s view, and thus a key tenet of LeadWest’s submission, that being able to offer our growing population the necessary infrastructure to underpin sustainable and meaningful employment opportunities closer to their homes will be vital in supporting the communities forming at the fringe of our city. It is also very important to support improved access to facilities that provide health and recreation, education and entertainment opportunities.

In this submission, LeadWest has identified infrastructure capacity issues in Melbourne’s west. A lack of new infrastructure and inadequacy of older infrastructure is seen as a key problem for Melbourne’s west and amongst the greatest threat to its economic viability, social cohesion and environmental sustainability.

LeadWest recommends measures to support regional economic development as an appropriate method to reduce pressures on infrastructure and essential services. LeadWest’s perspective on this issue is provided in the section headed ‘Transport and infrastructure in the outer suburbs of Melbourne’s west’ (page 7).

In this submission, LeadWest shares its information on the skills mix of the residents of Melbourne’s west, particularly the outer-west, and identifies areas with acute skills shortages. LeadWest also suggests measures to address skills training and retention issues in the section headed ‘Education and skills in the outer suburbs of Melbourne’s west’ (page 10).

LeadWest recently lodged a submission to Small Business Victoria in response to the questions set out in the Small Business Discussion Paper and some of the material in it, particularly that which assists with examining the role of small businesses, is included in this submission.

LeadWest also shares its view the value of sister city relationships with key trade and innovation markets, and provides its perspective on local manufacturing capacity in Melbourne’s west, highlighting the export development opportunities available for businesses operating in the outer suburbs of our region. This information is provided in the section headed ‘Economic development and jobs in the outer suburbs of Melbourne’s west’ (page 11).

Whilst responding to the Committee’s terms of reference via the three sections of this submission, LeadWest stresses the interconnectedness of the three themes: infrastructure and transport; education and skills; and, economic development and jobs.

Infrastructure and transport serve as enablers for the provision of education and attainment of skills. Infrastructure and transport are also economic enablers, providing businesses and consumers with the means to find, acquire and move goods and the means to access services. Advances in education and skills obviously underpin enhanced
economic development, enable job creation and promote opportunities to make productivity gains.

ABOUT LEADWEST

LeadWest is a regional organisation that was formed in 2007 by the local governments of Melbourne’s west. LeadWest was created to foster and undertake actions that will support sustainable growth and development of the region.

LeadWest aims to provide leadership across the region, to ensure co-ordination of key regional activities, to be an advocate for the region, to promote and market the region, and to develop regional planning.

LeadWest adopts an active partnership approach between business, government and the community working together on behalf of the region.

Although formed by the region’s local governments, LeadWest’s Constitution provides for “Non-Council” organisations to be members and to have representation on the Board. Membership is open to all companies and organisations in the region.

Consequently, as several non-government organisations from a range of industries have joined LeadWest, it has become an organisation encompassing and representing a wide range of interests within the communities of Melbourne’s west.

LeadWest has been established as a company limited by guarantee and its Board of Directors comprises five Directors drawn from the following councils: Brimbank, Maribyrnong, Melton, Moonee Valley and Wyndham; plus four Directors elected from non-council members (presently a Director from each of City West Water, Moonee Valley Racing Club, CitiPower/ Powercor and Victoria University).

The Board of Directors has an independent chairman, who is currently a prominent business leader from Melbourne’s western suburbs, Mr Barry Harvey AM.

More information about LeadWest is available at www.leadwest.com.au
ABOUT MELBOURNE’S WEST

Located immediately to the west of Melbourne's Central Business District and stretching to the urban fringe, Melbourne’s West encompasses the municipalities of Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham.

Melbourne’s west is the fastest growing region of Melbourne and one of the fastest growing regions of Australia. As Melbourne’s west has for generations been the gateway for Victoria and for much of south-eastern Australia, and given that cities comprise ‘systems of opportunity’ serving both metropolitan and hinterland populations, this metropolitan region of Melbourne has the potential to provide opportunities for many people born or migrating into communities within the region and across the whole of Central Victoria and Western Victoria.

A combination of geographic and demographic advantages makes Melbourne’s west the logical gateway location for ‘real economy’ businesses, manufacturing and associated freight transport, distribution and storage activities. The region has a locational advantage in relation to major centres of economic activity, and it has virtually all Melbourne’s major rail, road and air transport connections to the rest of Australia running through it or being adjacent to it.

