

## EXECUTIVE SUMMARY

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# Population growth, regional connectivity, and city planning—international lessons for Australian practice

**From the AHURI Inquiry:** Inquiry into population growth, migration and agglomeration

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# Executive Summary

## Key points

- There is rising interest in the potential for Australia's regional areas to attract and sustain population and economic growth. This study investigated this potential, examining international and Australian models for supporting development beyond capital city centres.
- Through a research evidence review and in-depth analysis of 12 international and Australian case study regions, the study found that there is no single model for regional planning, development, or governance. Rather, there has been a general trend towards place-based regional interventions, which focus on unique regional attributes and opportunities.
- While recognising the economic benefits of agglomeration in major cities, the international review highlighted opportunities for smaller centres to succeed by specialising on particular economic strengths or locational advantages, provided they are well connected to a larger city and/or regional network.
- Consequently, this research finds potential to better support regional areas through spatial planning and investment strategies, which recognise their unique place-based identity, fostering key specialist areas for growth while preserving and enhancing natural and cultural amenities and high quality of life.
- Australian and state governments can support these initiatives through funding and related strategies to attract and enable firms to locate and remain in second-tier cities and through decentralisation of public services. Strategies to foster regional governance and collaboration rather than competition would reduce the administrative burdens for local councils.

- **Transport and Information and Communication Technology (ICT) infrastructure are critical for strengthening connectivity within and between metropolitan and regional areas. Investment in major rail projects—such as the inland railway; as well as ongoing improvements to existing services and connectivity within regional cities are transformative.**
- **Regional planning policies and economic development strategies could catalyse on the growing interest in relocating to regional areas due to increased flexibility in location of work in the context of the COVID-19 pandemic, by publicising regional housing opportunities; and continuing programs which offer financial support or people who relocate.**

## Key findings

There is rising interest in Australia's regions and their potential role as population centres and drivers of new economic activity, heightened by the COVID-19 pandemic but also reflecting long-term concerns about the problems of urban congestion and housing affordability pressures in Australia's capital cities.

This report presents the findings of a research project examining how Australian urban and regional governance frameworks address economic and population growth using research evidence, international and Australian case study analysis and interviews with key Australian, state, and local government informants.

The range of international cases reviewed highlighted that there is no single model for regional intervention, planning, or governance, with examples ranging from small city jurisdictions through to the multinational network established by the European Spatial Planning Observatory Network (ESPON). Overall, successful regions have benefited from sustained investment and strategic planning over time. Further, while recognising the economic benefits of agglomeration, the international case study review found that smaller centres can succeed by specialising in a particular economic strength or locational advantage, if it is well connected to a larger city and/or regional network. Potential economic specialisations include higher education, research and technology; entertainment and tourism; personal services and wellbeing; amenity and lifestyle.

The international cases reviewed are regarded to be exemplar case of regional planning and economic development. None of the cases have been unambiguously successful but collectively, they offer several insights of relevance to regional planning and development efforts in Australia. The cases demonstrate the importance of:

- Long-term regional planning and coordination, with success building over time (for example Marne-la-Vallée in France; and the Cambridge, Oxford, and Milton Keynes cases in England).
- Setting concrete, regional level targets for balanced housing and job development, and employing a diversity of economic strategies rather than a single 'silver bullet' or iconic item of infrastructure (for example investment in Manchester's sporting infrastructure in conjunction with strategies to attract culture, has led development and commercial investment in that city).
- Identifying industries that have long-term, high value potential, opportunities that can be outsourced from major cities to regional Australia, and where regions have advantages over international outsourcing (for example the high-tech sector in the Greater Golden Horseshoe (GGH) region of Ontario, Canada).
- Observing the role that strong transport networks have played in supporting polycentricity within high performance regions (for example, Cambridge, Oxford and Milton Keynes).
- Powerful research and knowledge sharing bodies, such as the functions performed by ESPON.

The analysis of regional planning and development approaches in a selection of case study regions of Australia highlights the importance of:

- Infrastructure, transport, and telecommunications infrastructure in attracting and sustaining employment and population in regional areas.
- Higher levels of government support through funding grants, decentralisation of government agencies, and investment in universities, hospitals, and other major facilities, which have helped diversify local economies and create high quality jobs.
- Strong, place-based strategies for regional areas which recognise and reinforce local decision-making processes and governance.
- The need to strengthen regional networks and provide deeper data to inform decision-making was also emphasised by interviewees. This assistance was likely to extend to technical support in planning and overcoming major blockages to development, such as water security.

