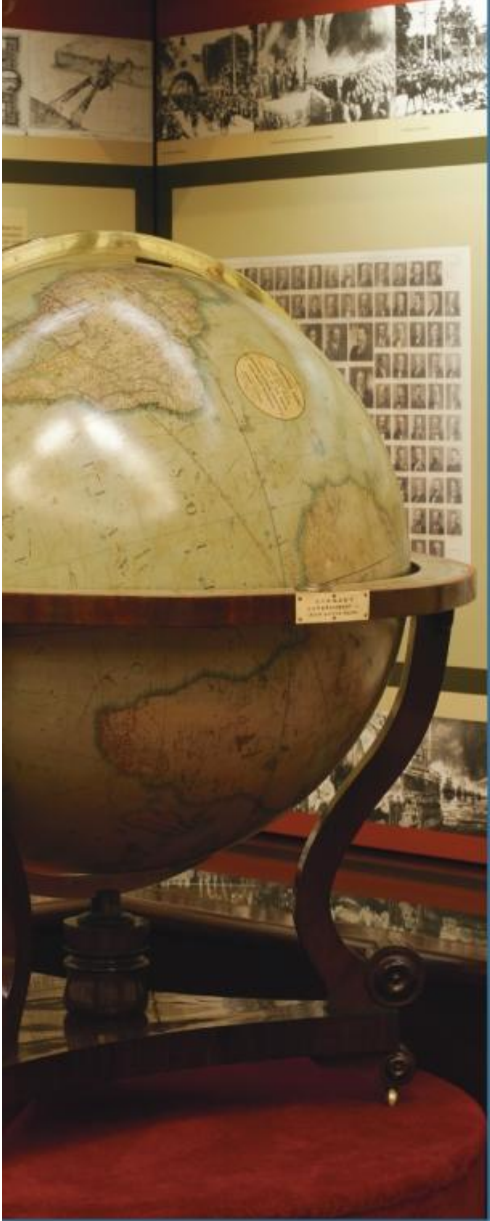

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Sydney and Melbourne: An Economic Overview

by

John Wilkinson

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SUMMARY

Presented in this paper is something of an historical and contemporary inventory of business activity in Australia's two leading cities. It does not present a complete picture of economic activity, still less of such issues as the 'liveability' of Sydney and Melbourne. Its focus is narrow and the conclusions that can be drawn from it are therefore limited. The paper's findings include:

- The relative positions of Sydney and Melbourne, as Australia's leading cities, has changed over time. In this respect their relationship is neither fixed nor subject to any natural laws of advantage or disadvantage. Nor indeed is the relationship between them and Australia's other major cities. **[7]**

- While Sydney was the first city of Australia (and the foundation location of businesses such as Westpac and AMP), it was overtaken (in population) by Melbourne during, and immediately after, the gold rush. Melbourne’s prosperity not only resulted in it becoming the financial centre of Australia during the first half of the twentieth century, but led to its functioning as the temporary national capital.**[2(a)]**

- Discriminatory tariffs led to Melbourne having the highest concentration of manufacturing amongst the capital cities of Australia, a position which it currently maintains.**[2(c)]**

- In the first half of the twentieth century a majority of companies had their headquarters in Melbourne. This situation was reversed during the second half of the twentieth century. As manufacturing declined and the property and finance sector expanded, the majority of large Australian companies located their headquarters in Sydney.**[2(c)]**

- Melbourne’s ascendancy, in population, was effectively ended by the great depression of the 1890s, with 50,000 people leaving for other colonies. From the first decade of the twentieth century, the ascendancy in population returned to Sydney.**[2(c)]**

- Although the long-run average growth rate for both NSW and Victoria is approximately the same, the opening years of the twenty-first century have seen Victoria’s growth rate exceed that of NSW.**[3]**

- Tariff reduction has seen a growth in the number of large importing firms, the majority of which are based in Sydney.**[5(h)]**

- Melbourne is currently the location for the leading mining company in Australia - BHP Billiton.**[5(d)]**

- Telstra, which is the national leader in telecommunications, has its headquarters in Melbourne. This dates from the time when it was the nation’s capital, between 1901 and 1927.**[5(l)]**

- Ascendancy in freight transport is split between Melbourne and Sydney.

Port of Melbourne is the largest container port in Australia, while Sydney is the centre of airfreight transport.**[5(i)]**

- Although recent Victorian governments have made concerted efforts to attract visitors, NSW attracts the greater number of domestic and international visitors.**[5(k)]**

- The Kennett government's facilitation of commercial ownership of electricity and gas production assisted the expansion of NSW electricity and gas concerns into Victoria.**[5(m)]**

- While, in the early twentieth century, newspaper production was fairly evenly split between Melbourne and Sydney, the late twentieth century saw both a consolidation of print production – and a consolidation of television production – in Sydney.**[5(n)]**

- Melbourne is host to arguably the biggest domestic agribusiness concern in Australia: AWB Ltd. Two NSW-based large agribusiness operations have emerged in recent years: Ricegrowers and Graincorp.**[5(o)]**

- In their 2006 publication, *Melbourne's Second Speed Economy*, Birrell at al tracked developments in the past decade or so in Sydney and Melbourne, comparing their track record with the "resource driven states of Western Australia and Queensland". They found that, while there was 'no room for complacency in Melbourne", it was the case that 'Sydney's slowdown had been sharper" in the post-Olympic period. On the other hand, the same report also noted problems with the Victorian government's strategies based on 'rapid population growth'. Population growth "could not be guaranteed", it was said, "especially given a possible net exodus of people to Queensland and Western Australia". The other problem was that "such growth deflects from the challenge of transforming the Victorian economy into one that is globally competitive". **[6]**

- In the opening years of the twenty-first century, Sydney remains the city with the largest population and leads Melbourne in 11 out of 17 standard categories of employment.**[7]**

1. INTRODUCTION

Earlier this year, BIS Shrapnel (on behalf of the Urban Taskforce) produced a report entitled *Going Nowhere*. In a concluding section it posed the question "Can Melbourne become larger than Sydney?" The report's answer was that, "If Melbourne continues to outperform Sydney by a large margin [in dwelling commencements], then eventually Melbourne's potential population will exceed that of Sydney."[1] The comment serves as an entry point into the long rivalry that has existed between the two cities, as discussed in such works as *The Sydney-Melbourne Book*, edited in 1986 by Jim Davidson.[2]

This paper does not contribute to or participate in that debate. Rather, it seeks only to present an overview or snapshot of the relative economic positions of Australia's two leading cities, historically and in a contemporary setting. It does not stray into matters of cultural differences and the like, important as these may be for the opinions people may form about these two contrasting cities. Instead, the hard-nosed focus of the paper is on business activity in Sydney and Melbourne, viewing this as the key indicator of past, present and, more tentatively, future economic prosperity.

2. CHANGING FORTUNES: THE 19TH AND EARLY 20TH CENTURIES

(a) Sydney in the Early Nineteenth Century

Sydney was the foundation city of British arrival in Australia and, until the 1850s, had the biggest population of any town in the colony of New South Wales. Not unexpectedly, some of Australia's oldest and enduring companies were founded in Sydney in the first half of the nineteenth century: the Bank of NSW (the present-day Westpac) in 1817; Allens Arthur Robinson in 1822; the Australian Gas Light Company (AGL) in 1837; the *Sydney Morning Herald* in 1841; and the Australian Mutual Provident (AMP) Society in 1848.[3] Although the Port Phillip district (the nucleus of the future Victoria) was established in 1835, in the mid-1840s Sydney remained the pre-eminent town in the British colony of New South Wales, as evident in the figures from the 1846 census:

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1 BIS Shrapnel, *Going Nowhere: How the Planning System and Development Levies are Ruining NSW* (BIS Shrapnel, Sydney, 2010), p.104.

2 Jim Davidson (ed.), *The Sydney-Melbourne Book* (George Allen and Unwin, Sydney, 1986).

3 See Reginald Holder, *The Bank of NSW: A History*, vol.I, *1817-1893* (Angus and Robertson, Sydney, 1970), pp.11, 18; George Allen, *Early Georgian* (Angus and Robertson, Sydney, 1958), p.80; Rosemary Broomham, *First Light: 150 Years of Gas* (Hale and Iremonger, Sydney, 1987), pp.9-16; Gavin Souter, *Heralds and Angels: The House of Fairfax 1841-1992* (Penguin Books, Melbourne, 1992), pp.28-32; Geoffrey Blainey, *A History of the AMP 1848-1998* (Allen and Unwin, Sydney, 1999), pp.2-5.

Sydney/Melbourne: Population (1846)[4]

Sydney	38,358
Melbourne	10,954

(b) The Rise of Melbourne in the Mid-Nineteenth Century

1851, the year in which Victoria formally separated from New South Wales as a new British colony, was also the beginning of the gold rush in the newly-established colony. Even before the colony had separated from NSW, in 1838 the English, Scottish and Australian Bank (the forerunner of the present-day ANZ) had been established in Melbourne. Seven years after separation from NSW, the future National Bank of Australia (NAB) was founded in Melbourne.[5] Towards the end of the 1850s the quantity of gold produced began to dwindle, but remained substantial even in 1860, as shown in the following table:

Gold Production in Victoria (by yearly value): 1852-1860[6]

1852	£16,776,250
1856	£13,957,432
1860	£8,626,800

By the end of the 1850s, Victoria's gross domestic product surpassed that of New South Wales as the following table highlights:

Victoria/New South Wales: Gross Domestic Product 1851-1860[7]

	Victoria	New South Wales
1851	£3.7 million	£5.5 million
1855	£27 million	£13.3 million
1860	£33.5 million	£20 million

Gold, and the wealth that developed in Victoria, saw the population of the capital of the new colony surge past that of Sydney, as illustrated in the table below:

---

4 A.C.V. Melbourne, "New South Wales and its Daughter Colonies, 1821-1850" in Ernest Scott (ed.), *The Cambridge History of the British Empire*, vol.VII, part 1, *Australia* (Cambridge University Press, Cambridge, 1933), p.179.

5 Australian Stock Exchange, *Centenary of Federation Research: Australian Companies Listed Continuously from 1901 to the Present* (Australian Stock Exchange, Sydney, 2001).

6 G.V. Portus, "The Gold Discoveries, 1850-1860" in Ernest Scott (ed.), *The Cambridge History of the British Empire*, vol.VII, part 1, *Australia*, p.258.

7 Noel Butlin, John Ginswick and Pamela Statham, "The Economy before 1850" in Wray Vamplew (ed.), *Australians: Historical Statistics* (Fairfax, Syme and Weldon, Sydney, 1987), pp.128-129.

Sydney - Melbourne (Population): 1851-1891[8]

	Sydney	Melbourne
1851	53,924	29,000
1861	95,789	125,000
1871	138,000	191,000
1881	225,000	268,000
1891	383,000	473,000

Despite a bust that followed the boom of the 1850s, another boom developed in the 1880s. Michael Cannon wrote that, "more than 3,000 large factories had been established by 1890."[9] In 1885 another company of national significance established its headquarters in Melbourne: Broken Hill Proprietary (BHP) Limited.[10] Two years later, the postmaster-general (PMG) of the Victorian colonial government nationalised the operations of a failed local telephone company: the new concern becoming the foundation of the present-day Telstra.[11] As Victoria accumulated the greatest output and the greatest population, Melbourne became the financial capital of Australia.[12] The boom, however, was based on land speculation - reaching its peak in the late 1880s. As Cannon stated:

> In 1887 there began a new wave of speculation. . .Land at Burwood rose from £70 to £300 an acre. . .In the city there was fantastic competition for blocks. . .In Swanston and Elizabeth Streets land values rose from £400 to £1,100 a foot.[13]

Inevitably the boom was followed by a bust. As Cannon wrote further, "From July 1891. . .to March 1892. . .more than 120 public companies would wind up their affairs". The crash had a profound impact on Melbourne with a significant portion of its population leaving for the other colonies in Australia. As Cannon observed, between "1891. . .and 1893, Melbourne lost nearly 50,000 of her population."[14]

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8 Peter Spearritt, "Statistical Tables" in Jim Davidson (ed.), *The Sydney-Melbourne Book*, p.294.

9 Michael Cannon, *The Land Boomers* (Lloyd O'Neill, Melbourne, 1986), p.8.

10 As W.E. Wainwright (general manager at BHP in the 1930s) later wrote, "In 1885 silver chloride was discovered, and the Broken Hill Proprietary Company was floated with a capital of £320,000 in 16,000 shares of £20 each." See W.E. Wainwright, "Mining and Metallurgy at Broken Hill Mines" in Ambrose Pratt (ed.), *The National Handbook of Australia's Industries* (Specialty Press, Melbourne, 1934), p.113.

11 Miles Lewis, *Melbourne: The City's History and Development*, second edition (City of Melbourne, Melbourne, 1995), p.71.

12 E.O.G. Shann, "Economic and Political Development, 1885-1900" in Ernest Scott (ed.), *The Cambridge History of the British Empire*, vol.VII, part 1, *Australia*.

13 Cannon, n.9, pp.18, 24-25. E.O.G. Shann wrote that, in Melbourne, "Bank advances of all kinds swelled from 58½ million [pounds] in 1880 to 132 millions in 1891". See Shann, n.12, p.369.

