

*Final Report*

# **Community regeneration in Melbourne's West?**

authored by

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## EXECUTIVE SUMMARY

This research project investigates recent economic change in the spatial economy of Melbourne's western suburbs, with particular attention to recent housing developments in the region. Melbourne's west is defined as the municipalities of Wyndham, Hobsons Bay, Brimbank, Maribyrnong, Moonee Valley and Melton.

The context for the project is the recent concern among policy makers and economic commentators regarding changes to metropolitan regions wrought by increasingly globalised economic and social processes, such as industrial restructuring. Melbourne's west as a historic location for industry within the metropolitan area, as well as its key global transport links has meant this region is particularly exposed to the adverse as well as potentially beneficial effects of economic globalisation

This study has found that Melbourne's west has been a favoured destination for industrial investment and development during the past five to seven years, partly due to the presence of large tracts of vacant industrial land within the region. However, competitor industrial precincts such as those in Greater Dandenong also received high levels of investment during this period, indicating that the development taking place in the west was the result of overall metropolitan economic conditions, rather than a phenomenon specific to the western sub-region.

Like the metropolitan labour market, that of the west responded to favourable economic conditions during the study period with unemployment declining markedly from the high levels of the early 1990s. However relative to broader Melbourne, the west remains more vulnerable to unemployment, and continues to exhibit a higher unemployment rate than the total metropolitan region, despite the level of industrial investment which has taken place, and the major government expenditure on the Western Ring Road. Unemployment however exhibits strong spatial patterns with some areas remaining highly disadvantaged, while others are much more successful. The sectoral composition of the western region labour market continues to shift away from traditional industries such as manufacturing, and towards such sectors as wholesale and retail trade, and business and personal services.

Housing markets in the west have responded to shifts in the metropolitan market and low interest rates, rather than to changes in regional economic conditions. House price growth however follows strong spatial patterns. The inner-city areas of the west have experienced high house price inflation, while increases further out have been less pronounced. State land-use regulation has resulted in the fringe areas of the west receiving high levels of residential building activity. Rental affordability in most parts of the west remains adequate, however, future trends in spatial affordability patterns remain of concern.

The new estates, such as Caroline Springs, in the Melton East area have drawn residents from the region who have strong labour market positions compared to adjacent suburbs. Household incomes in these new estates are higher than the older adjacent suburbs and appear to be part of a new 'arc of advantage' which traverses the north of the western region. These new estates indicate that the west is cleaving around socio-economic lines with new tracts of opportunity emerging on the fringe, while high levels of disadvantage persist within the 'middle-ring' of older industrial suburbs.

The findings of the project give strong impetus to the need for government policies to ensure effective community building to ensure inclusivity in the new estates, while developing policies to address persistent disadvantage in the older industrial suburbs. Public housing acquisitions, area redevelopment and the judicious application of the new Metropolitan strategy could assist in tackling these problems.



# INTRODUCTION

This report sets out the findings of a research project which examined the outcomes of recent economic change in the western region of Melbourne. The research is framed by debates about globalisation and its effect on metropolitan spatial economies, particularly regarding the capacity for new globalising economic processes to effect the regeneration of metropolitan areas which have previously experienced economic decline during earlier phases of these globalising processes.

Melbourne's west has historically been a site of industrial activity. This industrial concentration within the region, however, left it vulnerable to shifts in the economic relationships between firms, markets and governments which characterised the period from the late-1960s to the early 1990s. The decline of industries in the west and associated restructuring caused the region to be viewed as generally in decline, with flow-on implications for the resident population. By the late-1980s, the west was viewed as being a location of high levels of socio-economic 'disadvantage', such as high unemployment and lower incomes, relative to the remainder of the Melbourne metropolitan area.

Since the mid-1990s however, there has been a renewed level of industrial activity within the west, which has sparked a strong interest from business and policy commentators (references?). The region is claimed to have undergone a process of industrial, and thus overall, 'regeneration' which is viewed as having reversed much of the previous disadvantage. Such claims intersect with assumptions about processes of globalisation and how these connect with national and metropolitan economies. As an industrial region, the west is closely linked with national and international transport infrastructure in the form of ports and airports, and rail links, and thus has come to be seen as a key hub in the connection of local transport networks to wider global logistics chains.

But important questions remain: has this perceived industrial resurgence conferred positive economic effects on the 'disadvantaged' populace of the west? Have globally connected private firms contributed to overall economic and social prosperity in the region? For example, if a region does well economically, as a result of private sector-led industrial development, does this produce enhanced housing outcomes for the local population? And what has been the role of government policy in enabling these processes to occur? Such questions strike at the core of the debate over the benefits and disbenefits of global economic integration. If the globally integrated private sector is able to produce regional regeneration as an (inadvertent) effect of its activities, then many would argue this is a beneficial set of relationships that should be encouraged. But if such regeneration is found not to have taken place, the role of globalised business in producing beneficial externalities may become subject to greater critical evaluation. Caught up in these questions is the role of government. If the new deregulated global economic arrangements are found to be effective in producing broader socio-economic development, then government may have cause to continue to limit directly interventionist policies to achieve such socio-economic outcomes. Conversely, if the global business sector is unable to produce the desired level of socio-economic development in a given region, then there is an implication that the level and forms of government policy intervention requires significant reconsideration.

This project connects with these debates by undertaking research into economic and social change in Melbourne's west. The research focuses on three specific concerns. First, how has the spatial economy of the west, and Melbourne generally, changed during recent years? Second, what have been the effects of these changes on socio-economic outcomes as revealed through labour markets and housing markets? And third, what has been the role of the private sector in providing new housing opportunities for the region's population? Finally, what role for government do the responses to the above questions imply?

## 1.1 Research Questions

The above research and policy concerns were translated into a set of specific research questions which have directed the research. These are:

1. What are the main contours of recent changes to Melbourne's spatial economy, with emphasis on the western sub-region, and how does this compare to patterns of urban regeneration apparent in other industrialised countries?
2. What effects are changes to Melbourne's spatial economy having on the labour market of the western metropolitan region?
3. How are spatial housing markets in metropolitan Melbourne, and particularly the western sub-region, responding to the changes identified in questions 1 and 2; and how is housing, land-use and urban policy changing?
4. To what extent are the dynamics of labour market and housing market change implicated in the creation of opportunities in Melbourne's west, or conversely in reproducing patterns of disadvantage.
5. What are the positive and or negative spill over effects on local economic and community development arising from new large-scale residential developments in Melbourne's west? Focussing on the new estate of Caroline Springs, is this development the driver for broader regeneration and community building in the region, or an isolated island of change. This question raises a number of specific sub-issues for consideration:
  - a) How have local businesses re-positioned themselves relative to the development of Caroline Springs and complementary infrastructure improvements?
  - b) What impacts on surrounding and nearby housing values have occurred?
  - c) In what ways have local and state government policies contributed to these impacts?
  - d) What are the implications of these changes for the residential social mix of the region?
  - f) What are the alternative scenarios for the western region, given the likely development of further residential communities of a scale and type similar to Caroline Springs?
6. What are the lessons from this research for the creation of sustainable communities in the western region of Melbourne; and, How can federal, state and local government policy mechanisms and interventions contribute to and strengthen market-led regeneration of traditionally disadvantaged sub-regions, and, consequently, reduce the need for housing assistance?

### *1.1.1 The structure of this research report*

The report is organised in four broad parts. The first part, which consists of Chapters 1 and 2 and includes the introduction and rationale for the project, as well as definition of the study area and methodological considerations. The second part contains the findings from the investigation of industrial change in the west and consists of Chapters 3 and 4. The third part of the report contains the findings from the investigation of housing changes in the west, and consists of Chapters 5 and 6. The fourth part of the report contains the conclusions of the research, which are presented in Chapter 7.

The content of the specific chapters is set out below. Readers who are specifically concerned with the housing market findings may go directly to Chapter 5.

Chapter 1 of this research report introduces the basis for the research and sets out the research questions.

Chapter 2 examines the literature on the economic and social processes of globalisation, particularly as this relates to urban and regional metropolitan economies. The Chapter surveys labour market shifts within globalised economies, and discusses the way in which housing markets have responded to urban structural change. Increasing socio-economic and housing differentiation within urban areas is identified as an outcome of the effects of

global economic changes on urban areas. The western region of Melbourne is introduced as the basis for a case study which investigates these economic and social changes.

Chapter 3 responds to Research Question 1 setting out the basis for the recent industrial changes in Melbourne's western region, focussing on the way in which the west has recently come to be seen as a globally-linked industrial area. The Chapter considers the consumption of industrial land, and the level of business investment in industrial property during the study period.

Chapter 4 addresses Research Question 2 and investigates how labour markets in the west are responding to the industrial changes identified above. The Chapter considers the level of unemployment in the west, particularly the spatial characteristics of this economic indicator, and considers how the sectoral composition of the labour force has changed during the study period and preceding years.

Chapter 5 considers Research Questions 3 and 4 by examining housing markets trends and patterns in the western region and metropolitan Melbourne during the study period. The Chapter first investigates the level of new housing activity in the west, and relates this to the broader metropolitan housing market, and to the way in which government housing policies have affected housing markets. The Chapter also notes how housing markets may be contributing to process of social exclusion and disadvantage within the west.

Chapter 6 takes the new residential estate of Caroline Springs in the Melton East area of the western suburbs and examines the development of this estate and its position within the regional and metropolitan housing markets, explicitly addressing Research Question 5. The Chapter then considers the socio-economic profile of the Caroline Springs, and adjoining estates, and relates these to the existing socio-economic patterns within the west. The Chapter concludes by assessing the contribution of these estates to broader regional housing regeneration and the extent to which patterns of disadvantage may be reproduced.

Chapter 7 concludes the research study by reviewing the findings presented in Chapters 3-6. Addressing Research Question 6, the Chapter reviews what lessons for sustainable community regeneration have been produced by the research and presents a set of policy implications which have arisen from these findings. The Chapter concludes by re-assessing the position and relationship of the research to broader discussions concerning the effects of globalised economic and social processes on urban and metropolitan regions.

## **1.2 Methodology**

The specific methodology used in the project was a combination of three complementary forms of data and analysis:

1. Review and assessment of secondary data sources which report on economic change, labour markets and housing outcomes in Melbourne's west. These include academic research, government reports, policy documents and bulletins, news media sources, as well as private and community sector publications.
2. analysis of quantitative data sources<sup>1</sup>, including:
  - i) analysis of Department of Infrastructure (DoI) industrial land data,
  - ii) analysis of DoI building approvals data,

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<sup>1</sup> A previous statement of the goals of this research project Dodson, J. and M. Berry (2002). Community regeneration in Melbourne's west. Melbourne, Australian Housing and Urban Research Institute. envisaged the use of transport data held by the RMIT Transport Research Centre, particularly the Victorian Activity and Travel Survey (VATS) to examine travel patterns among the residents of the west, and changes to these patterns in during the study period. Regrettably, the TRC was disestablished before the data could be accessed and this information has therefore been unavailable for use in the research.

- iii) analysis of DoI and ABS 2001 census data (to the extent available).
  - iii) analysis of Valuer General house price data.
3. 18 in-depth interviews\* with key persons within the western region.
- i) Local government officials,
  - ii) Industry professionals

\*See Appendix 1 for list of organisations whose officials were interviewed for this research. Interviews were conducted in accordance with RMIT University research ethics regulations. The findings of the project and subsequent policy implications are presented in Chapters 3-7.

## 2 BACKGROUND TO THE RESEARCH<sup>2</sup>

### 2.1 Globalisation and economic change

Since the late 1970s, many authors have identified a new phase of capitalist development which is popularly referred to as 'globalisation'. The process and effects of this phenomenon have come to the fore in recent economic and social debates. Policy commentators and scholars have identified the increasing global integration of markets and other national institutions as a key aspect of these globally effected changes to contemporary economic, social and political life (Wiseman 1998; Yeoh 1999; Sheil 2001).

Writing from the Australian experience of this economic process, Fagan and Webber (1999) describe the notion of contemporary 'globalisation' as the result of three aspects of economic change. The first aspect is the increasing importance of trans-national corporations (TNCs) as a principal means by which global production has been organised and integrated; second, is the heightened level of international trade connections between global producers and consumers; and third, the increasing importance of global flows of financial capital since the development of deregulated global financial institutions in the 1980s.

Further authors have focussed on the way that capitalist organisations underwent significant changes to their structures and modes of operations both locally, and globally (Scott and Storper 1986; Amin 1994; Massey 1995; Sabel 1997). Under this shift to 'post-fordist' production or 'flexible specialisation' many, particularly international, corporations re-configured their management practices and locational choices to adapt to the advantages provided by improved transport and telecommunications technology. Further changes to such practices occurred through modifications to the traditional vertically integrated corporation, with the introduction of outsourcing and specialised sub-contracting, which have resulted in increasing flexibility in the use of labour in production processes (Standing 1999). The above operations identify the importance of two key factors: the increased transport and financial links between firms organised at the global scale, and processes of restructuring undertaken by such firms to enable them to operate at this scale.

### 2.2 The global integration of urban economies

Cities in the contemporary world have been viewed as the key loci of global restructuring. Harvey (1989), for example, traces how urban economies around the world have been transformed by late capitalist processes. Other authors have concentrated on 'global cities' particularly London (King 1991), Tokyo (Sassen 1991), New York (Fainstein 1992), and Los Angeles (Dear 1996). Sassen's investigation of the global economic and social changes that have affected urban centres around the world is perhaps the clearest assertion of a renewed importance for the city as a conceptual and empirical object of study in contemporary social and economic change (Sassen 1994). Sassen asserts:

In the current phase of the world economy, it is precisely the combination of the global dispersal of economic activities and global integration – under conditions of continued concentration of economic ownership and control – that has contributed to a strategic role for certain major... **global cities**. (Sassen 1994: 4, emphasis in original)

In examining the impact on economic activities of global economic processes, Sassen (1994) identifies the growth of financial and service industries as replacing traditional manufacturing-related activities in the centre of cities. Producer services – legal, financial, management, innovation, design, information technology, transport, communications, personnel, advertising, and security – are the key elements of this urban economic shift, the spatial aspects of which have been particularly marked:

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<sup>2</sup> For an extended discussion of the background to the present project, see the Positioning Paper prepared in April 2002.

The key process from the perspective of the urban economy, however, is the growing demand for services by firms in all industries and the fact that cities are preferred production sites for such services, whether at the global, national or regional level. As a result we see in cities the formation of a new urban economic core of banking and service activities that comes to replace the older, typically manufacturing oriented office core. (Sassen 1994)

In the case of London, King (1991) demonstrates that the spatial centrality of manufacturing capital in the city's economy has during the past two decades been supplanted by the ascendance of finance capital. Fothergill et al (1986) examined the effects of transformations in the global economy and the location of industrial production in the UK, discovering that the universal availability of power, telecommunications and transport and minimal geographic variations in cost had reduced the importance of cities as centres of manufacturing, resulting in a general trend towards urban de-industrialisation. Freestone and Murphy (1998) have also noted the pattern in US cities for manufacturing and businesses generally to shift from the urban core to suburban locations, particularly on the urban periphery. These various changes in urban structure imply a strong connection between global processes and local urban dynamics.

### **2.3 Dividing Urban Labour Markets Under Globalisation**

The shifts in metropolitan structures in globalising western cities have been reflected in labour market restructuring. Labour market changes which accompany the changes in urban structure identified above mirror Reich's (1991) influential suggestion that the division of labour in late twentieth century capitalism has produced three broadly identifiable occupational groups: 'routine production' services, 'in person' services and 'symbolic-analytical' services. In globalisation literature, the professional symbolic analysts have become associated with the global city core (Sassen 1994), while routine production services have migrated to the urban periphery following the sites of production which have also relocated. Sassen (1988) demonstrated that in the major world cities, high-wage and low-wage jobs are co-concentrated, around that part of the city which is most connected to the global economy.

Freestone and Murphy (1998), after Barnett (1992), have noted a devalorization of older inner urban industrial areas under globalisation and the emergence of outer-suburban industrial spaces. These new industrial locations are typically associated with high levels of capital-to-labour ratios and knowledge intensive processes, and challenge the commercial dominance of established urban cores. In Sydney, Freestone and Murphy (1998) found that the rise in the globally connected 'new economy' industries – with Reich's symbolic-analytical occupations - have pushed 'old economy' industries, such as manufacturing, away from the inner city, to the periphery of the metropolitan region, either shedding or taking with them many routine production jobs. This shift in turn effected a change in residential location as new economy workers displaced the older economy workers from the inner city, resulting in a significant degree of 'gentrification', and increasing economic and social marginalisation on the metropolitan periphery.

### **2.4 The globalised urban region**

The literature examining the relationship between global processes and urban restructuring suggests that labour markets and urban restructuring are closely linked. Subsequent urban scholarship has become concerned with the effects of recent economic internationalisation at regional scales within nations and states (Amin 1993; Keating 1997; Brenner 1999; Gordon and McCann 2000; Webb and Collis 2000; MacLeod 2001; Maskell 2001).

Under this 'new regionalism' the importance of regional economic, social and governmental structures has come to the fore as a highly relevant scale of analysis from which to view the re-arrangements to spatial patterns occurring under globalisation. This reinvigorated attention to regions is comprised of two distinct facets which can be broadly defined as relating to first, the regional conditions required to generate economic growth, and second, the attendant governance requirements to facilitate and foster this.

Part of the interest in regions as appropriate scales from which to understand urban restructuring and changes in economic growth has utilised the notion of 'industrial' or 'innovative' clusters (Omae 1996; Porter 1998), and has been accompanied by a significant literature concerning the 'competitive' character of industrial regions and their abilities to undergo economic growth (Amin 1993; Simmie 1998; Costa-Campi and Viladecans-Marsal 1999; Raco 1999; Enright and Roberts 2001).

Porter's (1998) thesis on 'clustering' contends that the quality of socio-spatial relationships between firms is of greater importance in determining the long-term competitiveness of firms 'clustered' at a regional scale, than is inter-firm competitiveness. Under Porter's hypothesis, clusters are:

"[G]eographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies and trade associations) in particular fields that compete but also cooperate. Critical masses of unusual competitive success in particular business areas, clusters are a striking feature of virtually every national, regional, state and even metropolitan economy, especially those of more economically advanced nations" (Porter 1998)

The debates concerning competitiveness among clusters of spatially concentrated enterprises, and the growth effects that result from this clustering have been accompanied by a similar literature examining forms of regional administration and governance. Under the rubric of 'new regionalism' (Amin 1993; Keating 1997; Lovering 1999; Raco 1999; Allmendinger and Tewder-Jones 2000; MacLeod 2001) this literature is primarily concerned with the mode of government that is required to foster the type of growth identified by 'clustering' authors, such as Porter. Eraydin (2001) suggests that governments' roles in encouraging industrial cluster regions have become those of a 'mediator', 'enabler' or 'catalyst' as well as strengthening local networks and institutions, rather than involving direct regulatory or fiscal intervention. MacLeod (2001) suggests that new regionalism also includes an appreciation of the economy as an 'instituted process', echoing Polanyi (1944), and containing a necessary dimension of social capital (after Putnam, 1993).

Porter also specifies a series of similar government roles, including: ensuring general economic stability; ensuring and sustaining general inputs such as an educated workforce and physical infrastructure; effective regulation of competition, facilitating development of all clusters; and strategic long term planning of business, institutions and citizens towards cluster upgrading (1998).

Webb and Collis (2000) suggest that the logic of this regional focus is closely linked to the industrial locational arrangements of post-fordist production, as this paper has identified above. Conceptually, 'new regionalism' can also be understood as a combination of the broadening of the spatial scale of the entrepreneurial mode of urban governance as identified by Harvey (Harvey 1989; see also Winter and Brooke 1993) and new forms of urban territorial competition (Budd 1998; Gordon 1999) arising from the spatiality of processes of globalisation. Lovering (1999) has characterised the emergence of this new interest in regions as characterised by first, the assumption that 'the region' is the spatial crucible for economic development, combined with second, a normative insistence that 'the region' should form the central focus of economic policy. In this regard the 'new' regionalism differs from the 'old' regional planning, which was informed by a territorialised form of 'sub-national Keynesianism'.

If Melbourne's west is experiencing a form of 'clustering effect', based on its transport and logistics connections, of the sort depicted by Porter and others, then the appropriate policy mechanisms that might be brought to bear on the economic and social parameters for the region are likely to be best understood relative to the governance frameworks which have been identified as most strongly contributing to this kind of economic growth. It should be noted here that the question of governance frameworks forms at most a minor component of the present research project; nevertheless, given the potential for policy settings which may encourage private sector regeneration as well as the siting of the project within the

innovation and clustering literature, some reference to the 'new regionalist' mode of government is appropriate.

## **2.5 Globalisation, housing markets and disadvantage**

While the effects of globalisation on urban and regional and industrial and governmental structures have been charted above, the divergent social effects of globalisation also deserve significant attention. Accompanying the literature on global cities and globally integrated industrial clusters has been an increasing interest in the way in which processes of social differentiation have played out, particularly within urban settings (Fainstein 1992; Hamnett 1994; Lee 1994; van Kempen and Marcuse 1997). This takes two broad forms, the increasing impoverishment of the less advantaged sectors of society, combined with new spatial expressions of this rising inequality within cities.

