



Stage 1: Summary Report

Eastern Region Health Innovation and Care Economy Project

Victorian Government and Eastern Region Group of Councils, prepared by SGS Economics & Planning

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OFFICES IN CANBERRA, HOBART, MELBOURNE, AND SYDNEY ON THE COUNTRY OF THE NGAMBRI/NGUNNAWAL/NGARIGO, MUWININA, WURUNDJERI, AND GADIGAL PEOPLES.

Introduction

The project

The Eastern Region Health, Innovation and Care (HI&C) economy project is a region-wide research and engagement effort to develop a leading HI&C economy in the Region. The project is led by the Eastern Region Group of Councils in partnership with the State Government.

The aim of the project is to bring together stakeholders to develop a strategy or project, advance regional priorities and inform advice to state and federal government in seeking investment and support. The project aims to position the Eastern Region as an industry leader and support economic development.

Approach to the project

The project is split into two key phases.

Phase one of the project involves background research and initial engagement to understand the current situation and make recommendations on what could be explored in phase two. Phase two brings together regional stakeholders for two charrettes to develop a response and a shared project(s) to advance the ambitions of the group. In phase two, there is also an opportunity to research emerging ideas further.

The project's first stage has been completed. This stage produced a series of five working papers to act as a resource document for the charrettes. The five working papers covered the following:

- Defining the HI&C economy, mapping its current location and understanding its economic value (paper #1).
- Understanding how external economic, social, environmental and technological trends will impact the development of the HI&C economy and what the opportunities are (paper #2).
- Research and case studies on how best-practice health industry clusters have developed elsewhere and the lessons relevant to the Eastern Region (paper #3).
- The role of innovation in economic development, how it happens, and what can be done to support it (paper #4).
- An introduction to community wealth building (CWB) and consideration of how industry development can create local wealth, business opportunities and jobs for residents (paper #5).

This paper

The purpose of this paper is to provide a summary of the project's first stage and the evidence gathered. It will also set the scene for stage two. This paper outlines the current situation in the HI&C economy along with a working vision, focus areas and objectives. These will be further tested and finalised through the charrettes.

Definition

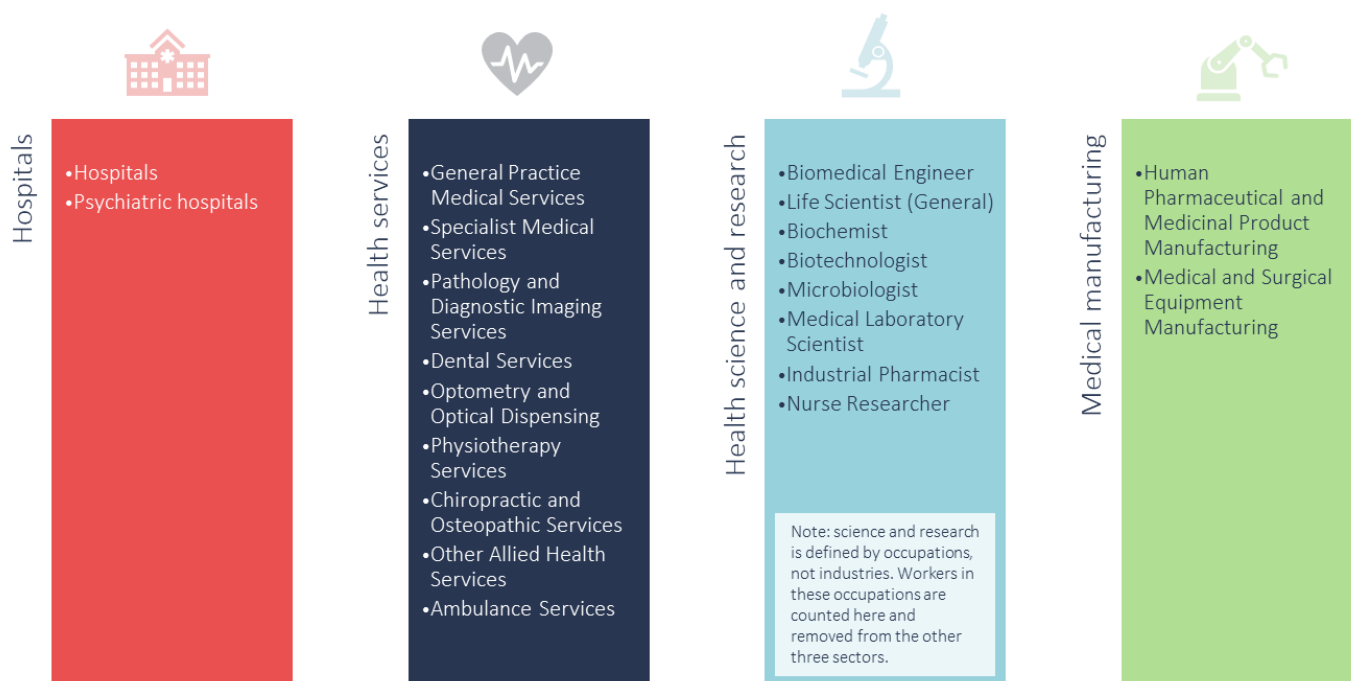
The health innovation and care (HI&C) economy refers to the interconnected industries focused on delivering care to patients, such as hospitals and allied health service providers, improving health outcomes, delivering better quality care, and reducing health care delivery costs through innovation and technology. The HI&C economy also includes developing, manufacturing, trialling, and distributing medical devices, biopharmaceuticals, digital health technologies, and other health products (Figure 1).

