

## **Regional realities: where to for Western Sydney, industrial rust belt or surging new economy?**

**Phillip O'Neill**

**Address to Forum: The Future of Work and Curriculum Disruption  
Western Sydney University, 8 November 2017**

### **Abstract**

Western Sydney is Australia's highest growth metropolitan region. Over 300,000 new workers will reside in the region by 2036. Yet the region's traditional employment strengths are in decline or stagnating and much local employment growth is dependent on ongoing population growth, arguably a negative sum game. At present rates, by 2036 over 400,000 workers will need to find work outside the region. Meanwhile the region confronts vast social, demographic, environmental and economic challenges. Is the region headed for crisis?

The talk takes an optimistic view of the region's future. Favourable adjustment to falling manufacturing employment has been outstanding by world standards. Underpinning this transformation has been a massive shift in education expectations and performance. Western Sydney is now home to over a quarter of all Greater Sydney's degree holders while the number of full-time university attendees who live in the region is double that of Sydney's north shore.

So what are the impediments to a rosy future for the region? The talk warns of buying in to economic and planning narratives that depict Western Sydney as establishment Sydney's struggling neighbour. It concludes with implications for a future university curriculum.

### Slide 1

The talk attempts to give a Western Sydney context to the issue of economic transformation and an appropriate curriculum response. I want to do three things, and I may as well tell you my conclusions at the outset.

### Slide 2

First I want to argue against the popular view that our region is one of deficit. Western Sydney is not poor. In fact it is more middle class than middle class Australia as a whole. In the same vein I will show that Western Sydney is a stand out region in terms of how well it has managed the worldwide problem of falling employment intensity in the manufacturing sector.

But, and this is my second point, I will show that the transformation in the Western Sydney labour market that is well underway doesn't extend deeply enough into the labour market. And in parallel I will show how the region now faces a massive new locational disadvantage in terms of access to jobs in the crucial professional services segments of the Sydney economy.

Then, third, I will make a set of disjointed comments about what this might mean for the direction of curriculum at Western Sydney University. Here I want to sketch out a dilemma: on the one hand, we aspire to be a top-tier university, exhibiting *universitas*, the coming together of scholars to create an autonomous community of knowledge and learning – with our students as followers; on the other hand, we find ourselves so deeply embedded in our region that the region defines who we are and what we do, such that we are anything but autonomous, with our scholarship depending on where our region takes us – with the needs of our students very much defining our endeavours.

These constitute the three parts to my talk. A lot of it might have been heard by some of you at the School of Business symposium on employability and the future of work a fortnight ago, which hopefully is a good thing. That event made great progress on the issue of employability, I think, and it drew some interesting conclusions by Wayne Fallon about a curriculum response by the School of Business. So I want to take up a few of the thoughts from that day and present them here.

### Slide 3

So let's start with what I call the great transformation and the argument that Western Sydney is far from a region of deficits.

#### Slide 4

This extraordinary graph shows the simple transformations that have occurred in the Australian economy in the last one hundred years. As a proportion of GDP, agriculture – shown in olive green – sustained the Australian economy until the late 1950s. Then manufacturing – shown in blue – took over; and it rose to ascendancy in the early 1960s and stayed ascendant until the early 1990s. No region in Australia was as important as Western Sydney in delivering this manufacturing outcome.

#### Slide 5

And the region's labour market reflected its manufacturing bias in stark fashion. In 1971 36.4 % of the labour force in the Bankstown LGA worked in manufacturing. In Parramatta it was 33.9%. In Fairfield 38.3%. In Blacktown 35.4%. In these four LGAs there were 83,383 manufacturing workers. This is an astonishing number.

In those days there were over 1.3 million manufacturing workers in Australia. By the 2016 census this number has been halved.

#### Slide 6

Yet in Western Sydney the remnant is closer to one third, as this graph shows (for 2011 figures). Manufacturing in Bankstown has dropped to only 11.8% of the total workforce. In Parramatta it is 8.6%, Fairfield reasonably higher at 17.8%, and Blacktown only 12.7%

Last month I was in Newcastle on Tyne, the great industrial city in the north of England. In 1971 that Newcastle had 40% of its workforce in manufacturing, pretty much the same as Bankstown, Parramatta, Fairfield and Blacktown. In Tyneside, like for Australia as a whole, the number of manufacturing jobs has since halved. The impact on that industrial region's labour force has been disastrous. By 1981 unemployment in Newcastle reached double figures, where it has stayed ever since.

Yet in west and southwest Sydney where the manufacturing transformation has been as significant, the unemployment rate currently sits around 6.5%, not much different to Greater Sydney or Australia as a whole, and certainly not anything like we are seeing for much of Adelaide, north-west Melbourne, Tasmania, northern Queensland and the like.

The difference between western Sydney and northern England and other old industrial regions is that Western Sydney has transformed its labour market magnificently.

In 1971 I sat chatting to a 27 year old in a federal electorate office in the only office block in Bankstown. The young man was Paul Keating. This man had left school at the age of 15, as did most of his Bankstown cohort. Mr Keating was interested in the university studies I had just commenced and he volunteered to get me some books from the parliamentary library in Canberra. In 1971 only 819 residents in the Bankstown LGA held degrees.

Slide 7

But a major economic transformation – the shift to services – was well underway as we spoke that day. The orange line was rising. By 1991 services would overtake manufacturing as the leading generator of income in Australia; and the Sydney economy became the national driver.

In Parramatta in 1971 only 1,136 people held degrees. In Fairfield it was a paltry 364. In Blacktown 539. We teach more than this in a first year urban geography class, year in year out.

But lots of things changed since that day in 1971. One was the opening of university places on the basis of merit. University became free to everyone who matriculated irrespective of their class backgrounds.

Slide 8

The impact of higher education training on Sydney's working class labour markets has been dramatic. This shows the rise in degree holders in the four case study LGAs: Bankstown, Parramatta, Fairfield and Blacktown.

