



Global Competitiveness: Implications for Perth

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With the new millennium came a growing belief among organizations and individuals world-wide that the route to prosperity was to be found in a global economy. There was a sense that only through a global perspective could we address the problems that really matter, such as climate change and health research. And that only through an application of 'global know how' would we flourish in an era of global trade and commerce.¹

Research highlights

- Perth's increasing engagement with the world economy as more than a hub for the provision of raw materials, but as a locale of decision-making and power, places it in a unique position in the Australian economy.
- It is important to remember that a large part of Perth's growth and competitiveness over the last decade has been driven by the mining and resources sector. Previous Committee for Perth research 'Perth's Economic Base: A Comparative Assessment' underscores the important role of the mining sector and points out that it is twice as important for Perth's economy as any other single sector.
- While Sydney and Melbourne were still the chosen locations as centres of corporate control of most of Australia's largest companies, Perth was catching up.
- When considering all the firms listed on the Australian Stock Exchange a new picture is emerging. In September 2010, Perth ranked highest as the preferred location of corporate power, accounting for 41 per cent of total list companies. Sydney and Melbourne on the other hand, accounted for 29 and 17 per cent respectively.
- Perth's position within the national economic framework is likely to be further consolidated over the coming decade with the ongoing investment in new resource projects, particularly in the minerals, oil and gas sectors.
- Perth is both specialised and diversified which also helps to reduce the economic risk associated with dependency on one specific sector.

¹ Toronto Mayor's Economic Competitiveness Advisory Committee (2008). *Agenda for Prosperity*, Toronto.



- Skilled migration plays an important role in keeping Perth competitive – 33 per cent of our population was born elsewhere.

Introduction

The early twenty first century is a period in which competition between cities for business activity, investment, and skilled labour has intensified (Blakely, 2001). The challenges associated with this means that “cities will need to become more strategic, more creative, and more innovative in their ways of working” (Parkinson, 2001:79). As economic activity becomes more globalised, Blakely (2001:137) emphasised that, “Cities will compete for talented and skilled workers as the resource to attract or nurture the new economy”. Within the network of global cities, it is also apparent that there is a high degree of economic specialisation (Taylor, 2004). Indeed, a considerable body of research has been dedicated to understanding not only how cities are linked, but also the degree of economic, political and social specialisation within urban centres (see, for example, Turok, 2004a; D’Arcy and Keogh, 1999; Kresl and Singh, 1999; and Van den Berg and Braun, 1999).

This paper is the first in a series that will build a wider understanding of how Perth compares with a group of broadly similar cities in Australia and North America. These cities – Brisbane (Australia), Calgary (Canada), Denver (USA) and Houston (USA) – have a number of similar attributes to Perth. All are what might be described as ‘second tier cities’ within their respective national urban systems, most have experienced considerable population and economic growth in recent years, and most are intimately tied to natural resources, particularly minerals and energy. These cities might also be regarded as potential global competitors to Perth, particularly in terms of investment and skilled labour.² As the first paper in the series, this Bulletin considers indicators of urban competitiveness and then begins to benchmark Perth against some of its international and national competitors in simple economic, social and demographic terms.

A Globalised World

Globalisation is not a new process, and is best viewed as an extension of longstanding international economic and social linkages (see, for example, Guillen, 2001 and Scholte, 2007). Indeed, Australia, and by extension Australian cities, have been closely tied to international economic and political processes since European settlement. Held and McGrew (2000:3-4) define globalisation as denoting “... the expanding

² A second paper will be developed utilising a comparative analysis of Perth against other selected cities using the selected indicators to ascertain Perth’s degree of competitiveness and connectivity as a means of developing a strategy based on Perth’s strengths, weaknesses, opportunities and threats in a globalised world.

scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction ... [and] refers to a shift or transformation in the scale of human social organisation that links regions and continents." While globalisation is not necessarily new, there is little doubt that has gathered pace over recent decades. According to Rood and Schechter (2007:7-10), three major factors account for this intensification of globalisation:

- 1) Economic Integration: The will to acquire new markets and gain access to new resources provides the impetus for numerous and globally dispersed multinational corporations;
- 2) Development and Spread of Technology: Advances in technology greatly facilitate the interconnectivity of economy, culture and ideas; and
- 3) Perceptual or Ideational Paradigm: There is greater awareness of global problems such as humanitarian tragedies and the problem of environmental destruction and conservation across borders.

Despite the numerous definitions of globalisation, the term is most often used to refer to the movement of capital, goods and people as national, regional and local economies become integrated into the international economy. Improvements in, and the spread of technology, coupled with the reduction in barriers to international trade and foreign investments, have resulted in the speedier flow of capital and goods across borders. This is exemplified by the fundamental changes in the economy, technology, demography and politics that are currently reshaping the environment for towns and cities in Europe and which have increased competition between towns and cities at regional, national and international scales (Van den Berg and Braun, 1999). As Parkinson (2004:133) observes, "Cities matter to national economic and social prosperity, yet many policy makers have not sufficiently recognised this – or acted upon it. If policy makers and politicians could rise to the enormous challenge cities represent, the reward would be great."

