

# Employment self-sufficiency health check

Planning for Perth's congestion challenges



**For the better**

# Introduction

**Western Australia (WA) faces an enormous challenge in delivering the infrastructure and services we need to meet the demand being generated by population growth and a strongly performing economy.**

The number of people moving into our State has soared and the pressure on our transport system is greater than ever. The RAC has forecast there will be an extra 1 million motorised vehicles registered in WA by 2020. We know congestion is taking its toll; people are spending more time in traffic and less time with their family.

**A survey of nearly 700 RAC members revealed that congestion results in less time spent with family (46 per cent), less time to do something they enjoy (59 per cent), having to get up earlier (44 per cent) and getting home later from work (36 per cent).**

Source: RAC Congestion Survey, 2012.

What is clear is that there is no single solution to fix congestion. A suite of measures are needed – sustained and widespread investment in public transport, better cycling infrastructure, continued investment in our road network and the evolution of a more compact, consolidated and connected city.

## Reducing the need to travel

In future-proofing the mobility of West Australians, transport and land use planning are inextricably linked forces. Managing the operation of transport network is part of the response but we also need to plan our city so that people do not need to travel so far or often. This means giving people the option of accessing jobs and services locally.

Perth residents currently commute significant distances to access their place of employment/education and compared with other capital cities in Australia, Perth has the smallest proportion of residents living within 10 kilometres of where they work/study. Over one third (35%) of residents in Perth travel between 10 and 20 kilometres, and a further 30% travel in excess of 20 kilometres, to work/study<sup>1</sup>.

The single largest employment centre in Perth is the Perth Central Business District (CBD), including Northbridge, East Perth and West Perth. In 2011 this centre was known to provide nearly 120,000 jobs (18% of all jobs in the metropolitan area). In comparison, the second largest employment centre is the Welshpool/Kewdale industrial area where over 25,000 jobs are located<sup>2</sup>.

Concentrating employment in the CBD, as has been the case in other Australian cities, has contributed to a range of urban management problems including traffic congestion, pressures on in-bound public transport networks, long-distance commuting and under-utilisation of road and rail links in the counter-peak direction.

## Increasing employment self-sufficiency

Since most trips taken in the peak period are for work purposes, increasing Employment Self-Sufficiency (ESS) and employment self-containment in Perth's sub-regions – or the need to locate jobs near to where people live – are key strategies that have been identified by the Government to reduce the extent to which people need to travel.



**Employment self-containment is a measure that looks at the proportion of residents who work locally. Self-sufficiency is the opposite side of the coin. It looks at the proportion of local jobs relative to the number of people in the local labour force.**

Strategic planning undertaken by the Government has established ESS targets for Perth's six sub-regions and aligned to this, the Government is also pursuing a policy of decentralising its own office accommodation from the Perth CBD to metropolitan activity centres.



<sup>1</sup> Australia Bureau of Statistics, 2011. Environmental Issues: Waste Management and Transport Use. Cat. No. 4602 0 55 002. Canberra, ATC.

<sup>2</sup> Department of Transport, 2011. Public Transport for Perth in 2031: Mapping out the future of Perth's Public Transport Network.

# State of play

**Monitoring ESS levels and reviewing progress made against the targets set by the Government is essential to inform future actions to help keep us on track.**

The measure of ESS is the ratio of total jobs available within each of the six sub-regions in Perth<sup>3</sup> as a proportion of the number of people in the workforce living in that area<sup>4</sup>. The following datasets from the ABS Census of Population and Housing are therefore used to calculate employment self-sufficiency:

- › Place of Usual Residence – B41 (2006) and B42 (2011)  
Labour Force Status by Age by Sex; and
- › Place of Work – W01 Labour Force Status by Age by Sex.

### Targets for Perth & Peel

The ESS targets were set for each of the six sub-regions in the metropolitan Perth and Peel region (Figure 1) by the State Government in 2010 and were published in Directions 2031 & Beyond (“Directions 2031”). Directions 2031 is the spatial framework and strategic plan that guides the planning and delivery of Perth’s housing, infrastructure and services to accommodate a range of growth scenarios.

