



A Co-operative venture of the municipalities of:  
Cockburn, East Fremantle, Fremantle, Kwinana, Melville & Rockingham

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Contact: Mick McCarthy (08) 9364 0631

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Precincts Policy and Coordination Branch  
Department of Industry, Innovation, Science, Research and Tertiary Education  
GPO Box 9839  
CANBERRA ACT 2601

Dear Sir/Madam

## **INDUSTRY INNOVATION PRECINCTS - SUBMISSION FROM THE SOUTH WEST GROUP**

As Director of the South West Group, I am pleased to provide the submission on the above Federal Government initiative. The rationale for the submission and recommendations for consideration in the funding guidelines and selection criteria are provided below.

### **South West Group and South West Metropolitan Region**

The South West Group, formed in November 1983, is a Voluntary Regional Organisation of Councils (VROC) within the Perth Metropolitan Area. It comprises the Cities of Cockburn, Fremantle, Kwinana, Melville and Rockingham and the Town of East Fremantle, and is managed by a Board consisting of the Mayors and CEOs of the member Councils.

The South West Group seeks to work with the six Councils and through cooperation with industry, community and the other spheres of government to capture a wide range of opportunities to enhance economic growth as well as supporting a diversity of quality lifestyles in an enviable environmental setting.

The region has a population of 373,330 (ABS 3218.0 June 2011) representing 20.38% of the Greater Perth population of 1,832,114.

From an economic perspective, the region is very important for the State with around \$28 billion gross regional product and with the Port of Fremantle handling \$30 billion worth of cargo annually. The Western Trade Coast, which covers all of the heavy industrial areas in the region, produces \$15.5 billion output annually and directly employs about 11,600 people.

There are a range of new developments proposed for the region including at least one new port, a number of industrial areas (such as Latitude 32 with a large inter-modal transport hub) and new urban developments along the coast and the Perth Mandurah railway. As a result, there will be an estimated investment of \$1 billion annually in development over the next 20 years.

### **Innovation Background**

The South West Metropolitan Region of Perth is one of Australia's most productive and innovative regions with its diverse industry base it is linked to many growth opportunity industries with global markets.

The region contains many significant research, skills development and design facilities. It is the home to Murdoch and Notre Dame Universities and the Curtin University Sustainability Policy Institute. Carnegie Wave Energy Limited is developing their CETO wave energy technology within the region and Austal undertake all of their innovative marine design and naval architecture within the region.

The region is emerging as the most important centre for sub-sea technology in Australia. Over ninety per cent of current sub-sea vacancies in Australia are from Perth businesses (Seek). GE have just invested over \$80 million to establish their skills centre in Jandakot for the resources sector including sub- sea engineering.

The Australian Marine Complex located in Henderson is a rapidly growing support facility for the resources, shipbuilding and defence sectors and has generated over \$1.4 billion of economic activity in the past ten years.

A desalination national centre of excellence has been established at Rockingham through Murdoch University.

Challenger Institute of Technology operates the Australian Centre for Energy and Process Training at Munster and this facility is about to triple in size.

A Technology precinct has been established as part of the Australian Marine Complex to support the marine, defence and oil and gas sectors. Raytheon Australia has a major facility within the precinct for software design and advanced engineering. Two other defence and marine related primes are expected to locate to the precinct.

### **Relation to Existing Innovation Precincts**

Two Industry Innovation Precincts have been recently announced by the Federal Government. The Manufacturing Precinct will be based in South Australia and Victoria. The Food Precinct will be based in Victoria and will have little relevance for the region.

As Industry Innovation Precincts have a role in supporting industry and skills development in their sector across Australia, the announcement of the Manufacturing Precinct in South Australia and Victoria that incorporates a significant defence related activity limits the defence components for a innovation precinct based in the South West Metropolitan Region of Perth.

## **Western Innovation Coast**

The South West Group wishes to advance the development of the South West Metropolitan Region as an Industry Innovation Precinct known as the Western Innovation Coast to facilitate the development of local businesses to seek global opportunities through linkages to companies such as Austal, GE, Chevron, Woodside, Raytheon and Honeywell that operate within the region.

The industry sectors to be supported by the Western Innovation Coast are a bundling of the marine, oil and gas, sub-sea, maritime energy and desalination sectors. This will build on the unique activity being undertaken within the region to support the oil and gas sector, to develop wave energy, to design and build innovative vessels, sustainably manage coastlines and the global role of Perth as an energy city.

### **Recommendations to amend the guidelines and selection criteria**

The guidelines provide for Industry Innovation Precincts to be categorised as either established industry or emerging industry. The Western Innovation Coast concept would be best served by having a hybrid category which allowed for new and emerging firms to build on the competitive advantage established in related sectors by established industry. This category should receive funding of \$2 million to \$3 million per year.

#### ***Recommendation 1***

**Allow for a hybrid industry innovation precinct that uses developed industry to support developing industry in niche global markets**

The emerging industry category should be able to bundle together a number of industry sectors or components of industry sectors to seek niche opportunities in global markets.

The strategy that would be developed under the hybrid proposal would look for growth opportunities in established industry sectors that had synergy with the niche opportunities in emerging sectors.

#### ***Recommendation 2***

**Allow for several sectors or parts of sectors to be bundled into an industry innovation precinct**

The development of the Western Innovation Coast will partially rely on expansion of activity within the region by the multi-national firms that service the marine, oil and gas, sub-sea, maritime energy and desalination sectors. This is effectively inward investment into the region.

In Western Australia Venture Capital and Intellectual Property services rarely focus on a single sector. Many support industries operate in multiple sectors. The hybrid approach reflects the way in which industry sectors are serviced and developed in Western Australia.

It is expected that industry associations, such as the Society for Underwater Technology, will be a key part of the Western innovation Coast submission process.

Selection Criteria 2 should allow for “identified area or areas” to enable the Western Innovation Coast to bundle elements of different industry sectors together. Reference to “sector” throughout the guidelines should be able to be interpreted as “sectors”.

Eligibility to apply for funding should not be limited to Precinct Boards and the Federal Government should not expect a Precinct Board to be established for every application.

Established Regional development bodies (such as the South West Corridor Development Foundation Inc), industry bodies (such as the Kwinana Industries Council) should be able to apply for funding with the support of business.

***Recommendation 3***

**Broaden applicant eligibility to include applications for development bodies and industry groups**

The recent announcement of Western Sydney as an Innovative Region and the provision of funding for an Innovation Strategy provides another avenue for driving innovation. Part of the Plan for Australian Jobs should include funding for a further five innovative regions with total funding of \$5 million to support innovative regions development.

***Recommendation 4***

**Expand the program to provide for supporting further innovative regions**

I trust that the Department of Industry, Innovation, Science, Research and Tertiary Education will look favorably upon the comments and recommendations provided in this submission. I have attached a profile document on the South West Group to provide additional background material to support recommendations.

Yours sincerely



**Mick McCarthy**  
**Director South West Group**