



Chapter 3

Contemporary urban Australia

With strong projected population growth in major urban centres, the number of major cities with populations greater than 100 000 is expected to increase in the next decade. Some of our regional cities are becoming increasingly connected into closely linked groups of metropolitan regions. Major centres exist within the largest capital cities, such as Parramatta in western Sydney, whilst other centres like Mandurah south of Perth, are emerging as significant cities in their own right.

3.1 Australia's metropolitan regions

Urban Australia is dominated by a number of metropolitan and regional groupings of cities. The Greater Sydney (including Parramatta), Newcastle and Illawarra regions increasingly function as an interlinked metropolitan region. Many businesses serve the entire region. Large numbers of people commute within the region, for example, a large proportion of employed people who live in Wollongong, work in Sydney. The ports in Wollongong and Newcastle supplement Sydney's freight network.

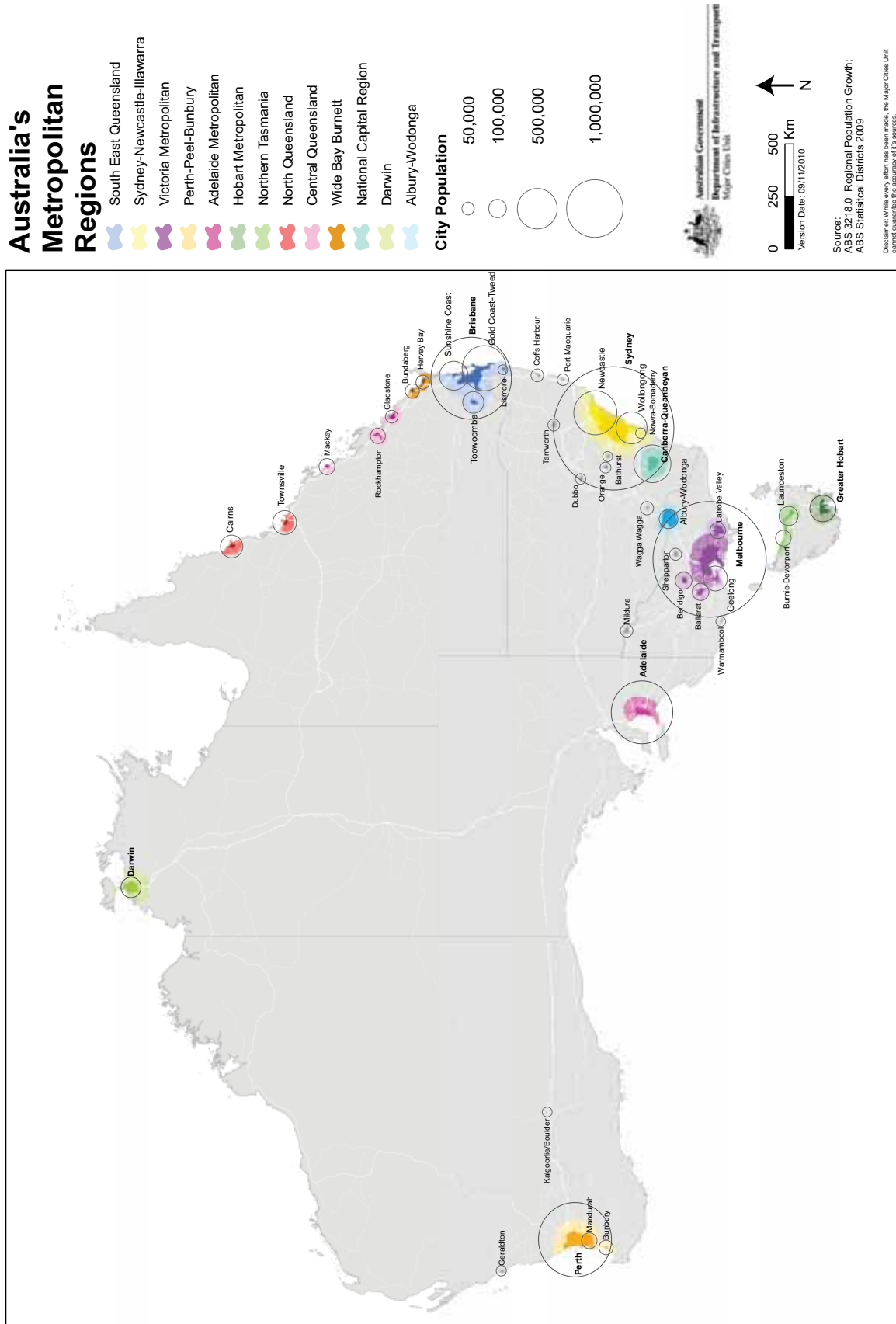
Similarly, Victoria's largest cities of Melbourne, Geelong, Latrobe, Ballarat and Bendigo increasingly operate as an interlinked system. Many people commute to Melbourne from Geelong, Bendigo, Ballarat and the Latrobe Valley. The Avalon Airport on the outskirts of Geelong operates as Melbourne's second airport for low-cost airlines.

