


Economics of Development

UDIA South West Breakfast August 2008

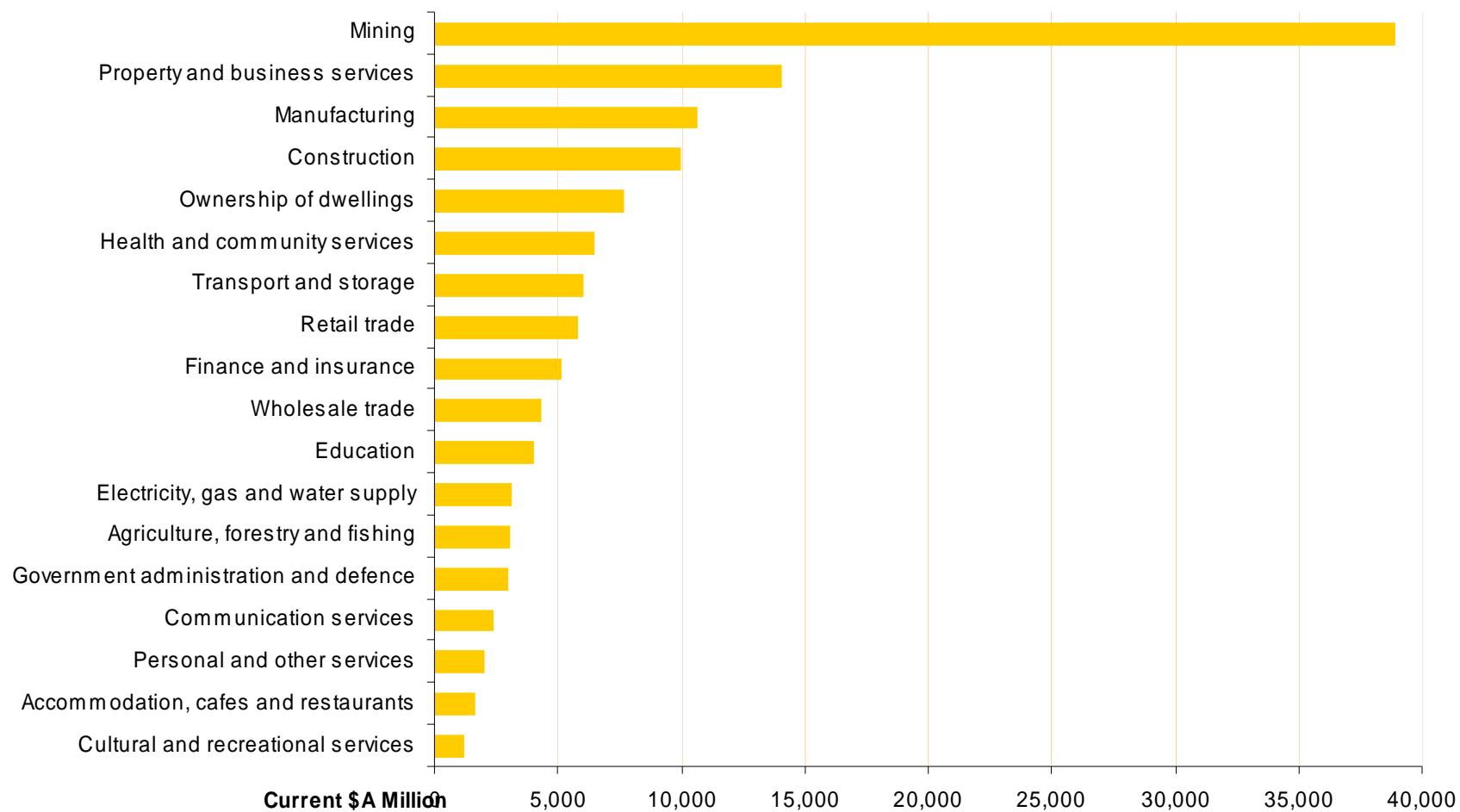




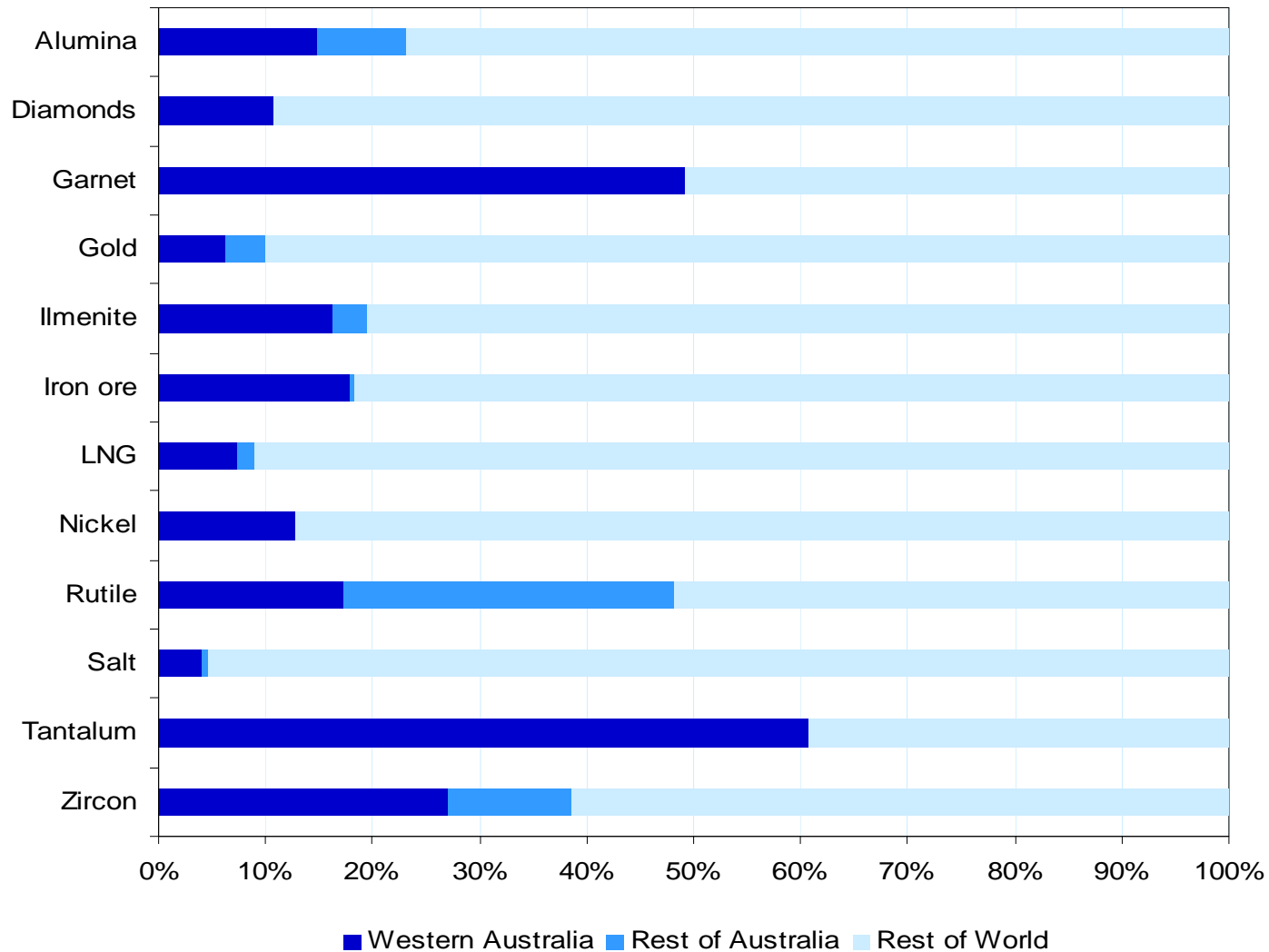
When Donald Horne labeled Australia the 'lucky country', wealth came from commodities - as it still does



Industry Contribution to GSP (WA)



