



PROVIDING THE CONDITIONS FOR GROWTH

2015-16 COMMONWEALTH GOVERNMENT

PRE BUDGET SUBMISSION

NATIONAL GROWTH AREAS ALLIANCE

FEBRUARY 2015



INTRODUCTION

Designated for growth, regions on the outskirts of capital cities nationally house over 4m people and are growing at double the national rate, with NGAA areas absorbing one third, or twice their share of Australia's growth between 2006 -11¹. Much of this growth is driven by immigration, with 20% of permanent migrants to Australia settling in NGAA areas between 2006-11 (nearly 360,000 people). Despite playing such a significant role, there has not been a commensurate level of investment in these areas. Consequently they lack the infrastructure needed for a reasonable quality of life and to achieve their economic growth potential.

The National Growth Areas Alliance (NGAA) represents 24 such local government areas nation wide. They include some of the fastest and/or largest growth areas in Australia such as Wyndham (Vic), Wanneroo (WA) and Logan (Qld). State Governments' 2013 forecasts indicate that to 2026 these growth municipalities will need to house another 1.3m people (or 2000 extra people each week).² That equates to developing 3.6 X Canberras.

NGAA members collectively contributed \$118bn to regional economies in 2012/13³. (To illustrate the point, cities such as Sydney and Brisbane contributed \$95bn and \$105bn to their respective regions.) We should not be turning our backs on the evident potential that exists, but be building on it.

NGAA has made a number of previous pre Budget Submissions which have proposed ways to support outer urban growth regions to reach their potential⁴. To date these remain substantively unaddressed and require urgent attention.

WHAT IS PROPOSED ?

That the Commonwealth Government:

- makes a commitment to delivering for outer urban growth regions, recognising their population growth, their significant economic growth potential and their ability to contribute to GDP growth if assisted to do so;
- establishes a long term stable funding source for the infrastructure that will underpin a better quality of life and economic growth in outer urban growth regions.
 - A Fund would be established;
 - Outer urban growth areas would propose the suite of infrastructure projects needed to lift quality of life and to boost economic activity. These would be strategic and well evidenced;
 - The Commonwealth Government would contribute to agreed projects;
 - This commitment would assist in leveraging other funds.

WHAT ARE THE PRIORITIES FOR OUTER URBAN GROWTH REGIONS ?

Australia's outer urban growth regions want their communities to have a better quality of life and strong economies. We want the outcomes to be at least as good for our communities as they are for the average city dweller. This means jobs and services close to home and access to those

¹ Hugo, G and Harris, K, Australian Population and Migration Research Centre, University of Adelaide, *Population Dynamics in Outer Suburbs 2006-11*, 2013.

² State Governments' Growth estimates included in growth calculations provided to NGAA by id Consulting

³ id consulting Economic Indicators, <http://economic-indicators.id.com.au>. Note that references to Sydney and Brisbane are the cities, not the wider metropolitan areas.

⁴ NGAA pre Budget Submissions can be found on NGAA's website www.ngaa.org.au



further afield. Diverse and sustainable industries and a strong employment base which will grow our economies are an important part of this picture.

To position us for the future, we need the right skills and infrastructure to attract investment and talent and connect people to jobs and services.

Priority infrastructure includes transport connections, digital infrastructure and catalysts such as health and education facilities that can generate other value added enterprises as well as provide core services.

The public sector has a role in building a region's capacity to respond to economic opportunity ... including through provision of both hard and soft infrastructure (McDougall)⁵

WHAT ARE THE BENEFITS OF INVESTING IN OUTER URBAN GROWTH REGIONS ?

Research by SGS⁶ has demonstrated that the benefits from investment in outer urban growth regions will outweigh the costs, create jobs, increase tax revenues and permanently boost GDP.

This work demonstrated that the present value of required investment totaled \$50bn over 2009 to 2031. That investment would produce:

- \$78bn (present value) in benefits over the same period
- benefits which are likely to outweigh costs (both present value) by a factor of 1.56:1
- a permanent boost to national GDP of 1% at a value of \$18bn pa
- an expected increase in tax revenues of \$6bn pa
- creation of ongoing jobs estimated to be 230,000

These outcomes are supported by findings from modelling by Essential Economics and Geografia⁷ which show that investment in projects to address skills and employment gaps in outer urban growth regions would be likely to produce:

- improved local job sustainability
- lower unemployment rates
- improved tax receipts
- higher Gross Regional Product
- reduced costs of congestion

A more strategic and coordinated approach to outer urban growth regions, led by the Commonwealth Government, will mean better decisions and increased value from investments.

It is important to recognise that all Australians would benefit if the outer growth areas were better serviced and better connected. Research has shown that the investment pays off over decades. (McDougall)⁸

⁵ McDougall, A, From a summary of 'What the Experts Said', in a Communique from NGAA's *Growth That Works* Congress, October 2014.

⁶ SGS Economics and Planning, *Cost Benefit Analysis of Investment in Growth Areas*, 2009.

⁷ See Attachment 2 for the types of projects modelled and a summary of the outcomes.

⁸ McDougall, A, Op Cit.



EXAMPLE ROAD PROJECT FOR COMMONWEALTH CONTRIBUTION AND ITS BENEFITS

Hume Freeway Interchange, Whittlesea (VIC)

This project is designed to stimulate employment, investment and economic development in Epping Central and the Cooper Street Employment Area, improve road network efficiency and safety and provide direct access for 45,000 residents to local jobs and services. It has a solid strategic basis and is supported by the State Government. It is estimated that it will provide a \$348m increase in the State's economic output during the construction phase, and an additional \$91m p.a. from 2021 onwards. Included in the estimated impact is an increase in employment of 379 jobs during the construction phase and 176 jobs ongoing.

WHAT CAN OUTER URBAN GROWTH REGIONS OFFER ?

Availability of affordable land, relatively young populations and very significant housing construction and manufacturing industries mean outer urban growth regions provide a canvas for development of the future.

With the right sort of investment, we have the opportunity to develop mixed use town centres which are connected to their hinterland and to the core city by public transport.

The importance of town centres within the growth areas should be recognised, including their ability to support growth area agglomeration economies (Williams; Spoehr)⁹

With the Commonwealth Government working proactively alongside State, Territory and Local Governments to set the right targets and identify the right projects we will be able to open the door to new and emerging industries and the jobs of the future.

WHAT ARE THE LINKS TO GOVERNMENT POLICY ?

The proposals outlined in this submission link to the Government's commitments to:

- have a plan for growth centred around infrastructure (Infrastructure Policy)
- deliver stronger jobs growth, boosting participation and productivity (Economic Action Plan)
- focus on providing the right economic incentives to enable businesses, big and small, to grow (Industry, Innovation and Competitiveness Agenda).
- invest in higher education and jobs skills training (Education Policy)
- build stronger communities and a strong Australia (A Strong Australia)
- deliver a fair go to all Australians no matter where they live (Real Action for Regional Australia)

⁹ Spoehr, J and Williams, T, From a summary of 'What the Experts Said', in a Communique from NGAA's *Growth That Works* Congress, October 2014.