The same points can be made about South East Queensland (including New South Wales northern rivers) and the Perth-Mandurah-Bunbury regions. In addition, many residents of Brisbane and Perth have second houses or spend time in seaside cities such as the Gold Coast and Sunshine Coast, or Mandurah respectively.

Regional cities also support each other in similar ways. Townsville acts as a large government, defence and mining industry base for North Queensland. Cairns is supported by this and acts as the major tourism base for the North Queensland region. Gladstone, Rockhampton and Mackay support the central Queensland economy by providing a base for agricultural, tourism, mining, metal production and manufacturing industries. These cities also house ports and airports to export goods and bring people to the area. The cities on the northern Tasmanian coast of Burnie-Devonport and Launceston form a grouping that plays a similar role for Tasmania's economy.

Regional groupings of high-growth regional centers are developing around Bundaberg and Hervey Bay in the Wide Bay Burnett region of Queensland and Port Macquarie on the mid north coast of New South Wales. With an increasing focus on lower cost jet air services, the airports of these cities are serving an expanding regional catchment. Similarly, the facilities and services that these cities provide attract people from the broader region.

Figure 9 Australia's metropolitan regions and regional centres (with populations greater than 30 000 people)



3.2 Managing future population growth and change

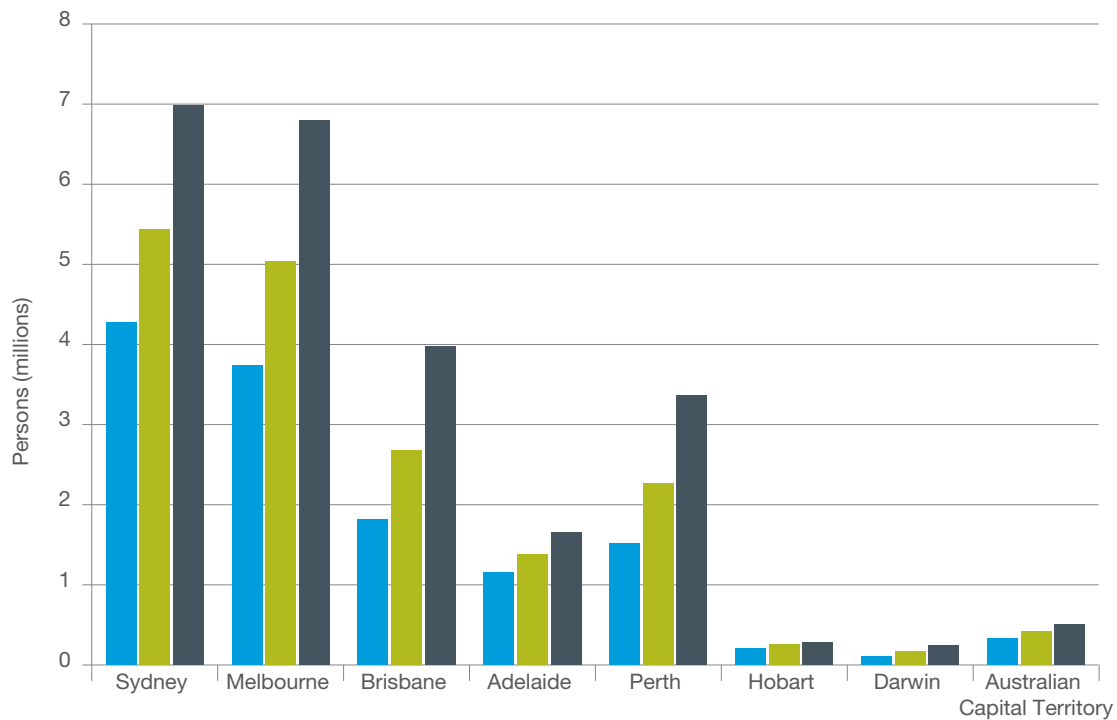
Although the percentage population growth rate over the next 40 years is projected to be less than it was for the past 40 years, it is still expected to be substantial. Australia is projected to reach a population of approximately 36 million by mid century as stated in the *2010 Intergenerational Report* (Treasury, 2010).

