st andrews economic development

Yanchep Sun City Pty Ltd
March 2007

Syme Marmion & Co

Level 1, 50 Ord Street, West Perth
Western Australia - 6005
phone: (+61 8) 9485 1766
fax: (+61 8) 9485 1866
email: admin@smco.com.au
web: www.smco.com.au
abn: 13267625066

Version Control

Version Control

Disclaimer
Syme Marmion & Co reports and advice are either of a general nature, or for specific circumstances. Syme Marmion & Co is not liable for any loss or damage incurred by any person relying on such reports or advice, except where they are created by Syme Marmion & Co expressly for that person.

Nothing in these terms shall be taken as excluding, limiting or modifying any term, condition or warranty implied by any applicable act of parliament that cannot be so affected. To the extent that such a term, condition or warranty is implied, the liability of Syme Marmion & Co for breach of that term, condition or warranty is, where permitted, limited at the option of Syme Marmion & Co, to:

- the supplying of the relevant goods or services again; or
- the payment of the cost of having the relevant goods or services supplied again.

Document History and Status

Issue	Issued To	Qty	Date	Reviewed	Approved
1	Roberts Day	1	August 2006	SM	JS
2	Roberts Day	1	March 2007	SM	JS

Printed: 12th March 2007
Last Saved: 12th March 2007
File Name: 0325 St Andrews/March 07
Author: Syme Marmion & Co
Name of Organisation: Roberts Day
Name of Document: 070308 Economic Development Report
Document Version: Final
Project Number: 0325

Contents

Section 1

1. Analysis

The City of Wanneroo is due for substantial growth and St Andrews is an essential element in that growth. It will be the economic anchor for the north-west corridor, providing a concentration of employment that will:

- include a focus of high-level economic activity not viable in other parts of the City; and thus
- enable the employment self-sufficiency ratio for the City to reach acceptable levels.

At full development, St Andrews will have 67,000 dwellings housing 154,000 residents. Approximately 70,400 will be in the workforce. Population-based employment can be expected to make viable approximately 29,500 jobs on site. This principally represents local and regional services and retail employment, including education and health services. Programs are in place to provide an additional 25,500 jobs, to achieve total employment of 55,000 jobs. This implies an employment self-sufficiency ratio of approximately 78%. The additional jobs will be provided via the IDEA project initiative, which aims to provide a suite of externally-oriented economic activity, namely economic activity which has markets outside of the region. The expected timeframe over which the population and employment will develop is shown in the following table:

Stage	Existing	1	2	3	4	5
Year of Stage Completion		2015	2021	2033	2046	2058
Dwellings by Stage		3,342	4,637	15,200	23,400	18,560
Total Dwellings	1,827	5,169	9,806	25,006	48,406	66,966
Total Population	3,448	10,901	21,560	56,296	110,628	154,091
Workforce Residing	2,119	5,522	10,390	26,251	51,060	70,361
Jobs - Population Based	150	1,123	2,895	8,929	20,482	29,446
Jobs IDEA Project	-	1,350	2,623	7,686	15,902	25,554
Total Jobs	150	2,473	5,518	16,614	36,383	55,000
Employment Self Sufficiency Ratio	7%	45%	53%	63%	71%	78%

Table 1: Population and Employment Development

The principles of spatial economics recognise that concentrations of economic activity, even modest ones, provide efficiencies arising from the increasing returns due to agglomeration effects. This explains why, in cities, economic activity is concentrated in specific locations rather than spreading evenly across the landscape. In a city the size of Perth, until now, there has been economic room for one such major concentration of economic activity, namely the Perth CBD and associated inner areas. The data on employment indicate that this central area is by far the dominant location. It can be argued that much of the planning for Perth, especially the transport infrastructure planning, has accepted this and tended to reinforce this focus.

Almost half of Perth metropolitan employment is accounted for by the CBD, the major regional centres and industrial estates. The striking statistic is the continuing importance of the inner areas, accounting for almost one-quarter of all metropolitan employment. There are good economic reasons why this is the case, reasons of liveability, city health and vitality to maintain a strong centre.

However, the structure of Perth as a metropolitan area is changing significantly and rapidly. This is the result of a complex interaction between market and planning forces and the changes have an underlying logic to them. In particular:

1. Perth is moving from a centrally focussed corridor model to a linear city on the north-west/south-west axis. This is being reinforced by market demand and by Government infrastructure investment, over a long period, in major transport routes. This coastal linear growth also coincides with the land that is most

geotechnically and environmentally suitable and therefore economic for urban development. In short, it is the lowest cost to develop and provides the highest revenue. A very high proportion of undeveloped land in the eastern corridors is palusplain or wetland and expensive to develop, whereas a majority of developable land in the north-west and south-west sectors is sand over limestone.

2. The transport system has a strong linear city orientation and this, combined with the projected scale of the city, make it now sensible to consider the development of secondary employment anchors which will become the next level of agglomeration relative to the central city area. The essence of this is to develop an externally oriented economic base for the north-west and south-west corridors to reduce the extent to which they are dormitory areas. This is a particular challenge for the north-west corridor, which has not developed a major employment anchor to date.

3. It is viable for an anchor to be established in a single concentration in the northern part of the corridor. The regional anchor must be a sufficient distance from the centre (ie. the Perth CBD) for it not to be overwhelmed by the strong attraction (economic advantages) of the centre. In this regard it will be qualitatively distinct from the existing sub-regional centres, such as Joondalup and Midland, which are relatively small and with a relatively restricted range of activity compared with the centre. The St Andrews development is in the right location and will have the requisite scale to form the anchor.

4. The south-west already has this economic base to a large extent with industrial activity (Kwinana), mining, the Stirling naval base and tourism (Mandurah). Similar activities do not exist in the north-west corridor. It will require coordinated local, state and national policy initiatives to develop a viable and sustainable economic base for the north-west corridor.