Investing in the health innovation and care economy offers economic benefits, including:

- **Job creation:** Health innovation and technology creates many jobs in the eastern region of Melbourne, many of which are skilled and highly paid.
- **Improved health care outcomes:** Health care and innovation lead to better patient health outcomes, reducing health care costs and improving productivity.
- **Increased competitiveness:** Investment in health innovation makes regions competitive in a global marketplace improving the region's ability to meet the needs of their local populations, attracting top talent and exporting globally.
- **Economic growth:** The health innovation and care economy can drive economic growth by increasing investment, spurring new industries, and supporting existing businesses.

The HI&C economy can improve the quality of life for individuals in the region while supporting strong economic development in the coming decades.

FIGURE 1: DEFINITION OF THE HEALTH INNOVATION AND CARE ECONOMY

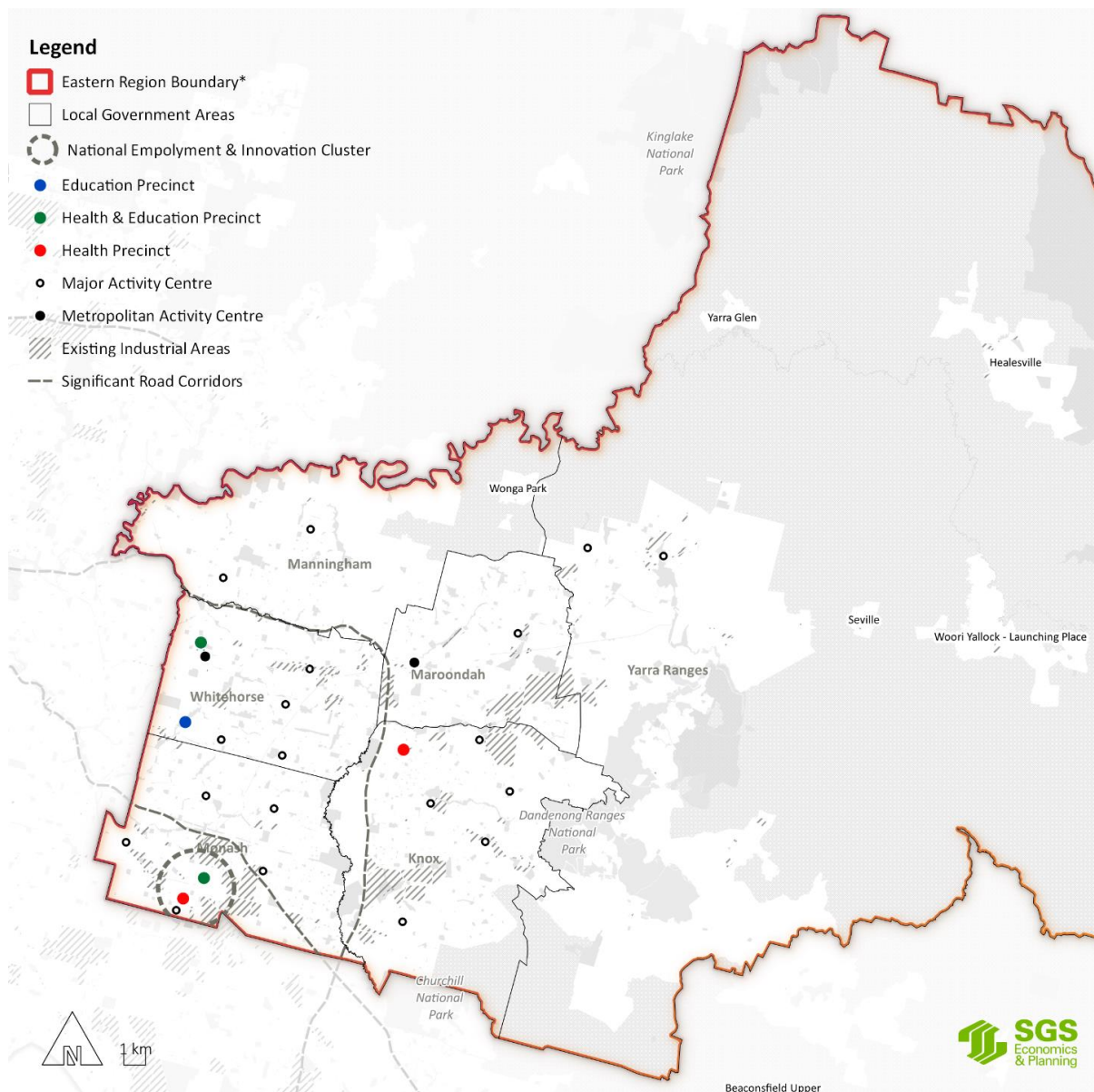


Eastern Region

Geographically, the Eastern Metropolitan Region comprises of six local government areas (LGAs): Knox, Monash, Maroondah, Whitehorse, Manningham, and Yarra Ranges. The region extends from the inner suburbs of Doncaster, Chadstone, and Oakleigh South to the eastern end of the Shire of Yarra Ranges.

Within the catchment there are a range of State identified sites including the Monash National Employment and Innovation Cluster (containing the Monash University Health and Education Precinct, and the Monash Medical Centre Health Precinct), the Box Hill Hospital and TAFE Health and Education Precinct, the Knox Health Precinct, the Deakin University Education Precinct, Box Hill and Ringwood Metropolitan Activity Centres and 19 Major Activity Centres (Figure 2).

FIGURE 2: MAP OF THE EASTERN REGION



*Eastern Region boundary does not show entire boundary of Yarra Ranges Shire Council.
Source: SGS Economics & Planning, 2023

Current state of the Eastern Region

The HI&C economy is an interconnected network of health institutions and private businesses focused on delivering, innovating, and researching the provision of quality health care services and products. Four sectors are critical to the region's HI&C economy – hospitals, health services, health science and research, and medical product manufacturing.

The Eastern Region has long been a significant player in the HI&C economy and has developed strengths and key differentiators compared to the rest of Melbourne and Australia. These are the things that the region is already doing well. They can be optimised and capitalised on to build a leading HI&C economy. These factors are listed below.