This will be the result of net overseas migration and an increase in the number of births, which is currently at a historical high. This follows the trend of rising fertility rates for the last six years after its long downward trend after the high growth period following the Second World War (Lattimore and Pobke 2008).

3.2.1 Population distribution

It is projected that the four largest capital cities, Sydney, Melbourne, Brisbane and Perth, are where most population growth will occur, as shown in Figure 10.

Figure 10 Population projections for capital cities, 2006–56



Source: ABS 2008a (ABS 2010)

The population projections affirm the dominance of our largest two cities, Sydney and Melbourne, which are projected to each nudge seven million people at mid century and the very significant growth anticipated for both Brisbane and Perth, which are each expected to more than double in size over this period.

Population growth is not evenly distributed. In our capital cities the inner-city areas, as well as outer metropolitan areas, have higher than average growth rates, while some middle suburbs currently have slower growth or even declining populations.

Many regional cities are also experiencing rapid growth (Figure 11 and Figure 12). These growing cities could also become major cities over time. Other regional cities, which have slower growth or even declining populations, may have the potential for a resurgent population.

There may be opportunities for taking some pressure off the major cities by providing for increased employment and housing growth in medium-sized regional cities (see Box 1). Such an approach would also contribute to the Government's commitment to regional Australia and support regional development in a strategic and coordinated manner, complementing the work of the Regional Development Australia committees.

BOX 1 Regional cities

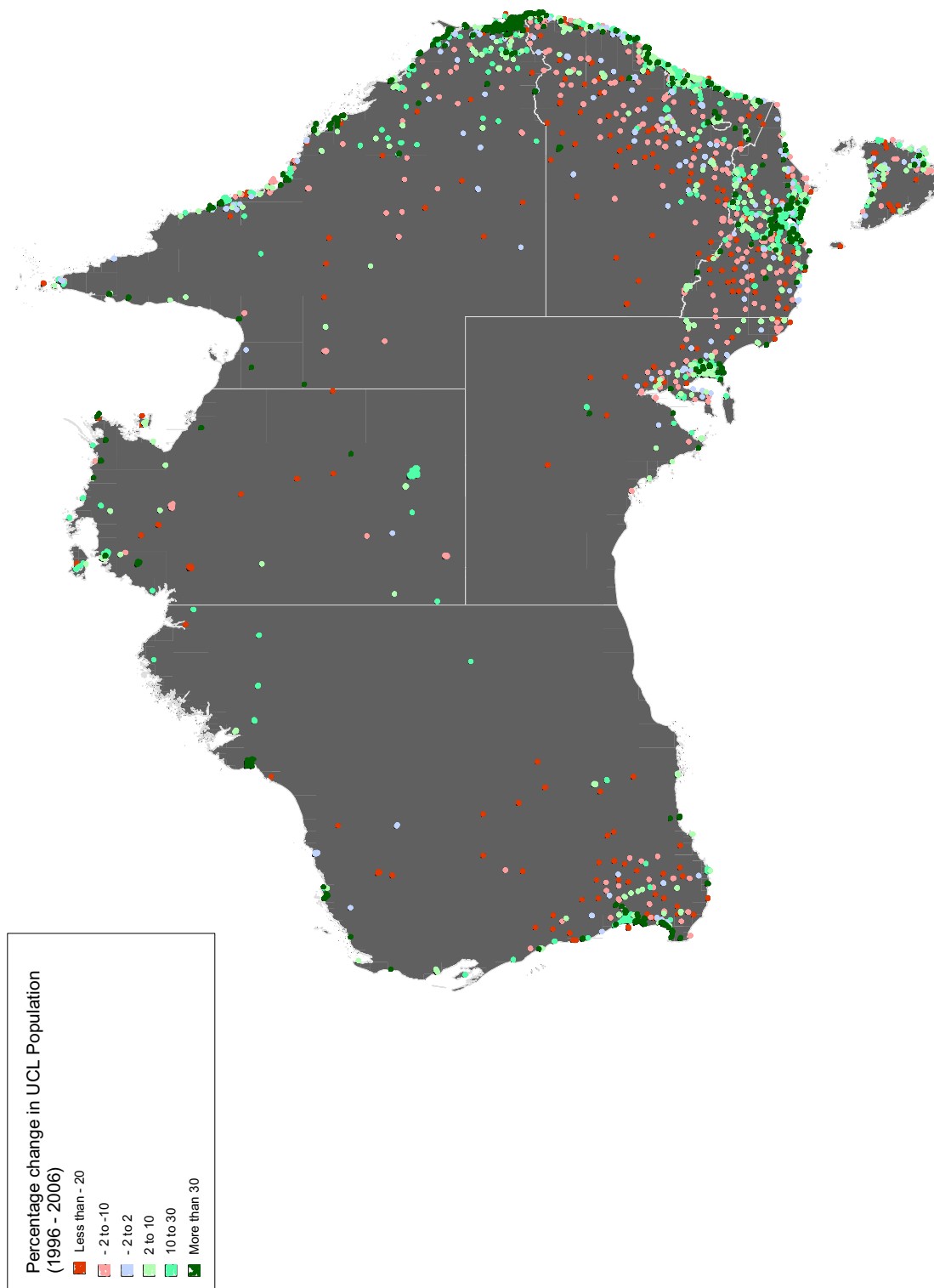
Many regional centres are experiencing positive jobs and population growth. They therefore need more homes to be built but are constrained by lack of funding for necessary supporting infrastructure. These constraints can limit regional employment growth and make housing less affordable for local home buyers.