ESS targets are shown in Table 1. It should be noted that the target for the Central metropolitan sub-region is based on a slight decrease in ESS to take account of the decentralisation of jobs to other activity centres in the metropolitan region. It is however acknowledged in Directions 2031 that the existing high level of ESS in this sub-region (above 100%) will be maintained, with Perth remaining the highest order activity centre.

**Table 1** ESS Targets (WAPC, 2010)

Sub-Region	2008	2031
Central metropolitan	124%	121%
North-west	41%	60%
North-east	63%	75%
South-east	42%	55%
South-west	60%	70%
Peel	71%	80%



**Figure 1** Sub-regions in the metropolitan Perth and Peel region

<sup>3</sup> The number of people in the workplace population of the area.

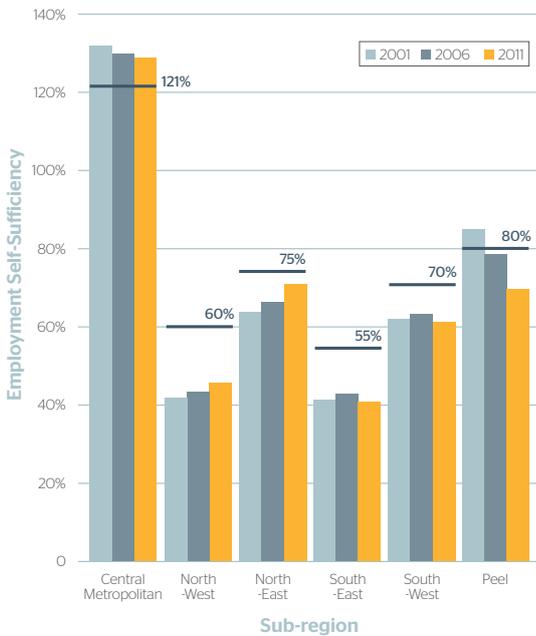
<sup>4</sup> The number of people in the residential population that are employed.

<sup>5</sup> One Perth, 2010. Perth fears public service ghettos. Retrieved November 2013 from: <http://www.oneperth.com.au/2010/08/16/perth-fears-public-service-ghettos>

**Tracking progress against targets**

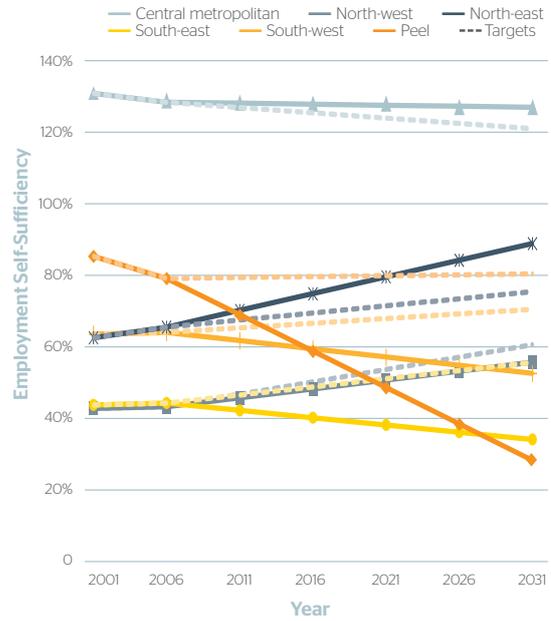
Figure 2 illustrates the ESS achieved in each sub-region in 2001, 2006 and 2011, compared to the aforementioned targets. Whilst there has been some progress towards the targets in the Central and Northern sub-regions, ESS in the Southern and Peel sub-regions has declined from 2006 to 2011. Peel is particularly interesting because the decline in ESS between 2001 and 2011 has been significant and additionally, the actual level of 79% in 2006 was just 1% lower than the target of 80% set in 2010.

The decline in ESS in the Southern and Peel sub-regions reflects the fact that the growth in jobs is not currently keeping pace with the growth in residents. This is also the case for the Central sub-region but to a lesser extent as the growth in jobs and employed residents has been more balanced than for the other sub-regions.



**Figure 2** Actual employment self-sufficiency (ABS 2001, 2006, 2011<sup>6</sup>)

Figure 3 illustrates a linear projection from the ESS levels in 2006 to what we should have achieved by 2031 for each sub-region (dashed lines), compared with what will be achieved should the 2006 to 2011 trends continue to 2031 (solid lines). If the recent trends continue the only sub-region where the ESS target will be achieved by 2031 is the North-east sub-region, which is currently tracking above the projected trend (in the case of this sub-region the target would be achieved by around 2017).



