Subject: LMM 27/06/2017 - Inquiry into the Australian Government’s Role in the Development of Cities

MOTION
That:


2. Council works with its partners (including Hunter Councils, Future Cities Collaborative, Urban Growth NSW, The University of Newcastle) to ensure that a range of voices with interest in Greater Newcastle are heard by the Inquiry.

Background

On 30 May 2017 the Federal Minister for Infrastructure and Transport, Hon Darren Chester MP, requested that the Representatives Standing Committee on Infrastructure, Transport and Cities conduct an Inquiry into the Australian Government’s role in the development of Cities.

Since the request, the Committee Chair, Mr John Alexander OAM MP, has indicated that the Committee would undertake two sub inquiries. One into the sustainability transition in existing cities, and a second into growing new and transitioning existing sustainable regional cities and towns.

A key focus of this inquiry is opportunities to enhance urban liveability and quality of life and reduce energy, water and resource consumption, identify what the Commonwealth could do to influence opportunities to cut red tape, and examine the national benefits of being a global ‘best practice’ leader in sustainable urban development.

Newcastle has been at the forefront of this transition in recent years, undergoing a significant economy transformation, while also seeking to remain a highly liveable

Cities are clearly very complex, highly managed ecosystems. Successful cities in economic, social and environmental terms appear to be those that, like a good business, have leaders with vision, good strategic planning, and strong partnerships between all levels of government, community and commerce. This partnership is essential because urban areas require high levels of infrastructure investment - frequently across a wider range of systems than rural areas, which tend to have high investment in road infrastructures. The significant risk in many parts of urban Australia is the under investment in urban infrastructures and the lack of a cohesive approach to its evolution. Cities and towns, like businesses, need ongoing investment in their plant: water, waste management, transport, libraries, sports fields, art galleries, museums etc.

As our urban population has become more affluent, our per capita demand for land, housing, energy, transport and goods and services has increased. More waste has been generated. These per capita...
trends affect the quality of urban life (through eroding of amenity and heritage values, and adverse effects on the health, wealth and well-being of communities).

The Australian Government is a signatory to the Sustainable Development Goals (SDGs) and New Urban Agenda, which Newcastle has embraced. Council has previously resolved to use the SDGs and New Urban Agenda as the basis upon which to develop the next Community Strategic Plan.

In recent years, the Commonwealth has announced City Deal funding arrangements to help deliver new city infrastructure. There are significant other opportunities for amendment to Commonwealth legislation to improve the coordination of cities. This includes acting on delivering a referendum to acknowledge local government within the constitution, work to reform taxation arrangements to improve housing affordability and incentivise value capture opportunities for large infrastructure and amenity spends.

The liveability of each urban area stems from unique combinations of amenity values (open space, design features, urban vegetation), historic and cultural heritage, location, and intangible attributes such as character, landscape and “sense of place”. Liveability contributes to both “sense of place” and “sense of community”. Many urban residents place a high value on amenity values and they make a major contribution to improving the quality of urban life.

Other initiatives to be raised in Council’s submission include:
• minimising duplication of effort and inefficiencies through better coordination with state and local government; and better use of delegated authority and partnerships to clearly differentiate statutory roles and functions
• providing a city-based integration of all public goods and services provided by government
• Promoting the concept and challenges of urbanisation and sustainable development though the national curriculum
• preparing a national science strategy for sustainable development to encourage cross output research and integrates biophysical, social, economic and cultural issues
• applying the “polluter pays-user pays” principle to ensure the funding of the full costs of the provision and operation of all infrastructure and services;
• taking greater consideration of the planning, design, construction and operation of infrastructure and buildings with whole life appraisal methods and reuse of waste materials.
• Assisting local government in implementing the SDGs and New Urban Agenda that has been adopted by the Australian Government
• Involving local government in the early examination of the implications of Australian Government policy proposals on local government; and thereby better engaging with people and communities
• Requiring Government agencies to report annually on how they have recognised and implemented the principles of sustainable development and the SDGs as part of their policy
• Expanding the City Deals program

Attachments:
Media Release – A Place for Everyone – The future of Australia’s Cities – Parliament of Australia
A place for everyone - the future of Australia’s cities

The Committee on Infrastructure, Transport and Cities has commenced a new inquiry into the Australian Government’s role in the development of cities. It will examine city planning and sustainable urban development, focusing on how to transition existing capital cities, and how to develop new and existing regional centres.

Committee Chair, Mr John Alexander OAM MP, said collaborative and flexible urban planning is essential to Australia’s future.

“Australia’s population is expected to double by 2075. Existing cities cannot continue to absorb this growth without affecting our high standard of living,” Mr Alexander said.

“We need options for adapting infrastructure and services in existing cities to sustainably accommodate much larger populations. We also have to examine opportunities to develop new or existing regional centres.

“Our inquiry will investigate potential for the Commonwealth Government to provide leadership and coordinate longer term national city planning to address these issues.”

The inquiry will be split into two sub-inquiries:

1) Sustainability transitions in existing cities
   - Identifying how the trajectories of existing cities can be directed towards a more sustainable urban form that enhances urban liveability and quality of life and reduces energy, water, and resource consumption;
   - Considering what regulation and barriers exist that the Commonwealth could influence, and opportunities to cut red tape; and
   - Examining the national benefits of being a global ‘best practice’ leader in sustainable urban development.

2) Growing new and transitioning regional cities and towns
   - Promoting the development of regional centres, including promoting master planning of regional communities;
   - Promoting private investment in regional centres and regional infrastructure;
   - Promoting the competitive advantages of regional location for businesses;
   - Examining ways urbanisation can be redirected to achieve more balanced regional development; and
   - Identifying the infrastructure requirements for reliable and affordable transport, clean energy, water and waste in a new settlement of reasonable size, located away from existing infrastructure.
Submissions are open until Monday 31 July 2017. People are welcome to make submissions to either or both sub-inquiries, but should clearly indicate which part of the terms of reference they address. For more information about how to make a submission, contact the Committee secretariat.

Further information on the inquiry, including the full terms of reference, is available on the Committee website.

Media enquiries:
Mr John Alexander OAM MP (Bennelong, NSW), Chair of the House of Representatives Standing Committee on Infrastructure, Transport and Cities
Brendan Roberts, media advisor (02) 9869 4288, john.alexander.mp@aph.gov.au

For background:
House Standing Committee on Infrastructure, Transport and Cities
(02) 6277 2352
itc.reps@aph.gov.au
www.aph.gov.au/itc

Interested members of the public may wish to track the inquiry via the Committee’s website. Click on the blue ‘Track Committee’ button in the bottom right hand corner and use the forms to login to My Parliament or to register for a My Parliament account.
Deal or No Deal?

