Attracting Employment & Investment to the Casey-Cardinia Region

Policy and Infrastructure Recommendations

RDA – Southern Melbourne

Final Report
November, 2011
Attracting Employment & Investment to the Casey-Cardinia Region
Policy and Infrastructure Recommendations

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Executive Summary

Background

The City of Casey and Shire of Cardinia has been designated by the Victorian Government as one of six identified growth areas\(^1\) to be targeted for future growth and development by the Growth Areas Authority (GAA) Victoria.

Over the past 10 years, the Casey-Cardinia region has sustained high levels of population growth and residential development, averaging approximately 85 new households moving to the area each week. In order to support this growth, the GAA has developed a range of employment targets to increase employment opportunities in the growth areas. However, GAA has had little success clearly defining how non-residential service jobs will be generated.

In order to address this issue and to ensure the sustainability of future growth and development in the Casey-Cardinia region, the local governments of the City of Casey and Shire of Cardinia have come together with Regional Development Australia - Southern Melbourne, to actively determine key actions and requirements for future investment attraction and employment growth.

Purpose of Report

This report features as the Policy and Infrastructure Recommendations and provides specific recommendations for changes in policy as well as infrastructure investments to increase the competitiveness of the Casey-Cardinia region and to facilitate higher levels of investment and job growth.

This report leverages separate documents, including the Background Report and Impact Assessment Report and is informed by the Investment Attraction Framework Report. Each report should be read in the context of the others.

Existing Environment

Across almost all of the socio-economic factors considered in this project (see Background Report), the City of Casey and the Shire of Cardinia demonstrate strong alignment and mirror various trends over time. Additionally, the City of Casey and Shire of Cardinia are very similar in contrast to other areas such as Melbourne’s South East and the State of Victoria. The facts contained in the Background Report demonstrate that over time, what happens in one area is likely to happen in the other.

Given these similarities and the size of the area, the Casey-Cardinia region should be seen and understood as one entity.

Population

The Casey-Cardinia region has experienced strong historical population growth, well above the averages for Melbourne’s South East and Victoria. It is expected that the area will attract an average of almost 11,700 residents each year over the next 20 years, which will add a total of 246,550 residents or 75% of the current population.

This growth will have significant planning implications to ensure economic growth to support the future local population.

\(^1\) Growth Areas identified by the GAA include Hume, Casey-Cardinia, Melton-Caroline Springs, Whittlesea, Wyndham and Mitchell.
Economy

The economy of the Casey-Cardinia region is strongly influenced by the recent population growth with strengths in residential/population based services. While gross regional product (GRP) in the Casey-Cardinia region has experienced above average annual growth over the past three years, it is heavily reliant on population growth and subsequent expansion of the population based industries. The construction industry is the single largest source of GRP, jobs and businesses, which can be a significant risk to the economy as construction is a cyclical activity. Retail, education and healthcare also make up important aspects of the economy and are directly tied to population growth. Industrial activity does exist and contributes to the overall economy, however, on a regional scale it is relatively small.

The Casey-Cardinia economy is heavily reliant on population driven industry sectors that do not provide equivalent value to the economy as other sectors such as industry and professional business services. With historical and future population growth, there is a significant risk of the economy becoming focused on population driven industries forcing many residents to seek gainful employment outside the area.

In 2006, almost 70% of the residents of the Casey-Cardinia region left the area every day to go to work. Based on the ABS Census, the self sufficiency rate (proportion of local jobs to local resident workers) is 44% and the self containment rate (proportion of residents living and working locally to local resident workforce) is 32%. Given recent population growth, these rates would be expected to decrease further, highlighting that many more residents are likely leaving the area for work.

At least 70% of residents are leaving Casey-Cardinia for work, creating considerable stress on transportation infrastructure as well as causing economic and social repercussions. Casey-Cardinia runs the risk of becoming a dormitory suburb of metropolitan Melbourne.

Retaining the Status Quo

The Casey-Cardinia region is likely to continue its current development path. Population growth is likely to continue at strong rates and the respective economies will continue to grow from this primary driver. However, the pressures and issues that are emerging (i.e. stress on infrastructure, congestion, impairment of quality of life) are also likely to continue.

While the economy is likely to triple by 2031 and have 95,000 jobs added to it, the structure of the economy will remain (as it is today) focused on population driven or residential service sectors. Implications in 2031 of the status quo would include:

- **163,000 Casey-Cardinia residents may have to travel outside the region for daily employment.** This volume represents 62,000 (60%) more than estimated current levels and 76,000 (87%) more than 2006 levels;
- Travel costs of these movements are likely to cost a combined **$946 million in travel costs** (almost two and a half times more than current spending);
- **Current social costs of congestion in the Casey-Cardinia region would increase to $570 million by 2020,** an increase of 66% from $344 million today.
- Congestion would continue to increase, causing more time away from family and increasing the risks for many health issues, including cardio-vascular disease, respiratory disease, and bronchitis. Life expectancy, quality of life and standards of living are likely to decrease. The economic costs of health issues would increase significantly from the estimated $70 million today.
- Carbon emissions from automobiles would increase significantly to 659,000 tonnes (from roughly 400,000 today). As congestion increases over time, these figures would also likely increase.
Maintaining the status quo will result in numerous negative economic, social and environmental impacts that will ultimately impair quality of life and living standards. It is the existing quality of life and amenity of the area that has attracted many new residents in the recent past. If the quality of life declines, the attractiveness of the area for residential settlement may also suffer, causing further damage to an economy based on residential services.

Even though the Casey-Cardinia region has several competitive advantages and currently offers land at a price that is lower than other parts of Melbourne, the area still suffers from some competitive disadvantages. The area is not an established employment hub such as Greater Dandenong, Knox or Monash. In these more established employment areas, there are existing supply chains, workforce and infrastructure, which can be more attractive for businesses than the competitive advantages of the Casey-Cardinia region. The Casey-Cardinia region is located further away from key assets in Melbourne (e.g. Port of Melbourne) and development costs may be higher than other more established areas. These factors can cause increases to transportation and development costs that negate the competitive land costs. Some infrastructure, such as reticulated gas, is also not available, causing further disadvantages.

Without additional intervention by Government, these competitive disadvantages are not likely to improve in the short-term. Consultation feedback would indicate that the market in Melbourne South East would need at least five years before the Casey-Cardinia region would see dramatic increases in investment and job growth.

Necessary Infrastructure Investments and Policy Direction

It is possible to change the future. Through concerted investment attraction efforts, policy changes and investment in infrastructure, the Casey-Cardinia region can significantly improve its competitiveness and attract investment and employment.

To support investment attraction and employment growth in the Casey-Cardinia region, the following policy recommendations are provided. These recommendations are made in consideration of all research, analysis and consultation conducted for this project.

1. **Commit to supporting investment attraction and employment growth:** Statements of commitment from all levels of Government supporting investment attraction and employment growth in the Casey-Cardinia region would signal a unified approach by government, which would assist in changing the perceptions of the area. These commitments could also be supported further by encouraging relevant divisions in the Victorian Department of Business and Innovation, Austrade and the City of Casey and Shire of Cardinia to actively encourage businesses to consider locating in the Casey-Cardinia region.