- **World-leading institutions and businesses:** The Monash Health Translation Precinct is recognised on a national and international level for its research and innovation capabilities. This reputation is a major attractor for businesses and organisations and a strength for the region. In addition to Monash, institutions and companies across the region produce leading goods, services, and research.
- **A diverse range of HI&C economy precincts:** The Eastern Region has diverse locations where businesses in the HI&C economy are located. These include world-class health and research precincts like Monash, regional health hubs like Box Hill, and industrial precincts like Bayswater and Scoresby, which support manufacturing and auxiliary industrial processes.
- **Healthcare services, medical product manufacturing are large export earners:** Healthcare services (hospitals and healthcare services) is the region's fourth largest export industry (out of 114), with an export value of \$1.2 billion. Human pharmaceutical and medicinal product manufacturing is the fifth largest, exporting 81 per cent of its production for an export value of \$1 billion.
- **Leading research and education capacity:** The region has strong education and training assets, many with leading research capacity. Education institutions include Monash, Deakin, Swinburne, and Latrobe universities, and the Box Hill Institute. Technical, vocational, and tertiary education is the second largest export earner for the region (\$2.1 billion), pointing to the strength of the local research and education capacity.
- **Manufacturing capabilities:** The Eastern Region supports significant jobs and activity in the pharmaceutical and medical manufacturing sector. The sector is an existing regional strength and has many assets needed for growth, including the availability of appropriately zoned land, government support, anchor research institutions and transport infrastructure. Broader trends around re-shoring critical manufactured goods in health also support industry development.
- **Strong local supply chains support flow-on economic activity in the region's local businesses:** Healthcare services and medical product manufacturing procure around \$1.2 billion in local goods and services. Key industry links include professional, scientific and technical services, administrative services, and other manufacturing sub-industries, notably polymer products, basic chemicals, paper/cardboard and glass manufacturing.