Bringing Small Cities into the National Cities Agenda

April 2016
Building Australia’s Network of Great Small Cities

Australia’s 31 small cities are a diverse, growing and highly productive network of urban areas. They are already home to 4.5 million people and contribute 15 per cent of national economic activity as well as being the services hubs for the majority of regional Australians.

Analysis of small cities’ recent performance shows that they have been catching up to our major cities in productivity terms, now achieving 88 per cent of the productivity of the big five cities. Our small cities also outperformed the economic growth rates achieved by our major cities between 2002 and 2010. This demonstrates their potential contribution to future national economic performance.

But our convoluted, fragmented and overlapping system for governing cities is challenging small city growth. The current approach of ad hoc investment in projects in these cities through the Stronger Regions Fund and Royalties for Regions does not provide a clear opportunity to drive their future development beyond baseline projections.

Australia’s small cities also have a very diverse set of challenges and opportunities. There is no national one size fits all policy that will ensure their future progress.

To fix this situation, the Australian Government should establish a Small City Deals policy to drive the development of our regional cities as a key part of its city agenda. City Deals are a locally led, coordinated approach to city development that includes all levels of government as well as non-government actors and private sector.

Importantly, City Deals are not strategies. They are negotiated agreements between governments and other investors to undertake specific activities to drive measurable growth in a city’s economy.

The UK experience has shown that this policy approach can provide a coordinated investment to achieve measurable outcomes. It has also led to significant innovations by city leaders across learning, skills, infrastructure and city governance to unleash new growth and development opportunities.

In a time of budget deficit, the Small City Deals policy can readily be incentivised by the Australian Government using existing resources within the Stronger Regions Fund, Roads to Recovery and Financial Assistance Grants. If it is also supported by the Productivity Commission, the Government can ensure that deals are rigorous in their development.

Supporting the growth of small cities can have significant benefits for national economic performance and public finances. Our small cities are projected to grow 16 per cent over the next decade to house 5.6 million Australians.

Importantly for Australia, as we confront the challenge of a 40 million population, for every 100,000 Australians who choose to live in growing small cities rather than our big five cities, the Regional Australia Institute (RAI) estimates that an additional $50 billion will be released into the economy over 30 years in reduced congestion costs and increased consumption.

It’s time to Deal our small cities into the national agenda.
Great Small Cities Data Portal

The data underpinning this report can be found on the Regional Australia Institute website. The data portal enables you to explore the data by simply choosing a city or variable for investigation.

# Contents

Building Australia’s Network of Great Small Cities ................................................................. 2  
Great Small Cities Data Portal ................................................................................................... 3  
Small Cities Matter .................................................................................................................. 5  
Australia’s Small Cities .......................................................................................................... 8  
Australia’s Small City Economies .......................................................................................... 10  
The Keys to the Future .......................................................................................................... 14  
  Connectivity ........................................................................................................................ 14  
  People are the Driving Force ............................................................................................... 15  
  Specialisations ................................................................................................................... 17  
  Small Cities as the Preferred Abode ................................................................................... 19  
  Institutional Strength .......................................................................................................... 21  
  Keys to the future – challenge and opportunity ................................................................ 23  
Developing Australia’s Small Cities – City Deals Policy ........................................................... 24  
  City Deals .......................................................................................................................... 24  
  Incentivise Deal Creation Using Existing Resources ......................................................... 27  
  Setting and Monitoring Outcomes ...................................................................................... 28  
  City Deals in summary .......................................................................................................... 29  
Is it worth it? - Benefits of Proactively Developing our Small Cities ........................................ 30  
Conclusion ............................................................................................................................. 31  
About the Regional Australia Institute ................................................................................... 32  
Endnotes ................................................................................................................................ 33
Cities are at the heart of global and national debates about our economic future.

In Australia’s knowledge based, services driven economy, the power of people living and working in close proximity to each other is significant. This has been reflected in the urbanisation of Australia and the economic performance of the Central Business Districts in many Australian cities.

The defining characteristic of a city is of course the large number of people who live there. Key drivers of any city’s economic performance are the agglomeration economies which are created by the concentration of people and firms in one location (Figure 1).i

A city environment delivers easy interaction between firms and people, creating a range of benefits including strong productivity and wages, a greater capacity for innovation, and large concentrated internal markets that provide diversity and stability.iii Large populations also make it easy for a wide range of amenities to be located in cities.

Unfortunately, this important relationship between population size and city opportunity often leads to the assumption that increasing size automatically translates to stronger growth, productivity and success. This assumption leads many people to believe that policy should by default proactively encourage the growth of our biggest cities.
With this perspective dominant in the minds of many thought leaders, discussions about cities in Australia almost, without fail, focus on the big five – Sydney, Melbourne, Brisbane, Adelaide and Perth. However, the impact of city size on wellbeing and prosperity is much less clear-cut than simply bigger is better.

While scale is important, there are also downsides to being big (Figure 1, urban dis-economies). Extremely high house prices, particularly in the best located parts of big cities, congestion as people from outer suburbs converge on employment and amenity precincts, more pollution and more crime undermine the benefits of increasing scale. Greater inequality between those able to enjoy the benefits of the city and those who live far away from the best areas and earn far less are features of most cities that grow to be very big.

As cities grow, these dis-economies rapidly undermine the benefits of being bigger. Unfortunately, these issues are now an established fact of life in Australia’s major cities and represent the key development challenges for their future. They feature heavily in Australian current affairs and demand ever increasing government spending to mitigate their impact on the economic performance and quality of life in our largest cities.

The relationships between the positives and negatives of being a big city are complex and there is no perfect size. But these factors mean that small cities that can capture many of the upsides of cities without too many of the downsides can be both highly productive and great places to live.

This realisation has led to an increasing focus beyond the biggest capital cities in international policy. Second tier city policy is an active debate in Europe which is receiving growing attention. Reinforcing the importance of this focus, the OECD has recently found that countries with a greater number of cities, through a network of cities or polycentric urban systems, have higher per capita GDP. These countries are also more likely to be resilient to place-specific shocks so that economic or environmental impacts in one place have a lower overall effect on the nation.

If polycentric urban systems are more successful, then a much greater policy focus on the performance and potential of second and third tier cities is needed to complement our determination to solve some of the challenges our big cities face.

