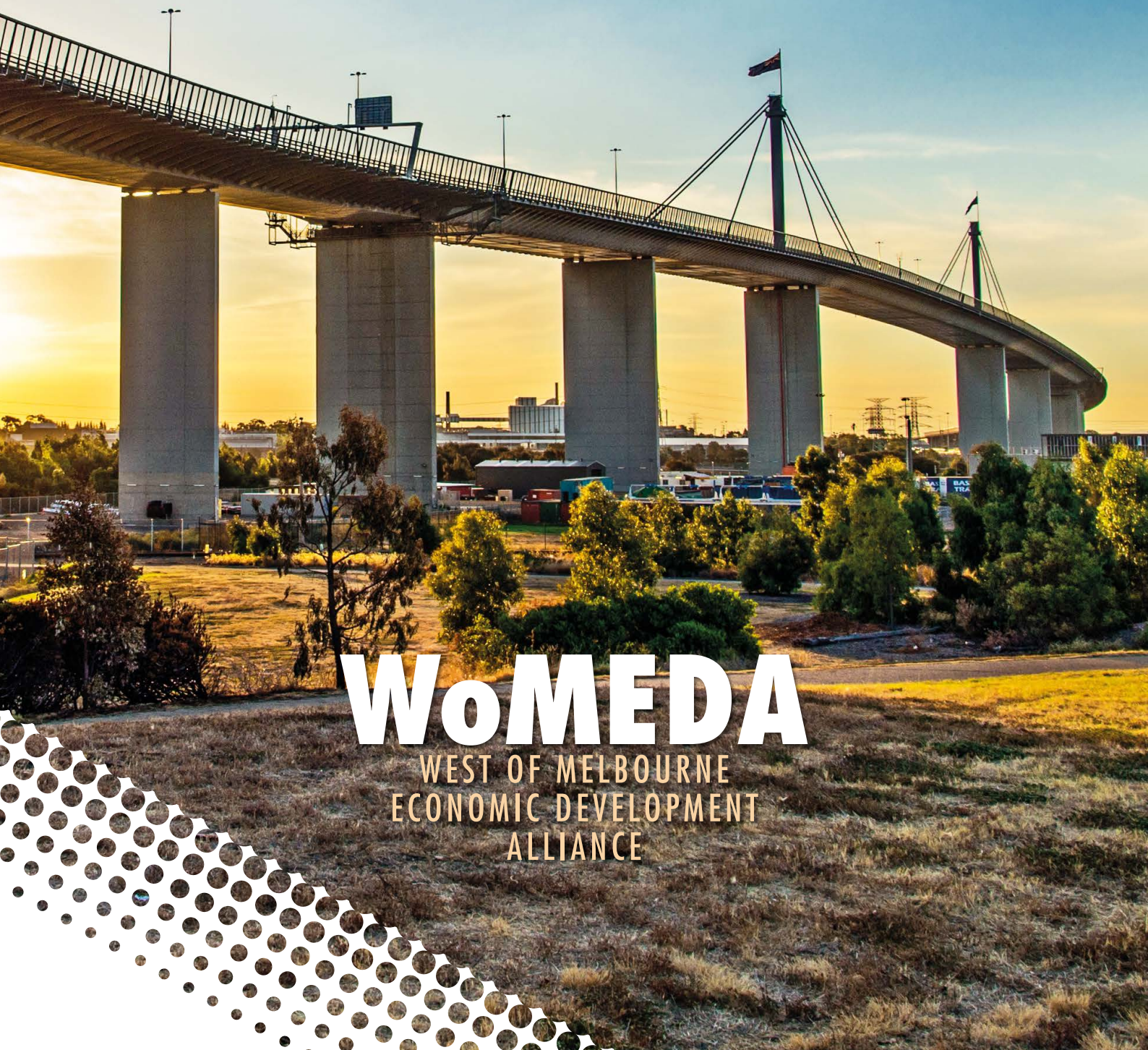


# ECONOMIC DEVELOPMENT STRATEGY FOR THE WEST OF MELBOURNE

2017



## WOMEDA

WEST OF MELBOURNE  
ECONOMIC DEVELOPMENT  
ALLIANCE





**Acknowledgement of Country**  
 We acknowledge the Ancestors, Elders and families of the Woiwurrung (Wurundjeri), Boonwurrung, Taungurong, Dja Dja Wurrung and the Wathaurung groups who form the Kulin Nation as the traditional owners of the land. We pay respect to the deep knowledge embedded within the Aboriginal community and their ownership of Country. We acknowledge that the land on which we meet is a place of age old ceremonies of celebration, initiation and renewal and that the Kulin people's living culture has a unique role in the life of this region.

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The cosmopolitan and lively Footscray Market.



## MESSAGE FROM THE CHAIR AND DEPUTY CHAIR, WEST OF MELBOURNE ECONOMIC DEVELOPMENT ALLIANCE

**The West of Melbourne Economic Development Alliance (WoMEDA) was established in early 2016. After discussions between Victoria University, the State Government and key stakeholders in the West of Melbourne, amongst local government and the business community, it became clear that leaders in the West needed the opportunity to view the region through an economic lens.**

WoMEDA is focussed on the area covered by the six Councils that work together through LeadWest (Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham). After consultation with the CEOs and Mayors, it was decided two CEOs would represent them on the WoMEDA Board. The Chair of the Western Melbourne Regional Development Australian (WMRDA) Committee also joined the Board as did the Chair of LeadWest, the then CEO of Western Health and the Vice-Chancellor of Victoria University, along with leaders from a range of major local industries. Victoria University played a lead role in the establishment and management of WoMEDA, and the Alliance continues as an economic development unit within the University.