## Policy development options

Different spatial strategies for accommodating new growth used internationally are potentially instructive for attracting and sustaining economic population growth in Australia:

- New towns, such as Milton Keynes in the UK, can sustain economic and population growth with special purpose planning and development vehicles, and continued investment in infrastructure. However, developing existing regional towns is more likely a higher priority in Australia than developing entirely new cities.
- Satellite cities sustain economic and population growth by absorbing metropolitan spillover development. However, they are at risk of limited self-containment and economic diversity if skilled labour and employment are absorbed by the capital city. Therefore, improving internal transport within these cities, and strategies for supporting firms to locate within these cities should be prioritised.
- Regional renewal and growth centres should identify and foster key specialist areas for growth, while the wider employment opportunities associated with regional administrative offices and government decentralisation (relocation) of services would greatly support these initiatives.

There are potentially untapped opportunities for Australia's smaller cities and regional areas to attract and sustain higher levels of economic and population growth, by identifying and capitalising on relative competitive advantages. Strategic planning and funding interventions designed to catalyse economic and employment growth in regional Australia should focus both on specialisation opportunities as well as opportunities to establish and support network connectivity. In particular:

- Transport and ICT infrastructure are critical for strengthening connectivity within and between metropolitan and regional areas. Investment in major rail projects—such as the inland railway; as well as ongoing improvements to existing services and connectivity within the region are transformative.
- Strategies for delivering utilities, green space, and other urban infrastructure have been and will remain important for enabling and shaping patterns of growth and residential locational choice. However, local councils struggle to forward fund these infrastructure items. Funding to support new residential or employment generating development through contributions when applications are approved, is likely to be even more critical in the foreseeable future. Leveraging special purpose development infrastructure finance, potentially through the National Housing Finance and Investment Corporation (NHFIC) may assist.

There is potential to better support regional areas through strategies which recognise their unique place-based identity and governance. Strategies to foster regional collaboration rather than competition would reduce the administrative burdens for local councils.



The increased adaption of firms to working from home and remote working during the COVID-19 pandemic has created renewed interest in the potential for people to relocate to regional areas, due to the increased flexibility around the location of work. This interest may offer new opportunities for regional Australia, and regional development strategies could catalyse on this interest by publicising regional housing opportunities; continuing programs which offer financial, and ICT support for people who relocate; and supporting ongoing investment in digital infrastructure. There are likely to be new opportunities for industries such as data centres, back offices, and tele-services as well as specialist manufacturing opportunities, including the production of medical or protective equipment. Spatial planning strategies can enable these opportunities by ensuring suitably zoned and serviced land in well located areas.

A clear message emerging from the interviews was that population and economic growth are not on their own sufficient to drive sustainable and balanced employment outcomes. Some participants criticised what they saw as narrow growth assumptions and called for 'success' to be measured more broadly, by also looking into liveability, environmental impacts and the social impacts of growth. Policies designed to encourage and sustain population and economic growth should also incorporate these broader considerations.

## The study

The project contributes to the wider AHURI *Inquiry into population growth, migration and agglomeration*. As part of this wider Inquiry which examines population growth, mobility drivers and the benefits and impacts of urban agglomeration, our focus is on the spatial strategies and supporting levers that governments have used to sustain and attract economic and population growth beyond the major metropolitan areas. We ask:

How are Australian urban and regional governance frameworks planning for and responding to economic and population growth, and what can be learned from international experience?

The evidence presented in this Final Report draws on recent practice in regional governance and planning. A research evidence review was conducted on metropolitan and regional governance and planning, to examine how spatial policy, planning and funding interventions can support economic and population growth.

Twelve case study regions from Europe and North America, and eight case study regions from Australia were selected to examine approaches to encouraging and sustaining population growth across different regional contexts:

- Europe and North America
  - European Spatial Development Program (ESDP) and ESPON
  - Manchester, England;
  - Cambridge, Oxford, and Milton Keynes, England;
  - Marne-la-Vallée, Île-de-France;
  - Dundee, Scotland; and
  - GGH Ontario, Canada
- Australia
  - Albury-Wodonga;
  - Ballarat;
  - Bendigo;
  - Geelong;
  - Mandurah;
  - Newcastle;
  - NSW Northern Rivers; and
  - Toowoomba.

These case study areas range from regions experiencing significant growth to those needing economic renewal, as well as satellite cities and 'lifestyle' regions, which have strong connectivity to primate metropolitan centres.

In addition to the research evidence review and case study analysis, 15 interviews were held with key informants from Australian (within regional development and infrastructure portfolios), state (metropolitan/regional planning units in New South Wales (NSW), Queensland (QLD), Western Australia (WA), and Victoria), and local government. The interviews explored existing or potential strategies, policy levers or funding models for accommodating and distributing population and economic growth within and between Australian cities and regions.

The outcomes of this research enhance understandings of Australia's regional governance and planning, and provide policy priorities for further growth and development.



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