Small cities also affect, strongly and positively, the surrounding communities and environment in which they are based, serving as market towns and centres of service provision. A policy approach that includes small cities has the potential to support opportunities for over 80 percent of the Australian population.

While it is pretty clear that focusing attention on all of our cities makes sense, the reality is that Australia’s many smaller cities have received little attention.

In fact, it is often as though we have not really noticed they are there.

But under our noses, over the last 40 years, Australia has developed a thriving and diverse network of smaller cities that make a significant and growing contribution to national prosperity.
In developing Australia’s City Policy Agenda, we should consider all Australian cities, not just the big five. A sophisticated and capable cities agenda can recognise and respond to opportunity in Australian cities both small and large. Developing our big cities or our small ones is not a choice, we can readily do both.

This report exposes the characteristics of Australia’s small cities and the contribution these cities are making to the nation. It also proposes a policy approach that can work within available resources to help unlock each of our small cities development pathways and support national economic development.

**Worlds Great Small Cities**

**Oklahoma City, USA**
- Has grown by 30% over the last decade compared to the US average of 18%
- Has lowest employment rates and growing population base
- Listed on top 10 cities in USA for business locations and for liveability

**York, UK**
- Regularly voted one of Europe’s favourite destinations to live, visit, and do business
- The economy is set to grow at a faster rate than both the UK and regional averages, with jobs at over 4% more than the UK average
- It’s knowledge-driven economy is among the strongest in the UK, with innovation clusters around industrial bio-tech, agri-tech and hi-tech rail

**Eindhoven, Netherlands**
- Is a design and high-tech specialisation with several initiatives to develop, foster and increase its knowledge economy
- Is a ‘start-up heaven’, or ‘smartest place on Earth’ and a great village atmosphere for living
- Brainport balances the airport and seaport physical infrastructure in the area, and has been likened to Silicon Valley
Australia’s Small Cities

The RAI identifies 31 small cities in regional Australia. These places have the economic capacity to pursue city style development pathways without suffering many of the downsides we are grappling with in the big five viii (Figure 2).

Crucially for a country looking at population growth to 40 million, these small cities form a growing and increasingly connected network of urban areas stretching from Cairns in the north to Hobart in the south. Darwin along with Mandurah and Bunbury south of Perth complete the national network. If their development is actively nurtured, this network - alongside our big five cities - can underpin a more polycentric urban system for Australia in the future.

Figure 2: Map of small cities by population size and growth projections

What constitutes a small city is the subject of significant conjecture. Many smaller regional towns and centres use the term city. In some states a population of 10,000 or 20,000 people is enshrined in legislation as defining a city.
The RAI has focused its analysis on where agglomeration economies are a factor in development, the issue at the core of cities policy. As a result the RAI uses 50,000 people as the threshold for regional cities in this report, delivering 31 distinct small cities across Australia.

While any threshold is imperfect, this level of population is important to both the economic diversity of the city and to the potential for agglomeration economies becoming the key driver of economic development. The 50,000 threshold has been shown as sufficient for cities to begin developing a diverse economy that fosters the kinds of innovation, markets and productivity exhibited in the major cities\textsuperscript{ix}. Places with a lower population are unable to combine the population size and economic diversity to drive city style development.

To provide an overview of the state of our small cities, the following section examines the economy and population of Australia’s small cities, their ability to secure the high value jobs that are crucial to city growth and development, and their resilience and livability.
Australia’s Small City Economies

Australia’s network of small cities is growing and becoming increasingly productive with the opportunity to play an even larger role in national prosperity.

This situation starkly contrasts with many other developed economies which are grappling with decline in some second tier cities (e.g. Detroit, USA or Middlesbrough, UK).

Economic Output and Growth

Australia’s small cities produced over $229.5 billion Gross Value Added in 2013. This is a little over 15 per cent of Australia’s national output and internationally is comparable with the national output of Finland. Small cities anchor economic activity in a surrounding region and account for almost half of the regional output that occurs outside of Australia’s big five major cities.

Small cities show much more economic variety than many people might imagine when thinking about regional Australia. An overwhelming majority of small cities have a diverse economic base – where no single industry accounts for more than 20 per cent of the workforce.

The growth potential in small cities is also well established. Between 2002 and 2010, small cities’ output grew faster than metropolitan areas – delivering a 42 per cent gain in total economic output over the decade to 2013 (Figure 3).

Small cities are hubs of service provision for regional Australia. They produce 64 per cent of utilities, 72 per cent of financial services, 70 per cent of the media and IT and 66 per cent of the scientific output from regional Australia. Although most small cities do not yet have the concentration of these service industries that we see in the big five, they are clearly staking their place as part of the Australian urban economy.

For this growth and development to be sustainable it must be underpinned by a strong mixture of the ‘3Ps’; population, productivity and participation.
Population

Population is one of the key drivers of development and growth in Australia.

In 2013, small cities housed 1 in 5 Australians, totaling 4.5 million people, which is equivalent to the total population of New Zealand or slightly larger than Melbourne or Sydney.

Regional city population growth has been robust with rates ranging from 1.5 to 2 per cent per annum from 2002 to 2013. This population growth is expected to continue. Population projections to 2026 show an expected total increase of 16 per cent in small cities which is comparable to the 17 per cent projected for metropolitan areas.

However, when looking at each regional city individually, population growth is quite varied (Figure 4). Small cities in Northern Australia top the growth list with a projected population growth rate of over 25 per cent in the next decade.

Figure 4: Map of small cities by population size and growth projections
Productivity Performance

At the heart of Australia’s prosperity are productivity improvements; delivering increased economic activity from the same or fewer resources.

The labour productivity performance of regional Australia has gone largely unrecognised in the national debate on this issue. The RAI has documented a significant regional productivity catch up that has been occurring in regional Australia across most industries over the last decade. This demonstrates the capacity for regions to contribute to the national productivity challenge.xii

Small city economies are internationally competitive in their productivity. With output per worker a little over $142,000,xiii they are achieving twice the productivity of Korea and are par with the USA.

In 2013 small cities were 88 per cent as productive as the big five, a gap much smaller than many would expect given the vast difference in the size of our small cities.

Productivity performance is not associated with city size, with our two largest small cities; Gold Coast-Tweed and Newcastle, relatively mid-level performers in terms of Gross Value Added per worker (e.g. $149,208 and $142,097 respectively).

Participation

The strength of future growth opportunities also depends on the quality and type of participation by small city workforcesxiv.