[linger on slide]

Slide 9

By 2011 there were 238,935 degree holders in Western Sydney, which represents nearly 30% (actually 27.9%) of the degree holders in the entire Sydney metropolitan area. Western Sydney houses 50,000 (actually 54,893) more degree holders than does the north shore of Sydney. The number of Western Sydney degree holders (including bachelor and postgraduate) is equal (in 2011) to 71% of the number of degree holders living in Greater Brisbane, 30% *more* than the number in

greater Adelaide, and 87% of the number of degree holders in Greater Perth. So Western Sydney on its own is a nationally significant pool of professional services labour.

#### Slide 10

In terms of higher ed training, Western Sydney is expanding this sizable base. Here we see the same cities and north shore Sydney compared to Western Sydney on the basis of university enrolments in 2011 and 2016. Only Greater Brisbane matches Western Sydney's size and growth. The 20<sup>th</sup> century transformation of this region's labour force continues in a very robust fashion.

#### Slides 11

I get a little miffed when I hear Western Sydney described as an industrial power house. Here we see how Western Sydney has been transformed into a workforce that is spread across a diverse range of industries. Note that here we are looking at the jobs that workers from Western Sydney do, not the jobs that are actually located within Western Sydney. We will look at that question in a moment.

So here we perhaps as a legacy of our economic history, a large concentration in the industry categories on the left hand side of the chart: manufacturing, construction, wholesale and retail, transport and storage, and hospitality. And to the right we see emerging concentrations in the higher value services, especially in education and health.

#### Slide 12

I want you to focus on the old economy concentrations on the left hand side, those with the orange ring around them: manufacturing, construction, wholesale and retail, transport and storage, and hospitality. The next chart will show you which workers in Western Sydney are the degree holders.

#### Slide 13

Notice that old blue collar and basic services categories have very low degree concentrations. And notice the rise of finance and professional services to join education and health as the sectors where degree holders are most likely employed.

[Toggle between slides 12 and 13)

So let's summarise.

Western Sydney is one of the outstanding stories of workforce transformation on the globe.

We need to remember the history, the story of the Western Sydney economy over the last seven decades or so. The region's manufacturing base was a deliberate planning decision of governments in the post-war period. Governments consciously built worker housing around large industrial estates, designed high schools and curricula to transfer kids to factories and apprenticeships at the age of 15; and they built long-haul heavy rail lines to the CBD for the minority that held white collar jobs.

But then investment in education drove the transformation of the labour force out of manufacturing. This wasn't a recent public investment I should add. It was a process that commenced way back in the 1970s. Unlike manufacturing regions worldwide, as a result of that investment, that foresight if you like, Western Sydney has arrived into the 21<sup>st</sup> century with low unemployment, a successful retreat away from manufacturing, and an engagement with the services sector from the highly skilled side of the economy.

Moreover, Western Sydney's new degree holders are staying put, rather than being forced to migrate to other cities in search of work, like they have to do in Newcastle, England, and Newcastle NSW.

So this transformed industrial region has another distinctive characteristic. It has a youthful, growing population. And this generates demand for further workers, including in education and health services.

This sets up a virtuous cycle, one that is shamefully ignored by media representations of Western Sydney, but also by many public commentators and academics.

Slide 14

Indeed by any standard Western Sydney is a fortunate region. It isn't some sort of decaying social wasteland. The region approaches the third decade of the 21<sup>st</sup> century with a strong labour market and growing educated population. Based on income distribution, Western Sydney is more middle class than Australia as a whole. Western Sydney isn't poor. It's just that compared to the wealth to our east we look a little shabby from time to time. But who wouldn't?

## Slide 15

Nevertheless, the challenges our regions faces are substantial. And as Andrew Reeson has explained, they are probably intensifying. In this the second part of my talk I want to address an issue which I see as core to Western Sydney's approach to the challenges Andrew has spoken about. The issue is jobs location. Specifically it involves a fight over where Sydney's high value-adding, highly-remunerated jobs should be located.

There is a bitter debate to be had in this respect, and a crucial research task. The default setting in Sydney is that the professional services sector, including its wonder child 'finance', can only work effectively if it clusters around the foreshore of Sydney Harbour, fuelled by thick transport systems, and expensive social and cultural amenity paid for by the taxpayer. The imperative say groups like the Committee for Sydney, is for governments to indulge inner city and harbour-side professionals because it is they who drive the national economy. Spare me.

Our jobs slide report which is on the Centre for Western Sydney web site exposes the spatial problem that is now emerging in Sydney's labour market.

This is the centrepiece of that report. We call this the witch's broomstick, not the least because of its shape. The start of the broomstick, in its single orange bit, tracks the Western Sydney jobs deficit over the past ten years. The jobs deficit is widening; from 100,000 in 2006 to over 150,000 this year. But where does the broomstick head from here? We draw three branches onto the broomstick. The blue branch, the middle one, tracks a 0.84 pathway, which was the 2011 census snapshot. By 2036, it gives us a deficit of 210,000 workers and a daily outflow of 416,000. That's a lot.

To meet the .84 snapshot Western Sydney should have generated an additional 13,000 jobs per annum for the last decade (or as I've been saying for some time: one Barangaroo's worth of jobs every 18 months). Instead the average in the last ten years has only been 8,000 per year. There's insufficient jobs generation in the Western Sydney labour market to meet even the 0.84 2011 census rate.

What our report finds is that the 0.84 census rate isn't business-as-usual, 0.77 is business as usual. The orange bottom downward trending line is business as usual. This line shows where we get to if the actual jobs creation rate of the last ten years continues. By 2036 we end up with a jobs deficit of

306,000, and a daily worker exit of 492,000 – just shy of half a million workers exiting the region daily. In the report we show that most of these will be professionally educated workers, all those degree holders I've just shown you, forced to travel long distances because of the absence of local jobs: half a million workers crushing trains carriages in the mornings, and the same half a million crushing them westwards in the afternoon. Stand on Town Hall station and try to get on the western line train leaving the city at 6pm on any weekday and you'll know what I mean.

