

1 September 2006

Mr David Jackson
Acting Manager - Economic Development
Brisbane City Council

david.jackson@brisbane.qld.gov.au

Dear Mr Jackson

Thank you for the opportunity to providing feedback on the draft Brisbane Economic Development Plan.

The CRC for *Construction Innovation* values this opportunity to contribute to the economic development plan for Brisbane.

The particular focus of our submission is on the relationship between population growth, employment growth and infrastructure. While the draft plan addresses these issues, we suggest that addressing these issues from an intergovernmental perspective and collaborating with a leading applied industry research organisation would further enhance the excellent planning undertaken to date.

Yours sincerely

Dr Keith Hampson
Chief Executive Officer

Submission to Brisbane City Council
DRAFT BRISBANE ECONOMIC DEVELOPMENT PLAN

Friday, 1 September 2006

Respondents

Name:	Prof. Keith Hampson	Phone number:	+61 7 3864 2288
Position title:	CEO	Fax number:	+61 7 3864 9151
Organisation:	<i>Construction Innovation</i>	Email address:	k.hampson@construction-innovation.info
Name:	Prof. Kerry Brown	Phone number:	+61 7 3864 2939
Position title:	Professor	Fax number:	+61 7 3864 1313
Organisation:	School of Management, QUT	Email address:	ka.brown@qut.edu.au
Name:	Mr. Craig Furneaux	Phone number:	+61 7 3864 1890
Position title:	Research Fellow	Fax number:	+61 7 3864 1313
Organisation:	<i>Construction Innovation</i>	Email address:	c.furneaux@construction-innovation.info

Introduction

As with any strategic planning process, evidence-based estimates are needed to plan effectively for the future. Comments below are based upon data drawn from the *Brisbane Long Term Infrastructure Plan* (Department of Local Government, Planning, Sport and Recreation, 2005) and the *Brisbane Long Term Planning Economic Indicators* (National Institute of Economic and Industry Research, 2005), as these are cited as the underpinning research for the economic plan.

This submission focuses on one critical aspect of the strategic plan — the relationship between population growth, employment growth, and infrastructure provision. While the focus of the strategic plan is on the changes which would occur within Brisbane, it is important that consideration of predicted changes in surrounding local government areas be also carried out.

Demographic and Employment Changes

Considerable population growth is anticipated for South East Queensland over the next 20 years, with an increase in the total population predicted at 500,000 people. The main growth is predicted to occur in the local government areas surrounding Brisbane.

Table 1 – Project Population Change (QLD Dept of Local Government, Planning, Sport and Recreation, 2005, p. 39)

Predicted Population Change				
	2004	2026	Total Increase	Percentage of Total Predicted Population Growth
Brisbane	957,010	1,102,726	145,716	27%
Surrounding LGAs	830,474	1,231,533	401,059	73%
TOTAL	1,787,484	2,334,259	546,775	

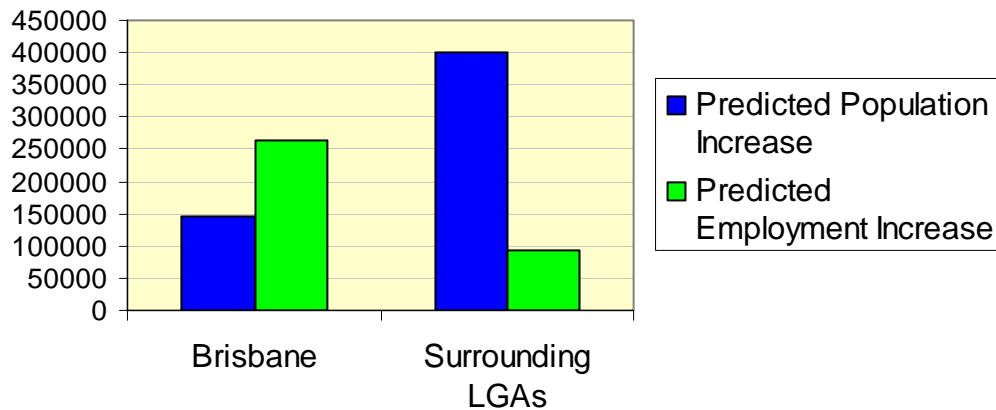
Employment is also anticipated to grow significantly over the same time period. A major consideration for planning is that in contrast to the demographic changes noted above, Brisbane LGA is predicted to provide the main source of employment growth, when compared to the surrounding local government areas.

