
Growing Casey's Economy



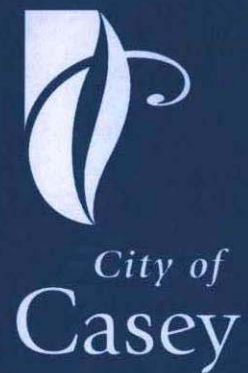
Planning & Development Services
Economic Development
Economic Development Strategy 2010-2015

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Economic Development Strategy

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The City of Casey

Economic Development Strategy

2010-2015

Foreword

2010-2015



	PAGE
Foreword	i
Table of Contents	ii
Introduction	1
The Objective	2
The Process	4
What is Economic Development?	5
The Context	6
The Global Context	6
The National Context	7
The Victorian State Economy	7
The City of Casey	8
Relevant Documents	10
Melbourne South East Regional Economic Development Strategy	20
The C21 Strategy	10
Melbourne @ 5 Million	11
The Victorian Transport Plan	12
Competitiveness of the City of Casey	13
Opportunities for Growth	14
Economic Development Strategy Overview	15
Economic Development Themes	17
Transport and accessibility	17
Planning and Governance	17
People Skills and Jobs	17
Land Availability for Industrial and Commercial Growth	18
Soft Infrastructure	18
Social/ Cultural	18
The Four Strategic Directions	19
SD1 Retaining and developing business	21
SD2 Attracting new business	23
SD3 Developing skills, education and employment links	24
SD 4 Providing sound management and leadership in the business community	25
Monitoring and Evaluation	26
Action Plan	27

Introduction

The City of Casey is located approximately 40km south east from Melbourne CBD and is one of the fastest growing municipalities in Australia. The current population is in excess of 240,000 and is continuing to grow at a significant rate, and is expected to reach in excess of 380,000 by 2030, which will make Casey larger than the size of what Canberra is today. The City of Casey is strategically positioned in the main south east growth corridor and provides good levels of residential accommodation on a variety of block sizes and a good mix of house styles.

Housing growth in the City of Casey has been commensurate with the pressures of inward migration into the city area and the need to develop a high level housing programme to meet the need. Housing lots in subdivision, lots released and dwelling approvals are one of the highest in the metropolitan area. This has provided a good mix of skilled and unskilled workers in the area and a readymade workforce for existing businesses to base their expansion plans on and for new business investors to move into the area. In essence Casey has seen the development of too many houses and not enough local jobs.

Liveability and lifestyle issues are therefore a significant consideration in the development of economic policy.

The purpose of this core strategy is to identify the main economic issues that are relevant to the City of Casey within the context of its international, national, regional and local characteristics, and then create a strategy framework that will deliver improved performance and economic growth that will provide a better place for people to live, work and play.

An action plan has also been developed in order to implement the strategy and achieve its goals and aspirations. Other documents are being produced, or will be produced, over the time frame of the core strategy to deal with more detailed aspects of the economic activity in the City of Casey area and beyond. These items in themselves cannot guarantee economic success but they are considered as vital to ensuring the right conditions to allow economic growth and prosperity are met.

The City of Casey recognises that wealth generation, investment and job creation are primarily the province of the private sector. However, the City of Casey's role is to facilitate this private sector investment by helping to create the correct investment "climate". It

will do this by underpinning the enabling sectors in the economy. In addition to supporting the private sector, the City of Casey council has a unique opportunity to transform the built and natural environment. It will do this by carefully selecting and implementing major projects and business opportunities that will make a positive and sustainable contribution to the City's economy. These projects, will improve the overall liveability of the City. This is of vital importance to ensure that the funds derived from enhanced economic activity are retained in the City of Casey for the benefit of all residents.

The Economic Development Unit of the City of Casey leads and facilitates sustainable economic development, within the strategic framework of the Council Plan and C21.

This Economic Development Strategy is the result of an intense and comprehensive consultation process with the community and does not only represent the future economic direction for the Economic Development Unit, but for all staff within council. It also lays a strategic framework within which the community can be empowered and contribute. The strategy is deliberately ambitious but pragmatic. It sets out a range of long-term strategic objectives, which provide the challenge to all key stakeholders with an interest in the sub-region.

The City of Casey Economic Development Strategy (2010-2015) provides the framework for council to provide for economic prosperity that will ensure the quality of life enjoyed by residents today is available to future generations.