In part due to this locational advantage, Melbourne’s west has historically been a site of industrial activity. The region’s wealth has been largely derived from manufacturing, comprising:

- growing processing industries that generate some research and product innovation;
- nationally important energy-based industries that are stable in terms of employment; and
- sectors highly exposed to international competition and the rise of low-cost manufacturing in overseas locations.

This industrial concentration within the region, however, left it vulnerable to shifts in the economic relationships between firms, markets and governments which characterised the period from the late-1960s to the early 1990s. Whereas Melbourne’s west had enjoyed a large manufacturing sector, with transformation of Australia’s economy away from this base our region’s manufacturing industry has slowly been eroded. Employment in this sector has declined over the past two decades, a trend that is likely to continue.
LeadWest and its stakeholders note the emergence of a ‘patchwork economy’ in Australia, where some sectors boom whilst others struggle. The patchwork analogy applies not just to variation between industries, but also to variation between regions. It also applies to urban regions within cities.

For example, Melbourne’s west as an urban region faces economic circumstances very different to those of the City of Melbourne and the urban regions to its east and south-east. As stated in *Updating Melbourne’s West*:

> The region is, to a large extent, a captive of its history as a manufacturing region, and while the population is diverse, it includes some of the most disadvantaged residents of metropolitan Melbourne. On average, education outcomes, skill levels, occupational status and incomes are lower than the average for Melbourne. The gentrification of the Inner West introduces a more highly skilled, better educated group with higher incomes to the West, which is potentially a labour force to fill professional jobs in the West. However, to date their orientation has been towards jobs in the CBD.

The extent of this disadvantage pervades all strategies to further transform the West and improve its integration with the global knowledge economy. It impacts on the prospects of Footscray to fulfill the ambitions of the State Government for it to become a CAD with an array of CBD-like service functions. Even for the above-average income LGA of Wyndham, the low educational outcomes and relatively poor qualifications of its residents presents an additional challenge to the development of a Monash-type technology cluster developing at the Werribee Employment Precinct.

At present, the concentration of new jobs in the faster growing service sectors mainly occurs in the Melbourne CBD and the urban regions covering the inner to middle suburbs of Melbourne’s east and south-east. Yet as the land supply diminished in metropolitan Melbourne’s south-east, there was a big shift to higher rates of growth in the west and north.

The current hot-spots for residential population growth are in Melbourne’s west, particularly in Wyndham and Melton. The outer western region’s resident population is predicted to well exceed 500,000 people by 2031. Projections by the Department of Sustainability and Environment (DSE) indicate that the region will be expected to accommodate more than 25% of projected metropolitan population growth over the next quarter century.

LeadWest has recognised both the challenges and opportunities that substantial population growth poses for the region. The growing regional population offers significant opportunities for new business investment, but help is needed to realise those opportunities.

---

1 Centre for Strategic Economic Studies, Victoria University (April 2010) *Updating Melbourne’s West*
One of the core challenges is to re-balance the economy of Melbourne’s west and regain better job densities within the region. The number of jobs in Melbourne’s west is lagging further and further behind population growth. Victoria University research shows that ten years ago the region had 8% of Melbourne’s population and 12% of the jobs, but now the situation is reversed: 16% of metropolitan population but only 8% of the jobs. In addition, given the East of Melbourne’s limited longer term capacity to continue to support further population growth e.g. City of Casey, further impetus will be forthcoming to drive even more population growth into the outer western region. It is an unsustainable situation if improved job density is not achieved in Melbourne’s west.

The region must reduce its relatively higher levels of unemployment, broaden the range of local jobs (especially in the advanced knowledge/service sectors), and become less dependent on inner Melbourne for jobs. There is a need to grow existing businesses and attract new industries of the right type to Melbourne’s west. There is a need to focus on attracting knowledge based industries and professional jobs. The region is not economically sustainable in its present form nor will it be if it continues to only attract transport, logistics and manufacturing jobs.

Attraction of businesses and support for economic growth in the manufacturing and transport and logistics sectors does remain important to Melbourne’s west. The region has recognised strengths in manufacturing, engineering and construction trades, skills and resources. It also has significant competitive locational advantages as noted earlier.