WoMEDA is grateful to Victoria University for providing funding and in-kind resources for its work during the last two years. We are also thankful of the Victorian State Government for a significant grant for this work, and to the Western Melbourne RDA and LeadWest for their financial contributions.

We are particularly indebted to Professor Rod Maddock, a Vice-Chancellor's Fellow at Victoria University, and a leading Australian economist, for his leadership in the writing of this strategy, under the oversight of the Board. Feedback on earlier drafts was received from various stakeholders. The contents of the strategy are the views of WoMEDA alone, and do not necessarily reflect the views of other organisations that board members are associated with, or by funding organisations.

We are also grateful to Kate Roffey for the role she played in the early stages of WoMEDA's development and to Jim Williamson for his ongoing contribution and advice to the board as a regional expert. Thanks also to Anthea Harris, and other officials of the Department of Economic Development, Jobs, Transport and Resources for their advice and assistance in this project.

The primary focus of WoMEDA, as noted above, is to catalyse economic development in the West, with the intention that this will support the achievement of broader social engagement and health outcomes. The three main priorities, or themes, in the WoMEDA economic development agenda include suburban jobs

growth, improved community health and wellbeing, and smarter transport connectivity. The Economic Development Strategy for the West of Melbourne is the culmination of the work of WoMEDA over the past two years.

Our focus in this Strategy is very explicitly on strengthening employment in the West. We believe jobs growth is not matching population growth in the west of Melbourne, and absent the Strategy the West will become a dormitory. Alongside rapid population growth, the West has declining industries and persistent shortfalls in health service provision, community amenity and poor social outcomes.

However, there are strengths to build on, in order to expand the quantum of good quality suburban jobs. The Strategy sets out our views as to how and where to strengthen jobs growth in the region.

In order to encourage the development of local jobs, we have focussed on three major employment hubs - Footscray, Werribee and Sunshine. For each we have crafted specific plans and we have been assisted in this by research contributions from Rod Glover and Bill Unkles. Clearly the West is much more than those three hubs. Nevertheless, we believe that building these three strong local hubs of employment will generate widespread benefits for the region, especially if we are able to improve inter-regional transport connectivity.

There are also over-arching issues of catch-up that should be addressed. This involves a commitment to bring both health and education outcomes in the West to city averages. Investment in health and education will itself grow jobs in labour intensive industries. It will also result in a healthier and more skilled population, which would help raise labour force participation and increase the employability of the local population.

This Strategy is about getting people who live in the West to work in the West, it is about providing opportunities to its thriving community, and about making sure that the West is growing with its people. It seeks to build on our unique and rich regional heritage, and better meet the economic development challenges of the next decade.



**The Hon Steve Bracks AC**  
Chair, WoMEDA



**Professor Peter Dawkins AO**  
Deputy Chair, WoMEDA

**The Werribee wetlands.**  
PHOTO BY SIMON O'DWYER

This Strategy has been produced with support from Victoria University, LeadWest and the Western Melbourne RDA, alongside substantial contribution from The Department of Economic Development, Jobs, Transport and Resources.

 **VICTORIA UNIVERSITY**  
MELBOURNE AUSTRALIA

 **LEADWEST**  
Leadership for the west

 **Regional Development**  
Regional Development Australia  
and Regional Development Victoria  
WESTERN MELBOURNE





## APPROACH

**This report makes a series of recommendations about the economic development and jobs strategies for the West. Our focus is clearly on employment. As such, it is intended to complement the work of other entities concerned with the broad development of the region.**

As an economic strategy, the report aims to provide a clear goal for the area and reflect the values and desires of the local community. While the consultation in this study has been limited to a review of local council documentation and the other strategies covering the West of Melbourne, we believe it suggests appropriate goals.

The Report starts with a discussion of the logic and high-level recommendations, and follows with some basic contextual material. It then moves to discuss potential job clusters that might be appropriate to each of Sunshine, Werribee and Footscray. We do not discuss the rationale for the focus on the three employment hubs: these are taken from the City plan.

The theoretical underpinnings of the approach derive from the urban economic literature. It recognises the strategic role of clusters of economic activity in driving growth through agglomeration economies.<sup>1</sup> The second important finding is that growth prospects are enhanced by focusing on the higher-level management and development aspects of a sector, not on its processing and operations components.<sup>2</sup>

Following the discussion of clusters, the report addresses strategies to overcome some of the historical disadvantages of the West. Improvements in health, education and labour-force participation are likely to have very large pay-offs for the society, as well as the individuals.

<sup>1</sup> Porter, M.E. (1990b), "The Competitive Advantage of Nations", Harvard Business Review, Vol. 68 No. 2, pp. 73 – 91.

Porter, M.E. (2003), "The economic performance of regions", Regional Studies, Vol. 37 No. 6-7, pp. 45-546.

Florida, R. (2002), The Rise of the Creative Class, Basic Books, New York, NY.

<sup>2</sup> Roger Martin, Richard Florida, Melissa Pogue, Charlotta Mellander, "Creativity, Clusters and the Competitive Advantage of Cities" REF.

2015-MPIWP-004 Working Paper Series, Martin Prosperity Research, Rotman School of Management, University of Toronto, June 2015.

Rowers at dawn on  
the Maribyrnong River.  
PHOTO BY JASON SOUTH





**The solar-powered Sunshine Station was one of the first in Australia to receive a 4-Star Green Star certification from the Green Building Council Australia.**

PHOTO BY CHRISTIAN PEARSON

## LOGIC

# B

**The context is well known. The West faces rapid population growth, declining industries, the need for a higher-skilled workforce, and persistent shortfalls in health-service provision and community amenity with poor social outcomes.**

The case for a strategy is strong. Absent a plan, the West will become a dormitory. Our modelling suggests 100,000 more people will be looking for jobs in the West by 2030 than the number of jobs available there. We need local jobs to prevent excessive congestion of transport, long commutes and poor quality of life for residents.