While urban poverty is nothing new, a number of authors have asserted that the forms of economic restructuring accompanying globalisation have produced new forms of economic and social disadvantage from those previously experienced in urban settings (Sassen 1991). Such divisions have been described variously as social polarisation, social exclusion, social fragmentation, spatial concentration and ghettoization. Wacquant (1999) has suggested that urban 'marginality' has emerged as an outcome of the regime of post-fordism and is linked to four logics of this mode of capitalism: macro societal drift towards inequality; 'flexibilisation' of wage labour; retrenchment of welfare states; and the socio-spatial concentration of poverty.

Gentrification has been a key phenomenon in the re-shaping of urban areas under new conditions of global labour markets. Gentrification involves the movement of high-income and high-labour force populations to previously declining inner urban locations, resulting in housing market price shifts displacing the existing less advantaged residents (Smith 1996). This process has been identified in numerous global cities (Fainstein 1992; Musterd, Priemus and van Kempen 1999), including those in Australia (Logan 1985). The corollary of the movement of gentrifying class to the inner city has been the movement of the displaced lower socio-economic status and disadvantaged inner-city populations to outer urban locations (Freestone and Murphy 1998)

Hamnett and Cross (1998) examined the changes in London's income distribution between the mid-1970s and the mid-1990s. The authors discovered that incomes for males in the central City of London increased 136 per cent during the study period compared to 73 per cent for those in the Greater London region. Similar patterns were found for females. The central City of London is the financial and business services centre of the UK and is more closely integrated with the global financial system than the adjacent urban areas. Hamnett and Cross' work suggests that income inequality in London has been enhanced under globalisation.

Byrne (1995) has examined social divisions in the US 'rustbelt' arising from what he terms 'deindustrialization' during the late 1980s and early 1990s. Byrne demonstrates that the patterns of socio-spatial divisions which emerged during this period were significantly different to those divisions occurring under the full employment of previous decades. His research suggests that while the outcome of this form of economic change has not been the creation of a new 'underclass', the new forms of social division have created an urban 'industrial reserve army' which is particularly suited to the flexible demands for labour under post-fordism (Byrne 1995).

Van Kempen and Marcuse (1997) connect changes in the global economy and the urban structure of cities to rising socio-spatial polarization, focusing on the imperatives for firms to reduce labour costs. They argue as follows:



“Although many low-skilled people have jobs in services that can be seen as ancillary to highly paid jobs, and in certain areas the number of such jobs is growing, it is also clear that a pool of ‘unneeded’ labour is increasingly being created in many cities, posing problems of social peace and social justice. Segregation and concentration of ‘unneeded’ people in specific urban areas lead to ghetto-like structures that are new.” (van Kempen and Marcuse 1997)

As a locationally specific social good, housing markets have been identified by a number of authors as a key contributor to urban social polarisation, social exclusion and segregation (Lee 1994; Somerville 1998; Winter and Stone 1998; Cheshire, Monastiriotis and Sheppard 2000; Berry 2001), and the urban distribution of housing is closely related to the economic processes underlying global urban restructuring. Cheshire et al (2000), for example, suggest that relative labour market status largely determines spatial location, through the relative ability to access the housing market that this status confers. Under conditions of increasing labour market inequality, they suggest that the extent of residential segregation will become more intense (Cheshire et al. 2000). The Cheshire et al finding is supported by Musterd, Priemus et al’s (1999) review of literature which found that social inequality exerted a greater causal effect on spatial inequality than vice versa. Musterd, Priemus et al also note, where social inequality is large, so too will be spatial segregation (1999). Freestone and Murphy note that the kinds of urban restructuring occurring under globalised economic conditions is pushing lower socio-economic populations from the inner city to the urban fringe (Freestone and Murphy 1998). These effects have contributed to the emergence of new residential forms: Blakely and Snyder (Blakely and Snyder 1997) demonstrate that the social fractures in contemporary urban areas, particularly in the US, have been translated into direct physical exclusion via the emergence of ‘gated communities’, which serve to reinforce the social conditions which produce exclusion and segregation.

These observations draw attention to the other side of the global cities divide (Fainstein 1992), and particularly the role that housing markets can play in mediating these divisions. The implication is that changes to global and metropolitan economic processes, while delivering substantial gains to firms, both individually and as a class, do not necessarily benefit all citizens. The very processes that can produce economic prosperity for some sections of urban populations can also produce conditions of disadvantage and exclusion for other sections. This recognition informs much of the purpose of the present research project: by focussing on a region, Melbourne’s west, which appears to be regenerating under global economic processes, the project assesses the socio-economic implications for that region of these processes.

## **2.6 Urban economic change in Australia under globalisation**

Australia has been particularly exposed to the processes of globalisation. Many local authors, including Fagan and Webber (1999), Rimmer (1997) Sheil (2001), Wiseman (1998), and Marceau (1997), among others, have charted in detail the spatial effects of the interaction between local and global restructuring processes experienced by the Australian economy. In their survey of Australia’s links with global restructuring, Fagan and Webber (1999: 53) note four key economic changes that occurred during the 1980s, which marked the increased links with the global economy. These changes were:

1. Rapid movement of financial capital between economic sectors, leading to surge in service industries and decline of manufacturing.
2. Rapid flows of investment in and out of regions and internationally.
3. Employers discovering new processes of production and organisation of work within plants.
4. Pressure on Federal governments to alter regulatory regimes and policies which encouraged manufacturing production.

Under these conditions, the proportional contribution of manufacturing to the Australian economy declined, from 25.1 per cent of gross domestic product (GDP) in 1970, to 19 per cent in 1985 and 15.8 per cent in 1995 (Fagan and Webber 1999: 83). This decline was

matched by declining proportions of workers employed in manufacturing, from 24.2 per cent in 1971 to 13.2 per cent in 1996 (Fagan and Webber 1999: 82). Beer and Forster (2001: 11) suggest that between 1971 and 1991, Melbourne alone lost 103,000 manufacturing jobs. Meanwhile, the services sector of the economy grew from 23.8 per cent of total employment in 1971 to 40.4 per cent in 1996 (Fagan and Webber 1999: p.82) Manufacturing is a key industry in urban processes, as the location of manufacturing premises defines the location of employment, for a declining minority of workers.

Manufacturing is particularly important in Melbourne's economy (Beer and Forster 2001), with greater reliance on this industrial sector in Melbourne than Sydney, despite the proportion of metropolitan employment shared by manufacturing in Melbourne declining since the 1960s (O'Connor and Stimson 1995). Manufacturing change has also been identified as one of the main causes of decline in urban employment in Australia (Murphy and Watson 1994). Brain (Brain 1999) claims that globalisation has created urban push/pull forces of centralization and decentralisation, which attract financial and producer services into the city core, and push manufacturing and similar industries to the cheaper outer suburban land. The condition of the manufacturing sector, and its physical expression in industrial land and buildings, is therefore an important consideration for the present project as it provides significant insight into the character of spatial economic change.

## **2.7 Urban spatial disadvantage in Australia**

During the 1990s a number of reports and studies were published which examined the connections between spatial location and social disadvantage (Murphy and Watson 1994; Gibson *et al.* 1996; Gregory and Hunter 1996; Badcock 1997; Baum 1997; Baum *et al.* 1999; Wulff and Reynolds 2000; Berry 2001; Gleeson and Randolph 2001). All these authors have a shared concern with the changing patterns of social opportunity and disadvantage, and how these have emerged as urban issues.

Murphy and Watson (1994) found that during the period 1971-1991, socio-spatial divisions had widened in Australian cities. This finding would appear to echo the international work of, for example, Fainstein (1992) and Sassen (1994) on the recently emerged divisions in large metropolitan regions around the world. Baum *et al.*'s (1999) study demonstrates that Australia's large cities are significantly divided along socio-spatial lines, with distinct areas identifiable as experiencing high levels of social disadvantage, relative to other localities.

Other studies have demonstrated links between housing markets and social polarisation, particularly the work of Wulff and Reynolds (Wulff and Reynolds 2000), and Winter and Stone (1998). Winter and Stone (1998) demonstrated that in the Australian urban context a process of socio-tenurial marginalization has taken place during the past twenty years, whereby households in lower status tenures, such as the private rental market are no longer able to use the private rental tenure as a stepping stone to full home ownership, and as a result many are permanently locked out of this high-status tenure. Yates (2001) provides further evidence of the links between home ownership and social inequality finding that under the ongoing process of urban restructuring, any tendency for income to polarize will be translated into spatial polarization via the price mechanism of housing markets.

Wulff and Reynolds (2000: 4) found that, across all areas within Melbourne between 1986 and 1996, there was an increase in the proportion of low and high income groups, but a decline in the proportion of middle income groups. The rise in the proportion of low income households was greatest for the outer metropolitan localities of Melton-Wyndham and Hume in the west, and Dandenong in the east. When factoring in house prices, Wulff and Reynolds found that for the households in the lowest quartile of house values, the gap between highest house price and lowest for the most advantaged and least advantaged regions had polarized significantly between 1986 and 1996 (2000).

Further confirmation of spatial polarisation and social exclusion arising as a result of metropolitan structural changes arrived with Burke and Hayward's (Burke and Hayward 2000) report to the Victorian government's Metropolitan Strategy formulation process. Burke and Hayward warned that there was strong spatial differentiation across Melbourne in term of housing affordability:

“While there were more affordable properties at the end of the 1990s than at the beginning, their locations were spatially concentrated in the outer and fringe suburbs. The risk here is that the housing market will cleave around distinctive socio-economic lines at the expense of the social mix which characterised Melbourne in the past” (Burke and Hayward 2000)

The research cited above shows that there are clear issues relating to social exclusion and spatial polarisation and the effects which housing markets have on this. In this context the apparent regeneration of a disadvantaged region such as the west would appear to be a worthy phenomenon for investigation, particularly given that such regeneration seems to have taken place without direct government intervention.

## **2.8 Melbourne’s West: regeneration under globalisation?**

The studies of spatial inequality and polarization within Australian cities, particularly that of Wulff and Reynolds (2000: 4) have noted that low-income households have been increasingly concentrated in Melbourne’s west since at least the mid-1980s. These findings appear to be supported by the work of others which has specifically focussed on the west.

McDonald and (McDonald 1995; McDonald and Matches 1995) locationally sensitive socio-economic studies of Sydney and Melbourne, noted that most disadvantage was present in the ‘old industrial’ areas, such as the west, north and south-east of Melbourne. These areas were noted as also experiencing higher unemployment, housing and income disadvantage, lower labour force participation, higher rates of early retirement for men and women, and high unemployment among young people, all indicators of disadvantage (McDonald and Matches 1995).

Baum et al. (1999) found that within Melbourne, the region containing the areas of Broadmeadows, Brimbank, Maribyrnong and Hobsons Bay can be seen as constituting a spatial arc of socio-economic vulnerability arising from the degree of disadvantage experienced by the local population, and the contemporary economic conditions relating to the area’s industrial base.

But many of these depictions of Melbourne’s west were derived from data obtained from the 1996 Census. Since then commentators have proclaimed a new dynamism in the economy of the west, which is reported to have resulted in a significant regeneration of the region’s economic fortunes (Barrymore 1996; The Age 1996a; The Age 1996b; The Age 1996c; Cave 1997; Hurst 1997; Booker 1998; Lyon 1998; Hopkins 1999; Evans 2003). Many of these ‘new west’ assertions arrived via commentators in the news media, and centred around apparent shifts in business investment into the western region during the late 1990s. Some articles asserted that the west was receiving significant inward investment, largely in the form of factories and warehouses, and that this investment was being driven by the state government’s construction of the Western Ring Road (WRR) (Mees 2001). By mid-1997 the west was identified as a ‘booming region’, with over \$7 billion in projects listed as planned for the following four years (Hurst 1997).

Depictions of the west as a location of booming industrial investment, continued in various media articles during the late-1990s (Cave 1997), with new, high-profile, residential developments, such as Sanctuary Lakes and Caroline Springs being cited in addition to the apparent industrial and transport infrastructure boom (Booker 1998). Pockets of wealth were identified as developing in the west (Booker 1998). By 1999, breathless commentators were describing recent urban socio-economic change in the west as ‘a revolution’ (Hopkins 1999).

The underlying assumptions of much of these exuberant ‘western revolution’ statements are that the west has become attractive to investors as a result of two features, the first and most important of which is the cheap and available industrial residential land. Second in importance are the close transport and logistical linkages to the broader metropolitan region (and Victoria), as well as the global transport and logistical portals of Tullamarine Airport and the Port of Melbourne. The rail terminals at Tottenham and South Kensington provide state-wide and inter-state rail connections. Linking this key transport infrastructure is the newly constructed Western Ring Road, which also provides state and inter-state road links. The

combination of industrial development with the global transport gateways suggests that a strong component of the economic activity which has been observed in the west is a local outcome of these various global economic connections.

An important component of the 'new west' rhetoric has been the role of public policy in stimulating the perceived resurgence. The period of 1995-2000 during which the western resurgence is reported to have taken place saw little in the way of direct government policies which were specifically directed at constituting economic development solely in the west. Land zoning policies have been among the most important government measures cited in relation to the west, but these are relevant to the entire metropolitan (and state) area, and apart from supply management there have been no specific industrial or regional development policies operating during the 'boom' period which served to deliberately engage with inward economic investment.

A private organisation, the Western Region Economic Development Organisation (2003), which is assisted by the local governments of the west operates as a regional research and analysis agency, and promotes intra-regional business and government connections, as well as assisting firms from outside the west with locational and investment decisions involving the west. WREDO was initially established under a now-defunct Commonwealth government regional development programme, but is now no longer federally funded. WREDO produces regular bulletins about economic development in the west, and provides research on the character and directions of such development. WREDO has been prominent as a proponent of the 'new' west within broader metropolitan and national investment networks.

Similarly, the main infrastructure investment in the west during the past decade, the construction of the Western section of the Melbourne Metropolitan Ring Road (the Western Ring Road) was commenced in the early-1990s. This freeway was constructed in a number of stages, the last of which was completed in 1997. The total cost of the WRR was approximately \$700m. While a number of industrial commentators have cited the WRR as a key factor in enabling the perceived economic renaissance of the west, the policies under which the WRR was constructed are metropolitan in scope (2001).

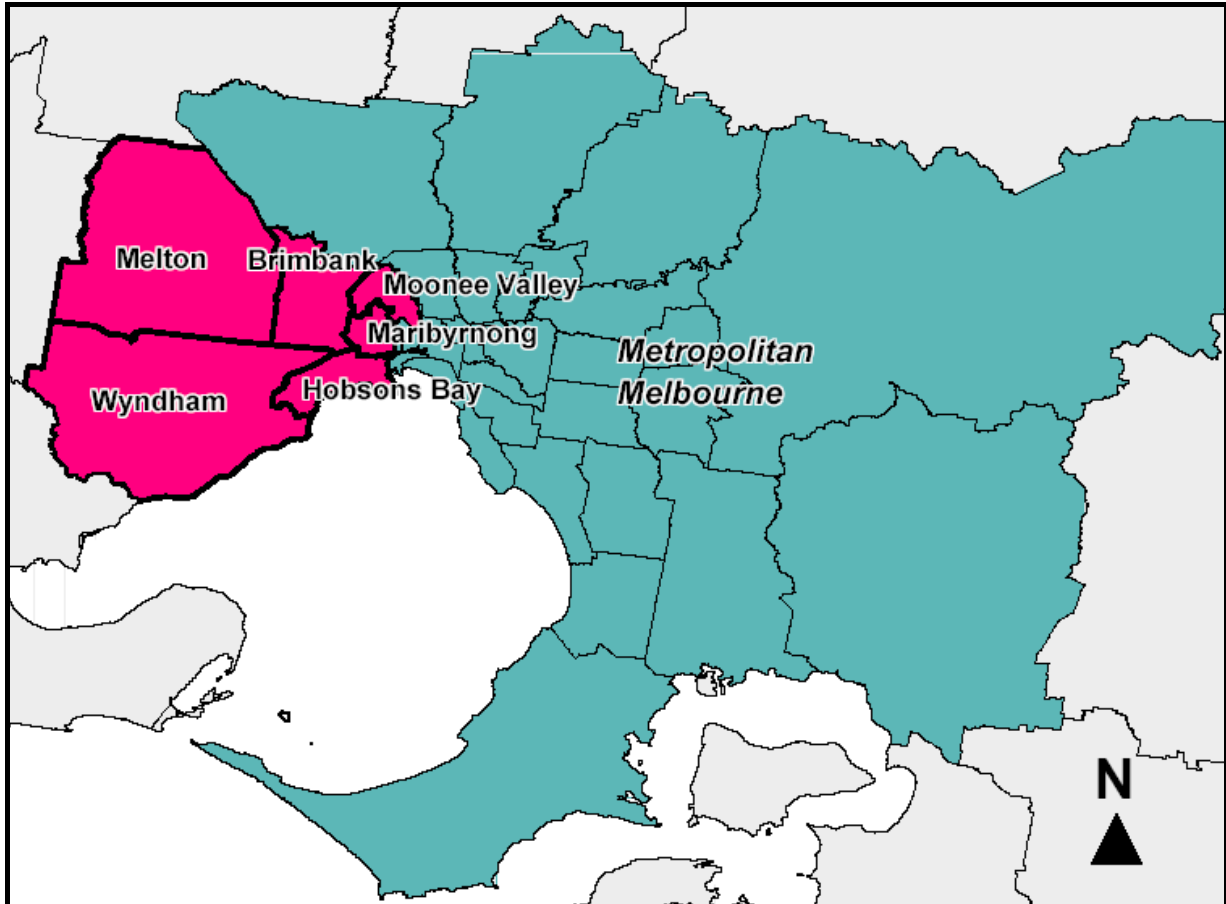
Few, if any, however, of the commentators who were pushing claims that the west was booming in the late-1990s appeared to have gone beyond the boosterism of regional development officials, property agencies and public servants to examine thoroughly the empirical evidence supporting the claims of a western resurgence. Mees' (2001) study of the economic effects of the Western Ring Road, concluded that by 1996 there was limited evidence for the then putative resurgence of the west. Mees (2001) suggests that any recent success of the west is more an outcome of exogenous economic factors, most important among which has been an overall buoyant metropolitan economy, rather than factors endogenous to the western region of Melbourne, such as the presence of industrial land or the construction of the Western Ring Road.

To date, there has been little evaluative research specifically focused on Melbourne's west which looks at the period from the mid-1990s to determine what has been the character of economic change, and what the effects on labour and housing markets has been. The release of 2001 Census data permits an opportunity to develop some of this analysis. The purpose of the present study is to investigate these economic changes, particularly in with respect to how the economic changes have produced a reversal of the region's historic relative socio-economic disadvantage and a regeneration of the region's housing stock, and what the relevant policy settings were which enabled these transformations to occur. The research questions (see above) to which this project responds were directly constructed from these concerns about the role of global and metropolitan economic and social processes in relation to the potential for previously disadvantaged urban areas to undergo regeneration.

### 3 INDUSTRIAL CHANGE IN MELBOURNES WEST

#### 3.1 Definition of study area

The research focuses on the area in the west of the Melbourne metropolitan region which is broadly defined as the 'Western Suburbs' (see Figure 3.1). The area covers 1332 sq km, which is 17.3 per cent of the total Melbourne statistical division. Administratively, the region comprises the Local Government Areas of Brimbank, Moonee Valley, Melton, Maribyrnong, Wyndham and Hobsons Bay. The total population of the region on Census night 2001 was 546,789 persons, equivalent to 16.2 per cent of the Melbourne metropolitan total.



**Figure 3.1: Western region of Melbourne in relation to total Melbourne region, with western LGAs indicated.<sup>3</sup>**

The urbanisation of the western region is uneven. Maribyrnong and Moonee Valley, the municipalities adjacent to the inner metropolitan areas, are densely urbanised, with limited greenfields sites, and very little vacant urban land. Brimbank and Hobsons Bay contain a mix of dense urban centres, as well as industrial development, which is predominantly contiguous with the metropolitan urban form. The municipalities of Wyndham and Melton are semi-rural, containing some industrial and residential urban areas contiguous with the metropolitan urban form, but also including large tracts of undeveloped greenfields land. The administrative centres of Melton and Wyndham are located in the urbanised localities of Werribee and Melton West, separated by open space from the Melbourne metropolitan urban form.

To some extent the depictions of the west as distinct from the broader metropolitan region is more an outcome of arbitrary administrative boundaries than a set of clearly defined

<sup>3</sup> Viewing of some figures presented in this project will be optimised either on a colour computer screen or via colour printing. Efforts have been made to make the complex figures easily viewable in greyscale however this is not always possible.

characteristics which mark the west as separate. In the southeast of the region, the Yarra and Maribyrnong rivers to some extent provide a natural delineation, while the Tullamarine Freeway, which skirts the eastern edge of Moonee Valley provides a further physical dividing feature, which together provide a geographic basis for separating the west from the broader metropolitan area. The majority of the urban form, within the inner municipalities particularly, does not lead to obvious municipal distinctions. Current municipal boundaries are the outcome of the reorganisation of local government during the mid-1990s, and these were the result of various amalgamations of smaller borough councils.