14 Cannon, n.13, pp.26, 48. There was a parallel boom and bust in land and property, in Sydney, in the late 1880s and early 1890s, but the effects were not as pronounced as in Melbourne. See Maurice Daly, *Sydney Boom, Sydney Bust: The City and its Property*

(c) Melbourne and Sydney in the Twentieth Century

In the early part of the twentieth century Melbourne was still the financial capital of Australia. Between 1901 and 1927 it served as the national capital, hosting the federal Parliament before its transfer to Canberra.[15] Andrew Wells has given the following explanation of Melbourne's financial predominance:

> Melbourne's. . .advantage derived from its financial power. The most important groupings were the Collins House and Broken Hill Proprietary (BHP) companies. The first was truly international in scope, retaining strong financial and boardroom connections with London. The Collins House group moved in the late 1920s into the manufacture of paper, lead, zinc, copper, brass and other metals, organising these industries on a national scale. . .Linked to the Collins House group was BHP. Having [gradually] sold its interests in silver, lead and zinc mines, it moved into iron and steel production in Newcastle and Wollongong, building a monopoly in that industry and expanding to control the related coalmining, transportation and fabrication industries.[16]

Melbourne was also the manufacturing capital of Australia, achieving this ascendancy through the imposition of protective tariffs. Both business and unions in Victoria were in favour of discriminatory duties. F.W. Kitchen, president of the Victorian Chamber of Manufactures, wrote in 1934 that:

> Realising early the impracticability of establishing manufacturing in a new country on a reasonable scale against the competition of older and more favoured countries, the demand was made for protection through customs duties . . .[the Victorian] parliament in 1867. . .[imposed] customs duties on certain goods. . .there was an extension of duties in 1871. . .between 1865-6 and 1875-6 the number of factories had increased from 903 to 2,246, the number of employees from 10,059 to 29,892. . .New South Wales. . . eventually shared in the benefits of protection through the adoption by the Commonwealth government of a protectionist fiscal policy.[17]

Market (George Allen and Unwin, Sydney, 1982), pp.156-162.

15 Kristin Otto, *Capital: Melbourne When it was the Capital City of Australia 1901-1927* (Text Publishing, Melbourne, 2009), p.7. In 1901 there 16,000 people employed in the Melbourne-based Commonwealth Postmaster-General's (PMG) department. See Ann Moyal, *Clear Across Australia: A History of Telecommunications* (Nelson, Melbourne, 1984), p.88.

16 Andrew Wells, "Cities of Capital" in Jim Davidson (ed.), *The Sydney-Melbourne Book*, p.71. Consolidated Zinc, part of the Collins House Group, was founded in 1905 to extract zinc from the tailings at the BHP silver mines. In 1962 Consolidated Zinc merged with Rio Tinto of Britain to form Rio Tinto Zinc (RTZ). See Ernest Campbell, *The 60 Rich Families Who Own Australia* (Current Book Distributors, Sydney, 1963), pp.40-41.

17 F.W. Kitchen, "The Development of Secondary Industries in Victoria" in Pratt, n.10, p.251. The imposition of tariff duties, on a national level, was formalised in 1921 by the Hughes government with the establishment of the Tariff Board. See F. Alexander, "Australia since the War" Ernest Scott (ed.), *The Cambridge History of the British Empire*, vol.VII, part 1, *Australia*, p.619.

Even in the 1930s there were more factories in Melbourne than in Sydney, as shown below:

Factories in Melbourne and Sydney: 1931 - 1932[18]

Melbourne	8,204
Sydney	7,397

Over the many decades that followed the 1890s crash, however, Sydney gradually gained the ascendancy. Sydney acquired its prosperity through NSW being the biggest centre of production for what was then the biggest enduring export product in Australia, namely, wool.[19] From the 1890s depression, through to the 1920s and the 1930s, NSW consistently out-produced Victoria in this field, as demonstrated below:

Wool Production in NSW/Victoria: 1890-1930 (kilograms)[20]

	NSW	Victoria
1890	123.5 million	28.8 million
1900	107.8 million	41 million
1910	182.5 million	57.5 million
1920	159.7 million	71.6 million
1930	208.7 million	72.9 million

With the hub of the wool industry being in NSW, this ensured the prosperity of the greatest lender to the wool industry, the Bank of NSW (the present-day Westpac).[21] As noted, two major financial concerns had already been established in Sydney during the nineteenth century – Westpac (as the Bank of NSW, in 1817), and AMP (1848). By the late 1920s and mid-1930s, these two concerns were overtaking their Melbourne counterparts, as illustrated in the following tables:

18 James Hume-Cook, “The Secondary Industries of Australia” in Pratt, n.10, p.62.

19 The wool industry, in NSW, had been inaugurated in the 1820s by John Bigge (sent as a special envoy of the Secretary of State for Colonies) who produced a report which declared that, “the growth of fine wool. . .creating a valuable export to Great Britain. . .appears to be the principal. . .source of productive industry within the colony”. See John Bigge, *State of Agriculture and Trade in the Colony of New South Wales*, reprint (Library Board of South Australia, Adelaide, 1966), p.18. Even in 1968 the New South Wales Department of Decentralisation and Development remarked that, “Wool is still Australia’s biggest export representing, in 1966/67, 27% of the total at a value of $812m.” See New South Wales Department of Decentralisation and Development, *New South Wales: A Handbook for Investors* (NSW Department of Decentralisation and Development, Sydney, 1968), p.48.

20 Bruce Davidson, “Agriculture” in Wray Vamplew (ed.), *Australians: Historical Statistics*, pp.82-83.

21 Reginald Holder, *The Bank of New South Wales: A History*, vol.I, *1817-1893* (Angus and Robertson, Sydney, 1970), pp.267 and 281.

Value of Current Life Policies on Issue in Australia: 1929[22]

AMP (Sydney)	£64 million
National Mutual (Melbourne)[23]	£29 million

Major Australian Trading Banks: Balance-Sheet Assets in 1936 [24]

Bank of New South Wales	£111,557,000
National Bank of Australia	£47,497,000
English, Scottish and Australian (ES&A) Bank	£43,536,000

As far as companies in all areas of activity were concerned, until the 1960s Melbourne retained the greater portion of the top 100 companies in Australia.[25] From the 1960s onwards, Sydney became the location of the greatest number of major firms in the country. Indeed in 1977 the executive director of the Melbourne Chamber of Commerce declared that "the axis of business has shifted to Sydney".[26] This transition, in the location of major firms in Australia, is outlined below:

Location of the Top 100 Companies in Australia (by Capital City): 1953 - 1978[27]

	1953	1963	1973	1978
Sydney	37	44	50	52
Melbourne	50	47	39	38
Adelaide	6	3	6	5
Brisbane	4	2	3	4
Perth	1	2	1	1

Between 1990 and 1992 there was a worldwide recession. Although the slump hit hard in NSW (with BHP foreshadowing the eventual closure of its works in Newcastle),[28] as in the 1890s it hit Victoria even harder. In 1991 the State Bank of

22 Geoffrey Blainey, *History of the AMP 1848-1998* (Allen and Unwin, Sydney, 1999), p.184.

23 National Mutual was established in Melbourne in 1869. Axa of France acquired a controlling interest in National Mututal in 1995 and then absorbed it completely in 2000: renaming it Axa Asia Pacific.

24 Commonwealth of Australia, *Royal Commission into the Monetary and Banking Systems at Present in Operation in Australia* (Commonwealth Government Publishing Service, Canberra, 1937), p.372.

25 Some of the major companies in Melbourne, during the 1930s, were Australian Glass Manufacturers, BHP, Carlton Breweries, Coles, Dunlop, ES&A, Ford, General Motors, ICI and Shell. Some of the major companies in Sydney were AMP, Bank of NSW, Burroughs Wellcome, CSR, James Hardie, Lever Brothers, Nestle and Tooth and Company. See Pratt, n.10, pp.157,158, 162, 187, 199, 210, 260, 286, 293, 300, 302, 306, 313, 331, 341.

26 Jim Davidson, "Introduction" in Davidson, n.2, p.8.

27 Michael Taylor and Nigel Thrift, "The Changing Spatial Concentration of Large Company Ownership and Control in Australia 1953-1978" in *Australian Geographer*, vol.15, no.2, November 1981, p.100.

28 Graeme James, "BHP Slumps 51 pc to $407m" in *The Australian*, 21 December 1991, p.27;

Victoria or SBV (then Australia's fifth largest bank) collapsed with debts of over $1 billion.[29] David Hayward has written that there was a:

> very deep recession into which the Victorian economy plunged during the early 1990s, from the first quarter of 1990 through to the last quarter of 1992, the Victorian economy entered a tailspin, shrinking by 5 per cent, compared to 1 per cent growth in the rest of the country.[30]

With unemployment reaching 10.6% in NSW in financial year 1992-93, it climbed even higher in the same year in Victoria to 11.4%.[31] By the mid-1990s a still greater concentration of the top 500 companies was located in Sydney, as evidenced in the following table:

Location of the Top 100 Companies in Australia (by Capital City): 1995[32]

Sydney	54
Melbourne	33
Adelaide	4
Brisbane	3
Perth	4

Correlative with the shift in business activity from Melbourne to Sydney, from 1910 to the twenty-first century, was Sydney's ascendancy in population:

Mark Skulley, "Shock $515m BHP Result" in the *Sydney Morning Herald*, 27 June 1992, p.30.

29 The SBV was later acquired by the Commonwealth Bank of Australia: Laura Tingle, *Chasing the Future: Recession, Recovery and the New Politics in Australia* (William Heinemann, Melbourne, 1994), pp.260-279.

30 David Hayward, "'A Financial Revolution?': The Politics of the State Budget" in Brian Costar and Nick Economou (eds.), *The Kennett Revolution: Victorian Politics in the 1990s* (University of NSW Press, Sydney, 1999), p.140.

31 Robert Dixon and Muhammad Mahmood, *The Victorian Economy in the 1989/90 – 1992/93 Recession* (Department of Economics, University of Melbourne, 2007), p.2.

32 Rolf Stein, *Sydney Globalising: A World City in National, Pacific Asian and International Context* (Berlin, 2002), p.49.

Sydney/Melbourne: Population (1901-2001)[33]

	Sydney	Melbourne
1901	496,990	501,580
1911	656,800	600,160
1921	912,750	800,520
1931	1,200,830	995,600
1941	1,331,290	1,114,900
1951	1,574,880	1,330,800
1961	2,183,388	1,911,895
1971	2,977,300	2,515,400
1981	3,279,500	2,806,300
1991	3,672,900	3,155,700
2001	4,128,272	3,471,625

3. REPOSITIONING FOR THE NEW MILLENNIUM

(a) Strategies to Reposition Melbourne

During the early 1990s, and into the early part of the twentieth century, the Kennett government (1992-1999), and then the Bracks government (1999-2007), set out to recapture some of the ground that Melbourne had lost to Sydney. Jeff Kennett set out to substantially reduce the presence of the public sector in Victorian production and significantly expand the presence of the private sector. This was exemplified, more than anything, by Kennett's sale of the previously government-owned electricity and gas sectors in Victoria (as outlined later in section 5m of this paper). Kennett similarly endeavoured to boost Victoria as a tourist destination, particularly through the promotion of such major events as the Australian Open and the Melbourne Grand Prix.

Steve Bracks effectively maintained the Kennett approach, albeit with a somewhat different emphasis on the hi-tech industry. During the 1999 Victorian election campaign, Bracks had declared that production in Victoria had been based on an "over reliance on manufacturing" and that, if elected, an ALP state government would "clear the path to enable new industries to emerge".[34] A year after the re-election of his government in 2002, Bracks announced the establishment of the

33 Australian Bureau of Census and Statistics (ABS), *Australian Demographic Trends: 1997*, ABS Catalogue 3102.0 (Australian Bureau of Census and Statistics, Canberra, 1997), pp.130-131; Australian Bureau of Census and Statistics, *Census of Population and Housing: 2001* (Australian Bureau of Census and Statistics, Canberra, 2003), p.6. Until 1971, Melbourne took the greater number of post-war immigrants but, from then on, the majority went to Sydney. In 1981 it was calculated that Sydney had an overseas-born population of 882,503 (out of a total population of 3,204,696) whereas Melbourne had an overseas-born population of 789,123 (out of a total population of 2,722,817). See Marion Powell and Glenn Withers, *Immigration and the Regions: Taking Regional Australia Seriously* (Chifley Research Centre, Sydney, 2003), p.11; Ian Burnley, "Immigration: The Postwar Transformation of Sydney and Melbourne" in Jim Davidson (ed.), *The Sydney-Melbourne Book*, p.122.

34 Bob Birrell, Ernest Healy and T. Fred Smith, *Melbourne's Second Speed Economy* (Centre for Population and Urban Research, Monash University, Melbourne, 2006), p.4.

synchrotron facility at Monash University, at a cost of $157 million. He also declared that his government would provide both $10 million to a Biotechnology Centre of Excellence and an unspecified amount to the Bio21 project in inner city Melbourne.[35]

Another strategy embraced by both the Kennett and Bracks governments was the reduction of infrastructure levies imposed on the developers of residential housing. Under Joan Kirner's ALP state government (1990-1992), substantial levies had been imposed on developers for the purpose of funding associated community works: such as roads, drainage, child care centres, nursing homes and libraries. Under Kennett's Liberal Party-National Party state government, levies were retained but in a reduced fashion.[36] Steve Bracks' ALP state government preserved the Kennett approach. According to Bob Birrell:

> Very limited contributions [were] required of land developers for local infrastructure and local recreational and social purposes. These vary between $3,000 and $5,000 per lot. . .But normally developers do not contribute to the costs of arterial roads, trunk water services or mains sewerage and drainage services.[37]

According to Birrell, as result of this policy, "Dwelling approval numbers in Melbourne increased from 30,831 in 1998-99 to 32,240 in 1999-2000. . .[and] only declined significantly in 2005-06 when they fell to 24,810." Moreover, this policy was deliberately maintained to give Melbourne an advantage in housing affordability over Sydney (where developer contributions were only recently reduced). As the Victorian Minister for Housing, Rob Hulls, declared in 2005:

> Importantly, the adequate availability of land will protect housing affordability and ensure Melbourne retains its competitive edge over Brisbane and Sydney.[38]

(b) Sydney and the Aftermath of the 2000 Olympics

In the same period, Sydney experienced the economic vicissitudes attached to the hosting of the 2000 Olympics. After the announcement of Sydney's winning bid in 1993, the Fahey government spent around $350 million on the games. As preparations gathered pace, the incoming Carr government boosted expenditure to around $1½ billion. The effect of this spending was a temporary expansion in

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[35] Birrell et al, n 34, pp23-36.