Our earlier research highlighted the importance of building on existing business and industry strengths in order to expand the quantum of good-quality suburban jobs.

We also recognised that some employment growth, especially in retail, will follow the population growth. These are important jobs but they will not create new and exportable capabilities for the region.

Our approach is based on the idea of building clusters. By concentrating particular industries in specific locations, clusters allow firms to build deeper expertise, to share that expertise, to create local value chains yielding a virtuous circle. Each cluster forms a productive ecosystem.

Building random clusters is likely to fail. Our approach is to find locations where there is some existing strength or capability, and to seek to build on that.

Our ambition for these clusters is that they should develop as national strengths, rather than just serve local needs. Our project is ambitious. Ideally, people from the rest of Australia should acknowledge the leadership of the West in some key areas of employment.

Since we are interested in jobs, we are also very sensitive to where future jobs are likely to grow strongly, i.e. particularly in services. We are also sensitive to the need to create appropriate jobs so that a lot of emphasis is in skilled work, particularly Vocational Education and Training (VET) qualified jobs.

There are three other important considerations that complement the cluster concept.

First, there are significant areas of social disadvantage in the West. A basic component of any jobs strategy is to ensure more people are sufficiently healthy and appropriately trained to take advantage of the opportunities. This will require a commitment to improved social outcomes in the West. It could also add about \$3bn to Victoria's Gross State Product.

Second, research and development (R&D), and innovation and skills development, are important elements in the development of successful clusters. The presence of Victoria University (VU) with relevant R&D, and education and training in the West of Melbourne's employment hubs is a key asset.

Third, the clusters must also provide good accessible jobs into the region. This will require some re-thinking of transport links to allow workers to move easily to and between those hubs, and the other major employment, most clearly the major retail centres such as Tullamarine Airport, Highpoint, Watergardens and Essendon Fields.



## JOBS OF THE FUTURE

**There is a lot of debate about which jobs will be most impacted by technological change. Obviously, nobody knows how this will play out. The broad trends seem to suggest that growth will bifurcate with more demand for jobs at high skill levels, more demand for jobs in personal services, while demand for routine work will decline.**

The current forecast produced by the ABS (at right) supports this conjecture that demand for care and other personal services is likely to be strongest into the near future. People preparing for most other jobs will probably require retraining at different stages of their careers so that a capacity for learning is likely to prove valuable. The role of vocational institutions will also be more important as people adapt to and train for newly emerging roles.

Our inference for the West then is to concentrate particularly on technical skills and personal services. These might be in aged and disability care, in lifestyle management, and in IT and professional services. There will also be more focus on using the VET system creatively to help people adapt as labour demands change.

A key focus should be around lifestyle and wellbeing: "Deloitte's new report identifies a growth cluster at the heart of the collision of megatrends such as rising life expectancies, rising relative health-care costs and tightening public sector health budgets. This group contains the biggest commercial opportunities.

These trends will generate new opportunities, with sectors such as residential aged care, retirement living and leisure, community and personal care, and preventative health and wellness at the head of the pack in terms of ... growth potential."<sup>1</sup>

<sup>1</sup> Quote is from Deloitte Media Release, 'New Opportunities for Victoria', 24 March 2014 Deloitte, regarding 'Positioning for Prosperity: Catching the Next Wave', (2014).

### PROJECTED EMPLOYMENT GROWTH IN THE WEST

Five years to November 2020

Health Care/Social	8467
Retail Trade	5557
Logistics	4791
Construction	3710
Accommodation/Food	2890
Professional/Technical	2540
Education and Training	2367
Arts and Recreation	1975
Financial/Insurance	1568
Administrative	1214
Public Admin/Safety	1090
Rental/Real Estate	756
Utilities	573
Other Services	527
Agriculture/Fishing	48
Mining	-130
Media/Telecom	-162
Wholesale Trade	-335
Manufacturing	-2441
<b>TOTAL</b>	<b>35003</b>

SOURCE: ABS Workforce forecasts: <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

### LOCAL EMPLOYMENT VERSUS COMMUTING

Industry	Local employment	Residents' Jobs	Commuters
Retail and wholesale	57,742	60,357	2,615
Manufacturing	37,462	41,209	3,747
Logistics	33,093	38,535	5,442
Health and social	32,178	42,655	10,477
Construction	30,769	34,468	3,699
Education and training	26,947	28,864	1,917
Public admin and safety	18,658	27,560	8,902
Accommodation and food	17,607	26,562	8,955
Professional services	11,553	31,795	20,242
Other services	11,999	15,191	3,192
Admin and support	9,422	14,989	5,567
Finance and insurance	4,246	21,632	17,386

SOURCE: NIEIR report for the RDA

The second set of data of greatest relevance to the project (above) is the extent to which people in particular sectors travel out of the West to their jobs. Clearly, the largest number of commuters are in the health sector and the professional services sector including finance.

If commuting is to be reduced, it makes sense to grow local jobs particularly in these sectors.

As is obvious from subsequent sections, we would like to develop clear specialisations and employment hubs in health and social assistance, and professional services, in each of the three clusters in Footscray, Sunshine and Werribee. This will forge a strong and connected health, education and jobs strategy across the region.



## RECOMMENDATIONS

# D

### ONE

The jobs strategy should involve two strands: a catch-up component and a cluster component.

### TWO

Health and education outcomes in the West should target city averages as part of catch-up.

### THREE

Clusters should involve developing related industries concentrated in a geographical area.

### FOUR

Clusters should be aimed at achieving national significance and impact (not simply providing local services).

### FIVE

Clusters should focus on industries which do not need to be in the CBD, or are better not in the CBD.