## 3.2 Key Infrastructure

A set of key infrastructure is located within or nearby the study area, and which is linked to the economic development of the region which is described in the report. This infrastructure includes (with municipality identified):

- Port of Melbourne (Hobsons Bay)
- Melbourne Airport (Hume, to north of Brimbank)
- Melbourne rail freight terminal (Melbourne, east of Maribyrnong)
- Western Ring Road (Brimbank), Geelong Road (Wyndham) and Westgate Freeway (Hobsons Bay)
- South Kensington Rail Freight Terminal (Melbourne)
- Tottenham Rail Freight Terminal (Maribyrnong)

The Port of Melbourne is Australia's highest volume international seaport, while Melbourne Airport is one of the country's highest volume international airports. The rail freight terminal connects Melbourne with state and interstate rail networks, particularly along the east coast. The Western Ring Road and other regional roads connect the region with the Hume highway, which is the main road-freight corridor.

The close proximity of this set of infrastructure within the west has spurred claims that the region is closely integrated into national and global transport and logistics networks (eg. WREDO (2001)). As a result the region has come to be viewed as a favourable site for industrial development, particularly manufacturing, which requires an efficient distribution network. It is this reputation as a globally connected urban region within the Melbourne metropolitan area which forms the basis for much of the description by media and policy commentators (The Age 1996a; The Age 1996b; The Age 1996c; Cave 1997; House 1997; Hurst 1997; Lyon 1998; Evans 2003) of the west as a newly regenerating industrial area, and which has in turn informed the basis for inquiry which underlies the present project.

## 3.3 Industrial Land in the West

### 3.3.1 Introduction

Industrial zoned land (IZL) is a key factor in economic growth, and the availability of industrial land is a central factor in the development of industry. The availability of industrial land in Melbourne's west has been cited by many commentators (The Age 1996a; The Age 1996b; The Age 1996c; Cave 1997; House 1997; Hurst 1997; Lyon 1998; Evans 2003) as an important factor in the perceived regeneration of the region. Claims regarding the consumption of industrial land in the west and the importance of this resource in the region's regeneration can be investigated using currently available data. This section responds to Research Question 1: what are the main contours of recent changes to Melbourne's spatial economy and specifically the western sub-region? The section provides a brief history of industrial land-uses in the west as well as current definitions and zoning practices relating to industrial land. This overview leads into a description of recent shifts in industrial land utilisation in the west.

### *3.3.2 History of Industrial Land in Melbourne's West*

Melbourne's west has long been a location of industrial zoned land within the metropolitan region, and this history has contributed to the perceptions of the West as an industrial region, with an accompanying working-class industrial population. The 1954 Melbourne Metropolitan Board of Works Metropolitan Scheme, for example, records that industrial activity was spread throughout the metropolitan region of Melbourne, but with a concentration of such activity in the 'inner' areas (Fitzroy, Collingwood, Richmond, plus Melbourne and Port Melbourne) and in the inner west (Footscray, Williamstown and Sunshine) (MMBW 1954). During this period, the majority of those who worked in industrial occupations also resided in the West, in contrast with those who worked in the inner-north, who largely travelled from adjacent suburbs. The MMBW reported that:

Another area of industrial concentration is in the western district, in the municipalities of Footscray, Sunshine and Williamstown. The country here has been more favourable to industrial than residential expansion, and as a result there are more jobs available than can be filled from residents of these districts, so that workers are drawn from other parts of the metropolitan area, many from considerable distances. (MMBW 1954: 47)

The 1954 pattern of industrial activity in the west had changed little by the early-1970s. The 1971 MMBW scheme reported that manufacturing was the overwhelmingly dominant industry in the 'inner' and 'suburban' west. Manufacturing constituted 57.3 and 62.1 per cent of employment in these areas, compared to, for example 45.8 per cent of employment in the Inner/Central area, and the 43.3 per cent of employment for the total metropolitan area (MMBW 1971).

The patterns of industrial activity which had been produced by Melbourne's earlier industrial land-use planning have continued until the present. The concentration of Industrial activity in the west was confirmed in the 1971, 1981, 1987 and 1995 Metropolitan Plans. The zones depicted in the 1987 plan (Department of Planning and Environment 1987: 12), for example, indicate that by that time the west contained the largest tracts of industrial land in Melbourne. This historical presence of industrial land appears to be a major factor in the current prominence of this land in the economic development of the region. Subsequent discussion turns to the current status of this land, and recent changes to the way it is utilised.

### *3.3.3 Current Definitions of Industrial Land*

Given that government policies affecting economic development in the West are a consideration of this research project, it is relevant to mention in brief, the operation of land-use planning schemes and their treatment of industrial uses. The relevant definition of Industrial land is provided by the regulatory regime which affects how land is able to be used, in terms of both activities, and their effects. This specific regulatory control is set out in the Victorian Planning Provisions (VPPs) for which the statutory basis is the Planning and Environment (Planning Schemes) Act 1996. The VPPs are a centrally formulated set of 'templates' which form the basis for the preparation of local planning schemes. The VPPs are not in themselves plans, but contain standardised definitions for land-use categories across Victoria. The current VPPs stipulate twenty-four different land-use categories which may be applied to land in Victorian municipal planning schemes.

The land-use categories which relate to industrial uses, including manufacturing and logistics operations, are the Industrial Zones. The general characteristics of these zones are set out in Table 3.1:

**Table 3.1: Industrial Land-use Zones and activities permitted there within.**

<i>Industrial 1 Zone</i>	To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.
<i>Industrial 2 Zone</i>	<p>To provide for manufacturing industry, the storage and distribution of goods and associated facilities in a manner which does not affect the safety and amenity of local communities.</p> <p>To promote potentially offensive and potentially hazardous manufacturing industries and storage facilities within the core of the zone.</p> <p>To keep the core of the zone free of uses which are suitable for location elsewhere so as to be available for potentially offensive and potentially hazardous manufacturing industries and storage facilities as the need for these arises.</p>
<i>Industrial 3 Zone</i>	<p>To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.</p> <p>To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.</p> <p>To ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses.</p>

(Victorian Planning Provisions, 1997)

As can be seen from the activity descriptions accompanying the zoning categories, manufacturing industry is closely associated with the industrial zones. Similarly, heavy and offensive industries are only permitted within industrial zones. While this observation is to some extent self-evident, it serves to underscore the importance to manufacturing and comparable activities, of available industrial zoned land.

Through their local planning schemes, local governments are able to set out the location of these zones within their municipal area. This control forms a key basis for the regulation of industrial land within a given municipality. By amending the area provided for Industrial purposes, the local council will regulate the effective supply of such land within their municipality, and more importantly, within the broader metropolitan region. Hence the application of VPPs by local governments has a key influence on the market for industrial land in terms of both availability and price. Changes in land-use zone, such as from rural to industrial, however require the approval of the Minister of Planning, and as a result, the state government retains a significant degree of regulatory control over the availability of new industrial land.

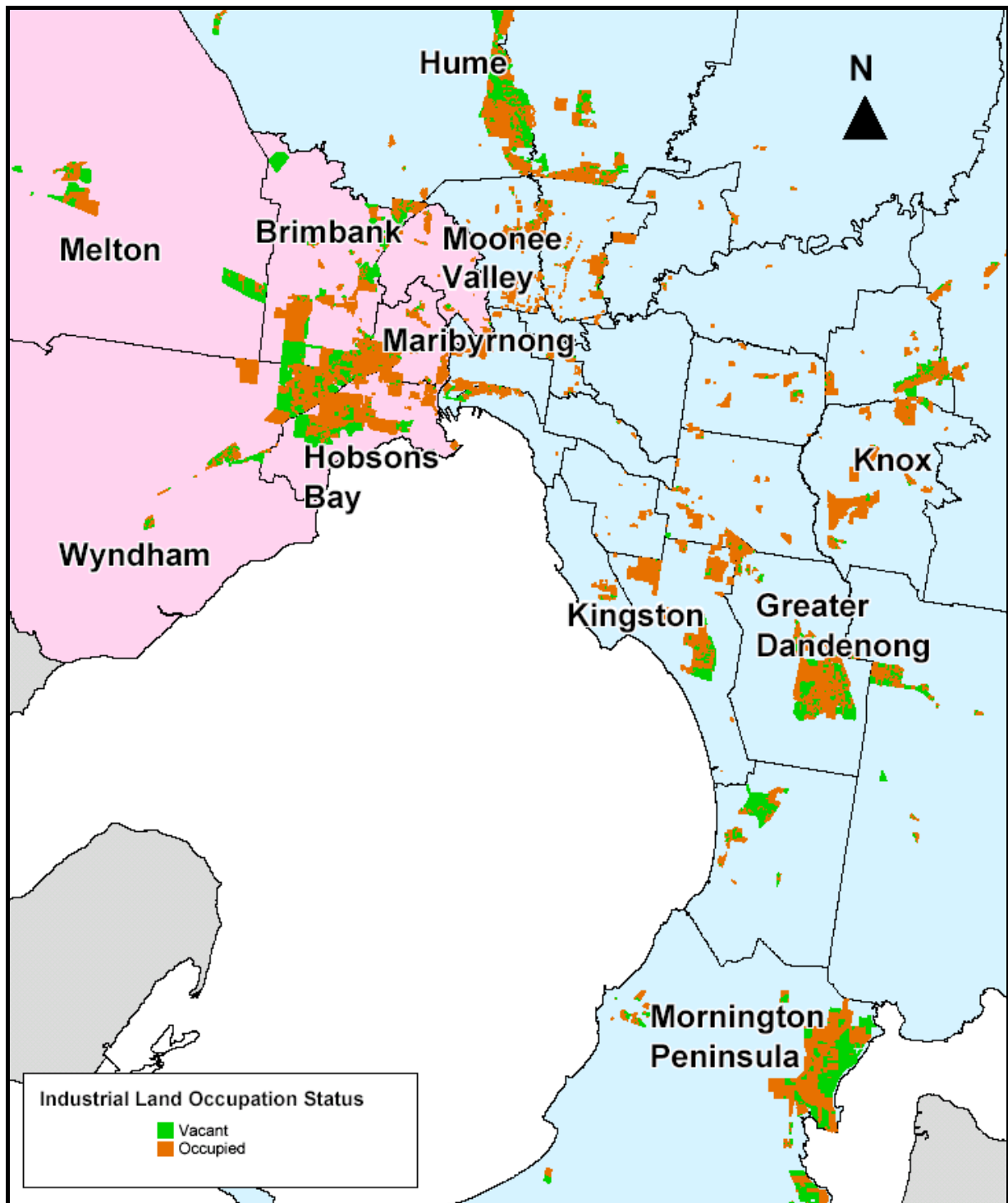
### **3.3.4 Current Distribution of Industrial Land in Melbourne**

The historic concentration of industrial land in Melbourne's west is reflected in the contemporary distribution. The specific location of industrial zoned land in the west (by zoning category) is shown in Figure 3.2. As can be seen from this figure, Melbourne's largest concentration of industrial land is located in the west, surrounding the intersection of the Western Ring Road, the Westgate Freeway and the Geelong Road, where the LGAs of Brimbank, Hobsons Bay and Wyndham abut (for a closer view, see Figure 3.3). Figure 3.2 also shows the location of other significant areas of industrial land in Melbourne: in Hume, in Greater Dandenong and in Mornington Peninsula, as well as to some extent in Kingston and Knox. These other locations of industrial land are of relevance to the West as they provide alternative locations for industrial firms, and thus competition in attracting industrial investment.

Currently, just over 1/3 of Melbourne's industrial land is located in the west (Table 3.2). However this is unevenly distributed, with some local government areas within the west



having a much greater quantity of industrial land than others. Brimbank for example has well over 2,000 hectares of industrial land, with Hobsons Bay and Wyndham approximately comparable with just over 1,700 hectares each.



**Figure 3.2: Spatial distribution of Industrial Zoned Land by occupation status, in Melbourne, with municipalities containing significant concentrations identified (source: DoI data).**

Moonee Valley has an almost negligible amount of industrial land with just under 100 hectares. Maribyrnong with less than 500 hectares of industrial land, is of lesser importance than other areas of the West, although the proportional level of occupation of Maribyrnong industrial land is higher than for the larger municipalities. Notably these local government areas, which are adjacent to the broader metropolitan region have much lower proportions of industrial land than those in to the west of the region.

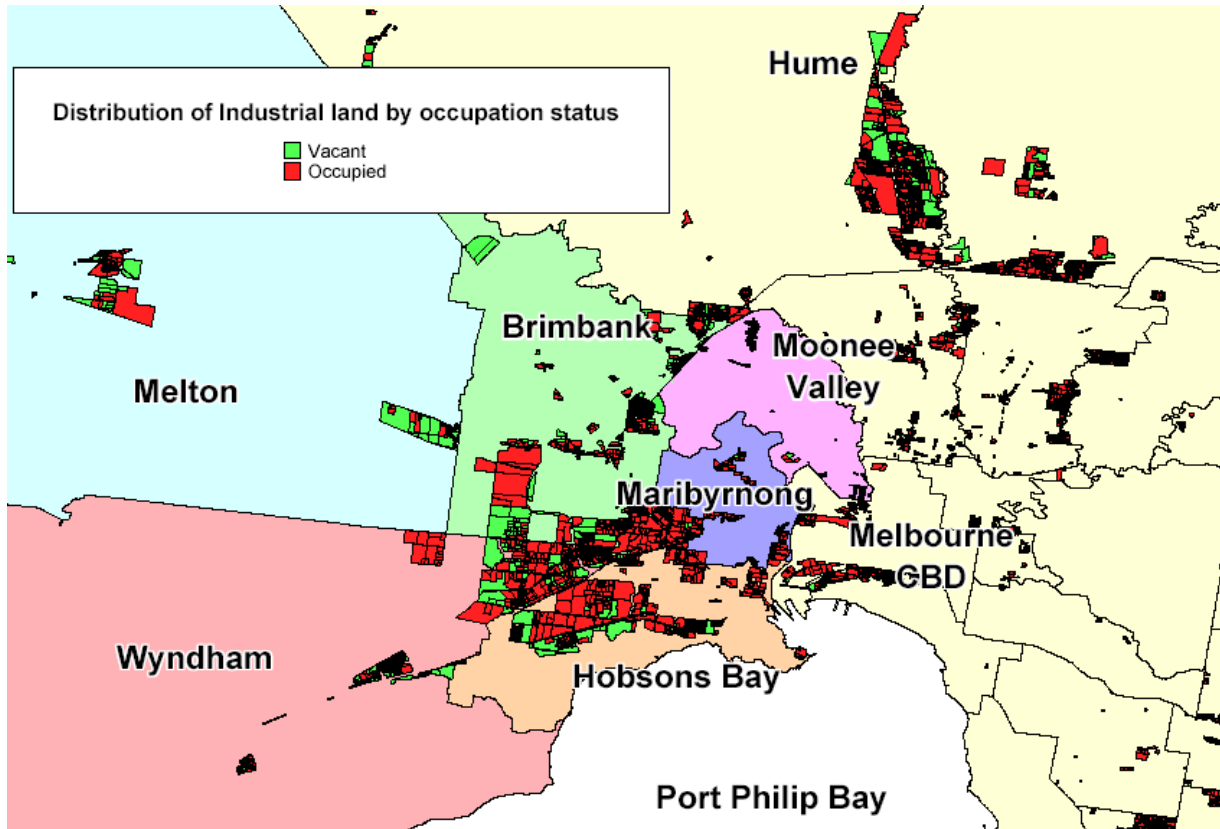
While the total quantity of industrial land per LGA gives a general impression of the relative share of industrial land within that municipality, the information provided in the Table 3.2 gives little representation of the finer-grained distribution of industrial land within a given municipality. Figure 3.3 provides a close-up view of the distribution of industrial land within the west.

**Table 3.2: Zoned industrial Land (ha) by selected Local Government Area, 2000 (source: Doi data)**

<b>LGA</b>	<b>Industrial Zoned Land</b>			
	<i>Occupied</i>	<i>Vacant</i>	<i>Total</i>	<i>% Melb. Total</i>
<i>Brimbank</i>	1538.4	722.1	2260.5	10.8
<i>Hobsons Bay</i>	1302.5	418.1	1720.6	8.2
<i>Maribyrnong</i>	437.2	30.4	467.6	2.2
<i>Moonee Valley</i>	91.8	6.2	98.0	0.4
<i>Melton</i>	400.2	473.8	874.0	4.2
<i>Wyndham</i>	1201.1	505.6	1706.3	8.2
<i>West. Reg. Total</i>	4971.6	2156.5	7127	34.1
<i>Melbourne Total</i>	15432.4	5449.5	20881.9	(100)

Figure 3.3 shows a small patch of industrial land to the east of Melton township, as well as a strip along the Western Freeway south of Caroline Springs. In Brimbank an intermittent distribution of IZL follows the Western Ring Road from the north-east of Brimbank through the central south and to the south east of the municipality. Moonee valley is almost devoid of IZL, except for a small strip along the Tullamarine Freeway adjacent to Essendon Airport. Industrial land is concentrated in the south west of Maribyrnong, and Hobsons Bay contains a large area of 'Special Use' industrial land along the Princes Highway in the central and northwest portion of its municipal area. Wyndham has a small concentration of IZL in the south east adjacent to the Princes Highway, as well as a large concentration in the east of the municipality, adjacent to the boundary with Brimbank, Hobsons Bay and Maribyrnong, at the intersection of the Western Ring Road, Westgate Freeway and Princes Highway. It is not surprising that historical ('modernist') zoning practices have led to industrially zoned land being generally aggregated in specific localities, as are residential and commercial zones.

**Figure 3.3: Distribution of Industrial Land within the Western Region of Melbourne, with occupation status indicated (source: Dol data).**



What is most noticeable from the figure is the concentration of industrial land around the intersection of the WRR, the Princes Highway and the Westgate Freeway. This concentration forms the largest contiguous area of industrial land in Melbourne.

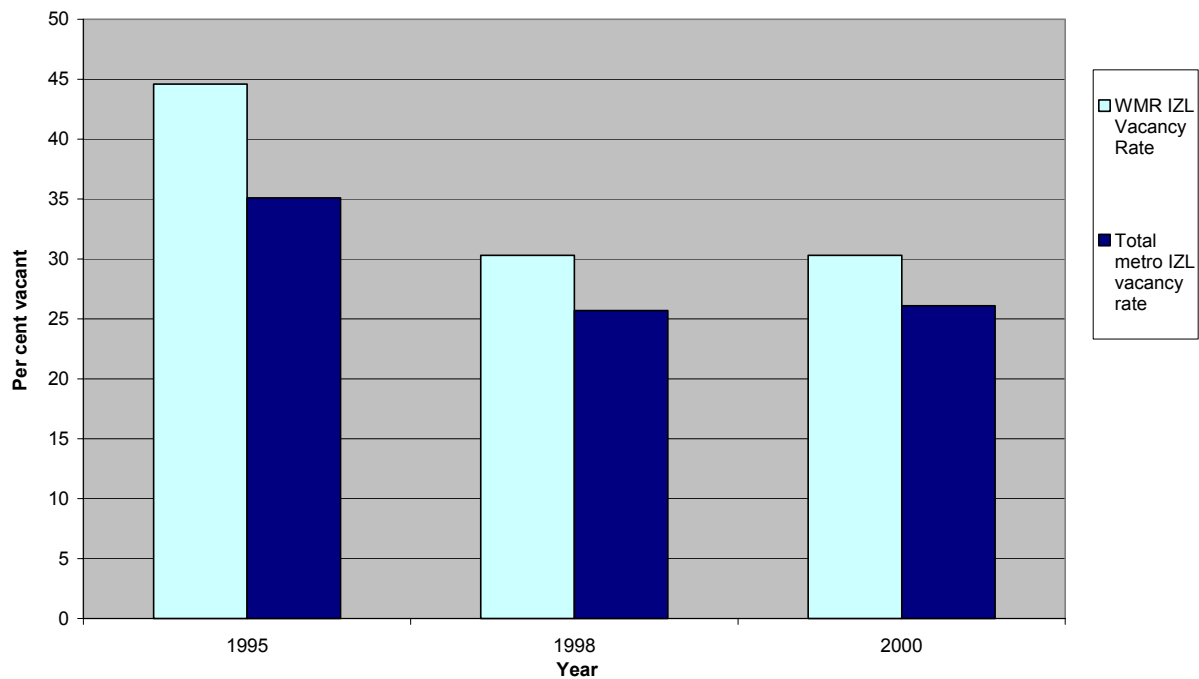
### 3.4 Industrial Land Consumption

Industrial land is consumed as firms invest in new industrial plant or allied infrastructure. To some extent, there is 'competition' for industrial investment between the West and other industrial land locations within metropolitan Melbourne. As a result, shifts in consumption patterns between industrial districts in Melbourne indicate relative preferences among firms in their decision making processes concerning industrial locations.