- **Close connections to other world-leading health and research institutions:** The Eastern Region is part of a broader, leading HI&C economy across Greater Melbourne. The Eastern Region shares workforces, knowledge, and strategic plans with other areas of the city, particularly Parkville.
- **Significant inward expenditure and investment:** Public spending in HI&C is booming. The Federal and Victorian governments are investing billions in infrastructure, research, and recurrent hospital and health services expenditures. A considerable amount of private investment also flows into the region, including to upgrade private hospitals, develop manufacturing plants, and expand research capabilities.
- **Government policy support:** The development of the HI&C is strongly supported by government strategy and policy, with both the Federal and Victorian governments identifying health care and health product manufacturing as priority industries for support.
- **A skilled workforce:** The Eastern Region has a highly skilled and educated workforce. The region has a high concentrations of healthcare workers, scientists, researchers, and manufacturing technicians. Though a sizeable local workforce exists, current and future workforce and skill gaps are evident.
- **A majority of resident health and science professionals work outside the region.** Many other health workers leave the region each day to work in areas outside of the ERG. In total, 52 per cent of healthcare professionals and natural and physical science professionals living in the region leave for work. More specifically, 16 per cent of health professionals leaving the region work within the Melbourne LGA, at sites like Parkville.
- **A growing population:** The region has an attractive lifestyle, attracting many residents and businesses (including from overseas). The State Government is forecasting a population increase of 166,000 between 2021 and 2036 in the Eastern Region, which is more than 10,000 new residents a year. This population growth provides a large market for health care businesses and services and grows the size of local workforce.
- **Transport infrastructure and accessibility:** The region has a well-developed infrastructure and transportation network for two of its main clusters, Monash and Box Hill, making it easy for businesses to connect with suppliers, customers, and employees in the locations. Accessibility will improve as the Suburban Rail Loop is developed in the coming decades. Other areas of the region, like Ringwood and Knox/Bayswater, have lower accessibility, which may impact the type of businesses attracted to those locations, but may also support the provision of more affordable industrial land compared to the inner city.

Creating strong HI&C economies

Best-practice HI&C economy development

The research papers identified the formation and characteristics of health innovation precincts. A driving success was the strategic co-location of HI&C industries, universities, hospitals, and research centres.

Other major findings from the papers are outlined below.

The emergence of health innovation and care clusters

Since the 1980s, HI&C economy clusters (also known as biotechnology and life sciences hubs) have formed around major cities and regional centres in Australia and around the world. They tend to be located close to universities which provide the 'enabling' intellectual property; close to established biotech or medical device companies that act as incubators for new talent; and where investors can impart knowledge to new start-ups.

HI&C economy clusters can be challenging to initiate and develop

The sole presence of a hospital does not mean that a health cluster is bound to form, expand, and thrive. Developing and solidifying clusters requires consistent efforts from public and private sector stakeholders to assess the market and strategic injections of funding and other resources in support.

Best practice land use planning for a HI&C economy

A strategic location is critical for forming successful health precincts and creating a competitive advantage. A strategic location includes access to major health and education institutions and a large pool of knowledge workers. Co-location of health anchors and industry is critical for innovation and commercialisation.

For knowledge workers, accessibility is an essential aspect of best-practice land use planning for HI&C clusters. Accessibility includes efficient public transport, arterial road corridors, and proximity to airports for domestic and international connections. Suitably zoned land for laboratory research, prototyping and small-batch manufacturing to accompany advanced manufacturing or biotechnology processes is also a need.

One concern from cluster formation is the pricing out of SMEs and other essential and supporting businesses in the area. Affordable industrial land should be protected to accommodate ancillary and complementary uses. This helps to protect second-order precincts that have critical roles to play in supporting the development of the HI&C economy.

Best practice infrastructure provision

It is essential to align land use with infrastructure planning to maximise the use of existing transport infrastructure and plan appropriately for the future.

Best practice infrastructure also includes shared facilities to support various activities, including R&D and early-stage businesses. There should be a focus on different types of facilities to suit the diverse needs of industry communities, such as wet labs, clean labs, access to specialised computing infrastructure, precision manufacturing spaces and machinery. It is likely that over time, research and development will become increasingly technologically complex and require ICT infrastructure such as data centres, high-capacity fibre connections and high-speed internet to enable high-tech industries and operations.

Best-practice government funding and policy support

Governments play a critical role in funding and leading the development of HI&C economy clusters and regions. The case studies of leading HI&C economy clusters all identify strong government leadership in providing roadmaps for future development, developing infrastructure, attracting international investment and collaborating with research institutions as critical to success.

Best-practice workforce development

A critical element of developing a leading HI&C economy is a skilled and deep workforce. Providing pathways from education to employment is also an important element of best-practice workforce development, as is ensuring that the HI&C economy is an industry that skilled workers are attracted to work in through good employment opportunities, high-quality workspaces, and great liveability.