[36] See Garry Spivak, *Sharing the Responsibility: The Role of Developer Contributions in the Provision of Lower Income Housing in California and its Implications for Victoria* (MA Thesis, Swinburne University of Technology, 1999), p.12.

[37] Birrell, n.35, p.37.

[38] Birrell, n.35, pp.30, 38. In December 2008 the NSW Premier, Nathan Rees, announced that developer contributions would be henceforth capped at $20,000. See NSW Department of Planning, *Planning Circular: PS 08-017* (December 2008), p.2.

certain sectors of production in the state: most notably in construction.[39] An expected outcome of the Olympics was an anticipated boost to tourism but, in the event, this did not take place. As Richard Cashman later wrote:

> The actual number of Olympic tourists during the games was relatively small. . .during September 2000. . . the number of Olympic-specific tourists (excluding the Olympic Family) amounted to approximately 74,000. . .only a small increase – of 53,000 - on the average September figures. . .[40]

Meanwhile the cessation of spending on the Olympics coincided with the collapse of the “dot.com” boom in the USA.[41] Initially the NSW economy appeared resistant to this collapse as well as to the end of spending on the Olympics. In 2003, NSW Gross State Product (GSP) grew by 3% (compared to 2% the year before). A year later, however, GSP growth fell back to around 2% and remained at that level between 2004 and 2006.[42]

(c) Contrasting Trends in Employment: Melbourne and Sydney

As the accompanying tables illustrates, while over the long run rates of growth remained the same in both Victoria and NSW, over the five years between 2002-03 and 2006-07 Victoria grew more quickly than NSW:

Victoria and NSW: Average Annual Growth in Gross State Product (1970-71 to 2006-07/ 2002-03 to 2006-07[43]

	1970-71 to 2006-07	2002-03 to 2006-07
Victoria	2.9%	3%
New South Wales	2.9%	1.9%

39 NSW Treasury, *Budget Statement 1999-2000: Budget Paper No.2* (NSW Treasury, Sydney, Sydney, 1999), p.6-18. See also Richard Cashman, *The Bitter-Sweet Awakening: The Legacy of the Sydney 2000 Olympic Games* (Walla Walla Press, Sydney, 2006), p.86 and the London East Research Institute of the University of East London, *A Lasting Legacy for London? Assessing the Legacy of the Olympic Games and the Paralympic Games* (Greater London Authority, London, 2007), p.38.

40 Cashman, n.39, p.97.

41 From the start of 1995 to the beginning of 2001 the Dow Jones Industrial Average had risen from 4,003 to 11,723. In the USA the number of collapsed dot.com firms reached around 5,000. Towards the end of 2002 the Dow had sunk to 7,286. In Australia the number of collapses was much smaller but included significant concerns such as the online media operator LibertyOne. Between February 2002 and March 2003, the All Ordinaries Index fell from 3,391 to 2,779. See “Australia’s Dotcom Pioneers: Where Are They Now?” at www.zdnet.com.au. See also Justin Martin, *Greenspan: The Man Behind the Money* (Perseus Publishing, Cambridge, Massachusetts, 2000), p.246; Zhu Wang, *Technological Innovation and Market Turbulence: the Dot-Com Experience* (Federal Reserve Bank of Kansas City, 2006), pp.2-3; “Historical Financial Market Data” at www.wrenresearch.com.au.

42 Australian Bureau of Statistics, *NSW State and Regional Indicators*, ABS Catalogue 1338.1 (Australian Bureau of Statistics, Canberra, 2009), “Economic Activity”: Table 1.

43 Rick Deverell and Gianni La Cava, “Regional Economic Indicators” in the *Reserve Bank Bulletin*, May 2008.

Whereas (as indicated in section 2c above) Melbourne had been the main centre of manufacturing in Australia, between 2000-01 and 2005-06 manufacturing employment in Melbourne fell by 36,000 (from 285,000 to 249,000).[44] This contraction was largely the result of tariff reduction. In Sydney, employment in finance and insurance held up consistently in this period. On the other hand, property and business services, having surged ahead prior to the Olympics, subsided in the years immediately afterwards. As Bob Birrell and his colleagues observed, “There was a massive 52 per cent expansion in employment in the property and business services [sector] between 1995-96 and 2000-01 in Sydney. . .However. . .there was next to no growth in employment in the sector over the five years to 2005-06.” Furthermore, according to Birrell, following the Olympics, “the number of new dwelling approvals in Sydney ebbed to around 30,000 a year (2001-02 to 2003-04). . .[then] slumped to just 16,801 in 2005-06.”[45]

As provided by Birrell et al, an indication of the combined effect of these and other developments can be gained from a snapshot of the changes in individual areas of employment in the two cities, as follows.

44 Birrell et.al., n.35, p.8.

45 Birrell, n.35, pp.29,32.

Melbourne: Employed Persons by Industry Sector/Percentage Change (1995-96 to 2000-01, 2000-01 to 2005-06)[46]

Industry Sector	1995-96	2000-01	2005-06	Percentage Change 1995-96 to 2000-01	Percentage Change 2000-01 to 2005-06
Manufacturing	282,000	285,100	249,400	-1.1%	-12.5%
Retail	221,800	227,900	261,800	+2.7%	+14.9%
Property and Business Services	175,600	237,800	259,700	+35.4%	+9.2%
Health and Community Services	131,700	156,800	192,900	+19.1%	+23%
Wholesale	105,500	84,500	95,500	-20%	+13%
Construction	98,100	110,900	156,600	+13%	+41.3%
Transport and Storage	74,600	76,900	87,100	+3.1%	+13.3%
Education	98,900	110,700	125,200	+12%	+13.1%
Finance and Insurance	68,500	76,300	83,900	+11.4%	+9.9%
Personal and Other Services	59,500	55,000	64,700	-7.5%	+17.7%
Government Administration and Defence	57,700	57,700	59,300	0%	+2.8%
Accommodation Cafes and Restaurants	55,600	72,900	74,000	+31%	+1.6%
Communication Services	38,000	48,500	44,700	+27.6%	-7.7%
Cultural and Recreational Services	36,500	49,100	59,100	+34.5%	+20.3%
Agriculture, Forestry and Fishing	15,400	15,500	13,000	+0.5%	-15.9%
Electricity, Gas and Water Supply	8,500	8,300	11,800	-2.7%	+43.4%
Mining	1,700	2,800	3,500	+62.3%	+26.4%
TOTAL	1.53m	1.68m	1.85m	+9.6%	+10.1%

[46] Birell, n.35, p.28.

Sydney: Employed Persons by Industry Sector/Percentage Change (1995-96 to 2000-01, 2000-01 to 2005-06)[47]

Industry Sector	1995-96	2000-01	2005-06	Percentage Change 1995-96 to 2000-01	Percentage Change 2000-01 to 2005-06
Retail	254,800	264,800	299,100	+3.9%	+12.9%
Manufacturing	251,100	240,700	214,800	-4.1%	-10.8%
Property and Business Services	205,400	312,400	315,100	+52.1%	+0.9%
Health and Community Services	160,400	181,300	211,300	+13%	+16.5%
Wholesale	144,700	116,000	111,900	-19.8%	-3.5%
Construction	136,500	164,700	171,000	+20.6%	+3.9%
Education	123,400	124,100	149,000	+0.5%	+20.1%
Finance and Insurance	112,000	125,400	142,500	+11.9%	+13.7%
Transport and Storage	91,700	103,800	113,300	+13.2%	+9.2%
Accommodation Cafes and Restaurants	79,300	99,000	101,800	+24.8%	+2.8%
Personal and Other Services	70,900	73,400	90,600	+3.5%	+23.5%
Government Administration and Defence	67,900	57,000	80,000	-16%	+40.4%
Cultural and Recreational Services	46,300	55,100	64,800	+19.1%	+17.7%
Communication Services	42,300	52,400	51,200	+23.9%	-2.1%
Electricity, Gas and Water Supply	17,100	13,200	14,600	-22.9%	+10.2%
Agriculture, Forestry and Fishing	13,800	9,800	11,300	-29.1%	+15.4%
Mining	3,500	2,300	2,600	-34.3%	+12.4%
TOTAL	1.82m	2m	2.15m	+9.6%	+7.6%

[47] Birrell, n.35, p.28.

4. SYDNEY AND MELBOURNE IN THE EARLY 21ST CENTURY: AN ECONOMIC OVERVIEW

(a) Categories of Employment

In 2010 there were nearly 195,000 more people employed in Sydney than in Melbourne. With six significant exceptions, there were more people employed in Sydney in each of the standard categories of employment than in Melbourne. This is evident in the table below:

Sydney and Melbourne: Employed Persons by Occupation (April-June 2010)[48]

	Sydney	Melbourne	Difference (+/-)
Property and Business Services	354,314	297,912	56,402
Health Care and Social Assistance	243,085	215,083	28,002
Retail Trade	223,613	224,354	-741
Manufacturing	200,786	220,991	-20,205
Construction	182,247	172,136	10,111
Accommodation and Food Services	156,315	139,217	17,098
Education and Training	155,900	158,036	-2,136
Financial and Insurance Services	139,689	97,526	42,163
Public Administration and Safety	113,542	92,429	21,113
Transport, Postal and Warehousing	127,671	108,417	19,254
Wholesale Trade	104,089	96,516	7,573
Other Services (Personal Services)	92,690	82,050	10,640
Information Media and Telecommunications	67,397	56,007	11,390
Arts and Recreation Services	38,184	44,975	-6,791
Electricity, Gas, Water and Waste Services	24,196	19,006	5,190
Agriculture, Forestry and Fishing	9,730	13,540	-3,810
Mining	6,324	7,301	-977
TOTAL EMPLOYED PERSONS	2,239,772	2,045,496	-194,276
TOTAL CITY POPULATION	4,504,000	3,996,000	

48 See labour force region data from the department of education, employment and workplace relations at www.deewr.gov.au. See also NSW Planning, *Population NSW Bulletin: No.12* (NSW Planning, Sydney, 2010), p.3. The above table is presented on the basis of changes made, in 2006, to the 1993 Australian New Zealand Standard Industrial Classification (ANZSIC) by the Australian Bureau of Statistics and its New Zealand counterpart. The category “property and business services” was transformed into three new divisions: “Administrative and Support Services”, “Professional, Scientific and Technical Services” and “Rental, Hiring and Real Estate Services.” See Australian Bureau of Statistics, *Australian and New Zealand Standard Industrial Classification 2006*, ABS Catalogue 1292.0 (Australian Bureau of Statistics, Canberra, 2006), p.12. For the sake of continuity with the earlier sections of this paper, the new ANZSIC categories have been subsequently folded back into their more traditional counterparts.

(b) General Features of Output and Trade

Sydney

New South Wales, as a state, remains the jurisdiction with the largest gross state product (GSP), with 32% of Australian GDP as shown in the accompanying table:

New South Wales Gross State Product: Value and Percentage of Australian GDP (2008-09)[49]

	Value
Australia	$1,253 billion
New South Wales	$402.3 billion (32% of Australian GDP)

New South Wales is also the jurisdiction with the largest two-way trade, although the state imports far more than it exports, as illustrated in the accompanying tables:

NSW Imports and Exports by Value: 2008-2009[50]

	Imports	Exports
Elaborately Transformed Manufactures	$60.6 billion	$7 billion
Travel	$7.9 billion	$8.4 billion
Fuels	$6.7 billion	$6.3 billion
Transportation	$5.9 billion	$3.3 billion
Simply Transformed Manufactures	$4.7 billion	$3 billion
Processed Food	$3.7 billion	$2.7 billion
Unprocessed Food	$628 million	$1 billion
Minerals	$306 million	$2 billion
Other Services	$8 billion	$5.6 billion
Other Manufactures	$2 billion	$ 3.3 billion
Other Primary Products	$387 million	$1.3 billion
TOTAL	$101 billion	$44.2 billion

Melbourne

Victoria, as a state, remains the jurisdiction with the second-largest gross state product (GSP), with 23% of Australian GDP as shown in the table below:

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49 Australian Bureau of Statistics (ABS), *Australian National Accounts: State Account*s, ABS Catalogue 5220.0 (Australian Bureau of Statistics, Canberra, 2009), p.14.

50 Market Information and Analysis Section, Department of Foreign Affairs and Trade, *Australia's Trade by State and Territory: 2008-09* (Department of Foreign Affairs and Trade Canberra, 2009), pp.18,19.