**Figure 3** ESS projections and targets

**Required increase in jobs**

Table 2 illustrates the number of new jobs required between 2011 and 2031 in order to achieve the ESS targets for each sub-region, assuming the number of employed residents in these areas will be consistent with the resident labour force forecasts in Directions 2031. Taking the Central sub-region as an example, almost 92,000 additional jobs will be required over the 20 year timeframe to maintain the target level of ESS, equating to an annual increase of approximately 4,500 jobs. At the other end of the scale, 1,000 additional jobs will need to be created in the Peel sub-region annually.

**62%** of respondents to the 2013 RAC BusinessWise-CCI Congestion Survey supported “decentralising employment/jobs from the CBD” to help reduce traffic congestion.

<sup>6</sup> The 2011 Place of Work - W01 Labour Force Status by Age by Sex dataset was not available for Peppermint Grove at the time for undertaking the data analysis. The 2006 employment figure was therefore used.

**Table 2** Number of new jobs required

Sub-region	Resident labour force		New jobs required by 2031	
	2011 Actual	2031 Forecast	Total	Annual
Central metro.	373,070	469,000	91,654	4,583
North-west	156,400	209,000	54,600	2,730
North-east	98,169	131,000	29,566	1,478
South-east	89,631	114,000	25,851	1,293
South-west	107,118	133,000	27,495	1,375
Peel	35,095	55,000	19,977	999

Based on Directions 2031 forecasts.

With regards to the North-east sub-region where (on the basis of the earlier analysis) the ESS target could be achieved before 2031, the same rate of growth in jobs as that experienced between 2006 and 2011 (an increase of 12,275 jobs over the census period) would actually result in an annual increase of 2,455 jobs, significantly higher than the 1,478 required to reach the ESS target.

### Summary

The analysis undertaken to review the progress made in working towards the State Government's 2031 ESS targets has identified the following:

- › some progress has been made towards the ESS targets in the Central, North-west and North-east sub-regions;
- › growth in jobs in the Southern and Peel sub-regions is not keeping pace with population growth and as such ESS is declining;
- › with the exception of the North-east sub-region, the ESS targets will not be achieved by 2031 assuming the current trends continue; and
- › the annual increase in jobs required in each sub-region is significant and highlights the need for continued action towards achievement of the ESS targets.

### Benefits and risks of decentralisation

Decentralisation can deliver a number of benefits for organisations, their employees and also the wider community. Benefits of decentralisation can include:

- › reduced traffic congestion and emissions in the CBD;
- › shorter commuting times for employees;
- › enhanced quality of life for employees, which may impact positively on productivity;
- › cost savings for organisations through cheaper rent (CBD leases are understood to be 30% higher than in outlying areas<sup>5</sup>) and consolidation of operations;
- › improved access to new workforces and reduced competition for labour;
- › relocation can be a catalyst for change in business approach (it may for example provide an opportunity to review organisation structure and operations to improve efficiency and service delivery);
- › enhanced business image (for example where relocation improves proximity to customers and clients).

It is however important to recognise that there are also risks associated with decentralisation:

- › initial cost savings may not be sustained (for example those associated with buoyancy of local job markets);
- › there may be some job losses as a result of consolidation, changes in business practices and drives toward improved efficiency;
- › initial cost implications through any necessary redundancies or in association with any incentives for relocated employees;
- › experience or leadership skills may be lost (decentralisation has historically accelerated turnover of staff, including those who refuse to relocate, senior personnel using it as a motivator to retire, etc.);
- › distance can be problematic (for example increased travel time and costs if employees do not live locally, difficulties with face-to-face networking and difficulties with cross-department working).

# The way forward

**Meeting the ESS targets will be governed by a complex relationship involving a number of different factors and entities. Of paramount importance is recognition that meeting the targets will require action from both the public and private sectors.**

The ability to respond to the need to decentralise jobs hinges on the Government providing opportunities for commercial development in highly accessible locations and achieving an appropriate balance between increases in jobs and increases in residential population. In addition, there is also a need to better communicate potential benefits to private enterprise and for businesses in turn to operate in a manner that is sympathetic to the travel requirements of employees.