Small cities have comparable participation rates to the big five (average 73.7 per cent of the working age population compared to the big five of 75.1 per cent). However, this hides the range; from Wagga Wagga with the highest city participation rate of 78 per cent to Fraser Coast with only 63 per cent of the working age population in the labour force.

A distinctive characteristic of Australia’s small cities is a bi-modal population distribution – meaning that they have more young people (0 -15 year olds) and old people (55+) than metropolitan cities (Figure 5A and 5B).
This bi-modal population means that only 80 per cent of the over 15 year old population is within working age, compared to the metropolitan cities of 85 per cent.

This working age gap is growing. By 2026 small cities are expecting 21 per cent of their population to be over 65 years, while metropolitan cities are expecting only 16 per cent.

Aligned with a working age gap, is a skills gap in participation. Small cities have a different profile of occupations and skills attainment to metropolitan cities. Small cities have marginally lower levels of professionals and managers. But an overall higher proportion of people with skills certificates, and less people with bachelor degrees and higher.

However, there is diversity within this average. Some small cities like Hobart and Ballina-Lismore have higher than the national average of bachelor degrees (respectively 15 and 13 per cent of residents) while others like Fraser Coast and Gladstone have the lowest attainment levels (at 6 - 7 per cent).

Overall, participation is the most fundamental challenge for regional city growth amongst the ‘3Ps’, presenting both the greatest opportunity for gains and the greatest risk to future economic performance in the future.
The Keys to the Future

Our small cities are doing pretty well, but Australians are ambitious people and we want to do better. If we look under the bonnet there are some essential ingredients that enable small cities to succeed and grow consistently over time. These include:

- high rates of **connectivity** through physical and digital infrastructure so that firms and people can readily connect with others outside the city;
- strong **human capital** able to support a density of **high paying jobs** that attracts the best talent and ensures that businesses and institutions in the region are capably led;
- one or more **globally competitive specialisations** that enable the city to become embedded in domestic and global supply chains and develop groups of firms and innovation orientated organisations that enable the city to capture growth opportunities over time;
- the type of **amenity** that makes a city ‘sticky’ or a place that people want to be for the long term so that existing citizens remain committed to spending their lives and careers in the city and others are attracted to join them; and
- a **network of high capacity institutions** so that a city can capably and proactively act to develop itself.

Each of these attributes are discussed below to provide a foundation for assessing our small city development challenge.

Connectivity

No city is an island and connectivity is essential for every city’s future performance.

In big cities where the internal economy is a great source of economic growth, the challenge is internal – connecting where people live with jobs and amenities. The Grattan Institute’s city program\(^{\text{xv}}\) looked extensively at these issues for the big five, identifying how we can improve productivity in our big cities and reduce the long term costs of congestion as they grow even bigger.

As small cities grow larger, internal connectivity becomes more challenging and for our largest regional cities – Gold Coast, Newcastle, Wollongong etc. – this will be an emerging issue. But for most of Australia’s small cities it remains the ability to connect within Australia and overseas that will be most important to future performance. Two types of connectivity are important; technological readiness and physical infrastructure.

Technological Readiness

Technological readiness illustrates how effectively a local economy can access technology related resources to support economic activity. Results in RAI’s [In]Sight show that regional cities are the most technologically ready of regional areas. They have the highest levels of technology infrastructure and quality, and largest professional ICT sector in regional Australia. However, they still lag behind most metropolitan cities\(^{\text{xvi}}\).
Hobart in Tasmania for example, does particularly well in this theme with 81.7 per cent of households having an internet connection. Employment in the ICT industry is performing higher than the national average with 11.8 per cent employment in ICT related businesses and a 2.2 per cent employment rate of ICT professionals. Although small, Hobart is competitive with our major capitals when it comes to technological readiness.

Others are still awaiting better physical technical infrastructure, e.g. mobile phone coverage and strong high quality internet access. For example in 2014 Tamworth and Launceston still only had 70 per cent of their households with good quality connection to the internet.

However, a large opportunity is growing around the need for soft skills to utilise the growing access to technological infrastructure. Work continues to highlight that having access to technology is not enough to make it work. You need to have the skills that turn technology into a productive asset.

Small cities lead the regions in productive use of technology and this will be a priority area for future up-skilling and training to enhance local output and jobs.

**Infrastructure**

Small cities are highly competitive with metropolitan areas in terms of access to physical infrastructure. While it requires a substantial investment to establish, it is vital for economic development of regional areas. The RAI provides data on small cities performance for infrastructure through [In]Sight.

Small cities are the regional areas that are most competitive in access and quality of infrastructure. Specifically small cities perform similarly to metropolitan areas on measures such as access to road and rail.

For example, Newcastle in New South Wales and Greater Geelong in Victoria are examples of small cities that serve as important infrastructure hubs. Location matters for infrastructure access. Those cities located near a metropolitan city do have great access to physical infrastructure.

The greatest competitive challenge for small cities is minimising the comparative impact of distance. An increase in the quality of infrastructure would provide some small gains, but overcoming the tyranny of distance requires a systematic utilisation of technology and other resources.

Overall the data suggests that small cities have the connectivity they need (or will do soon) and this is not the major barrier to success.

**People are the Driving Force**

A city’s economic capacity resides in its people.

People are the driving force behind local economies; they drive demand for production, and supply the invaluable human capital and intellect that creates innovation, drives productivity and delivers long term growth. People power our economies.
In understanding the capacity of people through human capital and how this is valued through high paying jobs, we can assess the strength and capacity of small cities to fulfil future economic growth.

**Human Capital**

The skills, health and education of a region’s workforce are fundamental to its competitiveness. Strong human capital enables communities to be more productive, to innovate and to respond to changes in the economy.

[In]Sight reveals that small cities are strong performers in human capital measures, they outperform metropolitan areas in various metrics such as: technical qualifications, health, English proficiency, and early childhood performance. However, they lag behind in areas of university degree and school education attainment.

Small cities have human capital capacity, but it needs to be better mobilised to improve productivity. Productivity increases are associated with a workforce which has a high attainment of tertiary education qualifications.

A priority for small cities in grasping future opportunities is catalysing lifelong learning and strengths in health and early childhood education and moving people from skills based training to tertiary education.

**High Paying Jobs**

A defining feature of successful cities is their ability to create and retain highly paid jobs, particularly in the professional services industry which is at the heart of the knowledge economy.

Australia’s small cities have very high levels of productivity, but overall wages lag those in the metropolitan areas. The key factor in this gap is that small cities lag behind the big five in terms of the proportion of high income jobs (Figure 6). The income profiles reflect the strengths of each city, and the industry and occupational mix that flows.