2. **Develop the Port of Hastings as soon as possible:** Modelling conducted for this project has identified the dramatic impact that the Port of Hastings development could have on the future economy of the Casey-Cardinia region. Fully committing to the development of the Port of Hastings, including engaging in detailed feasibility and planning studies would greatly improve the long-term competitiveness of the region. Efforts to deliver the Port of Hastings before 2021 should be made.

3. **Develop the associated infrastructure necessary to support the Port of Hastings development:** The development of the Port of Hastings by itself is insufficient to achieve the desired economic, social and environmental benefits. Upgrades and improvements in road and rail infrastructure are also needed. Similar to the Port, commitments to this infrastructure need to be made, including the commencement of detailed planning and feasibility studies.
4. **Develop specific investment incentive program to encourage investment and job growth**: Given the particular circumstances of the Casey-Cardinia region, a special investment incentives program is needed from local and State Governments. A local financial investment incentive program from the City of Casey and the Shire of Cardinia is already under investigation. State Government should consider providing a financial incentive package to encourage investment and job growth in all the identified Growth Areas. Many of them suffer similar issues as in the Casey-Cardinia region such as high residential population increases and slower employment growth. The State Government incentive package could include payroll tax rebates, stamp duty rebates and/or cash grants. Consultation with industry identified that such incentives would encourage industrial development, investment and job growth in the short term.

5. **Commit to delivering East-West road extensions and upgrades**: The extension and upgrade of Thompsons Road will be critical to unlocking the employment lands in the Casey-Cardinia region. Similar extension and upgrading of Grices Road would also improve connectivity and facilitate investment and job growth. These investments should be made in a proactive fashion to act as a catalyst for job growth and investment in the area. Waiting until the area develops will not generate the same type of impacts and should be avoided.
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1. **Introduction**

1.1 **Background**

The City of Casey and Shire of Cardinia are located in the outer southern Melbourne areas of the Southern Melbourne RDA region, which comprises the local government areas of Bayside, Casey, Cardinia, Glen Eira, Frankston, Greater Dandenong, Kingston, Mornington Peninsula, Port Philip and Stonington.

The City of Casey and Shire of Cardinia has been designated by the State as one of six identified growth areas\(^2\) to be targeted for future growth and development by the Growth Areas Authority (GAA) Victoria.

Over the past 10 years the City of Casey and Shire of Cardinia - designated as the Casey-Cardinia region - has experienced rapid population growth of 4.1% per annum, well above the population of the broader Melbourne region and Victoria. Currently, roughly 85 families move to the area per week, making the Casey-Cardinia region one of the fastest growing areas in Australia.

The GAA has developed a range of employment targets to increase employment opportunities in growth areas. However, GAA have had little success clearly defining how non-residential service jobs will be generated.

1.2 **Scope & Purpose**

The objective of this project is to provide an evidence base, strategic guidance, practical plans and tools that the project partners can use to attract the necessary industry investment and government action required to support ongoing population growth. Specifically, the project will focus on investment needed in business and industry, employment and the infrastructure which will support industry expansion.

Key issues and goals include:

- Understanding infrastructure gaps and requirements to attract investment and increase economic activity;
- Identifying the barriers to investment attraction and employment growth, including identifying any catalytic infrastructure;
- Understanding the economic, social and environmental impacts of continuing the current situation and the benefits of undergoing economic and social change;
- Understanding gaps in policies and the scope to tap into and build upon existing policies to benefit the Casey-Cardinia region;
- Recognising that existing businesses can actively contribute to growing investment and jobs;
- Understanding clearly the motivations of businesses in terms of investment decisions and providing the optimal conditions to encourage business growth;
- Identifying the quantity and ideal location of employment lands in the growth corridor;
- Providing practical strategies and actions for the City of Casey and Shire of Cardinia to attract investment and jobs in key employment sectors (non-residential services);
- Identifying the appropriate role of local, State and Commonwealth Government; and
- Providing a balance between practical advice to the City of Casey and Shire of Cardinia, identifying necessary policy changes and lobbying efforts as well as identifying catalytic infrastructure.

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\(^2\) Growth Areas identified by the GAA include Hume, Casey-Cardinia, Melton-Caroline Springs, Whittlesea, Wyndham and Mitchell.
1.3 **Project Process**

The project process to achieve this project adopts a balance of desktop research and consultation with key stakeholders with the aim to produce a range of policy, strategy, lobbying and marketing documents (green outputs) to assist in directing future development of the Casey-Cardinia region.

1.4 **Purpose of this Report**

This report features as the *Policy and Infrastructure Recommendations Report* and presents specific advice regarding the necessary infrastructure and policy changes required to provide for a future sustainable economy in the Casey-Cardinia region.

This report leverages information contained in the *Background Report* and *Impact Assessment Paper* as well as the *Investment Attraction Framework Report* and should be read in the context of these reports.
2. Existing Environment

This Section summarises the key existing environment which will influence the growth and development of the Casey-Cardinia region. A complete summary of the socio-economic and planning context can be found in the Background Report. For comparison, the larger Melbourne’s South East region has been used, which is comprised of the local government areas of Bayside, Cardinia, Casey, Frankston, Greater Dandenong, Kingston, Knox, Maroondah, Monash, Mornington Peninsula, and Whitehorse.

Across almost all of the socio-economic factors considered in this project (see Background Report), the City of Casey and the Shire of Cardinia demonstrate strong alignment and mirror various trends over time. Additionally, the City of Casey and Shire of Cardinia are very similar in contrast to other areas such as Melbourne’s South East and the State of Victoria. The facts contained in the Background Report demonstrate that over time, what happens in one area is likely to happen in the other.

Given these similarities and the size of the area, the Casey-Cardinia region should be seen and understood as one entity.

2.1 Population Growth

The Casey-Cardinia region has experienced strong historical population growth well above the averages for Melbourne's SE and Victoria. Currently, it is the third fastest growing area in the country, with approximately 85 families moving to the area every week. It is expected that the area will attract an average of almost 11,700 residents each year over the next 20 years, which will add a total of 246,550 residents or 75% of the current population. This growth will have significant planning implications to ensure economic growth to support the future local population.

Figure 2.1: Historical & Projected Population Growth, 2001-31

Source: Australian Bureau of Statistics (2011), Department of Planning and Community Development (2009), ID (2011)
In 2010, it was estimated that there were almost 110,000 households living permanently in the Casey-Cardinia region. In line with population growth expectations, this number of households is expected to almost double over the next 20 years - highlighting the level of significant change that the region is likely to undergo over this time. Accommodating for these households will have significant planning implications for the provision of residential and employment lands to service the needs of population and local business and industry.

Figure 2.2: Historical & Projected Households, Casey-Cardinia Region, 2006-2031


2.2 Economic Growth

The Casey-Cardinia economy is strongly influenced by the recent population growth with strengths in residential/population based services. While gross regional product (GRP) in the Casey-Cardinia region has experienced above average annual growth over the past three years, it is heavily reliant on population growth and subsequent expansion of the population based industries. The construction industry is the single largest source of GRP, jobs and businesses, which can be a significant risk to the economy as construction is a temporary activity. Retail, education and healthcare also make up important aspects of the economy and are directly tied to population growth. Industrial activity does exist and contributes to the overall economy, however, on a regional scale is relatively small.