Competitiveness of Cities

Like globalisation, defining competitiveness is a complex matter. As Begg (1999:1-2) noted, "There is precious little agreement either on what the term 'competitiveness' means or on how policy should aim to enhance it... As with most things that are obvious it quickly becomes apparent that competitiveness is, in reality, a very slippery concept." According to Deas and Giordano (2001:1411), the problem lies in the fact that, "Much of the debate around competitiveness has centred on the extent to which the concept can meaningfully be applied beyond individual firms to geographical units at varying scales."

In acknowledging that the competitiveness of regions, cities and localities is “an elusive concept, [with] flawed indicators and over-prescribed policies”, Kitson *et al.* (2004:992) highlight the difficulties inherent in the pursuit of measuring competitiveness. As Deas and Giordano (2001) observed, traditional approaches to measuring competitiveness focusing on economic factors are still relevant but, increasingly, there is recognition of the importance of a broader range of factors that affect competitive outcomes. This is consistent with the observations of Kitson *et al.* (2004) that, in addition to efficiently utilising one’s productive capital, there are other capital dimensions of the socio-economy that explain and determine competitiveness such as human, social-institutional, cultural and infrastructural knowledge and creative capital.

Noting the rapidly growing interest in urban competitiveness, D’Arcy and Keogh (1999:917) outline several studies that highlight the importance of issues such as industrial structure, technological innovation, entrepreneurship, governance, policy action, and even architecture and art, as key determinants of urban competitiveness. Several other studies also offer the characteristics that make competitive cities successful. Donegan *et al.* (2008), for example, in their research on 263 metropolitan areas in the United States, found that traditional indicators of human capital and industry composition perform as well as creative class measures (popularised by Florida (2002)) in explaining economic competitiveness. Kresl and Singh (1999), in their study of 24 large urban areas in the United States, focused on three economic determinants of urban competitiveness – growth of retail sales, growth of manufacturing value-added, and growth of business services receipts – in addition to strategic determinants that include governmental effectiveness and public-private sector cooperation.

According to Boddy and Parkinson (2004:423-426), competitive success at the level of cities or city-regions depends on:

- 1) *Economic diversity* – Cities that have a broad industrial base rather than being dependent on a single sector or small number of related sectors tend to be more successful in responding to economic change and in reinventing themselves economically over time. In the same vein, Turok (2004b:7) pointed out that, “As globalisation develops, locally orientated businesses, which formally only competed with a limited number of other local firms, are exposed to increasing competition from transnational firms ...[and their survival] may therefore depend on improved capabilities.”
- 2) *Skills and human capital* – Innovation and levels of output per year is, to an extent, dependent on locally generated skills and human capital created by the educational infrastructure and, particularly, by higher education institutions. What is important is not simply

the number of university students but the nature and quality of the relationships between universities, industries and those engaged in economic development. Blakely (2001:140) indicated that communities will also have to “internationalise” their human social capital and further postulated that, “Real economic growth will come from people in communities investing in the social capital of their community.”

- 3) *Broadly defined quality of life and environment* – This would include some combination of the distinctiveness of core urban areas, architectural and housing quality and the diversity and the nature of the built environment, cultural facilities and access to the natural environment and amenities. The more competitive cities are, the more they are able to attract – or retain – professional, managerial and technical workers for whom lifestyle and environment is an increasingly important consideration. These workers are considered to be the ‘creative class’ by Florida (2002).
- 4) *Innovation* – New products, processes, services or forms of organisation that typically drive increased output and productivity are crucial to the competitiveness of urban areas. For transnational firms, technology requirements are frequently just as important as other locational drivers (Blakely: 2001).
- 5) *Connectivity* – The most successful cities have the physical or electronic infrastructure to move people, goods and information quickly and efficiently. Blakely (2001:139-140) suggested that as globalisation increased, cities that build strong connective communication and transportation networks will thrive. He also postulated that, “Communities will have to forge long-term economic development strategies with counterparts across the region and around the world. Communities that develop these networks of collaborative economic exchanges will flourish.”

These dimensions of competitiveness identified by Boddy and Parkinson are compatible with the parameters and indicators that are used by groups such as Mercer Consulting, Monocle Group, The Economist Intelligence Unit and CNN in their quality of life, liveable cities and top 10 cities surveys.

Comparative Indicators of Competitiveness

In view of uncertainties regarding both the definition and the measurement of competitiveness, Deas and Giordano (2001:1417), Boddy and Parkinson (2004), Donegan *et al* (2008) and Kresl and Singh (1999) all developed sets of indicators that capture as broad a range as



possible of the different assets said to underpin competitive performance. These indicators are thought to best encapsulate competitiveness of cities and will be used in this study, subject to data availability. These indicators will be utilised to construct a socio-economic basis for the overall comparison of Perth to selected cities as a means of determining Perth's competitiveness and connectivity. A matrix of these indicators is presented in Table 1.