The third branch, the higher green one, is based on Transport NSW estimates. The department uses a jobs intensity ratio of 0.94. But we have no idea where the .94 ratio comes from and Transport NSW won't tell us.

At a rate of .94 – we call it the aspirational branch – claws into the jobs deficit. By 2036, twenty years' time, it pulls back to a deficit of 82,000 and an outflow of just over 300,000. It's not great but it's manageable.

A problem is that the Transport NSW numbers are what are being used by the Greater Sydney Commission in its draft district plans. We wait with interest for the final plans this week and for the 2016 census place of work data to re-plot the broomstick. We suspect the numbers are going to look more like the orange line than the green one.

Slide 17

But we do have numbers from the 2011 census and they reveal the problem. The orange line shows a crude jobs intensity calculation: the ratio of jobs to workers in Western Sydney grouped by industry. A ratio of 1 would mean a job in the region for every worker in the region. The flat orange line shows the average 2011 ratio which was 0.74, or 74 jobs for every 100 workers.

Slide 18

This chart shows where the jobs deficit is widest, in the sectors where upskilling in the Western Sydney workforce is most pronounced, where degree holders are seeking work. Here we see in finance and professional services sectors, inside the larger orange circle, the jobs intensity ratio sits below 60%. Only in the population related services, the smaller brown circle showing public administration, education and health, do we find a jobs intensity above the region's average. Let me reiterate what we see here: In the sectors where take-up of higher education is most concentrated,



in the sectors where we want the labour force to be expanding, access to jobs in Western Sydney is getting tighter and tighter.

#### Slide 19

Then, alongside jobs slide is the collapse in demand for the unskilled young worker. Our Centre's youth unemployment report, again it's on our web site, exposes those recalcitrant pockets of disengaged young adults across our region. We identify 20 clusters of 500 to 600 young adults who are either long-term unemployed or who have dropped out of education and work completely. We are careful in the report to avoid the geographical voyeurism that comes with naming specific neighbourhoods. The point for today is to recognise that despite the successful transformations I point to, or perhaps because of this transition to a high skilled workforce, that those segments of the labour force that were once able to secure entry level jobs in the western Sydney labour market are now well and truly abandoned.

Here I want to draw heavily on the contributions made to the recent School of Business discussions by Jayne Bye and Wayne Fallon, especially Jayne's comments on the notion of employability and her close examination of the history of work and workers in the Green Valley suburbs near Liverpool.

Jayne argues for a more critical understanding of the notion of employability – meaning an understanding of employability that questions the way society holds an individual responsible for whether he or she is employable or not; and holds an individual's family – and institutions like schools and TAFE and universities – responsible for enhancing the qualities of an individual until he or she jolly well becomes employable. Jayne showed how the notion of employability lifted responsibility for jobs away from the structural elements of the economy, including government, and kicked it firmly back to the individual and his and her family and support institutions.

#### Slide 20

Let me get to my third and final section.

Without recourse to jobs growth and interventions designed to link disadvantaged jobseekers to employment, says Jayne Bye, the problem of employability in Western Sydney will remain. How to address the skills of young people – at all levels of the workforce – and at the same time design and

manage a spatial economy that delivers the right jobs in the right places is a very difficult task. As we've seen it is a problem for the young Western Sydney graduate faced with long distance commuting to access a professional services job, just as it is a problem for the pocket concentrations of unskilled young adults to access jobs suitable for their level of qualifications.

#### Slide 21

Of course, difficult problems like these see solutions thrown up by the usual instant experts, the downright stupid and those who should know better. Disappointingly, Business Council of Australia CEO Jennifer Westacott joined this motley group in her recent national press club address where she labelled the benefits of university education as a "myth", which launched all sorts of loopy attacks on the university sector including one by NSW TAFE Managing Director Mr John Black in that august journal the Daily Telegraph.

I looked at Western Sydney enrolments for TAFE and it is easy to see why Mr Black is concerned.

#### Slide 22

Here we see TAFE enrolments in Western Sydney falling by over 5,000 from around the 50,000 mark in 1991. In this time the enrolment of young Western Sydneysiders at university has grown from 35,000 to 105,000.

And in terms of the material I have gone through today, showing the breakdown of degree holders by industry and the remarkable shift towards professional services sectors of the economy, the attack on higher education provision in Western Sydney makes me shake my head at the appalling level of discussion that surrounds this region and its workforce – discussion that lacks basic observation and data, and intelligent analysis.

#### Slide 23

So let me conclude. My argument is a simple one. This region has succeeded in transforming its labour force away from a declining manufacturing sector in remarkable fashion. Central to this transformation was a series of deliberate investments in human capital: a public policy initiative that has worked. And worked spectacularly. And central to the human capital investments have been the role of universities. Not just this one, it should be said, but all the universities Western Sydney students choose to attend. We meet, what, 25% of the total Western Sydney demand?

That said, we don't operate on equal footing. Indeed we service the toughest segments of Sydney's higher education demand. Being located in Western Sydney means families in our tributary areas have lower socio-economic status and higher proportions are from culturally and linguistically diverse backgrounds. Our drawing areas also contain Australia's highest urban Indigenous population. Then, it is true, our 25% segment of the total demand for higher ed in Western Sydney has the lowest ATAR scores. Put together, when our graduates start their careers, statistically, they are the most vulnerable in Greater Sydney from both a social and a geographical starting point. They face the most intense competition for jobs. Many will face delays in securing a job and they will hear accusations about the employability of graduates.

So in terms of delivering successfully to the supply of labour, we have a tougher task than do our competitors to the east.

Then there is the spatial economy we operate within. Sure, I have boasted the remarkable transformation that has occurred in Western Sydney over the last 70 years. But Western Sydney remains the toughest labour market within Sydney's spatial economy, where jobs deficits not only persist, they are opening most widely in the sectors where higher education does its tricks and therefore in the sectors where our graduates are seeking work. So the demand for labour within our region is weaker than we would like, at a time when the 20th century transformation still has a way to run and the 21<sup>st</sup> century transformations are commencing.