5. Unless this economic anchor or node is established for the corridor, the current predominant movement patterns will not change as the corridor grows. That is, there will be nothing to alter the large proportion of peak hour movement from the edge to the centre.

6. This anchor needs to be established in a single concentration in the northern part of the corridor. YSC/Tokyu, as the developer of St Andrews, is planning to have a working population of 55,000 to 60,000 in that location. This would have the requisite scale to form the anchor. Developer intention is critical to the achievement of the strategy. It is instructive to note that developers of the alternate viable location, Alkimos, do not have the intention to create a major employment centre. Achievement of very large employment targets in this location is not on the Alkimos landowner’s agenda and is only otherwise possible with the involvement of a large group with a long term investment horizon such as YSC/Tokyu.

7. If the establishment of this employment base is not commenced now, in time the north-west corridor will still attain its population potential (with a few years variation in timing depending on the success of the Network City inner area development strategy), but without an economic base strong enough to support more than a minority of the working population. This would not be consistent with the long term efficiency objectives for planning.

There are currently approximately 48,000 jobs in the north-west corridor. The link between job numbers and population growth is shown in the table below.

	2001	Projected 2031	
		Employment prop’n unchanged	Employment prop’n increased to 60%
Population	240,368	460,100	460,100
Working population	109,139	208,885	208,885
Employment in corridor	48,100	92,118	125,331
Proportion of working population	44.1%	44.1%	60%

Table 2: NW Corridor Population (Wanneroo & Joondalup LGAs)

This table indicates that if the corridor were to develop with approximately the same proportion of jobs to population that it currently has, by 2031 the number of jobs available in the corridor must grow from its current 48,000 to around 92,000. However if the corridor is to reach a more sustainable 60% job/working population ratio, then an additional 33,000 jobs are required, to take the total to 125,000 jobs in the corridor.

It is most sustainable and economically more viable if these additional jobs are largely in one concentration. It is unlikely that this additional job growth could be achieved in a scattered form throughout the corridor. However, as part of an integrated planning strategy for a long linear urban structure, a major employment node some distance out from the metropolitan centre may well achieve the desired outcome. St Andrews has an explicit policy to become a major employment centre. This is a particular expression of the general principle that substantial concentrations of economic development are needed in the corridor to achieve the efficiencies and competitiveness desired.

At around 55,000 as planned, St Andrews would be an employment concentration second only in importance to the Perth inner areas, at about half its size. It would be much larger in employment terms than any of the strategic regional centres. The largest of these, Fremantle, has less than 10% of the employment of Perth; St Andrews would be more than 50% of the employment size of the Perth inner areas. There are good economic reasons why this is possible. The most immediate is the relative distance from the centre for each of these. Other strategic regional centres are simply too close in travel time to the Perth inner areas for any factor cost advantages they may have in terms of access to a local labour pool or relative accommodation costs to outweigh the agglomeration advantages of the centre.

A number of sustainability benefits will flow. An immediate one will be in the peak hour movement patterns on the transport network, with a large number of people travelling north as well as south for work. This will have spin-off benefits to the communities to the south of St Andrews, in particular Alkimos and Butler/Jindee, increasing the population diversity, in socio-economic terms, and, most likely, increasing the economic activity in those communities to a level higher than it otherwise would have been.

The development of a strong economic base at the north of the corridor is a major benefit in its own right. It is a major project with metropolitan-wide planning implications and will require coordination and commitment over a long time period from Federal, State and local governments. It is worth pursuing. The upside is the achievement of strong economic base for the corridor with substantial sustainability benefits. If it is not pursued as policy, the result will be lower value sprawl than would otherwise be the case.

Section 2

2. Strategy

The St Andrews Plan contains the elements to achieve the requisite economic activity and employment targets:

2.1 Sufficient Land Suitable for Employment Uses is Reserved

One of the critical variables in economic development is the advance identification and planning of appropriate employment accommodation. If land is not identified and preserved, these areas can be lost to other uses. The Plan identifies areas where employment is intended to be a primary or significant use including:

- Mixed use town centres;
- Mixed use village centres;
- Mixed use coastal nodes;
- An extensive mixed use employment corridor connecting the town centres;
- Locations for at least two universities;
- Locations for other tertiary education;
- A dedicated technology park;
- District employment areas for light industrial activity;
- Primary and secondary schools; and
- A planning format suitable for a significant quantity of home-based businesses.

It is anticipated there would be a wide spectrum of economic activity in these areas, including:

- Local retail;
- Regional retail;
- Local services;
- Regional services;
- Manufacturing to meet local and regional needs; and
- Externally oriented economic activity (ie. economic activity that brings new money into the state or the nation).

The latter is the key to the achievement of high employment levels at St Andrews. Types of externally oriented economic activity identified as potentially viable at St Andrews are:

- Health;
- Education;
- Biosciences;
- Environmental Technology;
- Information & Communications Technology;
- Advanced Manufacturing;
- Arts and Tourism; and
- Finance.

The Centres, particularly the southern town centre (Centre A in the table below), are locations of substantial economic activity, as shown in the table:

Activity Centre		Primary Industry	Manufacturing /Processing/ Fabrication	Storage/ Distribution	Service Industry	Shop/Retail	Other Retail	Office/ Business	Health/ Welfare/ Community Services	Entertainment /Recreation/ Culture	Accomm (commercial res)	Utilities/ Comms	TOTAL (m^2)
SR	A	0	7,537	22,441	15,053	71,800	49,000	158,201	56,645	27,662	45,600	5,877	**458,867**
R	B	0	1,132	2,520	3,566	43,700	25,600	26,438	2,853	11,466	12,000	1,566	**130,592**
Dist	C	0	209	973	1,104	11,700	1,500	4,883	938	2,634	0	237	**24,177**
Dist	D	0	122	567	644	7,200	500	2,849	547	1,536	0	138	**14,103**
Dist	E	0	157	729	828	9,400	500	3,663	703	1,975	0	178	**18,133**
Dist	F	0	157	729	828	9,900	0	3,663	703	1,975	0	178	**18,133**
Dist	G	0	125	582	661	7,500	400	2,923	561	1,576	0	142	**14,470**
Dist	H	0	59	273	309	3,700	0	1,369	263	738	3,840	66	**10,537**
Dist	I	0	90	420	477	5,600	100	2,109	405	1,137	0	102	**10,440**
Dist	J	0	96	449	510	5,900	200	2,257	433	1,217	0	109	**11,173**
Dist	K	0	816	1,859	2,052	10,900	500	6,297	1,614	2,206	0	407	**26,651**
Neigh	L	0	115	261	288	1,600	0	884	227	310	24,000	57	**27,241**
Neigh	M	0	336	766	846	4,700	0	2,596	665	909	6,240	168	**17,098**
Neigh	N	0	115	261	288	1,600	0	884	227	310	0	57	**3,741**
Neigh	O	0	30	140	159	1,900	0	703	135	379	12,000	34	**15,230**
Neigh	P	0	72	163	180	1,000	0	552	142	193	0	36	**2,338**
Neigh	Q	0	150	342	378	2,100	0	1,160	297	406	0	75	**4,909**
Neigh	R	0	150	342	378	2,100	0	1,160	297	406	3,840	75	**8,669**
TOTAL		**0**	**11,466**	**33,820**	**28,548**	**202,300**	**78,300**	**222,590**	**67,656**	**57,038**	**107,520**	**9,502**	**816,502**

Table 3: Estimated Floor Area by Planning Use Code (m^2 of floorspace) in Activity Centres

SMCo Syme Marmion & Co

The estimated number of employees in each location is shown in the following table:

Activity Centre		Primary Industry	Manufacturing /Processing/ Fabrication	Storage/ Distribution	Service Industry	Shop/Retail	Other Retail	Office/ Business	Health/ Welfare/ Community Services	Entertainment/ Recreation/ Culture	Accomm (commercial res)	Utilities/ Comms	TOTAL (jobs)
SR	A	0	260	216	407	2,992	817	7,191	1,770	565	616	168	**15,001**
R	B	0	39	24	96	1,821	427	1,202	89	234	162	45	**4,139**
Dist	C	0	7	9	30	488	25	222	29	54	0	7	**871**
Dist	D	0	4	5	17	300	8	129	17	31	0	4	**517**
Dist	E	0	5	7	22	392	8	166	22	40	0	5	**669**
Dist	F	0	5	7	22	413	0	166	22	40	0	5	**681**
Dist	G	0	4	6	18	313	7	133	18	32	0	4	**534**
Dist	H	0	2	3	8	154	0	62	8	15	52	2	**306**
Dist	I	0	3	4	13	233	2	96	13	23	0	3	**390**
Dist	J	0	3	4	14	246	3	103	14	25	0	3	**415**
Dist	K	0	28	18	55	454	8	286	50	45	0	12	**957**
Neigh	L	0	4	3	8	67	0	40	7	6	324	2	**460**
Neigh	M	0	12	7	23	196	0	118	21	19	84	5	**484**
Neigh	N	0	4	3	8	67	0	40	7	6	0	2	**136**
Neigh	O	0	1	1	4	79	0	32	4	8	162	1	**293**
Neigh	P	0	2	2	5	42	0	25	4	4	0	1	**85**
Neigh	Q	0	5	3	10	88	0	53	9	8	0	2	**179**
Neigh	R	0	5	3	10	88	0	53	9	8	52	2	**231**
TOTAL		**0**	**395**	**325**	**772**	**8,429**	**1,305**	**10,118**	**2,114**	**1,164**	**1,453**	**271**	**26,347**

Table 4: Estimated Employees by Planning Use Code in Activity Centres

SMCo
Syme Marmion & Co

The plan allows for the employment areas to be distributed around the site as follows:

Main Land Use Zones	Primary Industry	Manufacturing /Processing/ Fabrication	Storage/ Distribution	Service Industry	Shop/Retail	Other Retail	Office/ Business	Health/ Welfare/ Community Services	Entertainment /Recreation/ Culture	Accomm (commercial res)	Utilities/ Comms	Home Based (4% of dwellings)	TOTAL (m^2)
Industry Zones	1,768	146,000	120,724	60,200	3,000	2,700	15,200	1,300	8,500	0	19,000		**378,392**
Tech Precinct	98	105,000	60,000	45,000	3,000	3,000	100,000	10,000	4,097	0	3,498		**333,693**
Corridor	3,133	7,534	456	14,252	1,700	11,000	165,930	615	10,365	0	0		**214,984**
Activity Centres	0	11,466	33,820	28,548	202,300	78,300	222,590	67,656	57,038	107,520	9,502		**818,742**
Education	-	-	-	-	-	-	-	185,429	-	-	-		**185,429**
Total Floor Area	**5,000**	**270,000**	**215,000**	**148,000**	**210,000**	**95,000**	**503,720**	**265,000**	**80,000**	**107,520**	**32,000**	**NA**	**1,931,240**

Table 5: Estimated Floor Area by Planning Use Code (whole site)

Table 6 below shows the employment distribution in the main land use zones on the site:

Jobs	Primary Industry	Manufacturing /Processing/ Fabrication	Storage/ Distribution	Service Industry	Shop/Retail	Other Retail	Office/ Business	Health/ Welfare/ Community Services	Entertainment / Recreation/ Culture	Accomm (commercial res)	Utilities/ Comms	Home Based (4% of dwellings)	TOTAL (jobs)
Industry Zones	15	1,632	599	629	45	30	499	10	81	-	380		**3,920**
Tech Precinct	4	3,621	577	1,216	125	50	4,545	313	84	-	100		**10,634**
Corridors	131	260	4	385	71	183	7,542	19	212	-	-		**8,807**
Activity Centres	0	395	325	772	8,429	1,305	10,118	2,114	1,164	1,453	271		**26,347**
Education	-	-	-	-	-	-	-	2,612	-	-	-		**2,612**
Total Jobs	**150**	**5,908**	**1,505**	**3,002**	**8,670**	**1,568**	**22,704**	**5,068**	**1,540**	**1,453**	**752**	**2,680**	**55,000**