### SIX

The initial targets for clusters should be the hubs at Sunshine, Footscray and Werribee.

### SEVEN

The clusters at Sunshine should be:

- a. Health: key focus on care – life-long care, aged care, disability care,
- b. Construction: key focus on up-skilling workers and firms,
- c. Justice: key focus on administration, training for prisons, security, social justice.

### EIGHT

The clusters at Footscray should be:

- a. Health, Sport and Active Living Precinct: with the co-location of a new hospital with VU at Footscray Park,
- b. Education: based on uplift from the Footscray Learning Precinct,
- c. Professional services: based on improved tram link and infill back to CBD.

### NINE

The clusters at Werribee should be:

- a. Australian Education City (AEC) with its focus on technology firms, including health,
- b. Food processing,
- c. Logistics.

### TEN

Transport networks should be rethought to make it easier for workers in all LGAs in the West to get to, from and between the hubs and the emerging retail centres (including the airport).

### ELEVEN

Planning and rezoning should be developed in a way that complements the development of the hubs.



The new Sunshine Library is located over the first two floors of the Brimbank Community and Civic Centre.

PHOTO BY DARRIAN TRAYNOR

Welcome summer rain over a thirsty Sunshine landscape.  
PHOTO BY LUIS ASCUI



## SEVEN BIG IDEAS

### THERE IS A BIG PRIZE AVAILABLE

Bringing the West up to city averages in employment and participation has the potential to add 25,000 workers and over \$3,000m to Victoria's Gross State Product (1 per cent).

### THERE IS A BURNING PLATFORM

Without additional growth in local jobs, the number of workers commuting out of the West will rise by 100,000 by 2030, spoiling their lives and congesting public (and private) transport.

### CLUSTER STRATEGY PROVIDES A SOLUTION

Identified as employment poles in *Plan Melbourne*, Footscray, Sunshine and Werribee need to be developed as major job clusters in industries that do not need to be located in Melbourne's CBD.

### FOOTSCRAY SHOULD FOCUS ON TWO PRECINCTS - EDUCATION AND HEALTH, SPORT AND ACTIVE LIVING

Redevelop the Footscray Hospital to VU's Footscray Park Campus as part of a Health, Sport and Active Living Precinct. Further develop the Footscray Learning Precinct, centred on VU's Footscray Nicholson Campus.



Victoria University's Institute of Sport, Exercise and Active Living is a world leader in the field of Sports Science and Biomechanics.

### SUNSHINE SHOULD BECOME THE PARRAMATTA OF THE WEST

Sunshine (and St Albans) has the potential to become the western corridor's prime employment corridor through Brimbank and Melton. Key industries should be health and care (possibly focussed on ageing), justice (court, prison, security, NGOs etc.), and construction. Thought should go into the recycling and waste treatment as a further option. Sunshine being the home of VU Polytechnic (with a related campus at St Albans) will help to support this, as well as the presence of the Sunshine Hospital.

### WERRIBEE'S FOCUS DEPENDS ON KEY DECISIONS ABOUT THE AEC

If the AEC proceeds, it may bring a new set of education and technology-based employment to the West that would be oriented towards growing a high-skill professional employment base. In this way, it will add to the West's more traditional skills in food manufacturing and logistics.

### ALL LOGISTICS INSTITUTIONS SHOULD BE LOCATED IN THE WEST

With the airports, the port, the ring road and regional rail, logistics is naturally homed in the West. It is not currently managed from there. The only major missing asset is freight handling around the port. Some thought needs to go into re-thinking how the port articulates with the West.



Mural of Franco Cozzo portrays the local icon welcoming visitors to Footscray.  
PHOTO BY PAUL JEFFERS



## KEY RISKS

### FAILURE OF IMAGINATION – CREATE NEW CAPABILITIES

We need to create new capabilities for the region rather than simply building an extra school, a new road or a new hospital. The strategy cannot be one of just business as usual.

### FAILURE TO LOBBY – COUNTER THE CBD MYTH

In Melbourne, in recent years, there has been a shift in employment towards the CBD. This has created a myth that the future jobs will mainly be in the CBD. In the US the opposite was true: Brookings found (in the 2000s) that the number of jobs in suburbs rose by 4 per cent, while jobs in cities dropped by 2 per cent. There is no inevitability about the CBD as an employment magnet.

### FAILURE TO SPECIALISE – CLUSTERS ARE GOOD

At the moment, government entities and private businesses are scattered all over the city. The big exceptions are finance and government that are clustered in the CBD. By clustering similar industries in particular localities, we can generate virtuous circles. Businesses will learn from each other, coordinate, and all benefit. Not all clusters have to be in the CBD.

### FAILURE TO COORDINATE ACROSS THE REGION – FOCUS OUR EFFORTS

The jobs focus looks to build three strong employment hubs in the West - Sunshine, Footscray and Werribee. The rest of the region is important too, and transport needs to be better coordinated to take greatest advantage. But focusing on a couple of industries for each region gives the greatest chance of success.

### FAILURE TO COORDINATE WITHIN GOVERNMENT – LEVERAGE OPPORTUNITIES

If the State is building a new hospital, its focus should be structured to maximise the local employment benefits. Let us not just build a new hospital: instead, let us create a capability with potential outside the region. This is much better for the whole of the West than if all the new jobs are in the CBD. People will commute more easily from Melton to Sunshine than from Melton to the CBD.

### FAILURE TO INTEGRATE THE TRANSPORT NETWORK

The transport network needs to be designed to integrate the job hubs (including the major retail hubs, the airport and the port) with where the workers live.