The challenge for Melbourne’s west is to build on these existing skills and locational advantages by developing a leading-edge manufacturing and engineering sector. Linked to innovative product development, the creation of a strong niche industry will deliver significant economic and employment benefits to the region, through provision of a world-class productive cluster. The region seeks growth of this nature as well as growth in the services sectors, leading to a better mix of businesses and jobs in Melbourne’s west.

The region has entered a phase in which significant economic opportunity is presented and economic development can be advanced with support from governments and businesses. The region’s ‘revitalisation phase’ was first enabled by the opening of strategic transport infrastructure – the West Gate Bridge and the Western Ring Road. Delivery of this infrastructure stimulated a wave of investment in logistics-based industries within the region and led to the formation of the West Industrial Node, recognised in metropolitan policy as one of three major industrial nodes in Melbourne. The next set of strategic infrastructure projects in Melbourne’s west can unlock the full potential of this gateway region.
The resurgence of industrial land development in Melbourne’s west, together with significant population growth, has renewed interest in the region for major investment and development. As previously noted, the region is highly accessible to Melbourne’s port and air freight hubs, and to the major rail and road networks linking Victoria to the eastern seaboard markets. LeadWest has been contacted by businesses looking at relocating into the region, and to complete their business cases these business ask us the question: what infrastructure solutions are proposed to reduce congestion on the region’s road transport network?

TRANSPORT AND INFRASTRUCTURE IN THE OUTER SUBURBS OF MELBOURNE’S WEST

A lack of new infrastructure and inadequacy of older infrastructure is seen as a key problem for Melbourne’s west and amongst the greatest threat to its economic viability, social cohesion and environmental sustainability. Transport infrastructure remains significantly under-developed in Melbourne’s outer west. Given the high rates of population growth in the new outer suburbs of the region, timely major investment in transport infrastructure is essential to ensure future economic and social problems are avoided.

Melbourne’s west is a large exporter of labour. Rapid population growth in the region means that there is a widening gap between the number of people and the number of jobs within the region. The regions level of job provision is well below the metropolitan average (315 jobs per 1,000 population compared to 458 for all of metro Melbourne.) To make matters worse most municipalities in the region have a very narrow range of jobs – mainly focused in areas that are traditionally considered blue collar.

The low provision of jobs combined with the narrow range means that 31% of the workers resident in Melbourne’s west commute to inner Melbourne while many others travel to Melbourne’s east. This large commuting population, inadequate public transport that forces many people onto the road and the limited number of access points to inner Melbourne and beyond, creates substantial bottlenecks that not only cause congestion for commuters but also severely limit the efficiency of freight, commercial and service movements both within and through the region.

The resulting congestion, both intra and inter region, is acknowledged as a significant contributing factor to the comparatively low level of investment and job provision. In short, investment in transport infrastructure is one of the strategies necessary to attract investment and unlock the regions potential.
Rail transport

With respect to rail infrastructure in the region, Melbourne’s west needs more capacity on existing lines, additional stations, and new cross-suburban lines. The Regional Rail Link project is most welcome and will benefit some of the new outer suburbs within the region. However, electrification and duplication of the Melton railway line is now also required to service the fast growing outer north-west part of the region. For rail freight, there is a need for additional lines and capacity to serve the growing freight task and support continued growth of the logistics sector within Melbourne’s west.

Road transport

With respect to the region’s road-based public transport services, there is a pressing need for additional bus routes, higher bus service frequencies and better timetabling connections with rail. Whilst recent investment to improve West Gate Bridge capacity is most welcome, Melbourne remains vulnerable with only one significant route from East to West. There is a critical need for an additional main road connection, such as the proposed East/West Link project. As proposed by Rod Eddington, the Outer Metropolitan Ring will be crucial in the longer term to underpinning sustained economic growth in Melbourne’s outer west.

‘Hard’ infrastructure supporting suburban jobs

LeadWest welcomes key infrastructure developments that underpin and support the rapid growth occurring in Melbourne’s west. Both the visionary Regional Rail Link and the proposed Outer Metropolitan Ring/ E6 transport corridor are seen as vital prerequisites to future development and economic prosperity in Melbourne’s west. In addition, the proposal to introduce rail services to Avalon Airport, supporting its future development as both an international airport and as an employment precinct, is important for Melbourne’s outer western suburbs.