The small cities highly influenced by mining services e.g. Gladstone, Mackay and Darwin – matched or outperformed the capitals in terms of high income jobs located in the cities. This reflects the high wages that are a feature of the resources sector particularly during the recent boom.

The other group that does relatively well are the cities in the extended commuter zone, e.g. Wollongong-Shellharbour, Geelong and Greater Newcastle.
Hobart as a mature and isolated city economy also shows above average high income jobs, as does Bathurst-Orange – showing that some cities offer both income and career potential as well as lifestyle.

At the other end of the spectrum, the small cities with the lowest share of high income local jobs were the amenity hotspots of Fraser Coast, Bundaberg, Coffs Harbour and Shoalhaven, and historical cities like Shepparton and Launceston. To date, these cities have struggled to develop the high value jobs that are crucial to long term city performance.

Figure 6: Workers in City’s with Incomes over $104,000 pa

Figure 7: Economic structure of employment for small cities compared to reference economy

Specialisations

High growth cities specialise, as well as being diverse.
Small cities have diverse economies, Figure 7 shows the spread of employment by industry of each regional city compared to the Sydney City economy and the national economy (using the Hackmann Index). Small city economies align well to the national economy, with an even spread of employment across all industry groups including agriculture and mining. The high concentration in FIRE industries (Finance, Insurance and Real Estate) that Sydney exhibits however are absent.

Economic diversity is a strength – ensuring small cities are resilient to single industry crashes and booms. Economic diversity without specialisation, however, limits long term productivity growth.

For cities to grow by deepening market access, forging efficiencies and delivering enhanced opportunities they need to build on their comparative advantage. Specialisation is when local economies invest in what they do best. This requires policy and long term investment that focuses on “activities” rather than broad sectors, and the engagement of entrepreneurs in designing such a strategy.

For example, Limburg (Netherlands) designed a strategy to focus on employment generation by knowledge and innovation vouchers. This approach encouraged small business to improve business operations, using expertise available from external parties (education, business, research centres), thus strengthening the innovative capacity and the competitive power of the area’s small business. Local specialisation was in activities of solar energy systems, health sciences (top referral care, toxicogenomics, brain imaging) and agro food (nutritional horticulture) and logistics.

The specialisations of Australian small cities are not yet well defined. However, small cities have clear strengths, that can direct future efforts for specialisation, including:

**13 Amenity cities** which have been at the centre of Australia’s coastal population growth. This group includes Bunbury, Coffs Harbour, Bundaberg, Mandurah, Shoalhaven, Cairns and the Gold Coast and tend to have specialisations in; tourism, aged care, health and lifestyle services.

**10 Historical cities** which have a long history as large regional centres and have grown to become small cities including Wagga Wagga, Toowoomba, Bathurst-Orange, Albury-Wodonga, Bendigo, Launceston and Shepparton. These cities are transitioning from historical strengths such as mining and manufacturing into more diverse service provision.

**6 Extended Commuter cities** are located near one of Australia’s capital cities, and include the Gold Coast, Mandurah, Gosford-Wyong and Geelong. Several of these cities are successfully transitioning from manufacturing and others have developed as amenity destinations. What they all have in common is an increasing specialisation in delivering benefits of agglomeration (e.g. markets, amenities, innovation) without the dis-economies of big cites (e.g. affordable housing, pollution, and congestion).

**9 cities with strengths in Industry Services** that reflect a mix of young and mobile populations enjoying life in a 21st century mining and processing hot spot. They include cities like Gladstone, Latrobe, Newcastle, Rockhampton and Darwin. Their specialisations in mining services are
transitioning beyond the boom, challenging local firms to find new markets for technologies and value adding processes already developed.

3 Lone Ranger cities - Hobart, Townsville and Darwin - who have had to rely on themselves to make things happen, and as such have developed an unusual mix of both history and contemporary culture with a strong support based in delivering government services. Darwin and Townsville also show a vibrant northern blend of colonial Australia, Aboriginal Australia and Asia.

Australia’s small cities have multiple strengths. Some cities have clearly two or more strengths, like Darwin, which is both a Lone Ranger and an Industry Service City, while the Sunshine Coast-Noosa exhibits strengths as both an Extended Commuter and an Amenity City.

Strengths can only turn into specialisations and build comparative advantage when they reflect local economic structures and are focused on specific activities.

To deliver great small cities, policy needs to be flexible and able to reflect strengths, comparative advantages and enhance city specialisation. Policy that does this will facilitate the emergence of new activities which are potentially rich in innovation and spillovers; continue to generate critical mass, vital networks, and key clusters within a diversified local economic systemxxii.

Small Cities as the Preferred Abode

Amenity is crucial for cities that want to be able to attract and retain talented people and build a desirability in their city which keeps existing residents committed to the place.

Cities, both small and big, are popular places to live. But this choice comes at a significant cost for those living in the big five. When considering where to live, issues such as livability, housing affordability and bohemian influence are central concerns for many Australians.

Livability

The international competitiveness of our major cities in the livability stakes is often talked about in Australia. But when the relative livability of our small cities is compared to the big five they also do well. On some measures our small cities outperform our large cities, because small cities capture many of the benefits of urban living without the downsides of significant inequality, crime, congestion and pollution.

Recent work has shown that the most family friendly cities are our small cities, with the lowest crime and congestion, best health and connectivity and greatest access to housing and educationxxiii. The leading small city was Launceston, with Sydney and Melbourne appearing at number 14 and 16 in the ranking of over 30 Australian cities.

Small cities perform well on livability rankings because they deliver the diversity of agglomeration benefits desired by people, such as amenity, jobs and markets without the big city downsides.
Housing Affordability

Owning your own house is an Australian dream.

Housing affordability is one of the biggest bug bears for city living – balancing the cost of living, with the dream of home ownership.

Houses cost over 4 times annual incomes for almost all the big five – and over 5 and 6 for Melbourne and Sydney. In small cities a house costs well under 3, even though wages are usually lower.

The demographic of small cities helps. There is a higher proportion of people of prime 'home buying age (25 to 55)' in the capitals, which exacerbates the economic impact of the house price differential. The relative age gap of prime working age in small cities and the associated over representation of this age group in capital cities is leaving thousands of Australians stuck in unnecessary financial hardship.

The most affordable small cities are those offering both good incomes and reasonably priced housing. These include Shepparton, Launceston, Ballarat, Albury-Wodonga and Wagga Wagga. The cities with strengths in industry services, particularly to mining, also score well on affordability, as incomes are high.

