

NATIONAL POPULATION PLAN FOR REGIONAL AUSTRALIA

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**REGIONAL
AUSTRALIA**
INSTITUTE

KNOWLEDGE POLICY PRACTICE

KEY POINTS

- People ‘vote with their feet’ and many are showing strong preferences for living in regions.
- Enhancing liveability in regions will increase this flow naturally – reducing pressure on capital cities.
- International migrants already play a key role in maintaining populations in small communities in regional Australia.
- Active strategies to match migrant workers with employment needs are working well in many small communities and this can easily be enhanced.
- More than 400,000 Australians moved from capital cities to regional destinations between 2011 and 2016.
 - Sydney has seen net internal migration outflows over the last four years.
- Spreading projected capital city population growth into regional cities has net economic gains for Australia.
- Outer urban economies of major cities are much more like nearby regional cities than inner city areas – though with double the commute times and house prices.
- Outer urban economies have a weak connection with the high performing inner city areas.
- Infrastructure spending is strongly weighted to solving problems in capital cities rather than enhancing liveability in regional towns and cities.
- There is no need to force people to move to regions to reduce pressure on capital cities. Rebalancing of population-supporting infrastructure from urban fringe to regional cities will rebalance flows as well. Supporting economic diversification and liveability in regional cities will address the perception that they are inferior, and this will also rebalance the flows.

MANY AUSTRALIANS ARE ALREADY CHOOSING TO LEAVE THE CAPITAL CITIES

Australians ‘vote with their feet’ in choosing where to live. While capital city growth has been high in recent years, between 2011 and 2016 over 650,000 capital city residents moved out, and of these over 400,000 (63%) chose to move to a regional area.



Over the past four years, Greater Sydney has shown a net regional internal migration loss, and each of those years the majority of people that left Greater Sydney moved to other parts of New South Wales (ABS 3412.0 – Migration, Australia, 2016-17).

With the desirability of a capital city lifestyle being challenged, improvements in regional city and town infrastructure that further enhance their liveability will increase the flow of people out of congested cities without the need for individual relocation incentives.

While there is a belief that growing populations can be effectively supported only through centralised populations with high population densities in major capital cities, many Australian residents are already looking to alternate opportunities offered in regional cities and towns. This shift is due, in part, to the challenges facing capital cities in keeping pace with improved infrastructure, increased services, and equitable access to housing.

Movement of people within Australia is the major component of population change in regional Australia and a major contributor to population growth and the offset of population decline within the regions. While the highest number of people moved to coastal regional cities close to the major capitals between 2011 and 2016, people also moved to a diverse range of regional areas including inland regional cities; mid-sized towns that act as industry and service hubs; and regional heartlands more geographically isolated from the major capitals.

Nationally, young people 20-29 years old are the most mobile, but the movement from major capital cities to regional areas of Australia peaks in the 30-39 and 60-69 age groups. This is positive for regional Australia because these age groups represent a workforce that can bring a range of skills and experience to regional communities. Some of these people will move to regional Australia with their families, which helps bolster school enrolments and participation in community activities, along with meeting labour force demands.



The major capital cities do act as a gateway for new temporary and permanent international migrants on their arrival. And with net overseas migration being the biggest component of population growth in Australia (60.6% of growth according to ABS 3101.0 – Australian Demographic Statistics, Jun 2018), the preference of new overseas migrants for capital cities is skewing population growth patterns. Regional Australia is home to nearly one-third of the population, but despite this, only 10% of all new arrivals between 2011 and 2016 settled in a regional area. If settlement of international migrants had been proportional to overall population distribution in Australia, an additional 213,081 migrants would have settled in regional Australia between 2011 and 2016.



Australian residents are demonstrating a willingness to live in the diverse regions that regional Australia has to offer. Regional populations are growing based on their existing services, accessibility and infrastructure, yet in order for regions to continue to grow and attract new residents, there needs to be a more equitable investment in their infrastructure and services to build appealing, adaptable and viable communities that people want to live in and contribute to in the long term.

INTERNATIONAL MIGRANTS ARE CONTRIBUTING TO GROWTH IN REGIONAL COMMUNITIES

There is a pervading view that the population of regional Australia is in decline, that regions struggle to attract permanent residents, and that there is a need for prescriptive incentives to encourage international migrants to move to and stay in regional areas. However, the reality is that regional areas are experiencing population growth and overseas-born residents are a significant, and in some cases, the only contributor to that growth.