This infrastructure has the potential to act as real engines of growth and be a catalyst to attract much needed business investment into a region with its presently poor jobs to population ratio. Investment in this enabling infrastructure will serve to support the opening up of areas to accommodate the region’s population growth as well as foster the development of commercial, business and employment districts in the outer suburban parts of the region.

Key to the needs of a number of businesses within Melbourne’s west, relocating to the region or considering such a move is access to the Port of Melbourne. Trade through the Port of Melbourne, Australia’s largest and busiest container port, surged to record highs in 2010. It is expected that container traffic through the Port of Melbourne will increase significantly by 2035.
The Port of Melbourne is centrally located at the nexus between Melbourne’s east and west. The routes used to move goods around Melbourne are also popular routes for moving people. As the demand for freight and personal travel grows, these routes are becoming increasingly congested, affecting the reliability of freight movements and impacting on productivity.

Melbourne’s west has served for generations as the gateway for Victoria and for much of south-eastern Australia. The region has become one of Australia’s major transport and logistics hubs because of its proximity to the Port of Melbourne and Victoria’s major airports. If the rail share of freight transport does not significantly improve, by 2035 there will be at least 18,000 truck movements each day to and from the Port of Melbourne and much of that will move through Melbourne’s west.

Thus, as identified in the East West Link Needs Assessment undertaken by Sir Rod Eddington for the Victorian Government, there is an urgent need to improve east-west transport connections across Melbourne, which is heavily reliant on the Monash – CityLink – West Gate corridor as the only major east-west road link to support travel between the industrial and residential growth areas to the west and south-east of Melbourne. This corridor will not be adequate to serve travel needs arising from further economic development and population and jobs growth.

As well as opportunity to address the region’s transport inefficiencies through investment in transport infrastructure, there is opportunity to address the demand-side factors leading to so many vehicles on the roads of Melbourne’s west. As will be further described in a following section of this submission, investment that supports growth of suburban jobs is needed. For this reason, it is most pleasing to see that considerable attention is being devoted to supporting future development at the strategically positioned ‘Werribee Employment Precinct’. With existing facilities such as Victoria University as well as other researched based organisations, this precinct offers enormous scope to become a key employment centre for the region.

LeadWest also believe that ‘Employment Precinct’ initiatives need to be developed for the Melton growth corridor firstly, as this area has the greatest need given its poor jobs to population ratios, and secondly in and around Sunshine and St Albans, leveraging off the Victoria University facilities at St Albans and the major re-developments associated with the Western Hospital at Sunshine and its training and research facilities.

‘Soft’ infrastructure supporting suburban jobs

‘Regional economies are, as noted, supported by investments in necessary ‘hard infrastructure’ but also by investments in the ‘soft’ or social capital of the regional communities.
To be a productive population it is necessary to be a healthy population. The health of the population in Melbourne’s outer west is poorer than other regions as evidenced by a number of indicators, particularly diabetes and obesity. Improved health and stronger community development in Melbourne’s outer west will mean that people are more able to obtain jobs, build successful lives and contribute to the economic and social improvement of the region.

The outer west also has, as previously noted, very high rates of population growth. The number of new families with young children is placing added demand on family services. There are also high concentrations of disadvantaged groups, including newly arrived migrants who often feel disenfranchised and disengaged from the community.

Education infrastructure is a key issue. The skills base of the region’s community is low and building a strong skills base is the crucial issue. The region has the lowest rate of tertiary qualified graduates in metropolitan Melbourne. We need to equip our people for jobs in the new economy, raise education levels and choices, improve access to education, increase school retention rates, grow the number of tertiary graduates, expand private school offerings, increase Internet and computer usage, deliver high speed broadband and foster lifelong learning.

EDUCATION AND SKILLS
IN THE OUTER SUBURBS OF MELBOURNE’S WEST

The skills shortage experienced by firms in Melbourne’s west is evidenced by many having to draw employees from outside the region, with consequent added demand on the transport system and economic leakage. Yet Melbourne’s outer western suburbs continue to experience relatively high levels of unemployment, especially youth unemployment.

Youth unemployment and school drop-out rates

Melbourne’s west is home to students who are talented and full of raw potential. Yet many young people are dropping out of secondary education and this is reflected by school retention rates in Melbourne’s west that are low relative to the other metropolitan regions of Melbourne. Stakeholders in Melbourne’s west would benefit from access to research data and analyses that could better guide them in designing and implementing local strategies aimed at achieving improved school retention rates. Better school retention rates will in turn assist in reducing the unacceptably high youth unemployment rates in parts of the region.
Access to education

There is a lack of access to education for people living and working in Melbourne’s outer west. Training courses may be available, but are often not accessed by the people who need them. This is compounded by poor transport which makes access to university and colleges difficult for people. Internet access for people in Melbourne’s west is inadequate, but essential for education and skills development. High speed broadband is urgently needed in this region.