WA Share of World Production

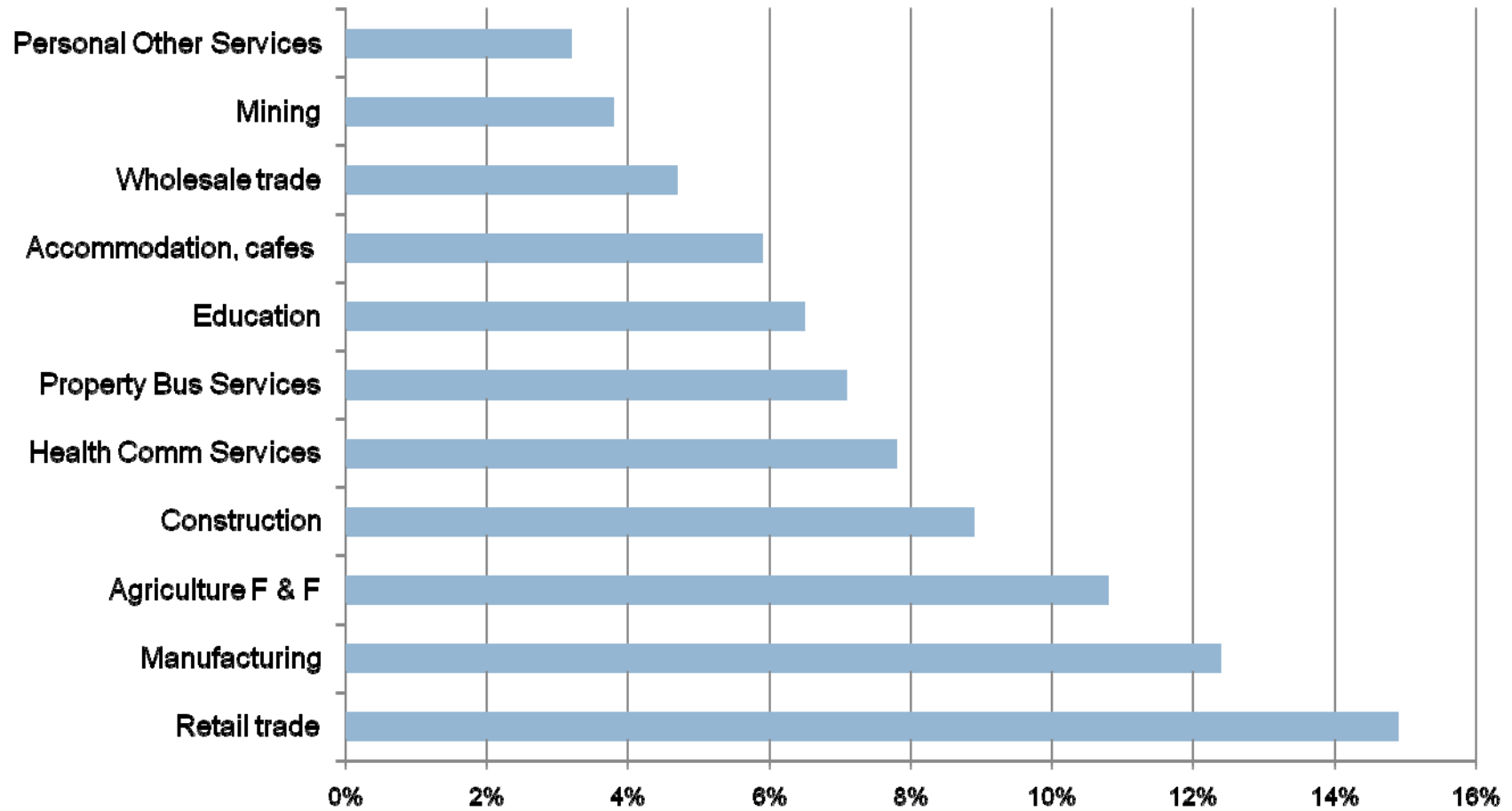




South west region is fortunate to have
a diverse industry base



Employment by Industry



Economic Resilience

- Driven by diversity and extent of export
 - Tourism
 - Mining
 - Manufacturing



Tourism

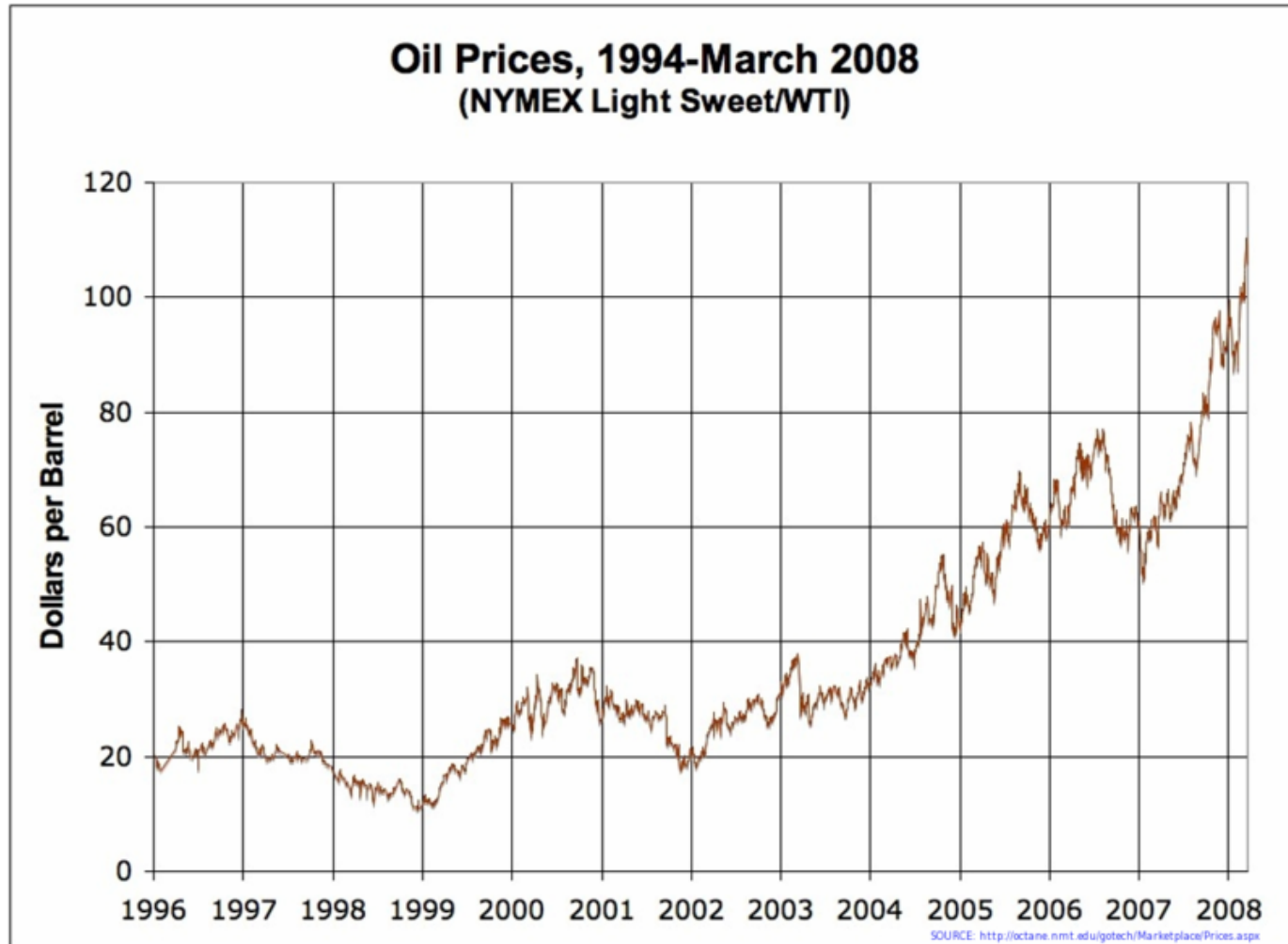
- Total visitation up in three years to 2007
- International travel costs rising
- Direct air access to region
- Skilled and unskilled labour shortages

Mining

- Sustained demand for raw materials
- Strong links with China and Asia
- Direct inter-city trading links are best
- Forget Perth – make your own links
- Fuel costs will affect viability



Oil Price – What happens at \$200 pbbbl?



Macroeconomy

Trend	Effect	Result
Global urbanisation	Huge increase in energy and materials consumption	Prolonged boom for Australia
Increasing energy prices	Reduction in private vehicle use	Fewer larger more diverse centres around public transport nodes (and suburban slums?)
Global shifts in industry mix	Less manufacturing & more knowledge jobs	Metropolitan employment shift towards strategic infrastructure (physical & knowledge)

Government's Role

- Avoid the mistakes of past booms
- Productivity, growth, employment and hours worked are better than Europe and Japan
- China-driven commodity boom, record company profits and bursting government coffers mean that expectations are high
- Government's push to invest its revenue windfall in infrastructure - while under-investing in education and training - could result in gains being wasted



Government's Role

- Provide guest workers (amended 457?) to underpin tourism industry
- Tier 1 university & stop brain drain
- Import smart people as well as unskilled labour
- Build airport to hook into FIFO
- Plan urban centres for employment growth and diversification
- Innovation leadership