While population growth in major metropolitan local government areas (10.5% for 2011-2016) was higher than regional areas, population growth in regional cities was not far behind. Regional places near the major metropolises (connected lifestyle regions) grew by 9.3% across the same period, and other regional cities grew at a rate of 7.8%. Mid-sized towns that act as industry and service hubs grew by 3.3%, and even across the more isolated heartland regions populations did not decline but grew by 1.6%.

In many regional and remote places, population stability or growth is based on international migration. An analysis of 2016 Census data shows that:

- 151 LGAs increased their overseas-born while decreasing their Australian-born population;
- 128 increased both their Australian-born and overseas-born population;
- 116 decreased both Australian-born and overseas-born population; and
- 20 increased Australian-born and decreased their overseas-born population.

International migrants have been moving to and contributing to regional communities, bringing their skills and experiences, and creating new opportunities for themselves and other residents. International migrants provide stability to communities in regional Australia by offsetting population decline and the departure of young adults, as well as being essential to meeting workforce shortages. Regional migration of international migrants can be a win-win scenario for new arrivals and host communities in the regions.

While regions are experiencing population growth, it is the ideal opportunity to build on the work in a growing number of regional communities that have already been successful in attracting international migrants through the development of place-based strategies. Regional cities such as Bendigo in Victoria; Mount Gambier in South Australia, Orange in New South Wales; and Toowoomba in Queensland have increased their populations by attracting overseas-born and Australia-born residents.



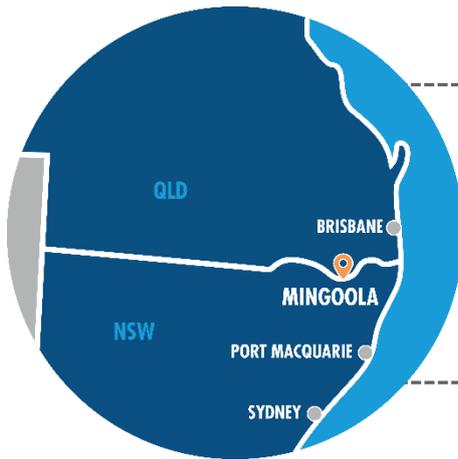
RURAL AUSTRALIA CAN ATTRACT A PERMANENT INTERNATIONAL WORKFORCE

Many of Australia’s rural areas are experiencing drought, and facing labour shortages and population decline. Despite these challenges, some small rural towns have led the process of successfully attracting a permanent workforce and rejuvenating their communities.

Often, it is not that there are not enough jobs for people in rural areas, but there are not enough local workers to fill them. International migration should be the first choice for rural areas with population decline, not the last.

Rural communities have shown that they want to solve their population and workforce challenges by welcoming new Australians to rural areas. Migrants are up for the hard work, have the energy to make the most of these opportunities that other local workers are unwilling to take, and can be key contributors to the unskilled and semi-skilled workforce. If the community drives the migration, there is also less chance of worker exploitation, and a permanent workforce alleviates the cycle of employer frustration at having to retrain new temporary employees.

There are many examples collected by the Regional Australia Institute of community-driven and proactive community-business partnerships that have propelled this locally-led process.



In Mingoola, northern New South Wales, nearly 30 African migrants have moved to the town, the local school has been saved from closure, and farmers now have a small workforce to tap into. These African families are building a commercial garlic enterprise to help them become self-sufficient, and bringing renewal to this rural district.

In Nhill, Victoria (population 2,200), more than 200 Karen migrants now call this town their home. For almost a decade, this community has been settling families and filling jobs that have led to the growth of local industries – most notably Luv-a-Duck poultry farm that employs 50 Karen migrants.



Other places with similar stories include Pyramid Hill NSW, Nobby QLD, Dalwallinu WA, Mount Gambier SA and Hamilton VIC (www.regionalaustralia.org.au/home/the-missing-workers).

Australia’s current immigration, employment and settlement services are relatively siloed, imposing barriers to rural settlement. There is no systematic way for migrant workers to link up with rural employers, nor is there a systematic policy or integrated support mechanism to facilitate secondary migration away from metropolitan cities.

With greater facilitation of relocation to rural areas and active community welcoming, more international migrants will come to call a rural community their home. Underpinned by a locally-led settlement strategy, rural communities can welcome and host new migrants, play a key role in securing employment and housing, take into account culture, customs and the environment, and foster community cohesion.