Table 2 – Predicted Employment Growth (National Institute of Economic and Industry Research, 2005, piii)

Predicted Employment Growth				
	2004	2026	Total Increase	Percentage of Total Predicted Employment Growth
Brisbane	584,483	849,219	264,736	74%
Surrounding LGAs	222,962	316,589	93,627	26%
TOTAL	807,445	1,165,808	358,363	

As the graph below demonstrates, the ratio of population growth to employment growth in Brisbane is in inverse proportions to predicted jobs and population growth in the surrounding local government areas.

Diagram 1 – Comparison of Predicted Population and Employment Growth



While BCC cites infrastructure as a critical area for achieving other aspects of the plan, we suggest that this somewhat understates the situation:

“Infrastructure priorities are significantly shaped by forecasts which show that approximately 20% of Brisbane’s suburbs will contribute some 80% of the city’s exports and jobs growth in the years to 2026” (Brisbane City Council Draft Economic Development Plan, 2006).

As noted above, 73% of the total population growth in the greater Brisbane area will occur in the local government areas surrounding Brisbane itself, while Brisbane will provide most (74%) of the total increase in jobs.

Potential Outcome 1

The most likely outcome of such a scenario is that the increased population in the surrounding local government areas will travel to Brisbane to take advantage of the job opportunities. The volume of daily travel will have an increased impact upon public transport, as well as the local road network and connecting highway infrastructure.

Potential Outcome 2

Brisbane City Council (BCC) is expected to experience increasing infrastructure costs (eg water supply and waste as well as transport infrastructure) as a result of increased commuting to work from surrounding local government areas, while not experiencing a concomitant increase in revenue from domestic rates.

In order to resolve this issue successfully, BCC will need to be able to achieve outcomes in collaboration with the Council of Mayors (SEQ), as well as with the relevant Queensland Government departments. These intergovernmental arrangements appear critical in order for Brisbane City Council to ensure fulfilment of the economic development plan.

The CRC for Construction Innovation is currently progressing research in the area of intergovernmental relationships and their impact upon the built environment, via the Construction Industry Business Environment (CIBE) project. For a sample of the work being completed in this

area, please see [Furneaux, Brown, Allan, Abel, McConville, McFallan, London and Burgess \(2006\)](#).

Skill Shortages in the Construction Industry

While the draft plan suggests that “there is an abundant supply of highly trained graduates”, (p.9), research being conducted by the *Construction Innovation’s* Construction Industry Business Environment project suggests that the construction industry in Queensland is in fact experiencing an ongoing skills shortage. The estimated training shortfall for construction related personnel for 2005 (including tradespeople and associate professionals) being 4,670 people (Department of Employment and Training, 2005, p.17). This skills shortage is having a negative affect upon the ability to complete construction projects, and compounds the existing backlog of infrastructure projects on time – on budget. It is imperative that skills and industry capacity be investigated in order to ensure ongoing jobs growth tied to infrastructure projects.

Summary of Issues

The CRC for *Construction Innovation* supports the Economic Development Plan, for Brisbane City Council. However a number of challenges exist that need to be addressed as they have the capacity to negatively impact upon the plan. These include:

- The increased population growth in the local government areas surrounding Brisbane is likely to place considerable pressure upon Brisbane’s infrastructure (transport, roads, water and industrial waste disposal)
- The cost of addressing this increased pressure is not likely to be matched by increasing revenue from domestic rates
- Intergovernmental relationships (both with the State Government and adjacent Local Government Authorities) are critical for the achievement of the infrastructure aspects of the strategic plan.
- The ongoing skills shortage will exacerbate the existing backlog of infrastructure projects, which are required to support jobs growth.

The National CRC for *Construction Innovation* based at QUT in Brisbane is well-positioned to provide valuable applied research to support the delivery of the Economic Development Plan. Amongst other things, *Construction Innovation* leads collaborative research with industry, government and research partners (including Brisbane City Council, Queensland Government and QUT) to improve the effectiveness of design, construction and management of infrastructure.

References

- Department of Employment and Training (2005) *Skills for Jobs and Growth*. Brisbane: Queensland Government
- Department of Local Government, Planning, Sport and Recreation. (2005) *Brisbane Long Term Infrastructure Plan: Projections of Demographic Indicators*. Brisbane: Queensland Government
- Furneaux, Brown, Allan, Abel, McConville, McFallan, London and Burgess (2006) “Capital works procurement policies in Australia: implications for understanding and meeting client needs”. In *Proceedings Clients Driving Innovation: Moving Ideas into Practice*, Gold Coast, Australia. <http://eprints.qut.edu.au/archive/00003848/01/3848.pdf>
- National Institute of Economic and Industry Research (2005) *Brisbane Long Term Planning Economic Indicators: A Report for the Brisbane City Council*. Clifton Hill: NIEIR.