The right geographic scale

The geographic scale of a successful HI&C economy can vary significantly. Many world-leading precincts are geographically larger than the Eastern Region area and cross whole cities or multi-city regions. This shows that HI&C economies can operate across large geographical areas. There is, therefore, an opportunity for the ERG to work in conjunction with other health and medical precincts within Melbourne, such as Parkville and East Melbourne. For innovation, it is also essential that precincts are integrated into local, regional, national, and international networks and supply chains, not isolated on their own.

Success factors of place-based innovation

Based on the research and case studies, success factors for place-based innovation include:

- Highly accessible and connected locations through both public transport and private vehicles. Accessibility to a skilled labour force via public transport is essential in attracting businesses.
- Credible and reputable anchor enterprises/ institutions that are present, relevant to and engaged with industry to realise the innovation benefits of co-location.
- A critical mass of related enterprises in a range of target industries. Up to five industries are generally targeted, often including tech, MedTech and life sciences.
- Vibrant, amenable, and walkable physical environment, often realised through dense, mixed-use development with diverse housing options, including affordable housing.
- Well-connected digital environment with adequate ICT infrastructure to service knowledge-based businesses.

- Open and democratic operating environment with a mindset for collaboration.
- Shared/ collaborative spaces that facilitate cooperation between individuals, complemented with a calendar of informal and formal events.
- Flexible design that promotes scalability and continual evolution:
 - Employment floorspace (such as offices, labs, and manufacturing spaces) for all forms of businesses (start-ups through to anchors)
 - Dedicated spaces should be provided for start-ups. In the absence of these dedicated spaces, start-ups are often priced out of desirable locations.
- Governance arrangements that nurture a vision and long-term economic development objectives.

Community Wealth Building

Community Wealth Building (CWB) is an approach to local economic development that seeks to redirect wealth back into the local economy and place control and benefits into the hands of local people. CWB is concerned with how anchor institutions (like hospitals), major projects, driver industries (like health innovation and care) and economic development in the Eastern Region can grow the wealth of the local community, as opposed to the injections of income flowing back out to external parties.

There is an opportunity to pursue a CWB agenda in the Eastern Region to improve local wealth retention and the inclusiveness of the presented economic opportunities. By realising the potential of their role as an anchor institution for their place, anchor businesses can be key sources of the purchasing power, assets and employment with which economies can be recovered and reformed. By using these levers, government and its partners can exercise strong, confident intervention in local economies to advance the cause of social and economic justice.

The Eastern Region would be an ideal location to develop a CWB agenda as part of its efforts to develop a leading HI&C economy. There is plenty of money being injected into the local economy. Exploring how that income benefits local people and whether more wealth can be captured and dispersed across the Region's communities is an opportunity to improve industry development outcomes.

A CWB lens can also help address concerns that talented workers are leaving the Region for work in Parkville and the Melbourne CBD, and understand how the flow of skills, investment and expenditure impacts the Region. For a CWB effort, there are many large businesses and health institutions can act as anchor institutions. These prominent economic stakeholders can come together to overcome challenges, confront vulnerabilities, and leverage assets and resources to grow community wealth from a leading HI&C economy.

Strategic Propositions

A strategic proposition is a statement that outlines a unique value or advantage and communicates a position for industry and economic development. A strategic proposition is an area of focus that 'could' be pursued by stakeholders. The propositions are emerging themes based on the work done to date.

Strategic propositions have been developed because charting a course for industry development is complex and challenging, and it will take time. Establishing a clear road map and shared objectives for government, health institutions, and businesses is critical. A strategic proposition can help the region differentiate itself, build brand awareness, and drive investment and industry growth. A strategic proposition is a call for action for the region's stakeholders to work on and deliver together.

Guiding principles and outcomes

Sitting above the propositions are guiding principles. These principles apply to all the propositions and are identified to act as touchstones when developing actions. These guiding principles are:

1. **Leverage connections:** The region should maximise inter-relationships between industries to build competitive advantages for industry attraction and development. Achieving a step-change in economic identity requires deliberate planning and multi-stakeholder buy-in. The realisation of a strategic proposition will be from the culmination of myriad investment decisions made by both the public and private sectors.
2. **The region supports the development of the HI&C economy across Melbourne and Australia:** Stakeholders aim to support the development of the broader Melbourne economy through mutual support, not competition. The key for the Eastern Region is for its contribution to Melbourne's economic performance to be recognised, celebrated, and expanded.
3. **Seek opportunities to enhance community wealth and wellbeing:** Industry development should focus on supporting excellent health outcomes and building community wealth. Community wealth can be enhanced by strengthening local supply chains, supporting local businesses, and creating high-quality local jobs.