The Objective

We believe that the City of Casey has great potential. The achievement of that potential will be dependent on strong businesses and a strong community. A wide range of partnerships, networks and agencies from the public, private and volunteer sectors will also play an important part.

Our objective is:

To develop a thriving, distinctive, forward thinking, sustainable and healthy economy for the City of Casey, by developing its existing businesses, attracting new business and increasing the number of local jobs.

The Vision is a concise statement, which sets out our aspirations. It aims to bring together the key issues that were raised during the consultation stage of the process, including the stakeholder workshop in April 2009.

The strategy is founded on the principles of:

- Sustainable development;
 - Support for urban, rural and coastal enterprise;
 - Promotion of innovation and research;
 - Equality of opportunity for all;
 - Economic diversity; and
 - A competitive skills base and diverse range of learning opportunities.
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The Objective

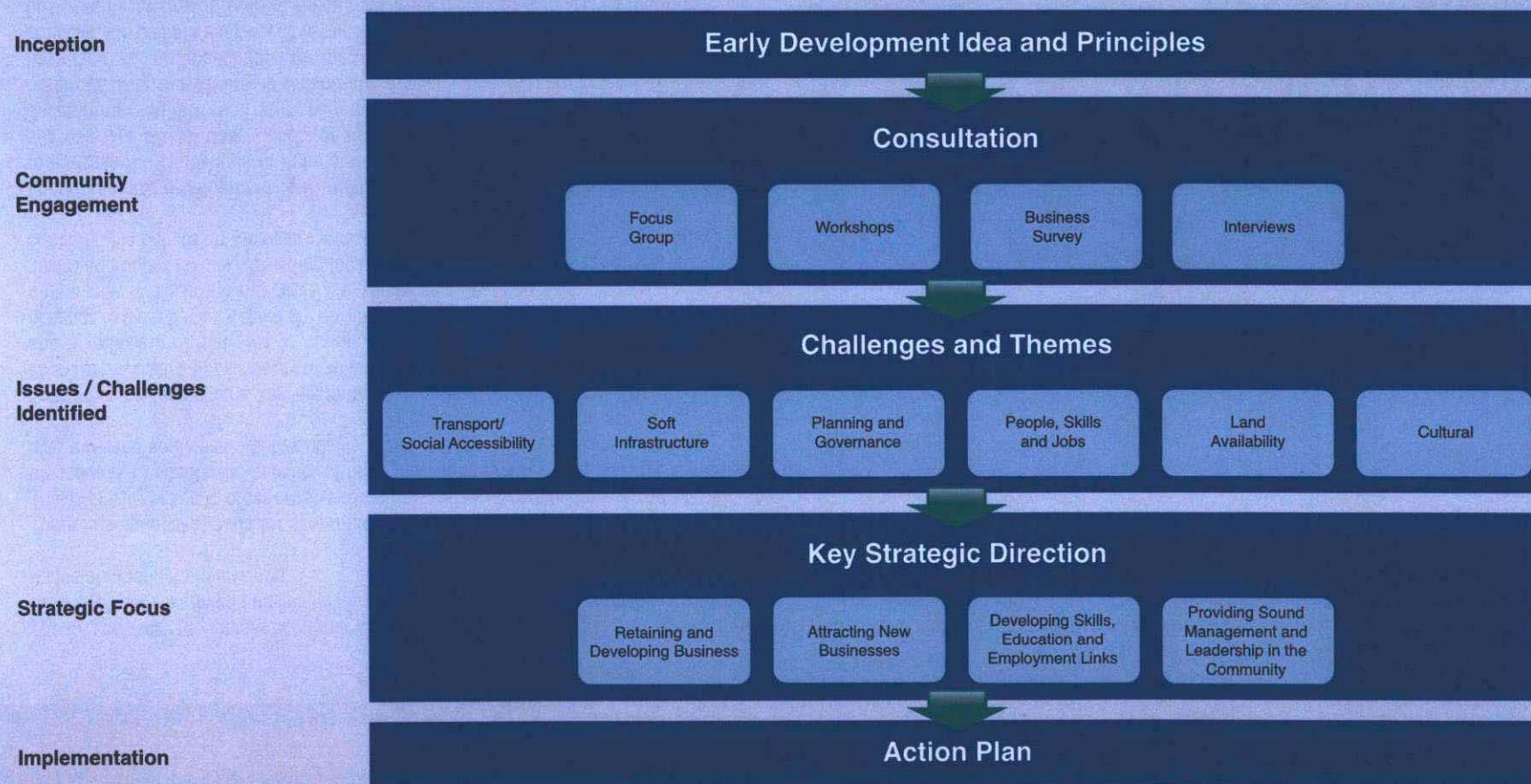
Our five year Economic Development Strategy will seek to:

