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**VICTORIA
UNIVERSITY****A NEW
SCHOOL OF
THOUGHT****Institute for Logistics and Supply Chain Management**

213 Nicholson Street, Footscray, 3011

Submission to:**The Inquiry into Local Economic Development in Outer Suburban Areas**

Mr George Seitz, MP

Chair, Outer Suburban/Interface Services and Development Committee

Submission from:**Institute for Logistics and Supply Chain Management****Victoria University**

Dr Pieter J A Nagel

Professor and Director, ILSCM

Terms of Reference – ILSCM Response to Terms of Reference: Point 5

Examine and report on ways in which councils and government at all levels can encourage economic development, enhance and promote employment opportunities and attract new investment;

In March 2007, the Institute for Logistics and Supply Chain Management (ILSCM) published the report 'A Case for a National Logistics City – Positioning the West for the Future' (report attached).

The Report was developed in cooperation with key regional stakeholders, to provide a framework in which all levels of government could facilitate development to enhance the long term economic progress of the Western Region of Melbourne.

It became apparent during the development of the report, that a high level of integration between each Local Government Area (LGA) within the Western region of Melbourne would be required to ensure that meaningful development be achieved in the outer suburbs in the West., The report recognised that isolated economic development initiatives within individual LGA's could provide short term benefits . However, to affect optimal and sustainable economic development involving prolonged and systemic employment and economic growth, a holistic region wide development plan is required to offer maximum benefit to the LGA's, the region as whole and the State, both now and in the future.

ILSCM undertook a comprehensive engagement exercise that underpins the findings and recommendations of the report. ILSCM gained unqualified support from the project sponsors; three outer suburban councils and three inner suburban councils of the western region of Melbourne, the Committee for Werribee and the Western Transport Alliance. Their involvement and cooperation enabled a broad range of inputs for consideration and consolidation, resulting in the proposal that comprises "The Case for National Logistics City". The report and its recommendations has been endorsed and ratified by each project sponsor, with each LGA supportive of the concept's development to the next stage, namely scoping and feasibility and the imperative to source appropriate funding at either State or Federal level to facilitate further development of this regional initiative.

"The Case for a National Logistics City" seeks to provide a framework for affordable and achievable integrated development of the region. Its conceptual premise proposes the integration of the West's current regional presence as a 'logistics hub', the initiation of a business services hub and connectivity and efficiencies delivered through an Intelligent Transport System. The establishment of a Logistics City has been identified, through analysis of the extensive background information and the extensive consultative process as the preferred development option for the West. Steps in the implementation path for a "National Logistics City" have been identified, with the three 'enablers' the cornerstones of this vision.

This approach moves beyond a general statement of principles and transposes into a framework for action,; identifying the elements requiring further research, the time frame in which these must

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be completed and the benefits that can accrue to the overall economic development of the Western Region.

The report framework provides a vehicle to seek funding to facilitate and resource each stage of the project/ vision. The report outlines a scoping and feasibility stage. Resources through appropriate government funding mechanisms and industry contribution are being sought to progress to these stages. Stated and federal government support for this project will provide a catalyst for local governments of the region to work cooperatively in the development of a regional economic development strategy for the West that result in the creation of “A National Logistics City”. This framework has the capacity to integrate and capitalise on the economic development visions and plans of the individual western municipalities

ILSCM submits that facilitation of effective of local and regional economic development by all levels of government requires:

- a holistic view of development for the Western region
- comprehensive identification and consensus of priorities by the three tiers of government, primarily local and State in consultation with industry and business
- impetus to act and provision of the appropriate level of resources at each level of government
- appropriate level of government and industry funding of required feasibility studies
- adoption of integrated economic development strategies and master planning at a local, regional and State level to achieve vision and strategic outcomes of the “National Logistics City” proposal

Terms of Reference - ILSCM Response to Terms of Reference: Point 2

Identify the barriers to local economic development and the ways in which these can be addressed

State Government planning regulations applicable to areas of industry development have been identified by ILSCM research as a substantial barrier to effective and coordinated local economic development.

“A Case for the National Logistics City” Report identifies three enablers. Consolidation of geographic dispersion (*refer page 10 of attached report*), connectivity and proximity are the key elements addressing issues outlined by sponsor organisations in creating effective development, both physical and economic, within the region. Allied Key Requirements are tabled on (*refer page 17*).

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An example of the impacts of State planning regulation is the Industrial Zone 2 provisions forming part of the Melton, Wyndham and Brimbank Planning Schemes (the Outer West).

The Report found that due to better road access, more Industrial Zone 1 uses i.e. warehouse, storage and distribution uses, were developing in areas zoned Industrial Zone 2 i.e. heavy industries,

Allied to this constraint are planning restrictions on office space enhancing the trend for operations to be sited separately to administration and management functions in geographically separate locations or outside the region.

To overcome these deficiencies, ILSCM proposes that planning schemes encompass broad usage requirements for industrial/commercial areas without being overly prescriptive. Local government would then have the capacity to provide appropriate amendments to their planning schemes that account for the strategic and operational requirements of the end-user in a more effective manner i.e. developers, potential users, transport operators and allied industry.

Subsequent to the pursuing the scoping and feasibility stages of the National Logistics City, ILSCM proposes the implementation of an engagement framework to continue the further development of pilot logistics solutions with both industrial and research partners, including a pilot Intelligent Transport System, the third 'enabler' detailed in the NLC proposal.

Submission date: 4 May 2007

Signed:



Professor and Director

Institute for Logistics and Supply Chain Management