Which all might sound depressing. But, hey, this is Sydney. Here the good fortune is that social and sectoral separations are measurable in tens not hundreds of kilometres. The class divides are mild, certainly not entrenched, and available resources are substantial. This is a prosperous city where, like they did in the 1970s, school leavers in Western Sydney with a good shot at further education can be as successful as anyone else.

Thank you for listening.

**Regional realities: where to for  
Western Sydney, industrial rust belt  
or surging new economy?**

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1. The great transformation
2. Jobs slide, jobs gaps
3. Our regional dilemma

2

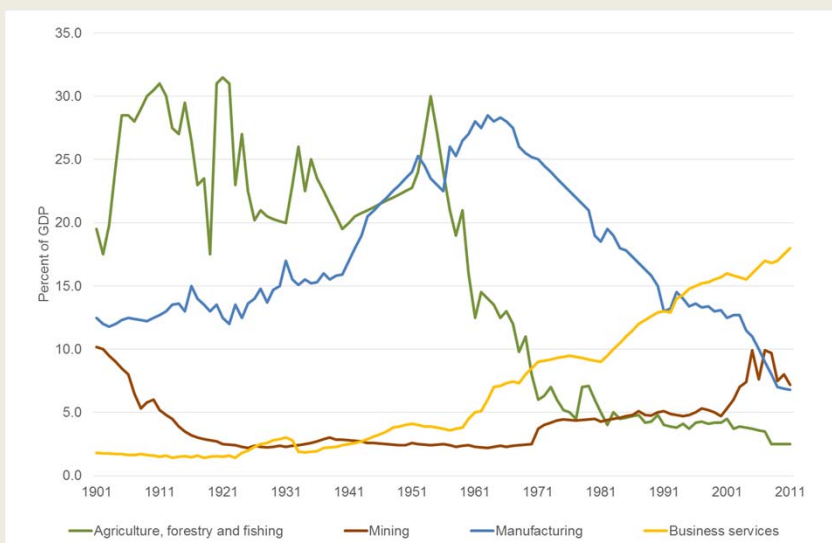
# 1. The great transformation

- 2. Jobs slide, jobs gaps
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## Contribution to GDP by major sector

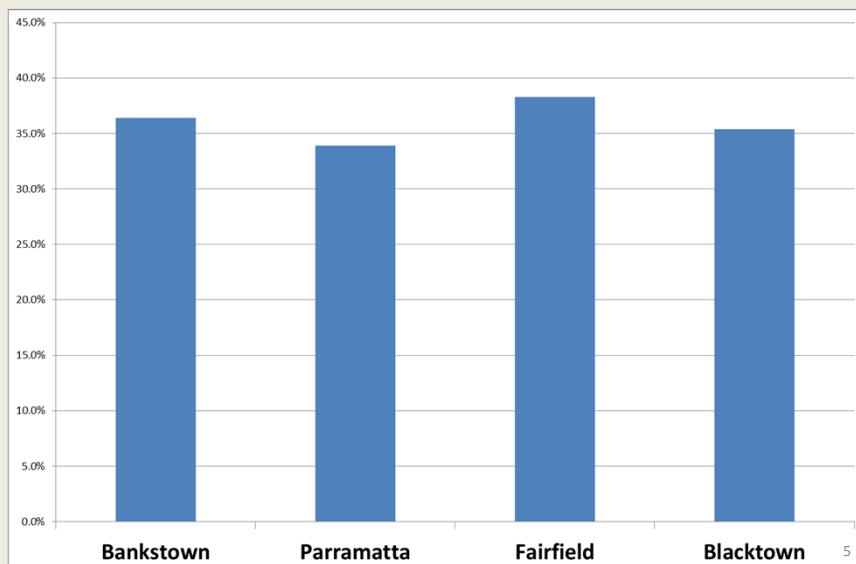
(source: ABS National Accounts)



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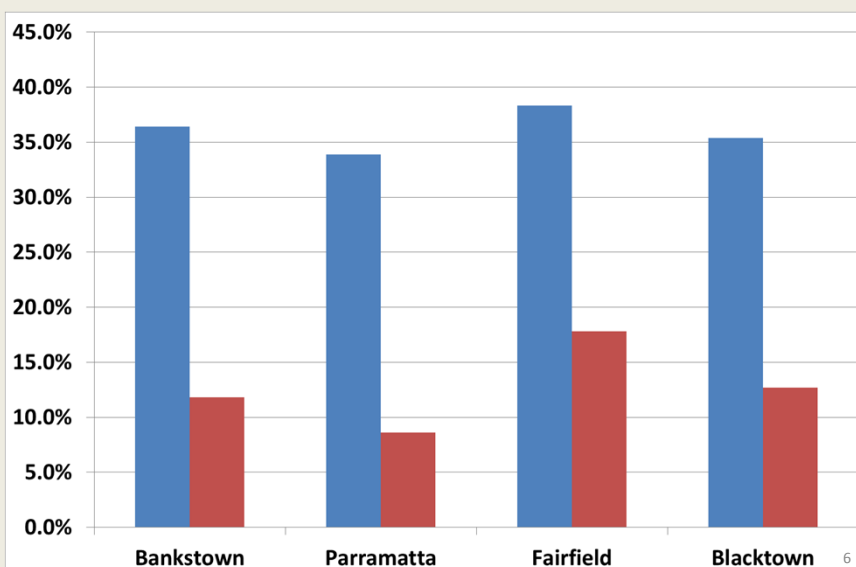
### Workforce in Manufacturing LGA 1971

(source: ABS Census)