The Australian Government announced, as a 2010 election commitment the establishment of the *Building Better Regional Cities Program*. The program is designed to support thriving regional cities by accommodating their growing communities and relieving population pressures in the capital cities.

The program will invest \$200 million to provide participating councils with new funding for local infrastructure projects that will support the development of up to 15 000 more affordable homes over three years.

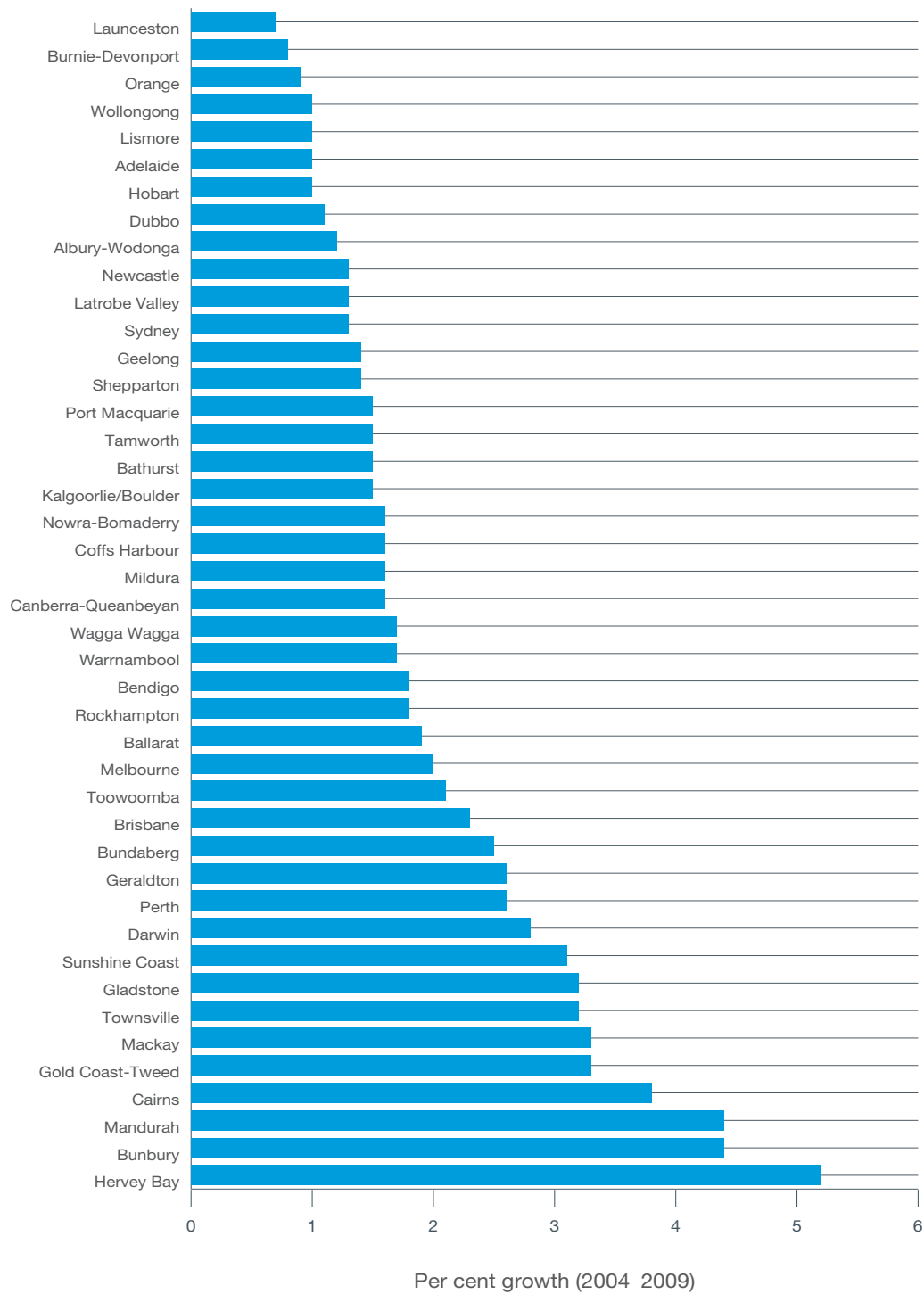
The capacity of regional cities to absorb greater populations and adequately provide more affordable housing will depend on how well resourced the cities are, or plan to be, to support their projected population growth.