Perth's Economy in the Australian Context

Perth is geographically closer to Dili (East Timor), Singapore and Jakarta (Indonesia), than it is to the other Australian cities such as Sydney, Melbourne, and Brisbane. Adelaide in South Australia, which is 2,104 kilometres away, is the nearest Australian city. While the city of Perth occupies a land area greater than all other Australian cities, it has a relatively smaller proportion of population (see Figure 1). In 2006, Perth had a total population of 1.5 million, ranking fourth in terms of population size behind Sydney (4.3 million), Melbourne (3.7 million) and Brisbane (1.8 million).

Table 1: Indicative List of Indicators and Means of Verification

Dimension	Indicators	Means of Verification
Economy	Sustained economic growth	Level of output per year
	Diversification and broadening of the economy	Retail sales growth; Manufacturing value-added
Skills, Human Capital and Education	Nature and quality of relationships between universities, industries and those engaged in economic development	Occupational Diversity
	Standards and Availability of Educational Institutions	Investments in knowledge infrastructure
	Access to education	Educational attainment of residents; Proportion of residents with Bachelor Degrees or higher
	Ability to attract - or retain - those professional, managerial and technical workers	
Quality of Life	Urban Design	
	Diversity and the nature of the built environment	Architectural and housing quality
	Culture	Cultural facilities
	Safety	Crime Rate and other Risk Factors
	Postal Services	
	Health and hygiene	Sewerage, Waste Disposal and Pollution
	Recreation	Quality and Quantity of recreational facilities
	Medical Services and Supplies	Access to Health Care
Environment	Access to the natural environment and amenities	
	Climate; Record of Natural Disasters	
	Environmental issues	
	Public Transport Flows	Congestion and Pollution

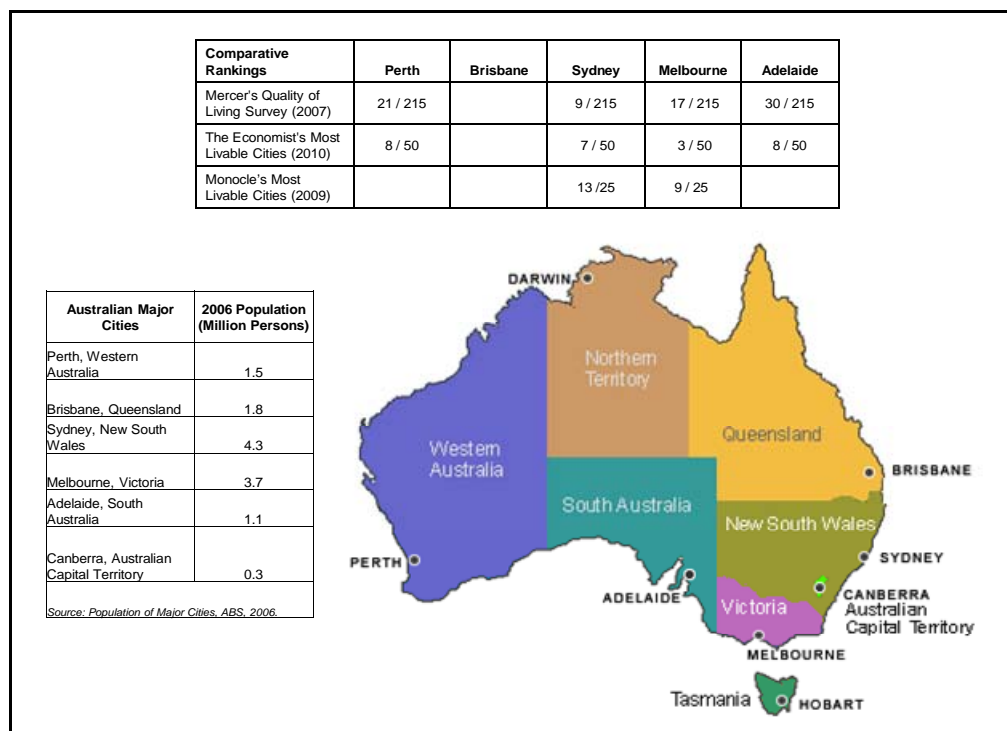
Table 1: Indicative List of Indicators and Means of Verification

Dimension	Indicators	Means of Verification
Innovation	New products, processes and services or forms of organisation that typically drive increased output and productivity	Measures of entrepreneurship
Connectivity	Physical or electronic infrastructure to move people, goods and information quickly and efficiently	Investments in infrastructure
	Internet; Telephone and Postal Services	Proportion of residents with internet access; Proportion of people with telephones
Political-economic Cohesion	Maintenance of a minimum	
	Public-Private Sector Cooperation	
	Political-Economic Stability	
	Cultural, Racial and Religious Stability	
Effective Infra-structure	Infrastructural Investment levels	
	Water and Sanitation	Adequacy of and Access to Water and Sanitary System
	Energy	Access to Adequate supply of electricity, Gas and other Energy resources
	Internet and Telephone Systems	Adequacy, Access and reliability
	Public Transportation	Adequacy and Access
	International and Domestic Flights	Quality, Frequency and Connectivity
	Infrastructure's Safety and Support	

Perth's economic base, measured using location quotient analysis (see Tonts, 2010a) underscores the important role of the mining sector. As Tonts (2010a:1-2)) points out, the mining sector, with its 2.17 location quotient, is "nearly twice as important for Perth's economy as any other single sector." Other sectors key to Perth's economic success include:

manufacturing (with a location quotient of 1.21); rental, hiring and real estate services (1.21); construction (1.13); and professional, scientific and technical services (1.12). The manufacturing sector is important to Adelaide and Melbourne's economy (1.24 and 1.23, respectively) while financial and insurance services and information, media and telecommunications are key drivers of Sydney's more diversified economy (1.67 and 1.54, respectively). The Brisbane economy is fuelled by rental, hiring and real estate (1.21) and transport, postal and warehousing (1.17).