- Influence economic growth to identify the City of Casey as a unique and desirable location to attract and grow quality businesses.
- Move towards a more balanced, stable and sustainable range of economic sectors providing a variety of employment opportunities.
- Develop the area's infrastructure to promote a range of employment sites.
- Improve sustainable access to and communications between the main areas of employment, including advocating for improvements in transport.
- Encourage diversification and employment.
- Promote the development of workforce skills to meet employer needs, particularly for younger people.
- Promote equality of opportunity and ensure that the benefits of prosperity can be shared by all.
- Contribute to, and influence the economic development of the South East Melbourne region.



The Process

The development of the Economic Strategy is best illustrated by the following flow chart, which explains the processes involved in its development based on the above principles.



Engagement with the Casey business community formed a central role in the development of this Strategy.

What is Economic Development?

The City of Casey recognises economic development as being important for improving the quality of people's lives and for helping to address important matters, such as social inclusion and lifelong learning.

There is a national agenda for economic prosperity, centred on economic development. This is closely linked to other cross-cutting policy areas including housing and health. The objective is to ensure the benefits of high and stable levels of growth can be shared by everyone and so deliver a better quality of life.

Economic wellbeing is a key element of economic development. This accepts that economic growth and prosperity of an area or region has a direct impact on the health and social wellbeing of that area or region. For example, if you have to travel a significant distance to work because there are no viable job opportunities locally, there will be impacts on the individual's home and family life which has a clear correlation in terms of particular health and social issues. Providing local jobs for the community can therefore lead to a considerable benefit on the health and wellbeing of the City of Casey's residents

Local economic development concerns the various activities undertaken by local councils to address the challenges in maintaining economic prosperity and enabling business success. The City of Casey leads, or significantly contributes to a number of economic development initiatives. The management of individual projects is carried out at the corporate level, in partnership with others, or at an individual service level. Such activities have far reaching implications for the economic stability of the municipality. Like most councils, the City of Casey needs to take a coordinated approach to inward investment and business development, both of which have to be delivered with limited resources.

The Economic Development Strategy 2010-2015 aims to identify and respond to opportunities and challenges within the local economy in a sustainable way. Local councils have a responsibility and a remit for local economic development. In light of recent policy developments at the local, regional and national level, as well as changing market conditions, local councils are re-examining their role in promoting economic development.

The City of Casey, through its Economic Development Unit, will increase the level of

activity devoted to the strategic management of economic development. This Economic Development Strategy 2010-2015 provides the direction for supporting economic growth in the municipality for the next five years. The Strategy also provides an action plan with tasks, responsibilities and milestones.



The Global Context

The global economy has slowed considerably in 2008 and 2009 after experiencing its longest period of growth, in excess of four percent per annum. The current financial crisis and weaker demand from the USA are key factors. Major global banks have incurred losses exceeding US \$200 billion as a direct result of the meltdown in the US sub-prime mortgage market. Fear that these losses and the underlying forces that have led to a worldwide recession or global financial crisis have governments worldwide dealing with significant economic challenges.

Developing countries have, to date, been less affected by the turmoil in the US and European financial markets. With most developing countries now running large current account surpluses and having accumulated substantial levels of foreign exchange reserves, they were better situated to deal with abrupt changes in capital flows, particularly compared to the 1980s or 1990s. Moreover, the wealth funds in these countries have emerged as an important source of capital for Western banks and corporations needing to replenish capital eroded by significant write-offs.

The rapid growth of most of the bigger developing economies has been driven largely by domestic demand, rather than net exports. For example, of China's 11.5% growth in 2007, approximately nine percent came from domestic spending and only 2.5% from net exports.