13 strategic propositions have been created. They will enhance the economic performance of the Eastern Region. Expected outcomes from the successful implementation of a proposition includes:

- **Deepened stakeholder networks** and increased collaboration across the region.
- **High-income, rewarding and secure employment** for Eastern Region residents.
- **New products and ideas are researched, manufactured** and/or applied locally.
- **Increased competitiveness in a global marketplace**, improving the region's ability to attract investment, top talent and export globally.
- **The attraction of an outsized share of health innovation and care investment** over the next twenty years that provide flow-on business opportunities for firms in the region.
- **High-quality health services are accessible** to residents regardless of age, location, or disadvantage.

The strategic propositions

The 13 propositions are broad and varied. Given this they have been grouped under four key themes:

Stakeholder
collaboration

Investment
and attraction

Build and retain a
local workforce

Building a circular
economy

Stakeholder collaboration

1. Develop a hierarchy of best-practice precincts with defined roles that support the national HI&C economy.

The Eastern Region has diverse locations where businesses in the HI&C economy are located. This diversity is a strength, with an advantage over the inner city through the presence of second-order health and industrial precincts. This allows new businesses or businesses with an industry footprint (i.e. manufacturing) to locate nearby to leading health clusters. A concern for the central city and leading health precincts is the pricing out of SMEs and other essential and supporting businesses in the area. Second-order precincts have critical roles in supporting the development of the HI&C economy in Melbourne. They can be protected to accommodate ancillary and complementary uses. Each precinct should also have a defined role and focus to facilitate the clustering of similar businesses and collaborative approach to investment attraction across the city and region.

Success for this proposition would be when the Eastern Region has a well delineated network of precincts that support health innovation and manufacturing businesses to locate in the region at different points of the value chain – including financing, design and engineering, manufacture, transport and logistics, sales, and recycling.

2. Develop procurement processes to localise spending benefits.

Strong local supply chains support flow-on economic activity in the region's local businesses. Healthcare services and medical product manufacturing procure around \$1.2 billion in local goods and services. However, healthcare and medical manufacturing businesses still import \$1.08 billion annually from outside the region in their supply chains. A 10 per cent reduction in leakages would trap an additional \$108 million in the local economy, which can flow to local businesses.

The region can capture a more significant share of money already being injected into the region by developing collaborative partnerships and dense local supply chains. While the Eastern Region will be viewed as part of a wider Melbourne and national economy, it is also of a scale where existing and potential internal supply chains can be prioritised through targeted interventions. The intent here is to increase opportunity and capacity in the region's economic ecosystems, enabling a virtuous circle of economic growth. Recirculating more of the current inflows can grow the local economy even without new income injections.

Large health anchors like hospitals, universities, and manufacturers can develop procurement strategies that include job creation targets, local employment, and apprenticeships. The policies and targets will

set the scene for project development, emphasising local content, social procurement and Aboriginal and Torres Strait Islander participation.

Success for this proposition would be when the major anchor institutions and businesses in the region have a commitment to procurement to local businesses, and there has been a significant boost to the multiplier effect of investment and expenditure as more money is circulated around the regional economy.

3. Map the HI&C ecosystem and develop targeted business support programs.

In the Eastern Region, there is an opportunity to conceptualise the region as an ecosystem with multiple actors interacting and influencing one another directly and indirectly. The region's multitudinous industries and specialisations are fed by and contribute to complex knowledge transfers and supply chains, and businesses have their own goals and objectives which can be supported.

Mapping local business supply chains can help to understand the interdependencies and relationships between businesses in the region, both upstream and downstream of the major anchors of the HI&C economy, and the capacity of local businesses to grow and invest. Understanding what businesses exist and their capacity and constraints, allows for opportunities to be mapped out and targeted support to be offered.

For businesses to participate in the opportunity of a world-leading HI&C economy, they also need to be aware of and understand their potential role. Developing a process for engaging and including small businesses is another benefit of an ecosystem map. For many of the region's businesses to participate, they also need support to lift their capacity. There is an opportunity to raise the quality of the services provided, increase the business capacity to take on more work and assist businesses in overcoming barriers to tender for work.

Success for this proposition would be a complete picture of the HI&C economy and its supply chains, and when that information is used to increase the number of local businesses aware of the opportunity and contributing goods and services to the HI&C economy, and existing businesses are supported to develop and grow.

