

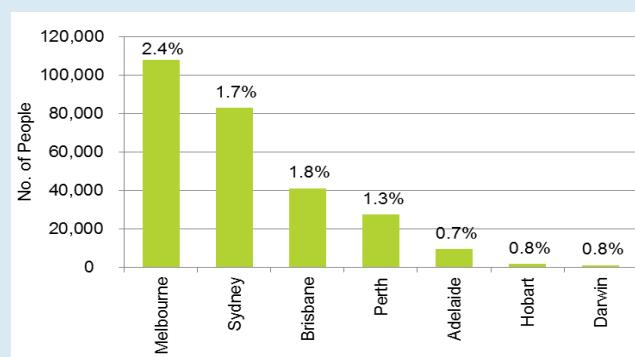
## POPULATION PROJECTIONS AND PLANNING FOR INFRASTRUCTURE – TIME TO GET IT RIGHT

APRIL 2017

Sydney and Melbourne are buckling under the pressure of poor infrastructure and land release programs that are quite frankly, not keeping pace with strong population growth.

Sydney's population has soared past the 5 million mark. Melbourne is now officially Australia's fastest growing city (Figure 1).

**Figure 1: Population Growth by City: 2015/2016**



Source: ABS

The latest figures from the [ABS](#), reveal that Sydney grew by 82,797 people or 1.7% to 5.01 million in 2015/2016.

Melbourne's population grew by 107,770 people or 2.4% to take its population to 4.64 million.

Between them, these two cities accounted for more than half (56.4%) of Australia's total population growth in 2015/2016 and a staggering 69.0% of the total growth in our 8 major cities.

It took Sydney almost 30 years, from 1971 to 2000 to grow from 3.0 million to 4.0 million people, but only half that time

to reach the next million. Sydney is on track to add another million people by 2031.

Melbourne has cemented itself as Australia's population hotspot. Four of the five suburbs with the largest absolute growth were in Melbourne (Table 1). Most commentators, given the focus on Melbourne's inner city apartment boom, would have expected the growth to be there. Not the case. All four were in Melbourne's outer suburbs – South Morang (4,971) in the north east, Cranbourne East (4,956) in the south east, Craigieburn-Mickleham (4,491) in the north and Point Cook (3,512) in the west.

Despite Sydney growing at above average levels, its growth appears to be more evenly distributed across the metropolitan area. Only two areas make the top 10 largest growth honour board, Cobbity-Leppington (3,338) in the south-west coming in at 7th spot and Riverstone-Marsden Park (3,146) in the north-west coming in at 9th spot.

The rapid growth in Melbourne and Sydney is being driven by strong rates of natural increase (births exceeding deaths) and net overseas migration. Melbourne is also benefiting from positive net interstate migration. In other words, it is actually gaining more people from interstate than it is losing. A marked turnaround over the past 30 years, when there seemed to be a continued exodus of people year after year moving to Queensland, New South Wales and Western Australia.

The challenge for Sydney and Melbourne is, how we cope with this rapid growth, much of which wasn't planned for. It is fair to say that the strong population growth has taken planners and bureaucrats by surprise. Our cities are



ill-prepared to cope with this growth.

Infrastructure delivery takes years of planning and construction. Our planners need to look well into the future at how big the population will be if they are to plan the allocation of resources and set realistic timeframes for the delivery of both economic and social infrastructure.

Yet the track record of forecasting population growth is not great. If we go back 18 years to 1999, the ABS forecast that by 2016, Australia's population would be 22.2 million (using their Series B estimate) and Sydney's would be 4.45 million, while Melbourne's would be 3.67 million. For planners relying on these forecasts, they were out by 1.9 million people across Australia, 550,000 people in Sydney and 970,000 people in Melbourne. In the case of Sydney, they were out by more than the entire population of Newcastle (circa 440,000 people) and in the case of Melbourne, the equivalent of almost five Geelong's (circa 200,000 people).