Figure 11 Regional growth centres: red dots indicate declining populations, green and aqua dots indicate high rates of population growth



Source: BITRE analysis of ABS Census of Population and Housing 1996 and 2006 customised data on request, for urban centres and localities (UCLs)

Figure 12 Average annual population growth rates in Australian major and regional cities (2004–09)



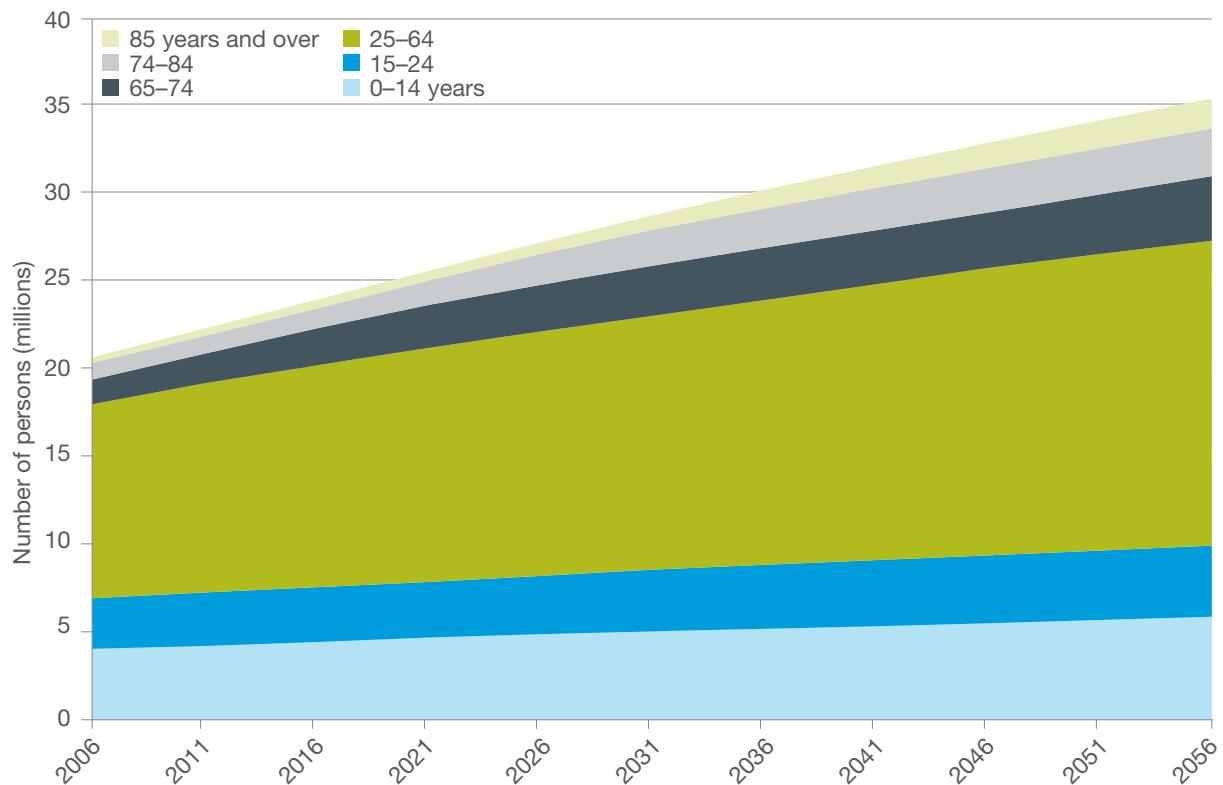
Source: ABS (2010)