Lack of education choices

Many parts of the region, particularly the outer suburbs, lack choice in primary and secondary education. More private and specialist public schools are needed to attract managerial and executive level people to live in Melbourne’s west. Planning restrictions outside the urban growth boundary make it difficult for schools to plan new campuses and sporting facilities to cater for growth.

Access to the internet

Internet access for people in Melbourne’s west is inadequate but essential for education and skills development. High speed broadband is urgently needed. Ubiquitous high speed broadband will provide a way to build the capacity of teachers, students, and the wider community through increased learning opportunities and choices. It is also an enabler of local job growth as set out in the following section.

ECONOMIC DEVELOPMENT AND JOBS
IN THE OUTER SUBURBS OF MELBOURNE’S WEST

A concern for the region’s business and community leaders that is often relayed to LeadWest is the high number of people who cross-town for work. When people from Melbourne’s west travel to Melbourne’s CBD and east/south-east to work, the economic activity obviously centres on their work base in those other metropolitan regions and these people occupy road and public transport space.

In looking at a solution for this, interest groups and chambers of commerce in Melbourne’s west are eager to attract large businesses. LeadWest is also eager to see the supported growth of small businesses in the region.
As previously noted, a message ringing true is that improved transport and telecommunications infrastructure in Melbourne’s west will help attract such business to the region.

**The suburban jobs imperative**

LeadWest would contend that if Victoria, in particular greater metropolitan Melbourne, is to continue to support sustainable growth, the polycentric city structure needs to be supported and promoted and far greater attention is going to have to be focused on initiatives creating ‘suburban jobs’.

Communities in Melbourne’s west are acutely aware there is a significant issue with traffic congestion heading to Melbourne, particularly over the West Gate Bridge and travel times in peak hour have slowed to their lowest levels in over a decade which imposes huge economic and social costs onto the community.

LeadWest supports the concept of key “employment corridors” linking central activity districts into Melbourne’s outer west, to both Wyndham in the south-west and Melton in the north-west. These employment corridors will be vital in supporting the delivery of a more decentralised jobs structure for Melbourne.

The growth of more local jobs will require vastly improved infrastructure, particularly telecommunications infrastructure. A clear message that emerged from a recent survey of Australian business leaders was that the development and deployment of a high speed broadband network is now seen as crucial in building the future competitiveness of both Victorian companies, and the Victorian economy.

Ensuring that the designated growth areas around Melbourne have high quality Internet access will support increased mobility of business from a ‘locational’ perspective and support jobs creation and investment attraction initiatives that make for a successful polycentric city structure.

The overwhelming majority of Australian businesses now have some form of internet access, but the absence of an effective, high speed broadband network, particularly outside the CBD, has meant that many have failed to take advantage of the other locational advantages the outer metropolitan locations have to offer.

From an environmental perspective, less people stuck in traffic, and more people living closer to their relocated workplace would potentially save significant amounts of greenhouse gases. The solutions of decentralised business districts and teleworking (discussed below), when considering climate change and transport congestion, can be
neatly summed by reference to the simple physics that it takes a lot less energy to move a packet of data than a packet of objects or people.

**Central Activity Districts in Melbourne’s west**

LeadWest welcomes the concept of a polycentric city structure for the greater Melbourne metropolitan area and is supportive of the establishment of Central Activity Districts around Melbourne. LeadWest understands that these key Central Activity Districts are the primary places for employment creation especially in the tertiary/services sector. LeadWest also welcomes proposals such as the development of the ‘Werribee Employment Precinct’ as critical to supporting the creation of local jobs.

LeadWest agrees with the logic of a polycentric city structure and is supportive of the past designation of Footscray as transit-oriented Central Activity District. However, given the very rapid growth in population taking place in the outer west, in particular the growth in Melton and Wyndham, and also the extremely poor jobs to population ratios in those areas, LeadWest seeks serious consideration of additional Central Activity Districts in the outer west. This aspect was also strongly made within the Western Region Economic and Industrial Development Strategy (WREIDS), which was commissioned by the Victorian Government in 2007.