Rural communities and small towns can be supported by:

- Facilitating the identification of local labour need and community support for rural migration to enable rural employers to attract migrants that are 'fit for place'.
- Providing resources for local capacity building to upskill rural community members utilising 'on-the-ground' and other existing resources.
- Connecting migrants and rural employers by establishing a 'matchmaking' system that provides migrants with connections to genuine and suitable employment.
- Creating and promoting information resources to help rural communities maintain social connections with arrivals.

BETTER BALANCING GROWTH BETWEEN MAJOR CITY OUTER SUBURBS AND NEARBY REGIONS IS THE HEART OF OUR FUTURE POPULATION CHALLENGE

While we are often told that our major cities have much higher incomes than our regions, this is only true in the inner city areas. Outer suburban areas have only slightly higher income levels than surrounding regions. However, these areas experience much higher house prices and longer commutes compared to regional areas.

Most future population growth will occur in our outer suburbs, not in the inner cities or regions. Outer suburban Sydney, Melbourne and Perth populations will more than double, and the outer suburban population in Brisbane is forecast to triple over the next 40 years.

To test the consequences of future growth for different areas and whether alternative settlement patterns could enable cities and regions to be better off in the future, the RAI has modelled a series of scenarios for Sydney, Melbourne, Brisbane and Perth and surrounding regions.

These include a baseline scenario reflecting ABS projections and a series of four scenarios examining the income, employment, house price and congestion implications of higher population growth in connected regions and lower growth in outer suburbs.

Under the baseline scenario, population growth causes commutes and house prices in outer suburbs to continue to rise with limited gains in employment and incomes. In contrast, the results of the regionally distributed growth scenarios estimate that both commutes and house prices are substantially moderated in outer suburban areas if population growth in the future is higher in regions and lower in outer suburban areas.

Further, commute times in Sydney rise by only 15%, compared to 60% in the base case. Melbourne commutes increase by less than 40% compared to 63%. Brisbane's remain stable rather than rising by more than 20%, and Perth experiences only a 10% increase compared to 25% under the base case.

In contrast to these substantial changes to future commuting times, the recent *Future Cities* work on densification options in Sydney and Melbourne by Infrastructure Australia revealed little improvement in congestion from greater densification within these cities.

Importantly, the RAI analysis shows limited to no trade-offs in terms of future incomes or employment, particularly if good supporting policies are in place to maximise education and employment opportunities in regional areas.

| | OUTER SUBURBAN CHANGES | | | |
|--|--|--|---|--|
|  POPULATION GROWTH SCENARIO |  INCOME |  HOUSE PRICES |  EMPLOYMENT |  CONGESTION |
|  +40 YEARS CURRENT PATH |  |  |  |  |
|  +40 YEARS REGIONAL FOCUS |  |  |  |  |

Predictions show both income and employment will increase modestly for outer suburbs, regardless of population distribution over the next 40 years. If the population distribution continues on its current trend towards even denser inner cities, house prices and congestion will dramatically increase. Alternatively, projections that focus on distributing settlement across the regions see house prices and congestion only modestly increase.

Overall, the RAI's population research serves to challenge the widespread assumption that Australia can best deal with future population growth through the continuing expansion of our major cities.

Instead, this work shows a much more significant investment of planning time and effort is needed to ascertain the right balance of growth between outer suburban areas and surrounding regions, as well as the planning, infrastructure and other policies required to facilitate this growth over the coming decades.

RECOMMENDATIONS

A national population plan for regional Australia would reflect the reality of the current flows of people to and from regional cities and towns. It would address the current disincentives to people making these moves – such as perceptions of poor quality of life and community infrastructure, fewer education and training opportunities, poorer job prospects and perceptions of resistance from regional communities to welcoming overseas migrants.

A better balance to national population growth that reduces flows to, and pressures on, capital cities should be built on the following:

1. Rebalancing of national and state infrastructure spending to enhance liveability in regional centres as much as dealing with congestion and housing problems in capital cities.
2. Closer analysis of the net economic gains and losses from increasing urbanisation focused on capital cities alone.
3. Targeted programs to support economic diversification and job growth in slow-growing regions.
4. Improvements in education and training to help residents in areas with high employment needs 'fill vacancies from within'.
5. Removing barriers to secondary migration of international migrants wanting to relocate to regional areas, and funding to support community initiatives to make contact and assist their settlement.