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(Source: ABS, EIU, Mercer Consulting, Monocle Group and http://www.immi.gov.au/living-in-australia/choose-Australia/regional_life/images/maps/map_of_australia.gif)

Figure 1: Perth Compared to other Australian Cities

In another study on local competitiveness using shift-share analysis, Tonts (2010b:6) concludes that in comparison with other Australian cities, Perth's local economy "is competitive and promotes growth." Nevertheless, the study highlights the need for a more progressive stance to optimise development in sectors such as manufacturing and construction, in addition to the mining sector. Further evidence of the competitiveness and growth potential of Perth relates to the geography of corporate power that is emerging in Australia (Tonts and Taylor, 2009). In their analysis of the location of Australia's 300 largest firms, Tonts and Taylor (2009) observed that while Sydney and Melbourne were still the chosen location as centre of corporate control of most of



Australia's largest companies, Perth was catching up together with Brisbane and Adelaide.

When considering all the firms listed on the Australian Stock Exchange, however, a new picture has emerged. In September 2010, Perth ranked highest as the preferred location of corporate power, accounting for 41 per cent of total listed companies. Sydney and Melbourne, on the other hand, account for 29 per cent and 17 per cent, respectively. While the bulk of these companies are made up of the materials (58 per cent) and energy (17 per cent) sectors, the increasing number of listed companies basing themselves in Perth provides evidence of the increasing competitiveness of the Western Australian economy and of the increasing attraction of Perth to corporate investors.

Perth's position within the national economic framework is likely to be further consolidated over the coming decade with the ongoing investment in new resource projects, particularly in the minerals, oil and gas sectors. The city is becoming less of a simple hub through which investment and activity is orchestrated, and more of a centre of decision-making and control. Importantly, this power is not simply directed toward activities within Western Australia, but globally as companies based within the city engage in foreign projects and engage directly in the global economy. What flows from this are benefits for sectors as diverse as legal services, accounting, finance, tourism and the creative industries.

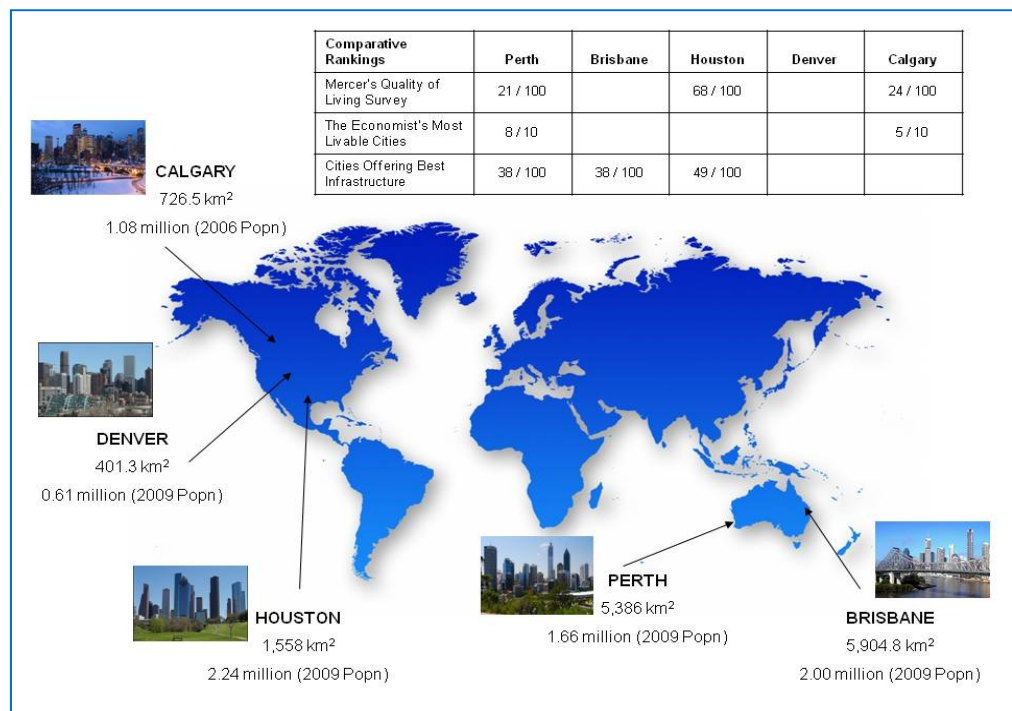
Perth in a Global Context

Perth's increasing engagement with the world economy as more than a hub for the provision of raw materials, but as a locale of decision-making and power, places it in a unique position in the Australian economy. Indeed, it raises questions less about its position in Australia, and more about its role in the world. Thus, it is important that Perth understands how it compares with other cities that have broad economic, political and demographic similarities. Indeed, there is an increasing interest in understanding how cities with similar attributes compare at a global scale (Begg, 1999; Currid, 2006). In large part, this is because such cities are competitors for investment and labour, and are often home of firms against which cities like Perth compete. However, such analyses are also useful in terms of framing public policy and planning strategies.