The Casey-Cardinia economy is heavily reliant on population driven industry sectors that do not provide equivalent value to the economy as other sectors, such as the industrial sector and professional business services. With historical and identified future population growth, there is a significant risk of the economy becoming focused on population driven industries, forcing many residents to seek gainful employment outside of the area.
Table 2.1: Casey-Cardinia Current Economic Overview

<table>
<thead>
<tr>
<th>Industry</th>
<th>GRP</th>
<th>Employment</th>
<th>Business Counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry &amp; fishing</td>
<td>4.5%</td>
<td>4.2%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Mining</td>
<td>1.4%</td>
<td>0.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10.4%</td>
<td>8.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Electricity, gas, water &amp; waste services</td>
<td>1.3%</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>15.0%</td>
<td>17.9%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7.8%</td>
<td>4.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>8.7%</td>
<td>14.2%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>2.8%</td>
<td>6.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Transport, postal &amp; warehousing</td>
<td>5.5%</td>
<td>5.6%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Information media &amp; telecommunications</td>
<td>1.6%</td>
<td>0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Financial &amp; insurance services</td>
<td>5.5%</td>
<td>1.3%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Rental, hiring &amp; real estate services</td>
<td>4.1%</td>
<td>1.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical services</td>
<td>5.4%</td>
<td>3.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Administrative &amp; support services</td>
<td>2.7%</td>
<td>2.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Public administration &amp; safety</td>
<td>2.5%</td>
<td>3.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Education &amp; training</td>
<td>9.1%</td>
<td>9.1%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Health care &amp; social assistance</td>
<td>8.0%</td>
<td>9.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Arts &amp; recreation services</td>
<td>1.2%</td>
<td>1.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Other services</td>
<td>2.3%</td>
<td>3.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics (2010b), AECgroup

2.3 Self-Sufficiency and Sustainability

In 2006, almost 70% of the residents of the Casey-Cardinia region left the area every day to go to work. Based on ABS Census information, the self sufficiency rate (proportion of local jobs to local resident workers) is 44% and the self containment rate (proportion of residents living and working locally to local resident workforce) is 32%. Given the recent population growth, these rates could be expected to decrease further, highlighting that many more residents are likely leaving the area for work currently.

*At least 70% of residents are forced to leave Casey-Cardinia for work, creating considerable stress on transportation infrastructure as well as causing numerous economic and social repercussions. Casey-Cardinia runs the risk of becoming a wholly dormitory suburb of metropolitan Melbourne.*
The Growth Areas Authority (GAA) was established in 2006 to streamline the development process and help facilitate population growth in the identified growth areas. The GAA is an independent statutory body with the following stated goals:

- Develop communities in growth areas that are socially, environmentally and economically sustainable;
- Work with industry and local Councils to ensure economic, employment and housing priorities are achieved in Melbourne’s five growth areas; and
- Improve the operation of regulatory and administrative processes over time to reduce costs and increase efficiencies for developers and local Councils.

In order to support sustainable development, the GAA has developed a range of employment targets for the growth areas, including:

- **1 new job** to be created at the regional level (defined as an area of 10km x 10km) for every new household;
- An aspirational target of **100% self-sufficiency** at the regional level;
- A target of **50% of new growth area residents taking up jobs within the surrounding ‘region’** (approximately within 10km from place of residence);
- Attract a more diverse working population into growth areas, so that the **ratio of white-collar to blue-collar employment approaches the metropolitan average of approximately 75:25**; and
- Encourage a **progressive alignment between the growth areas and metropolitan Melbourne** as a whole with respect to a range of employment indicators.

To date, the **Casey-Cardinia Growth Corridor has underperformed against these GAA targets.**
Given current trends (strong population growth, low employment growth, economic structure geared toward residential services), the imperative to deliver jobs in the Casey-Cardinia region is clear. The significant challenge is to deliver meaningful, valuable and non-residential service jobs.

Table 2.2: Casey-Cardinia Growth Corridor Report Card: Current - 2010

<table>
<thead>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 new job per new household</td>
<td>2006-2010</td>
<td>16,536 jobs</td>
<td>X</td>
<td>14,432 jobs</td>
</tr>
<tr>
<td>(1 job/new household)</td>
<td></td>
<td>(0.9 jobs/new household)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspirational target of 100% self-sufficiency</td>
<td>2006-2010</td>
<td>149,596</td>
<td>X</td>
<td>149,596</td>
</tr>
<tr>
<td>(100% self-sufficiency)</td>
<td></td>
<td>jobs</td>
<td></td>
<td>jobs</td>
</tr>
<tr>
<td>50% of new residents taking up jobs within the surrounding region</td>
<td>2006-2010</td>
<td>23,878</td>
<td>X</td>
<td>10,550</td>
</tr>
<tr>
<td>(50% to total new residents)</td>
<td></td>
<td>resident workers, taking up local jobs</td>
<td></td>
<td>resident workers taking up local jobs = 22% of total new residents</td>
</tr>
<tr>
<td>Attraction of a higher ratio of white to blue-collar employment (75:25)</td>
<td>2006 - 2010</td>
<td>New Jobs Created:</td>
<td>X</td>
<td>New Jobs Created:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75% White Collar</td>
<td></td>
<td>43.5% White Collar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% Blue Collar</td>
<td></td>
<td>56.5% Blue Collar</td>
</tr>
<tr>
<td>Attraction of a higher proportion of occupations</td>
<td>2010</td>
<td>% employment by occupation</td>
<td>X</td>
<td>% employment by occupation:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 13% Managers</td>
<td></td>
<td>14.8% Managers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 24% Professionals</td>
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<td>16.5% Professionals</td>
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<tr>
<td>Higher Education Qualifications</td>
<td>2006</td>
<td>% Higher education qualifications:</td>
<td>X</td>
<td>% Higher education qualifications:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;60% of labour force with higher education</td>
<td></td>
<td>&gt;24% of labour force with higher education</td>
</tr>
</tbody>
</table>

Source: AECgroup

2.4 Regional Comparison

A comparison with other Victorian regions, demonstrates that while the Casey-Cardinia region might be geographically closer to Melbourne, this relative proximity does not always equate to being advantaged.