Table 6: Estimated Employment by Planning Use Code (whole site)

This will provide an expected mix of employment type as follows:

St Andrews	Employed Persons	%
Agriculture, Forestry & Fishing	200	0.4%
Mining	100	0.2%
Manufacturing	6,150	11.2%
Electricity, Gas & Water	350	0.6%
Construction	4,500	8.2%
Wholesale Trade	2,570	4.7%
Retail Trade	10,300	18.7%
Accommodation, Cafés & Restaurants	2,800	5.1%
Transport & Storage	1,000	1.8%
Communication Services	2,500	4.5%
Finance & Insurance	2,000	3.6%
Business Services	9,230	16.8%
Government Admin & Defence	1,300	2.4%
Education	4,000	7.3%
Health & Community Services	4,000	7.3%
Cultural & Recreational Services	2,000	3.6%
Personal & Other Services	2,000	3.6%
Total	**55,000**	

Table 7: Expected Employment Mix

2.2 Economic Development Polices are in Place

2.2.1 Strategic Co-operation Agreement

In 1999 the Western Australian Planning Commission became a joint signatory with the State Government, Tokyu Corporation, City of Wanneroo and Yanchep Sun City Pty Ltd to the St Andrews Strategic Co-operation Agreement (SCA) (1999). The Agreement outlines joint initiatives and co-operation between the parties to progress development and employment creation at St Andrews. As part of the SCA, a joint employment creation feasibility initiative called the IDEAS Project was established between the parties.

The IDEAS Project is a response to the need for a strategic model for government and private sector cooperation which identifies a suitable framework for employment growth in the north-west corridor. Such a strategy will identify administrative and regulatory resources required to facilitate and complement specific industry led employment initiatives. Its purpose is to formulate a socially responsible economic development strategy which can be practically implemented; one which leverages the natural competitive advantages of Perth, Western Australia in a regional and global context.

The objectives of the IDEAS Project are to:

- Assess the possibility of sufficient suitable potential employers;
- Develop a framework and strategy to create a favourable and financially attractive environment to attract preferred industries to locate their businesses within the boundaries of an identified area of the property in an enterprise zone, science city or the like;
- Provide employment opportunities through the creation of 1,000 positions in the short term; and
- Address the financial viability of the implementation of such a proposal.

The Quick Wins component of the IDEAS Project is concerned with securing employment opportunities at St Andrews through the creation of 1,000 positions in the short term which are additional to those provided in the normal way in retail service and support areas.

The work has followed a business process as follows:

- Assemble data on particular targets;

- Selection interview of targets;
- Memorandum of Understanding;
- Head of Agreement to test compliance; and
- Legal Agreement.

Quick Wins has produced by mid-2006 a provisional commitment of 120 jobs with a further three to four hundred being the subject of ongoing discussions with five other prospects.

The State Government has made significant contribution to this program through the Department of Industry and Technology which has assisted in the facilitation of the potential Quick Wins Projects. Department Officers are currently working with stakeholders to advance seven Memoranda of Understanding under the Program. The Department is also creating a framework to take the project to the next stage through the development of a Strategy for the Economic Development for the North West Metropolitan Corridor.

Through the IDEAS Project there is an active enterprise attraction and facilitation program. This program focuses on the development of the identified industry clusters, through three complementary business development strategies:

- Business attraction incentives;
- Export development, including leveraging the diverse business interests of the Tokyu Corporation;
- Local employment and training initiatives, supporting the development of local industries and the facilitation of employer/education/employee alliances.

2.2.2 Adoption of Cluster Concept

In May 1999 the Steering Committee for the Project held a seminar to commence the economic development process by identifying possible development options, primarily in relation to types of commercial activities that the St Andrews region might seek to attract. An initial indication of the types of commercial activities that the region could attract as a result of its natural and potentially man-made comparative and competitive advantages suggested clusters of related activities in the following categories:

- Knowledge-based employment generators
- Environmental research and activities
- Tertiary education linkages
- Health and medicine
- Tourism and lifestyle activities
- Value-adding to primary and other products

The First Economic Workshop was held over three days in March 2000 at the University of Western Australia and Edith Cowan University's Joondalup Campus. Participation was very broadly based, including faculty members of both universities, representatives of business, professional bodies and, by teleconference, some of those from overseas who had met with a previous Global Study Tour.

The purpose of the workshop was to explain the St Andrews Project to a wide range of interested parties and to seek their future participation in the work. The workshop received a report on and considered the lessons learned from the Study Tour, particularly the relationship between good urban design and economic development in the new world economy.

Outcomes from the workshop included:

- Establishment of a Core Group of 35 participants from corporate, community and public groups and organisations to meet regularly to consider and advise on progress with the Project;
- Rationale for further government support for the St Andrews Project;
- Establishment of a basis for Commonwealth Government participation;
- Stimulating further public interest in St Andrews as a city of the future;
- Defining immediate opportunities for companies to locate at St Andrews; and
- Refining the study process required to establish a specific economic development strategy, which can form the basis of formal agreements involving TKK and local State and Commonwealth Governments.

Following the decision to investigate a number of cluster categories, the firm of Synectics Creative Collaboration of Canberra ACT was appointed to provide advice in identifying and scoping preferred industry cluster options, prioritising these options, and strategising to attract the interest and investment of suitable enterprises. The consultants' report was completed in March 2000.