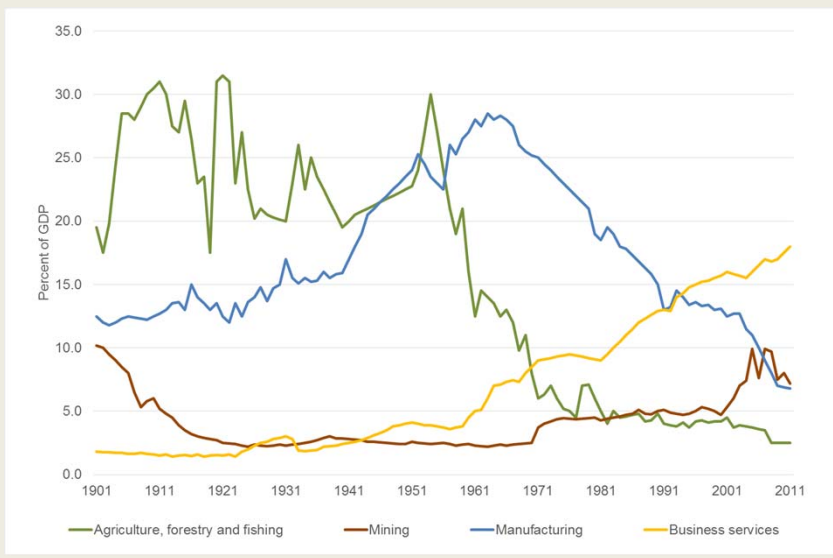
### Workforce in Manufacturing LGA 1971 and 2011

(source: ABS Census)



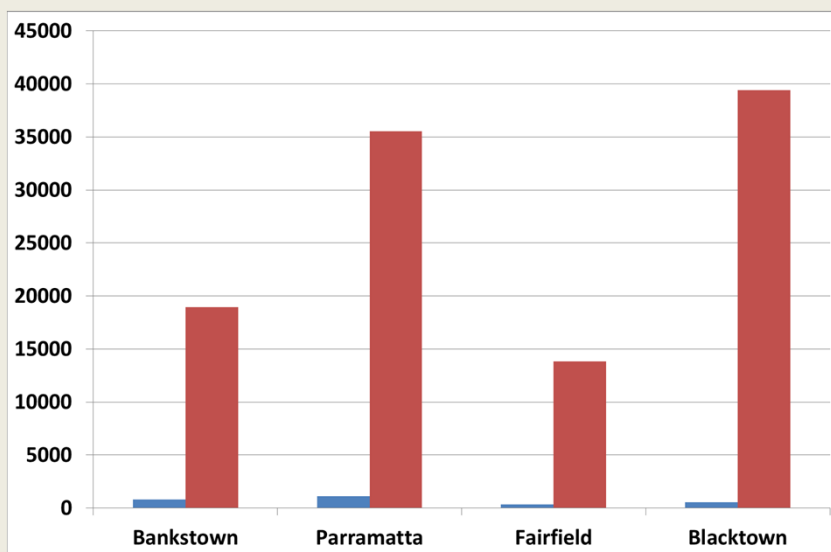
### Contribution to GDP by major sector

(source: ABS National Accounts)



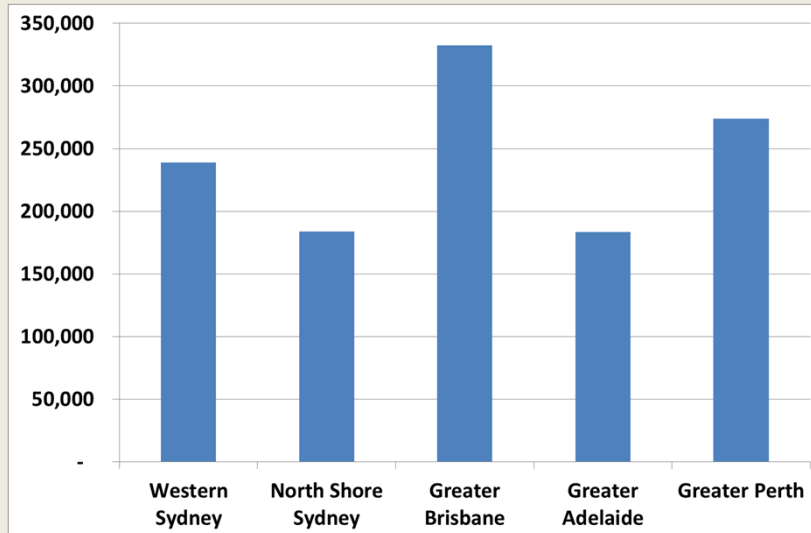
### Degree holders LGA 1971 and 2011

(source: ABS Census)



## Degree holders 2011

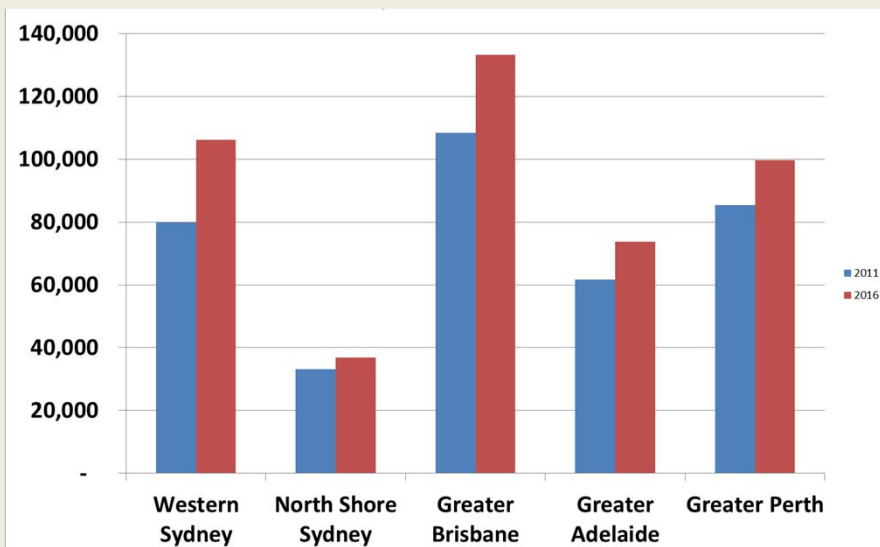
(source: ABS Census)