At the other end of the spectrum the most unaffordable small cities are the amenity driven cities including Ballina-Lismore, Gold Coast, Sunshine Coast, Coffs Harbour and Port Macquarie. The desirability factor has pushed up the cost of housing, but the cities’ average incomes are not yet keeping pace.

A Creative Streak

One important measure of amenity, and an attribute that helps build creativity, is a focus on bohemian or creative occupations.

Creativity has been recognised as an important generator of innovation, entrepreneurship, growth and places of preferred abode. As such, significant weight has been attached to the prevalence of “bohemian industries” such as the media and arts as an indicator of creativity within cities and their potential for a culturally creative environment and development of city identity. Creativity in an economy can be measured through the Bohemian Index.

In Australia metropolitan cities outshine the small cities with respect to their bohemian contingent. However, as the index is occupation driven, many small cities may have a strong, but unofficial, artistic and bohemian culture that is unrecognised by the index.
Although small cities overall do not have a strong bohemian profile, there is significant diversity amongst small cities. For example, cities such as Gold-Coast-Tweed, Sunshine Coast-Noosa and Hobart are among the top performers, while cities such as Mandurah, Bundaberg and Gladstone are among the cities with the lowest bohemian presence.

Overall, small cities have the key to being the preferred abode for their high amenity, housing affordability and livability. However, there are cautionary tales emerging for small city planning with a comparative lack of cultural diversity and potentially changing affordability of houses.

**Institutional Strength**

Institutions facilitate negotiation, dialogue and collaboration among key actors in a region. They also enable a region to exert external influence by engaging on the region's behalf with higher levels of government and other external actors such as major corporations or potential investors.

Formal institutions (such as local government or a major organisation such as a university) and informal institutions (such as local industry or community networks) are important for development as both can work to mobilise resources within and beyond a region. Regions that have a mix of institutions that can mobilise their local resources are more likely to be successful than those who submit to the influence of external forces.

Compared to regional Australia as a whole, small cities are highly competitive in terms of institutional capability. Small cities generally perform well due to the concentration of major organisations such as hospitals and universities, good leadership capacity and a strong community skills base as well as better resourced and more capable local governments.

However, small cities face not only the challenge of coordinating local efforts, but also the even bigger task of coordinating State and Australian government activities into local opportunities.

The formal governance framework for regions consists of Australian, state and local government controls. In our small cities all levels of government have a role in providing the right political and policy settings for fostering growth.

Figure 8 displays the breakdown of governmental responsibilities within Australia. This emphasises that there is significant overlap between tiers of government in their roles and many of the keys to the future are the responsibility of Australian and state governments. To do well in the future, Australia's small cities need a focused and coordinated effort that enhances the role and impact of local leadership with the support of smart central policies.
Figure 8: Government responsibilities in regions\textsuperscript{xxvii}
Keys to the future – challenge and opportunity

For our small cities to continue their strong economic performance and be the linchpin in future national productivity they need a future of growth. Keys to the future are about turning challenges into opportunities and delivering on potential.

Below is a summary of the five keys to small city success.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Connectivity</strong></td>
<td>Training and development of skills to utilise technology infrastructure.</td>
</tr>
<tr>
<td><strong>Human capital</strong></td>
<td>Utilise the strong lifelong learning and bi-modal age profile to innovate in skills training and workforce management.</td>
</tr>
<tr>
<td><strong>Specialisation</strong></td>
<td>Build on the strengths of each city to develop comparative advantage.</td>
</tr>
<tr>
<td><strong>Amenity</strong></td>
<td>Strengthen local employment opportunities in innovative and culturally diverse industries.</td>
</tr>
<tr>
<td><strong>Institutional</strong></td>
<td>Mobilise strong local leadership.</td>
</tr>
</tbody>
</table>
Developing Australia’s Small Cities – City Deals Policy

Our small cities are diverse, growing and providing a great place to live for millions of Australians.

But each of our small cities has a unique combination of factors that will drive its future performance.

Some cities like Toowoomba and Cairns are projected to grow strongly. Other cities like Mackay and Darwin will have a more difficult short term trajectory as their specialisations in resource services experience a tougher economic period. Their challenge is securing gains from the recent period of growth and setting their pathway for the future.

The keys to the future performance of different cities will remain the right mixture of being well connected, growing human capital, building globally competitive specialisations, and enhancing the amenity that attracts people - but the local priorities and actions needed will be very different.

The status quo situation of overlapping and fragmented government responsibilities is unlikely to deliver a coherent development approach for any of these places. This is the most pressing policy challenge.

City Deals

To create a set of city specific policies that can enable our diverse network of small cities to grow, the Australian Government should lead the development of Small City Deals.

City Deals as a concept have been pioneered in the UK\textsuperscript{xxix} and put forward as policy that could also work in Australia for our major cities\textsuperscript{xxx}.

In essence, City Deals are negotiated agreements between governments and a city that give the city the means to:

\begin{itemize}
  \item take charge and responsibility of decisions that affect their area;
  \item do what they think is best to help businesses grow;
  \item create economic growth; and
  \item decide how public money should be spent.\textsuperscript{xxxi}
\end{itemize}

The distinctive characteristic of a City Deal is an agreed set of coordinated actions across governments and other key local players. In contrast to the strategy development that has dominated regional policy in Australia, City Deals are focused on growth and development outcomes and come with the resources needed to drive these ambitions.
The last thing regional development in Australia needs is more unfunded strategies. Each and every Deal represents a genuine transaction – with both cities and Government offering and demanding things in return.

City Deals require real commitment with a collaborative approach that shares risk, responsibility and benefits across all local actors for a long time (20 + years).

City Deals also set measurable objectives upon which the outcomes of the deal can be judged and that underpin the rationale for investment by central government in city specific priorities.

In the UK, the first wave of City Deals is forecast to create 175,000 jobs and 37,000 new apprenticeships over the next 20 years.

To be effective, a City Deal should be negotiated with the three levels of government responsible for the future of a regional city, with local leaders in business and community steering the negotiation process. An Australian City Deal must learn from the UK experience, but be appropriately Australian to reflect our cities institutional structures and context (see box)xxii.

A flexible approach to negotiating local priorities enables innovative coordination of government, private and non-government sector resources.

A Deal should be locally led but each level of government will need to bring information and a willingness to be flexible in terms of resources, plans and policy settings.