The consumption of industrial land can be tracked through changes in the vacancy rate for this land. Assuming a constant supply, as demand for industrial land increases due to economic growth, the vacancy rate should decrease. By tracking vacancy rates over time for given locations, longitudinal consumption patterns can be identified. Where vacancy rates decline, it is reasonable to assume that higher intensity of industrial use has occurred. Given that this project is examining claims of a late-1990s 'boom' in the west, which is associated with the consumption of industrial land, a declining vacancy rate for industrial land would appear to support such claims.

The Victorian Department of Infrastructure tracks the vacancy rate for industrial zoned land over time, via a satellite imaging survey. Survey data is available for the years 1995, 1998 and 2000, which provides an adequate longitudinal perspective on industrial land consumption, particularly given that the late-1990s period is a key focus of this project. The organisation of the data permits some manipulation, however the geographic scale is limited to the LGA level. Figure 3.4 sets out the vacancy rates for industrial land in the West relative to the vacancy rate for industrial land across Melbourne.

**Figure 3.4: Vacancy rate for industrial zoned land in Western Melbourne and the total Melbourne metropolitan area, 1995-2000 (source: Dol data).**



A number of features of industrial land consumption patterns are apparent in Figure 3.4. First, in 1995, Western region industrial land had a much higher vacancy rate of approximately 30 per cent higher than the rate for the Melbourne metropolitan area as a whole. This suggests that industrial investment in Melbourne had prior to 1998 been unevenly distributed across the available metropolitan industrial land. Alternatively, it could be argued that the west simply had a surplus supply of industrial land, relative to other regions within the metropolitan area. The reality is most likely some combination of these two factors. Whatever the preceding causal factors, the market for industrial land, at least in terms of supply, clearly favoured the west, as a location, in 1995. Industrial investment arising from any new economic growth during the late-1990s period was therefore much more likely to locate in the west than elsewhere, given these supply factors favouring that region. Market response to this available supply is in fact what appears to have happened. During the late-1990s, the vacancy rate for industrial land in the west declined by just over 14 percentage points, whereas the rate for the metropolitan region declined by just over 9 percentage points (Figure 3.4). Table 3 presents the decline in the industrial zoned land vacancy rate for the four municipalities in the west which have the largest areas of such land.

**Table 3.3: Decline in Vacancy rate for IZL for selected LGAs, 1995-2000 (source: Dol data).**

<b>LGA:</b>	<b>Brimbank</b>	<b>Melton</b>	<b>Wyndham</b>	<b>Hobsons Bay</b>	<b>Melbourne total</b>
<b>Vacancy rate decline 1995-2002 (% points):</b>	25.1	22.2	11.1	7.2	9.4

Much of the change, both in the West and in Melbourne as a whole took place in the period 1995-1998. By 2000, however consumption of industrial land had flattened (Figure 3.4). These changes suggest that the west was a favoured location for new industrial investment during the late-1990s, with Brimbank being a particularly sought-after destination.

To summarise, the data on industrial land demonstrates that there has been a shift in Melbourne's spatial economy, during the latter half of the 1990s and that this shift benefited the west in terms of industrial investment. A key driver of this shift appears to be the supply of vacant industrial land in the west. While this pattern is readily demonstrable using industrial land vacancy data, price data is less conclusive.

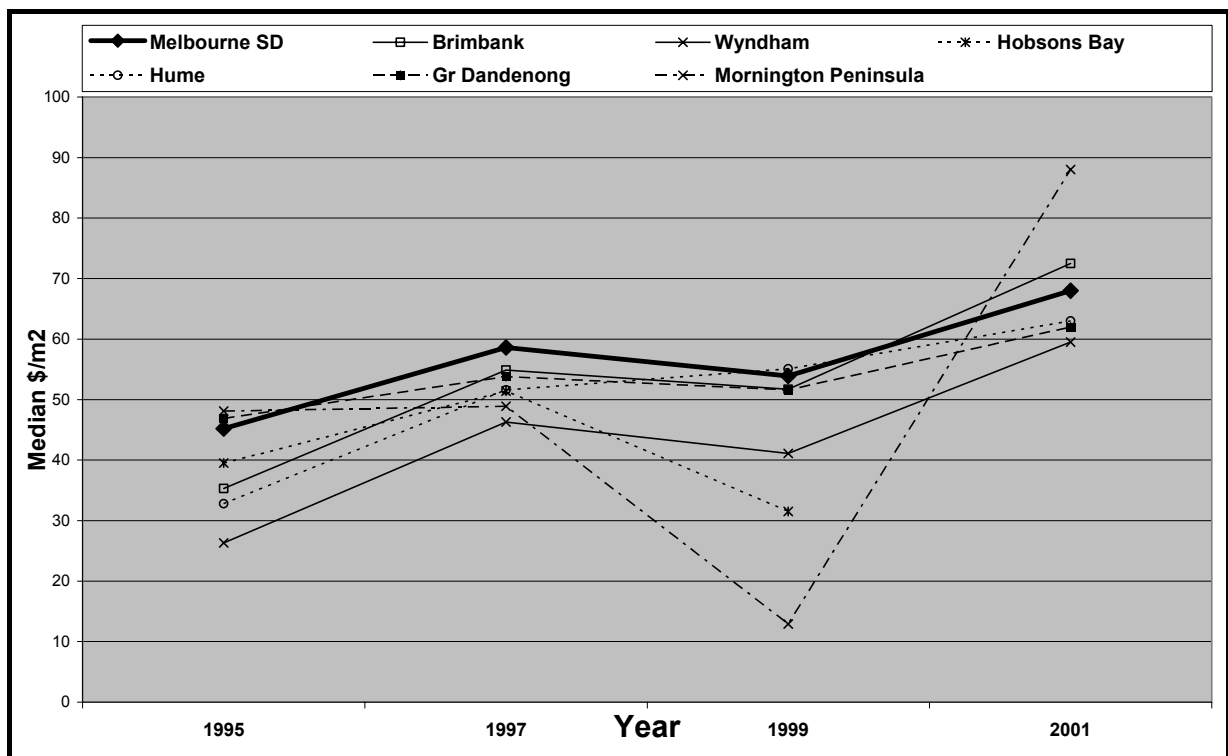
### 3.5 Industrial Land Price Changes

Industrial land price data is available from the Victorian Valuer General. Table 3.5 provides median prices for vacant industrial land for selected local government areas during the late-1990s.

Figure 3.5 shows that all local government areas with sizeable industrial precincts experienced price increases for that land during the late-1990s. After 1997, industrial land prices either flattened or began to decline. The exception is Maribyrnong, which will be discussed in further detail in the section on residential housing price trends; Moonee Valley has been excluded as it contains negligible quantities of vacant industrial land. The general effect of price rises followed by a plateau occurred to differing extent across the metropolitan region, although Mornington Peninsula appears to have experienced a major decline in industrial land prices, while a similar trend can be observed for Hobsons Bay. Notably, industrial land prices in the west were generally lower than those for other precincts in 1995, but increased at a greater rate during the 1995-97 period, while retaining this increase during the 1997-1999 period.

The price trends observed in Figure 3.5 appear to reflect the shifts in the vacancy rate for industrial land which were observed in Figure 3.4: prices rose as vacancy rates declined during the mid-1990s, and then flattened as demand subsided during the latter years of the decade. Interestingly however, the trends again appear to have favoured the west. During the 1997-1999 period when consumption of vacant industrial land declined and some municipalities within the broader Melbourne region experienced significant declines, LGAs in the west appear to have fared better in terms of retaining the value of their vacant industrial land. This would appear to suggest that the balancing of the spatial patterns of consumption of industrial land appear to have shifted in favour of the West as a destination for industrial investment, relative to other areas.

Some caution needs to be advised regarding the use of VG industrial land price data. Industrial land tends to be traded in large lots, and such trades are less frequent than residential sales. Much industrial land is leased rather than directly purchased, and is therefore hidden from these statistics. As a result, the statistical robustness of these figures may not reflect the actuality of industrial property transactions. Nonetheless, the vacancy rate data presented in Figure 3.4 does appear to support the price trends observed in Figure 3.5.



**Figure 3.5: Median prices for vacant industrial zoned land for selected LGAs, 1996-1999 (source: Valuer General (1996; 1998; 2000)).**

The dual perspective offered by vacancy rate and price data suggests that the spatial economy of the west benefited, to a greater extent than other areas of industrial activity, from the economic growth of the late-1990s. This benefit however, in terms of increased demand for industrial land was short lived, having mostly levelled out by 1999. Industrial investment did continue however during the 1998-2000 period, as building approvals data demonstrate below.

### 3.6 Industrial Building Approvals

Beyond basic investment in industrial land, economic growth also occurs when firms invest in buildings and plant. The number of building approvals over time, and the value of these, is a strong indicator of the level of business investment that is taking place. The locationally specific character of building investment permits spatial analysis of business investment at the regional and sub-regional scale.

Figure 3.6 provides an indication of the levels of business investment in the local government areas of the west, showing the number of building approvals for the region by half-year from December 1996 to the present. The data represented in Figure 3.6 is DoI building approvals statistics, compiled by half-year from the second half of 1996. The building approvals totals include the categories of factories, offices and other business premises. Factories and offices are self-explanatory, while 'other business premises' include ancillary operations, such as warehouse and transport facilities.

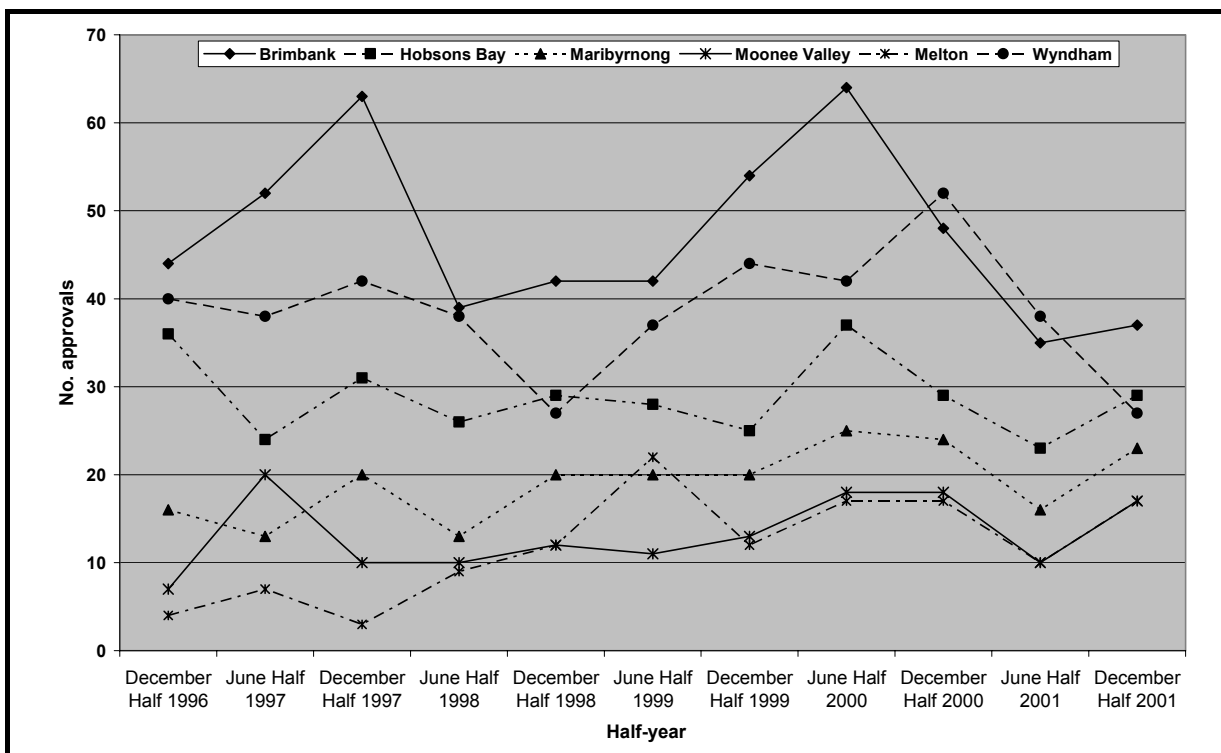
It is apparent from Figure 3.6 that the level of building activity in the west has been high throughout the late-1990s. Brimbank, Wyndham and Hobsons Bay have all experienced large numbers of industrial building approvals during this period. Even the LGAs of Maribyrnong and Moonee Valley, which have relatively limited areas of industrial land, experienced some industrial building. Melton, however, despite almost doubling its level of industrial building approvals during the period 1996-2001 remained much lower than areas such as Brimbank and Wyndham. Both Brimbank and Wyndham however, appear to show greater sensitivity to fluctuations in the broader metropolitan and national economies. Both suffered a strong decline in number of industrial building investments during the year from December 1997 to December 1998, but recovered from December 1998 through to June

2000. All parts of the West experienced reduced business-related building approvals during the latter part of 2000, with some recovery from December 2001 for most areas.

The spatial patterns of industrial building approvals reflect the spatial distribution of industrial zoned land throughout the west. LGAs with the largest areas of industrial land, and for which the vacancy rate had declined the most during the 1995-2000 period were those which saw the highest number of building approvals for that period. Brimbank received the most new building activity, while Wyndham had a comparable level. Moonee Valley, Maribyrnong and Melton had a steady but much lower level of activity than the dominant industrial LGAs.

While it appears from Figure 3.6 that the west has fared well in terms of industrial investment during the late-1990s and early 2000s, this is not necessarily the case when compared with 'competitor' industrial areas within the Melbourne metropolitan region. Figure 3.7 presents the total number of industrial building approvals for other local government areas in Melbourne which have large tracts of industrial land.

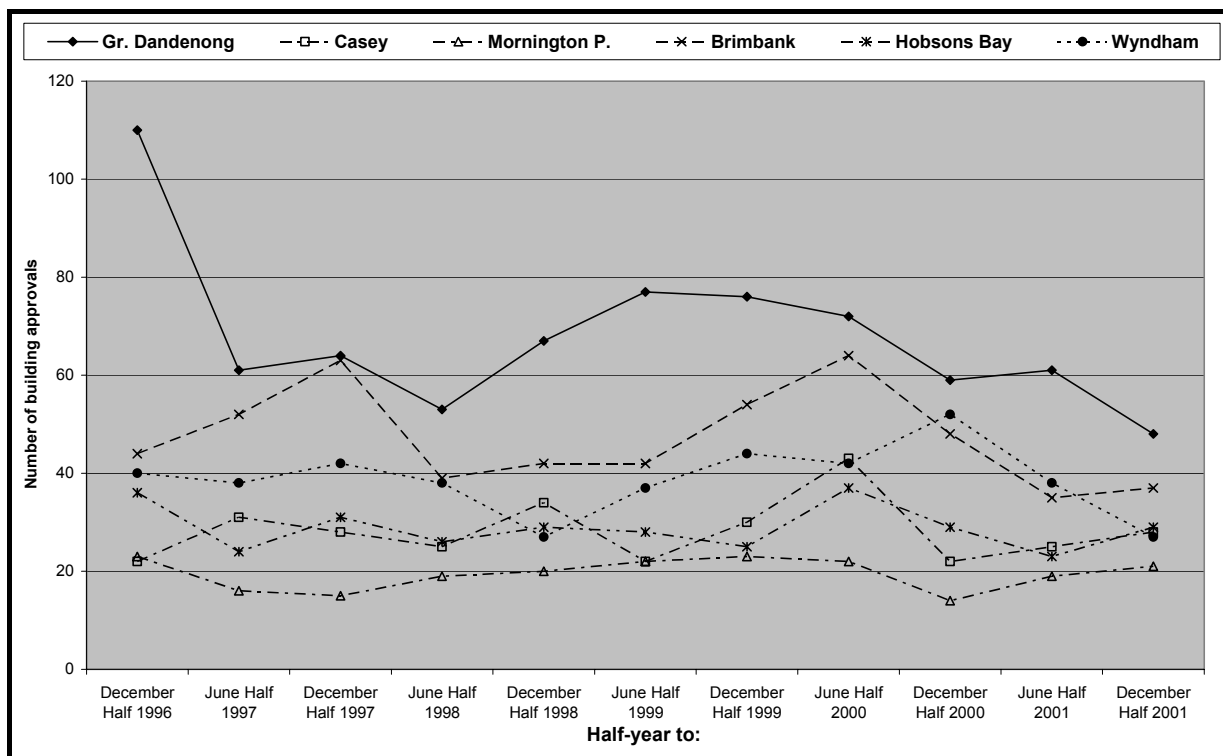
The southeastern Melbourne LGAs of Casey, Greater Dandenong and Mornington Peninsular all have large tracts of industrial land, which are each comparable to the largest areas contained within western LGAs (Figure 3.2). Figure 3.7 demonstrates that these areas received comparable levels of business investment during the study period. Notably, Greater Dandenong experienced a higher level of industrial investment during this period than any of the western LGAs. However, Brimbank, Wyndham and Hobsons Bay all experienced high levels of industrial building activity during this period, putting the region at least on a general par with the industrial precincts of the South East.



**Figure 3.6: Factory, office and 'other business premises' building approvals for selected LGAs, 1996 – 2001 (source: DoI data).**

The comparison with the South East also provides further evidence of the lull in industrial activity during the 1997/1998 period. Greater Dandenong, Brimbank and Wyndham all experienced a decline in building activity during 1998, followed by a recovery during 1999 and a further lull in the early 2000s.

The building approvals data suggests that the industrial performance of the west is closely linked to the performance of other industrial precincts, and in turn, to the broader metropolitan economy. Clearly, the west, as an industrial region, is inseparable from the broader metropolis, and industrial activity in the west reflects the degree of broader economic activity taking place in the metropolitan region.



**Figure 3.7: Total number of factory, office and 'other business premises' building approvals for selected LGAs, 1996-2001 (source: DoI data).**

### 3.7 Value of industrial building approvals

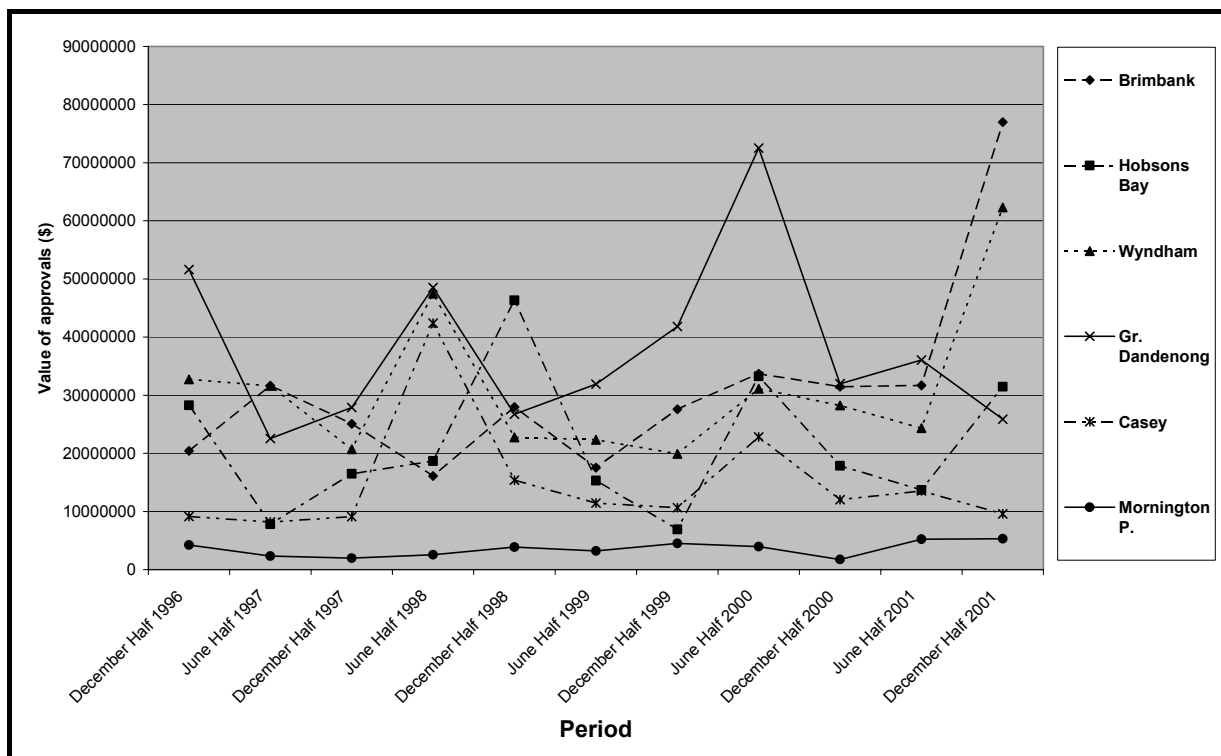
Further insight into the extent of spatial economic change can be obtained from data which record the value of the industrial-related building approvals discussed above. While the total number of building approvals establishes the gross number of industrial investment decisions, approvals value data permits some assessment of the relative importance of these decisions, in terms of their economic value.