4. Develop a regional governance structure and shared purpose.

Governments play a critical role in developing leading HI&C economy clusters and regions. Case studies of leading HI&C economy clusters all identify strong leadership as essential in providing roadmaps for future development, developing infrastructure, attracting international investment and fostering collaboration. The sole presence of health assets does not mean that a health cluster is bound to form, expand, or thrive. Developing and solidifying clusters requires consistent efforts from public and private sector stakeholders to assess the market and make strategic injections of funding and other resources in support.

Coordinating a strategic proposition(s) requires a concerted effort by multiple actors. A Governance structure (or several iterations of governance structures) creates ownership of the effort and consolidates the region's voice for coordinated advocacy.

Success for this proposition would be a clearly defined organisation or body (either new or existing) that leads the industry development effort and is a central touch point for stakeholders and investors.

5. Support the plural ownership of the health innovation and care economy.

Business ownership in Australia is becoming increasingly concentrated, and there has been a decline in progressive business ownership structures like cooperatives. Cooperatives, mutually owned businesses, SMEs and municipally owned companies enable wealth to stay local. For this reason, the HI&C sector could promote local and socially minded ownership that enable wealth created by workers and local communities to be held by them, rather than flowing out as profits to external shareholders.

A more progressive approach to business support is a key mechanism for developing these enterprises. An example of innovation in this space is the *Care Together Program*. The program is Australia's first cooperative and mutual enterprise support program in social care. The Care Together Program will demonstrate innovative solutions for improving the appropriateness and sustainability of social care services in areas where other models are not working. The aim is to support the establishment of innovative models of care delivery (including aged care, disability care, veterans' care, indigenous services, allied health and primary care) and increase opportunities for providers to transition to cooperative and mutual models to address workforce challenges and improve service delivery. The Australian Government is funding the program, which will be delivered by the Business Council of Cooperatives and Mutuals (BCCM).

Success for this proposition would be an increase in locally-owned SMEs and cooperative businesses participating in the HI&C economy.

Investment and attraction

1. Lead the development of a Melbourne-wide, globally-oriented brand.

There is an opportunity to lift the vision for the HI&C economy to incorporate the development of a Melbourne-wide, globally-oriented cluster of excellence. Many world-leading health innovation and care clusters, such as the Life Sciences Corridor in Greater Boston and Cambridge, the Durham Research Triangle in North Carolina, or the Bio Valley across regions in Switzerland, Germany and France encompass areas of similar size to Melbourne. For innovation, it is essential that precincts are integrated into local, regional, national and international networks and supply chains, and not isolated on their own.

There is, therefore, an opportunity for the ERG to work in conjunction with other health and medical precincts and institutions within Melbourne, such as Parkville and East Melbourne, to develop a global brand. Promoting and celebrating a globally focused brand is an opportunity to grow excitement in the community and market, build support from all three tiers of government, develop deeper levels of cooperation and support international investment attraction.

Success for this proposition would be when the Eastern Region, Monash and Parkville are mentioned collectively alongside leading global health innovation and care economies like the Life Sciences Corridor, the Durham Research Triangle, or the Bio Valley.

2. Develop the Eastern Region's standing as a leader in biomedical technology and pharmaceuticals manufacturing.

Medical product manufacturing is an existing strength of the region, and stakeholders can work together to develop the region's standing as a leader. By fostering innovation, supporting collaboration, investing in infrastructure, developing a skilled workforce, and promoting the region's strengths, the region attracts investment and drives business growth. Being a leading region would also entail the rapid uptake of new technologies in manufacturing and design, like robotics and artificial intelligence.

Success for this proposition would be when the Eastern Region attracts new manufacturing firms, existing firms are developing and producing new products, and the value of exports from the region increases.

3. Stake a claim as a leader in the research and adoption of home-based primary care

Home-based primary care is a healthcare delivery model where services are provided to patients in their homes. Home-based primary care may include a range of services, such as routine check-ups, preventive care, management of chronic conditions, medication management, and end-of-life care. Home-based primary care aims to improve patient outcomes, reduce healthcare costs, and increase access to care for vulnerable populations.

Home-based primary care has gained increased attention as the population ages, and the demand for healthcare services grows. By investing in this model of care, healthcare providers in the Eastern Region can tap into a growing market, improve the health and well-being of the community and develop tools and methods for export.

Success for this proposition would be when the Eastern Region's businesses and institutions export their knowledge and expertise in how to develop a leading home-based primary care sector.

4. Develop an infrastructure investment prospectus.

There are a host of critical infrastructure needs for a leading HI&C economy covering transport, communications, computing and data processing, research and development space, liveability and housing. There is also a need for investment in new hospitals and health services to meet future demand. Another opportunity stems from the development of the Suburban Rail Loop and North East Link, which could support industry development through improved access and the development of new precincts. An infrastructure investment prospectus would be a document that outlines investment opportunities in a specific infrastructure project or a series of projects to support industry development.