All available data covering jobs to employment ratios and journey to work statistics all suggest that an additional high order activity centre that can act as a centre for tertiary/service sector employment is vital. At present, there is escape expenditure from Melbourne’s west of over $2 billion per annum in professional services. This represents a real opportunity to create a more diverse employment mix for the rapidly expanding population of Melbourne’s west.

**Suburban public service jobs as a change stimulus**

Over 10% of Melbourne CBD office space is taken up by the Victorian Government. A relocation of some of this public service activity to selected suburban locations such as Footscray, Sunshine, Moonee Ponds and Werribee is likely to provide the necessary catalyst for a re-balancing of the economy of Melbourne’s west. It could act as a catalyst to drive the Victorian Government’s aim of developing key transit cities and underpin positive urban redevelopments, particularly into Melbourne’s west. It would also have a direct impact on the number of private vehicles travelling into the city on any given day.

Relocating government offices out of the city could substantially reduce government expenditure, have significant environmental benefits by decreasing carbon emissions and improve Melbourne’s traffic gridlock.

LeadWest takes the view that the Victorian Government could demonstrate real leadership by looking into the viability of decentralising its public sector activities out of
Melbourne’s CBD. This would be good for the metropolitan and other regions as well as good for Melbourne’s CBD taking pressure off commercial rents in the CBD as the public sector frees up office space to be taken up by other businesses, maintaining Melbourne’s competitive position globally. There could also be significant taxpayer savings as arterial infrastructure may be more efficiently utilised and Government employees could be located in less expensive office locations.

The decentralisation of Victorian Government employees/services out of the Melbourne CBD may be an opportunity for a well informed, responsible Victorian Government to advance as part of a considered, controlled and managed approach. Such measures may have a high up-front cost, but could well be cost-effective over the long-term, providing wide ranging benefits for the Victorian Government and Victorian taxpayers.

It is hoped that this research will provide a stimulus to the Victorian Government to fully explore the potential for the decentralising of its services as part of a ‘whole-of-government’ approach. Melbourne @ 5 Million and Melbourne 2030 are going to require a complete rethink as to the creation of jobs outside CBD locations.

Additionally, to support growth in ‘suburban jobs’, particularly service sector jobs, we should also be looking at options for the establishment of suburban-based ‘business barns’, where people travel short distances to plug into hot-desks with rapid broadband speed and video-conferencing facilities that enable teleworking.

**Teleworking**

Ensuring that the designated growth areas around Melbourne have high quality Internet access will support increased mobility of business from a ‘locational’ perspective and support jobs creation and investment attraction initiatives that make for a successful polycentric city structure.

The overwhelming majority of Australian businesses now have some form of internet access, but the absence of an effective, high speed broadband network, particularly outside the CBD, has meant that many have failed to take advantage of the other locational advantages the outer metropolitan locations have to offer.

A substantial number of small businesses are home-based businesses. Home-based businesses are an important sector of the Australian and Victorian business communities. Many home-based businesses have been formed in the outer suburbs of Melbourne’s west.

Many of these businesses need access to high-speed internet to remain productive and to be able to compete on the same stage as their city-based counterparts. Unfortunately, there are at present households in Melbourne’s western, eastern, northern and southern fringes – and parts in-between – that can’t access ground-based
broadband (such as ADSL). This is due to the fact that many developments have been built without giving due consideration to broadband infrastructure; an assumption that the copper network would provide fast internet access, when in-fact it runs out of capacity when more connections to households are bolted onto its backbone.

LeadWest believes that the Victorian Government should champion the deployment of National Broadband Network into the new growth areas as a means of supporting more localised employment.

It should be noted that effective high speed telecommunications can also play a significant role in achieving a low-carbon economy, particularly through reduced transport demand. Teleworking moves work to people reducing the need to move people to work.

**Supporting small business**

Melbourne’s west is at present home to many small businesses. As Australia’s currently fastest growing region, many new small businesses are being created in Melbourne’s west. As growth opens opportunity, in the future this region will likely become the home of many more small businesses.