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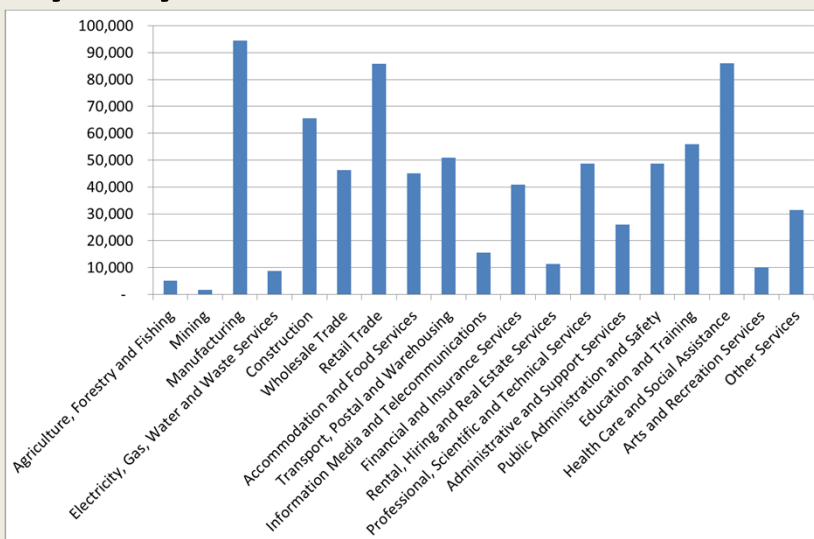
## University attendance 2011, 2016

(source: ABS Census)

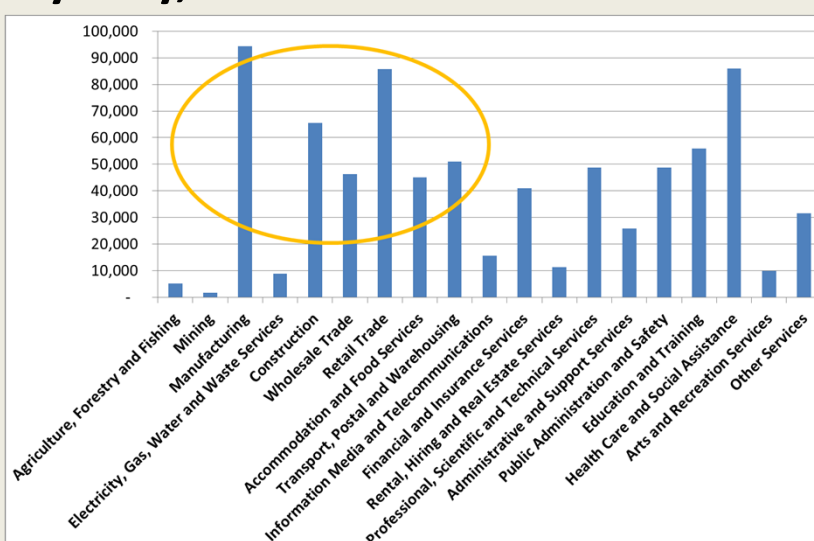




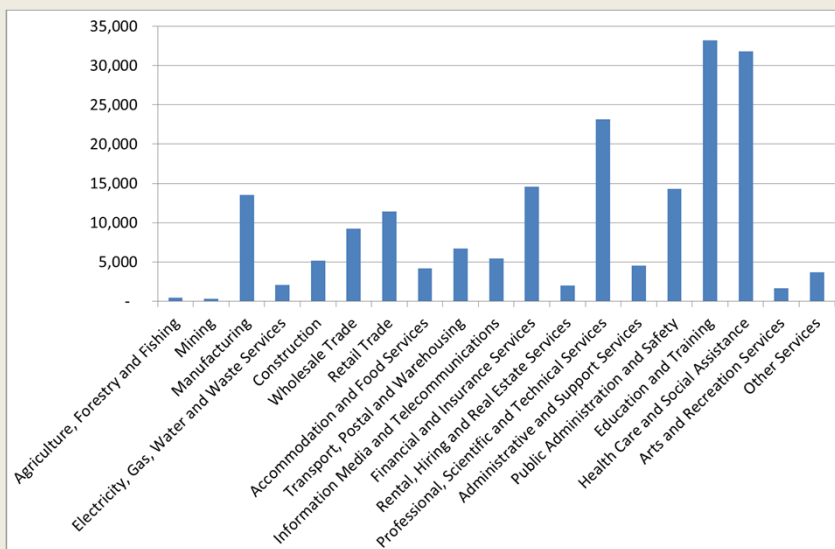
## Workforce by industry, Western Sydney, 2011 (source: ABS Census)



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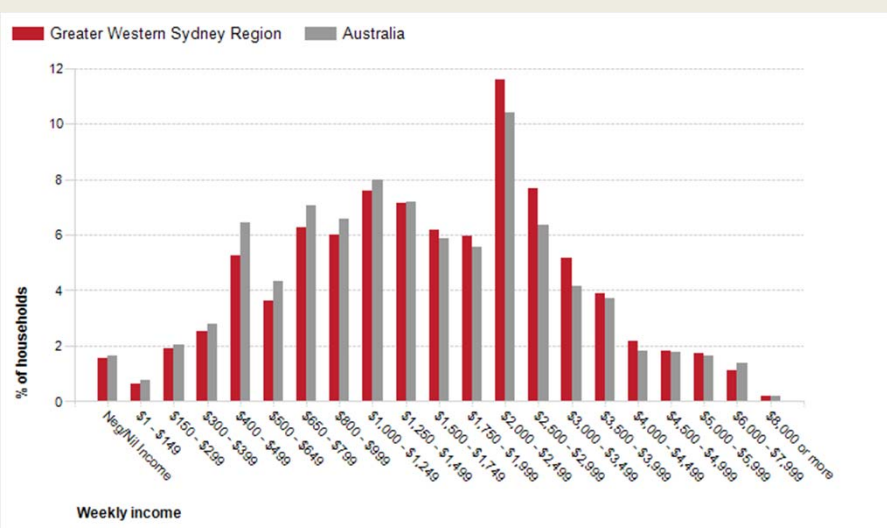