Table 2.3: Regional Comparison

<table>
<thead>
<tr>
<th></th>
<th>Casey-Cardinia</th>
<th>Geelong</th>
<th>Ballarat</th>
<th>Bendigo</th>
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<tbody>
<tr>
<td>Distance from Melbourne</td>
<td>45km</td>
<td>77km</td>
<td>118km</td>
<td>152km</td>
</tr>
<tr>
<td>Population (2010)</td>
<td>328,977</td>
<td>220,068</td>
<td>96,097</td>
<td>104,192</td>
</tr>
<tr>
<td>Population Growth (2009-10)</td>
<td>4.0%</td>
<td>1.7%</td>
<td>2.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Average Annual Population Growth (2005-10)</td>
<td>3.9%</td>
<td>1.6%</td>
<td>2.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Population Growth (2005-10)</td>
<td>21.0%</td>
<td>8.3%</td>
<td>10.4%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Average Incomes (2007-08)</td>
<td>$40,391</td>
<td>$39,745</td>
<td>$35,513</td>
<td>$35,553</td>
</tr>
<tr>
<td>Self-Sufficiency Rate (2006)</td>
<td>44.1%</td>
<td>86.6%</td>
<td>101.2%</td>
<td>89.6%</td>
</tr>
<tr>
<td>Unemployment Rate (March Q 2011)</td>
<td>5.9%</td>
<td>6.7%</td>
<td>7.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>GRP (2009-10) $M</td>
<td>$7,144</td>
<td>$9,005</td>
<td>$4,368</td>
<td>$4,676</td>
</tr>
<tr>
<td>GRP (2009-10) per capita</td>
<td>$21,716</td>
<td>$40,921</td>
<td>$45,458</td>
<td>$44,883</td>
</tr>
</tbody>
</table>

Note: Berwick, VIC used for measuring distance of Casey-Cardinia from Melbourne. CBDs of other centres used. Source: AECgroup, ABS (2010c), ABS (2011a)

As the table above highlights, the Casey-Cardinia region has demonstrated considerably stronger population growth, in excess of 200% more than other regions. The self-sufficiency rates of the other regions is considerably higher than the Casey-Cardinia region, indicating that the other regions provide much higher levels (sometimes twice as high) of employment locally. It is also not surprising that the other regions have a much higher GRP per capita measure, which further highlights the strength of these economies over the Casey-Cardinia region.
The higher incomes in the Casey-Cardinia region are a result of residents working outside of the region (including in the Melbourne CBD area), where they can achieve higher wages. As demonstrated in the Impact Assessment Report, achieving these wages means leaving the region for work and losing significant amounts of time, which has numerous economic, social and environmental implications.
3. Retaining the Status Quo

This Section highlights the results of economic modelling that have assumed that recent development trends continue into the future, in essence retaining the status quo. Detailed information regarding the modelling methodology can be found in the Impact Assessment Report.

3.1 Future Economy

If development continues as it has in the recent past, the economy of the Casey-Cardinia region will continue to grow. Modelling estimates that the GRP of the area will triple and the economy will add 95,000 jobs.

Table 3.1: Casey-Cardinia Economy, Status Quo

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2021</th>
<th>2031</th>
<th>Avg. Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRP</td>
<td>$7,144</td>
<td>$7,579</td>
<td>$13,574</td>
<td>$22,122</td>
<td>5.5%</td>
</tr>
<tr>
<td>Employment</td>
<td>70,799</td>
<td>74,273</td>
<td>116,636</td>
<td>165,731</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Table 3.1: Casey-Cardinia Economy, Status Quo

Source: AECgroup

While the future anticipated population growth of the area will drive the economy to grow, the structure of the economy is not likely to change dramatically. As Figure 3.2 demonstrates, while there have been some changes, the economy in 2031 is anticipated to still be dominated by population driven service sectors. Under this scenario, jobs have been added in retail trade, healthcare, education, accommodation and food services in order to service the growing population. The importance of construction has waned simply due to the growing population and growth in other population driven service industries.
3.2 Future Community Impacts

Under the status quo scenario, GRP and jobs increase in the Casey-Cardinia region, however, there are numerous other economic, social and environmental impacts on the community of this future economic structure. Detailed information regarding the following impacts is provided in the Impact Assessment Report.

3.2.1 Economic Impacts

The biggest economic impacts are the $15 billion in GRP and additional 95,000 jobs in the economy. However, since the structure of the economy has not changed, existing commuter patterns will continue and many residents are forced to seek employment outside of the Casey-Cardinia region. If current trends continue, it is estimated that as many as 163,000 Casey-Cardinia residents may have to travel outside the region for daily employment by 2031. This volume represents 62,000 (60%) more than estimated current levels and 76,000 (87%) more than 2006 levels.

Using current RACV travel cost estimates, a trip from the Casey-Cardinia region to the City is likely to cost a resident $3,777 per year in fuel and maintenance, assuming a typical commute during the work week. Using historical consumer price trends, these costs are estimated to more than double by 2031 (to $8,149). If the status quo continues, residents will spend a combined $946 million in travel costs (almost two and a half times more than current spending). Additionally, current expenditure associated with retail expenses and personal services (i.e. lunch, coffee, dry cleaning, hair and beauty) would continue to be spent closer to the place of work.

**Maintaining the status quo will mean more residents are forced to leave the area for work (creating more congestion and longer commutes) and increasing the travel costs to residents.**
3.2.2 Social Impacts

Beyond costs, residents will be forced to spend more time away from family. Using travel patterns from the 2006 Census, it is estimated that on average the Casey-Cardinia resident drives 80 km per day to go to work and an average trip (return) requires 1 hour and six minutes. This travel time does not include peak congestion, so actual travel time is likely to be considerably more. Given the average working year, a resident of Casey-Cardinia will be forced to spend a total of over 300 hours (close to two weeks away from family), due to travel requirements for work.

The Bureau of Transport and Regional Economics (BTRE) evaluated the cost of congestion in Australia’s major capital cities in 2007 by estimating the avoidable social costs of congestion, which are those costs that could potentially be saved under appropriate policy or operational intervention.

The BTRE study estimates freight and passenger traffic flows across metropolitan road networks, examining the underlying factors contributing to traffic volumes and congestion intensity and the impact on traffic delays, travel reliability and congestion’s spread across both area and duration. Future estimates were also made as well as estimates of the economist costs of congestion.

Various calculations are then used to identify the ‘cost of time delay’:

- **Total Cost of Congestion Estimate**: total delay values use actual travel speeds versus estimated free flow speeds (e.g. versus what speed one could typically average travelling across the city in the middle of the night);
- **External Cost of Congestion Estimate**: based on actual travel speeds versus free flow speeds, but estimates that portion of total costs that road users impose on others (through not having to personally meet the total costs caused by their travel decisions); and
- **Deadweight Loss Cost of Congestion**: the increase in net social benefit if appropriate traffic management or pricing schemes were introduced and optimal traffic levels were obtained. The net loss on this amount of travel (after converting hours lost to delays into dollar terms) is given by the deadweight loss (DWL). Avoiding this loss would produce a net social benefit or the ‘avoidable cost of traffic congestion’.

In 2005, the avoidable cost of congestion in the metropolitan Melbourne region was $3 billion and was projected to reach $6.1 billion by 2020. **AECgroup** has used ABS and Victoria in Future population figures to derive a per person cost of congestion for the region and then applied this rate to the population of the Casey-Cardinia region. This methodology estimates that current costs (2011), based on BTRE estimates, of congestion in the Casey-Cardinia region are $344 million. This cost is anticipated to grow to over $570 million by 2020, an increase of 66%.

Beyond these social costs, various studies have shown that there is a strong link between congestion, pollution and health. Lower life expectancy, higher rates of premature births as well as numerous health conditions such as cardio-vascular disease, respiratory disease, and bronchitis have been identified as negative health impacts of congestion and travel. Based on figures from the Bureau of Transport and Regional Economics (BTRE), **AECgroup** has estimated the economic cost of pre-mature death and disease caused by motor vehicle pollution in Melbourne to be $861 million, equally approximately $70 million for the Casey-Cardinia region. Congestion and commuting to work can also be a source of stress, which also has negative impacts on personal health and wellbeing. Time spent commuting to work could also otherwise be used for exercise and fitness, providing for healthier residents and reducing long-term health costs for government.