### FAILURE TO FOLLOW THROUGH

The task of building successful clusters will require discipline and follow-through. The West of Melbourne Economic Development Alliance and the other leading local entities need to provide ongoing support for the basic concepts. Keeping the objectives narrow and focused makes that more likely.

### FAILURE TO WORK WITH THE LOCAL GOVERNMENT

An effective and efficient economic development strategy must draw on the existing and evolving strengths of VU, which has a specific legislative obligation to serve the six LGAs comprising the West and the city of Hume, and to work closely with each of these councils nominated in the Act.



The Melbourne skyline looking east from Footscray Road.  
PHOTO BY PAUL ROVERE





## FOOTSCRAY EMPLOYMENT HUB

**Footscray is strategically positioned for success:**

- **it's the western arm of Australia's fastest-growing CBD,**
- **it's the gateway to Melbourne's West, Australia's fastest-growing region,**
- **it's in the midst of a transformation, and**
- **it's already a University Town.**

To harness this opportunity, Footscray must evolve into an advanced services hub that meets the demands of a larger population and matches the lifestyle and amenity offers of the other inner suburban areas it competes with for talent and investment.

CONTINUED NEXT PAGE

**The morning sun pierces a blanket of fog along the Maribyrnong.**  
PHOTO BY JASON SOUTH



## FOOTSCRAY EMPLOYMENT HUB

FROM PREVIOUS PAGE

### WE SEE THREE AREAS FOR CLUSTER DEVELOPMENT:

The proposal for a new hospital in Footscray opens up the possibility of a major Health, Sport and Active Living Precinct, if the hospital is co-located with VU at Footscray Park.

The local community has identified education as another agent of change. The Footscray Learning Precinct is a pioneering model that embraces cradle-to-grave learning, draws on the city's full set of educational assets and embeds learning in the community. This would be centred on VU's Footscray Nicholson Campus but have elements across the whole of Footscray.

Footscray enjoys strong industry prospects in transport, retail and property services, and a range of knowledge-based activities spanning public administration, professional services, creative industries, the digital economy, and health and education. It is the natural professional services hub for the West.

Workers and students already travel in from further West every day. Strengthening Footscray's position as a high-skilled hub for professional, creative and advanced health and education services would grow local economic opportunities over time, thus supporting the entirety of Melbourne's west. To realise these broad opportunities, Footscray must make the most of its core assets with its own uniquely inclusive model of health, education and economic development.

The redevelopment of the Footscray Hospital provides a unique opportunity to reshape Footscray. Developing the hospital at the VU Footscray Park Campus creates the opportunity for a world class Health, Sport and Active Living Precinct; with the hospital co-located with VU's world-class Sports Science/Sports Medicine facilities, a STEM centre of excellence for the Footscray Learning Precinct based on health and sport, a gymnasium and swimming pool, and other elite sport opportunities in Footscray Park.

The further development of the Footscray Nicholson Campus and its surrounds as the centre of the Footscray Learning Precinct create the potential for an upgraded Central Activities Area.

By considering these two projects together there is an opportunity to extend the community-driven Footscray Learning Precinct model into a citywide Active Living Partnership (built on health services, preventative health and sports science partnership across the community).

With many jobs of the future being in health, education and lifestyle industries, Footscray has the potential to develop Australia's leading concentration of skills and opportunities in these fields.

### The prospects for professional services is different

Footscray is growing rapidly as a gateway to the West but relative to other inner suburbs, its economy remains disconnected from many of central Melbourne's assets, most particularly by the absence of a significant tram service. It already has the sort of amenity that appeals to professional workers, with restaurants, a river frontage and an emerging arts scene. Filling in the transport gap is likely to provide the strongest stimulus to the development of Footscray as the professional services hub for the West. The obvious connection is to link Footscray with Docklands via a dedicated tram corridor running through the VU site and extending to new developments at Highpoint and Maribyrnong Defence Site.

### How big are the opportunities?

The West punches well below its weight in high-skilled health jobs. Nevertheless more people work in the sector than any other (c40,000) and it is growing faster than any other (8 per cent). As pointed out earlier, it is also a sector in which many workers commute out of the West to their jobs (c20,000).

Education is the fifth largest sector (c26,000), growing at around 6 per cent per annum, and the cluster of professional service industries employs about 60,000 people with growth of about 2-3 per cent.



Part of the Victoria University community.

### WHAT MIGHT BE DONE?

#### Health, Sport and Active Living

VU, Western Health, the Maribyrnong Council and the State Government should form a steering committee to oversee the development of the precinct centred on VU's Footscray Park Campus. The combination of investment in a new public hospital, along with VU's reinvestment of land sale in its own sport, health and active living assets, and other potential investors, could produce an investment of the order of \$1.5 billion in this precinct.

#### Education

In parallel, there is a once-in-a-generation opportunity to develop a new VU Footscray Park campus as a showcase for the larger Footscray Learning Precinct vision (and more broadly, education in the West). An overhaul of VU's Footscray Nicholson footprint could help achieve this, as a game-changing public asset that belongs to, and is embedded in, Footscray and the West. A strong commitment to community and industry engagement, and a 'learning by doing' approach, would differentiate VU from more traditional research Universities. This would provide VU with a capacity to better reflect local economic needs. This development, with a redeveloped central Footscray campus and its positioning with students and the community, would establish VU definitively as the University of the West.

#### Professional services

Footscray has the potential to function as an extension of the CDB for the West, in providing many of the higher-level professional services it will need. To make this happen, the transport network needs to be improved to make it easier for people to move between the CBD and Footscray. An enhanced tram/light rail project should link the soon to be redeveloped Maribyrnong Defence site, Highpoint, Footscray University Town, E-gate and Docklands. This catalytic project would fill in a missing and long-overdue link in expanding the West's light rail infrastructure to better connect people with economic opportunities. VU already teaches a suite of professional courses in accounting, finance, business, engineering, education and health, which would support the further development of Footscray as a professional services hub.