## Workforce with degrees by industry, Western Sydney, 2011 (source: ABS Census)



## Weekly Household Income 2016 (source: ABS Census via dot id)

(source: ABS Census via dot id)

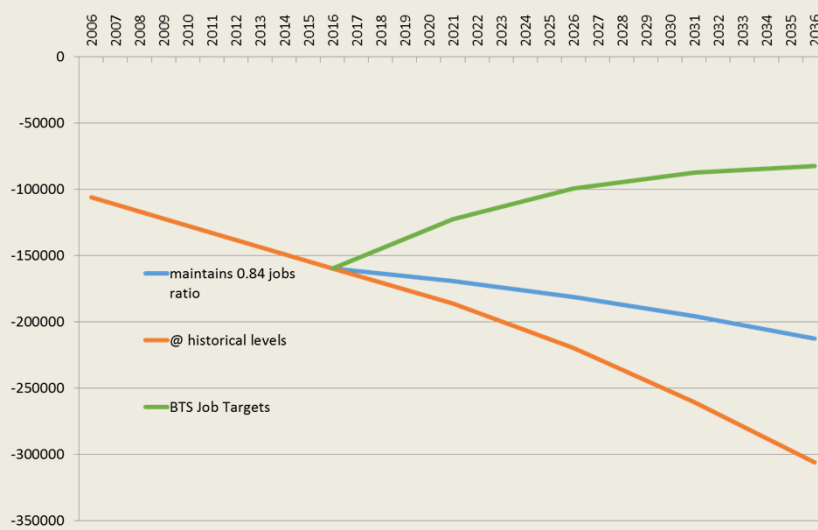


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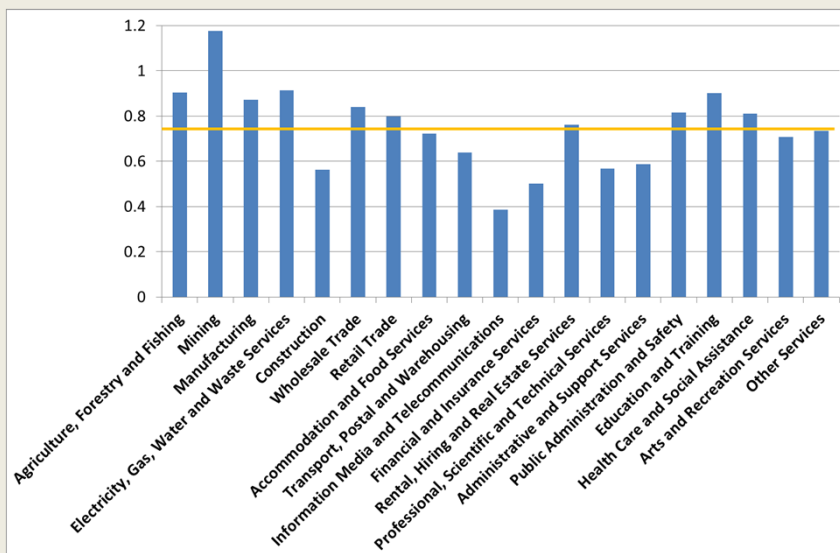
## Western Sydney's Job Slide

(source: Centre for Western Sydney)

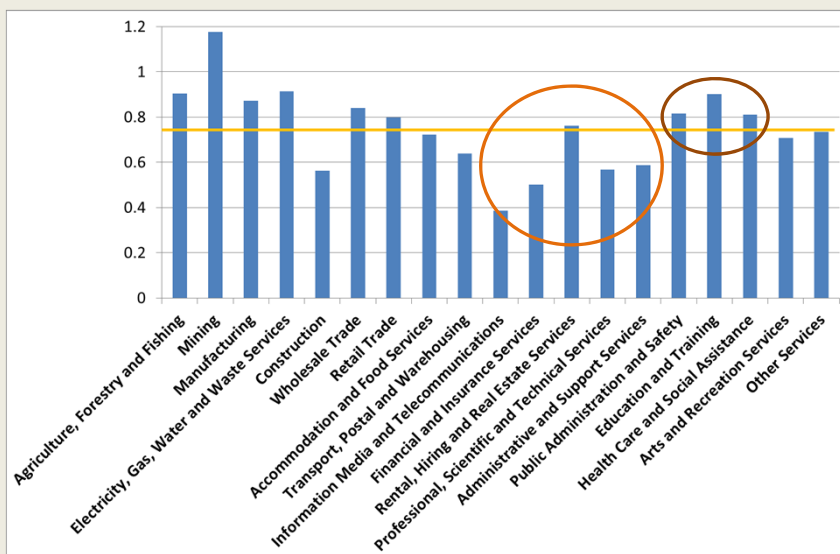


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### Jobs intensity (crude) by industry, Western Sydney, 2011 (source: ABS Census)



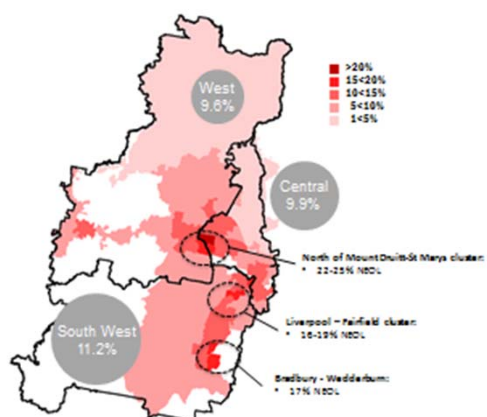
### Jobs intensity (crude) by industry, Western Sydney, 2011 (source: ABS Census)



## Not Earning or Learning

(source: Centre for Western Sydney)

Concentrations of youth not 'earning or learning' – unemployed or not in the labour force and not studying



In 2011, the proportion of youth not earning or learning was 10.3%.