3.2.2 Population ageing

Along with population growth, Australia is witnessing a rapid ageing of the population. Figure 13 illustrates the composition of the population growth by age structure over the next 40 years and shows the substantial increase expected in the number of older Australians alongside the proportionally much smaller increase in the number of younger people.

As highlighted in the *2010 Intergenerational Report* (Treasury 2010) this change in the population structure means there will be relatively fewer people of working age to support an increasing number of older Australians, and this poses a major challenge to national economic growth.

Figure 13 Population projections by age group in Australia



Source: ABS (2008a)

3.3 Changing patterns of urban development

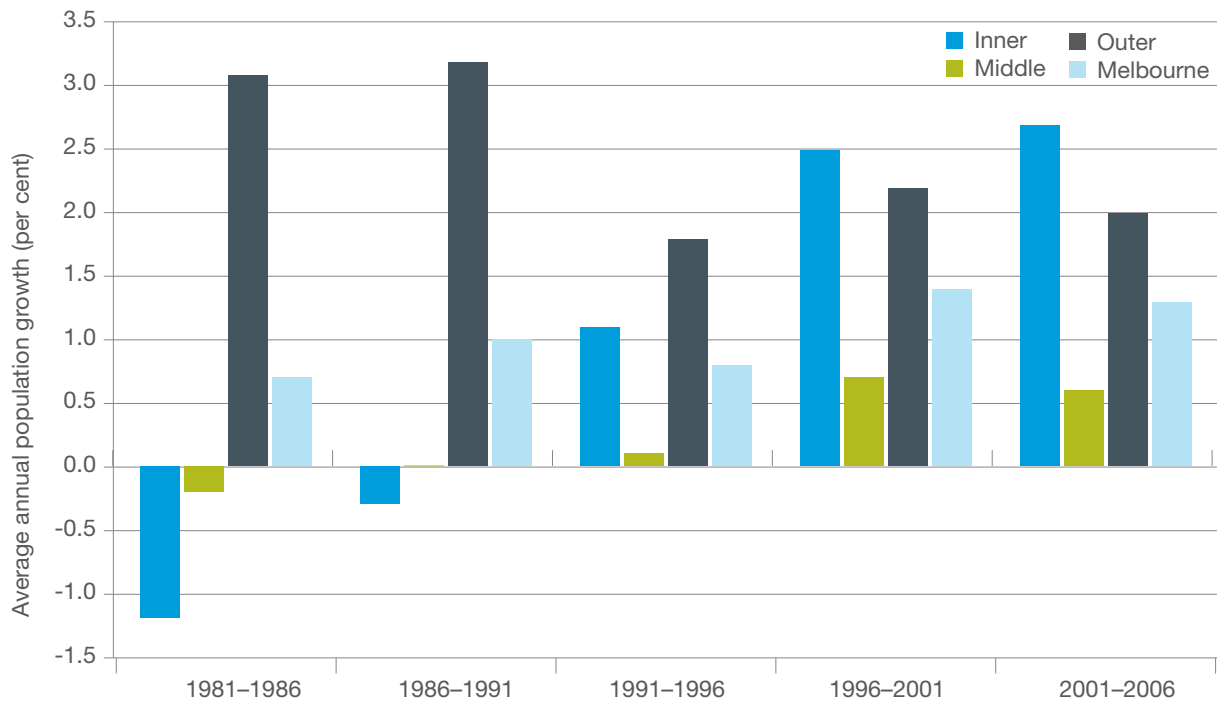
A noticeable adjustment has been added to the post-war trend of expanding residential development into new greenfield areas.