Maintaining the status quo will mean more time away from family (less family cohesion), increased social and healthcare costs, increased levels of stress and generally lower health and wellbeing standards for residents.
3.2.3 Environmental Impacts

In addition to economic and social factors, maintaining the status quo will have environmental impacts as well. According to Ross Garnaut, fuel use in transport is a substantial source of greenhouse gas emissions, accounting for 14% of Australia’s emissions in 2005. Transport includes passenger and freight movements and emissions from transport are growing rapidly. The private car dominates passenger transport in Australia and emissions from cars account for 54% of Australia’s total domestic transport emissions. These emissions are projected to increase by 40% between 1990 and 2020.

While the average automobile vehicle emissions are reduced significantly over the last two decades, cars still emit on average 218.5 g of carbon dioxide per km travelled. At this rate, if the status quo continues vehicle emissions caused by residents travelling to work could amount to 659,000 tonnes (an increase of 261,000 tonnes). With congestion likely to increase over time, these figures would likely be higher. If the value of $23 per tonne\(^3\) is applied to these emissions, they would cost $15 million.

Maintaining the status quo will result in higher carbon emissions as more residents commute to work by private vehicle.

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\(^3\) The Australian Government recently announced a carbon price of $23 per tonne, as reported by the ABC.
4. Changing the Future

This Section highlights how the future economic development of the Casey-Cardinia region could be changed through proactive Government policy, action and infrastructure investment.

4.1 Investment Attraction

Through proactive investment attraction, greater economic diversity and jobs growth within the Casey-Cardinia region can be achieved, which would alter the status quo future described above. For investment attraction purposes, it is important to focus on high value-adding, knowledge based activities that will drive and deliver real economic benefits to the community for the future and provide for sustainable economic development and employment growth over time. The value of jobs in the various sectors can be better understood by considering the contribution to GRP that one job in each sector.

The current Victorian Government is dedicated to job creation and recognises its responsibility to “promote meaningful job creation in future oriented industries. (The Victorian Liberal Nationals Coalition Plan For Innovation, 2010).” This policy is reflected in the Casey-Cardinia Investment Attraction Framework (explained below).

Figure 4.1: GRP per Employee Contribution to the Economy, Casey-Cardinia, 2009-10

Source: AECgroup

The Casey-Cardinia region has existing competitive advantages, including a strong existing resident workforce, as well as sufficient existing employment lands and opportunities to accommodate future employment growth. Specific targeted opportunities to leverage these competitive advantages and add considerable value to the economy include:

- Food & Beverage Manufacturing;
- Building Industry Supplies & Services;
- Professional Services;
- Transport & Logistics;
- Health and Community Services; and
- Machinery & Equipment Manufacturing.
"Innovation will help deliver sustainable economic prosperity through higher living standards and greater employment growth (The Victorian Liberal Nationals Coalition Plan For Innovation, 2010).” The Casey-Cardinia Investment Attraction Framework supports this position. Innovation and job growth can best be achieved through the identified sectors. The Casey-Cardinia region also benefits from the Berwick Campus of Monash University, which can contribute further to innovation and employment growth in the region.

“The Victorian Coalition Government’s approach to manufacturing is based on getting the basics right, backing local innovation, creating more local jobs and supporting the sector in dealing with challenges like the strong Australian dollar,” Mr Dalla-Riva. The Casey-Cardinia Investment Attraction Framework recognises the value of manufacturing and has targeted specific manufacturing sectors that align with local competitive advantages.

More detailed information regarding these opportunities and the analysis to support them and the competitive advantages of the Casey-Cardinia region are available in the Background Report and the Investment Attraction Framework Report.

The investment attraction framework for the Casey-Cardinia region (Figure 4.2) is designed to provide specific and enduring strategic direction for targeted and effective investment attraction over the short, medium and longer term. The key themes for investment attraction are business development, marketing and investment facilitation. These key themes provide the foundation for the development of a number of key actions to be delivered in the investment attraction program.

The investment attraction framework provides the guiding principles and is flexible enough to ensure that investment attraction action can be adapted over the long term to be able to meet the changing needs of investors and deliver new initiatives to capitalise on emerging opportunities in the future.

The current Victorian Premier understands the importance of investment attraction and job growth. “Private sector investment and jobs are the lifeblood of a stronger Victoria.” (Recorded pre-election speech, available from the Liberal Nationals website). The Casey-Cardinia Investment Attraction Framework supports the realisation of investments and job growth and will support the Premier’s initiatives for a stronger Victoria.
The Victorian Government is committed to "improving operational and regulatory processes and identifying areas of planning delay in local and state government" (The Victorian Liberal Nationals Coalition Plan for Planning, 2010). The identified replacement for the Growth Areas Authority will play a key role in "working with the development industry, communities and Councils to ensure that planning applications are not unnecessarily delayed" (The Victorian Liberal Nationals Coalition Plan for Planning, 2010).

Facilitating investment through the efficient processes of development applications is important to attract investments and jobs.

A detailed program of specific activities for the next three years has been developed. The program and more detailed information regarding investment attraction in the Casey-Cardinia region is available in the Investment Attraction Framework Report.

"Victoria must implement a long term state strategy for major research infrastructure, the types of industries we wish to encourage and a set of goals that are achievable by 2020 (The Victorian Liberal Nationals Coalition Plan For Innovation, 2010)." The Casey-Cardinia Investment Attraction Framework supports this position and provides clear guidance for attracting investment to the region and "promoting meaningful job creation in future oriented industries (The Victorian Liberal Nationals Coalition Plan For Innovation, 2010)." A detailed implementation plan provides further recommended actions and task to achieve these goals.

### Figure 4.2: Investment Attraction Framework, Casey-Cardinia

<table>
<thead>
<tr>
<th>Marketing</th>
<th>Business Development</th>
<th>Investment Facilitation</th>
</tr>
</thead>
</table>
| **1. Raising the profile of the Casey-Cardinia Growth Corridor**<br>Developing a comprehensive suite of marketing material that broadly promotes the area for business is important. The material should be targeted across various market segments and industry sectors. Attendance at trade shows, conferences and other industry/networking events will be necessary as well as a strong public relations campaign, including press releases and announcements from Government.  
 **Output:** Marketing material, press releases and news articles about business in the area. |
| **2. Aggressively pursuing business development**<br>Developing strong networks to identify and engage with prospective investors (both property developers and corporate end users) will be important. Building strong systems and personal relationships will provide a solid foundation for recruiting investment and jobs.  
 **Output:** Strong annual program of business development, including the generation of investment leads |
| **3. Facilitating investment**<br>Providing excellent customer service as well as customised information packages to prospective investors will build confidence in the location and assist with the investment decision. Ensuring a smooth and efficient planning process can help to generate investment outcomes. Targeted incentives can assist in the investment facilitation process.  
 **Output:** Creation of an investment facilitation program |

Source: AECgroup
4.2 Infrastructure Requirements

Infrastructure development can enable economic development and investment attraction. The strategic use of infrastructure investments can contribute significantly to future investment and job growth. However, given the expense and long lead times, infrastructure investments are often made in a reactionary and ad-hoc manner.