For this paper, the comparator cities were selected on the basis of economic structure, trade, and socio-demographic trends. The rankings undertaken by Mercer Limited and the Economist Intelligence Unit on quality of life and liveability were further considered. A conscious decision to choose another Australian city was also factored into the selection of comparative cities, in accordance with Begg's (1992:2)

observation that, “It is also important to recognise at the outset that the bulk of any city’s trading will be with other cities in the same country, so that its competitive success will reflect how it fares relative to other cities in the country rather than [just] its international standing.” In the case of Australia, this is particularly true in the competition for skilled labour.

The five cities selected for analysis, with their respective land area, population size and comparative rankings in terms of quality of living and liveability are presented in Figure 2. The choice of Houston (Texas, United States) and Calgary (Alberta, Canada) was mainly due to the dominance of the oil and gas industry in their economies, in much the same way as mining and petroleum play an important role in Perth’s economy. Denver (Colorado, United States) was also chosen inasmuch as energy and mining continue to be important in its economy. The presence of industries serving mining and other extractive industries in Brisbane made it a logical choice for the Australian city to be used in the comparative assessment.



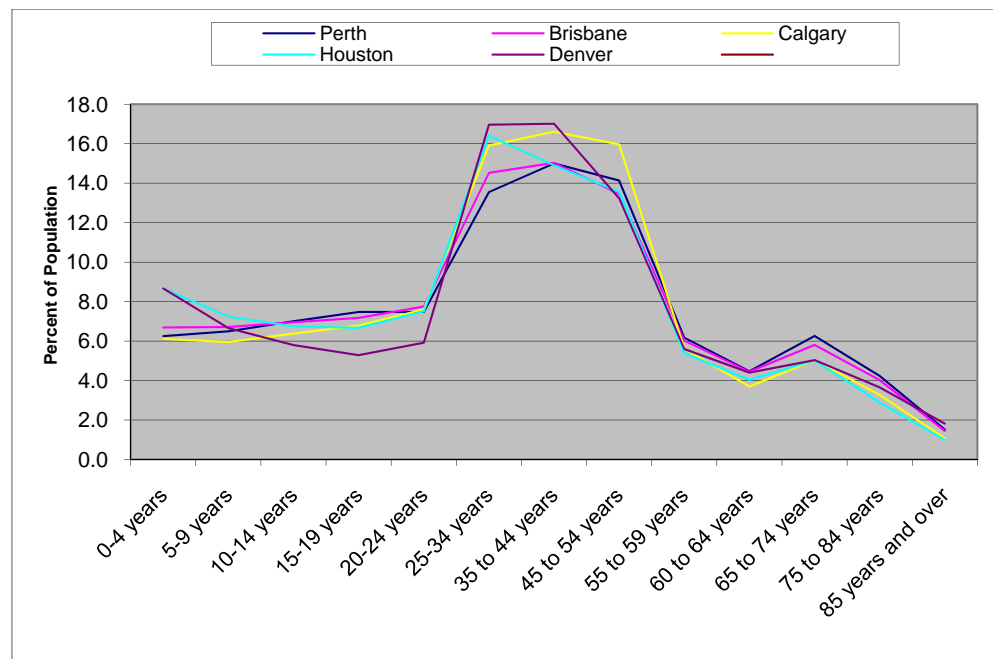
(Source: ABS, EIU, Mercer Consulting, Statistics Canada, US Census Bureau and brittgillete.com/images/global_map.jpg.)

Figure 2: Perth in Comparison with other Selected Cities



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With the exception of Denver, the population of the other four cities in 2009 ranged between 1.1 and 2.2 million people, with a median age averaging between 32 and 36 years of age. Figure 3 presents the age structure for each of the selected cities. As indicated, Perth's age structure is similar to the age structures of the other four selected comparative cities with the primary age group being 25 to 44 years. With the exception of Calgary, Perth and the other comparative cities have similar dependency ratios (46 per cent), with the child dependency ratio for Perth being low in comparison to Brisbane, Houston and Denver. Perth has the highest aged dependency ratio (17.6) of the cities under analysis, although this is only marginally higher than Brisbane, Denver and Houston. In the case of Perth and Brisbane, the aged dependency ratio reflects a combination of low rates of outmigration by retirees, and a relatively strong pattern of in-migration amongst this group. The aged dependency ratio has implications for the provision of social infrastructure, such as health care. However, it should be noted that these groups are also important contributors to urban economies and social structure (Table 2).



(Source of Data: ABS, Statistics Canada and USCB).

