



**NATIONAL
Growth Areas
ALLIANCE**

Infrastructure Priority List 2021

Statement of support to Infrastructure Australia for projects impacting outer urban growth areas of Australia's fast-growing cities

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Contents

The case for infrastructure investment in Growth Areas.....	2
Australia's fast growing cities, towns and suburbs	3
COVID-19 Economic Recovery.....	3
Supporting Growth Areas results in increased national productivity	3
Transport Projects to Address Urban Congestion and Increase Resilience.....	4
Increased Local, Regional and National Productivity	4
New ways of working in outer suburbs.....	5
Investment Opportunities in Growth Areas.....	5
Conclusion.....	6

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The case for infrastructure investment in Growth Areas

Almost one in five Australians now call Growth Areas home. These cities, towns and suburbs are growing by around 3% every year, well above the Australian rate (1.7%).¹

The impact of COVID-19 on overall population growth will be significant but may not drastically reduce the population growth rate in outer urban areas. Growth areas have a higher than average fertility rate and significant movement to more affordable housing is expected during the recession, in part enabled by Government support for residential construction.

Investment in infrastructure in Growth Areas should be prioritised in recognition of:

- The attractive multiplier effect of investment and job creation in geographic areas where 20% of Australia's workforce lives and where localised unemployment rates will be higher than the national average given the employment dependence on sectors that will be hardest hit by the economic shock - retail trade (9.7% of growth area workforce), manufacturing (8.5%) and construction (10.4%)²
- 16 of the top 20 postcodes suffering mortgage stress are in growth areas, risking catastrophic mortgage default rates and ensuing housing and homelessness crisis³
- NGAA members have an average SEIFA Index of 922.2. This means that 59% of Australian LGAs are more socio-economically advantaged than growth areas.
- The significant deficits in access to transport, education, health and recreational infrastructure, created by long-term underinvestment in growth areas during a period of unprecedented population growth.

This submission serves as a resource for decision-makers, to consider the broader context of the project submissions they are assessing from members of the National Growth Areas Alliance.

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¹ Id Consulting, State of Australia's Fast Growing Outer Suburbs, The Economic and Demographic transition of the Fast Growing Outer Suburbs, (2018), pp1-2

² Ibid, pp9

³ DFA Digital Finance Analytics Digital Finance Analytics [Online]. - DFA. - 6 May 2020. - <https://digitalfinanceanalytics.com/blog/mortgage-stress-still-climbed-in-february/>

Australia's fast growing cities, towns and suburbs

Growth Areas typically are defined as those cities, towns and suburbs on the outskirts of the greater metropolitan areas of Australia's capital cities. Growth Area councils have an annual average population growth rate double the national average, housing new communities in low density greenfield development as well as medium and high density developments within existing suburban centres. Their populations are predominantly commuter workforce, with large tracts of employment lands, typically supporting manufacturing, freight and logistics.

COVID-19 Economic Recovery

The Australian economy needs growth areas to fulfil their productivity potential to drive economic growth and provide a local workforce for new and emerging industries. With a large workforce, easy access to greenfield industrial and employment land and a strong entrepreneurial culture, growth areas are positioned to be Australia's next economic powerhouse. Population growth protected Australia from the worst of the GFC; now, with the right support, existing growth areas could help our economy emerge strong from COVID-19.

Australia's response to COVID-19 provides a rare opportunity to rebalance the spatial structure of our capital cities through better planning and investment that supports distributing infrastructure, jobs and housing more evenly across the metropolitan area, including bringing new jobs closer to where the growing population lives. This is a necessary shift in traditional metropolitan planning practices in Australia.

Outer urban growth areas have become a major driver of economic and employment growth in Australia. The national economic significance of growth areas is large, accounting for 12% of GDP despite making up just 29 (or 5%) of Australia's 537 Local Government Areas (LGAs).

In 2018, 1.7 million jobs were located in growth areas, (13.5% of Australia's employment, up from 9.6% in 2006). A significant shortfall in local employment opportunities remains for the workforce of 2.65 million people. There are nearly one million young people in growth areas who will be looking for further study and employment opportunities within the next decade.

A business as usual approach (focusing on CBDs and regions) risks further entrenching significant disadvantage through un- and under-employment, reduced access to affordable housing, ongoing deficits in hard and soft infrastructure.

Supporting Growth Areas results in increased national productivity

Australians and Australian businesses have shown remarkable agility in responding to the economic shock of the COVID-19 pandemic. In growth areas, this has been seen in the uptake of working from home, small business pivots to online operations and revised service offers and filling supply chain gaps with innovative niche manufacturing.

While the economic role and function of Growth Areas is one which is generally geared toward its large resident base they also having important export industries such as manufacturing and freight and logistics. However, the traditional economic role and function is transitioning, with several indicators showing early signs of entrepreneurial activity.