Figure 3.8 sets out the value of the building approvals, of which the total approval numbers were described in Figure 3.7. The trends in building approval values in many respects mirrors the number of approvals displayed in Figure 3.7. The major industrial municipalities of Melbourne's west clearly experienced high levels of inward industrial investment in buildings during the late-1990s. Similar, if uneven, patterns were observed for some of the tracts of industrial land in the southeast, particularly Greater Dandenong. Notably this municipality had the largest overall value of industrial building activity during the study period.

Interestingly, the pattern of industrial building approval values appears to be the reverse of that for the gross number of approvals. In periods where the total number of approvals decline, such as the period late-1997 to late-1998 (Figure 3.7), the value of this lesser number of approvals appears to increase (Figure 3.8). While noticeable, this effect is not strong, and the causal factors underlying it are unclear.

What is also apparent from Figure 3.8 is the extent of business investment in industrial buildings during the study period. Brimbank and Wyndham both experienced just over \$340 million each in industrial building activity, while Hobsons Bay received approximately two thirds of that level. While Greater Dandenong experienced a much higher value of industrial building activity of approximately \$417 million, the other southeastern industrial precincts of Casey and Mornington Peninsular received little over \$200m in industrial building approvals. This data suggests that by the end of the 1990s, the west had become the strongest performing industrial region in Melbourne, and the favoured destination of a large proportion of industrial investment in the Melbourne area. This is supported by the total value of approvals: Brimbank, Wyndham and Hobsons Bay totalled just under \$920 million during the period, while that for Greater Dandenong, Casey and Mornington Peninsula totalled just over \$620 million.





While the west is a clearly favoured destination for industrial investment, it is difficult from the available data to establish whether industrial activity in the west 'leads' or 'lags' that in the broader Melbourne metropolitan area. Figures 3.6, 3.7 and 3.8 show that there are strong connections between the level of industrial investment in the west and the broader metropolitan economy. That comparable growth occurred in the west's industrial peer municipalities suggests that the late-1990s boom was a pan-metropolitan phenomenon, rather than one which was specific to the west, as a destination for industrial investment.

### 3.8 The industrial west: summary of spatial change

The spatial economy of the west, in terms of its industrial geography, and in terms of its recent dynamics, can be summarised as follows. Industrial activity of Melbourne's western suburbs is concentrated around a major precinct which is located approximately ten kilometres from the metropolitan CBD, where the boundaries of the LGAs of Brimbank, Hobsons Bay and Wyndham adjoin, and adjacent to the intersection of the Geelong Road, Westgate Freeway and the Western Ring Road. While other precincts of industrial land exist within the west, none has quite the degree of significance to the broader region as this area. It appears from the data that much of the post-1995 industrial activity has been associated with this strategically located concentration of industrial land.

Since the mid-1990s, the west has become a major location for new industrial development in Melbourne, and thus Australia, largely as a response to market processes which have enhanced the strategic value to interstate and internationally connected firms, of the industrial precincts close to international transport and logistics linkages. From 1995, the occupancy rate for industrial land in the west increased by over 30 per cent, which was a higher rate than the increase in industrial land occupancy experienced by other industrial areas of Melbourne. By the end of this period, the west had achieved a level of industrial occupancy roughly equal to that for Melbourne generally. Such a finding suggests that the West had recently (and temporarily) been neglected as an industrial location, despite its longstanding historical identification with this form of land-use. The dynamics of the industrial regeneration of the west suggest that it was the largest destination for business investment in industrial buildings, by both number and by building value, during the late-1990s. This finding would appear to support the vacancy rate data which revealed a declining rate of industrial vacancy in the west during the mid- to late-1990s.

This project noted that various commentators had hailed the west as a new region for industrial development in Melbourne. The available data appears to support this perception in part, while moderating it significantly. The west has been very successful as a destination for industrial investment since the mid-1990s. When compared to other industrial regions within the metropolitan area, such as Greater Dandenong, the success of the west appears relatively higher than elsewhere, although not hugely greater. To some extent therefore, the proposition that business and industrial activity in the West has undergone a period of dynamic regeneration appears to be supported by the available data.

These findings also reveal the extent to which industrial regions which are well located relative to global transport and logistics portals are favoured under economic conditions in which the linkages between global suppliers and their international markets have strengthened. While the region is not really operating as an industrial 'cluster' in this regard, the proximity of these transport connections, in addition to the presence of cheap industrial land, appears to be a major factor in the relative competitive strength of the region during this period. It ought to be noted, however, that it is the co-location of these transport modes, rather than any single mode which is probably the key factor in making the industrial land of the west favourable to business investors for whom transport access is a priority.

While an influx of industrial construction activity serves as an indicator of broader economic vitality for a region, the interconnected character of the west with the broader metropolitan region requires some tempering of the enthusiasm for industrial change in the west as enunciated by media and other commentators during the late-1990s. It is particularly important to recognise that industrial investment within a region does not necessarily equate to equivalent social development. The assumption that industrial development – of almost any kind – leads to enhanced social wellbeing underlies many regional development policies enacted by governments around the world. It is therefore relevant to consider the connection between industrial development and social development as this has occurred in the west. The following chapter attends to this dimension of regional regeneration, by consideration of patterns of labour market change in the western region.

## 4 LABOUR MARKET CHANGE IN MELBOURNES WEST

### 4.1 Long run unemployment in the west

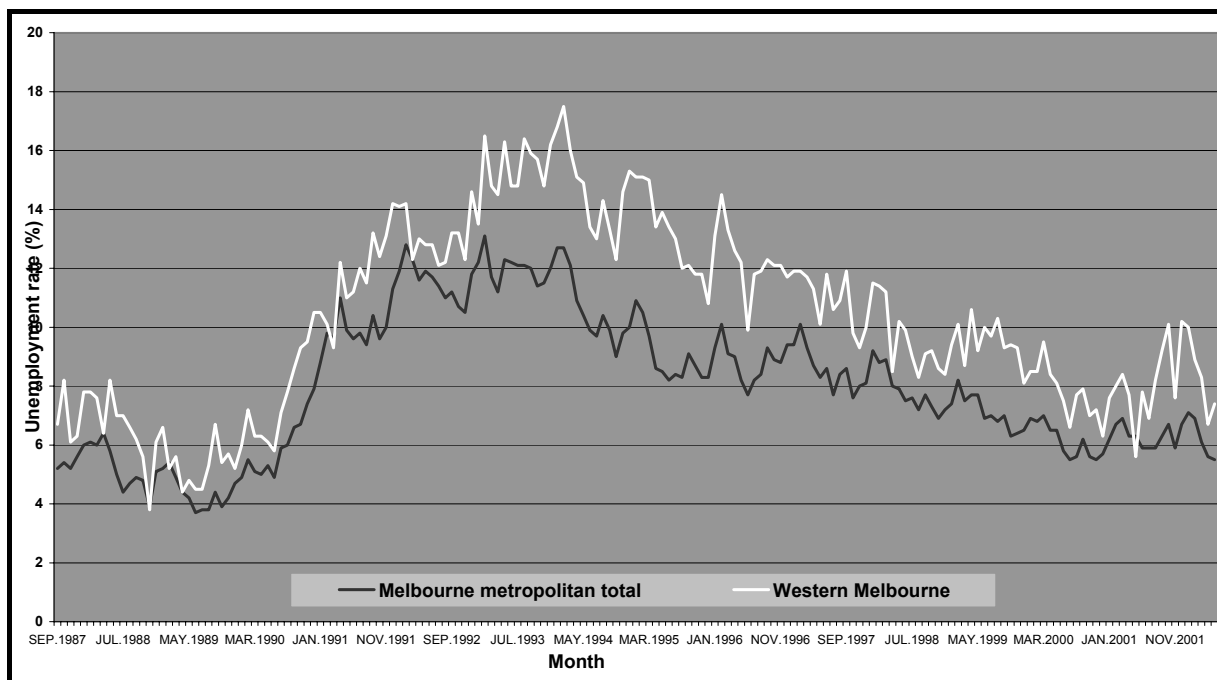
Because labour is a key component of economic activity, the rate of unemployment can be used as an indicator of the relative performance of an economy. In theory, as economic activity and the demand for labour by firms increases, so too does employment, and hence the rate of unemployment declines. The following section of this report responds to Research Question 2 which concerns the changes to the spatial labour markets of the western suburbs. Specifically, the Chapter examines the rate of unemployment for the west, and constituent localities within the west, and compares this to the rate for the metropolitan region as a whole.

The data used in this section is drawn from ABS Household Labour-force Survey (HLS); Census data which provides a much longer perspective will be inspected below. The HLS survey assesses the labour force status of the population, with those in the labour force identified as either being in employment or seeking employment but not currently employed (i.e. unemployed). The unemployment rate is therefore calculated as a proportion of the total labour force. HLS data is less accurate than Census data, because it relies on a sample survey of the population, rather than on a complete sampling of the entire population as occurs in the Census. However the much greater frequency of sampling undertaken by the HLS ensures its usefulness for understanding short- and medium-term employment trends. The HLS data can be cross-referenced with the Census to assess the validity of the HLS figures.

HLS data is gathered monthly and is disaggregated to the geographic level of the statistical region. Fortuitously, the HLS statistical region relevant to the western region of Melbourne ('outer-western Melbourne') exactly matches the geographic boundaries used by the present study to define the west. This data is available from the late-1980s, and thus provides an excellent longitudinal perspective on economic and social changes experienced in the west as these have affected the rate of employment. By comparing the employment trends in the west relative to the metropolitan area as a whole, a very clear picture of the employment component of regional economic and spatial change can be obtained.

Figure 5.1 presents the unemployment rate for Melbourne's west and for the metropolitan area as a whole, as revealed by the HLS. A number of features from the unemployment trends are of relevance to the study, particularly the historical patterns depicted in the figure. Unemployment in the west in the late 1980s was between approximately 0.5 to 1.0 per cent greater than the Melbourne total rate (Figure 4.1). Melbourne by 1989 had achieved an unemployment rate of approximately 4 per cent, while the west was around 5 per cent. During the period of the early-1990s national economic recession, unemployment across Melbourne rose by approximately 7 per cent, to peak at just over 12 per cent from late-1991 to early 1994. For the west by comparison, the rise in the unemployment rate in the early-1990s was much greater. Unemployment rose quickly during the 1989-1992 period, reaching just over 16 per cent from early-1993 to mid-1994. Thus while the recession resulted in a gain of about 7 per cent in the unemployment rate for Melbourne, in the west it produced an increase in unemployment of approximately 11 per cent. This effect demonstrates the vulnerability of the west, at the time, to economic shocks, suggesting a disproportionate exposure to negative market processes, such as industrial restructuring, when compared to the broader Melbourne area.

While economic conditions in both Melbourne and the West improved steadily from mid-1994 until the present, improvements in the unemployment rate for the West were slower than for the total metropolitan region. Melbourne's unemployment rate declined from just over 12 per cent in early-1994 to around 8 per cent by early-1998, settling to a rate of between 6 and 7 per cent during 2001-2002. While unemployment also declined in the west during this period, the rate for this region stayed higher for longer, particularly during the period from early-1993 to early-1998. By 2001-2002 the unemployment rate for the west had settled at around 8 per cent, some 2 per cent higher than for Melbourne as a whole.



**Figure 4.1: Unemployment rate for Western Melbourne Region and Melbourne total, 1987-2002 (source: ABS labour force time series).**

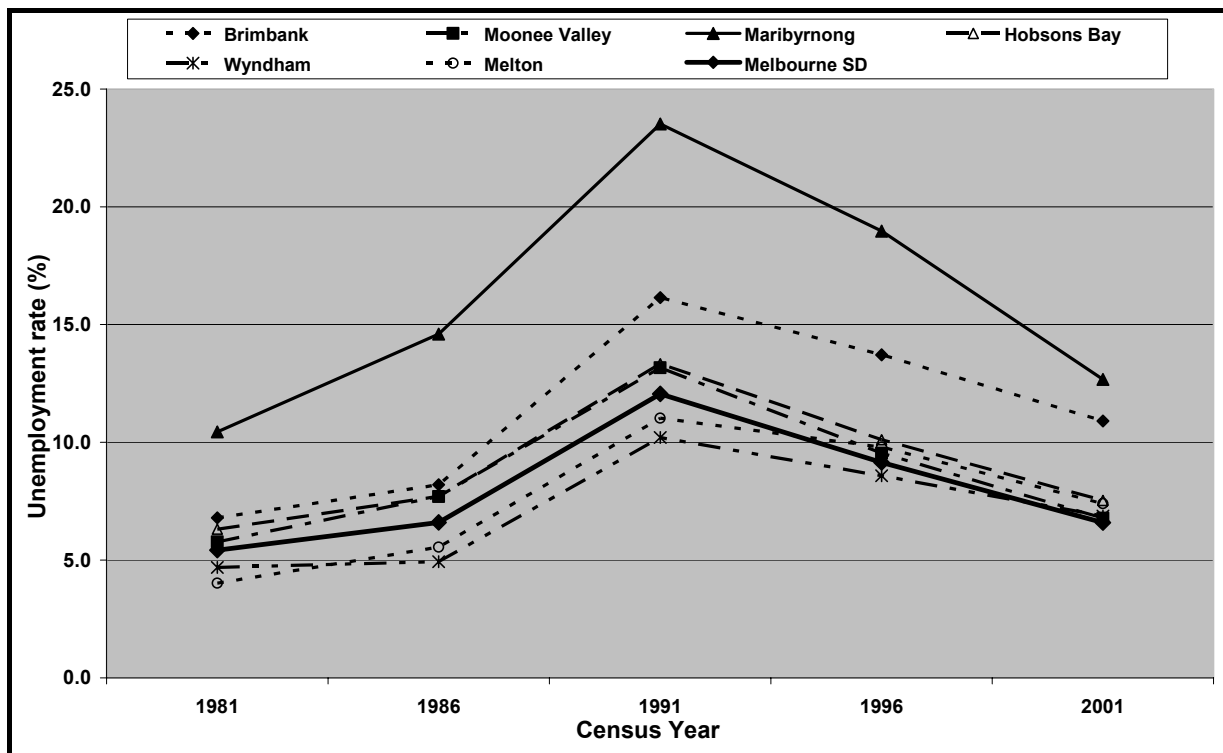
A further feature of these longitudinal unemployment curves is the current level of unemployment, when compared with the levels which operated in the late-1980s. Despite almost ten years of recovery from the recession of the early-1990s, the unemployment rates for Melbourne and the west both remain above the levels of the late-1980s. In 1989 metropolitan unemployment was approximately 4 per cent, while presently it is at, or just over, 6 per cent, a difference of around 2 per cent in favour of the late-1980s. The west has shown less of a recovery: the current unemployment rate for this region, at approximately 8 per cent, is some 3 per cent higher than the figure of just over 5 per cent in 1989. Economists refer to this tendency for the unemployment rate to ratchet up through successive economic cycles as 'hysteresis'.

That the current unemployment rate for the west is higher than it was in the late-1980s, and that the difference between the west and metropolitan Melbourne has widened since that period, suggests two processes. First, the performance of the West as an economic sub-region has not been as great as that of the broader Melbourne region during the past fifteen years, and second, the west has demonstrated less long-term resilience in coping with economic change during period from the late-1980s to the present. Unemployment in the west is currently at least two per cent higher than for Melbourne, and approximately three per cent greater than the regional figure of fifteen years ago. The downward slope of both unemployment curves since the early-1990s suggests that there may yet be a decrease in the rate of unemployment for both regions, which could return unemployment to late-1980s levels. However, indications from 2001 onwards are that there is a levelling out of both curves, which suggests that any further reduction of unemployment will be delayed at best and will likely remain unrealised.

## 4.2 Spatial Unemployment and the Census

While the validity of the unemployment rate as revealed by the HLS figures can be queried as being subject to complications due to the mode and size of sampling, Census data are viewed as being more robust in depicting the 'reality' of the labour-force composition. The Census is of course limited by five-yearly sampling frequency, however this can assist in verifying the accuracy of HLS data and assessments of the rate of unemployment. More importantly, the Census provides a much clearer perspective of some of the spatial patterns of unemployment. Census data is available at all statistical levels from 1981, and thus can provide an LGA-level view of unemployment patterns over this twenty-year period.

Using Census data we have charted the unemployment rate for the local government areas of the west relative to the broader metropolitan region. This data is provided in Figure 4.2. A number of features of patterns in unemployment in the west are apparent from this figure. Unemployment levels for the LGAs within the west in 1981 ranged from 4 per cent in Melton to over 10 per cent in Maribyrnong. Most of the LGAs had unemployment rates of between 4 and 7 per cent, largely clustering around the metropolitan unemployment rate of 5.4 percent. During the late-1980s, unemployment throughout the west rose largely uniformly, however there was a widening of the differential in rates of unemployment between Brimbank in particular and Maribyrnong. By 1991, unemployment rates had reached high levels throughout the west, with all LGAs except Wyndham and Melton higher than the metropolitan rate. Again Maribyrnong, in particular, as well as Brimbank, had levels of unemployment which were much higher than that for Melbourne as a whole. During the early 1990s unemployment levels declined across both Melbourne and across all of the LGAs within the west, a trend which continued during the latter part of that decade and into the early 2000s. By 2001, most of the municipalities of the west had unemployment rates within three per cent of the metropolitan rate, although none were lower. Maribyrnong had experienced a strong recovery, but unemployment in this municipality remained higher than was the case in 1990. Brimbank also had recovered somewhat, and while unemployment in 2001 at 10.9 per cent was approximately 5 percentage points lower than that of 16.1 in 1991, this rate was still much higher than the 1986 rate of 8 per cent.



**Figure 4.2: Unemployment rates for the Western region of Melbourne and the Metropolitan area, census night, 1981-2001 (source: Dol and ABS Census data),**

The unemployment patterns depicted in Figure 4.2 reflect those which appear in Figure 4.1. Unemployment is relatively low in the early- to mid-1980s, but increases in the late-1980s, reaching a peak in the early-1990s. The rate of unemployment then declines during the 1990s to a level in the early-2000s which is between 1-2 per cent higher than the level recorded in 1986. The temporal similarity in patterns between the two data sets suggests that they are a very good measure of the actual levels of unemployment.

Spatially, therefore the west demonstrates strong patterns in levels of unemployment. The population of Maribyrnong is clearly more vulnerable to processes which produce unemployment than other LGAs within the west. Brimbank also appears to be vulnerable to high levels unemployment. Melton, Moonee Valley, Hobsons Bay and Wyndham all appeared to have much less susceptibility to unemployment during the late-1990s. Moonee

Valley in particular, recovered well from the early-1990s recession, while Hobsons Bay also made a reasonable recovery. Unemployment in Wyndham and Melton did not decline to the extent realised by other western municipalities, but as their levels of unemployment were never as high as their peer LGAs, this would appear reasonable.

Some assessment of the factors underlying these unemployment rates is required, as the data alone cannot reveal the causal processes at work. This assessment draws on some of the interview data collected as part of the project, and thus is informed by local perceptions of the drivers of economic and social change. This data is of course leavened by the insights of the researchers which have been developed during the course of the study.

The most prominent curve in Figure 4.2 is that of Maribyrnong. Unemployment in this municipality was higher than that for all others in the west, by at least 5 per cent, during the study period. Initial industrial restructuring in the 1980s affected Maribyrnong particularly, as the population has long been associated with the small and medium-scale industrial activity within the municipality as well as the surrounding industrial precincts. There appears to have been a strong connection in Maribyrnong between the industrial employment sector and the residential population. More recently, Maribyrnong has also been one of the focal points for new international migrants to Melbourne, particularly migrants from a non-English-speaking background. Such populations are vulnerable to unemployment as they often lack the requisite job-acquisition skills. However, this population is reported by local government officials as being transitory, using Maribyrnong as a place of initial establishment, but then moving to other municipalities within the region once an adequate level of financial and employment security is attained. Also, during the late-1990s, gentrification of the housing market was a particularly strong process within Maribyrnong, as the eastern part of the municipality became closely connected to Melbourne's high-value inner city housing market. As reported in the introductory chapter, the inner city housing market of Melbourne has, during the past decade, become associated with an educated high-skill and highly-employed segment of the population. The influx of this population to the municipality appears to have contributed to the strong decline in Maribyrnong's unemployment during the late-1990s. This gentrification effect will be discussed in Chapter 5 as part of the discussion of housing market trends.

Brimbank also appears to have experienced similar effects to those observed in Maribyrnong, with an older industrial employment base located around the south eastern sector of the municipality suffering from industrial restructuring during the 1980s. Brimbank also has a high proportion of new migrants, particularly those from non-English-speaking backgrounds. The municipality however is adjacent to Moonee Valley which has a low level of unemployment, and the population in north eastern Brimbank appears to share some of the skill characteristics of Moonee Valley.

By 2001, Moonee Valley had the lowest unemployment among the west. This appears to be a combination of two factors. First, this municipality has a much lower proportion of industrial activity than the remainder of the west, which made it less susceptible to job-losses from local industrial re-organisation. Of course, the workforce of Moonee Valley also finds employment in the industrial sectors of the west, as well as in the Hume industrial precinct to the north of the municipality. There is some evidence that the gentrifying effect of higher inner-city house prices had also flowed through to Moonee Valley, and this will be discussed in Chapter 5. Hobsons Bay appears similar to Moonee Valley, although the higher proportion of industrial land, and a larger industrial workforce in this locality appears to have held back employment growth in recent years. The flow-on effect of higher socio-economic status residents taking advantage of the peripheral inner-city housing markets in the suburbs of Spotswood, Newport and Williamstown also appears to have had some effect on the unemployment rate within Hobsons Bay.