Over the last decade or two there has been increasing residential development in the CBDs and adjacent inner localities, at the same time as growth in outer metropolitan areas. This is most evident in the growth in Australia’s largest capital cities, but is also clearly evident in the smaller cities.

The trend to inner-city living reflects changing preferences for dwellings and location—living closer to employment that is concentrated in central areas, having access to the diversity of experiences and amenity of the inner-city, and State and Local Government planning frameworks that encourage these ‘infill’ residential developments.

Figure 14 illustrates the shift in Melbourne from the declining inner sector population in the 1980s to solid growth in the 1990s, and the highest growth rate of all sectors between 2001 and 2006.

Figure 14 Average annual rate of population growth, Melbourne (1981–2006)



Source: BITRE analysis of DPCD (2008d) Suburbs in time—Suburbs in Melbourne

As a consequence of these trends there has been an increase in the densities in the largest cities, as shown in Table 2.

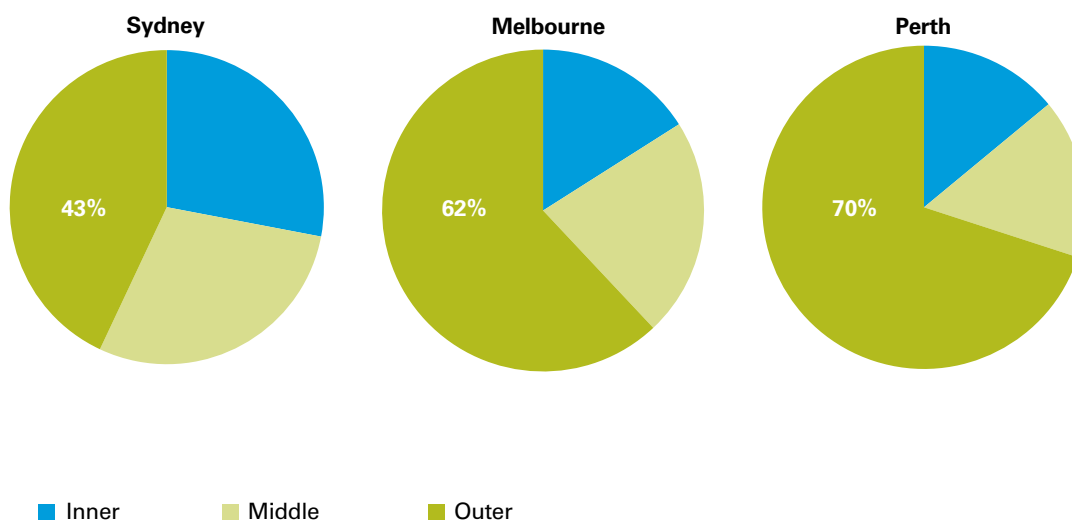
Table 2 Population statistics, three capital cities (2001–06)

Indicator	Sydney	Melbourne	Perth
Population 2006	4 281 988	3 743 015	1 519 513
Population change, 2001–06	+ 153 716	+ 271 390	+ 126 508
Rate of population growth, 2001–06	0.7%	1.5%	1.8%
Population density, 2006 (UCL)	2 036 per km ²	1 566 per km ²	1 258 per km ²
Change in population density, 2001–06	+13 per km ²	+35 per km ²	+23 per km ²

Source: BITRE (2010b) and BITRE analysis of ABS cat. no. 3218.0 data for statistical divisions (SDs) and Census of Population and Housing 2001 and 2006 data for urban centre localities (UCLs)

The trend towards urban consolidation was more pronounced in Sydney than in Melbourne or Perth between 2001 and 2006, with the inner and middle sectors accounting for a greater share of population growth in Sydney as shown in Figure 15. Population growth share of 'new growth areas' in Sydney, Melbourne and Perth was 24%, 51% and 62% respectively.