The work concluded that the main strengths of the St Andrews IDEAS Project, and a primary source of its benefits, stem from its distinct attraction as an internationally focused, competitive advantage industry cluster community in the Perth Metropolitan area incorporating high levels of urban design and residential amenity. These factors are linked closely to and draw on the potential of the Perth metropolitan region to attract and grow world-class activities and enterprises, in a number of industry clusters.

It was noted that an emphasis on educational and research institutions, professional services, advanced manufacturing, health-related activities and applied Research and Development is expected to attract high-productivity workers and enterprises to the site. The success of the project will have spin-off benefits to the nation as a demonstration project that could be repeated elsewhere in other parts of Australia.

The benefits and costs of the IDEAS Project were assessed in relation to a broad baseline scenario that assumed that, without IDEAS, the St Andrews site would ultimately become a predominantly dormitory suburb of Perth with no special design or industry features and only some of the planned infrastructure of the Project. This was referred to as the Business-As-Usual scenario. The effect of the IDEAS Project would be to bring forward industry cluster development on-site that would otherwise take place only much later, or more likely not occur at all.

Synectics identified the main sources of benefits from the IDEAS Project as:

(a) On-site Benefits

- Productivity gains for labour resulting from clustering of knowledge-based processing, R&D and service activities; reduced commuting time and stress due to proximity of work places and residential areas; teleworking and home-based professional services; enhanced quality of life; social and cultural interaction; and an enhanced sense of well-being.
- Productivity gains and profit margins for producers resulting from clustering of activities; access to hi-tech facilities, R&D and service sectors; higher returns and reduced costs in service industries based on internet connections and teleworking; development and marketing of educational services and products; development and marketing of R&D outputs, software, consultancy services and other professional and business services; and the attraction of tourists and other visitors to the site.
- Gains from cost savings in residential construction resulting from improved integrated overall site planning and development, and more efficient design and use of infrastructure.
- Benefits of improved lifestyle and residential amenity reflected in the higher property prices and the quality of life enjoyed by residents.
- Better use of public transportation.

(b) Off-site Benefits

- Regional benefits from job creation (direct and indirect) reducing regional unemployment and utilising otherwise unused labour resources.
- Attraction of tourists, new residents and other visitors to the region through the unique character of the development.
- Spin-off benefits on a nationwide scale using the IDEAS Project as a demonstration model for developments in other areas.
- Productivity improvements in related industry sectors in other regions, resulting from development and application of R&D, value-adding to natural resources, marketing and technical support.
- Potential benefits to the nation if similar developments are replicated on a large enough scale, through alleviation of potential congestion costs and containment of other costs required to maintain quality of life in the major metropolitan areas as the nation's population increases.

The Synectics Report work concludes that there is a demonstrable positive, economic value to the Western Australian community by the development of the St Andrews IDEAS Project when compared to the alternative of the site becoming a predominantly dormitory suburb of Perth with no special design or industry features and only some of the planned infrastructure of the Project. Detailed calculation of these values indicates savings to the community of between approximately $15m and $3m using varying discounted rates.

A second Economic Workshop held in March 2001 considered:

- Cluster Categories

  The workshop identified the industry clusters most likely to be attracted to St Andrews and which should form the basis of IDEAS Project initiatives as:

  1. Information Technology
  2. Biotechnology
  3. Health and Medicine
  4. Environmental Technologies
  5. Advance Manufacturing
  6. Finance
  7. Education and Training
  8. Arts and Culture

- Regional Development

  The Workshop considered the proposition put forward by Prof Fujita from Japan and confirmed in a paper from Calthorpe Associates of San Francisco that there are considerable economic advantages in combining new urbanism principles within a multi-core city, as opposed to using those principles to ensure a compact city.

- Leadership and Governance

  A behavioural diagnostic from Douglas Henton of Collaborative Economics of Palo Alto, California, emphasising the importance of collaborative leadership and suitable governance structures in the success of projects such as St Andrews.

In late 2002 Tokyu finalised a series of three Diagnostic Papers examining the implications of developing a cluster based economic development strategy as a means of providing employment opportunities at St Andrews. The papers are as follows:

(a) Report One – Foundation Models for Cluster Based Economic Development.

Report One first considers whether the Perth region has sufficient critical mass to support a cluster-based economic development strategy as the best approach for attracting high value-adding companies and jobs to St Andrews in the eight target 'knowledge' industries.

The work concluded that such a strategy is the best approach for attracting high value adding jobs. Cluster-based models, current offering and interim structure used to complete the diagnostic and mobilisation stages demonstrate that St Andrews can develop a competitive short term offering that is attractive to early market 'visionaries' who see a first mover advantage in moving to St Andrews today.

However, it concludes that a state-endorsed, globally competitive, collaborative public-private sector regional economic development program will be critical to developing a sustainable, competitive offering for attracting and developing 1,000 jobs in the next five years and 55,000 jobs over the long term.

Subject to each stakeholder finalising their own diagnostic and feasibility studies, the next step in the economic development process should be the preparation of a Memorandum of Understanding between the parties to the Strategic Co-operation Agreement which would:

- Negotiate a legal agreement that expands the commitments made in the Strategic Co-operation Agreement;
- Confirm near and medium term goals for the next 5 years; and
- Agree a cluster-based regional economic development program, including St Andrews, comprised of:
  - A St Andrews Offering
  - A leadership and organisational structure

- Leadership principles
- Governance framework
- Go-to-market model

(b) Report Two – Leadership and Structure for Cluster Based Economic Development

The second report examined Western Australia's comparative advantage in the target industries by considering a best practice go-to-market model and organisation structure for St Andrews to drive deal flow through the business attraction process.

The Report recommends a package of organisation structures and co-coordinating mechanisms with participation of TKK and the three levels of Government in the areas of:

- Offering Design and Management
- Business Attraction, Development and Retention
- Marketing
- Cluster Development and Ongoing Support
- International Trade and Development

In order to establish strategic economic leadership for St Andrews it recommends that:

- TKK establish a special purpose entity to provide the strategic, technical and economic leadership required to drive this program. Recruit in-house or outsourced economic leadership expertise.
- In the industry clusters – seed and support the establishment of self-managing cluster development groups. Recruit senior private sector leaders to drive the cluster groups.
- Government should recruit in-house or external economic leadership capability to the project, establish an appropriate structure to support 'new age' cluster-focused economic leadership, and provide a single point of contact for economic leadership.