Merit exists in progressing, with some urgency, a number of actions to encourage the decentralisation of employment and the creation of new jobs in activity centres. Given the long lead-time for commercial development, and thus new jobs becoming available, what happens in the short term (over the next five years) in particular will be crucial.

## Recommended actions

Recommended actions for both the public and private sectors include:

### Land use planning to support commercial development

- › In recognising their role in facilitating growth in jobs, local governments should review their Town Planning Schemes, outside of the mandatory five-year review cycle if necessary, to ensure zoning permits adequate levels of commercial development in activity centres.
- › State and local governments should fast track the preparation and adoption of Local Planning Strategies and Activity Centre Strategies, if they have not done so already, to provide the strategic planning framework to guide and facilitate adequate levels of commercial development in activity centres and present the rationale for alterations to Town Planning Schemes.
- › State and local governments and landowners must take a collaborative approach to developing activity centre structure plans to ensure a sufficient level of commercial land use can be accommodated. Options such as bonus plot ratio should be explored to encourage commercial development in key areas, and in exchange for public realm or other enhancements to support improved multi-modal access.



**Plot ratios represent the ratio of gross floor area of a building relative to the area of land within a site boundary. These ratios are set to reflect the development potential of a site but local governments may permit an increased plot ratio or plot ratio bonus, where developments deliver some community or city benefit.**

- › Minimum employment generation targets should be attached to all major suburban developments (consistent with those set out in adopted Local Planning Strategies) and, most importantly, local governments and the WAPC need to have mechanisms in place to ensure effective monitoring and enforcement of associated conditions attached to development approvals.

### Improving accessibility

- › Experience from the eastern states, and internationally, has shown that whilst decentralisation of employment has resulted in reduced congestion and travel times for commuters it can also increase total vehicle-kilometres-travelled by private car, thus activity centres must have good rapid transit connections (bus or passenger rail) to achieve accessibility levels akin to the CBD.
- › Ensuring high quality pedestrian and cycle connections to, and within, activity centres will also be essential to ensure enhanced accessibility for employees.

### Decentralisation of private operations

- › The 2013 RAC BusinessWise-CCI Congestion Survey has confirmed that traffic congestion is taking an increasing toll on the profitability and productivity of businesses in Perth and its human impacts are now being felt more widely by workers. With congestion being most prevalent on routes in and to the CBD, large corporations and employers of significant 'white collar' workforces in particular should investigate options for relocating or decentralising specific operations to activity centres to reap the benefits of reduced congestion impacts.

**Congestion has emerged as a factor in staff recruitment and retentions in Perth, with employers worrying that it is making their workplaces less attractive to prospective and current staff.**

Source: RAC BusinessWise-CCI Congestion Survey 2013.

**!** Approximately 48 per cent of the RAC's employees are located outside of the Perth CBD, at our offices in Balcatta and Joondalup.

- › The Government will have a key role to play in encouraging decentralisation by private sector employers, not only in terms of land use zoning, but also in communicating the benefits of relocation.

### Decentralisation of Government departments and public infrastructure

- › State Government should provide further clarification of progress made to date towards the target of 15-20 per cent decentralisation of Government office accommodation by 2015 and advise whether the target can still be achieved.
- › If the target will not be met, State Government should provide details of further proposals to be implemented in an effort to accelerate decentralisation.
- › As a catalyst to kick-start job growth in under-developed centres, new public infrastructure (e.g. hospitals and tertiary institutions) should be planned in highly accessible activity centres outside of the central metropolitan area, and where appropriate.

Five-point plan for achieving successful decentralisation:

- 1. Develop a sound business case**, demonstrating a clear and logical rationale for relocation which is reinforced by rigorous analysis.
- 2. Undertake comprehensive planning**, including developing a long-term plan/strategy (which involves feasibility studies to identify appropriate locations and a human resource component which considers the challenges and opportunities for employees) to allow effective management of the relocation process.
- 3. Develop and implement an effective communication strategy**, the intention of which is to convey the purpose and benefits of the relocation to employees and encourage participation (this will need to consider the challenges and opportunities for employees).
- 4. Consider incentives to persuade employees to relocate**, such as loyalty bonus' of additional paid leave, cash payments or one-off salary bonuses, travel allowances, reimbursement of childcare expenses, assistance with housing costs.
- 5. Use appropriate technology** to overcome potential problems with distance, maintaining effective and efficient working practices.