Victorian Gross State Product: Value and Percentage of Australian GDP (2008-09)[51]

	Value
Australia	$1,253 billion
Victoria	$291.6 billion (23% of Australian GDP)

Victoria is the jurisdiction with the fourth-largest two-way trade, and (like New South Wales) imports far more than it exports, as illustrated in the following tables:

Victorian Imports and Exports by Value: 2008-2009[52]

	Imports	Exports
Elaborately Transformed Manufactures	$39.7 billion	$7.7 billion
Travel	$5.4 billion	$8 billion
Fuels	$5.5 billion	$1 billion
Transportation	$4.1 billion	$1.6 billion
Simply Transformed Manufactures	$3.8 billion	$3 billion
Processed Food	$3.3 billion	$5.1 billion
Unprocessed Food	$783 million	$1.2 billion
Minerals	$136 million	$355 million
Other Services	$3.6 billion	$3 billion
Other Manufactures	$2.5 billion	$1.2 billion
Other Primary Products	$680 million	$1.3 billion
TOTAL	$69.7 billion	$33 billion

5. INDIVIDUAL SECTORS OF BUSINESS ACTIVITY: SYDNEY/MELBOURNE

(a) Property and Business Services

Property and business services, together with finance and insurance, are among the growth areas of the Australian economy, contributing approximately 20% of Australia's GDP. Property and business services alone contribute 12% to GDP.[53] As these two sectors have expanded, Sydney has become the centre for their activity. Jim Davidson pointed out in this context, "By 1983, 73 foreign banks had offices in Sydney, compared with six in Melbourne".[54] Investment in property, particularly in Sydney, was accelerated by investment from Japan. On a worldwide level, Japanese foreign direct investment increased dramatically during the 1970s and 1980s, as indicated below:

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51 Australian Bureau of Statistics (ABS), *Australian National Accounts: State Account*s, ABS Catalogue 5220.0 (Australian Bureau of Statistics, Canberra, 2009), p.14.

52 Market Information and Analysis Section, Department of Foreign Affairs and Trade, n.50, pp.38,39.

53 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Produc*t, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

54 Davidson, n.2, p.13.

Japanese Foreign Direct Investment (Worldwide): 1970s – 1980s (in yen)[55]

1971	288 billion
1982	2,030 billion
1989	9,000 billion

In 2008 Glenn Stevens, governor of the Reserve Bank of Australia, produced the following figures for the growth in contribution to GDP, by property and business services/finance and insurance, over 30 years between 1977 and 2007:

Property and Business Services/Finance and Insurance: Share of Australian GDP (1977 – 2007)[56]

1977	12.4%
2007	19.5%

In 2010 Sydney has a greater number of people employed in the property and business services sector than Melbourne: 354,314 in Sydney compared to 297,912 in Melbourne (see section 4 above). This is essentially because a greater number of property and business services sector firms belonging in the top 500 companies category are based in Sydney than in Melbourne, as indicated below:

55 Sara McKinney and Sei Yonekura, "Innovative Multinational Firms: Japan as a Case Study" in Alfred Chandler Jnr. And Bruce Mazlish (eds.), *Leviathans: Multinational Corporations and the New Global History* (Cambridge University Press, New York, 2005), p.12.

56 Glenn Stevens, "The Australian Economy: Then and Now", address to the *Inaugural Faculty of Economics and Business Alumni Dinner*, University of Sydney, 15 May 2008.

Property and Business Services (Firms Listed in Top 500 Companies): Sydney/ Melbourne[57]

Sydney	Melbourne
Australand	Adecco
CFS Retail Property Trust	Centro Properties Group
Chandler McLeod	KPMG
Chubb Security	Skilled Group
Compass	Spotless Group
Corporate Express	
Dexus Property Group	
Ernst and Young	
Goodman Group	
GPT	
Hays Specialist Recruitment	
HP Enterprise Service	
ISS Facility Services	
Lend Lease	
Meriton	
Mirvac	
PriceWaterhouseCoopers	
Sinclair Knight Merz	
Stockland	
Westfield	
WorleyParsons	

(b) Manufacturing

As outlined in section 2(c) above, by the 1930s, through the use of discriminatory tariffs against imports a substantial manufacturing base had been consolidated in Victoria, and then in NSW as well. Increased manufacturing production for the Second World War saw manufacturing's share of Australian GDP increase from 18.5% (in 1939) to 26.2% (by 1949) and then to 27% by 1973-74.[58] Australian manufacturers produced goods made primarily for the domestic market.[59]

During 1974-1975 there was an international recession. Another recession in global production then occurred between 1980 and 1982. During 1980, as a result of the global slump in business conditions, General Motors began to reduce the scale of its operations worldwide. In Sydney, as Frank Crowley has written, "GMH

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57 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual property and business services companies in the top 500.

58 Ian McLean, *Why was Australia so Rich?*, working paper 2005-11 (School of Economics, University of Adelaide, 2005), p.25; Bronwyn Fisher and Paul Gretton, *Productivity Growth and Australian Manufacturing Industry* (Industry Commission, Melbourne, 1997), p.15.

59 See Ian Cook, *An Analysis of the Competitiveness of the Manufacturing Sector in Australia between 1983 and 1996: Implications for Manufacturing Industry Policy* (PhD Thesis, University of Adelaide, 2006), p.116.

announced in July 1980 that it would close its Pagewood assembly plant".[60] The decline in employment in manufacturing in both Sydney and Melbourne in this period can be seen in the accompanying table:

Manufacturing Employment in Sydney and Melbourne: 1971 to 1981[61]

	Sydney	Melbourne
1971	353,498	337,590
1981	294,610	304,972

In subsequent years a major influence on the relative decline of manufacturing was the reduction in tariffs. By 2007 most imports only encountered tariff duties of around 5%.[62] By 2007, 75% of all cars purchased in Australia were imported.[63] Partially as a consequence of the greater flow of manufactured imports into Australia, by 2007 the share of manufacturing in GDP had slumped even further. Glenn Stevens, in his address mentioned above, provided the following figures for the decline in contribution to GDP by manufacturing between 1977 and 2007:

Manufacturing: Share of Australian GDP (1977 – 2007)[64]

1977	16.4%
2007	10.1%

This is not the place for a detailed review of these developments. It is enough to record that, by 2010, around 20,000 more people were employed in manufacturing in Melbourne than in Sydney (see section 4 above). It can also be noted, however, that the same number of firms in the top 500 companies category operate in the manufacturing sector in both cities, as indicated below:

60 Frank Crowley, *Tough Times: Australia in the Seventies* (William Heinemann, Melbourne, 1985), p.398.

61 Peter Spearritt, "Statistical Tables" in Jim Davidson, *The Sydney-Melbourne Book*, p.297.

62 Peter Dixon and Maureen Rimmer, "Optimal Tariffs: Should Australia Cut Automotive Tariffs Unilaterally?" in the *Economic Record*, vol.86, no.273, June 2010, , p.143. It should be pointed out that, in 2007, import duties on most imported motor vehicles were still around 10%.

63 Nixon Apple, Tim Harcourt, Peter Upton and Elizabeth Webster, *Review of Australia's Automotive Industry*, final report (Commonwealth of Australia, Canberra, 2008), p.162.

64 Stevens, n.56.

Manufacturing (Firms Listed in Top 500 Companies): Sydney/ Melbourne[65]

Sydney	Melbourne
ABB	Alcoa Australia
Aristocrat Leisure	Amcor
Arnotts Biscuits	Ansell
Astrazeneca	Bluescope
Bartter	BP
BOC Ltd	Cadbury
Boeing Australia	CSL
Bradken	ExxonMobil
Caltex	Fonterra
Coca Cola Amatil	Ford
CSR	Foster's Group
Diageo	GlaxoSmithKline
Downer EDI	GM Holden
Frito Lay Australia	Heinz Wattie's
George Weston Foods	Incitec Pivot
Goodman Fielder	Kraft Foods
Inghams	Mars
James Hardie	Murray Goulburn Co-operative
Kimberly-Clark	Nissan Motor
Lion Nathan	Nufarm
Manildra Milling	Orica
Merck Sharp and Dohme	Owens-Illinois
Nestle	Paccar Australia
Nippon Meat Packers	Pacifica
Norske Skog	PaperlinX
Nuplex	Phillip Morris
Olbia	Pratt Holdings
OneSteel	Qenos Holdings
Pall Filtrations and Separations	Ridley Corporation
Pernod Ricard	Robert Bosch
Pfizer	Shell
Sara Lee	Siemens
Sims Metal	Sigma Pharmaceuticals
UGL	Simplot Australia
Unilever	Toyota

(c) Finance and Insurance

The share of finance and insurance in Australia's GDP is around 8%.[66] As mentioned above, finance and insurance, together with property and business

65 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual manufacturing companies in the top 500.

66 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

services, are among the growth areas of the Australian economy. In combination, the big four banks have just over 76% of all banking (in terms of assets).[67] Their locations, assets and market capitalisation are as follows:

Big Four Banks: Location, Market Capitalisation and Assets (2010)[68]

	Market Capitalisation	Assets
Commonwealth Bank (Sydney)	$75.3 billion	$625.5 billion
Westpac (Sydney)	$62.2 billion	$594.2 billion
ANZ (Melbourne)	$54.7 billion	$506.7 billion
National Australia Bank (Melbourne)	$49.4 billion	$654.1 billion

The profits of the big four in 2009 were as follows:

Big Four Banks: 2009 After Tax profits[69]

Commonwealth Bank	$4.5 billion
Westpac	$3.5 billion
ANZ	$2.9 billion
National Australia Bank	$2.6 billion

As shown in the table below, the majority of the leading fund managers are based in Sydney:

67 David Richardson, *A Licence to Print Money: Bank Profits in Australia* (Australia Institute, Canberra, 2010), p.7.

68 Commonwealth Bank of Australia, *Profit Announcement: Half Year Ended 31 December 2009*, (Commonwealth Bank of Australia, Sydney, 2010), p.12; Westpac, *The Westpac Group Interim Financial Report: 31 March 2010* (Westpac, Sydney, 2010), p.22; National Australia Bank, *Full Year Results: 2009* (National Australia Bank, Melbourne, 2009), p.5; ANZ, *Australia and New Zealand Banking Group Limited: Half Year, 31 March 2010* (ANZ, Melbourne, 2010), p.8. For the market capitalisation of the big four banks, see *Financial Sector Profile* at www.asx.com.au. The assets of a bank are considered to include loans to companies and individuals, bonds and cash. See Anthony Coleman, *The Determinants of Supervisory Risk Ratings of Australian Deposit-Taking Institutions* (PhD Thesis, University of NSW, 2008), p.67.

69 Richardson, n.67, p.3.

Leading Funds Managers (and Funds under Management): 2009[70]

Commonwealth/CFS (Sydney)	$138 billion
AMP (Sydney)	$92 billion
NAB/MLC (Melbourne)	$85 billion
Vanguard Investments (Melbourne)	$76 billion
Macquarie Group (Sydney)	$73 billion
AXA (Melbourne)	$59 billion
ING-ANZ (Melbourne)	$39 billion
Westpac/Bankers Trust (Sydney)	$31.7 billion
Barclays Global Investors (Sydney)	$31 billion
Perpetual (Sydney)	$26.2 billion
Russell Investment Management (Sydney)	$21.6 billion

In 2010 Sydney has a greater number of people employed in finance and insurance, 139,689 people compared to 97,526 in Melbourne. On the other hand, as listed below, Melbourne and Sydney have nearly the same number of firms in the top 500 companies category in the finance and insurance sector:

70 Australian Securities and Investments Commission (ASIC), *Sale and Distribution of Investment Products to Retail Investors* (ASIC, Sydney, 2009), p.8. See also Commonwealth Bank, *Submission to the Super System Review* (Commonwealth Bank, Sydney, 2009), p.1; NAB/MLC, *Submission to the Super System* Review (NAB/MLC, Melbourne, 2010); Craig Dunn, *AMP - Moving Forward* (AMP, Sydney, 2009), p.5; Shemara Wikramanayake, *Macquarie Group Limited – Operational Briefing* (Macquarie Group Limited, Sydney, 2009), p.6; Andrew Penn, *Axa Asia Pacific Holdings – London and New York Roadshow* (Axa Asia Pacific Holdings, Melbourne, 2010), p.15; Westpac Group, *Full Year 2009 Results (*Westpac Group, Sydney, 2009), p.29; Mike Smith, *Acquisition of ING Australia and ING NZ Joint Venture: Transaction Overview* (Australia and New Zealand Banking Group Limited, Melbourne, 2009); Ipac, *Barclays Global Investors Limited* (Ipac Portfolio Management Limited, Sydney, 2009), p.1; Perpetual, *Annual Review: 2009* (Perpetual, Sydney, 2009), p.8; Ipac, *Vanguard Investments Australia* (Ipac Portfolio Management Limited, Sydney, 2009), p.1.

Finance and Insurance (Firms Listed in Top 500 Companies): Sydney/ Melbourne[71]

Sydney	Melbourne
ACE	ANZ
Alliance Australia	Australian Unity
American Express	Axa Asia Pacific
AMP	Bendigo and Adelaide Bank
Catholic Superannuation Fund	CARE Super
Challenger Financial Services	Catholic Superannuation Fund
Citigroup	Computershare Ltd
Colonial Mutual Life	Construction and Building Unions Superannuation
Commonwealth Bank Australia	Emergency Services Superannuation
Deutsche Australia	Equip Super
Hannover Life Reinsurance	Esanda Finance Corporation
HSBC	GE CF and CEF Holdings
ING Australia	GMHBA Ltd
Insurance Australia Group	Health Employees Superannuation Trust
Lloyds Australia	Health Super Fund
Macquarie Group	Hostplus Super
Non-Government Schools Superannuation Funds	JGL Investments
Orix Australia	Labour Union Co-operative Retirement Fund
Qantas Superannuation Plan	Local Authorities Superannuation Fund
QBE Insurance	Medibank Private
Rabobank	National Australia Bank
Retail Employees Superannuation Fund	Unisuper
Washington H. Soul Pattinson	Victorian Superannuation Fund
Westpac	
Zurich Financial Services Australia	

(d) Mining

In 2008-09 the contribution of the minerals industry to Australian GDP was 7.7%.[72] As outlined in section 2(b) above, it was via the development of the gold mining industry in Victoria that Melbourne became the centre of mining finance in Australia. It is still the centre for the two biggest mining operators in the country: BHP Billiton and Rio Tinto. Sydney, by contrast, is the location for the company headquarters of Centennial Coal and Xstrata.