LeadWest and Western Melbourne Regional Development Australia (WMRDA) have both identified a key strategic role for business incubators as a catalyst to underpin local business development and jobs growth. Such incubators would assist in promoting self-employment opportunities through its support of new business development. Such facilities also provide an opportunity for the many one person home-based enterprises in the outer suburbs to increase their turnover and employment as well as expanding the base of skilled business managers in the region.

A feasibility study on establishing a General Purpose Small Business Incubator in Melbourne’s west (prepared by Darebin Enterprise Centre Ltd for the Western Melbourne Regional Development Australia Committee) includes data that indicates that there is a strong small business ‘birth rate’ in Melbourne’s west with approximately 20,000 new business registrations per annum in recent years. There was a growth rate of new business registrations in Melbourne’s west of 4.6% between 2008 and 2009.

Each of the local governments of Melbourne’s west supports local small businesses and they are keen on the establishment of a network of small business incubators in the region. The feasibility study establishes a strong business case for establishing such a network within the region and the business case would be further strengthened if there was commitment from the Victorian Government to supply buildings and/or land for that purpose.
LeadWest recognises the critical role that small businesses play in creating job opportunities for our growing population. As previously noted, it will be necessary for governments to create the environment to support the growth of jobs closer to where people live and develop much higher job densities in outer-metropolitan locations. This challenge is mainly going to be met through support for small businesses. Melbourne’s west is now one of Australia’s fastest growing regions and predictions indicate that the region will be expected to accommodate more than 40 per cent of Melbourne’s urban growth over the next four decades to 2050. Supporting the population growth in this region in a sustainable way will require a huge increase in the numbers of small businesses serving the region.

**Government support**

Whilst LeadWest supports the Victorian Government’s intentions of supporting business development in the outer west facilitated by vastly improved enabling infrastructure, the key element that needs to be reinforced is the need for initiatives to support local jobs. Proper planning and zoning to create structures for more local jobs creation is a great first step, but in itself it may not be enough to drive local business growth and business relocation. Government, at both the State and local levels, needs to be more proactive in driving growth into outer areas of metropolitan Melbourne by more direct market intervention. “Zone it and they will come” may not be enough and a more interventionist approach may be needed.

At the Victorian level consideration could be given to more direct measures such as “Payroll Tax” concessions to businesses relocating into growth areas as well as looking at Government agencies being relocated to support jobs growth e.g. TAC relocation to Geelong is a prime example. For local government, issues such as rate relief and planning support for business relocation could also be considered.

At the Federal Government level, the proposed National Broadband Network could also be rolled out into the outer metropolitan areas as a first priority, as these are typically where the black spots are most telling. To reinforce this we need to consider the development of a new economic culture: where collaborative business models allow value to be created, rather than extracted; in which advanced communications and transformed workplace practices allow Australians to integrate work with their lives – and we have full workforce participation; where environmental cost is built into every transaction. The enablers of this future already exist. New technologies, business models, means of collaboration and sources of innovation are available to help Australia transform its fossil fuel-based economy and create sustainable prosperity.

By relentlessly reducing the cost of communications, new information technologies are taking us across a threshold into a place where dramatically more decentralised ways of
organising work become at once possible and desirable. Decentralised organisational structures will become increasingly the norm with many organisations having no ‘centre’, but have almost as many ‘centres’ as they do people with workers having the ability to be dispersed physically but connected by technology... putting people at the centre of business. Technology allows us to gain the economic benefits of large organisations, like economies of scale and knowledge, without giving up the human benefits of small ones, like freedom, creativity, motivation, and flexibility.

CONCLUDING COMMENTS

At present, Melbourne’s outer western region has a limited services base in a range of professional, commercial and educational sectors. The region currently imports the significant proportion of its professional services each year from other regions, principally central Melbourne. There exists a significant market opportunity to develop regionally based services and employment opportunities but attracting these sectors will require a significant upgrade in a variety of key infrastructure particularly telecommunications, transport amenity and service.

LeadWest believes there is an overwhelming need to facilitate new sources of employment growth and sustainable development and create a much more diversified employment base. A key element required to achieve this outcome is the provision of significantly enhanced transport connectivity for the western suburbs to the rest of metropolitan Melbourne as well as high speed telecommunications.

If these key prerequisites to regional development are established then there is a significant market opportunity to develop regionally based services and employment opportunities.

Consequently, LeadWest believes there is a critical need for the Victorian Government to facilitate new sources of employment growth and sustainable economic development by investing in and creating a diversified ‘suburban’ employment base.