The Report recommends that the Strategic Cooperation Agreement be expanded into a governance framework for St Andrews' business and economic development program. It notes that economic development programs span decades during which time government managers, political parties, business cycles and private sector leaders will come and go, and governance is critical to maintaining the intellectual continuity of long term, complex development programs.

(c) Report Three – Go-to Market and Implementation

Report Three considers whether St Andrews can develop a short term competitive offering capable of achieving 'quick wins' of up to 100 high-value jobs in the near term and 1,000 high value jobs from 2003 to 2008, and whether there are early adopters prepared to move to St Andrews today provided that the deals are adequately supported.

The Report concludes that "the lack of economic development process at a state level but this is not necessarily detrimental to achieving St Andrews short term goals and several elements of St Andrews offering can be delivered using the current processes. However, as competing economies continuously improve their offerings, St Andrews ability to build sustainable competitive advantage in a global marketplace will require much more advanced economic development processes by WA state government, TKK, local government and private sector leaders over the next three to five years".

It recommends that the implementation of a Go-to-Market model incorporating best practice business-to-business sales management is very effective in an economic development setting. The model comprises:

- a marketing strategy
- a cluster development and support strategy
- international trade and development channels
- offering management
- business development
- measurement and management reporting

2.2.3 Commonwealth Government Major Project Facilitation Status

In August 2002 the Commonwealth Government through its investment attraction agency, Invest Australia, granted Major Project Facilitation status to the St Andrews Project.

Major Project Facilitation status demonstrates the Australian Federal Government's support for major new investment in economic development projects like St Andrews. Invest Australia encourages new investment through the MPF process by:

- Providing St Andrews with an initial contact point within the Australian Government;
- Tailoring of the MPF service to address the nature and complexity of the St Andrews' project. Facilitation assistance includes obtaining decisions on necessary Government approvals as administered under Commonwealth legislation, referrals, guidance and contacts with relevant Commonwealth Government agencies for various assistance programs;
- Facilitating relationships between St Andrews, key Commonwealth, State and Territory government agencies involved in the approvals processes including liaison between the Minister, the Prime Minister of Australia, the Prime Minister's Strategic Investment Coordinator and relevant Ministerial colleagues;
- Identifying and responding to specific impediments or policy issues raised during the approvals process or by the proponent during the project's development, and forwarding the issues to the relevant policy areas within the Department of Industry, Science and Resources and the Commonwealth government more broadly; and
- Streamlining access to the Strategic Investment Coordinator's facilitation services to facilitate the progress of key investment projects under certain situations.

Co-branding with Invest Australia facilitates the IDEAS Project's ability to attract business and industry clusters to St Andrews. The Department of Industry and Technology will play a key role in liaising with the Commonwealth towards co-operative outcomes from the Major Project Status facilitation program.

2.3 Initial Projects are Underway

Negotiations are advanced to the contract or Memorandum of Understanding stage for the provision of the initial 850 jobs, with advanced concept planning for a further 200 jobs in the first stage Capricorn Coastal Village and adjacent Research and Technology Park stage 1 in the following industry clusters:

- Health
- Education
- Biosciences
- Environmental Technology
- Information & Communications Technology
- Arts and Tourism

2.4 Infrastructure Development has Commenced

- Planning is in place for Marmion Avenue to be constructed in 2007. This will be pre-funded by the developer. All services infrastructure – water; sewer; power; gas etc – Is being provided by the developer at no cost to Government.
- Negotiations are underway for the early provision of an optic fibre connection to the site. This will be an essential infrastructure item for the initial projects in the Research and Technology Park.
- Negotiations are well advanced for YSC/Tokyu to sign a new joint venture partner for the Southern Enterprise Area comprising:
    - Southern town centre
    - Technology/innovation park
    - Golf course residential estate
    - Industry precinct

Section 3

3. Tourism

Tourism is an important element of economic activity at St Andrews. Not only is it a source of employment, it also has implications for site planning. An estimate of its likely scale is made here.

St Andrews currently has a small amount of tourist activity. It has some key features that provide a draw for visitors. They include:

- Beaches and coastal attractions
- Yanchep National Park
- Two Rocks Marina

In the main these are not national or international standard attractions and generally attract day visitors and intrastate visitors although there are small but significant numbers of interstate and international visitors. This is common to most areas in the region marketed as the Sunset Coast.

There is some accommodation in the St Andrews area to support this tourist recommendation, namely:

Establishment	Number of Rooms
BobbyJo's B&B	3
Casa Del Mar	1
Club Capricorn Resort	65
Dark Tree Beach House	1
Mariska B & B Beachhouse	1
Ocean View Retreat	5
Seahaven Cottage	1
Sun City Holidays	1
Sunset Coast Bed & Breakfast	4
The Deck	1
Yanchep Holiday Village	16
Yanchep Inn (in Yanchep National Park)	22
Yanchep Ocean Panorama Lodge	4

Table 8: Current St Andrews' Accommodation

In total, these account for approximately 125 rooms of accommodation. There is one caravan park of 54 bays at Club Capricorn.

Visitor activity at St Andrews is expected to increase over time. There will be a number of drivers for this:

- The increase in population. In particular this will result in an increase in VFR (visiting friends and relatives) activity.

- The increase in economic activity. This will result in substantial business-related visitors. A large proportion of the economic activity at St Andrews will have an external orientation, that is, it will service markets outside of the region, state or country, and business-related travel will have a similar orientation.

- Improved accessibility to places of attraction, as a result of development.

- An upgrading of and increase in the numbers of places of attraction. This will be an outcome of the general development program.