[71] See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual finance and insurance companies in the top 500.

[72] Australian Bureau of Statistics, *Australian System of National Accounts*, ABS Catalogue 5204.0 (Australian Bureau of Statistics, Canberra, 2009), pp.7, 28.

Mining (Firms Listed in Top 500 Companies): Sydney/ Melbourne

Sydney	Melbourne
Centennial Coal[73]	BHP
Mitsubishi Development	Rio Tinto
Oil Search	
Xstrata	

(e) Construction

The contribution of building and construction to GDP is around 7%.[74] In 2003 the Royal Commission into the Building and Construction Industry estimated the NSW and Victoria share of the national industry as follows:

Australian Building and Construction Industry 2002: Percentage Shares of National Total (NSW and Victoria)[75]

New South Wales	35%
Victoria	23%

Sydney has a greater number of people employed in the building and construction sector than Melbourne: in 2010 there were 182,247 people employed in building and construction in Sydney compared to 172,136 in Melbourne (see section 4 above). All 5 companies listed in the top 500 category that operate in building and construction are based in Sydney, as indicated below:

Construction (Firms Listed in Top 500 Companies): Sydney/ Melbourne[76]

Sydney	Melbourne
Bilfinger Berger	
Brookfield Multiplex	
Hanson (Building Supplies)	
Laing O'Rourke	
Leighton Holdings (Hochtief)	

73 Centennial Coal began operations as a private company (Preston Coal) in 1989, and then listed on the stock exchange in 1994 as Centennial Coal. In 2002 the Carr Government (after previously transferring the functions of the state-owned Pacific Power to Eraring Energy) then sold off the government-owned coal supply arm of Pacific Power (Powercoal) to Centennial. 80% of Centennial's output is now taken by NSW power stations. See Matt Chambers, "Two Decades on, a Small Start Yields a Big Pay Day" in *The Australian*, 2 August 2010, p.24.

74 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

75 Royal Commission into the Building and Construction Industry, *Final Report* (Royal Commission into the Building and Construction Industry, Melbourne, 2003) vol.III, *National Perspective*, part 1, p.54. For financial year 2001-02, the commission estimated the total national value of building and construction activity in Australia at around $59.7 billion.

76 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual construction companies in the top 500.

(f) Health

The share of the health sector in Australian GDP is around 6%.[77] In 2006 there were just over 28,000 more people employed in health and community services sector in NSW than in Victoria (see section 4 above). The sector is a large area of activity because of the substantial amounts of money expended on health. In the public arena, in financial year 2006-07, federal and state governments provided $27 billion for public hospital services.[78] In the private arena, expenditure on private hospitals amounted, in 2007-08, to $7.7 billion. Of this amount, around 70% (approximately $5.5 billion) came from the private health insurance funds. Of this $5.5 billion, in turn, around $3.75 billion came from the funds themselves, while the other $1.75 billion came from the federal government via the health insurance rebate scheme.[79] The following tables provide the basic figures for the health and community services sector in the two states:

Public and Private Hospitals in NSW and Victoria: 2007-08[80]

	NSW	Victoria
Public Hospitals	228	148
Private Hospitals	172	148

Admissions to Public and Private Hospitals in NSW and Victoria (approx.): 2007-08[81]

	NSW	Victoria
Public Hospitals	1,466,737	1,351,172
Private Hospitals	857,920	802,291

Salaried Medical Officers and Nurses in Public Hospitals in NSW and Victoria: 2007-08[82]

	NSW	Victoria
Salaried Medical Officers	8,353	6,783
Nurses	36,723	27,024

77 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditu re and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

78 Department of Health and Aging, *The State of Our Public Hospitals* (Department of Health and Aging, Canberra, 2009), p.6.

79 Australian Institute of Health and Welfare, *Health Expenditure Australia: 2007-08* (Australian Institute of Health and Welfare, Canberra, 2009), p.60.

80 Department of Health and Aging, n.78, p.11.

81 Australian Institute of Health and Welfare, *Australian Hospital Statistics: 2007-08* (Australian Institute of Health and Welfare, Canberra, 2009), p.330.

82 Australian Institute of Health and Welfare, n.81.

Salaried Medical Officers and Nurses in Private Hospitals in NSW and Victoria: 2008-09[83]

	NSW	Victoria
Salaried Medical Officers	1,082	818
Nurses	6,929	7,530

There is one more major private health concern in the top 500 companies category based in Sydney than in Melbourne, as indicated in the accompanying table:

Health (Firms Listed in Top 500 Companies): Sydney/ Melbourne[84]

Sydney	Melbourne
HCF	British United Provident Association (BUPA) Asia Pacfic
Sonic Healthcare	Healthscope
St. Vincent's Health Australia	

(g) Retail

The contribution of the retail sector to Australian GDP is around 5%.[85] In the retail sector there were, in 2010, 741 more people employed in Melbourne than in Sydney (see section 4 above). Amongst firms in the top 500 companies category in the retail sector, two less are based in Melbourne than in Sydney, as illustrated below:

Retail (Firms Listed in Top 500 Companies): Sydney/ Melbourne[86]

Sydney	Melbourne
David Jones	7-Eleven
Franklins	Barloworld
McDonald's	Myer
Metcash	Ritchie's Stores
Nuance Group	Spotlight
Suttons Motors	
Woolworths	

83 Australian Bureau of Statistics, *Private Hospitals*, ABS Catalogue 4390.0 (Australian Bureau of Statistics, Canberra, 2010), p.31.

84 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual health companies in the top 500.

85 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

86 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual retail companies in the top 500.

(h) Wholesale

The share of wholesale in Australia's GDP is around 5%.[87] As Australian business has become more sophisticated, wholesaling has grown as importers have expanded their businesses to bring in the increasingly complex equipment that Australian companies require. For example, as John Gunn wrote, to accompany the arrival of the new jumbo jets (which flew their inaugural flight for Qantas, in 1971) the company acquired an additional 18 acres of land on the northern boundary of Mascot for the building of "Five underground floors. . .to house Australia's largest computer centre".[88]

The decline of manufacturing in Australia has also contributed to an increase in imports. Deborah Dark and John Hawkins wrote that,

> Australia imported $133 billion of goods in 2003-04. . .Some of the major types of imported goods are cars ($12 billion in 2003-04), machinery ($11 billion), fuel ($110 billion), food and beverages ($5 billion), clothing and footwear ($5 billion), computers ($5 billion), household electrical goods ($4 billion), telecommunications equipment ($4 billion) and aeroplanes ($3 billion).[89]

As Japan became Australia's major trading partner from the mid-1960s to 2005, and as increasing amounts of manufactured imports were sourced from Japan, NSW was able to attract Japanese wholesaling firms into establishing their headquarters in Sydney. One instance is Mitsui, which in 1996 was ranked 16th out of the top 20 companies in Australia.[90] This in part accounts for the fact that, in 2010, there are over 7,500 more people employed in Sydney in the wholesale sector than in Melbourne. There are also 12 more companies in the top 500 companies category in the wholesale sector in Sydney than in Melbourne, as shown below:

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87 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

88 John Gunn, *High Corridors: Qantas 1954-1970* (University of Queensland Press, Brisbane, 1988), p.426.

89 Deborah Dark and John Hawkins, *Why Have Australia's Imports of Goods Increased So Much?* (Australian Treasury, Canberra, 2005), p.34.

90 See Instate Pty Ltd, *Japanese Trading Companies: Their Role in Australia's Economic Development* (Instate Pty Ltd, Sydney, 1997), pp.v, 34.

Wholesale (Firms Listed in Top 500 Companies): Sydney/ Melbourne[91]

Sydney	Melbourne
AHP	BMW Australia
Apple	CITIC Australia
Australian Pharmaceuticals Industries	Daimler Australia
Balverona	Danks Holdings
Bidvest	Ericsson
Canon	Hewlett-Packard
Cisco Systems	Honda Australia
CNH	Kodak
Crane Group	Lawrence and Hanson
Dimension Data	Liberty Oil Holdings
Electrolux	Mitre 10
Fuji Xerox	Mitsubishi Australia
Fujitsu	NEC Austalia
Hyundai	PFD Food Services
IBM Inchcape	Reece Australia
Ingram Micro	State Logistics
Itochu	
Johnson and Johnson	
Komatsu	
LG Electronics	
Mitsui	
Nokia	
Panasonic	
PMP	
Samsung	
Schneider	
Sumitomo	
Toshiba	

(i) Transport and Storage

The share of transport and storage in Australia's GDP is around 4.5%.[92] In shipping, Melbourne is the leading port in the country, as Jonathan Bunker and his colleagues relate:

> Port of Melbourne is the gateway to the rest of the nation and the export gateway to the world. The Port of Melbourne is the largest container port in Australia and handles about 39 per cent of the nation's container trade.[93]

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91 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual wholesale companies in the top 500.

92 Bureau of Infrastructure, Transport and Regional Economics, *Australian Transport Statistics: June 2008* (Bureau of Infrastructure, Transport and Regional Economics, Canberra, 2008), p.5.

93 Jonathan Bunker, Luis Ferreira and Piyapatroomi Noppadol, *Freight Intermodal Transport Systems for Port of Brisbane*, *Melbourne and Sydney* (School of Urban Development, Queensland University of Technology, Brisbane, 2006), p.12.

In 2008-09, around 350,000 more containers were processed through the Port of Melbourne than through Sydney, as shown below:

Australian Ports Container Throughput: 2008-09[94]

Port	Containers
Melbourne	2,157,352
Sydney	1,784,017
Brisbane	896,199
Perth (Fremantle)	565,491
Adelaide	267,438

With shipping being the dominant mode of global transport both in the nineteenth century and in the first half of the twentieth century, and with Melbourne being the main port of entry for goods into Australia, a number of the major shipping companies in Australia were based in Melbourne. Howard Smith, for instance, was established in Melbourne in 1914.[95]

During the second half of the twentieth century, aircraft began to replace shipping as the dominant form of global transport. Whereas Melbourne was the principal port of call in the realm of sea transport, Sydney became the main port of call in the area of air transport. This was signalled in 1938 when QANTAS moved its national headquarters from Brisbane to Sydney.[96] By the 1960s, with QANTAS based in Sydney, the latter clearly established itself as the pre-eminent port of arrival for international air travellers, as highlighted in the accompanying table:

International Arrivals and Departures (Sydney/Melbourne): 1965 - 1966[97]

Sydney	424,000
Melbourne	42,000

Sydney retains its ascendancy in air transport in the twenty-first century, as demonstrated by figures for both passenger movements and for airfreight imported and exported at Australian airports:

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94 See "Statistics" on the website of Ports Australia at www.portsaustralia.com.au. The basic technical trade term for a container is "twenty-foot equivalent unit" or TEU.

95 Australian Stock Exchange, n.5.

96 Peter Rimmer, "Australia through the Prism of Qantas: Distance Makes a Comeback" in the *Otemon Journal of Australian Studies*, vol.21, 2005, p.141.

97 Peter Spearritt, *State of Play: 100 Years of Tourism in New South Wales 1905-2005* (Tourism New South Wales, Sydney, 2005), p.44.

Passenger Movements at Sydney/Melbourne Airports: 2001-2007[98]

	2001	2007
Sydney	23,150,121	31,016,186
Melbourne	15,967,430	22,156,871

Airfreight (Combined Import/Export Shipments by Value and Volume) at Sydney/Melbourne Airports: 2006[99]

Sydney	$33.9 billion (298,200 tonnes)
Melbourne	$14 billion (208,100 tonnes)

In 2010 there are over 19,000 more people employed in transport and storage in Sydney than in Melbourne (see section 4). On the other hand, Sydney and Melbourne have the same number of firms in the transport and storage sector in the top 500 companies category, as indicated below:

Transport and Storage (Firms Listed in Top 500 Companies): Sydney/ Melbourne[100]

Sydney	Melbourne
Brambles	ANL
DP World Holdings	Asciano
Intoll Group[101]	Australian Air Express
Map Group	Leaseplan Australia
QANTAS	Linfox
Southern Cross Airports Corporation	Toll
TNT	Transurban

(j) Education

The contribution of education to Australia's GDP is around 4.5%.[102] Education has expanded rapidly, as a commercial area of activity, with the concerted efforts of the Hawke/Keating/Howard governments to attract overseas students to study at

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98 Douglas Baker and Aaron Walker, "Meeting the Challenges of Increased Passenger Movements for Airports in Australia", paper presented at the *Queensland Spatial Conference*, 17-19 July 2008, Gold Coast, Australia.

99 Sinclair Knight Mertz (SKM), *The Economic Impact of Melbourne Airport* (SKM, Melbourne, 2008), p.16. In financial year 2005-06, amongst airlines carrying freight (both in and out of Australia), Qantas transported the greatest amount (26.6% of the total). See *Moving Business Forward: Australian Expertise in Transport and Logistics* (Focus Publishing, Sydney, 2008), p.56.

100 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual transport and storage companies in the top 500.

101 Intoll was split off by Macquarie Infrastructure in 2009. Intoll currently operates the M7 motorway in Sydney. See Matt O'Sullivan, "Bad MIG Suddenly Comes Good" in the *Sydney Morning Herald* (Business Day), 18 June 2010, p.1.