Domestic demand accounted for an even higher proportion of India's estimated 8.75% growth in 2007. The resilience of developing countries in the face of global financial turmoil will further highlight their growing importance in the global economy, and underscore the ongoing relative decline of the United States.

Future risks in the world economy remain as the world continues to digest the financial crisis. Future risk could involve possible increases in the US budget and current account deficits with resulting interest rate increases; higher oil prices; climate change; and concerns of over-capacity in China's manufacturing sector that has led to a slowdown in its industrial production growth.

Despite the constraints, global economic growth in recent decades has been increasingly concentrated in a very limited number of major cities and associated regions. The significant growth in these city regions has been caused by innovative and entrepreneurial ventures related to the presence of leading-edge universities, high powered companies, flexible labour markets, and venture capital attuned to scientific achievements and technological innovations. The City of Casey needs to be best placed to promote innovative, technologically based industries.



The City of Casey participates in the global economy and the future economic development of the area will be impacted by global trends.

The Context

The National Context

The national economy is more uncertain today, despite 17 years of consecutive growth.

However, there are bright signs in the future outlook. Although most of the Western world is still reeling from recession, Australia has been the one bright glimmer of hope; escaping a technical recession and showing many signs of growth. Australia's trade relations with Asia, and particularly China, have assisted in achieving this growth. Increases in commodity prices of materials exported to Asia continue to have positive flow-on effects throughout the economy. Although Australian financial markets have been caught in the global market turmoil, national financial institutions have not recorded the same extent of losses as offshore banks. Business and household borrowers have reasonable access to funding, and there continues to be a reasonably strong desire to borrow. There is no significant sign of a 'credit crunch' in Australia.

One reason the global turmoil is not having much impact on the Australian economy is because Australian consumers are still spending at reasonably high levels, thanks in part to government stimulus. Spending continues to be supported by strong gains in household disposable income.

The negative aspects of the future outlook relate primarily to widespread inflationary pressures. Housing-related costs are expected to accelerate as the economy strengthens with rising rents, rising construction costs and higher prices for utilities such as electricity, gas and water. Higher crude oil prices led to higher prices for petrol and impacted on a population already stretched by mortgage rates and rent levels. Food prices are increasing as a result of the domestic drought but also due to rising global demand for grains and sugars.

In light of the global financial crisis, the Federal Government began borrowing heavily to invest in major infrastructure development as well as other stimulus measures. The result is that nationally what was a surplus has resulted in a deficit which will have to be paid for over the long-term.

As a major metropolitan area, the City of Casey contributes directly to the national economy and will be impacted by significant events or trends at a national level.

The Victorian State Economy

In recent years, the Victorian economy has slowed. It has not experienced the strong growth of states and territories such as Western Australia, Queensland and the Northern Territory that have benefited from the development and export of mineral resources.

Nevertheless, growth is supported by good levels of business investment and population growth, solid employment growth, and moderate growth in consumer spending. There has been some improvement in net exports. However, the relatively high Australian dollar places increased pressure on non-mineral and import-competing businesses in the state.

Private business investment is continuing to drive much of Victoria's growth, primarily through investment in infrastructure. Victorian labour participation rates remain high and unemployment low. In recent years, employment growth has been particularly strong in property and business services, health and community services, as well as construction.

This relates to Victoria's strength in building and infrastructure activity. Manufacturing continues to be the State's second largest employer. Key sectors such as the manufacturing of machinery and equipment are performing strongly. The main risks to the Victorian economy are similar to those in the national economy: interest rates, crude oil prices, and the Australian dollar, as well as pressures for higher wages together with the global financial crisis.

Changes to the Victorian economy will have a direct impact on the City of Casey and many state economic policies will influence the future economic development of the municipality. For example, investment in the Port of Hastings and its amalgamation with the Port of Melbourne will create new investment and employment opportunities.

The City of Casey

The main statistics relating to demographic and economic data in relation to the Economic Development Strategy will be contained in the Economic Bulletin, which will be published at the same time as this document and biannually after that. The following is a summary of some key data relating to Casey.

The population of Casey is continuing to grow strongly and as part of that population growth there is a growing resident labour force.