Foresight and strategic investments in infrastructure that can generate significant economic and social benefits is needed. Given the pace at which the Casey-Cardinia region has developed recently (2% higher population growth than Melbourne’s South East and Victorian State average in 2010), strategic investments in infrastructure are needed now in order to facilitate better outcomes in the future.

Infrastructure that will be critical to facilitating investment attraction outcomes include:

- **Port of Hastings**: Container traffic volumes are estimated to quadruple over the next 30 years and currently all traffic is handled by the Port of Melbourne. According to recent Government announcements (May 2011), the Port of Hastings is well positioned to be Victoria’s second container port with its existing deep water access and extensive supply of port-zoned land. It has been estimated that almost 350 ships could call at Port of Hastings by 2021. AECgroup has estimated a potential increase of $38.7 billion in GRP and an additional 85,000 jobs by 2031 due to the Port of Hastings.

In addition to the Port of Hastings, there are other necessary infrastructure upgrades required in order to leverage the port developments. Specifically, a rail corridor is required from the National Rail Network to Hastings. Additional principal freight routes to support access to Hastings and upgrades to various road and rail links to Hastings are required.

The current Victorian Government supports the development of the Port of Hastings. The independent Port of Hastings Development Authority was created specifically to facilitate the Port’s growth. “We need to start work now on establishing a second port to relieve the forecast congestion and ensure Victoria’s continued economic success. (Minister for Ports Denis Napthine, Media Release, 31 May 2011).” Beyond acknowledging the importance of the Port for the future development of the State, the current Government is supportive of bringing the development online as soon as possible. “Unlike the previous Labour Government, the Victorian Coalition wants to get started on delivering Victoria’s second container port as soon as possible. (Minister for Ports Denis Napthine, Media Release, 31 May 2011).”

“This development [Port of Hastings] is essential for the long-term economic viability of our state and the Coalition Government is committed to fast-tracking the Port of Hastings project. (Minister for Ports Denis Napthine, Media Release, 31 May 2011).”

- **Thompsons Road**: Thompsons Road is an important east-west link and the continuation of the road as well as future upgrades would provide a catalyst for future employment lands development, particularly under a future scenario that included the Port of Hastings and the Greater Dandenong Inland Port Facility. This road upgrade would not only provide a crucial east-west link across the City of Casey and the Shire of Cardinia but also unlock potential employment lands. A similar extension and upgrade of Grices Road would further support access to employment lands and encourage future development.
The Victorian Government understands the importance of transport infrastructure. As highlighted in the 2011-12 Budget Overview, "the budget allocates $601 million to fund key road projects, with a strong focus on upgrades to roads which have seen large increases in traffic due to population growth (Page 13)“. The Casey-Cardinia region is the third fastest growing area in the country (behind only Brisbane and the Gold Coast), which has to make it a priority of the Victorian Government.

- **Western Port Highway (Dandenong-Hastings Road):** Although still in the planning stage, the Western Port Highway is currently the primary road freight corridor connecting the Port of Hastings with the rest of Victoria. Thus an upgrade of the highway would increase capacity for road haulage of cargo out of the Port of Hastings in the future. At present the project is currently at the assessment stage, including social impact assessment, heritage assessment, environmental assessment, land use assessment and traffic and road design studies.

- **Port of Hastings is key to the long-term development of a more diversified economy in the Casey-Cardinia region.** It would provide considerable stimulus for investment attraction and prove to be an invaluable asset. Providing better road connections between the major employment areas of Casey and Cardinia (i.e. Thompsons Road and Grices Road) as well as ensuring the necessary transportation upgrades are made to accommodate the Port of Hastings will also contribute significantly to the future attraction of investment and jobs to the region.

Other infrastructure projects that would also assist in the investment attraction process include:

- **Greater Dandenong Inland Port Facility:** Currently, an inland port facility being planned for Lyndhurst, south of Greater Dandenong along the Western Port Highway and the Cranbourne railway. This facility could assist with handling container traffic from the Port of Melbourne as well as receiving containers from Melbourne’s Southeast. Its proximity to the Casey-Cardinia region would provide benefits to future economic development.

- **North East Link:** Connecting the Metropolitan Ring Road in Greensborough to the Eastern Freeway in Bulleen, this project would provide another major Yarra River crossing and connect key orbital networks. The project will provide the Casey-Cardinia region with better access to Melbourne Airport and help to facilitate the movement of products and people across the region.

- **University and Educational Assets:** Monash has an existing campus at Berwick, with approximately 2,000, which will more than double to 5,000 by 2022 under current plans. Additionally, adding similar university infrastructure in the Shire of Cardinia will also generate not only jobs but provide a similar foundation for future job growth.

- **Bunyip Food Belt:** Investigations are on-going into the development of an intensive farming region to the south east of Melbourne, known as the ‘Bunyip Food Belt’. This farming region could be supplied with approximately 26GL of recycled water from the Eastern Treatment Plant (ETP) and would have considerable economic benefits. Water distribution infrastructure is needed to realise this project.

- **Domestic/International Airport:** While a long term infrastructure option, the development of a large, domestic/international airport in Melbourne’s outer south east would provide a second option to the Melbourne International Airport, which is becoming one of the country’s busiest.

- **Koo Wee Rup Road:** $50 million has recently (November 2010) been announced for the construction of the Koo Wee Rup Bypass, part of a larger transport project that seeks to develop the Healesville-Koo Wee Rup Road between the Pakenham Bypass and the South Gippsland Highway.

- **Passenger Rail Extensions:** The potential to extend the Cranbourne line to include new stations at Cranbourne East and Clyde would provide greater access to these areas, particularly after the expansion of the Urban Growth Boundary.
While each one of these infrastructure projects would have benefits for economic development, the linking of these projects is likely to have considerably larger impacts in the future. For example, for a food manufacturing company, there would be synergies from leveraging the Port of Hastings, Bunyip Food Belt, Dandenong Inland Port Facility and the Western Port Highway. Each one of these infrastructure projects alone would be attractive to a prospective investor, but the combination of them together can form a more powerful argument for investment in the region.
5. Potential Future Impacts

The Section highlights some of the potential future impacts of successful investment attraction. For more detailed information regarding these impacts, please refer to the Impact Assessment Report.

5.1 Future Economy

Successful investment attraction has the ability to change the future structure of the economy away from population driven sectors to a more sustainable and balanced economy. If investment attraction activities are successful in their targeted areas, the Casey-Cardinia region could achieve between $20-$30 billion to GRP and between 127,000-176,000 new jobs, depending on the development of the Port of Hastings. According to future AECgroup estimates, the Port of Hastings has the potential to add $1 billion to GRP and 50,000 jobs by 2031, if it commences operations in 2021.

