

Growing Australia's smaller cities to better manage population growth

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Headline findings

- › In the absence of action, a greater % of Australians will live in our largest cities in 20 years.
 - › Most immigrants move to the largest metropolitan areas, and a fundamental reshaping of our immigration system is needed if this pattern is to be reversed. Change, however, is possible.
 - › Many moving to smaller cities come from other parts of non-metropolitan Australia
 - › the processes of seachange and treechange have reshaped this pattern over the past 20 years.
 - › Young people leave smaller cities and regional areas for education and employment opportunities.
 - › There is a weak link between employment growth in smaller cities and population growth and the direction of the relationship varies from place to place.
 - › Much of the employment growth in these places has been in low waged employment, and there is a need to reverse this trend and increase the mix of industries growing in these places.
 - › Policies to attract more Australians to smaller cities need to focus on the Aspirational Changers segment of the population (21% of the total) and the Lifestyle Maximisers (54%).
 - › There are viable policy options available to governments.
 - › These include place-based policy frameworks that concentrate investment and quality of life gains in a defined set of centres, further development of these localities as retirement destinations and their growth as education and research hubs.
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Part 1: Growth processes in smaller cities



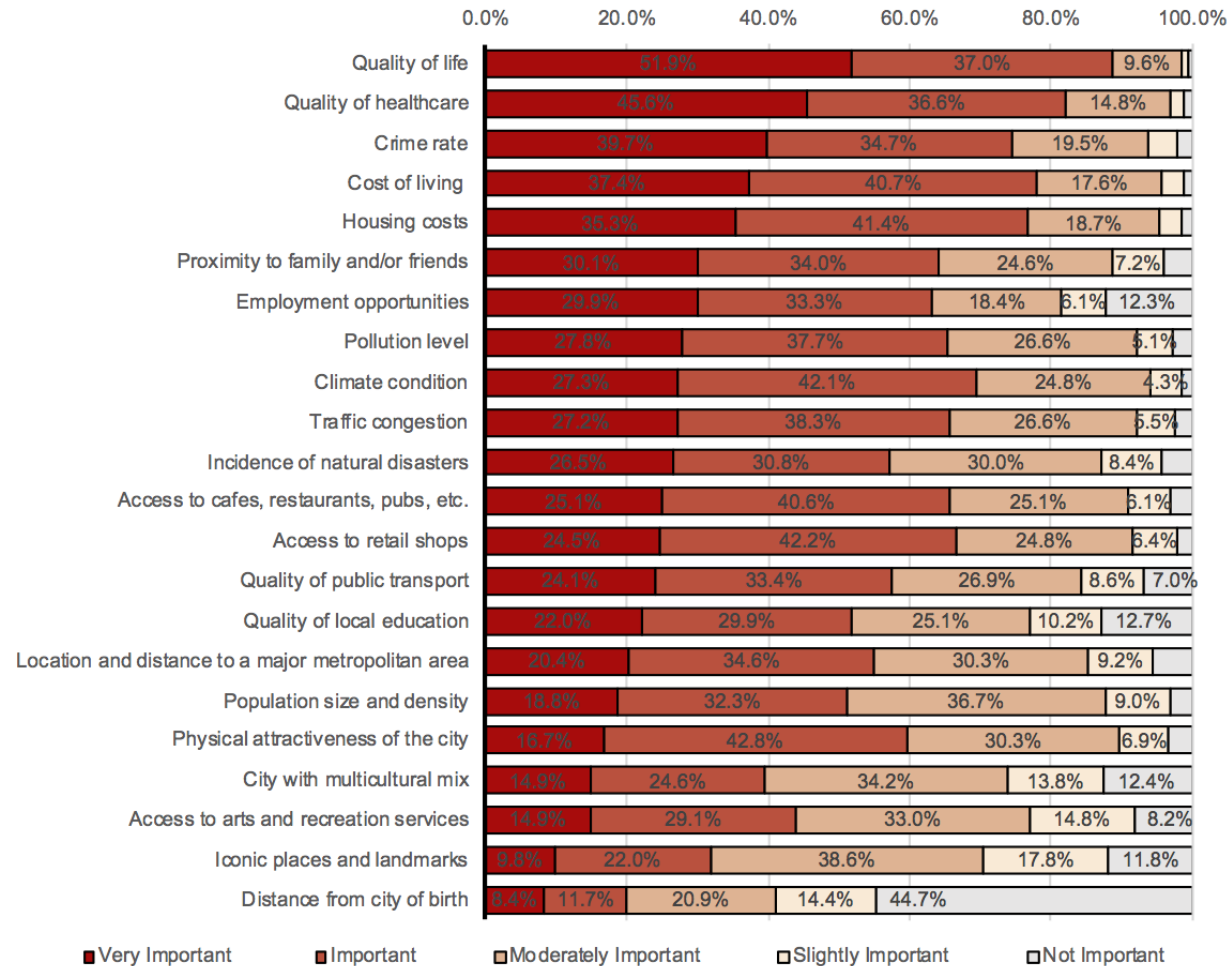
Economic and demographic drivers of change