The municipalities of Wyndham and Melton appear not to have experienced such dramatic increases and declines in unemployment as did the other municipalities of the West. This is an interesting finding and it is not immediately clear what the underlying causal factors behind this pattern is. There is a strong likelihood that the connection between the large tracts of rural land-use within both of these municipalities has contributed in some way to

their consistently lower rate of unemployment. Wyndham has a very large industrial precinct in the north east of the municipality, although a large portion of this has only been available for use since the early-1990s. Noticeably, however, both Melton and Wyndham appear not to have gained from the recovery in employment in the west as much as other municipalities. From a position of higher levels of employment relative to the Melbourne area total at the height of the recession in the early-1990s, both Melton and Wyndham have had a much flatter recovery curve than other municipalities such as Hobsons Bay and Moonee Valley. This suggests that both these municipalities are less susceptible to recessionary economic trends, but also less able to take advantage of expansionary economic periods.

Generally speaking, despite the relatively greater levels of industrial investment which have flowed into the west during the past 5-10 years (see above) the west has not performed at the same rate economically as the broader metropolitan region, at least for as unemployment is concerned. This has implications for the claims by commentators who lauded the 'regeneration', 'revolution' and 'resurgence' of the west as having come about due to inward industrial investment. More generally such findings have implications for regional development strategies which attempt to use business investment as the sole means of generating economic wellbeing. These implications are important because they respond directly to the research questions posed by this project. It is appropriate however to address such considerations in further detail following discussion (in Chapter 5) of how the housing market has responded to the economic changes identified above.

### **4.3 Recent Labour Market Patterns at the Local Scale**

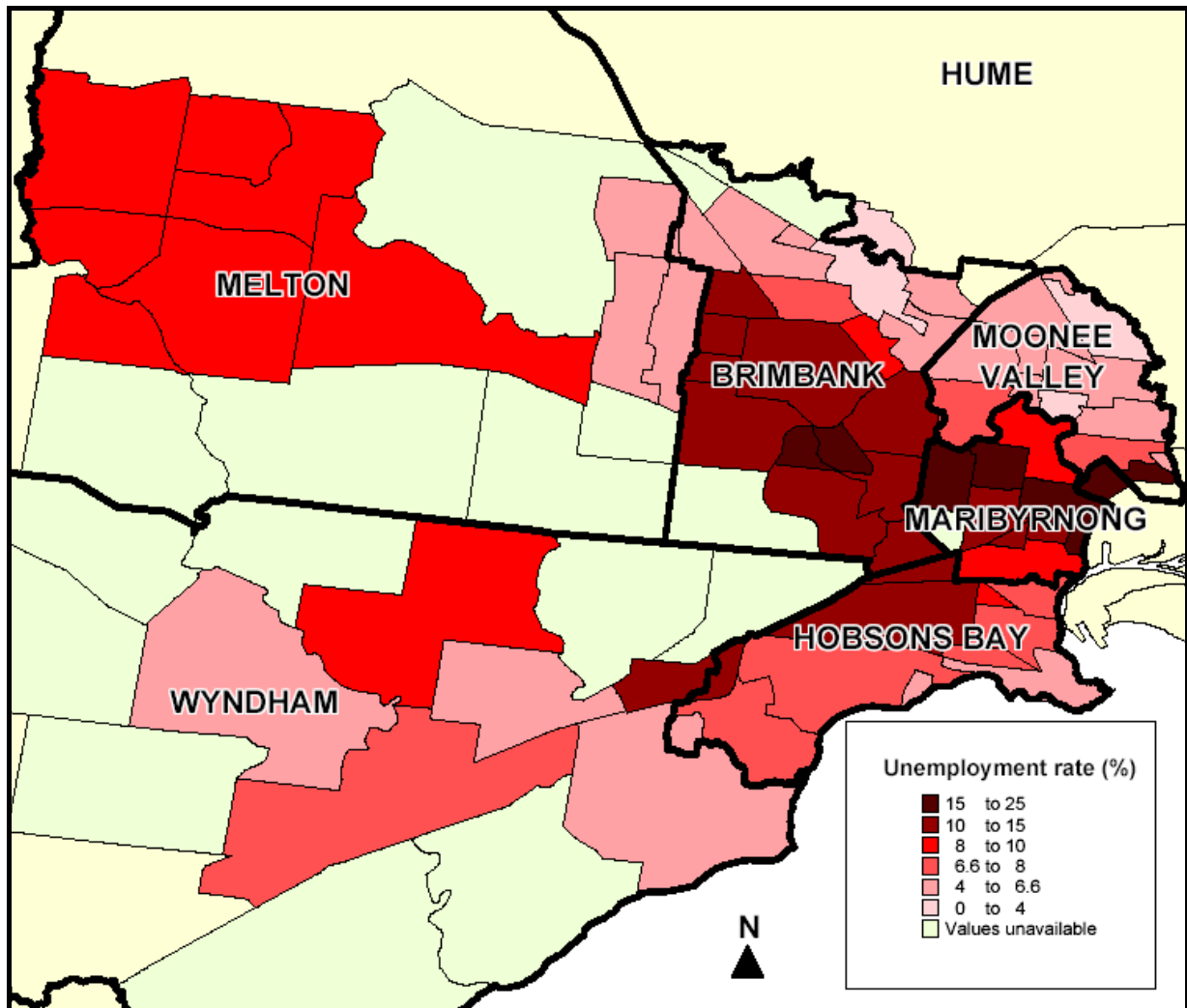
Census data can be disaggregated to a range of spatial scales. Accordingly it is possible to create finer grained spatial representations than those described in simple form above, although the procedures are more complex. To provide a representation of the spatial patterns of unemployment in the west at the time of the 2001 Census, we have mapped the rate of unemployment at the State Suburb (SSC) level. Figure 4.3 displays the distribution of unemployment across the west. The two lightest shaded areas in Figure 4.3 are those which are at or below the metropolitan rate (see Figure 4.2), permitting comparison with the broader Melbourne area.

The LGA level data presented in Figure 4.2 suggested that unemployment exhibits strong spatial patterns across Melbourne's west. The strength of this pattern appears to be confirmed by Figure 4.3. Some features of this pattern are worth noting. The first is that there are a number of areas which have unemployment rates at or below the rate for metropolitan Melbourne. A concentration of these low- and average-unemployment areas is spread across the northern areas of the west, from the northwest of Moonee Valley, extending through the north of Brimbank and into Melton East at Caroline Springs. Further areas of low unemployment are Williamstown and Point Cook, and parts of the Werribee township.

Areas with unemployment rates greater than 15 per cent of the labour force are concentrated in a large tract along the boundaries between Moonee Valley and Maribyrnong, and extending into Brimbank. High unemployment is located around these areas, throughout most of northern Maribyrnong, and the southern half of Brimbank. This high-unemployment area also extends into Hobsons Bay, with a large tract of higher unemployment located in Altona North, as well as in Laverton in the east of Wyndham. A number of other areas contain unemployment rates above the metropolitan rate, with the southern part of Maribyrnong, most of Melton township, parts of Werribee, the southern suburbs of Moonee Valley and most of Hobsons Bay.

Clearly the west is spatially divided in terms of the distribution of labour market disadvantage. The west has some areas which, in terms of the employment status of their residents, are performing at or better than the metropolitan rate, but also many areas which are far less successful than the broader metropolis. This raises some issues of relevance to the present project, particularly when the geography of industrial investment is considered. The area of concentrated industrial activity in the west is the convergence of Maribyrnong, Brimbank, Hobsons Bay and Wyndham. From Figure 4.3, it is apparent that this area also has among

the higher rates of unemployment in the region. Surprisingly, it seems that the areas which contain the least industrial activity have the lowest rates of unemployment. Despite the effusive claims made by industry, business and media commentators regarding the rejuvenation of the west during the late-1990s, the areas within and adjacent to the industrial precincts continue to experience high levels of unemployment, an outcome which would appear to contradict the claims of these commentators.



**Figure 4.3: Unemployment rate for Melbourne's western suburbs<sup>4</sup>, 2001 (source: ABS Census Data).**

It is also worth noting that the Western Ring Road, which cost approximately \$700m has failed to bring significant gains to the west in terms of alleviating the relative disadvantage of the region. The regional unemployment rate has declined since 1996, but high levels of unemployment remain, and as Figure 5.3 shows, the location of this unemployment actually appears to be located along the route of the WRR, through Brooklyn, Sunshine West, Albion, Ardeer, Sunshine North and Altona. While the reasons behind this effect are unclear, this finding suggests that the provision of major roading infrastructure does not necessarily, of itself, produce the economic benefits which the proponents of such infrastructure claim. This observation appears to be supported by local perceptions, with one local economic

<sup>4</sup> Census data was unavailable for some outer-urban municipalities, particularly those outside the ABS definition of metropolitan Melbourne, such as the western areas of Melton Shire and the City of Wyndham. For such localities Statistical Local Area data was used as a proxy value, where relevant, otherwise these areas have been recorded as 'values unavailable'. For a level of analysis at the CD level, see the ABS 'Melbourne Social Atlas' Australian Bureau of Statistics (ABS) (2003). Melbourne: A social atlas. Canberra, Australian Bureau of Statistics.



development official consulted during the research project suggesting that \$100 million spent on regional employment and skills programmes would have been better in terms of longer-term labour market outcomes than the \$700 million spent on the WRR.

#### 4.4 Sectoral Composition of the Labour Force in the West

Whereas the preceding section examined the levels of unemployment within the municipalities of the west, it remains necessary to consider the sectoral composition of the labour market. Patterns and changes in the proportion of the employed labour force in terms of industrial sectors reveal the way in which the industrial base of sub-areas within the west are responding and adapting to broader changes within metropolitan Melbourne and within Australia generally. The sectoral composition of the labour force in the west is provided in Figure 4.4. A number of patterns are present in the figure which are of relevance to the present study.

The most prominent of these employment patterns is the decline in the proportion of the workforce employed in the manufacturing sector. Manufacturing declined steadily from constituting slightly less than 34 per cent of the workforce in 1981 to under 19 per cent by 2001, a decline of over 45 per cent from the 1981 level. This trend was strongest between 1981 and 1986, but continued during the 1990s, apparently in accordance with metropolitan and national patterns, such as those identified by Beer and Forster (2001). Despite the reported 'boom' in industrial activity in the west, which has been reportedly associated with the manufacturing sector, this resurgence does not appear to be reflected in the proportion of the workforce resident in the west which is employed in manufacturing. This is an interesting finding given that the manufacturing sector is reported to be closely connected with the industrial investment that has flowed into the west during the past ten years. Clearly, the pattern observed for this sector suggests that simple assumptions that increased industrial investment automatically equates to increased levels of industrial jobs are not sufficient to understand the full subtleties of economic change in the region. This is particularly so when the outcomes for manufacturing are considered alongside the dynamics of other employment sectors.

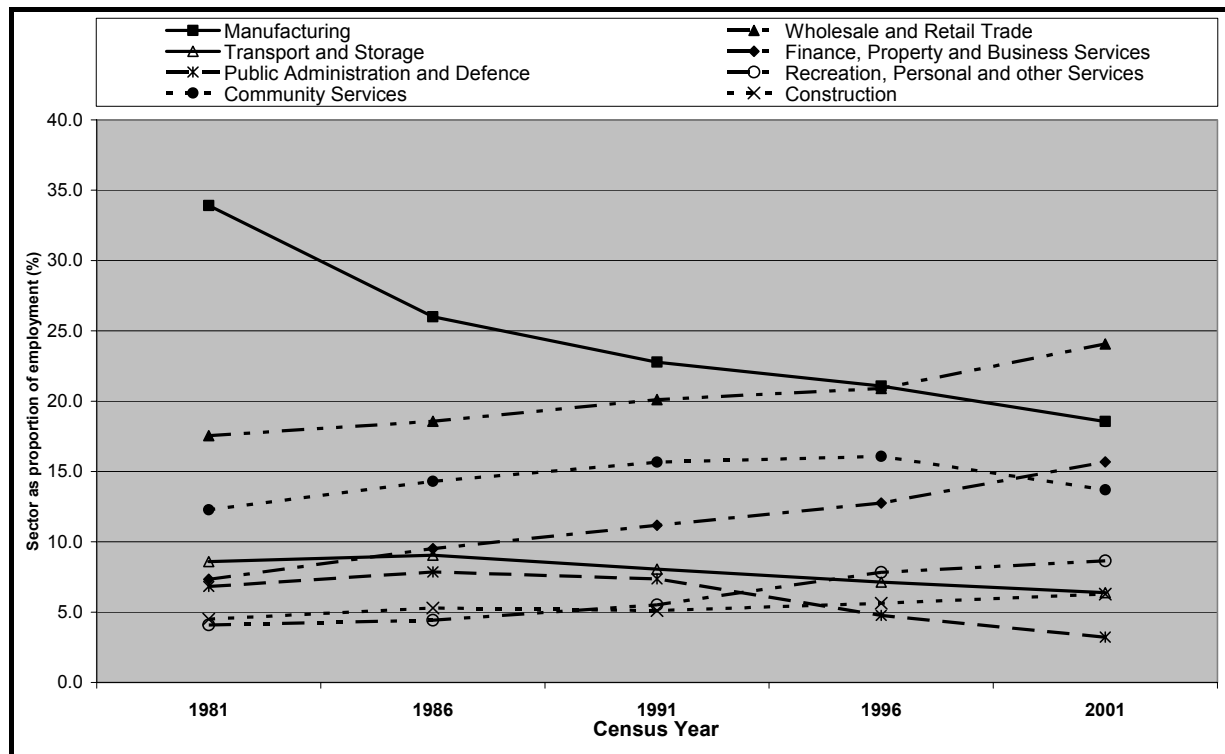


Figure 4.4: Proportional composition of the resident labour force for selected industrial sectors, Western region of Melbourne, 1981-2001 (source: DOI and ABS Census data).

Strong growth in the proportion of the labour force occurred for three sectors. These include wholesale and retail trade, finance property and business services, and recreational,

personal and other services. When compared to the decline in manufacturing employment, this data clearly points to an increasing tertiarisation of the economy throughout the west and Melbourne generally, and a resultant adjustment to the labour force sectoral composition within the west. Wholesale and retail trade (including hospitality and food and beverage retailing) is now the largest employment sector within the west. This trend would appear to be in line with theories of globalisation and post-industrial economies, which predict an increasing importance for both the service and financial sectors (Brain 1999; Reich 1991). The logistics corridor in the region also appears to have some influence on the wholesale trade employment sector. The 'old' industrial sector – manufacturing – in the west has declined almost 50 per cent as a proportional employer of the regional workforce. The west, it appears, is reflecting, if not entirely replicating, the 'new economy' shift which academic commentators have reported is occurring in central Melbourne locations (Brain 1999). It is worth noting also that the largest increases in the proportion of the workforce employed in both wholesale and retail trade, and in finance and business services occurred in the late-1990s to early-2000s period, which suggests this 'tertiarisation' trend is accelerating, and such that the proportions of the workforce constituted by these two sectors will increase in future.

Industrial sectors which have experienced a decline in the proportion of the workforce which they constitute include public administration and defence and transport and storage. Public administration has declined from just under 7 per cent of employment in the west, to just over 3 per cent, while transport and storage has reduced from just under 9 per cent to slightly over 6 per cent. Public administration and defence employment decline reflects government restructuring, particularly from the early-1990s. In particular, the Commonwealth government, via the Australian Defence Industries organisation has ceased operations on a number of sites within the west, such as at Cairnlea in Brimbank and in north Maribyrnong. As a result, employment within these sites is no longer available. However, the discontinuation of defence operations on these sites has presented housing regeneration opportunities, which will be discussed in further detail below. The particularly strong decline in public administration employment during 1991-1996 presumably also reflects the public sector cost-cutting programme of the Kennett Liberal government in Victoria, of which one of the stated aims was to reduce public sector employment across the state.

The decline in transport and storage employment has not been dramatic, but remains surprising given the reported importance of this sector to the 'boom' that has occurred in the west during the study period. Transport and logistics have been identified as key industries which have relocated to the west to take advantage of the good nodal connections between different transport modes, such as the national rail network, the Port of Melbourne, airports and Western Ring Road. The gradual decline in the transport and storage workforce in the west would appear to reflect efficiency gains generated by improved access to this transport infrastructure, as well as the overall productivity gains achieved in the sector through such measures as computerisation of inventory and dispatch. The ABS yearbook (2002) reports that in the 1998-2000 period productivity in the transport and storage sector throughout Australia increased by 3.5 per cent, which would explain some, although not all, of the small decline in the sector during 1996-2001.

Clearly there have been considerable changes in the sectoral composition of the resident workforce of the west during the past twenty years. These changes can be broadly characterised as marking a shift from older traditional industrial economic sectors, towards those which are more closely associated with personal and retail services, and financial and business services. When considered overall, the sectoral compositional trends observed among the workforce of the west appear to follow the pattern anticipated by theories of globalisation, post-fordism and post-industrialism (Sassen 1988; Harvey 1989). This observation would appear to support the supposition of this project that the west is, like Melbourne generally (Brain 1999), exposed to, and responding to, global economic and social patterns. What is interesting about the patterns observed is that the trends which appear to be affecting other sectors of the Melbourne metropolitan region, particularly the CBD, are also affecting the west. While the compositional proportions of 'new economy'

sector employment in the CBD is much higher than that of the west, the basic underlying pattern is observable.

A caveat should be noted regarding the data used to understand the changes in the labour market and sectoral composition of the workforce in the west. This is primarily a methodological concern, regarding what exactly is being measured in the Census on which the data is based. Labour force data used in this project identifies the industrial sector in which the residents of the regions are employed, but they do not necessarily work within the region. Hence, there will be some disparity between the residential population of the west and the industrial or 'employed' population. Other research conducted in Melbourne has shown strong regional work-residence containment patterns (O'Connor and Healy 2002). But as many residents of the west travel outside the region to work, so too do many workers travel from other areas to work within the west.

#### **4.5 Labour market change in the west: summary.**

The above discussion of labour market change sought to respond to Research Question 2. The findings described above have demonstrated that significant and major changes have occurred within the western region of Melbourne during the past decade. The most notable feature has been that of unemployment. Household Labour-force Survey data reveals that the late-1990s produced a major reversal of much of the high levels of unemployment which were experienced by the west in the earlier half of that decade. While unemployment levels exhibit strong spatial differentiation throughout the west, when viewed at the Local Government Area level, unemployment rates appear to have declined across the entire region. These rates of decline have also been uneven. While some municipalities have performed well and exhibit rates only slightly greater than the metropolitan rate, no municipalities in the west, in 2001, had lower unemployment than the metropolitan rate, a reversal of some of the patterns of the previous two decades, when Wyndham and Melton both had lower unemployment rates than that for total Melbourne.

Large differences in unemployment levels can be observed throughout the region. The municipalities of Maribyrnong and Brimbank are particularly notable in this regard. While all municipalities experienced declining rates of unemployment from 1991-2001, the disparities at the municipal level remain strong. At the Local Government Area level, the basis for this patterning is not immediately clear, however with both Maribyrnong and Brimbank the current levels of unemployment appear to have been influenced by historic patterns.

Despite being the municipality which had one of the highest levels of consumption of industrial land and investment in industrial and related buildings during the study period, unemployment in Brimbank remains much higher than both the regional and metropolitan rate. This finding is surprising, given that activities relating to 'industrial regeneration' have been cited by commentators as having produced economic prosperity within the region. This finding would appear to bear out Freestone and Murphy's (1998) observation about the relocation of industrial activities to outer-suburban sites, but with much higher capital to labour ratios than in the past.

A further pattern of note in the west during the study period has been the decreasing contribution of the manufacturing sector to regional employment. This trend appears to fit closely with national patterns for the manufacturing sector, as identified by Beer and Forster (2001) and again confirming the capital/labour ratio intensification noted by Freestone and Murphy (1998). The shifts in the composition of the western regional labour market toward wholesale and retail services, property and business activities and personal and recreational services also appears to bear out Reich's (1991) predictions about the directions of industrial labour composition, under globally integrated economic conditions.

The results outlined above would also appear to problematise claims made by business and media commentators that the Western Ring Road has been a vehicle for economic development in the west (Mees 2001). Brimbank contains the greatest proportion of the total length of the WRR of any municipality in the west and it might be assumed that the greater proportion of economic benefits would have accrued to this area. Instead, since the early 1990s, Brimbank has maintained a rate of unemployment around 4 per cent higher than

the broader Melbourne rate and around 2 per cent higher than for the whole of the west. Simple assumptions regarding the relationship between road infrastructure and economic development would appear to require qualification on the basis of this evidence, a finding which would appear to be in line with that of Mees (Mees 2001).