102 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

Australian universities. This is evident in the growth in the numbers of overseas students studying in Australian universities:

Domestic and International Students at Australian Universities: 1989 - 2007[103]

Year	Australian Students	Overseas Students	Overseas Students as a Percentage of Total
1989	420,066	21,010	5%
1997	595,853	62,996	10%
2007	756,747	273,099	26.6%

The development of the sector as an export industry is demonstrated in the growth in the value of education exports from 1991-92 to 2009:

Export Income from Education Services: 1991-92 to 2009[104]

1991-92	$1.2 billion
2009	$18.6 billion

Melbourne has one more organisation in the education sector in the top 500 companies category than Sydney, as indicated in the accompanying table:

Higher Education (Institutions Listed in Top 500 Companies): Sydney/ Melbourne[105]

Sydney	Melbourne
University of NSW	Monash
University of Sydney	Royal Melbourne Institute of Technology
	University of Melbourne

The statistics for the above organisations, in regard to their overseas enrolments, are as follows:

103 Ian Dobson, "Overseas Students in Australian Higher Education: Trends to 1996" in *People and Place*, vol.5, no.1, 1997, p.2; Denise Bradley, Helen Nugent and Bill Scales, *Review of Australian Higher Education: Final Report* (Department of Education, Employment and Workplace Relations, Canberra, 2008), p.70.

104 House of Representatives Standing Committee on Economics, Finance and Public Administration, *Servicing Our Future: Inquiry into the Current and Future Directions of Australia's Services Export Sector* (House of Representatives Standing Committee on Economics, Finance and Public Administration, Canberra, 2007), p.97; Australian Education International, *Export Income to Australia from Education Services* available at http://aei.dest.gov.au/AEI/PublicationsAndResearch/Snapshots/Default.htm.

105 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual education institutions in the top 500.

Overseas Enrolments (Higher Education Institutions Listed in Top 500 Companies): Sydney/ Melbourne (2009)[106]

Institution	Number of Overseas Students
Royal Melbourne Institute of Technology	24,743
University of New South Wales	24,269
Monash University	15,478
University of Sydney	10,319
University of Melbourne	10,133

Although Melbourne has one more educational institution in the top 500 companies category than Sydney, and has more than 2,000 people employed in the sector than Sydney, NSW as a whole has more overseas students than Victoria. This is because many students study at smaller institutions that are not in the top 500 companies category. The figures for overall overseas student enrolments in NSW and Victoria are as follows:

Overseas Higher Education Student Enrolments (NSW and Victoria): 2009[107]

New South Wales	68,739
Victoria	63,971

On an overall level, in relation to overseas students the export side of education consists both of university education and vocational education and training (VET). On an Australia-wide basis, in 2009 there were approximately 196,007 overseas students in higher education, compared to 189,021in VET.[108] Regarding export income from education services (both in regard to overseas students in higher education and in regard to overseas students in VET), NSW is the highest earning state, as the following table illustrates:

106 Royal Melbourne Institute of Technology, *Annual Report: 2009* (Royal Melbourne Institute of Technology, Melbourne, 2009); University of NSW figures at http://www.pso.unsw.edu.au/statisticsdocs/briefenrolments.html); for Monash University see *Pocket Statistics 2009* (University Planning and Statistics, Monash University, Melbourne, 2009); University of Melbourne, *Annual Report: 2009* (University of Melbourne, 2010), p.14.

107 Australian Education International, *International Student Enrolments in Higher Education 2009* available at http://aei.dest.gov.au/AEI/PublicationsAndResearch/Snapshots/Default.htm.

108 Australian Education International, *International Student Numbers 2009* available at http://aei.dest.gov.au/AEI/PublicationsAndResearch/Snapshots/Default.htm.

Export Income from Education Services (Australia): 2009[109]

New South Wales	$6.8 billion
Victoria	$5.8 billion
Queensland	$2.7 billion
Western Australia	$1.2 billion
South Australia	$990 million
Australian Capital Territory	$292 million
Tasmania	$149 million
Northern Territory	$33 million

(k) Tourism

In 2007-08 the share of tourism in Australia's GDP was around 3.6 %.[110] 75 per cent of tourism's share of Australian GDP is attributable to travel by domestic tourists.[111] Despite the fact that Melbourne has more exhibition venue capacity than Sydney,[112] and despite the fact that in 2007 Victoria spent $55 million on funding major events compared to $6.4 million spent by NSW,[113] the latter leads Victoria in the most important area of tourist activity. NSW had 34% of all overnight domestic trips in 2009, compared to Victoria's 24%.[114] This is highlighted by the figures for nights spent by domestic visitors in NSW, compared to Victoria:

Nights Spent by Domestic Visitors in NSW/Victoria: 2008[115]

New South Wales	81.6 million
Victoria	52 million

Even in the realm of international visitors to Australia, Sydney still attracts more visitors than Melbourne, as the accompanying table demonstrates:

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[109] Australian Education International, *Export Income to Australia from Education Services in 2009* available at http://aei.dest.gov.au/AEI/PublicationsAndResearch/Snapshots/Default.htm.

[110] Department of Resources, Energy and Tourism, *Tourism Industry: Facts and Figures at a Glance* (Department of Resources, Energy and Tourism, Canberra, 2010), p.36.

[111] Tourism Research Australia, *Changing Consumer Behaviour: Impact on the Domestic Tourism Market* (Tourism Research Australia, Canberra, 2007), p.1.

[112] In 2007 Melbourne had 30,000 square metres of exhibition space, compared to 27,000 for Sydney. See Cliff Wallace, "The Global Exhibition Venue Industry: Is There an Oversupply of Space?", paper presented at the *Fifth International CEO Forum*, Barcelona, January 2007, p.32.

[113] John O'Neill, *Review into a Possible Events Corporation for New South Wales* (NSW Government, Sydney, 2007), pp.16,21.

[114] Department of Resources, Energy and Tourism, n.110, p.34.

[115] Tourism Forecasting Committee, *Forecast: 2009 Issue 2* (Tourism Research Australia, Canberra, 2009), pp.82, 83.

International Visitors to Sydney and Melbourne: 2009[116]

Sydney	2.5 million
Victoria	1.43 million

In 2010 there were over 17,000 more people working in the tourism sector ("accommodation, restaurants and cafes") in Sydney than in Melbourne. However, despite having fewer domestic visitors, and fewer international visitors, Melbourne hosts the two firms in the tourism sector that are in the in the top 500 companies category:

Tourism (Firms Listed in Top 500 Companies): Sydney/ Melbourne[117]

Sydney	Melbourne
	Consolidated Travel
	Crown Casino

(l) Communications

In 2007-08 the contribution of communications to Australia's GDP was around 2.5%.[118] As outlined in section 2(b), with the temporary hosting of the national Parliament in Melbourne from 1901–1927, Melbourne was also designated as the location for the new national government's postmaster-general's department. Although letters and telegrams were the principal means of communication at the time of federation, telephone communication soon began to supersede telegrams. During the late 1950s, subscriber trunk dialling (STD) was introduced in small areas of Melbourne and Sydney. By 1977, nearly 73% of Australian households had a telephone and, by the early 1980s, most households could dial direct anywhere in Australia using STD.[119] By 1991, Telecom (as it had become under the Whitlam government) was able to claim that the entire amount of its investment in Australia had now reached $40 billion.[120]

In 1997 the Howard government sold off 30% of (what had become) Telstra. Two years later it sold another 16.6%. In 2006 the Howard government sold off a further 30%: placing the remaining 20% in a Future Fund.[121] In 2009 there were 31,662 full-time staff working at Telstra nationally and the company's assets

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116 Tourism Research Australia, *International Visitors in Australia: Quarterly Results of the International Visitor Survey* (Tourism Research Australia, Canberra, 2009), p.19.

117 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual tourism concerns in the top 500.

118 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

119 Ann Moyal, *Clear Across Australia: a History of Telecommunications* (Nelson, Melbourne, 1984), p.353.

120 *The Australian*, 24 April 1991, p.5.

121 Axel Burns and Leila Green, ".au: Australia: in Patricia Arinto and Felix Librero (eds.), *Digital Review of Asia Pacific 2007-2008* (Sage Publications, New Delhi, 2008), p.90.

remained at around $40 billion. Telstra had 7.7 million fixed line customers and just over 10 million mobile phone subscribers.[122]

In 1992 the Keating government granted a licence to another company to provide telephone services in Australia: Optus (a company in which Cable and Wireless, or C and W, of Britain held a substantial interest). In 2001, Singapore Telecommunications (SingTel) bought C and W's majority share. Optus is headquartered in Sydney and employs around 10,500 people nationally.[123] Because of Telstra's dominance in the provision of fixed line services, Optus has concentrated on mobile phones. In 2009 Optus had around 8.5 million mobile phone subscribers compared to just over 1 million fixed line customers.[124]

The third major phone company operating in Australia is Vodafone Hutchison Australia (VHA). VHA's operations originated in 1992 when the British company Vodafone (the world's leading mobile telecommunications company) obtained a licence from the Keating government to begin operating in Australia. In 2009 Vodafone established a 50:50 joint venture with Hutchison 3G Australia forming the present VHA. By the end of 2009, VHA had just over 6.8 million mobile phone subscribers.[125]

The fourth telephone operator, in the top 500 category, is AAPT: formed in 1991 as a joint venture between AAP news services and Fairfax. In 2000 AAPT was fully acquired by Telecom New Zealand (TCNZ). Five years after being taken over by TCNZ, AAPT had 4% of the telecommunications market and employed around 1,400 staff.[126] As described by Paul Budde, AAPT's strategy has been "centred on leveraging proprietary network infrastructure" (essentially that owned by Telstra) and delivering high-bandwith "fibre optic cable to buildings of high-volume customers". AAPT has an 18% interest in iiNet: the (Perth-based) third-largest internet service provider in Australia. In July 2010, AAPT sold its stake in iiNet and the latter, in turn, acquired the consumer division of AAPT (including 113,000 broadband subscribers and 251,000 subscribers in other services).[127]

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122 Telstra, *Annual Report: 2009* (Telstra, Melbourne, 2009), pp.ii,10,21,

123 See Liam Tung, *Prepaid Floats Optus Customers' Boats*, 11 November 2009 available at www.zdnet.com.au.

124 Singtel, *Singapore Telecommunications Limited and Subsidiary Companies: Management Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows for the Fourth Quarter and Year Ended 31 March 2010* (Singtel, Singapore, 2010), pp.45,49.

125 Stuart Corner, *Optus Maintains Mobile Subscriber Lead over VHA*, 9 February 2010 available at www.itwire.com.

126 Emagine International, "AAPT: Driving Cross-Sell and Retention in a Convergent Telecommunications Company", presentation to the *IRR Conference*, Hongkong, 11 May 2005.

127 Paul Budde, "Australia – Telco Company Profiles – 2nd Tier", January 2010, available at www.researchandmarkets.com/reports. See also, David Symons, "Telco Jockeying Puts iiNet into the Frame" in the *Sydney Morning Herald* (*Business Day*), 15 June 2010, p.7 Mitchell Bingemann, "How iiNet Beat the Pack to Acquire AAPT Division" in *The Australian*, 31 July 2010, p.27..

Telstra has a commanding position in the telecommunications industry. The general standing of the three major telecommunications companies, in relation to each other, was described by Rob Albon in 2007, as follows:

> Telstra (domestic revenue of $21.3 billion) is approximately three times larger than Optus ($7.3 billion). . .[while] Optus is nearly four times larger than the third largest carrier (Vodafone). Together Telstra and Optus generate approximately 77 per cent of total domestic telecommunications industry revenue.[128]

Although Sydney has three out of four communications firms that are listed in the top 500 companies category, Telstra's pre-eminent position in the marketplace should not be overlooked. The geographical distribution of the leading companies is set out below:

Communications (Firms Listed in Top 500 Companies): Sydney/ Melbourne[129]

Sydney	Melbourne
AAPT (Telecom New Zealand)	Telstra
Singtel Optus	
Vodafone Australia	

(m) Electricity, Gas and Water

The share of the electricity, gas and water sector in Australia's GDP is around 2.5%.[130] In New South Wales the major part of the electricity sector is owned by the government. From 1950 until 1992 the electricity assets of the state were controlled by the Electricity Commission of NSW (ECNSW). In 1992 the Fahey government corporatised the ECNSW, renaming it Pacific Power. In 1996 the Carr government split Pacific Power into 3 government-owned instrumentalities: Pacific Power, Delta Electricity and Macquarie Generation. In 2000 the Carr government altered the structure of Pacific Power, transferring its generation functions, and generation assets, to Eraring Energy.[131] The three major power generators in NSW are therefore Delta Electricity; Eraring Energy; and Macquarie Generation.[132] Partly as a result of a large program of power station building by the ECNSW,

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128 Rob Albon, "Structural Change in Australian Telecommunications", paper presented at the *ITS Africa-Asia-Australasia Regional Conference*, Perth, 26-28 August 2007, p.2.

129 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual communications companies in the top 500.

130 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

131 NSW Treasury, *Performance of NSW Government Businesses 2000-01* (NSW Treasury, Sydney, 2002), p.4.

132 Anthony Owen, *Inquiry into Electricity Supply in NSW* (NSW Government, Sydney, 2007), p.2-10.

between the 1950s and the 1980s,[133] the capacity of the NSW electric power generation sector is significantly bigger than that of Victoria. The generation capacity in the two states in megawatts (MW) is as follows:

NSW/Victoria Electricity Generation Capacity: 2007-08[134]

New South Wales	11,940 MW
Victoria	8,383 MW

In late 1995, under the Carr government, the retailing of electricity, which had been carried out by 25 county councils, was placed in the hands of a number of government-owned but commercially orientated concerns. In late 1995 two of these corporatised concerns, Illawarra Electricity and Prospect Electricity, merged to form Integral Energy, an organisation with around 2 million customers.[135] In 2001 a further three of these corporatised operations merged to form Country Energy, an organisation which on its inception had 750,000 customers and 180,000 kilometres of powerlines.[136]

In Victoria, from the 1920s to the early 1990s, the electricity sector had similarly been in the hands of the government (through the State Electricity Commission of Victoria). However the Kennett government sold off the Victorian electricity generators and distributors. As Access Economics wrote, “Between 1995 and 1997 the government sold off twelve electricity business for a total of $19.7 billion. In 1999 it sold four gas businesses for $6.3 billion”.[137] Ownership of the major power stations was acquired by the following companies: Great Energy Alliance Corporation or GEAC (a combination of AGL, Tokyo Electric Power Company and Commonwealth Bank superannuation investors); International Power (of Britain); and TRUenergy (a subsidiary of China Light and Power).[138]

Retailing of electricity was acquired by the following consortia: Cheung Kong Infrastructure Holdings and Hong Kong Electric Holdings (trading as CHEDHA Holdings);[139] and the AMP and Macquarie Bank owned Diversified Utility and

133 See “The Story of Electricity Generation” in *Network*, vol.25, no.1, pp.1-5.

134 Clara Cuevas-Cubria, Apsara Maliyasena, Rebecca Petchey and Andrew Schultz, *Energy in Australia: 2010* (Australian Bureau of Agricultural and Resource Economics, Canberra, 2010), p.23.