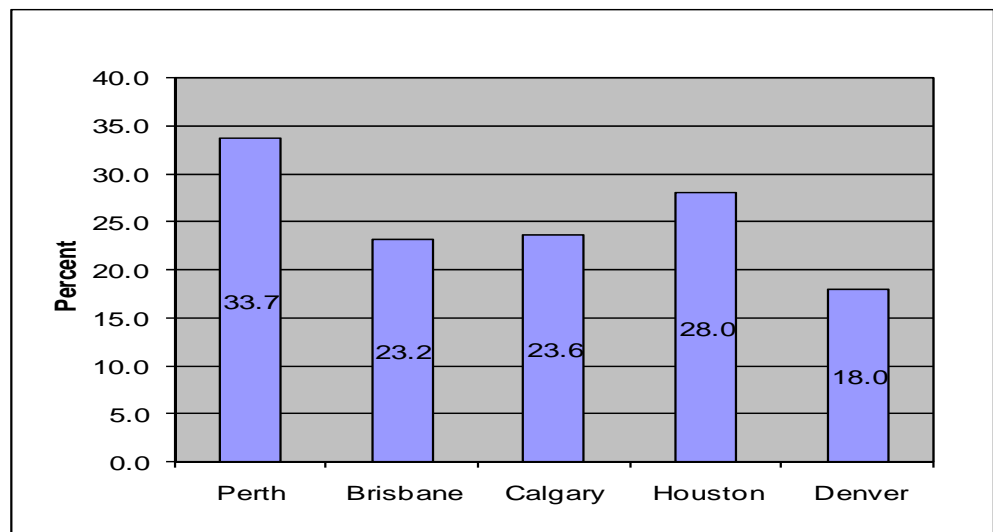
Figure 3: Age Structure of the Population, Selected Cities



<i>Dependency Ratios</i>	<i>Perth</i>	<i>Brisbane</i>	<i>Houston</i>	<i>Denver</i>	<i>Calgary</i>
Total Dependency	46.5	46.2	46.1	46.2	38.6
Aged Dependency	17.6	16.5	13.0	15.3	13.0
Child Dependency	28.9	29.8	33.1	30.9	25.6

(Source: Australian Bureau of Statistics, Statistics Canada, and United States Census Bureau.)

The proportion of foreign-born residents in the population in the five cities is shown in Figure 4. This is important and a number of studies point to the importance of immigrant populations for urban competitiveness. For example, Eraydin (2010:534) notes that: immigrants with differing education and skill levels contribute to a city's competitiveness... [through] the development of new industries that draw upon skilled labour. This has been particularly important in rapidly growing cities, such as Perth, where the demand for skilled labour has outstripped supply.



(Source of Data: ABS, Statistics Canada and USCB).

Figure 4: Percent of the Foreign Born Population

Perth ranks highly compared to the other four cities, with 33.7 per cent of the population born elsewhere. Houston also has a high proportion of foreign-born residents, while Denver has the lowest proportion. The high proportion of immigrants into Perth is indicative of its high 'place utility', an increasing recognition of the opportunities for jobs, higher income, and a better living environment offered by the city.³ The

³ This concept is commonly used by migration researchers to acknowledge the importance of site and situational attributes in the individual's migration decision process (Lieber, 1978).

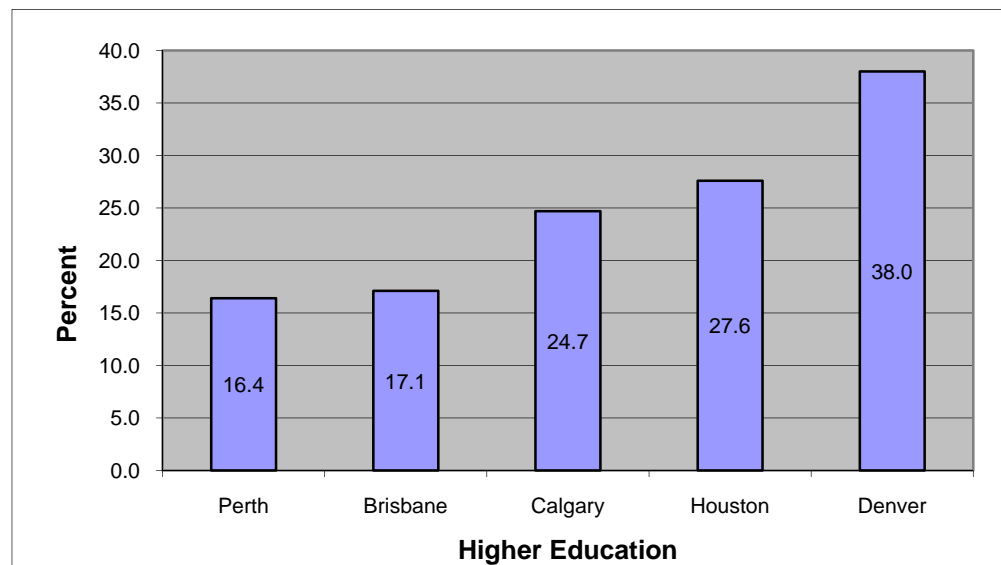
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attractiveness of a city or region to migrants is also a good indicator of the capacity of a place to absorb a new population in social and cultural terms given that places that are seen as safe and accommodating often attract migrants. Studies in Australia and other countries document the increasing rate of migration to high-amenity regions mainly for lifestyle reasons, including an increasing preference for leisure (Maude, 2004); a growing flexibility of work practices (Beyers and Nelson, 2000); and a desire to find places more conducive to raising children (Burnley and Murphy (2004).

