

# International lessons for Australia's regional population and economic growth



Based on AHURI Final Report No. 362: Population growth, regional connectivity, and city planning— international lessons for Australian practice

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## What this research is about

**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. The project contributes to the wider AHURI Inquiry into population growth, migration, and agglomeration.**

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## The context of this research

The rise of the so called 'knowledge economy' has meant a growing concentration of jobs and population growth within Australia's central city locations, exacerbating urban congestion and housing affordability pressures. Despite interest in the potential for non-metropolitan areas to absorb new population and economic growth, historical attempts to decentralise have faltered in Australia. This study revisited the potential for regional population and economic growth, in the light of recent trends and opportunities within Australia and drawing on international planning models and experience.

## The key findings

Overall, the study identified a number of promising models for regional areas to retain and attract populations and increase economic activity. Internationally, there has been a general trend towards place-based regional interventions. These place-based interventions focus on unique regional attributes and opportunities, and seek to build on under-utilised potential by addressing infrastructure blockages or skill shortages. Rather than a single model of planning, development or governance, these approaches are tailored to local and regional contexts.

Another key finding of this study is that strategies to support population and economic growth in regional areas can complement, rather than compete, with urban agglomeration in the major cities. Dual strategies recognise the continued economic importance of the major cities, while also fostering regional areas as independent economic growth areas.

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## International case studies

There are a variety of international models for supporting regional economic growth, ranging from multi-jurisdiction efforts across Europe through to single, localised funding interventions for a particular region or locality. The cases studied include a mix of regional growth or renewal models, as well as satellite cities or city networks situated in close proximity to a major urban conurbation.

### European Union

In Europe, the European Spatial Development Program (ESDP) and European Spatial Planning Observatory Network (ESPON) were aimed at improving economic performance, social cohesion, population distribution, and sustainability. This was to be achieved by progressing polycentric growth clusters through the ESDP. The companion, ESPON, was created as a network of researchers and research projects related to the ESDP.

In drawing potential lessons for Australia, the ESPD approach is an overarching framework for supporting regional development across different territorial boundaries, through a polycentric urban structure.

### Hamilton and Kitchener, Canada

In Canada, the 'Golden Horseshoe' includes Hamilton and Kitchener as satellite cities within commuting distance of Toronto, the capital city of Ontario province. The case provides a strong example of networked regional growth supported by strong connections to a primate city core. The sustained and consistent regional planning efforts of the province, underpinned by infrastructure funding for transport connectivity, and boosted by support for key 'new economy' sectors such as higher education and technology, has resulted in more balanced development outcomes over time.

### Manchester, England

With a population of 2.8 million, Manchester is centrally located in an intensely settled corridor including Liverpool, West Yorkshire, and Sheffield with a population of 8 million. Manchester has benefited from a City Deal and a series of other government funding packages to support its economic development. Manchester City Council aimed to signal a shift from the manufacturing legacy to a new cultural and service industry image through a series of flagship theatre, gallery and museum developments. At its most positive it shows that it is possible to rebrand a city and change governance, and in doing so alter the trajectory toward growth.

On the other hand, increasing the number of housing and job options within the city centre without increasing abilities to in-commute via public transport or private car encouraged the concentration of people in central Manchester, promoting internal inequalities. The larger implication might be that a regional approach to jobs and housing targets is needed to create more opportunities throughout a metropolitan area.

### Cambridge, Oxford, and Milton Keynes, England

Cambridge, Oxford, and Milton Keynes are situated in the high growth area of south-east England. Cambridge and Oxford are historic university cities that are now high-tech centres, while Milton Keynes is a planned 'new town', dating from 1967, built to ease overcrowding in the economic powerhouses of London and Birmingham. Milton Keynes was placed halfway between the two cities in the M1 growth corridor with commuter links, rail options, and other amenities to make the town a viable alternative place to live. The town has seen immense growth, with the highest percentage growth in employment of any UK city between 2010 and 2016 at 29 per cent. Cambridge and Oxford show how regional cities with strong universities can provide a source of local innovation and specialist job growth, and that parallel governance structures at the regional level, combined with strong connectivity to larger centres could assist such development. Milton Keynes demonstrates the capacity for planned growth centres to attract and sustain new population and job growth in alternative locations to primate cities, provided that they are well connected within and across a regional network.

### Marne la Vallée, France

Marne la Vallée is one of five satellite new towns in the Paris region. The new towns started in the 1970s created to help decentralise population and employment and develop a polycentric urban region rather than a sprawling metropolitan area surrounding Paris. Marne la Vallée has a fast train connection and strong economic base, demonstrating some of the long-term possibilities of developing a growth sector reaching to the edge of a major metropolitan centre.

## Dundee, Scotland

Dundee, Scotland, is an archetypal small post-industrial city that has repositioned away from industrial manufacturing such that today it is a United Nations Educational, Scientific, and Cultural Organisation (UNESCO) City of Design. Dundee is home to historic ships, museums, theatres, arts centres, and distinctive architecture. With clear leadership in the Dundee Partnership and Dundee City Council, Dundee shows the outcomes of sustained commitment to economic development using a variety of strategies from education to tourism and the arts. However, income inequality remains a problem, which highlights the need to include specific interventions to address the needs of disadvantaged groups within a region.

### Key lessons from international examples

None of the international cases have been unambiguously successful but they offer several insights of relevance to regional planning and development efforts in Australia:

1. the cases demonstrate the importance of long-term regional planning and coordination, with success building over time
2. many of the cases demonstrate the importance of setting concrete, regional level targets for balanced housing and job development
3. the cases show that a diversity of economic strategies is more effective than a single 'silver bullet' or iconic item of infrastructure
4. when selecting new opportunities for economic specialisation and growth it is important to identify industries that have long-term, high value potential. In the current period this would include those not susceptible to automation. This also means identifying opportunities that can be outsourced from major cities to regional Australia, and where regions have advantages over international outsourcing
5. observe the role that strong transport networks have played in supporting polycentricity within high performance regions as well as strong connectivity with primate city centres.
6. powerful research and knowledge sharing functions can highlight the potential that similar regional development and capacity building initiatives could offer nonmetropolitan Australia.

## Regional planning for economic and population growth in Australia

Eight case study regions were selected to examine planning and development approaches across different regional contexts in Australia: Albury-Wodonga; Ballarat; Bendigo; Geelong; Mandurah; Newcastle; NSW Northern Rivers; and Toowoomba. This analysis highlighted 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.

Several interviewees described new population growth in their region in the context of the COVID-19 pandemic and increased flexibility around the location of work. This interest may offer new opportunities for regional Australia but has also been associated with increased housing demand and rising prices. Thus there is a need for local and regional housing strategies to address the demand pressures arising from population growth and change.

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## What this research means for policy makers

Policies designed to encourage and sustain population and economic growth should also incorporate these broader considerations:

- New towns 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.
- 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, can be transformative.
- Potential economic specialisations include higher education; research and development; entertainment and tourism; personal services and wellbeing; amenity and lifestyle.
- Strategies for delivering utilities, green space, and other urban infrastructure are important for enabling and shaping patterns of growth and residential locational choice.

Finally, with firms increasingly recognising the potential for more flexible working arrangements, Australia's regional areas may prove increasingly popular with aspiring first home buyers who seek relative affordability along with higher amenity. In turn, this movement will place pressure on regional housing markets, notwithstanding the local economic benefits associated with increased population. To address and offset these impacts, strategies to preserve and produce affordable housing should be embedded within regional and local development plans.

## Methodology

This research reviewed international research, analysed international and Australian case studies and interviewed key informants from New South Wales, Queensland, Western Australia and Victoria.

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