

City Deals needed to unleash growth potential of our small cities

4.5 million Australians live in Australia's 31 small cities. Every additional 100,000 Australians who choose small cities over big ones release an extra \$50 billion into the national economy through avoided housing and congestion costs.

To unleash the growth potential of Australia's 31 small cities and secure these benefits, the Australian Government should lead and incentivise the development of City Deals as part of a national cities agenda.

This is the case made by a new Regional Australia Institute (RAI) report [*Deal or No Deal? Bringing Small Cities into the National Cities Agenda.*](#)

"Even though our small cities are home to as many people as Sydney or Melbourne, there has been little concerted effort to harness their collective potential," RAI CEO Jack Archer said.

"The Regional Australia Institute's analysis shows that these places are highly productive on international and national benchmarks. In fact, they grew faster than our major cities between 2002 - 2010.

"Our concern is the current approach to developing small cities is ad-hoc and fragmented across Local, State and Federal Government with no-one having the mandate to lead."

City Deals are negotiated agreements between governments and other investors. Under each deal signatories invest in specific strategies to drive growth and outcomes such as better skills, innovation and workforce participation. Success is measured and incentivised.

"City Deals are locally led and respond to local priorities. If this is matched with a commitment by State and Federal Governments to tailor the billions they invest in our small cities to meet unique needs and opportunities, the policy can be transformative," Mr Archer said.

"Australia is well on its way to developing a network of Great Small Cities that grows our economy and takes the population pressures off our big cities. It's time to Deal our small cities into the national cities agenda."

City Deals can solve many of the diverse problems that are holding our small cities back:

- Cities such as Cairns and Toowoomba with strong growth prospects don't have to be constrained by infrastructure or a lack of skills to realise their potential.
- Places like Fraser Coast, Shoalhaven and Latrobe which are struggling with low participation rates can attract and upskill people for their workforce.
- Cities like Mackay and Townsville experiencing weak conditions in their mining and manufacturing specialisations can focus on growing new markets.
- Productive cities that lack drawcard amenities such as Bundaberg and Shepparton can enhance the amenity and creative mix of their cities to attract a wider range of residents and businesses.

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The *Deal or No Deal?* Report is the first publication in a three year program of work on Australia's Great Small Cities by the Regional Australia Institute.

Read the final report [*Deal or No Deal? Bringing Small Cities into the National Cities Agenda*](#) online via the RAI website.

Key Great Small Cities statistics:

- 4.5 million people in 2013 growing to 5.6 million in 2026
- 15 per cent of the national economy in 2013
- Produced over \$229.5 Gross Value Added in 2013, comparable to the national output of Finland
- Labour productivity equivalent to the United States and 88 per cent of the productivity of Australia's big five cities

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About the Regional Australia Institute

The Regional Australia Institute (RAI) is a think tank devoted to issues concerning regional Australia.

- We gather and analyse the best information we can find on regions and make this readily accessible to people around the country.
- We work with regional leaders around the nation to understand their challenges and help them identify opportunities for future development that they can implement.
- We also talk to governments at all levels and provide independent, evidence based advice about the options they have to make regions even greater.

The RAI is a not-for-profit organisation established as a public company limited by guarantee and we are an Approved Research Institute for tax purposes. The Institute was founded in 2012 with seed funding from the Australian Government. Our current operations depend upon a mix of Commonwealth and State government support, partnerships with a range of companies and projects working directly with regions.

For more information on the RAI: www.regionalaustralia.org.au