Success for this proposition would be when any infrastructure gaps are filled via new investments.

Build and retain a local workforce

1. Boost access to health services by supporting residents in health care to work locally

Many residents of the Eastern Region trained in health care leave the region for work. At the same time there is a lack of access to certain health care services in the Eastern Region. This means that both workers and patients leave the region to administer and receive care. There is therefore an opportunity to explore whether local services can be boosted through supporting local practitioners to work from the region more often – whether full time, or a few days a month. Understanding the barriers to working locally and how to overcome them, would be a first step.

Success for this proposition would be an increase in local health care services provided, boosting access and liveability in the region.

2. Address worker shortages through great workplaces.

Though a large skilled local workforce exists, there are current and future workforce and skill gaps for a growing HI&C economy. Many regions are trying to address worker shortages through training, but there is an opportunity for the Eastern Region to take a different approach, particularly noting that younger people are already highly educated compared to earlier generations.

In the healthcare sector, like many industries, the casualisation of the workforce and declines in real wages over recent years are issues. In addition, a Beyond Blue study in 2019 found healthcare workers exhibit higher rates of anxiety, depression and suicidal ideation when compared to the general population. Another recent study has found that many young doctors are choosing to leave the sector as their pay no longer covers the stress, complexity and years of training. There are clearly issues in how the industry manages and supports its workforce.

A regional stakeholder group can contribute to alleviating worker shortages by making careers in the industry more desirable and better matched to the expectations of modern workers. Modern workers often seek a work-life balance and purpose, alongside financial remuneration.

Working with human resource departments within anchor institutions could be a powerful tool. For example, actions could include adopting a real living wage floor for all workers, developing good employment charters, providing training and advancement pathways, or exploring ways to improve employees' work-life balance in the stressful roles typical in the HI&C economy.

Providing the best possible workplaces for health professionals in the Eastern Region will have economic benefits through skill retention and attraction by making the region a desirable place to work for health professionals. There is also a role to play for innovation and thinking about how care can be delivered well while not burning out the workforce.

Success for this proposition would be an increase in worker attraction and retention.

3. Address worker shortages through the expansion of the regional workforce.

The region's existing workforce is likely not large enough to fulfil projected demand for workers. One solution is to increase participation rates across the region by assisting and inspiring people currently disadvantaged or facing barriers to participation. Barriers to participation include intergenerational

disadvantage, gender discrimination, access to transport and a lack of soft skills critical to employability. Increasing the participation rate also has significant social benefits for the region.

In terms of supporting marginalised groups, in the UK, some hospitals have mapped the employment profile of their region and identified postcodes where there is underemployment. They then designed specific pre-employment training packages to help these residents to enter their workplaces.

Success for this proposition would be increased workforce participation and reduced worker shortages in the HI&C economy.

Building a circular economy

1. Lead the transition towards a circular economy in the health sector.

The scale of the Eastern Region in terms of the economy's size and industry diversity creates an opportunity to develop a circular HI&C economy. The healthcare and manufacturing industries are heavily material-dependent and waste-producing. This creates an opportunity to explore the circular economy and work with businesses to embed localised supply chains by aligning upstream and downstream businesses – such as medical device and equipment manufacturers and commercial recycling and waste recovery businesses. This traps money and resources locally while being much better for the environment and resource use. By being a leader, the region can also attract external investment and develop services and products in the circular economy for export.

Success for this proposition would be when the waste produced by the HI&C economy is dramatically reduced, and circular processes have led to innovation, new product designs and new businesses forming. Another success factor would be when companies and institutions export their knowledge and expertise in circular economy processes in health care and manufacturing.

Next steps

Stage two of the project will include two charrette workshops with stakeholders to develop and confirm the future strategic direction of the HI&C economy. A charrette is an intensive, multi-disciplinary workshop to develop a design or vision for a project. These two workshops aim to share and build on the findings of stage 1 (Charrette #1) and develop an end product for the project (Charrette #2).

In the **first charrette**, participants will be presented with this summary and the additional findings from Stage 1. Participants will further unpack and debate the proposed propositions until agreement and prioritisation is formed.

Between the two charrettes, there will be a deep dive. Using a mixture of research, economic analysis, and stakeholder engagement, SGS will explore the agreed upon propositions, to develop a range of best practice draft projects.

In this **second charrette**, the identified projects will be workshopped further based on the new information gathered in the deep dive, available resources, agreed upon timeframes, and stakeholder buy-in.

The second charrette will result in an agreed strategic direction for the Eastern Region.

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