**LEARNING FROM THE UK – “AUSTRALIANISING” CITY DEALS**

There is growing comment surrounding the UK City Deals. To ensure that this type of policy is appropriate for Australian small cities we need to “Australianise” it. The following are key issues that Australia must get right.

- **City Deal process needs to:**
  - Have a single point of contact between locals and all levels of government
  - Provide the effort and time to negotiate a deal between all parties
  - Share power across all negotiating parties

- **City Deal contracts should include:**
  - Clear accountability for funds and decisions to all levels of government
  - Understanding of the capacity of all parties to deliver, and if necessary upskilling targets
  - Include an agreed independent monitoring and measuring of long term outcomes
  - Reflect local issues, not only national priorities
  - Transparent inclusion of ‘local people’
  - Shared trust and reciprocity across all parties.
Unleashing Innovation – Examples from UK City Deals

Done well, a set of City Deals should provide the foundations for a range of innovative approaches to financing and driving long term growth. The first wave of UK City Deals has seen a range of innovations in city development policy across the participating UK cities. Approaches underway include:

- The power to pool multiple funding streams and business rate income into a single investment fund, leverage private sector capital and invest in local priorities. Cities will be able to create self-sustaining investment funds that will reduce dependence on central government grants (Bristol and West of England, Liverpool City Region);
- A new model of skills funding that will match local contributions (public and private) with national funding to provide a skills budget that cities will control to invest in the skills that local businesses need (Sheffield City Region);
- Localised youth contracts: local alternatives to the national 16-17 youth contract programme, with cities having the power to design and deliver local models (Leeds City Region, Liverpool, Newcastle);
- A local venture capital fund that will match national funding with local contributions to create a fund that will invest in high tech start up and growth businesses across an economic area (Nottingham);
- City led business hubs that bring together all the support, advice and services that investors and local businesses need to locate, grow and trade (Greater Manchester and Bristol and West of England);
- Joint investment programs that bring together local and national assets in an economic area to unlock resources for housing development and regeneration (Greater Birmingham and Solihull, Bristol and West of England, Greater Manchester, Leeds city Region); and
- Local programs that will help cities make critical investment in green infrastructure and technology; generate low carbon jobs; and accelerate reductions in emissions (Leeds City Region, Greater Manchester, Newcastle, Nottingham).

Australian Small City Deals - Examples

Australian small cities are currently grappling with piecemeal funding sources, competing benchmarking with metropolitan areas, cross portfolio priorities and overlapping layers of government. During report consultation we engaged with cities to identify their practical hurdles for delivering enhanced prosperity locally and what policy is needed to address this gap.

Key hurdles for delivering prosperity reflect the findings of the report around, specialization, overlapping institutional structures, tensions with metropolitan planning priorities, connectivity and remaining a good place to live. But at a practical level the big bugbears raised included:

- Location is critical – it helps or hinders growth and discussions with all policy players. For example Gosford-Wyong is considered a dormitory suburb to Sydney, so is challenged in developing its own identity and creating local jobs.
- There is a huge gap between state and Australian government in understanding, policies, portfolios, programs – everything! This creates high transaction costs for local city leaders that find they need to continually be developing partnerships with other local cities and state and
Australian players. For example some cities are ‘doing it together’ – Wodonga and Albury are sharing the load of this negotiation to some extent, by explicitly linking their future together.

- Timing is critical as the need for co-ordination of all the different players is a long term process and there is a continual ‘moving of the goal posts’. To deliver any big project in a small city there is a long lead time to ensuring that all players are on board, but with the continual changing of projects and funding it is hard to ensure good enough alignment to deliver an outcome. Mandurah has shown that after almost seven years of discussions with state government they have successfully received $50 million funding for a major economic development from the state Royalties for Regions program – but this took a lot of time and effort through the Regional Centre Development Planning process to align state goals with local priorities.

- The capacity of local government to identify, design and deliver a project that meets and aligns to state and Australian government as well as potentially competing private business interests. Some councils struggle to get the right people and ideas together. Local councils have been branching out in partnerships at the local level to enhance their reach and skills. Some places like Ballarat use and develop partnerships to enhance local capacity, through initiatives like ‘Committee for Ballarat’ which mirrors metropolitan city governance arrangements.

These practical hurdles highlight the need and necessity for small city policy that is; locally grounded, flexible, efficiently covers across the three levels of government, across the various portfolios and delivers to local capacity. The City Deals policy proposed could meet these criteria and address these hurdles as its design deals with these issues head on, as opposed to the traditional funding models which perpetuate the cross portfolio, cross government lack of coordination.

The RAI will undertake further work and case studies on the practicalities of city Deals as part of its Great Small Cities research agenda.

**Incentivise Deal Creation Using Existing Resources**

City Deals make sense, but to bring people to the table will require incentives.

The Australian Government can readily incentivise the City Deals process using existing resources from across its portfolio, including the Stronger Regions Fund, Financial Assistance Grants and the Roads to Recovery. In total these funding sources are currently spending from nine to 15 per cent of their funds in small cities. This provides the potential for a forward flexible investment in small cities of $520m+ for 2015-16 alone with changes to current arrangements. These resources could be used as a foundation incentive to drive priority projects and incentivise participation.

Additional resources could be made available if City Deals are used by the Australian government as an opportunity to coordinate the activity of policy and programs across government to the local priorities of each city. Programs under the innovation agenda, health, education and employment could all be engaged and coordinated as part of the City Deals negotiation. This would ensure City Deals do not overly focus on infrastructure but also drive growth through city specific approaches to services, developing innovation capacity and resolving skills issues.
If the States agreed to be similarly engaged across government, a significant pool of funds would be available to be tailored to a city’s development needs.

Overall City Deals could access billions of dollars of existing and new investment for small cities. Incentives are not only about money, they are about commitment. A barrier to effective coordination is negotiating through multiple overlapping government portfolios. A key role for all levels of government is to have a dedicated single point of contact, lowering negotiation and transaction costs by bringing consolidated government positions to the table. Key contacts, empowered across portfolios and with time to negotiate outcomes are central to delivering outcomes that are good for all players and future funding streams. The current Cities Unit in Prime Minister and Cabinet is well positioned to play this role if given the mandate and additional resources. Formal intergovernmental agreements are also likely to be required.

**Setting and Monitoring Outcomes**

Essential to effective City Deals is the establishment of the outcomes that will flow from Deal implementation.

Deals will require the analysis of the baseline growth trajectory for each city and the expected uplift in growth that can be expected after deal implementation.