The likely scale of viable tourist activity can be estimated by reference to other locations. St Andrews, when fully developed, from a tourist market point of view, will have some characteristics in common with other coastal locations near to major cities, such as the Gold Coast and Sunshine Coast in Queensland and Mandurah/Murray in Western Australia. These are each approximately the same distance from the main city as St Andrews is from Perth, and have well developed tourist activity.

For comparison, the City of Stirling is also considered. This currently has approximately the same population as St Andrews will have when fully developed. The comparisons are shown in the table below:

LGA	Wanneroo		Stirling		Mandurah/ Murray		Gold Coast		Sunshine Coast	
Population	80,009		167,578		54,917		426,661		187,442	
Workers	17,199		59,166		15,528		144,381		62,990	
Hectares	68,580		10,520		188,500		140,700		45,720	
Accommodation	No	Average $	No	Average $	No	Average $	No	Average $	No	Average $
Rooms 4/5 star	54	129	481	202	343	194				
Rooms 3 star	66	121	173	104	353	134	13,321	127	5,444	137
Rooms 2 star	17	60			30	58				
Backpackers (beds)			58	30	66	48	837	25	722	23
Caravan Parks (bays)	244	21	175	27	566	25	3496	28	4332	23

Table 9: Population/Accommodation by LGA

Several parameters are worth investigating to give an indication of an appropriate and viable scale for tourist activity at St Andrews:

1. The ratio of tourist accommodation provision to residential population.
2. The ratio of tourist accommodation to employed persons.
3. The ratio of tourism workers (accommodation, cafés and restaurants) to total workers. This gives an indication of the relative importance of the tourist economy. These ratios are shown in the following table:

LGA	Wanneroo	Stirling	Mandurah/ Murray	Gold Coast	Sunshine Coast
Ratio of Tourist Workers to Total	2.4%	3.9%	5.8%	10.2%	9.9%

This indicates that areas with very strong tourist attractions (Gold Coast/Sunshine Coast) have very high tourist worker/total worker ratios (around 10%), whereas those areas in which tourism is incidental to other economic activity have much lower ratios. It is expected that St Andrews will have quite strong tourist activity compared with, say Stirling, but will not have the overwhelming tourist activity of the Gold Coast or the Sunshine Coast.

In proportionate terms it may become comparable with Mandurah, but without the more complex range of tourist activities that result from the Peel Estuary and with the emphasis on other types of economic activity, tourism will be relatively less important than at Mandurah. It may be expected to employ, say, 5% of the workforce, or approximately 2,800 employees in the accommodation, cafés and restaurant category.

This allows us to estimate the approximate scale of tourist activity at St Andrews.

3.1 Tourist Accommodation

3.1.1 Hotel Rooms (including short stay apartments and backpackers accommodation)

If St Andrews were to have the same ratio of tourist accommodation to total residential population or to total workforce as Stirling, Mandurah, Gold Coast or Sunshine Coast, then the following scale would result:

IMPLIED TOURIST ACCOMMODATION SCALE FOR ST ANDREWS

		Stirling	Mandurah /Murray	Gold Coast	Sunshine Coast
Matching accommodation to residential population ratio	Rooms	634	2,147	5,071	4,717
	Backpackers (beds)	56	195	319	626
Matching accommodation to total workforce ratio	Rooms	608	2,571	5,074	4,753
	Backpackers (beds)	54	234	319	630

Table 10: Population/Workforce Ratios by LGA

St Andrews will not be the major tourist destinations that the Gold Coast and Sunshine Coast are, but it is likely to have significantly greater tourist activity than, say Stirling. It is estimated that it will have some similarities to the scale of Mandurah/Murray. This would imply approximately 2,200 hotel rooms across a range of categories within the entire St Andrews development. This number includes any small scale accommodation that might be immediately adjacent at Yanchep National Park. In addition, it would indicate approximately 200-250 backpacker beds.

The tourist accommodation will be mostly located in a few key locations:

- Yanchep Coastal Node
- Two Rocks Coastal Node
- Southern Town Centre
- Northern Town Centre

3.1.2 Caravan Parks

The number of caravan park bays reflects not so much the local residential population, but rather the larger regional population and general caravan based touring market. Gold Coast and Sunshine Coast have very large numbers of caravan bays, reflecting not only their local attractions, but also the large population within a day's drive on the eastern seaboard.

St Andrews, when fully developed, is more likely to have a somewhat lower demand for caravan park bays then Mandurah/Murray. The City of Wanneroo already has 190 bays (excluding those at St Andrews). It is expected that this may reach approximately 350-450 in full development, of which the majority of the new bays are likely to be in the St Andrews/Alkimos area.

This would indicate that approximately 150-250 caravan bays would be viable in the St Andrews/Alkimos area, including any in the adjacent Yanchep National Park. This implies that planning in St Andrews should allow for one, and possibly two, caravan parks, including any replacement for the Club Capricorn caravan park.

Section 4

4. Conclusions

St Andrews is an essential element in the growth of the City of Wanneroo. It will be the economic anchor for the north-west corridor, providing a concentration of employment that will:

- include a focus of high-level economic activity not viable in other parts of the City; and thus
- enable the employment self-sufficiency ratio for the City to reach acceptable levels.

At full development, St Andrews will have 70,300 dwellings housing 161,000 residents. Approximately 73,600 will be in the workforce. Population-based employment can be expected to make viable approximately 29,500 jobs on site. This principally represents local and regional services and retail employment, including education and health services. Programs are in place to provide an additional 25,500 jobs, to achieve total employment of 55,000 jobs. This implies an employment self-sufficiency ratio of approximately 75%. The additional jobs will be provided via the IDEA project initiative, which aims to provide a suite of externally-oriented economic activity, namely economic activity which has markets outside of the region.