135 John Arlidge, Peter Gill and Keith Orchison, *Powering Australia: The Business of Electricity* (Focus Publishing, Sydney, 2007), p.80.

136 See Country Energy, *Annual Report 2001-2002* (Country Energy, Sydney, 2002), p.2.

137 Access Economics, *Impact on Victoria of the Privatisation of the State’s Electricity and Gas Assets* (Access Economics, Canberra, 2001), p3.

138 NERA Economic Consulting, *The Wholesale Electricity Market in Australia: A Report to the Australian Energy Market Commission* (NERA Economic Consulting, Sydney, 2007), p.43. See also Lynne Chester, *What are the Outcomes and Who Benefits from the Restructuring of the Australian Electricity Sector* (PhD Thesis, University of NSW, 2007), p.223.

139 Andrea Sharam, *Market Segmentation and Domestic Electricity Supply in Victoria* (PhD Thesis, Swinburne University of Technology, 2005), p.51; see also “Corporate Information” available at www.powercor.com.au. According to Aries Poon and Alison Tudor, “The

Energy Trusts (DUET).[140] Electricity transmission lines were initially sold to GPU (of the USA) in 1997. Three years later, GPU sold its transmission business to Singapore Power International (SPI). In 2005 SPI launched SPAusnet as a public company.[141]

Gas and electricity supply, to domestic customers, was largely acquired by Origin Energy, AGL and TRUenergy: Origin and AGL being based in NSW.[142] NERA Economic Consulting wrote that, "These retailers have broadly similar market shares and, as at June 2007, Origin's market share was approximately 33 per cent, while AGL's and TRUenergy's were 28 per cent and 25 per cent respectively."[143] In 2007 the number of electricity and gas domestic customers – supplied by Origin, AGL and TRUenergy – was as follows:

Victorian Domestic Electricity Customers Supplied by AGL, Origin and TRUenergy: 2007[144]

Origin	660,666
AGL	651,077
TRUenergy	600,000

Victorian Domestic Gas Customers Supplied by AGL, Origin and TRUenergy: 2007[145]

Origin	547,988
AGL	505,435
TRUenergy	431,364

In the realm of water supply, the French company Veolia jointly built, and has a twenty-year contract to operate, the Sydney desalination plant. Veolia also operates waste collection services on behalf of local councils.[146]

Cheung Kong Infrastructure Consortium. . .controlled by Li Ka-shing. . .has invested in gas, water and road assets in Australia, Canada and Britain". See Aries Poon and Alison Tudor, "HK Tycoon to Buy UK Grids" in *The Australian*, 31 July 2010, p.30.

140 Australian Competition and Consumer Commission (ACCC), *State of The Energy Market: 2009* (ACCC, Melbourne, 2009), p.159. See also *AMP Capital and MBL to Joint Manage DUET with Intent to IPO*, Media Release, 18 March 2004.

141 Australian Competition and Consumer Commission (ACCC), *State of The Energy Market: 2009* , p.128.

142 NERA Economic Consulting, *The Gas Supply Chain in Eastern Australia: A Report to the Australian Energy Market Commission* (NERA Economic Consulting, Sydney, 2008), p.86.

143 NERA Economic Consulting, n.142.

144 Australian Energy Market Commission, *Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria*, first report (Australian Energy Market Commission, Sydney, 2007), pp.160, 163-164.

145 Australian Energy Market Commission, n 144, pp.160, 163-164.

146 Damon Frith, "How to Win Slowly" in *Business Review Weekly,* vol.32, no.1, 3-9 June 2010, p.25.

In 2010 there were over 5,000 more people employed in the area of electricity, gas and water supply in Sydney than in Melbourne. This reflects the fact that there are four more firms in the top 500 companies category in Sydney than in Melbourne, as can be seen in the table below:

Electricity, Gas and Water (Firms Listed in Top 500 Companies): Sydney/ Melbourne

Sydney	Melbourne
AGL	CHEDHA Holdings (Cheung Kong Infrastructure and Hong Kong Electric)
Country Energy	GEAC (AGL, Tokyo Electric Power Company and Commonwealth Bank superannuation investors)
Delta Electricity	SP Ausnet (Singapore Power)
Diversified Utility and Energy Trusts (DUET)	TRUenergy Holdings (China Light and Power)
Integral Energy	
Macquarie Generation	
Origin energy	
Veolia (Waste)	

(n) Publishing and Broadcasting

In 2007-08 the contribution of publishing and broadcasting to Australia's GDP was around 2%.[147] Sydney and Melbourne respectively have three of the oldest newspapers in Australia: the *Sydney Morning Herald* (founded in 1831 by the Fairfax family); the Melbourne *Herald* (established in 1840) and *The Age* (established in 1854 and subsequently owned by David Syme).[148] The peak of newspaper production occurred in 1923 when, according to Rod Tiffen, "there were 26 capital city dailies and 21 independent owners. The general trend since then has been towards a contraction of titles and a concentration of owners."[149]

Consolidation of ownership in newspapers not only became definite from the 1960s onwards but became concentrated in Sydney. *The Age* was acquired by the Fairfax family between the 1960s and 1970s, and the *Herald and Weekly Times* (formed from the Melbourne *Herald* owned by Sir Keith Murdoch from the 1920s until his death in 1952) was subsequently acquired in 1986 by his son Rupert Murdoch (owner of the Sydney-based News Limited).[150] As Kieran Lewis wrote in

147 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

148 See Victor Isaacs and Rod Kirkpatrick, *Two Hundred Years of Sydney Newspapers: A Short History* (Australian Newspaper History Group, Sydney, 2003), p.4.

149 Rod Tiffen, "The Press" in Stuart Cunningham and Graeme Turner (eds.), *The Media and Communications in Australia*, third edition (Allen and Unwin, Sydney, 2010), p.86.

150 Kieran Lewis, *Pluralism, Australian Newspaper Diversity and the Promise of the Internet* (PhD Thesis, Queensland University of Technology, 2004), p.83; Rod Kirkpatrick, *Press Timeline: Select Chronology of Significant Australian Press Events* (Australian Newspaper

2004:

> On a national and capital city level, Murdoch's 67.2% circulation share. . .in 1995 rose to a. . .67.9 per cent [share] of. . .[an Australia-wide] 2,345,173 circulation by 2002. . .Fairfax's circulation in this market peaked. . .[at] 21.6 per cent. . .by 2002.[151]

Radio was launched as a medium of information and entertainment in 1923 when 2FC began broadcasting in Sydney. By the 1940s there were 130 commercial radio stations throughout Australia.[152] Radio's popularity rose through it becoming a medium for sports broadcasting. Brian Stoddart has written that, "from the late 1920s. . .newspaper domination over. . .sports. . .was challenged by radio. . .radio could reach wider audiences, especially with the rise of networking".[153]

Television, which overtook radio after the first televised broadcasts were made in 1956, became similarly concentrated in Sydney. In 1956 the Fairfax family launched Channel 7 in Sydney.[154] In the same year, Australian Consolidated Press or ACP (owned by Sir Frank Packer) launched Channel 9 in Sydney. In 1960, ACP purchased GTV 9 in Melbourne to eventually create the Nine Network, the first commercial television network in Australia. In 1994 the Nine Network merged with ACP to form Publishing and Broadcasting Limited (PBL). A year later PBL was split into a gambling concern (Crown) and a new media group named Consolidated Media Holdings (CMH). Meanwhile in 1979 the Fairfax family had acquired 15% of Channel 7 in Melbourne and then, in 1987, sold their Channel 7 network to Christopher Skase's Quintex group. Six years later Kerry Stokes acquired a 19% share in Channel 7 and now owns 68%.[155]

FOXTEL was established as a cable (pay) television operation in 1995. Currently FOXTEL is owned 50% by Telstra (based in Melbourne), 25% by News Limited (Sydney) and 25% by CMH (Sydney).

As is evident from the above outline, as newspaper ownership became more concentrated, the base of that ownership shifted to Sydney. The same trend is evident in television broadcasting. This can be seen below:

History Group, Sydney, 2008).

151 Kieran Lewis, *Pluralism*, *Australian Newspaper Diversity and the Promise of the Internet*, p.22.

152 See *The History of Australian Radio* available at www.radio.adelaide.edu.au.

153 Brian Stoddart, "The Horses Started in Different Directions. . ." in Jim Davidson, *The Sydney-Melbourne Book*, p.255. Ernest Campbell wrote that, in 1957, newspaper proprietors also controlled "11 [directly] and. . .29 [indirectly] out of the total 108 stations broadcasting" in Australia. See Ernest Campbell, *The 60 Rich Families Who Own Australia*, p.264.

154 Rod Kirkpatrick, *Press Timeline: Select Chronology of Significant Australian Press Events*.

155 James Chessell, "Shareholders Welcome Seven Revamp" in *The Australian*, 3 June 2010, p.23.

Publishing and Broadcasting (Firms Listed in Top 500 Companies): Sydney/ Melbourne[156]

Sydney	Melbourne
APN	
Consolidated Media	
Fairfax Media	
FOXTEL	FOXTEL
News Limited	
PBL Media	
Seven Network	
Ten Network	

(o) Agribusiness

At one time the biggest agribusiness undertaking in Australia was the government-owned Australian Wheat Board (AWB). It was based in Melbourne. In 1989, the Hawke government decided to remove the role of the AWB in Australian domestic wheat sales. This eventually provided both the biggest food trader and processor in the USA (Cargill) with an opportunity to move into local wheat trading in Australia. A year after gaining office in the 2007 federal election, the Rudd government further amended the foundation of the AWB by gaining passage of the *Wheat Export Marketing Act 2008*, which established Wheat Exports Australia (WEA). WEA provides accreditation to bulk exporters. AWB remained, but as one of 19 accredited bulk wheat exporters, amongst whom are global traders such as Cargill and Louis Dreyfus.[157]

Meanwhile, as the AWB rose and then declined, other important grain trading enterprises were coming to prominence, this time in New South Wales. In the same year that the Hawke government decided to remove the role of the AWB in Australian domestic wheat sales, Nick Greiner's Liberal Party-National Party state government transformed the NSW Barley Marketing Board (supplier of barley to the brewing companies) into the NSW Grains Board (into which was merged the NSW Oilseeds Marketing Board, the NSW Oats Marketing Board and the NSW Grain Sorghum Marketing Board). A year later, as the office of premier of NSW passed from Nick Greiner to John Fahey, the NSW government oversaw the selling-off of the (by then corporatised) NSW Grain Handling Authority to the NSW graingrower controlled Prime Wheat Association (PWA). In 1997 the PWA listed the new entity, under the name GrainCorp on the stock exchange.[158] In the early years of the twenty-first century, GrainCorp went into partnership with Cargill.[159] In

156 See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual publishing and broadcasting companies in the top 500.

157 Wheat Exports Australia (WEA), *Submission to the Productivity Commission Inquiry into the Wheat Exporting Marketing Act 2008 and Wheat Export Accreditation Scheme 2008* (WEA, Melbourne, 2010), pp.4,12-14.

158 Kronos Corporate, *A Review of the Structural Issues in the Australian Grain Market* (Kronos Corporate, Melbourne, 2002), p.15.

159 Asa Wahlquist, "GrainCorp Surges on Merger Talks" in *The Australian*, 6 February 2003, p.21.

2009, GrainCorp merged with the American Company United Malt Holdings (in which Barrett Burston, the largest malting company in Australia, had become a component).[160] A year later, AWB and GrainCorp announced an intention to merge. As Philip Wen wrote, “GrainCorp is the larger partner in the deal, worth $1.2 billion. AWB is valued at $855 million.”[161]

Another major grain producers’ concern is the Rice Growers’ Co-operative of New South Wales. This had its origins in the 1920s. In 1985 the co-operative was reorganised as the Rice Growers’ Co-operative Limited. Fifteen years later the “Sunwhite” brand name was changed to “SunRice”. In 2005 the Morris Iemma’s ALP state government obtained passage of the *Rice Marketing Amendment (Prevention of National Competition Policy Penalties) Act* which allowed buyers, other than the Ricegrowers’ Co-operative Limited, to enter the domestic market. The Ricegrowers’ Co-operative Limited, however, remained the only authorised purchaser for NSW rice sold in international markets. At the same time the organisation changed its name to Ricegrowers Limited: trading as a grower-owned commercial operation.[162] In 2009, Ricegrowers made a profit of $76.8 million.[163]

In 2010 the contribution of agriculture/forestry/fishing to GDP is around 2½%.[164] There are nearly 4,000 more people employed in the agriculture/forestry/fishing sector in Melbourne than in Sydney. One the other hand, Sydney has two agribusiness firms in the top 500 companies compared to one in Melbourne, as indicated in the following table:

Agribusiness (Firms Listed in Top 500 Companies): Sydney/ Melbourne[165]

Sydney	Melbourne
Graincorp	AWB Ltd
Ricegrowers	

[160] NSW Farmers’ Association, *Submission to the Australian Competition and Consumer Commission: GrainCorp Ltd, Proposed Acquisition of United Malt Holdings* (NSW Farmers’ Association, Sydney, 2009), p.4.