A comparison of residents with Bachelor's Degrees or higher indicates that North American cities have a highly skilled population compared to the two Australian cities (See Figure 5). Denver has the highest proportion of residents with Bachelor's Degrees or higher (38 per cent) while Perth has the lowest proportion at 16.4 per cent. Perth clearly lags its North American counterparts, as well as Brisbane. In terms of competitiveness, there may be a need for Perth to focus on this area as a matter of strategic importance.



(Source of Data: ABS, Statistics Canada and USCB).

Figure 5: Percent of Population with Tertiary Degree

The literature on human capital highlights the importance of a skilled and highly educated labour force to the development of cities and regions (see, for example, Donegan *et al.*, 2008 and Mathur, 1999). Eraydin (2010) further notes the consensus in the literature on the adaptability of a highly skilled workforce to the conditions imposed by globalisation. Having a highly skilled/trained workforce/population is important; as



Donegan *et al.* (2010:182) notes, “Firms located in cities and regions with high levels of human capital become more competitive on average, in turn drawing more skilled labour to the region.”

A location quotient analysis was used to identify the propulsive sectors of the economies of the cities under comparison.⁴ Table 3 shows that Calgary and Houston are more highly diversified economies compared to Perth and Brisbane. It is worth highlighting that while the mining sector is very important for the economies of Perth and Calgary, the latter has a more diversified economy supported by the professional and administrative services, construction and transportation and warehousing sectors. The table also highlights that, for Perth, there is scope for improvement of the professional, scientific and technical services sector. The 1.11 location quotient for this sector indicates that Perth has local advantage in this sector compared to Australia as a whole, suggesting an opportunity to capitalise on the sector’s potential for growth in the future.

Table 3: Location Quotients by Industry

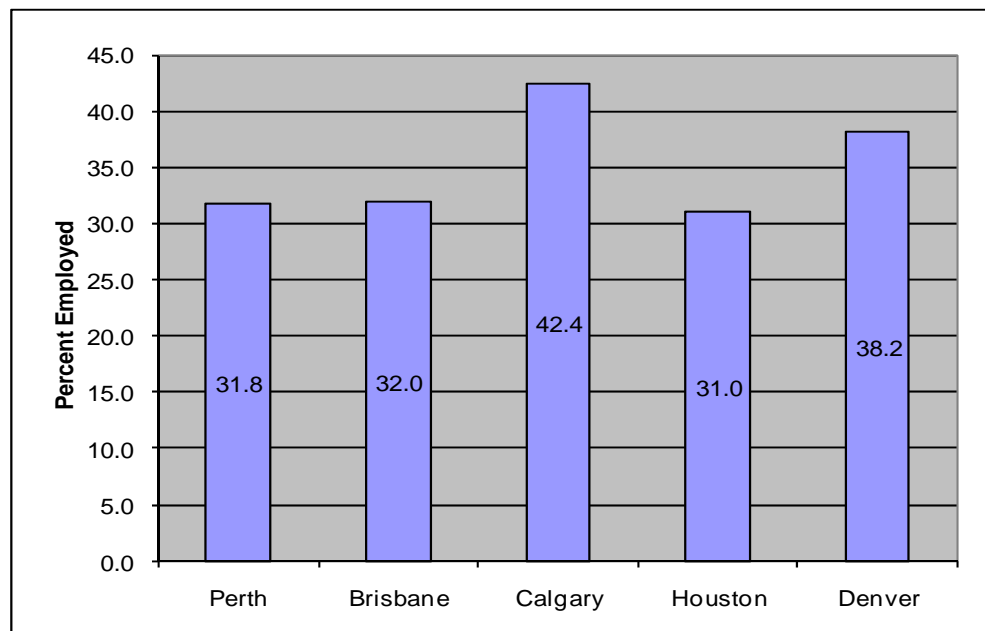
	<i>Perth</i>	<i>Brisbane</i>	<i>Calgary</i>	<i>Houston</i>	<i>Denver</i>
Agriculture, forestry, fishing and hunting and mining	0.79	0.29	1.58	1.21	0.35
<i>of which: Mining</i>	2.20	0.50	4.60	--	--
Construction	1.13	1.03	1.31	1.51	1.19
Manufacturing	0.94	1.05	0.63	0.79	0.52
Wholesale trade	1.00	1.04	1.11	1.19	0.89
Retail trade	1.01	0.99	0.93	0.90	0.84
Transportation and warehousing, and utilities	0.93	1.14	1.20	1.20	0.99
Information	0.79	0.88	1.08	0.64	1.83
Finance and insurance, and real estate and rental and leasing	0.99	1.04	1.04	0.91	1.19
Professional, scientific, and management, and administrative and waste management services	1.11	1.09	1.46	1.36	1.57
Educational services, and health care and social assistance	1.03	1.04	0.85	0.83	0.84
Arts, entertainment, and recreation, and accommodation, and food services	0.93	0.93	1.01	1.02	1.25
Other services, except public administration	1.05	1.01	0.94	1.23	1.04
Public administration	0.98	1.07	0.51	0.50	0.82

Sources of Basic Data: Australian Bureau of Statistics, Statistics Canada, and United States Census Bureau.

