



29 April 2015

Website www.ngaa.org.au

Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA
ACT 2600

Dear Sir/Madam,

SUBMISSION TO INQUIRY INTO THE FUTURE ROLE AND CONTRIBUTION OF REGIONAL CAPITALS TO AUSTRALIA

Thank you for the opportunity to lodge a submission to the Inquiry into the Future Role and Contribution of Regional Capitals to Australia.

The National Growth Areas Alliance (NGAA) represents 24 local governments designated for growth, on the outskirts of the capital cities nationally. They are not considered to be Regional Capitals but they are similarly unsupported with sufficient infrastructure to address their needs or to maximise their potential. They are at the interface between rural and urban, with significant rural as well as urban land and servicing rural and regional areas beyond their boundaries.

These and other similar areas house over 4m people and are growing at double the national rate, absorbing twice their proportionate share of Australia's growth¹. In recent years, many of the municipalities NGAA represents have seen average annual growth of between 4,000 to 11,000 additional people and the task of servicing that has become unmanageable. Immigration is a significant driver of the growth and one in five permanent migrants in the period 2006-2011 settled in areas represented by NGAA².

¹ Hugo, G and Harris, K, *Population Dynamics in Outer Suburbs 2006-2011*, Australian Population and Migration Research Centre, University of Adelaide, 2013

² Ibid

Another 1 million jobs will be required by 2026, just to maintain the status quo in employment self sufficiency.³

These areas offer young populations, a strong manufacturing base and the attendant skills, agricultural land and food production, along with collaborations between research institutions, industry and local governments. The municipalities that NGAA represents contributed nearly \$125bn to GRP in 2012-13. (By comparison, Sydney CBD contributed \$95.1bn and Melbourne CBD \$72.5bn⁴.) Such attributes provide an excellent foundation for transitioning to the jobs of the future.

In the absence of a focus on utilising these strengths, as our cities grow, people on the outskirts are becoming more remote from opportunities, creating more divided cities and creating a considerable impost on Governments.

We support an approach which focuses on a place or region, which identifies and seeks to build on its strengths, which understands and is prepared to tackle deficits, which focuses on opportunities and which foreshadows using the levers that Governments have to implement agreed actions. This approach is applicable not just to Regional Capitals but also to the growing outer regions of our Capital Cities.

Response to Terms of Reference:

c. Benefit of Additional Funding

NGAA research (SGS:2009)⁵ demonstrates that investment in outer suburban growth areas would result in additional jobs, increased taxes and a permanent boost to national GDP:

- the present value of required investment totals \$50 billion over 2009 to 2031
- the present value of benefits totals \$78 billion over the same period
- the present value of benefits is likely to outweigh the present value of costs by a factor of 1.56:1
- investment will boost GDP permanently by 1% at a value of \$18 billion per annum
- tax revenues are expected to be higher by \$6 billion per annum
- ongoing jobs created are estimated to be 230,000

d. Investment Challenges and Opportunities

The biggest challenge our areas face is keeping up with the infrastructure needed for burgeoning populations and businesses and to address issues that undermine quality of life and productivity such as travel time and traffic congestion.

The opportunities are many and lie in the affordability of land, the greater ease of building infrastructure in greenfields areas than established ones, the ability to build on

³ Essential Economics and Geografia, *Addressing Skills and Employment Gaps in Outer Metropolitan Growth Areas*, 2012.

⁴ id and National Economics, *Economy id*, National Economic Indicators <http://economic-indicators.id.com.au/>

⁵ SGS Economics and Planning, *A Cost Benefit Analysis of Investment in Growth Areas*, 2009.

existing assets and nodes to create activity hubs, the chance to develop jobs of the future off the back of the manufacturing and agricultural sectors in these areas.

e. Incentives and Policy Measures that would Support Sustainable Growth

In order to unlock the potential in the outer growth areas of Capital Cities, a long term stable approach to investing in infrastructure is needed. NGAA has previously argued the case for a National Urban Infrastructure Fund. (We refer the Committee to NGAA's research, publications and submissions on our website www.ngaa.org.au)

We also refer the Committee to the approach taken in the UK via its City Deals between Central and Local Governments, which offers a framework for focussing on regions and economic growth. Its key features are that:

- It is based on collaboration across an economic catchment or region.
- The infrastructure that will drive economic growth and other public policy goals is identified.
- The focus is on the package of projects across the region, not on individual projects.
- Targets are agreed and if exceeded bonuses apply (similar to Australia's Competition Policy).
- There is national Government funding as a base and private sources are leveraged.

This gets away from the more parochial vying for individual projects and is able to encompass both big ticket infrastructure projects and smaller scale projects. It is these sorts of strategic, regional approaches that we think will make a real difference to local and national outcomes.

We would be happy to provide additional information and to discuss these matters further with the Committee.

Yours sincerely



**RUTH SPIELMAN
EXECUTIVE OFFICER**