Table 5.1: Casey-Cardinia Economy, Successful Investment Attraction

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>2010</th>
<th>2011</th>
<th>2021</th>
<th>2031</th>
<th>Avg. Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRP</td>
<td>$7,144</td>
<td>$7,635</td>
<td>$14,695</td>
<td>$27,544</td>
<td>6.6%</td>
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<td>$14,989</td>
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<td>8.2%</td>
</tr>
<tr>
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<td>70,799</td>
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<td>125,396</td>
<td>198,136</td>
<td>5.0%</td>
</tr>
<tr>
<td>Employment (incl. Port of Hastings)</td>
<td>70,799</td>
<td>74,789</td>
<td>127,499</td>
<td>246,361</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Note: Assumes Port of Hastings is operational by 2021
Source: AECgroup

Successful investment attraction, including the establishment of the Port of Hastings, has the potential to change the structure of the Casey-Cardinia regional economy. Figure 5.2 shows that manufacturing, financial services, professional services and wholesale trade would grow, reducing the economy's reliance on construction, retail trade and other population driven service sectors. This future economic structure would be more sustainable over time and generate considerably more value locally (as well as jobs).
5.2 Future Community Impacts

5.2.1 Economic Impacts

Investment attraction could contribute $20-$30 billion in GRP to the region by 2031, which is $5-$15 billion (33%-100%) more than under the status quo scenario. Additionally, the 127,000-176,000 new jobs (by 2031) would be 32,000-81,000 (34%-85%) more than the status quo. The additional jobs are also of a higher economic value, given their industry sectors, and would likely pay higher wages.

The generation of local employment opportunities would reduce the number of future residents that would be forced to leave the area for work by between 16,000-40,000 by 2031, depending on the development of the Port of Hastings. This represents a reduction of between 10%-25% from the 163,000 that may be forced to leave the region for work in 2031 under the status quo scenario. The resultant self-sufficiency rates would potentially be 76%-94%, depending again on the development of the Port of Hastings.

The reduced numbers of residents travelling outside the region for work would also reduce the overall costs of commuting. Using current RACV travel cost estimates, AECgroup estimates that residents could potentially realise an annual savings of between $131-$328 million by 2031. This money could go to increasing quality of life and standard of living. Over time, these travel costs will continue to increase. Additionally, by having more local residents working locally, daily expenditure on lunch, coffee and other personal services is also likely to stay in the region.

Successful investment attraction would mean fewer residents are forced to leave the region for work, reduced travel costs and increased self-sufficiency.
5.2.2 Social Impacts

Successful investment attraction into the Casey-Cardinia region would also result in greater family cohesion through having more time to spend at home (and less time spent commuting). It is estimated that successful investment attraction would result in between 208,000-517,000 more days at home by 2031. These cumulative days mean that between 16,000-40,000 families in the Casey-Cardinia region would have higher levels of wellbeing.

The social cost of congestion would also reduce if investment attraction was successful. Based on BTRE data and AECgroup modelling, it is estimated that by 2020, investment attraction could reduce the social cost of congestion by $16.6 million. Given the fact that the Port of Hastings could commence operations by 2021, the reduction in the social cost of congestion is likely to increase further by 2031.

With less commuting and congestion, the health of residents in the Casey-Cardinia region would be expected to increase. Lower levels of stress and less time spent commuting in congestion would increase life expectancy, decrease premature births as well as reduce the incidents of other health conditions. As these conditions are often related to exposure to pollution and emissions while commuting, reducing the flows of workers outside the Casey-Cardinia region through investment attraction could reduce the economic costs associated with the various health conditions by 10%-25%. Beyond these health conditions, reduced commuting times would relieve stress and provide residents with more time to exercise, which would also reduce the long-term health costs to government.

Successful investment attraction will mean more time with family (higher levels of family cohesion), lower social and healthcare costs and increased wellbeing and quality of life for residents.

5.2.3 Environmental Impacts

Reducing commuting time to work through investment attraction would have environmental benefits as well. It is estimated that investment attraction could result in the reduction of 65,000-163,000 tonnes of carbon emissions from residents not being forced to commute outside of the region for work. If a price of $23 per tonne was applied to these reductions, they would value $1.5-$3.7 million.

Successful investment attraction could result in a reduction of carbon emissions from fewer residents being forced to leave the region for work.
6. Policy & Infrastructure Recommendations

Based on the research, analysis and consultation conducted as part of this project, this Section highlights the specific recommendations for future infrastructure investments.

6.1 Existing Policy Setting

As part of the Growth Areas policy, the Casey-Cardinia Growth Corridor has been experiencing significant population growth. This surge in population growth has not been supported by equal amounts of employment growth, which has forced many residents to commute outside of the region for work. The resultant congestion and traffic is beginning to impact quality of life and the amenity of the area, which is what attracted many residents in the first place. These conditions are expected to worsen in the future unless distinct and concerted efforts are made by government.

More information regarding the current economic, social and policy environment as well as the likely future consequences of current trends are provided in the Background Report and the Impact Assessment Report.

6.2 Case for Intervention

AECgroup conducted consultation with property developers and real estate experts across residential, industrial and commercial property sectors. Even though the Casey-Cardinia region has several competitive advantages and currently offers land at a price that is lower than other parts of Melbourne, the area still suffers from some competitive disadvantages:

- **Perceptions**: the Casey-Cardinia region is not as well established as an employment hub. Greater Dandenong, Knox and Monash are all proven areas of development and provide lower risk to a developer or company considering investment. As a more developed employment area, infrastructure, supply chains and workforce tend to be more readily available, which makes the area more attractive for future investment, particularly given the availability of land. Greater Dandenong has over 1,000 ha of available employment lands and has consumed on average 56 ha of employment land per year over the last three years, while Casey and Cardinia have averaged just 14 ha and 6 ha, respectively. Establishing in a well known employment area also lowers the risk of the investment as proponents are more confident in the eventual return.

- **Geographic location**: the Casey-Cardinia region is located further away from the inner Melbourne, Melbourne Port and other employment areas in the South East, North and West. This greater distance can increase transportation costs for businesses, which can make the location more expensive to operate from. These costs could also contribute to negating the cost competitiveness of land.

- **Development costs**: given the earlier stages of development for many of the employment lands in the Casey-Cardinia region, the total development costs may often include additional costs for access utility services, road construction and other development costs. Given current construction costs, these additional development costs can often negate the cost competitiveness of land.

- **Government investment**: given recent State Government policies around Central Activity Districts (CADs), considerable government investment is being delivered to Central Dandenong. While the eventual development of Dandenong as a major centre within Melbourne’s South East may be beneficial to the Casey-Cardinia region, the investment activity will attract investment from the private sector in the short-term, providing further competition for investment in the Casey-Cardinia region.
Attracting Employment & Investment to the Casey-Cardinia Region
Policy and Infrastructure Recommendations

- **Infrastructure**: insufficient gas supply was identified as a distinct competitive disadvantage, as this infrastructure is required for many industrial operations. Additionally, improving road connections between the main employment areas in the Casey-Cardinia region as well as with the rest of the Melbourne South East region would improve the competitiveness of the area.

Without additional intervention by Government, these competitive disadvantages are not likely to improve in the short-term. Consultation feedback would indicate that the market in Melbourne South East would need at least five years before the Casey-Cardinia region would see dramatic increases in investment and job growth.