[161] Philip Wen, “AWB Deal Heralds New Global Grain Giant” in the *Sydney Morning Herald* (Weekend Business), 31 July 2010, p.1.

[162] 80% of Ricegrowers Limited production is exported to Asia, the Pacific and the Middle East. Kiri-ganai Research Pty Ltd, *The Australian Rice Industry: Taking Stock and Setting Directions*, pp.79, 89-90.

[163] Eli Greenblat, “Ricegrowers Steals March on Mars” in the *Sydney Morning Herald* (Business Day), 13 July 2010, p.3.

[164] Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Product*, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

[165] See www.ibisworld.com.au/alliance/ceoforum/index.html for the position of individual agribusiness companies in the top 500.

(p) Personal and Other Services

Personal and other services include activities such as hairdressing, dry cleaning, funeral services and courier services. On an overall level, personal and other services contributes about 2% to gross domestic product.[166] Small businesses, understandably, predominate in this realm. Nevertheless, a considerable amount of employment is generated in this sector precisely because there are so many small concerns. As indicated in section 4 above, in 2010 there are over 10,600 more people employed, in personal and other services, in Sydney than in Melbourne.

(q) Arts and Recreation

Arts and recreation is an area which expanded between the 1970s and the 1990s. The sector includes activity such as film production, theatre production, music recording, libraries and museums. In 2008-09 the share of the sector, in GDP, was about 1½%.[167] Growth in employment in this area, Australia-wide, is detailed in the accompanying table:

People in Arts Professions (Australia): 1976 - 1996[168]

Year	People in Arts Professions	Average Annual Growth in Numbers	Percentage of Total Workforce
1976	29,400	2.2%	0.51%
1981	40,300	6.5%	0.64%
1986	51,900	5.2%	0.8%
1991	62,500	3.8%	0.9%
1996	80,000	5.1%	1.07%

In 2010, in the area of arts and recreation services, there were more than 6,700 people employed in Melbourne than in Sydney (see section 4 above).

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166 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Produc*t, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

167 Australian Bureau of Statistics, *Australian National Accounts: National Income, Expenditure and Produc*t, ABS Catalogue 5206.0 (Australian Bureau of Statistics, Canberra, 2008), p.63.

168 Hans Guldberg, *The Arts Economy 1968-1998: Three Decades of Growth in Australia* (Australia Council, Sydney, 2000), p.17.

6. SYDNEY AND MELBOURNE - DEMOGRAPHIC AND OTHER PROSPECTS

As Ellen Carson and William Mitchell wrote, in their study of regional employment growth, "The 1991 recession had a very serious and prolonged impact on VIC [Victoria]. . .[whereas in] NSW. . .the 1991 [recession] was less severe."[169] Indeed, as Sheila Newman pointed out, "In 1992-1996 Melbourne experienced strong negative interstate migration, much of it going to Queensland."[170] Responding to this challenge, both the Kennett and Bracks governments adopted a concentrated approach to reviving the fortunes of their home state. By 2002, the Bracks government had released the *Melbourne 2030* strategy, which planned for Melbourne to have a population of 4.5 million by that date.[171] Six years later, John Brumby (who replaced Steve Bracks as premier in August 2007) released *Melbourne@5million*. This was a revision of *Melbourne 2030* in which Melbourne's population was now projected to reach nearly 5 million even before 2030.[172]

A year after the release of the Bracks strategy, Bob Carr's NSW state government announced a new metropolitan strategy for Sydney. In May 2003 an initial Sydney Futures Forum was held, followed by a second in December 2004. Business representatives; officials of the department of planning; and representatives of local government all attended the gatherings.[173] In August 2005 Morris Iemma replaced Carr as Premier and, towards the end of 2005, his planning minister (Frank Sartor) released *City of Cities: A Plan for Sydney's Future* - effectively a response to the Bracks government's *Melbourne 2030*. In the section entitled "population growth", the projected figure for Sydney's population (by 2031) was 5.3 million.[174]

In 2008 the ABS produced the following projected figures for population in Sydney and Melbourne, in which, according to Series A only, Melbourne's population was projected to outgrow that of Sydney:

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[169] Ellen Carson and William, *Regional Unemployment Growth and the Persistence of Regional Unemployment Disparities* (Centre of Full Employment and Equity, University of Newcastle, 2003), pp.5, 7).

[170] Sheila Newman, *The Growth Lobby and its Absence: The Relationship between the Property Development and Housing Industries and Immigration Policy in Australia and France 1945-200 with Projections to 2050* (MA Thesis, Swinburne University, 2002), p.79.

[171] See *Melbourne 2030: Planning for Sustainable Growth* at www.dse.vic.gov.au/melbourne2030online/

[172] Department of Planning and Infrastructure, *Melbourne 2030: A Planning Update* Melbourne@5million (Department of Planning and Infrastructure, Melbourne, 2008), p.2.

[173] Daniel Kubler, *Problems and Prospects of Metropolitan Governance in Sydney: Towards "Old" or "New" Regionalism?* (City Futures Research Centre, University of New South Wales, Sydney, 2005), p.25.

[174] NSW Department of Planning, *City of Cities: A Plan for Sydney's Future* (NSW Department of Planning, Sydney, 2005), p.23.

ABS Population Projections: Sydney and Melbourne (2026 and 2056)[175]

	2026	2056
Sydney (Series A)	5,487,200	7,649,000
Melbourne (Series A)	5,272,300	7,970,700
Sydney (Series B)	5,426,300	6,976,800
Melbourne (Series B)	5,038,100	6,789,200
Sydney (Series C)	5,385,200	6,565,200
Melbourne (Series C)	4,861,700	6,100,900

In regard to Series A,[176], it should be pointed out there are factors running both for and against these projected figures. In its favour, median house prices in Melbourne are clearly less than those in Sydney, as the accompanying table highlights:

Median House Prices: Sydney/Melbourne (December 2009)[177]

Sydney	$595,745
Melbourne	$517,756

Undoubtedly, the difference in median house prices is a contributing factor to population inflows and outflows, or the "net internal migration", [178] between Sydney and Melbourne. In the early years of the 21st century, the outflow of population from Sydney has been consistently greater than that from Melbourne, as indicated below:

175 Australian Bureau of Statistics, n.176, p.7

176 Australian Bureau of Statistics, *Population Projections: Australia*, ABS Catalogue 3222.0 (Australian Bureau of Statistics, Canberra, 2008), pp.37, 52; Australian Bureau of Statistics, *Australian Social Trends*, ABS Catalogue 4102.0 (Australian Bureau of Statistics, Canberra, 2009), p.5. For population growth projections, the ABS uses three bases (which it terms "series"). Series A assumes a fertility rate of 2 babies per woman by 2021. It also assumes a figure of 220,000 immigrant arrivals annually between 2008 and 2011. Series A also assumes a net annual loss of population from NSW to other states of around 48,000 people each year. Series B assumes the fertility rate declining to 1.8 babies per woman by 2021 and a figure of 180,000 immigrant arrivals between 2008 and 2011, plus a net annual loss of population from NSW to other states of around 34,000 people each year. Series C assumes the fertility rate declining to 1.6 babies per woman by 2021 and a figure of 180,000 immigrant arrivals between 2008 and 2011, plus smaller interstate migration flows.

177 Australian Property Monitors, *House Price Report December2009* available at www.apm.com.au.

178 The Australian Bureau of Statistics defines the term as follows: "Net internal migration is the difference between the number of people who changed their usual residence by moving into a region, and the number who have changed their usual residence by moving out of that region during a specified time period. . ": Australian Bureau of Statistics, *Australian Social Trends*, ABS Catalogue 4102.0, p.2.

Net Internal Migration Sydney/Melbourne: 2000-2007[179]

	Sydney	Melbourne
2000	-27,800	-1,600
2001	-32,800	-4,200
2002	-43,300	+3,400
2003	-51,700	-1,900
2004	-41,400	-7,700
2005	-46,200	-8,500
2006	-45,900	-9,600
2007	-36,000	-10,000

On the other hand, a factor against the Series A scenario is that NSW appears to retain its lead as a destination for immigrants. Statistics for immigrant arrivals in NSW and Victoria are as follows:

Immigrant Arrivals in NSW and Victoria: 2004-05 to 2008-09[180]

	2004-05	2005-06	2006-07	2007-08	2008-09
Sydney	44,746	44,661	43,835	43,520	47,030
Melbourne	30,581	32,297	34,698	37,213	39,559

The ABS "Series B" appears the basis most frequently used by demographers and official bodies when they employ population statistics.[181] Thus Professor Bob Birrell of the Centre for Urban Population Research at Monash University stated in an recent interview with the Water Supply Association of Australia that:

> ABS Series A, which assumes 220,000 migrants per year, is highly unlikely to be sustained. Series B is more plausible and can be regarded as representing the high end of the projection spectrum. It is considered to be at the high end because of its net [overseas] migration assumption. Though reflecting the recent upsurge, its net migration assumption of 180,000 per year is still very high by comparison with every year over the past three

179 Australian Bureau of Statistics, *Population Projections: Australia*, ABS Catalogue 3222.0, p.35

180 Department of Immigration and Citizenship, *Settler Arrivals: 2008-2009* (Department of Immigration and Citizenship, Canberra, 2009), pp.22, 29.

181 Martin Bell (professor of demography at the University of Queensland) wrote that amongst the "three variants - labelled Series A (high), Series B (medium) and Series C (low). . .most users [of these projections]. . .consider the medium variant as the most likely population future.": Martin Bell and Tom Wilson, "Australia's Uncertain Demographic Future" in *Demographic Research*, vol.11, no.8, September 2004, p.222. The department of prime minister and cabinet, in its background material for the Australia 2020 Summit, used Series B assumptions for its projections of capital city population growth: Department of Prime Minister and Cabinet, *Australia 2020 Summit: Population, Sustainability, Climate Change, Water and the Future of Our Cities* (Department of Prime Minister and Cabinet, Canberra, 2008), p.18. The National Centre for Social and Economic Modelling, at the Australian National University, used Series B projections in its 2004 report on informal care and an ageing population: National Centre for Social and Economic Modelling, *Who's Going to Care? Informal Care and an Ageing Population* (National Centre for Social and Economic Modelling, Australian National University, Canberra, 2004), p.3.

> decades. Series C is also plausible and can be regarded as a reasonable indicator of the lower end of the projection spectrum. Even though low by the standards of recent years, the 140,000 per annum net migration assumption is a reasonable one.[182]

In their 2006 publication, *Melbourne's Second Speed Economy*, Birrell at al tracked developments in the past decade or so in Sydney and Melbourne, comparing their track record with the "resource driven states of Western Australia and Queensland". They found that, while there was 'no room for complacency in Melbourne", it was the case that 'Sydney's slowdown had been sharper" in the post-Olympic period. On the other hand, the same report also noted problems with the Victorian government's strategies based on 'rapid population growth'. Population growth "could not be guaranteed", it was said, "especially given a possible net exodus of people to Queensland and Western Australia". The other problem was that "such growth deflects from the challenge of transforming the Victorian economy into one that is globally competitive".[183]

7. CONCLUSION

Presented in this paper is something of an historical and contemporary inventory of business activity in Australia's two leading cities. Of course it does not present a complete picture of economic activity, still less of such issues as the 'liveability' of Sydney and Melbourne. Its focus is narrow and the conclusions that can be drawn from it are therefore limited.

One historical point to make is that the relative positions of Sydney and Melbourne, as Australia's leading cities, has changed over time. In this respect their relationship is neither fixed nor subject to any natural laws of advantage or disadvantage. Nor indeed is the relationship between them and Australia's other major cities. Fortunes go up and down and, it is hoped, up again.

A second observation is that these relative shifts in fortunes do not occur at any particular or standard rate. A city's rise in economic prosperity may be sudden and unexpected, triggered by such an event as Victoria's gold rush of the 1850s. Equally, it can follow a slower, more gradual trajectory. Likewise, decline may proceed at varying rates, following more or less predictable or unpredictable pathways.

This paper does not purport to be predictive. Its focus is on the past and present. As to the recent past, the second half of the 20th century saw a shift in the base of Australian business from Melbourne to Sydney, driven in part by the growing importance of the property and business services/finance and insurance sector. As Birrell et al explain, the pendulum may have started to swing back again in Melbourne's favour in the 1990s and, more particularly, after the boost provided by the 2000 Sydney Olympics to the construction and related industries had waned.

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182 Water Services Association of Australia, *Implications of Population Growth in Australia on Urban Water Resources* (Water Services Association of Australia, Sydney, 2010), p.10.

183 Birrell et al, n 34, p 40.

But Birrell et al are wary about deriving long term conclusions or trends from these developments, especially as both Melbourne and Sydney appear to be locked into a 'second speed economy' relative to the resource rich States of Western Australia and Queensland. The relative decline in employment in manufacturing is one key issue in the wider economic outlook; another is the danger involved in placing too great a store on the boost to housing construction and city building activities based on what may be a "temporary artefact of the population and urban development setting".[184]

This paper found that, based on the 2010 DEEWR labour force region data, with six significant exceptions, there were more jobs in Sydney than in Melbourne in the traditional areas of employment. The exceptions were the manufacturing, retail, education, agriculture/forestry/fishing, mining and arts/recreation sectors. The question is whether this remains the case in 10, 50 or 100 years time. The answer will depend on a range of economic, social and political factors, some known, more or less, others not.

[184] Birrell et al, n 34, p 40.