Outcomes will include additional economic growth, as well as the creation of additional jobs and potentially the reduction in costs to State and Australian Government from better health and education outcomes.

To achieve this cities need to have good data on their current and future growth potential. The Australian Government should task the Productivity Commission or similar organisation to be an independent source of advice for cities on the likely impact of different development strategies. The Commission should also provide an independent verification of outcomes locked into a deal and be given a role in monitoring outcomes over the life of the deal to ensure long term accountability.
City Deals in summary

City Deals are a devolved approach to empowering local cities to deliver results for themselves and the nation.

They are a negotiated outcome between local governments and their people and businesses, and the other tiers of government. Five principles underpin the real practical impact these agreements can have for Australia’s small cities (Figure 9).

**City DEALS**

**D** - Decision making
City leaders know the strengths and weaknesses of their city, they can direct funding, pool interests and deliver economies of scale and enhance the city’s competitive advantage.

Bilbao (Spain), a dying city achieved a successful rejuvenation by local government maintaining fiscal autonomy in the face of economic and environmental crisis.

**E** - Entrepreneurial
Cities should look to innovative funding models, e.g. private-public partnerships and earn-backs to deliver significant cross industry or sector projects that will catalyse their city’s fundamental economic performance and lifestyle.

Greater Manchester City (UK), pioneered the entrepreneurial ‘earn-back’ financing mechanism delivering initial projects on time and generating resources for the next-generation.

**A** - Accountable
An accountable city leadership has the capacity to harness local energy for change, strengthen networks to reduce transaction costs for private and public delivery of goods and services and drive growth.

Malmö (Sweden) local government led the reinvention of the city, not all locals were happy, and a revised vision was structured for the second term showing the need for clear accountability in long term city deals.

**L** - Longevity
A city’s strong sense of identity and delivery of a vision enables growth and productivity change to reflect a growing city profile.

Denver (USA), had strong local leadership with a clear vision which spanned three mayors and nearly two decades, all with a focus on creating a vibrant and dynamic city that attracts young millennials and wealth creators.

**S** - Structural
This is about cross sector, cross private-public and cross government coordination and engagement for nationally recognised outcomes; jobs and productivity.

New policy approaches are being trialed internationally to deal with challenges and create long term improvements to structures for city governance.

Figure 9. The Five practical principles of City Deals
Is it worth it? - Benefits of Proactively Developing our Small Cities

For every additional 100,000 Australians who choose to live in small cities rather than the capital cities, the RAI estimates that around $42 billion dollars is be released into the economy over the next 30 years through reduced interest payments on mortgages alone. Released back into the consumption economy, this is would represent a considerable national economic stimulus.

Small city growth can also play a role in reducing congestion problems in Australia’s major cities. The avoidable cost of congestion in Australia’s capital cities was $16.1 billion in 2010. This takes into account both the value of private and business time, as well as vehicle operating costs and air pollution costs.

Accordingly, for every 100,000 Australians who choose to live in small cities rather than our major cities, the savings in congestion costs would be in the order of $292 million per year or $4.9 billion over 30 years.

As well as providing an opportunity for more Australians to choose to live in our small cities, City Deals should also help to relieve some of the problems that are holding back the overall productivity of our small cities.

In particular, increased workforce participation in cities is one area that an effective set of city deals could have a major impact, driving new economic growth and reducing the costs to government of welfare and associated social services expenditure.

A coordinated, proactive and locally led approach to developing our small cities can capture these benefits and more for our national economy and demonstrate that dealing small cities into the national agenda as a policy priority is an essential national objective.
Conclusion

This report has positioned small cities at the heart of the national city agenda.

Small cities are significant to our economy. Small cities are 88 per cent as productive as the big five, house one in five Australians and have outperformed major cities in growth terms between 2002-2010.

Small cities growth drives regional productivity and their keys to success are easy to unlock.

Keys to success include: being strong in the provision of agglomeration benefits such as jobs, amenity, and markets; enhancing access to technology and infrastructure to drive national and international connectivity; and creating local specialisations that can deliver long run market growth opportunities.

Small cities are part of the network of Australian cities that drive national productivity and they need a flexible policy that delivers to local priorities.

City Deals are a negotiated agreement between governments and a city that give the city responsibility for decisions that grow business, create economic growth and determine how public money is spent in their area.

The economic potential for small cities, if they can deliver, is huge. In 2026 Australia’s small cities are projected to grow to 5.6 million people. For every 100,000 Australians who choose to live in growing small cities rather than our big five, the RAI estimates that an additional $50 billion will be released into the economy over 30 years in reduced congestion costs and increased consumption.

Small cities are a powerhouse of national economic growth. They need policy to deliver on their future potential – they need City Deals.
About the Regional Australia Institute

Independent and informed by both research and ongoing dialogue with the community, the Regional Australia Institute (RAI) develops policy and advocates for change to build a stronger economy and better quality of life in regional Australia – for the benefit of all Australians.

www.regionalaustralia.org.au

Disclaimer and copyright

This report translates and analyses findings of research to enable an informed public discussion of regional issues in Australia. It is intended to assist people to think about their perspectives, assumptions and understanding of regional issues. No responsibility is accepted by RAI Limited, its Board or its funders for decisions made by others based on the information presented in this publication.

Unless otherwise specified, the contents of this report remain the property of the Regional Australia Institute. Reproduction for non-commercial purposes with attribution of authorship is permitted.

Acknowledgements

RAI acknowledges the following people and organisations who have contributed feedback and ideas during the development of this report:

- Regional Australia Institute, Research Advisory Committee
- Centre for Cities, UK
- Department of Infrastructure and Regional Development
- Cities Taskforce, Prime Minister and Cabinet
- OECD
- Department of Regional Development, WA
Endnotes

8 The RAI Foundation of Regional Australia
10 Economist (2015) Rus in urbe redux: A growing number of cities will have to plan for drastically smaller populations May 28th 2015, found at http://www.economist.com/news/international/21652314-growing-number-cities-will-have-plan-drastically-smaller-populations-rus
11 This data is based on the PwC analysis conducted for RAI to estimate Gross Value Added and population in all local government areas in 2013 using the Geospatial Economic Model
12 The RAI, Economic contribution of regional Australia
13 Productivity is measured here as gross value added output per worker
22 ibid
26 The bohemian index suggests that “places that have a high concentration of bohemians…reflect an underlying set of conditions or milieu which is open and attractive to talented and creative people.”

33


KPMG


City Deals has been followed with Growth Deals and then devolution agreements between specific cities and Westminster.