Sunshine Hospital Radiation Therapy Centre brings together the expertise of Western Health and the excellence of Peter MacCallum Cancer Centre.

## SUNSHINE EMPLOYMENT HUB

Sunshine's key endowments that will help its development as an employment hub are:

- its geographical location as a focal point for employment along the western corridor,
- its strong transport network,
- its Sunshine hospital, and
- its VU Polytechnic and the nearby St Albans Campus.

Its location, transport network, and availability of land means that Sunshine can become a major hub in the development of a multipolar Melbourne (the Parramatta of Melbourne). This would require a clear commitment by the State government to work to decentralise the city.

What stands out is that Sunshine represents almost a clean slate from a development point of view. The workforce has traditionally been employed disproportionately in manufacturing, which has been in decline, and in the provision of local services. Plan Melbourne identifies the upside in its scoping document, "The cluster has the potential to build a critical mass of tertiary education, health-related training, health care, and retail and professional services, as well as facilitate private investment."

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## SUNSHINE EMPLOYMENT HUB

FROM PREVIOUS PAGE

### WE SEE THREE AREAS FOR DEVELOPMENT OF POTENTIAL CLUSTERS:

Health and care are the most rapidly growing areas of employment in the economy, and one in which the west is underweight. Ideally, Sunshine would have a health and care focus that was different from that in Footscray. The key difference between the two sites is that Sunshine has a lot more land adjacent to the hospital. The key opportunity then is one of co-location of a range of activities that spin off the hospital. One would focus on ageing and disability, and their associated medical conditions. These are areas with the need to persist and grow (especially with disability) and which are labour-intensive, and which can make better use of the campus-like facilities available.

Justice and security provide a second cluster opportunity ranging from courts, to prisons, protective services, and related welfare services. All of these tend to be labour-intensive. While commercial courts are likely always to remain in the CBD, the rest of the justice system is currently dispersed around the city. Sunshine has a magistrate's court and the West has more than its share of prisons. There is an opportunity for Sunshine to become a hub for justice training and the delivery of related services.

The third opportunity is in construction. Construction is already one of the biggest industries in the West and, given the population projections, one with significant opportunities. It is also a sector at considerable risk. Productivity growth in the sector as a whole has been negative in recent years (-2.3 per cent in 2014-15 according to the PC). The World Economic Forum suggests the sector faces big challenges. It finds that digital transformation will reduce the time it takes to construct a building by 30 per cent and lifecycle costs by 15 per cent; for residences the gains are likely to be similar. In a sense, the strategy is designed to protect the local industry by helping it raise the skill level. The opportunity we see is to build a new capability at Victoria Polytechnic in Building Information Modelling and then reaching out to help small businesses coordinate, share and adapt to the new opportunities.

There is a fourth opportunity for Brimbank and Sunshine around waste management and recycling. This is already an important issue for the city and the State, and there is no clear region that is developing the scientific, engineering and practical skills to help lift Australia to world standard and export knowhow to Asia. This will be the focus of future analysis.

### How big are the opportunities?

We have already seen the size of the employment opportunities in health and social assistance. The opportunity in justice is not small: between the 2006 and 2011 Censuses, the sector added 10,103 jobs in Victoria at a rate of 3.5 per cent per year. The current trend is likely to have accelerated since the State spending through the Justice Department has been growing at about 10 per cent per year.

The Productivity Commission in its recent report into the NDIS found that "The disability care workforce will need to roughly double from its 2014-15 level to meet the increased demand for National Disability Insurance Scheme (NDIS) supports. Such workforce growth will mean that about one in five new jobs forecast to be created in Australia over the transition period will need to be in disability care." (PC p245).

Construction is already one of the most important industries in the West. The industry employs over 30,000 people and employment is growing at over 6 per cent per year.

The focus is again on major employment categories.

### WHAT MIGHT BE DONE?

#### Care

The health/care/disability opportunity is large. What is lacking is clarity as to:

- what the focus of the health precinct around the Sunshine Hospital will be, and
- how to take best advantage of the major shortage of disability staff.

One objective for Sunshine is that it must become the leading centre for some area of health care. Just as Monash is known for IVF, Sunshine has to have a lead capability. Rather than simply expand the current hospital to meet local needs, a clear decision on its concentration will help guide other policies and developments. From this point of view, aged and disability care seem obvious candidates. A decision to go down this path should then be supported by the gradual re-location of all related research centres and institutes into the precinct.

On disability care, Victoria Polytechnic at Sunshine could be supported to become the leading training institute in Australia for disability care. As part of this, the St Albans campus of VU should be urgently repurposed as a centre for residential care and for the training of staff for caring – both aged and disability. Ideally, the State Government would immediately facilitate an increase in the number of VET trainees at VU to work in disability care with an emphasis on recruiting women aged 18 to 24 and from the West (matching labour surplus to employment opportunities).

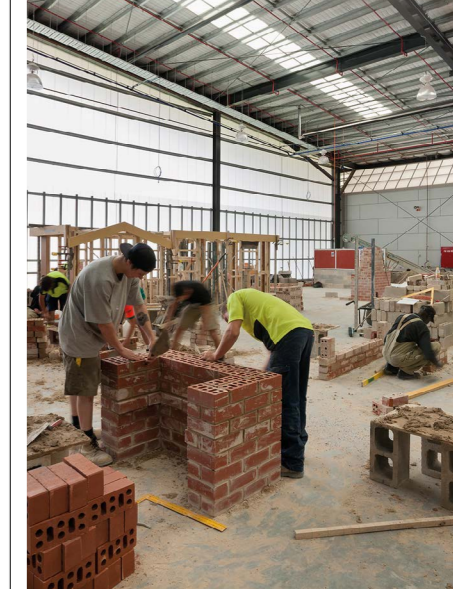
#### Justice

The provision of justice services, ranging from courts, to prisons, protective services, and related welfare services all tend to be labour-intensive. While commercial courts are likely always to remain in the CBD, the rest of the justice system is currently dispersed around the city. Sunshine has a magistrates court and the West has more than its share of prisons. There is an opportunity for Sunshine to become a hub for justice training and the delivery of related services. The cluster would include the court, related community services, prison administration, training of prison staff, training of protective services staff, and the training of social workers and paralegals.

