A tale of two cities

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Work and life in cities: City strategy in Australia
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A tale of two cities

Shifts in consumption are driving jobs towards higher end services in the centre of cities

• These services tend to be produced towards the centre of large cities
• City geography reflects these trends, with more jobs, and higher value added towards the centre
• These trends may have intensified after 2008
• Big cities are dividing geographically

Residential, planning and transport policies had not adjusted until recently

• Additional housing has primarily been built on the periphery
• Up to 2011, density in the middle ring barely moved
• Transport spending has been excessively focused on regional areas

Wishful thinking may be part of the problem

• Governments consistently adopt policies of creating non CBD clusters
• Over 116 years of Federation they have largely failed
• However, services (health, education, cultural institutions) do need to follow residential populations
People are consuming more services

Share of total nominal household expenditure

Source: ABS5206 table 8
Notes: Excludes "rents and dwelling costs" and "other goods and services". Based on seasonally adjusted current prices data
Consequently, more people are working in services

Per cent of workforce, Australia

Sources:
2. 1984-2012: ABS6291.0.44.003, table 4
Note: 1981-1983 are interpolated using 1980 and 1984 data
Services growth accelerated in the last 5 years

Cumulative employment growth since 2010
000 people, trend

Source: ABS 6291
Total economic activity is most intense in inner cities

Economic activity by location, 2011-12, Melbourne

Height of bar indicates total economic activity

Bar not shown for economic activity less than $1 billion

CBD: $39.1b
Southbank: $6.5b
Docklands: $8.2b
Dandenong: $5.9b
The Melbourne economy is highly centralised – except Caulfield and the airport.

Economic activity per working hour, 2011-12, Melbourne

- **Airport:** $63
- **Docklands:** $103
- **CBD:** $86
- **Southbank:** $76
- **Dandenong:** $44

Grattan Institute, Mapping Australia’s Economy
Sydney has more economic centres

Economic activity per working hour, 2011-12, Sydney

- Parramatta: $81
- Macquarie Park: $81
- North Sydney: $91
- CBD: $100
- Airport: $65

Insufficient data

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Melbourne has grown more housing at its edge – but not more jobs

Employment and population growth, Sydney, 2006-11

Employment and population growth, Melbourne, 2006-11

Grattan Institute, City Limits
The geography of job growth changed about 2008

Employment growth, Sydney and Melbourne

Employment growth, United States

City Observatory, Surging city centre job growth
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Population density has increased, but not much in the middle ring

Population density, 1981 and 2011

Source: Coffee et al, “Visualising 30 Years of Population Density Change”
Government transport spending did not reflect growth in economy or population.

Size and transport infrastructure spending
% of Australian total

% of national economy (2014-15)
% of population growth (2004-14)
% of road & rail investment (2006-15)

Source: Grattan Institute, Roads to Riches
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Government efforts to encourage clusters have a mixed record

Factors explaining performance of clusters

Cluster weak or uncompetitive
Cluster among world’s most competitive


Other factors – including chance and government efforts

Open competition among local rivals; local context encourages investment

Availability of capable suppliers and firms in related fields

Demand conditions e.g. sophisticated local customers

Factor (input) conditions e.g. human, capital and natural resources; infrastructure
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