Given this situation, the status quo scenario projected by AECgroup modelling is the most likely scenario for the short term. As highlighted in the Impact Assessment Report, this scenario would likely result in the exasperation of existing pressures and the worsening of many of the economic, social and environment impacts highlighted.

**Government action is required now in order to facilitate greater levels of investment attraction and job growth in the Casey-Cardinia region. Without action, the status quo will remain, causing many negative economic, social and environmental impacts. Existing pressures on infrastructure and congestion are likely to worsen.**

### 6.3 Policy Levers

Governments at all levels have various policy tools and levers that can have dramatic impacts on future development and the competitiveness of an area. Common tools include infrastructure investment, planning and development processes and other incentives to encourage desired development outcomes or strategic objectives.

"The fundamental purpose of Government in the economy is to foster the creation of wealth, products and jobs by individuals in the private sector. (The Victorian Liberal Nationals Coalition Plan For Innovation, 2010)." The current Victorian Government recognises the important role that Government has in economic development. In order to fulfil this role, various policy levers and tools need to be used.

An appropriate response from all levels of government is required. At the local level, Councils can ensure they have a business friendly environment, including transparent and efficient planning and development procedures. Local governments can also conduct marketing and investment facilitation programs to encourage investment and job growth. Incentives are another tool that local governments have and using in a more proactive manner across Australia. **The City of Casey and the Shire of Cardinia have developed a very aggressive investment attraction program, including the potential for financial incentives, to achieve greater levels of investment and job growth.**

Equally, State Governments have a variety of tools at their disposal to achieve strategic objectives. Strategic infrastructure investments, such as major highways, railways and ports, can act as a tremendous catalyst for economic development. Additionally, the State Government has numerous revenue streams (i.e. payroll tax and stamp duty) to balance financial incentives to encourage desired strategic outcomes. Examples of current incentives programs are provided in the case studies below.

Specific incentives were announced in the 2011 Budget Paper regarding housing affordability, including a reduction in stamp duty and a continuation of the First Home Owner Grant. Additionally, the budget also introduced a stamp duty concession for farmland properties valued between $300,000-$400,000 (2011-12 Budget Overview, page 8). While these incentives will be helpful to home buyers, the key drivers that pushed up the prices of houses has also pushed up the price of non-residential construction. Policy tools to address these affordability issues will also generate jobs and encourage investment.
**Case Study: Western Sydney Business Employment Fund**

Western Sydney has witnessed significant population increases as the Sydney region has grown. As many of the centres in Western Sydney grew, more and more residents were leaving the region to pursue employment opportunities.

The Western Sydney Business Employment Fund aims to encourage business growth and genuine new employment creation in 14 local government areas in Western Sydney. The Fund aims to offset business costs (including payroll tax) to assist businesses create employment through establishment or expansion of operations in Western Sydney.

Financial assistance in the form of payroll tax rebates and/or direct cash grants. The Fund is targeted in specific industries that generate significant value to the overall economy. In particular, the assistance is targeted at many small businesses to encourage them to take on staff and become eligible for payroll tax for the first time.

The program is subject to strict criteria and conditions as well as close scrutiny, considering the company’s track record, financial resources, long-term viability of the operation as well as its overall economic benefits. The Fund is discretionary and considers the amount of new jobs being added, their skill level and wage as well as the value of payroll tax being paid. All projects must be consistent with the Government’s strategic industry development priorities.

To date, the program has generated 1,497 new jobs and capital investment of over $360 million for the region, across 41 different projects. It is one of the State’s most successful business programs.

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**Case Study: Regional Queensland Investment Incentive Scheme**

Queensland is a large state with many regional areas. The competitiveness of these regional areas to recruit investment and jobs can be hampered by their relative isolation (distance from Brisbane), infrastructure, relative small workforce as well as impacts associated with many of the resource projects.

The Regional Queensland Investment Incentive Scheme (RQIIS) is targeted at securing jobs and investments into regional Queensland through the provision of financial incentives. RQIIS is a discretionary program and only available to secure contestable projects that have strong strategic merit. The scheme is part of the Queensland Government’s overall strategy to build stronger regions.

There are strict eligibility criteria and conditions apply to any incentive deal. They are targeted at specific industry sectors in the various regions and considerable due diligence is carried out on each proponent. Incentives can come in the form of payroll and land tax rebates, stamp duty rebates and/or cash grants.

In the 2009-10 financial year, the Queensland Department of Employment, Economic Development and Innovation generated over $1 billion in capital investment and thousands of new jobs. Approximately half of these projects were in regional areas.

The Commonwealth Government also has access to different levers to encourage economic growth and development. Fiscal and monetary policy have proven to be effective tools, as demonstrated by various stimulus packages during the GFC. Through Infrastructure Australia, the Commonwealth Government has also displayed a willingness to invest in strategic infrastructure. As the main taxing authority in Australia, there are also ample revenue streams to provide financial incentives for projects.
6.4 Policy & Infrastructure Recommendations for the Casey-Cardinia Region

To support investment attraction and employment growth in the Casey-Cardinia region, the following policy recommendations are provided. These recommendations are made in consideration of all research, analysis and consultation conducted for this project.

1. **Commit to supporting investment attraction and employment growth**: Statements of commitment from all levels of Government supporting investment attraction and employment growth in the Casey-Cardinia region would signal a unified approach by government, which would assist in changing the perceptions of the area. These commitments could also be supported further by encouraging relevant divisions in the Victorian Department of Business and Innovation, Austrade and the City of Casey and Shire of Cardinia to actively encourage businesses to consider locating in the Casey-Cardinia region.

2. **Develop the Port of Hastings as soon as possible**: Modelling conducted for this project has identified the dramatic impact that the Port of Hastings development could have on the future economy of the Casey-Cardinia region. Fully committing to the development of the Port of Hastings, including engaging in detailed feasibility and planning studies would greatly improve the long-term competitiveness of the region. Efforts to deliver the Port of Hastings before 2021 should be made.

3. **Develop the associated infrastructure necessary to support the Port of Hastings development**: The development of the Port of Hastings by itself is insufficient to achieve the desired economic, social and environmental benefits. Upgrades and improvements in road and rail infrastructure are also needed. Similar to the Port, commitments to this infrastructure need to be made, including the commencement of detailed planning and feasibility studies.

4. **Develop specific investment incentive program to encourage investment and job growth**: Given the particular circumstances of the Casey-Cardinia region, a special investment incentives program is needed from local and State Governments. A local financial investment incentive program from the City of Casey and the Shire of Cardinia is already under investigation. State Government should consider providing a financial incentive package to encourage investment and job growth in all the identified Growth Areas. Many of them suffer similar issues as in the Casey-Cardinia region such as high residential population increases and slower employment growth. The State Government incentive package could include payroll tax rebates, stamp duty rebates and/or cash grants. Consultation with industry identified that such incentives would encourage industrial development, investment and job growth in the short term.

5. **Commit to delivering East-West road extensions and upgrades**: The extension and upgrade of Thompsons Road will be critical to unlocking the employment lands in the Casey-Cardinia region. Similar extension and upgrading of Grices Road would also improve connectivity and facilitate investment and job growth. These investments should be made in a proactive fashion to act as a catalyst for job growth and investment in the area. Waiting until the area develops will not generate the same type of impacts and should be avoided.
References


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