- › Three significant trends:
 - › Larger and metropolitan-proximate regional urban centres are increasing population more rapidly than other regional urban centres.
 - › Coastal urban centres are increasing in population faster than inland urban centres.
 - › Population losses tend to be concentrated in inland, smaller, remote and often resource reliant towns.
 - › These trends indicate population growth in regional Australia is concentrated in the commuter sheds of the state capitals, and Sydney, Melbourne and Brisbane in particular. This concentration arises as a result of two processes: out-migration of metropolitan residents in the peri-urban urban centres and towns, and the inwards flow of more remote residents.
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Part 2: Can we encourage migration to smaller cities?

Which factors shape the decision to move?



Who is willing to move to a smaller city?

- › **Class 1 – the Urban Careerists:** 16% of the population
 - › A distinct preference for living in large cities.
 - › Highly sensitive to average wages in a city when deciding where to live.
 - › Young, higher-income professionals living alone or with their partners without children.
 - › Had lived in large cities for most of their lives and expressed reluctance to move to a mid-sized city.
 - › **Class 2 – the Aspirational Changers:** 21% of the population
 - › Displayed a preference for living in smaller cities.
 - › Sensitive to unemployment rates, but the size of the effect was small.
 - › Individuals tended to be a mix of young individuals living by themselves or in shared households, and middle-aged individuals living in households with children.
 - › Frequently university-educated, employed in full-time managerial or professional jobs in white-collar sectors such as information, media and telecommunications.
 - › These individuals have lived in large cities for most of their lives but were open to moving to a mid-sized city. They placed the greatest importance on employment and education, as well as physical attractiveness, the presence of iconic places and landmarks, and multicultural mix.
 - › Policies encouraging relocation to mid-sized cities were most appealing when they supported home ownership, ensured high quality education, and offered employment security.
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Who is willing to move to a smaller city?

- › **Class 3 – the Lifestyle Maximisers:** 54% of the population
 - › Individuals prefer neither mid-sized or large cities.
 - › Rather, their preferences were based on trade-offs across other factors.
 - › Wages and cost of living were the two most important attributes, followed by housing costs, commute times, unemployment rates, and distance to coast. Disliked living in industrial or agricultural centres and showed a preference for mild climates.
 - › They tended to be older lower-income individuals without a university degree employed part-time or retired. These individuals were open to the prospect of living in a mid-sized city under the right circumstances.
 - › High importance on quality of life, quality of local healthcare, housing and other living costs. They reported policies encouraging relocation to mid-sized cities were most appealing when they provide access to high quality healthcare, and support post retirement life and home ownership.
 - › **Class 4 – the Small is Best:** 9% of the population
 - › A very strong preference for living in smaller cities.
 - › These individuals were most likely to be living in a mid-sized city, and/or to have lived in one in the past.
 - › Older, lower-income, without a university degree, and/or employed part-time or retired.
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Part 3: How can we proceed?



Conclusions and policy recommendations

- **How can we proceed?**
 - **Option 1. Maintain existing policy settings** and do not introduce new programs or initiatives;
 - **Option 2. Further develop and activate land use planning** to support the development of smaller cities;
 - **Option 3. Develop a portfolio of place-based policies** that seek to concentrate investment in a limited number of smaller cities;
 - **Option 4. Implement policies that encourage the growth of further education** in smaller cities; and,
 - **Option 5. Expedite the growth of smaller cities as preferred places of residence** for older Australians, including retirees.
- › Option one offers negligible potential to reshape urban settlement patterns, while options 2-5 have some potential
 - › The most promising strategy is likely to be a combination of measures, and an integrated portfolio of actions.