Growth Areas continue to play a pivotal role in supporting the productivity growth of cities by unlocking affordable housing for growing populations and employment lands and supply chains for freight and logistics. Significantly, Growth Areas account for over 11% of GDP despite only making up 6% of Australia's 545 Local Government Areas (LGA). In 2016, almost 13% of jobs were located in Growth Areas.

To continue this critical nation building role and also transition to the new economy, Growth Areas need transformational infrastructure and an inclusive plan for sustainable city growth that provides critical transport infrastructure to connect people to local jobs, social infrastructure and green space to create thriving, liveable local communities⁴. National productivity is at stake if we do not plan and invest in infrastructure that catalyses a continued role in the new Australian economy.

Transport Projects to Address Urban Congestion and Increase Resilience

The outer suburbs of Australian cities expanded rapidly with increased private car ownership and the desire for affordable living away from inner-city congestion. New ways of working, supported by high quality digital infrastructure, is starting to transform the skills and job profile of outer suburban communities, but families still rely on access to roads, rail and public transport to connect to the jobs, facilities and services far from home.

Given the gaps in public transport infrastructure and the "last-mile" challenge, community reliance on the private car to get to jobs located far from home is significant, and the demand for improved roads and road performance is now critical. As reported by the Australian Automobile Association, road performance is deteriorating nationally, with reliability and congestion worsening. The Bureau of Infrastructure, Transport and Regional Economics estimated that congestion cost Australia \$16.5 billion in 2015. Without major policy changes, congestion costs are predicted to reach between \$27.7 and \$37.3 billion by 2030.⁵

Increased Local, Regional and National Productivity

Growth Areas play an important role supporting the productivity of cities by increasing labour supply and providing diverse and affordable housing. The 31 fastest growing municipalities accounted for 35 per cent of Australia's population growth during (2011-2016), yet received only 13% of federal infrastructure investment during the same period.

The economic gains of concentrating economic activity in Central Business Districts are being outweighed by productivity lost in travel-time and congestion. In 2016, the job deficit position was 69 for every 100 workers living in the outer suburbs with up to 80 per cent of workers across the nation commuting from the outer suburbs.⁶

⁴ Centre for Urban Research RMIT University, Transformational Infrastructure Projects in Australia's Fast Growing Outer Suburbs, 2018, p.5

⁵ Australian Automobile Association, (2018), Road Congestion in Australia, p 4-5

⁶ *ibid*, pp 29-30

New ways of working in outer suburbs

New research commissioned by the National Growth Areas Alliance shows that working from home is a viable and valuable long-term option for the one in five Australians living in an outer urban growth area.

During the nation-wide COVID-19 restrictions we tested whether working from home or near home in coworking spaces is an effective model for tackling some of the problems of population growth in the outer suburbs of capital cities such as long and expensive commutes, congestion, stress and poor health indicators. We found that beyond tackling these problems, working from home or near home in growth areas offers broad social, economic and physiological benefits.

More than half a million people could work from home in the outer suburbs – reducing traffic congestion significantly

- 57% of workers in outer urban growth areas have been working at home at least one day per week since COVID-19 restrictions came into place
- 522,000 people across Australia's outer urban growth areas work in jobs that could be done flexibly and remotely – nearly a quarter of the entire growth areas workforce⁷

Residents could save more than 10% of the annual average growth area income by not commuting long distances to work

- Workers in outer urban growth areas spent \$5.4 billion a year getting to work pre-COVID-19
- That is \$8,380 each year for a full-time employee (not counting 4 weeks' leave)
 - o This accounts for over one tenth of the average annual income for a growth area resident (\$49,250)⁸

Vast majority of people in growth areas want to continue to work from home or near home

- Two thirds of workers in growth areas would like to continue working from home after restrictions have eased, either full time or a blend of remote and office-based work
- 65% would be likely to consider a co-working space or community hub if available close to home. Young people in particular are keen on this option⁹

Investment Opportunities in Growth Areas

Communities in Australia's outer urban growth areas are changing in many ways during this pandemic. For some, the experience is of unemployment, financial stress and uncertainty. For others, it is the opportunity to work from home, save money on commuting and spend more time with family.

A geographic shift in employment location will have major impact on demand for local infrastructure, facilities and services, infrastructure planning and investment, opportunities for local business and the design of future town centres, neighbourhoods and employment hubs.

⁷ Astrolabe Group for NGAA, [Jobs and Commuting in the Outer Suburbs](#) (2020), p27

⁸ Ibid, p.14

⁹ Quantum Market Research, [Close to Home: The opportunities and benefits of working from home in outer urban growth areas](#), 2020. p.4



However, we must not forget the major gaps that need to be filled in transport, health, education and industry development in growth areas. There is still a lot of catching up to do and we offer any and all support to you and your government to make sure growth areas emerge from this crisis better than ever.

Conclusion

The National Growth Areas Alliance urges prioritisation of infrastructure investment in outer urban growth areas, and appreciates Infrastructure Australia's focus on the needs of our Member Councils. Please contact Bronwen Clark, Executive Officer on 0448 401 257 or bronwen.clark@ngaa.org.au for additional information.