Infrastructure Victoria has supported this approach. "In future, we think that justice service delivery should be integrated more closely with health and human services, to drive a greater focus on prevention. Bringing related services together is a complex process involving many players, including from the private and community sectors. There have already been some steps towards the integration of planning and delivery of justice, health and human services across Victoria and we recommend this should go even further, though we haven't sought to prescribe a particular model."

This is a sector dominated by public administration. Key decisions, such as the relocation of the Department of Corrections to Sunshine, sit with the Government. We note that some decision around local justice facilities has been announced for Werribee, but that is a different issue from a public commitment to build a justice industry around the Sunshine court.

There is also an imperative in the western region of Melbourne extending from Sunshine to Melton to significantly improve the education, training and job options for disengaging young people before they are captured by the justice system – see later Section J in this strategy.



#### Construction

This is an important sector for the West's skilled and semi-skilled workforce - especially males. The sector is facing a major shock from advanced technologies, possibly cutting construction costs by 15 to 30 per cent, and local businesses will have difficulty adapting. Construction firms in the West are very small (average four employees), so there is a very real risk that local employment in the sector will be displaced by larger companies from other parts of the city, interstate or offshore.

There seem to be two potential solutions. One is to help local firms scale up to meet the challenges, and the second is to assist small companies to implement the new technologies. Either way, the Victoria Polytechnic should play a major role. In order to help firms scale up, we will need to establish a professional development arm (incubator) of the Polytechnic that will take the new processes to small builders, help them share information and align processes and grow their businesses. To do this the Polytechnic needs to develop an advanced capability in Building Information Modelling.

To help small firms adapt to the new technologies, the Polytechnic should be funded to develop an outreach capability. This could be explicitly modelled on the approach used in agricultural research stations where problems were solved through research and shared freely across the sector through field days.





## WERRIBEE EMPLOYMENT HUB

**The Werribee area is one of Melbourne's six growth areas, and continues to experience rapid population growth, transforming it from an outer almost peri-urban area to a major population centre within Melbourne.**

As the population has grown, the share of local residents employed in the area has fallen sharply. Many residents travel to Central Melbourne (CBD and its periphery) for work, placing considerable strain on the transport networks. The upgrades of the regional rail network provided some increase on public transport capacity for the area. The planned "2nd" river crossing and Metro projects will assist with the transport task but this task is daunting. A strong increase in the local employment self-sufficiency would greatly benefit the sustainability of the West and Melbourne in general.

Its principal asset has been land for development reasonably close to the city. Werribee has some relative employment strengths in the agriculture, and transport and logistics sectors, but these offer little in the way of long-term job growth. The identified strategies seek to establish nationally and internationally competitive industries, which can drive strong long-term sustainable growth for the area. The Plan Melbourne Implementation Plan 2017 identifies Werribee as a place of State significance for establishing National Employment and Innovation Clusters. It states "The cluster is currently home to around 8,400 jobs and could ultimately support more than 50,000 predominantly white-collar jobs in health, education and high-tech research".

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## WERRIBEE EMPLOYMENT HUB

FROM PREVIOUS PAGE

### WE SEE THREE AREAS FOR DEVELOPMENT OF POTENTIAL CLUSTERS:

The possible AEC, co-located with VU's Werribee Campus, has the potential to bring an internationally competitive service and export-generating industry to Werribee. The Education City would aim to integrate education, research, business, and arts and culture, and residential facilities. The facilities and services will be integrated with the local community providing a strong boost to local social infrastructure. The promoters have gained the in-principle support of VU, IBM and Cisco as core tenants - and the Education City offers an opportunity to attract other cutting-edge international and domestic technology companies.

Australia is a key international producer of foodstuffs with food commodities as well as manufacturing foodstuffs. Commodity foodstuffs are subject to long-term declines in prices as production capacity improves throughout the world. The key to success in marketing foodstuffs, both domestically and internationally, is innovation in production, manufacturing and product development. The Victorian Government has identified food manufacturing as a key strategic development option for the State. Werribee has good transport links to the West of Victoria and indeed most of South East Australia, plenty of available land and a growing local labour force. It also has some core facilities for food innovation. The CSIRO food innovation centre at Werribee provides a community funded and supported facility for testing the development of new food processes, product development and manufacturing design.

Logistics is one of the West's great strengths. It is a large sector, one which is rapidly growing, and one with good stable jobs. It is a sector too, which has grown strongly and become increasingly sophisticated in its use of technology. Both the Port of Melbourne and the Melbourne Airport are important to this development, as will be the improving road and rail networks. Despite this, it is a sector dominated by road transport that covers some two-thirds of employment. At issue is, of course, how best to take advantage of the positional advantage of the West in this sector.

### How big are the opportunities?

The AEC, co-located with VU's Werribee Campus, could become a major centre for tertiary education within Australia. Modelling by VU suggests that this has the potential to contribute \$24bn to GSP leading to an expansion of the local economy by more than \$3bn.

In Victoria, food manufacturing employs over 40,000 people with about 8,000 of them in the West. While overall manufacturing employment in the West has declined over the last decade (down 14 per cent), the big exception to the trend is food and drink manufacturing where employment has risen significantly (up 9 per cent).