The above finding regarding the disparity between the high levels of industrial development in specific localities within the western region, and the subsequent economic benefits which appear to be accruing to the population of those localities indicates that assumptions that are predicated on the stimulation of immediate local effects may be unfounded. This finding would appear to be in line with the observations of other regional development commentators regarding the accrual of disproportionate benefits to different sectors of regional populations (Lovering 1999). The economic development which has occurred in the west since the mid-1990s has clearly benefited some members of the local population, but it would appear from the data used in this project that the greater benefits are being gained by the owners of the industrial operations, rather than the population amongst whom those operations are taking place. This observation would suggest, in line with observations by globalisation observers regarding the importance of financial capital (Harvey 1989; Fagan and Webber 1999) in contemporary economic change, that the control of this capital, and thus the accumulation of profits from its deployment is occurring outside the region, most likely in the financial centre in the city's CBD. This issue of the extent of spill over effects from economic development is an important concern for the research project, and the further implications of the findings of this Chapter will be assessed in the concluding discussion.

## 5 HOUSING MARKET CHANGE IN MELBOURNES WEST

### 5.1 Overview of new developments

Since the mid-1990s a number of high-profile housing developments have occurred in the west, and which have been viewed by many commentators (refs?) as providing the residential investment manifestation and reflection of the industrial investment trends observed during the study period. This section reviews the number and character of recent residential developments within the west, setting the basis for the subsequent analysis of the relevant available data regarding housing regeneration in the region.

The western suburbs have not historically been perceived as locations for high-quality residential housing. This perception was partly produced through the assumption that as a largely working class area, the population of the west lacked the necessary economic demand for higher quality housing. This perception was also reflected in house-price levels in the west, which in general have been lower than for the broader metropolitan region, and particularly lower than the higher value municipalities of the inner south-east.

During the 1990s however, a series of high-profile residential estates were developed in the west, which have been noted by housing commentators (e.g. Burke and Hayward 2000). Table 5.1 sets out the more significant of these developments with some indication of their spatial distribution and the developer.

<b>Estate</b>	<b>Municipality</b>	<b>Developer</b>	<b>Approx. development period</b>	<b>Approx. no. lots</b>
<i>Sanctuary Lakes</i>	Wyndham	Sanctuary Lakes Developments	1996-1999	389
<i>The Boardwalk</i>	Wyndham	Urban and Regional Land Corporation	1999-	1,700
<i>Deloraine</i>	Wyndham	Denis Group	1996-1999	610
<i>Wyndham Green</i>	Wyndham	Delfin	1998-1999	486
<i>Point Cook</i>	Wyndham	Australand	1999-	1,588
<i>Cairnlea</i>	Brimbank	Urban and Regional Land Corporation	1999-	2,909
<i>Taylor's Lakes</i>	Brimbank	Australand	1996-1999	5,500
<i>Overton Lea</i>	Brimbank	Residential Developments	1996-1999	892
<i>Keilor Gateway</i>	Brimbank	Keilor Gateway Estate	1998-	1,028
<i>Banchory Grove</i>	Melton	Prudential Projects/Taylor's Bldgs Grp.	1998-	1,293
<i>Bellvue Hill</i>	Melton	n/a	1998-	814
<i>Burnside</i>	Melton	Denis	1998-	720
<i>Caroline Springs</i>	Melton	Delfin	1999-	8,000
<i>Edgewater</i>	Maribyrnong	Delfin	2000-	1,100
<i>Waterford Green</i>	Maribyrnong	Lend Lease	1998-	960
<i>Niddrie Quarry</i>	Moonee Valley	Urban and Regional Land Corporation	2000-	340
<i>The Rifle Range</i>	Hobsons Bay	Urban and Regional Land Corporation	-1996	800

**Table 5.1: Selected residential developments, with lot-yields greater than 300, in the western region of Melbourne, during the study period (sources: Dol (2000); Delfin (2002); URLC (2002)).**

As Burke and Hayward (2000) indicate, these new fringe estates have generally been of a higher quality than equivalent estates which were developed during the 1960s and 1970s. The earlier estates, of which there are a number throughout the mid-west, are described by Burke and Hayward (Burke and Hayward 2000: 82) as “large and unimaginatively laid out, with little reference to issues of environmental sustainability, landscaping, community facilities or good design”. Conversely, the urban design of many of these new estates (see below for a case study of Caroline Springs) is of high quality, with extensive use of water and other environmental features. Some of these new estates initially appeared comparable to the ‘gated communities’ seen in the US (Blakely and Snyder 1997), however this is an inaccurate comparison; the ‘exclusiveness’ of such estates derives more from their distinctive ‘branding’ and urban amenity, and market pricing, rather than any physical exclusivity. This ‘branding’ will be described in further detail in the case study of Caroline Springs (Chapter 6).

There are some clear spatial patterns in the development of new residential estates in the west. Those municipalities which are closest to the fringe of the metropolitan area unsurprisingly have the greater proportion of new residential estates and these estates tend to be large in terms of their lot-yield. Brimbank and Melton in particular have received significant levels of residential development, with Melton, in particular, gaining a very high number of new residential lots during recent years. Much of this high number is attributable to the Caroline Springs development in Melton East, which is contiguous with the urban form of the adjacent municipality of Brimbank. Caroline Springs forms the basis for the major case study of this project and will be discussed in further detail in Chapter 6. The Taylors Lakes development which is located in Brimbank also created a large number of residential lots, however this estate was developed earlier in the case study.

Wyndham, another fringe municipality, has also experienced high levels of residential development during recent years. This development has added to the existing fabric of the Werribee urban areas, which is separated from the metropolitan urban form by green open space. Notable developments in this area include the Wyndham Green and Deloraine estates which together total around 1000 lots. Further development in Wyndham has been based around the Sanctuary Lakes project near the Port Philip Bay coastline. This high-profile ‘gated’ estate features a golf course designed by a professional golf champion and is aimed at the higher end of the housing market. The profile of this development has stimulated further development of this area, with the less exclusive Boardwalk and Point Cook developments following that of Sanctuary Lakes.

Within the municipalities of Maribyrnong and Moonee Valley which are already entirely connected to the urban form of metropolitan Melbourne, some notable medium-scale developments have taken place. What is distinctive about these estates in the eastern edge of the western region is that they are predominantly re-developments of previously industrial land-uses. Maribyrnong in particular has seen the Waterford Green estate of over 900 lots developed in the suburb of Maidstone in the north east of the municipality. This site was redeveloped from its former use by the Australian Defence Industries (ADI) group. More recently, development has commenced at the Edgewater estate which is sited on another former ADI site in the north east of the municipality. Further residential development appears likely on another large vacant ADI site to the north of Waterford Green.

Moonee Valley has not experienced a level of residential development which is comparable to that of Maribyrnong. The only significant residential estate in recent years, has been that of the Niddrie Quarry in the north west of the municipality. This site however is currently under preparation and residential construction has not yet commenced.

The municipality of Hobsons Bay also appears to have received a limited number of residential developments. The sizeable medium-density estate at the Rifle Range was completed in 1996 and since that date there have been only two medium scale developments, which have produced lot yields of less than 200 each.

In terms of the balance between the private and public sectors in new estate developments, it appears that the weighting in the west has been very much in favour of the private sector. Of the developments identified above, only three have been undertaken by the Urban and Regional Land Corporation (URLC). The URLC is a state-owned government business enterprise which undertakes land development in Victoria for residential purposes, and which is required to contribute to the promotion of 'best practice' in urban design and community development as well as improving housing affordability. Despite the lesser number of projects undertaken by the URLC when compared to the equivalent number undertaken by the private sector, the total number of lots yielded by the combined URLC developments place this agency among the larger private sector developers, such as Delfin and Australand.

Among the private sector there is some diversity in the scale of residential development operations, ranging from total lot sizes of around 300 up to estates of over 8,000 lots, in the case of Delfin's Caroline Springs estate. This diversity is evident also in the number of private sector agencies involved in residential development, with at least eight developers undertaking estate developments during the study period. The predominance of the private sector in directing much of this recent housing development underlies the perceptions of a private-sector led housing regeneration in the west.

## **5.2 Local and state policies influencing recent residential development in the west**

A mix of government policies at the local, state and federal levels has influenced the rate of residential development which has taken place in the west during the past five to seven years. This section briefly reviews these policies and the influence they have exerted on the development of housing within the western region.

The first set of policies relevant to residential estate developments is that of local government Local Planning Policies (LPPs) and related residential land-use zoning policies. The application of these is generally controlled by local governments in coordination with state government planning agencies. Estate developments on land that is already zoned residential generally require a permit for development to occur, but this process is administered at the local government level with limited or no reference to the state government. Some residential zones which contain large tracts of previously undeveloped or un-subdivided land may also be covered by a 'Comprehensive Development Overlay'. This planning element requires the area in question to be developed in accordance with a spatially specific strategy and associated process to ensure coordinated provision of infrastructure and community services. The recent estates developed in Melton East have been undertaken in accordance with the 'Melton East Strategy Plan' (Shire of Melton 1997) which is administered by the Shire of Melton (see Chapter 6). Likewise, those in Wyndham have occurred under the Werribee Growth Area Plan, which was established in 1990, in line with long-standing designations of this outer-urban township as a destination for new urban development (Department of Planning and Urban Growth 1990).

On the urban fringe, which is where the majority of the new developments in the west were located, any zoning changes, such as from rural to residential, or from industrial to residential, are required to be within the strategic parameters set down by the state government in relation to the expansion of the urban perimeter. Zoning changes are approved by the Minister for Planning and depending on the size, are required to undergo a panel hearing process.

While a number of growth corridors exist along other arcs of Melbourne's fringe, such as the Hume, Epping North to the north and Pakenham and Cranbourne in the south east, two have particular relevance to the west. The first of these is the 'Melton East Growth Area' which is located at the eastern edge of Melton Shire, abutting the established urban form of Brimbank's western suburbs. This growth area is separated from the township of Melton by approximately 15 km of rural zoned green open space. This growth corridor includes the new estates of Caroline Springs, Burnside and Bellevue Hill. In Wyndham, the 'Werribee Growth Area' extends around the Werribee township towards the western suburbs of Hobsons Bay. Both areas have been designated as growth corridors since the 1971

Melbourne Metropolitan Board of Works (MMBW) plan for Melbourne. This plan envisaged that the metropolitan urban form would extend continuously from the main metropolitan area along these growth corridors. The general direction and purpose of these growth corridors has remained largely unchanged until the present, and with some modification, appear likely to be retained in the eventual final version of the current state government's 'Melbourne 2030 Metropolitan Strategy' (DoI 2002).

It would have been easy to predict that by directing residential housing demand into a set of growth corridors the state government has ensured that under conditions of metropolitan population and economic expansion, these growth areas would receive high levels of residential development activity. This appears to have been the case for the west. Given that the main policy settings regarding the location of growth areas on the metropolitan fringe have remained largely constant during the past decade, there are effectively only relatively few locational options for developers seeking to meet demand for new residential properties. Under conditions of increasing residential demand, such policies effectively create the appearance of 'pressure' in the growth corridors on the urban fringe. The appearance of demand and supply pressures, and reports of a residential 'resurgence' in the west may be attributable to such growth corridor policies. These effects will be described in further detail below.

A further factor which has enhanced the effect of growth corridor policies in the west is the existing geography of housing across metropolitan Melbourne, relative to the CBD. Greenfields developments in the growth corridors of the outer south east are located at much greater distances from the CBD than growth corridors in the west. The Casey growth corridor for example is approximately 40 km from the CBD compared to approximately 20 km for Melton East, and 30 km for Werribee. To some extent, therefore, the new estates in the west are taking advantage of this favourable geographic disparity. Caroline Springs for example is able to market its location as being 20 minutes drive from the CBD, compared to a much greater 45-60 minutes for estates in the Casey area, by comparison.

Some brownfields sites within the inner west have been directed towards residential land-uses during the study period and government policies are also of relevance to developments on these sites. Because these brownfield sites tend to be relatively small, the total lot-yield is constrained, which has led to a higher proportion of residential redevelopments on these sites being medium-density in form, rather than low-density as is typically the case on the fringe. Examples of such redevelopments within the west include the Cairnlea estate in west Brimbank, the Edgewater estate in Maribyrnong and the Rifle Range redevelopment in Hobsons Bay. All of these sites have become available for redevelopment due to cessation of the activities of Australian Defence Industries. Some have required major treatment to make them safe for residential use. In the case of Cairnlea, the site was highly contaminated as a result of its previous use as a munitions factory and extensive rehabilitation works were required to be carried out before residential redevelopment could take place.

For brownfields sites the relevant policies are primarily those relating to the application of local land-use zones. The state government has input into these changes through the re-zoning process. Compared with the delineation of growth corridors on the fringe which can be seen as setting arbitrary limits on urban expansion, and hence development opportunities, while adding to the load on infrastructure, redevelopment of brownfields sites is relatively less problematic, in terms of the alternative uses for the sites, and the environmental, social and infrastructure implications. A further policy relating to brownfields redevelopment was that of the Building Better Cities program operated by the Federal government during the early- to mid-1990s. Because the Federal government effectively owned the ADI sites, it was able to ensure their subsequent conversion, rehabilitation and redevelopment for residential uses. In the case of Cairnlea the only agency capable of undertaking the necessary and extensive site rehabilitation was the URLC, which in partnership with the state government and ADI enabled the availability of the site for the subsequent residential estate.

While it has not yet influenced patterns of residential development in the west, the State government's Melbourne 2030 Metropolitan Strategy (DoI 2002) contains a series of significant statements regarding housing, transport and the strategic governance of land-use



within the metropolitan area, and deserves mention. Three features of this strategy will have implications for the future development of residential housing within Melbourne's western suburbs. The first is the establishment of an 'urban growth boundary' which will limit the outward expansion of the urban area. The indicative alignment of this boundary in the west suggests that it will limit the expansion of many of the recent greenfields residential developments in the west, and over time will arrest fringe-area development. The second feature of the Metropolitan Strategy appears to be concentration of mixed-use residential and retail activities around public transport nodes. Two major such nodes are located within the west, at Sunshine and Footscray. How this policy is implemented will therefore have an effect on the residential patterns of this relatively disadvantaged area. Finally, the Metropolitan Strategy will contain a statement on affordable housing, with an implementation plan. Presently this plan is somewhat unformed, proposing a set of regional discussion committees and ongoing monitoring by the Office of Housing (which the OoH already does). Consideration of more active policies to ensure housing affordability will be provided as policy recommendations in the conclusion of this report.

### **5.3 Federal policies affecting residential development in the west**

Further policy settings which appear to have influenced the degree of residential development include the Reserve Bank of Australia (RBA) interest rates levels. Since the mid-1990s, these rates have been at historically low levels (see Figure 5.1) which has reduced mortgage costs for homeowners. This appears to have been a major factor stimulating the house price boom which Melbourne has experienced since 1996 (see below). Figure 6.1 shows the rate of interest for RBA 90 day bank bills, from 1980s to the end of 2002. This data is used as a proxy for retail mortgage rates, which are approximately two per cent higher than the 90 day bank bill rate, but track the 90 day rate very closely.

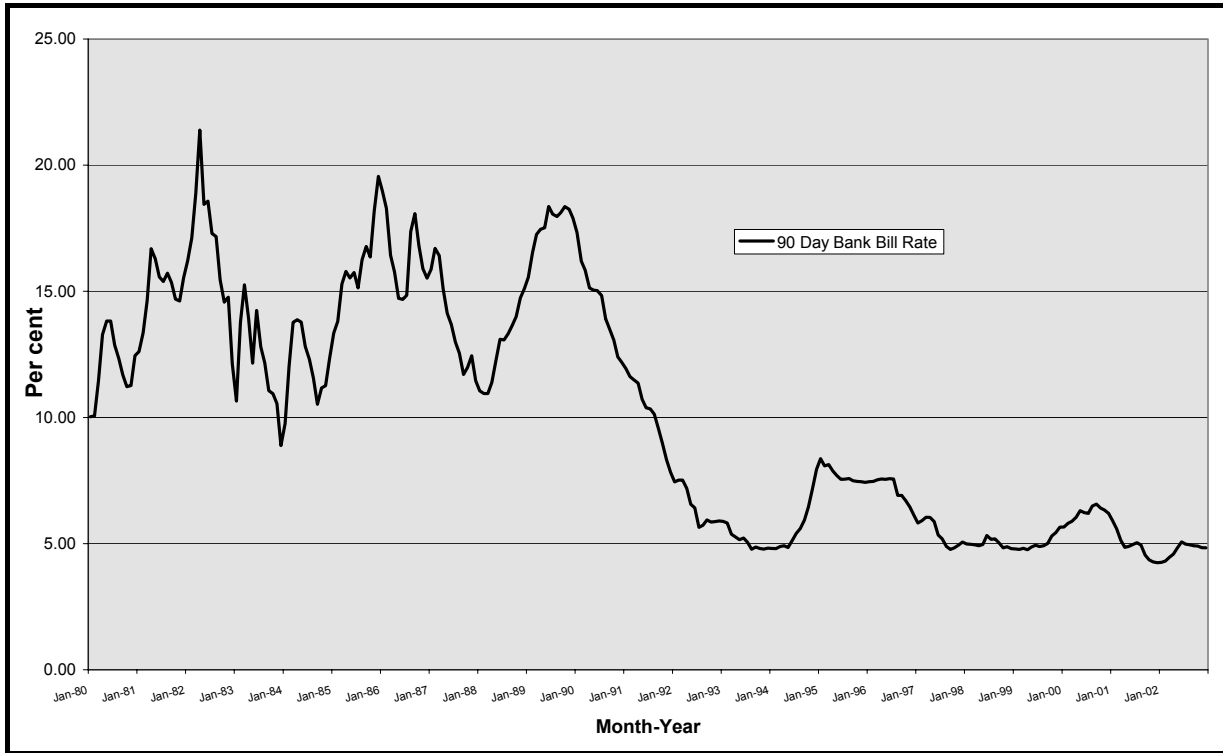
Interest rates were between 10 and 20 per cent during the 1980s but dropped quickly during the 1990-1993 recession (Figure 5.1). These low rates continued, despite a slight temporary upswing rise in the mid-1990s, such that by the late-1990s the 90 day rate was around or below 5 per cent. As a result of these historically low interest rates, the cost of mortgage finance also remained low, providing greater incentive for households to purchase dwellings, thus stimulating housing demand.

Finally, a further policy pursued by the federal government is the First Home Owner Scheme. This policy was initially instituted in 2000 to compensate new home-owners for increased dwelling costs associated with the introduction of the Goods and Services Tax (GST). Initially the value of this grant was \$7000 but was increased to \$14,000, for new dwellings, in early 2001, when an apparent drop in housing demand resulting from the GST introduction was greater than initially anticipated.

It should be noted however that these Federal government policies have not been spatially specified. Interest rates apply with relative uniformity to all of Australia. Nor does the First Home Owners Scheme incorporate a spatial component in the allocation of grants. These policies contribute rather to the general conditions affecting aggregate housing demand and supply, rather than effecting such forces at the sub-metropolitan scale. Under current policy settings, in which the levers of housing and spatial planning policies are divided between the federal, state and local levels of government, it is the state level which directs the broad strategic spatial outcomes of any effects on demand and supply for housing that are stimulated by federal policy. It has been therefore these state policies which created the spatial effects of demand for new housing that have been experienced in the west.

Local government has limited control over the strategic location of new estates and functions more at an administrative level. Local governments have limited control or influence as far as the dynamics of the overall metropolitan housing market is concerned. As subsequent discussion below will highlight, spatial housing market outcomes, particularly in terms of prices, are much more closely linked to the way in which these markets operate across the metropolitan economy, and to Federal policy settings than to state policies. State policies however remain important in terms of the spatial location of new housing, particularly on the

urban fringe. Local government policies exert a much weaker influence over metropolitan housing market outcomes than either Federal or State policies.