The Australian Bureau of Statistics (ABS) has recently estimated growth in Casey and Statistical Local Areas (SLA) within Casey over the year to June 2008. This assessment has revealed:

- Total population in the City of Casey has increased from 230,322 in June 2007 to 238,336 in June 2008, an increase of 8,014 persons or 3.5%.
- Most of this growth is centred in the SLAs of Cranbourne (an additional 4,006 persons) and Berwick (an additional 2,919 persons).
- Between 2003 and 2008 total population growth in the Cranbourne SLA has equated to an annual average of 5.1%. This has led to population increasing from 57,489 in June 2003 to 73,592 in June 2008.

The strong population growth in the City of Casey is leading to a significant requirement for employment land across all industries and skill sets, if employment growth is to keep pace. With the Casey labour force being equivalent to around 45% of the resident population, current resident growth rates of 6,800 persons per annum create a need for up to 3,000 additional jobs in the City of Casey each year.



The data page over reveals the variation between the resident labour force and the available pool of jobs in the City of Casey and the Cranbourne SLA. It reveals significant

The Context

job deficits (labour force less City of Casey job stock) across several key sectors in the City of Casey including:

- **Manufacturing - Job deficit of 16,025**
- **Transport & Warehousing - Job deficit of 3,757**
- **Professional & Technical Services - Job deficit of 2,655**
- **Retail Trade - Job deficit of 4,830**

The job deficits across most sectors of the economy reveal a requirement for additional employment opportunities across all sectors in the City of Casey and the Cranbourne SLA.

In addition to an analysis of job deficits by industry, it is also important to consider job deficits by skill.

This analysis indicates that the City of Casey has significant job deficits across most industry sectors and all broad skill categories. It will be important therefore for council to consider how land release precincts, including Cranbourne West, can accommodate future employment in a way that reduces trip generation to areas outside the municipality.

The containment of employment inside the City of Casey and the South East region achieves three key goals:

- **Maximises economic development and Gross Regional Product within the municipality and region**
- **Reduces the demand on road and public transport infrastructure**
- **Reduces transport costs for households**

There are in excess of the 19,000 number of businesses registered in the City of Casey. There has been a large increase in businesses over the last 10 years. This trend has continued over the last months of 2008 and the beginning of 2009 where there has been a larger increase in new businesses in the City of Casey than the average for the South East region of Melbourne. Although there appears to be a relatively high number of businesses the figure is dominated by single person/sole trader typed businesses. There are also a large number of home-based and small businesses making up more than 88%

of the total number of businesses. The major employers in Casey are the hospital, the council, the education sector and a utility company.

The City of Casey's local economy is unique and plays an important role in the broader South East region. Providing local employment opportunities to support future residential population growth will be a major challenge for the local economy in the future.

The City of Casey's economy has its own unique strengths, which must be leveraged to overcome the challenges in the future.



Melbourne South East Regional Economic Development Strategy

Melbourne South East (MSE) is a regional economic development alliance of 11 local government authorities, utility companies, and state and federal government departments.

In 2003 the Regional Economic Strategy for Melbourne's South East ('Prosperity for the Next Generation – Regional Economic Strategy for Melbourne's South East 2003-2030') (The Strategy) was endorsed by the 11 member council's and launched by the State Government. The Strategy identified the economic development direction and associated regional initiatives that would influence businesses and employment development and, as a result, has played a significant role in influencing and implementing economic development policy at local, state and federal government levels.

The original Strategy was prepared as a result of an extensive research and consultative process that included participation from MSE member organisations and business leaders from across the region representing a diversity of industry sectors.

The result was an informative and robust Strategy that projected a 30 year vision that identified the economic interdependence of municipalities, key infrastructure and major projects that would contribute to the growth of the region.

In 2009, an update of the Strategy, *Regional Economic Strategy for Melbourne's South East (2009-2030)*, was conducted that reviewed economic data, identified many key local issues and provided an updated series of economic development directions. The Strategy highlights many economic and employment characteristics for the region and includes modelling that quantifies the opportunities for import substitution. This Strategy provides a new framework for future economic development activities and puts forward many different actions for the future. The aim of this Strategy is to attract more high value adding, knowledge based and export oriented businesses to Melbourne's South East Region.