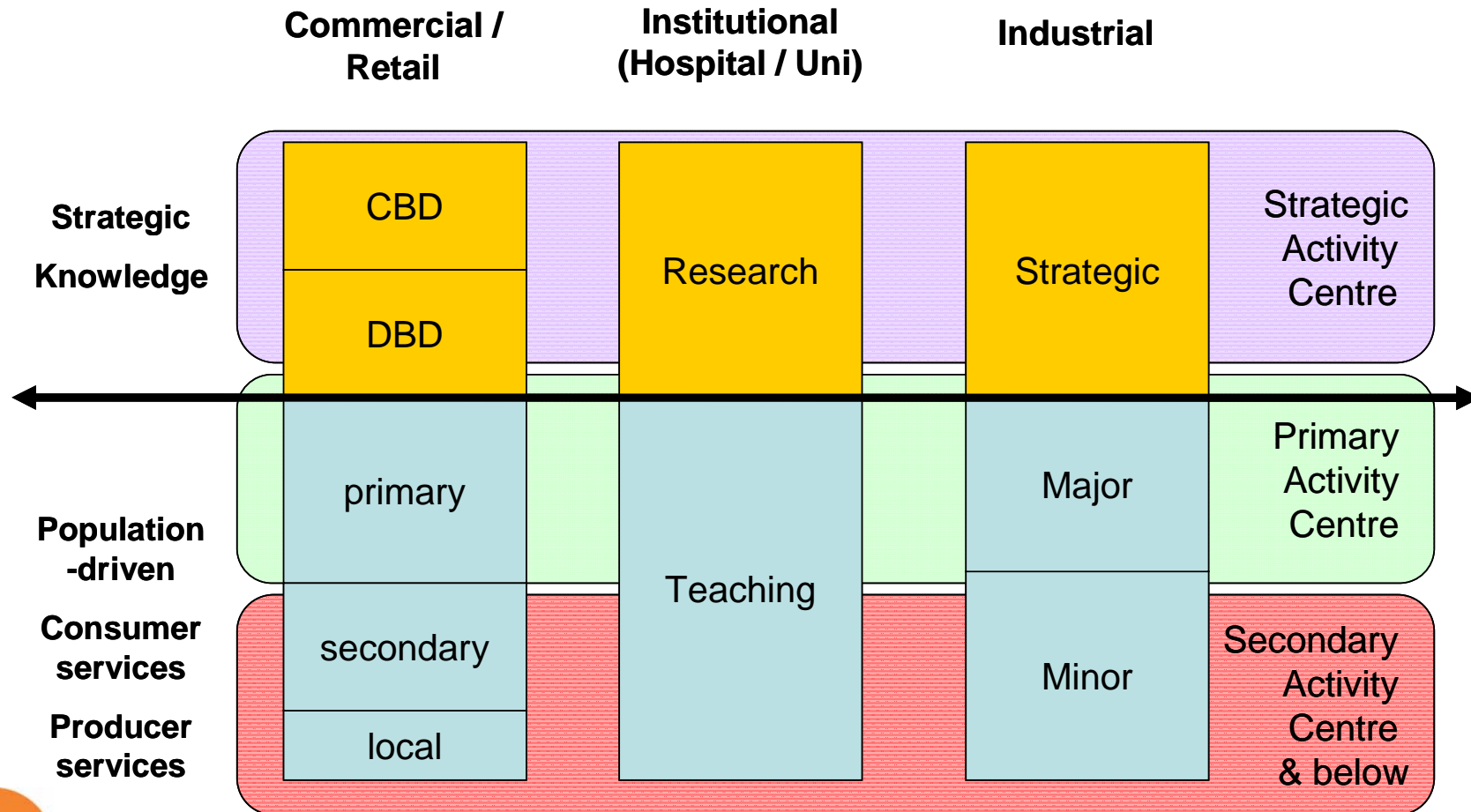




Long term shifts in macroeconomic conditions are driving fundamental changes in urban development economics



Economic Model of Activity Centres



Urban Economy

Trend	Effect	Result
Suburban centre catchments contract	Growth in multi-functionality of centres	Diversification of uses away from retail Centre design must change
Increase in intra-regional live-work arrangements	Greater mix in knowledge economy jobs in urban centres	Private and public employers must attract variety of investment