AES Census of Population and Housing 2011

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# Giving university the third degree

## TAFE chief claims all students get in debt

**TELETYPE**  
**KYLAR LOUISMAN**

STUDY at university and end up with a useless degree and big debt. TAFE boss Jon Black will tell career advisers as he declares war on his tertiary rivals.

"Why is it that every Uber driver I speak to has a communications, business or law degree," he will ask the Careers Advisers Association annual conference tomorrow.

It will be the opening salvo in a bid to tip the scales back toward TAFE, fighting what Mr Black sees as "a sort of mass precognition that everyone must go to university."

His speech will come just days after the Productivity Commission took a swipe at universities, recommending

they get "skin in the game" with financial incentives matched to educational outcomes for students.

It also pointed to the declining job rate for university graduates, which is below 70 per cent, the lowest level in more than three decades.

"While there is obviously an important role for universities in our nation's future, a vocational educational pathway to a job and a career is what we need to focus on," he said.

Mr Black said a third of students at TAFE's Ultimo campus already had a university degree but came back to study. "Because they know that it's what can get them into work."

Research published earlier this week by the National Centre for Vocational Education showed that although students were interested in vocational or technical careers, such pathways were often a second choice.

should be regarded as a valid and important first choice," Mr Black will say. "Often getting a degree is just where the trouble starts for uni leavers - and would you rather finish with a \$4000 debt or a \$30,000 debt?"

But TAFE did not escape criticism from the Productivity Commission, which found some of the courses offered by training providers and private colleges were out of date before it was even taught to students.

"As a result, employers complain of qualifications that do not meet their needs, and individuals find it hard to know where to obtain a quality training program," the report said.

Universities Australia slammed the Productivity Commission report, saying it

neglected to mention that most graduates ended up in jobs within three years.

"Not every graduate will walk straight into a job on the Monday after graduation - but 90 per cent will be in a full-time job within a few years of finishing their studies," UEA chief executive Belinda Robinson said.

Mr Black said a third of students at TAFE's Ultimo campus already had a university degree but came back to study. "Because they know that it's what can get them into work."

Research published earlier this week by the National Centre for Vocational Education showed that although students were interested in vocational or technical careers, such pathways were often a second choice.



TAFE managing director Jon Black is fighting his battle in his fight for students. Picture by John Fowler

# The Daily Telegraph

## Time to trade in that degree

Scarcity of resources drives up the value of those resources. Australians of a certain age will recall the novelty of colour television's introduction during the mid-1970s, when the first home on the block to shell out for one of the (very expensive) new colour sets witnessed a sudden, increase in household visitors.

As time went by and colour television became the norm rather than the exception, visits once again normalised. That pattern was repeated during the 1980s as the first mobile phones hit the market. Some status-anxious types actually resorted to fitting their cars with dummy antennas in a bid to convince onlookers they were part of the mobile revolution.

Again, the rapid ubiquity of mobile phones ended that trend. Tertiary education, too, was once the preserve of a few. But now, like colour television and mobile phones, university degrees are far more common.

In one sense, this is all for the good. Education in most cases is valuable in and of itself and Australians should be pleased that a much greater percentage of our population has obtained higher qualifications.

At the same time, however,

what are those higher qualifications worth if they no longer confer advantages in the employment field? What if degree-holders had instead pursued trade-based qualifications?

This is an issue to be addressed today by TAFE boss Jon Black during his speech to the Careers Advisers Association annual conference.

"Why is it," he will ask, "that every Uber driver I speak to has a communications, business or law degree?"

It's a great question, Black's additional thoughts are also worthy of deep consideration.

"While there is obviously an important role for universities in our nation's future, a (vocational education) pathway to a job and a career should be regarded as a valid and inspiring first choice," Black will continue, according to a draft copy of his planned speech. "Often earning a degree is just where the trouble starts for uni leavers."

Additionally, Black will point to a compelling financial consideration: "Would you rather finish with a \$4000 debt or a \$30,000 debt?"

Those with an accounting degree might be able to answer that question quickly. Those with an arts degree might take rather longer.

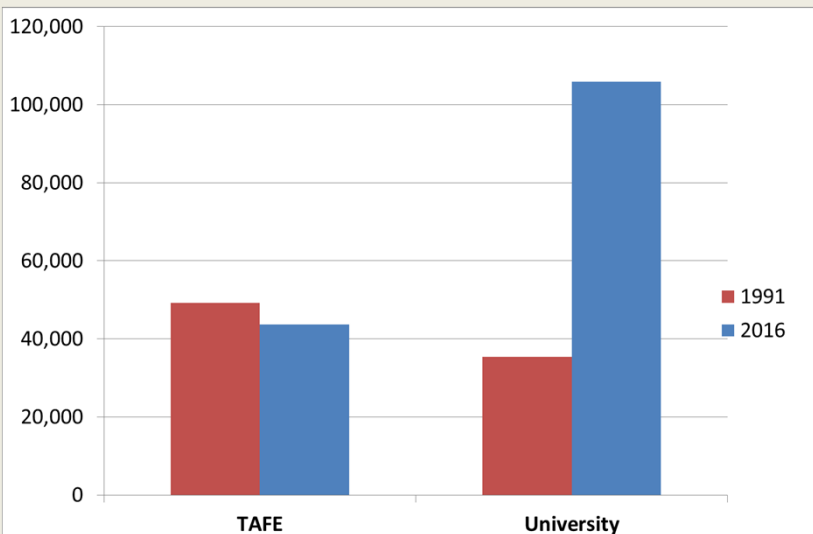
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# University, TAFE enrolments, Western Sydney, 1991, 2016

(source: ABS Census)





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**Thank you.**

[www.westernsydney.edu.au/cws](http://www.westernsydney.edu.au/cws)