The St Andrews Plan contains the elements to achieve the requisite economic activity and employment targets:

- **Sufficient Land Suitable for Employment Uses is Reserved**

  One of the critical variables in economic development is the advance identification and planning of appropriate employment accommodation. If land is not identified and preserved, these areas can be lost to other uses. The Plan identifies areas where employment is intended to be a primary or significant use including:

  - Mixed use town centres;
  - Mixed use village centres;
  - Mixed use coastal nodes;
  - An extensive mixed use employment corridor connecting the town centres;
  - Locations for at least two universities;
  - Locations for other tertiary education;
  - A dedicated technology park;
  - District employment areas for light industrial activity;
  - Primary and secondary schools; and
  - A planning format suitable for a significant quantity of home-based businesses

  It is anticipated there would be a wide spectrum of economic activity in these areas, including:

  - Local retail;
  - Regional retail;
  - Local services;
  - Regional services;
  - Manufacturing to meet local and regional needs; and
  - Externally oriented economic activity (ie. economic activity that brings new money into the state or the nation).

  The latter is the key to the achievement of high employment levels at St Andrews. Types of externally oriented economic activity identified as potentially viable at St Andrews are:

  - Health;
  - Education;
  - Biosciences;
  - Environmental Technology;
  - Information & Communications Technology;
  - Advanced Manufacturing;
  - Arts and Tourism; and
  - Finance.

- **Economic Development Policies are in Place**

  - Strategic Co-operation Agreement

    In 1999 the Western Australian Planning Commission became a joint signatory with the State Government, Tokyu Corporation, City of Wanneroo and Yanchep Sun City Pty Ltd to the St Andrews Strategic Co-operation Agreement (SCA) (1999). The Agreement outlines joint initiatives and co-operation between the parties to progress development and employment creation at St Andrews. As part of the SCA, a joint employment creation feasibility initiative called the IDEAS Project was established between the parties.

  - IDEAS Project

    The IDEAS Project is a response to the need for a strategic model for government and private sector cooperation which identifies a suitable framework for employment growth in the north-west corridor. Such a strategy will identify administrative and regulatory resources required to facilitate and complement specific industry led employment initiatives. Its purpose is to formulate a socially responsible economic development strategy which can be practically implemented; one which leverages the natural competitive advantages of Perth, Western Australia in a regional and global context.

    Through the IDEAS Project there is an active enterprise attraction and facilitation program. This program focuses on the development of the identified industry clusters, in the industry sectors noted above, through three complementary business development strategies:

    - Business attraction incentives;
    - Export development, including leveraging the diverse business interests of the Tokyu Corporation; and
    - Local employment and training initiatives, supporting the development of local industries and the facilitation of employer/education/employee alliances.

The adopted clustering concept promises a series of benefits:

(a) On-site Benefits

- Productivity gains for labour resulting from clustering of knowledge-based processing, R&D and service activities; reduced commuting time and stress due to proximity of work places and residential areas; teleworking and home-based professional services; enhanced quality of life; social and cultural interaction; and an enhanced sense of well-being.
- Productivity gains and profit margins for producers resulting from clustering of activities; access to hi-tech facilities, R&D and service sectors; higher returns and reduced costs in service industries based on internet connections and teleworking; development and marketing of educational services and products; development and marketing of R&D outputs, software, consultancy services and other professional and business services; and the attraction of tourists and other visitors to the site.
- Gains from cost savings in residential construction resulting from improved integrated overall site planning and development, and more efficient design and use of infrastructure.
- Benefits of improved lifestyle and residential amenity reflected in the higher property prices and the quality of life enjoyed by residents.
- Better use of public transportation.

(b) Off-site Benefits

- Regional benefits from job creation (direct and indirect) reducing regional unemployment and utilising otherwise unused labour resources.
- Attraction of tourists, new residents and other visitors to the region through the unique character of the development.
- Spin-off benefits on a nationwide scale using the IDEAS Project as a demonstration model for developments in other areas.

- Productivity improvements in related industry sectors in other regions, resulting from development and application of R&D, value-adding to natural resources, marketing and technical support.

- Potential benefits to the nation if similar developments are replicated on a large enough scale, through alleviation of potential congestion costs and containment of other costs required to maintain quality of life in the major metropolitan areas as the nation's population increases.

- **Initial Projects are Underway**

  Negotiations are advanced to the contract or Memorandum of Understanding stage for the provision of the initial 850 jobs, with advanced concept planning for a further 200 jobs in the first stage Capricorn Coastal Village and adjacent Research and Technology Park stage 1 in the following industry clusters:

  - Health
  - Education
  - Biosciences
  - Environmental Technology
  - Information & Communications Technology
  - Arts and Tourism

- **Infrastructure Development has Commenced**

  - Planning is in place for Marmion Avenue to be constructed in 2007. This will be pre-funded by the developer. All services infrastructure – water; sewer; power; gas etc – is being provided by the developer at no cost to Government.

  - Negotiations are underway for the early provision of an optic fibre connection to the site. This will be an essential infrastructure item for the initial projects in the Research and Technology Park.

  - Negotiations are well advanced for YSC/Tokyu to sign a new joint venture partner for the Southern Enterprise Area.

- **Tourism Potential Considered**

  Tourism is an important element of economic activity at St Andrews. Not only is it a source of employment, it also has implications for site planning. It is estimated that approximately 2,200 hotel rooms across a range of categories would be ultimately viable within the entire St Andrews development. This includes any small scale accommodation that might be immediately adjacent at Yanchep National Park. There might be an additional 200-250 backpacker beds.

  The tourist accommodation will be mostly located in a few key locations:

  - Yanchep Coastal Node
  - Two Rocks Coastal Node
  - Southern Town Centre
  - Northern Town Centre

  Approximately 150-250 caravan bays would be viable in the St Andrews/Alkimos area, including any in the adjacent Yanchep National Park. This implies that planning at St Andrews should allow for one, and possibly two caravan parks, including any replacement for the Club Capricorn caravan park.