The Strategy is a plan for the **Region** as a whole, and treats the Region as a coherent economic entity in its own right. Thus, the Strategy should not be seen as a simple compilation of the local economic development initiatives of the constituent councils. Moreover, achievement of the Strategy's aspirations is the responsibility of companies,

institutions and networks, which range well beyond the constituent councils. In establishing the MSE forum, the member councils have taken on a leadership and catalyst role. They now look to other partners, particularly the state and commonwealth governments to help deliver outcomes articulated in the Strategy.

Implications for the Economic Development Strategy

The City of Casey is part of the broader South East Region and its own success is intimately linked with the success of the region. Council needs to understand regional issues and leverage opportunities to work with other councils within the region in order to combine resources and generate positive outcomes that will benefit all members of the region. The aim of the Regional Economic Strategy for Melbourne's South East is closely aligned with the purpose of the City of Casey's Economic Development Strategy.

The C21 Strategy

The C21 Strategy (The Strategy) is a long-term plan for the City of Casey. It considers all the physical, social and economic elements, which make up the City and not just those elements for which the council has direct responsibility. The Strategy looks in detail at land use, community development, learning, environment, economic development, infrastructure provision, recreation and leisure, and the full range of "people services". The Strategy was adopted by council in September 2002.

The Strategy is expressed in a three-volume report which can be found on the council's website. Volume 1 is the short version, Volume 2 (in two parts) contains the detailed findings and proposals, and Volume 3 contains the background research. It includes detailed actions for which different council departments have responsibility. These actions are required to meet the goals and objectives of the Strategy and are grouped under 12 themes covering areas such as jobs, learning, community safety, transport, business, and environment.

Relevant Documents

The Strategy is a groundbreaking initiative for an outer metropolitan municipality in Australia. It is driven both by the rapid rate of growth in Casey, and the size of its projected population – more than 350,000 making it bigger than any other municipality in Melbourne and nearly as big as Canberra. These challenges mean that Casey needs a very clear focus on its future direction and how it will get there and the C21 Strategy articulates that direction.

The Strategy emphasises that Casey must be viewed as a city in its own right, and not as just another suburb or an extension of Melbourne. Although it is part of the metropolitan area, it is sufficiently separate and distant to function as a self-contained city with a distinct identity where residents can meet all of their needs locally.

The vision can be summarised as follows:

The City of Casey will be a distinctive, self-contained and self-sufficient city with a full range of learning, employment, shopping, leisure and social services, which are accessible to all of its residents.

It will be a sustainable city that plans for the health and well-being of current and future generations, working to achieve the best possible social, economic and environmental outcomes for its citizens.

It will be a city with a strong sense of place based on its “country feel and city living” character but with well-defined local communities which people will be proud to be a part of.

It will be an engaged city, where the community will work with the council, employers, government and other agencies to achieve this vision, taking an active role in controlling the destiny of their city.

The C21 Strategy spells out how this vision will be implemented through a series of goals, objectives and actions which are grouped under 12 themes.

Implications for the Economic Development Strategy

The Economic Development Strategy will contribute to achieving the goals of the broader C21 Strategy. Economic development can play a major role in delivering on the promise of the C21 vision. It will also be used to influence the current review of the C21 Strategy.

Melbourne @ 5 Million

Melbourne 2030: A Planning Update (Melbourne @ 5 Million) (the plan) considers new growth projections, as highlighted in Victoria in Future 2008 as well as Melbourne's future settlement patterns that set the stage for the Victorian Transport Plan.

The major changes include the designation of six new Central Activities Districts (including Dandenong), a focus on employment corridors, changing the mix for future residential development, changes to growth areas infrastructure contribution and aspirations for a 'Polycentric' structure of multiple major centres as well as increased environmental considerations.

Given the unprecedented forecasted population growth, an additional 600,000 dwellings will be needed over the next 20 years, of which only 47% will be in growth areas with the remaining 52% of growth in established areas. The Plan also calls for more jobs closer to where residents live and even highlights the City of Casey as an area with the “potential for significant job growth”.

The Plan indicates that over the next 15 to 25 years, further outward expansion in the Casey-Cardinia growth area will come to an end and highlights that the South East region has relatively little land supply for long-term development. However, the Plan still identifies an investigation of 5,560, ha in the Casey-Cardinia Growth Area for future potential residential development. At the same time, changes to the growth areas infrastructure contribution are important for the future financing of infrastructure.

This Plan will significantly impact development of the Melbourne metropolitan area in the future.