⁴ Location quotients (LQ) give insights into the structure of local economies and the relative importance of different sectors. A LQ of greater than 1.0 suggests a local or regional advantage (or concentration of employment) in that sector. A LQ of less than 1.0 suggests that the sector is not a ‘propulsive’ industry within the economy (Tonts *et al.*, 2008:35-36).



Figure 6 indicates the proportion of workers in the management, professional and related occupations, with Perth having 32 per cent of workers in this occupation compared to Calgary's 42 per cent and Denver's 38 per cent. As Currid (2006) points out, competitiveness is a result of concentration and advantage in particular industries, including finance and professional services. While there is still a big gap between the North American cities and Perth in this area, the recent relocation of Shell's national headquarters and the concentration of Rio Tinto's line of reporting to Perth indicate that Perth is on its way of catching up in this regard.



(Source of Data: ABS, Statistics Canada and USCB).

Figure 6: Proportion of Labour Force Employed in the Management, Professional and Related Occupations

Future Directions for Perth

With Perth's economic base being so closely tied to the mining sector, its vulnerability to price fluctuations in the international market remains a key concern. As Turok (2004b:7) suggests, "a balanced, broad-based strategy may be more effective than a focused approach, especially in the longer term bearing in mind the vulnerability that stems from overspecialisation." While the empirical literature examining the relationship between diversity and growth and stability is inconclusive, conventional wisdom holds that economic diversity enhances economic performance, either by promoting higher levels of economic wellbeing or

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by improving the ability of regions to cushion the adverse effects of economic cycles (see, for example, Attaran, 1986; Wagner, 2000).

While evidence exists in North America and Europe suggesting that more diverse economies fare better than areas with a narrow economic base. Davies and Tonts (2010:223), however, observed that, “there is surprisingly little recent Australian evidence to support, or to refute, its claimed benefits.” Attaran (1986:53), nevertheless, concludes that:

What is important is the industrial mix of a region, i.e., the growth and stability properties of the individual industries that make up the area’s economy... Specialisation is not of itself unhealthy; however, if an area is highly specialised, it is important whether the specialised sector is growing or declining, whether it is high- or low-income generating, and whether it is stable or unstable.

It is also important to note that while Perth is certainly specialised in terms of its economic links with the resources sector, within this there is considerable diversity. While cities such as Calgary and Houston are largely dependent on a single resource (or a very small number of resources), Perth’s economy is built on a large range of minerals (e.g. iron ore, bauxite, gold, nickel, mineral sands etc.), as well as oil and gas, thereby reducing economic risk. Thus, the city is both ‘specialised and diversified’.

This is not to suggest that there are not significant new opportunities for the city that take it in new economic directions. Wray (2009), using the nickel industry as a case study, provides evidence and analysis that “recasts Perth as a crucial centre of authority on resource exploration and discovery in the global economy”. The challenge therefore is to identify areas of opportunity for economic diversification towards a knowledge economy that will ultimately broaden the economic structure of Perth and of Western Australia in the future.

In broadening its economic base, Perth would also need to embark on migration programs that will attract skilled and highly educated workers from overseas and from other Australian states. While Sydney and Melbourne are projected to remain the most populous cities in Australia, with 7.0 million and 6.8 million people in 2056, respectively, Perth is projected to experience the highest percentage growth of any Australian capital city (ABS, 2008).⁵ With a projected growth of 116 per cent, the population in Perth in 2056 will be 3.4 million. Given that population

⁵ This is based on Series B projections by the ABS, which largely reflects current trends in fertility, life expectancy at birth, net overseas migration and net interstate migration (ABS Catalogue 3222.0, 2008).



will continue to age and in view of its already high aged dependency ratio, Perth has to ensure that it would be able to continue to attract workers for its mining and resources industries. According to Blakely (2001:134, 137), "the globalisation of economic activity is changing the nature and location of work, the role of workers, and the prospects for economic development in cities, towns, and states or provinces around the world."

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About FACTBase

The FACTBase project is a joint venture between the University of Western Australia and the Committee for Perth, an influential member-based organisation driven by a diverse assembly of Perth's leaders. Members collaborate with business, government and community groups to actively improve the liveability of our city, resulting in a real and enduring contribution to Perth and the metropolitan area.

One of the only broad-reaching projects of its kind to be undertaken in the southern hemisphere, FACTBase condenses the plethora of databases and studies on the subject of liveability and analyse what's happening in Perth through words, maps and graphs.

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Huddleston, P. and Huddleston, V. (2010), *Global Competitiveness: Implications for Perth*, FACTBase Bulletin No 13, The University of Western Australia and Committee for Perth, Perth.

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