Of course, there have been revisions along the way, but even these have understated the actual population growth. Forecasting population is both an art and science. Economic, political, social and cultural shifts all interplay; a change in just one can have a significant bearing on population outcomes.

Our politicians will tell you they are on to it, and infrastructure spending is a high priority...well it's starting to be. Victoria is set to spend \$25 billion over the next three years, whilst Sydney infrastructure spending is at record levels. But unfortunately, it's a little too late. Our cities are buckling under the weight of rapid population growth and poor infrastructure.

Notwithstanding whether or not our politicians and planners had the right population forecasts or not, they should have been planning well in advanced to ensure our cities have first class infrastructure to drive the productivity, increase job creation and enhance our prosperity and standard of living.

With the population in 20 years' time forecast to hit 6.4 million in Sydney and 6.3 million in Melbourne, let's hope that not only our population forecasting is up to scratch, but that our infrastructure planning not only keeps up with population growth, but puts in place infrastructure that will benefit generations beyond that.

Whilst our cities rank highly on global liveability scores, that may not unfortunately, be the case in the years ahead.

**Adrian Harrington**  
**Head of Funds Management**

**Table 1: SA2s With Largest and Fastest Population Growth: 2015-2016<sup>1</sup>**

| National Rank & SA2 <sup>2</sup>          | GCCSA                        | ERP at 30 June 2016p | Change 2015r – 2016p | %    |
|---|------------------------------|----------------------|----------------------|------|
| <b>Largest Growth</b>                     |                              |                      |                      |      |
| 1 South Morang                            | Greater Melbourne            | 64,354               | 4,971                | 8.4  |
| 2 Cranbourne East                         | Greater Melbourne            | 23,901               | 4,956                | 26.2 |
| 3 Craigieburn – Mickleham                 | Greater Melbourne            | 52,848               | 4,491                | 9.3  |
| 4 Yanchep                                 | Greater Perth                | 18,904               | 4,289                | 29.3 |
| 5 Point Cook                              | Greater Melbourne            | 50,774               | 3,512                | 7.4  |
| 6 Baldivis                                | Greater Perth                | 32,817               | 3,389                | 11.5 |
| 7 Cobbitty – Leppington                   | Greater Sydney               | 15,450               | 3,338                | 27.6 |
| 8 Epping                                  | Greater Melbourne            | 42,236               | 3,226                | 8.3  |
| 9 Riverstone – Marsden Park               | Greater Sydney               | 16,492               | 3,146                | 23.6 |
| 10 Ellenbrook                             | Greater Perth                | 37,204               | 3,141                | 9.2  |
| <b>Fastest Growth</b>                     |                              |                      |                      |      |
| 1 ACT – South West                        | Australian Capital Territory | 5,042                | 1,394                | 38.2 |
| 2 Pimpama                                 | Rest of QLD                  | 8,161                | 2,120                | 35.1 |
| 3 Yanchep                                 | Greater Perth                | 18,904               | 4,289                | 29.3 |
| 4 Cobbitty Leppington                     | Greater Sydney               | 15,450               | 3,338                | 27.6 |
| 5 Palmerston – South                      | Greater Darwin               | 1,667                | 348                  | 26.4 |
| 6 Cranbourne East                         | Greater Melbourne            | 23,901               | 4,956                | 26.2 |
| 7 Riverstone – Marsden Park               | Greater Sydney               | 16,492               | 3,146                | 23.6 |
| 8 North Coogee                            | Greater Perth                | 2,042                | 341                  | 20.0 |
| 9 Forrestdale – Harrisdale – Piara Waters | Greater Perth                | 18,442               | 2,903                | 17.9 |
| 10 Beaconsfield - Officer                 | Greater Melbourne            | 13,605               | 1,817                | 15.4 |

1. Excludes SA2s whose 2015 population was less than 1,000 persons.

2. National Rank based on population change between June 2015 and June 2016.

Source: ABS