The logistics sector currently employs about 33,000 people in the West and is expected to grow at about 5 per cent per year.

### WHAT MIGHT BE DONE?

#### Australian Education City

If the AEC project is approved (by the State Government), it is proposed that the AEC, VU and other partners in the precinct work together with the State Government to develop a strategic vision and plan for the precinct.

#### Food and drink manufacturing

Particularly as automotive manufacturing industry slows with the end to local car production, food manufacturing should be strongly encouraged to grow taking up some of the displaced workforce. The Werribee Employment Precinct and other industrial land in the area provides scope for the attraction of food manufactures in the more inner parts of Melbourne to relocate to the Werribee area. The development of the food innovation centre would complement the activities and skill base attracted by the AEC offering strong economies of scope.



The Werribee Park Harvest Festival.

### Logistics

This is a sector where most of the businesses are small: 83 per cent having fewer than 5 employees. The occupational breakdown reveals that almost half the workers are drivers and machinery operators and one-quarter in the clerical and administrative category. With many small operators, there is not a lot of role specialisation with only 3 per cent of the employees in sales, 4 per cent trade workers, and 5 per cent professional. Together these suggest there is scope for consolidation and the potential to build a lot more medium-sized entities. While the industry is seen as providing opportunities, these are likely to require higher skill levels than in the past as the sector moves away from a "load and lump" business model.

Werribee has the potential to become the focal point of the local freight and logistics industry, notably around higher-level skills like warehouse management – so there needs to be an investment in modern logistics management. This skill set probably needs to be imported and established in management training facility either in the Education City or through one of the local universities. The large workforce is at risk of technological redundancy without investment in upskilling, probably through the Polytechnic.



## CATCH-UP ISSUES AND APPROACH

### THE IDEAS OF CATCH-UP ARE:

That the West has outcomes in health, education and employment that are considerably poorer than city averages,

That these should be addressed as a matter of social justice, since deficiencies in these areas mean that locals cannot take appropriate advantage of work opportunities, and

That policy should be focused on changing outcomes in those areas (as opposed on focusing on inputs).

Bringing the working population of the West up to city averages would add some 25,000 workers. This would add some 5 per cent to the value of production in the West, and add about 1 per cent to the Victorian workforce. This amounts to about an additional \$3-4bn of Gross State Product.

The three key areas of concern are – health outcomes, educational outcomes, and labour-force participation outcomes.

### Strategy for catch-up in Health

The Government has designated the Latrobe Valley Health Zone, designed to improve the lives of local residents. This includes an immediate direct investment, specific community involvement in shaping health priorities, a health advocate designated to speak on the community's behalf.

For the West, we believe a similar program is needed, with the focus on outcomes. This could include Government declaring the West of Melbourne as a Health Zone (broadly analogous to the Latrobe Valley example), committing to set specific five-year targets for the Department, requiring it to bring the West up to the 2016 Melbourne average for a range of health outcomes, and appointing a Health Advocate for the West.

These would be highly targeted health and education initiatives and projects in the three cluster hubs of Footscray, Sunshine and Werribee, but should have a high level of involvement from VU.

### Strategy for catch-up in Education

In almost all areas of education, the West lags behind the rest of the city from pre-school to university. There should be a specific government commitment to reduce educational disadvantage.

The Government Schools Funding Review 2015 (GFSR - the Bracks Review) makes a number of recommendations for the public education system in Victoria, including specific recommendations relating to areas of socio-economic disadvantage, and to regions with high proportions of people who speak a language other than English at home. The Review found that "In Victoria, students who are disadvantaged because of socio-economic circumstances achieve lower assessment results, have poorer health, and experience poorer transitions through school" (Finding 2).

In accordance with the review's recommendations, the Government should consider establishing an independent Education Performance Monitor for the West of Melbourne, and set specific five-year targets for the Department requiring it to bring the West up to the 2016 Melbourne average for a range of education measures by 2021.

### Strategy for catch-up in Participation

There are areas of high youth disengagement (not in work, not in training) that need specific local programs to re-engage these young people, e.g. Altona, Melton, areas of Brimbank. The background is that there are areas of the West where many 20-24 years olds are not in employment, education or training (NEET). The picture looks worse for women.

These people are at serious risk of long-term welfare dependency involving significant waste of their own lives, significant long-term public expense, and the risk that the following generation too will be impacted. Some estimates put the lifetime cost of such disengagement at above \$500,000 per person as a result of ongoing welfare dependency.

### PROPORTION OF THE LOCAL COHORT NOT IN EMPLOYMENT, EDUCATION OR TRAINING

NEET Ratios %	Total	Male	Female
Melbourne	9.5	8.6	10.5
Brimbank	13.1	11.8	14.6
Hobson's Bay	12.1	11.1	13.2
Melton	15.3	12.0	18.7
Wyndham	13.9	10.2	17.7

SOURCE: ABS Census data

The government-funded Reconnect program is designed specifically to help alleviate this problem. Under the framework, Registered Training Organisations can apply for funding to help address youth disengagement. While the program seems sensible, the level of funding seems small given the high cost of failure.

It seems appropriate therefore, that State Government will need to step in and commit to the objective of bringing the proportion of NEETS down to city averages. More narrowly, it might also decide that Wyndham and Melton be targeted for specific interventions designed to get NEET youth, and especially women, into VET in the form of an accelerated Reconnect policy.

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Alliance sits within  
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For further information  
please contact

Office of the Vice-Chancellor  
**(03) 9919 4011**

**[vice-chancellor@vu.edu.au](mailto:vice-chancellor@vu.edu.au)**

**[vu.edu.au](http://vu.edu.au)**

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