Figure 15 Urban growth by location, Sydney, Melbourne and Perth (2001–06)

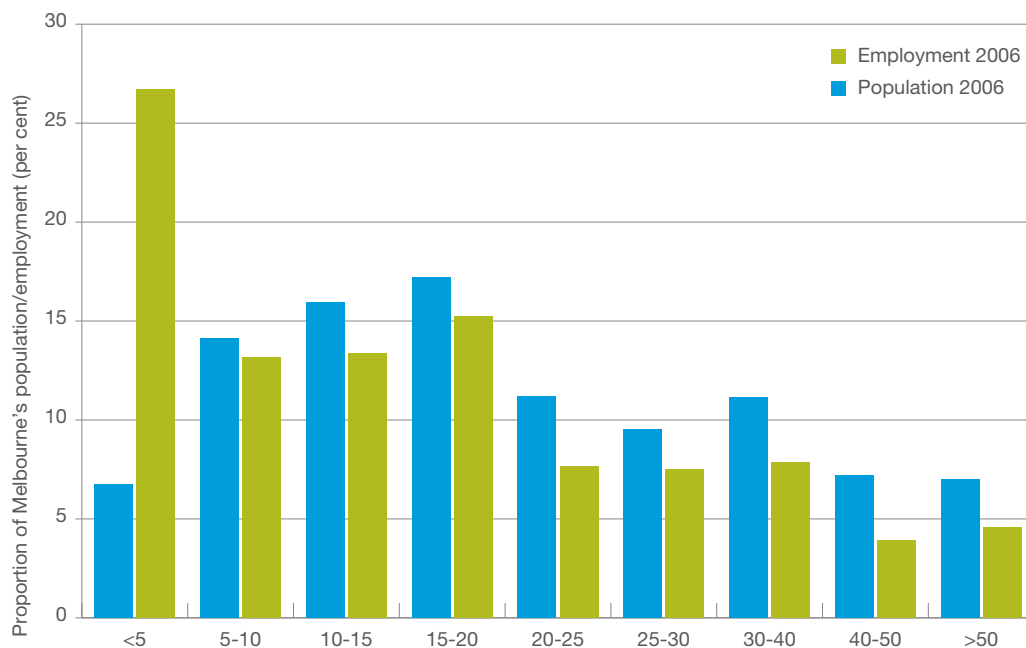


Source: BITRE (2010b) and BITRE analysis of ABS cat no. 3218.0 SLA data and Census of Population and Housing 2001 and 2006 data for suburbs.

Note: Based on capital city SDs, BITRE classified a suburb as a 'new growth area' for the 2001 and 2006 period if it experienced very rapid and substantive growth in dwellings over the period. The specific criteria are detailed in BITRE 2010b p 44.

The shift in population growth reflects transitions of communities as households change through life stages. Suburbs which previously housed young families experience decreased population over time, as in the case with Melbourne's older suburbs, as children become adults and move to rental properties closer to education and work opportunities in the inner areas (Figure 16).

Figure 16 Proportion of population and employment located at various distances from Melbourne's city centre (2006)



Source: BITRE analysis of Census collection district CCD and destination zone DZ data from ABS 2001 and 2006 Census of Population and Housing.

3.4 Migration impacts on urban settlement

Migration to Australia has the potential to alter population dynamics, within and across cities and regions. In practice, almost 90% of new migrants settle in cities (Department of Immigration and Citizenship (DIAC) 2010). As a result of the series of waves of migration over the past half century our largest cities have been enriched by the cultural, religious and linguistic diversity of their migrant and humanitarian communities. In Sydney and Melbourne around a third of residents speak languages other than English at home.

The reasons for this are the resources and opportunities for employment that cities have to offer migrants in their quest to get established quickly and successfully.

Two trends are emerging, however. First, there is a slow drift of established migrants away from cities. Second, a greater share of recent arrivals are settling in regional Australia. Over the past decade the proportion of new migrant arrivals settling in regional Australia has increased to around 15%.

Both of these trends, however, are associated with the relationship between population and employment growth. It is not clear as to the direction of causality between the two. In some locations the demand for labour attracts population, while in other locations employment growth is generated by an influx of population.

It is notable, however, that during the period of rapid national employment growth, between 2001 and 2006, there was significant net outward movement from capital cities (-90 200 persons). There was also net outward movement from remote Australia (-28 200 persons), with other metropolitan (+53 600 persons) and coastal (+67 300 persons) areas the beneficiaries. Despite the net outward movement, population growth in cities was above the national average, something largely explained by high immigrant arrivals.

There is no inevitability in population projections, distribution or urban settlement patterns. Rather, there is a need for continual monitoring and evaluation of trends and research into causes and consequences so policies and plans can be adjusted to meet the changing needs and circumstances of populations.