## The Government Office Accommodation (GOA) master plan

Aligned to the setting of ESS targets for the sub-regions, in 2010 the State Government adopted a policy to relocate around 15-20 per cent (60,000-80,000sqm) of existing CBD and CBD fringe Government office accommodation to metropolitan activity centres, plus Bunbury, by 2015<sup>7</sup>.

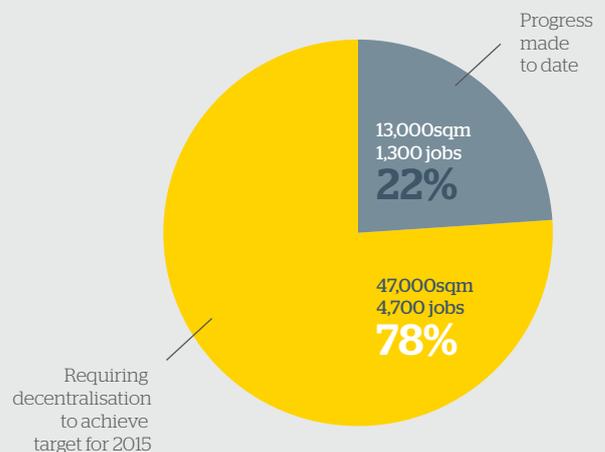
In 2007, the occupation level of State Government in Perth CBD was substantial at about 24 per cent of the entire available CBD stock. Significantly, this was more than double the proportional representation of the NSW Government in Sydney CBD, and the Victorian State Government in Melbourne<sup>8</sup>. A State Government discussion paper prepared in 2010 stated that the only agencies with a 'demonstrable operational requirement' should remain in the CBD<sup>9</sup>. Pressures such as traffic congestion, population growth and cost of living were identified as key drivers for decentralisation.

**At all levels, government support and leadership is paramount to the success of decentralisation. There have been numerous historical accounts of professed support by governments for decentralisation of population and economic activity, yet its direct involvement has been restrained.**

Source: UDIA Queensland, 2007<sup>10</sup>.

Between 2010 and 2012, the government progressed the decentralisation and consolidation of its office accommodation, focusing principally on consolidation of space within the CBD. Decentralisation during this period consisted of the relocation of employees from a number of divisions of the Department of Finance and Department of Treasury to the Optima Centre in Osborne Park.

This 13,000sqm of new office floor space outside of the CBD (which could accommodate 1,300 staff<sup>11</sup>) represents 3.3% of the State Government's CBD office stock (and approximately 22% of the State Government's relocation target), which was in the region of 400,000sqm in 2010<sup>12</sup>. Based on this, to achieve the decentralisation target set in the GOA master plan, another 47,000 to 67,000sqm of office space (4,700 to 6,700 employees<sup>13</sup>) would need to be relocated to metropolitan activity centres within the next two years.



**Figure 4** Progress towards the GOA Master Plan Target for 2015 (15 per cent Decentralisation)

The GOA Master Plan for 2012-18 highlights an opportunity in the expiration of a significant number of Government office leases during before 2015 and states that business cases will be prepared for the decentralisation of some functions to the City of Stirling, City of Fremantle, City of Joondalup and Murdoch.

<sup>7</sup> Department of Treasury & Finance, 2010. Government Office Accommodation Master Plan Discussion Paper.

<sup>8</sup> Urban Development Institute of Australia (Queensland), 2007. The decentralisation of core government services.

<sup>9</sup> One Perth, 2010. Perth fears public service ghettos. Retrieved November 2013 from: <http://www.oneperth.com.au/2010/08/16/perth-fears-public-service-ghettos/>

<sup>10</sup> Urban Development Institute of Australia (Queensland), 2007. The decentralisation of core government services.

<sup>11</sup> Based on an occupancy rate of one person per 10sqm of total floor area, as per the minimum requirement specified in the Building Code of Australia.

<sup>12</sup> Marmion, B. 2010. 'Government targets savings in office accommodation costs.' Perth: WA Government.

<sup>13</sup> Based on an occupancy rate of one person per 10sqm of total floor area, as per the minimum requirement specified in the Building Code of Australia.