**Figure 5.1: Average monthly Reserve Bank of Australia 90 day bank bill interest rates, January 1980 to December 2002 (source: RBA (2003)).**

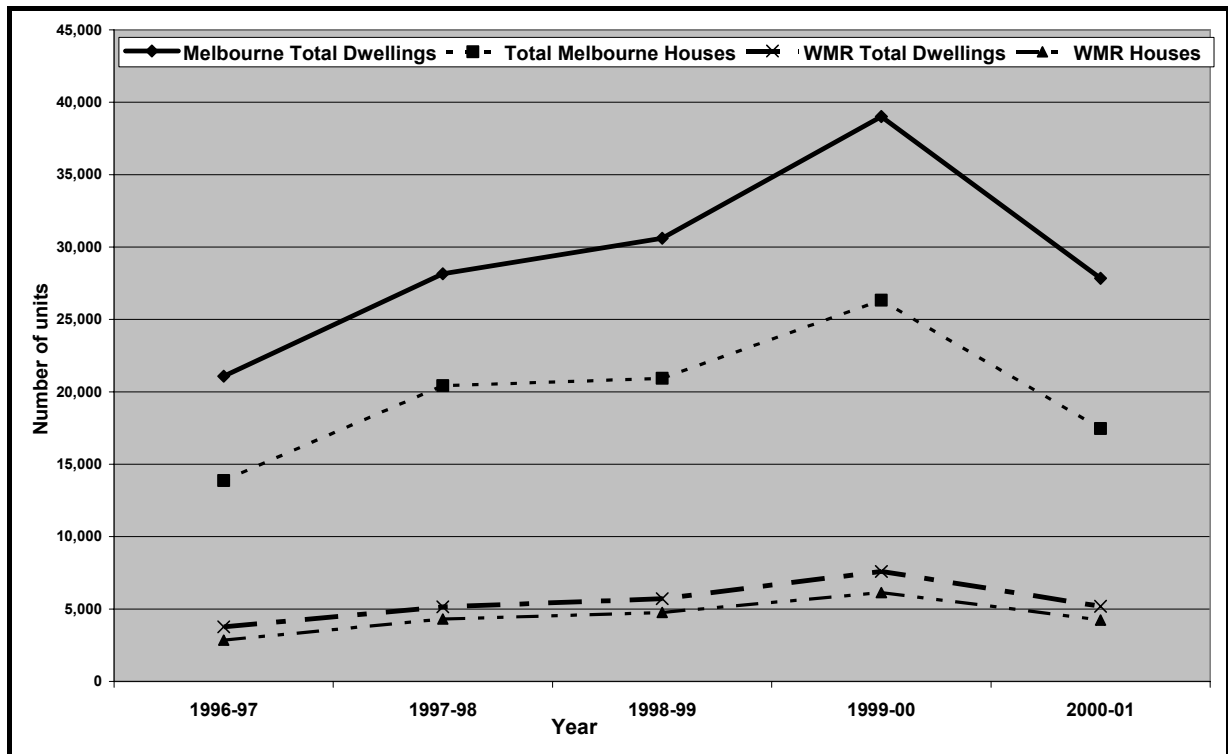
The above discussion has identified the formal aspects of residential regeneration in the west, and subsequent discussion is directed to the depiction of this regeneration to the extent that this can be discerned in the available data relating to housing supply and the character of housing markets.

#### **5.4 Regenerating housing? Spatial patterns of building approvals in the west.**

Developers intending to construct new dwellings are required to obtain building approval from the relevant municipal authority. Basic data about dwelling construction approvals are collated and thus available for analysis in terms of the spatial and temporal distribution throughout the metropolis of new dwellings. This data can therefore be used to provide insight into recent changes in the supply of dwellings in Melbourne’s west and thus assist in responding to the research questions which have guided the project.

Figure 52 shows the total number of dwelling approvals from 1996 to 2001 for the Melbourne metropolitan area and for the western region. The data shows that Melbourne underwent a strong increase in the number of dwellings added to the total housing stock during the period 1996-2001. Just less than 147,000 dwellings, 99,000 of which were houses, were added during the period, with two thirds of this increase occurring between late-1997 and early-2000. Following the peak year of 1999-2000 in which approximately 39,000 dwellings were added to Melbourne’s total stock, a large decline in the number of building approvals of approximately 28 per cent occurred, equivalent to just over less 11,000 dwellings in 2000/2001 than in the previous year. This sudden decline is presumably a result of the demand dampening effect brought by the introduction of the GST, which resulted in new taxation on building materials, and thus increased dwelling cost. It was this decline that prompted the Federal government in early 2001 to increase the value of grants under the First Home Owners Scheme from \$7,000 to \$14,000 in an attempt to stimulate demand in the residential building sector.

The pattern experienced in Melbourne generally was to some extent replicated in the west. Across the west as a whole, over 27,000 dwellings were added during the study period, approximately 22,000 of which were houses. The temporal pattern for these dwelling approvals also closely matches that of the broader metropolis. The western region saw a steady increase from just under 4,000 dwellings approved in the 1997/1998 year, gradually rising to a peak of over 7,500 during 1999-2000 and then, matching the pattern from Melbourne, a strong decline to just over 5,000 dwellings approved in 2000-2001. The post-2000 decline in dwelling approvals was slightly more pronounced in the west however, than for all of Melbourne, with approximately 32 per cent fewer dwellings approved in the west in 2000/2001 than in 1999/2000 compared to the 28 per cent decline across Melbourne.

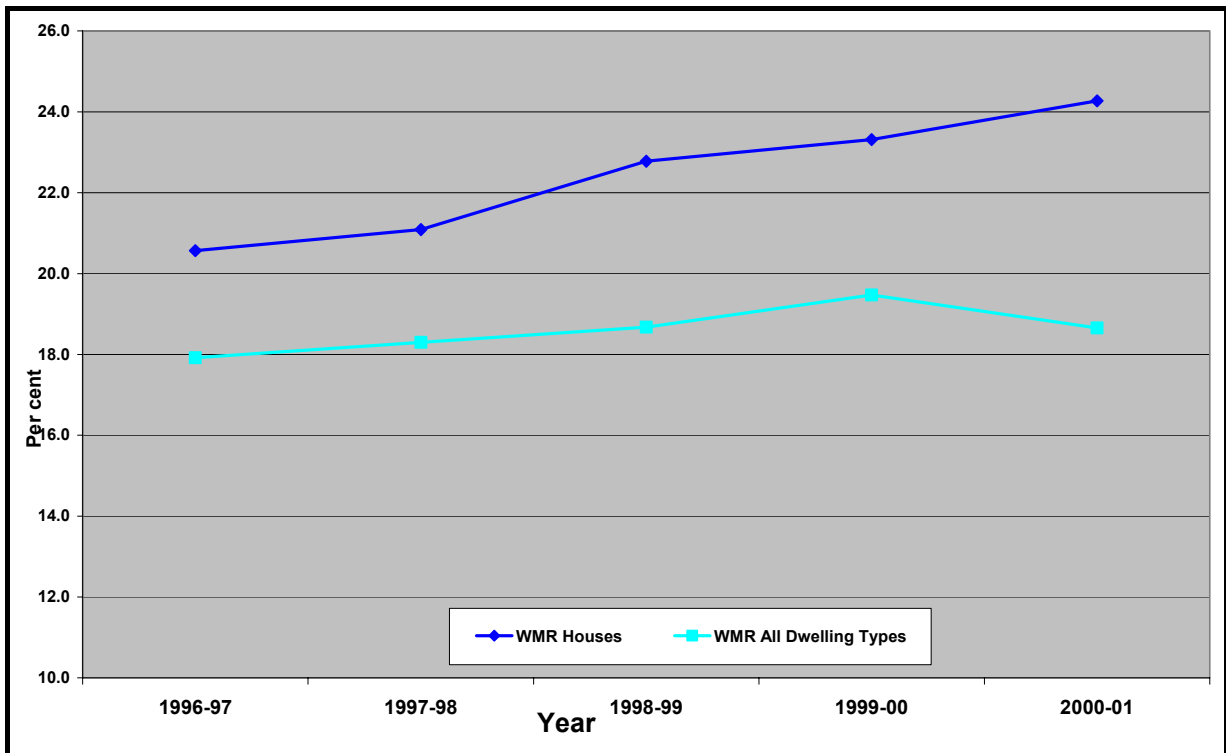


**Figure 5.2: Dwelling approvals for houses and total dwellings for the metropolitan Melbourne area and the western region, 1996-2001 (source: DoI data).**

The curves in Figure 5.2 also reflect the dominance of houses as a dwelling-type in the west, as compared to the greater prominence of apartment and conversion dwellings in Melbourne's the inner and middle suburbs. Houses constituted approximately 68 per cent of new dwellings in Melbourne during 1996-2001, whereas the proportion for the west was a much higher 81 per cent. This pattern is presumably an effect of the greater likelihood for new residential projects in the west to be sited on greenfields sites, with the lower priced land permitting a lower dwelling density. By comparison, new housing projects in the inner and middle ring suburbs are typically either brownfields or redevelopments, often on higher-value land, and thus more likely to face commercial pressures to pursue a higher dwelling-yield from the development process. Melbourne has been described by many commentators as having experienced an apartment boom in recent years. While some of this higher density housing has been located in the west, a far greater proportion of new dwellings are detached houses.

When the building approvals in the western suburbs during the 1996-2002 period are considered as a proportion of total metropolitan approvals, as in Figure 5.3, a number of patterns can be discerned. The first is that the west appears to be receiving only a marginally increasing proportion of Melbourne's new dwelling stock. The proportion of new dwellings added to Melbourne's stock which were located in the western suburbs increased from just under 18 per cent in 1996/1997 to just under 19 per cent in 2000/2001. However a second feature of the trend is that new houses in the west, as a specific dwelling-type, increased steadily during the study period as a proportion of Melbourne's total new houses,

from just over 20 per cent to more than 24 per cent by 2000/2001. Importantly, this proportion of new houses in the west continued to increase during the 1999-2001 period, when dwelling approvals for both Melbourne overall and the west declined by 28 per cent (Figure 5.3). While house building approvals across both Melbourne and the west declined between 1999 and 2001, the west received an increasing proportion of those houses which were approved.



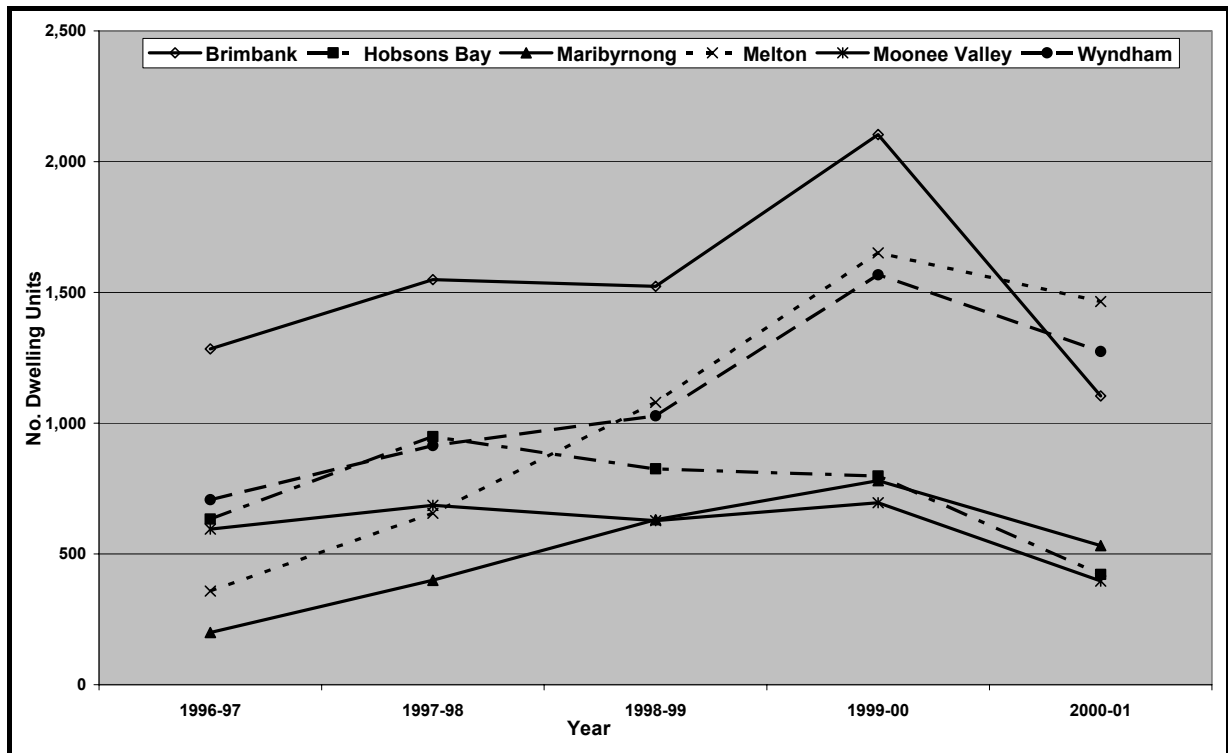
**Figure 5.3: New dwelling approvals in Melbourne's west as a proportion of total metropolitan new dwellings, 1996-2001 (source: DoI data).**

As building approvals data is collected by local municipalities, regional scale figures can be disaggregated to the LGA level, thus permitting greater sensitivity to the spatial patterns of housing development in the west. Figure 5.4 provides the levels of building approvals for the municipalities of the west during the study period. A number of features that are of relevance to the present study can be discerned in the curves for these municipalities. The most obvious feature is that there is a wide spatial variation in the number of dwelling approvals across the municipalities of the west. During the study period, for example, Brimbank never received less than 1100 dwelling approvals in any given year, whereas Moonee Valley never gained more than 700. Some municipalities, such as Melton and Wyndham, experienced dramatic increases in the number of dwellings approved, whereas others such as Hobsons Bay showed a steady decline across much of the study period.

When considered in terms of total dwellings added during the study period the municipalities of the west can be ranked in three broad categories. The first includes Brimbank, which received over 7,500 new dwellings between 1996 and 2001. This total is around 2,000 dwellings higher than were approved in each of the next residentially active municipalities, of Melton and Wyndham, which received around 5,500 dwelling approvals each during the period. Hobsons Bay, Moonee Valley and Maribyrnong are the third category of western LGA in terms of number of residential buildings approved. Hobsons Bay received about 4,000 less dwellings than Brimbank, with just over 3,600 approved during the period while Moonee Valley and Maribyrnong gained approximately 3,000 and 2,500 dwellings respectively. Notably all municipalities in the west experienced a marked decline in residential building approvals during the 1999-2001 period, reflecting the trend in the region as a whole, and across Melbourne generally.

These spatial variations deserve some explanation. The high figure for Brimbank during the study period appears to be the result of the 5,500 lot Taylors Lakes development which

began to be occupied from 1996 onwards. The Rose Hedge and Keilor Gateway estates in the Sydenham area to the northeast of Brimbank also contributed almost 1,600 lots and began to be occupied during the late-1990s. The completion of these developments in the late-1990s, coinciding with the overall drop in metropolitan building activity during 2000-2001, appear to have resulted in the dramatic decrease in building approvals in Brimbank during this year.



**Figure 5.4: Total building approvals for all dwelling types, for west Melbourne LGAs, 1996-1997 (source: Dol data).**

The level of building approvals for Moonee Valley and Hobsons Bay appear to be a reflection of these municipalities receiving a moderate number of medium-density developments. In Hobsons Bay, the almost 1,000 unit Rifle Range development was developed during the 1996-1998 period, with little large-scale development occurring after that period. In Moonee Valley there were almost no large-site residential developments. Most of the residential developments in Moonee Valley have been the result of small-scale medium-density infill. Maribyrnong also appears to have experienced new dwelling approvals arising from small site medium-density redevelopment, but also gained many new dwelling units from the Waterford Green estate in northwest Maidstone. This 900 unit estate was largely constructed during the 1997-2000 period which would appear to be the basis for much of the residential gains by Maribyrnong during this time.

The more remarkable residential dwelling approvals patterns in the west during the study period are those for Melton and Wyndham, both of which saw the number of annual dwelling approvals climb from around 350 and 700 respectively during 1996/1997 to over 1,500 each in 1999/2000. During 1999-2001, 9 per cent of all dwellings approved for construction in Melbourne were located within either Melton or Wyndham. Despite a decline across both municipalities in 2000/2001 the level of approvals remained high, relative to the remainder of the western region.

The explanation for the dramatic rises in the number of dwellings approved for construction in Melton and Wyndham between 1996 and 2001 appears to lie in a combination of factors. The first of these factors relates to state government strategic land-use policy which has directed new residential growth to the Melton and Wyndham areas. The effect of the availability for development of the Melton East area can be seen in the dramatic rise in approvals for this municipality, given that few new dwellings are reported as having been approved for the areas adjoining the existing Melton township. The estates developed in

Melton East include Bellevue Hill, Burnside, Taylors Hill and Caroline Springs. In Wyndham, the Point Cook, Boardwalk and Wyndham Green estates, as well as other smaller developments appear to have contributed to the high level of residential approvals in this municipality.

A second factor which appears to have promoted the high level of dwelling approvals for Melton and Wyndham concerns the demand and supply pressures of the historically low interest rates and an inflationary metropolitan housing market (see below), respectively. As has been indicated above, under conditions of heightened metropolitan demand for housing, and a spatially scarce residential land supply which is constrained to specific localities with attendant pricing implications, it is not surprising that high levels of residential development have occurred in those localities. This effect is as if Melbourne is an expanding ball of putty which is held firm by a giant hand, such that housing demand is extruded through the gaps into the growth areas permitted by the state government's strategic spatial land-use policy.

Clearly new housing developments in the west have displayed remarkable spatial variability at the local government scale. This variability appears to reflect the longer-term history of urban development in Melbourne which has established the particular relationship of each municipality to the broader metropolitan region. The municipalities of Maribyrnong and Moonee Valley which are unable to accommodate new greenfields development have experienced relatively limited low-density residential growth since the mid-1990s, while those on the fringe which have such greenfields space available have accommodated this expansion. Layered upon this urban legacy are recent and current land-use policies which direct new developments to specific locations, particularly Wyndham and Melton. Clearly also, the geography of recent residential development is strongly affected by shifts in Melbourne's overall housing market since 1996. Understanding of the patterns of residential development in the west is impossible without appreciating the effects of this broader metropolitan housing market.

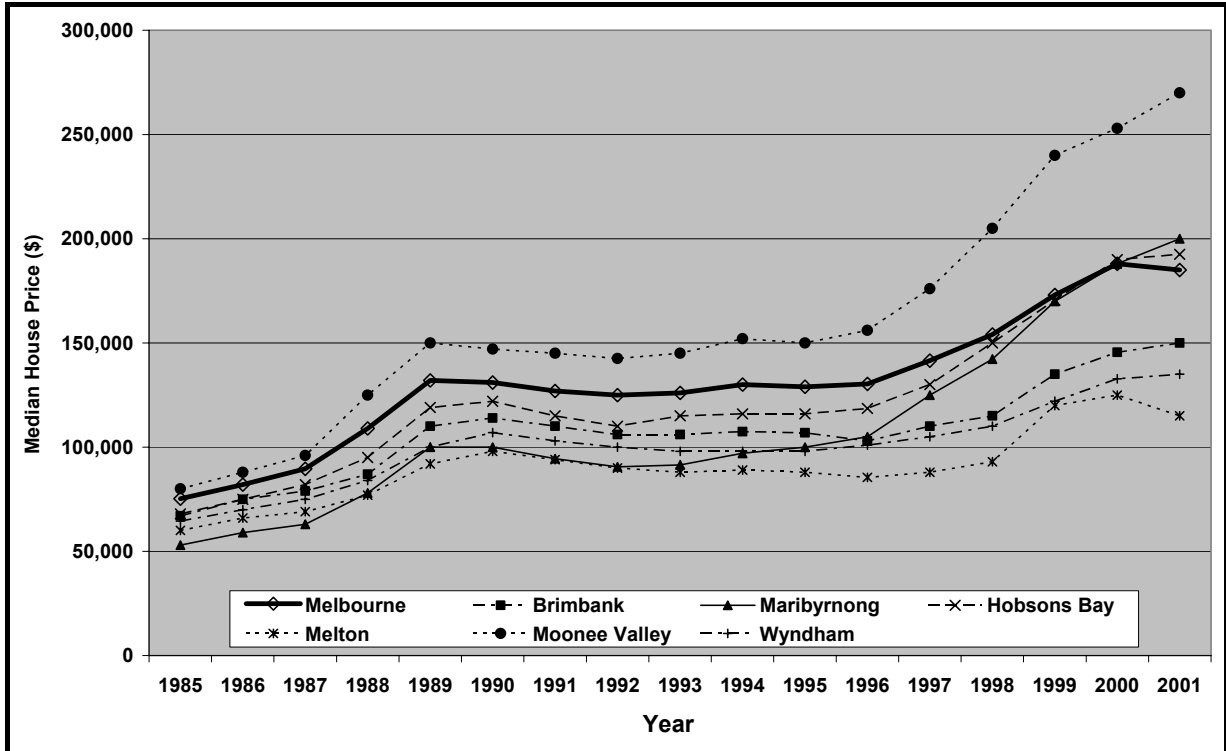
## **5.5 Regenerating wealth?: spatial patterns of house price inflation**

During the mid-1990s, Melbourne's residential property market became a focus of debates and commentaries concerning economic growth. From 1996 onwards, dwelling prices increased across the entire metropolitan region, and produced remarkable gains for some localities, and less substantial gains for others. Because housing is an investment good, as a repository of wealth, as well as being a consumption good, spatial differences in property market inflation contribute to spatial differences in the distribution of wealth. Spatial differences in house price inflation therefore indicate the extent to which different areas are achieving wealth gains through home-ownership and rental investment. Areas of lower house price inflation are therefore disadvantaged in wealth terms, relative to those where house price inflation has been higher. Conversely, house price inflation affects affordability, such that persons with lower income and accumulated wealth will tend to be pushed to areas where housing is cheaper, and where the added cost effects of house price inflation have not been as pronounced as areas where this inflation is higher. Accordingly, house price inflation assists therefore in identifying the relative level of advantage of a locality. The remainder of this section investigates house prices in Melbourne's west during the study period.

A number of features are present in Figure 5.5 which are relevant to the present study. The first of these is the remarkable increase in house prices which every municipality in the west experienced, in accordance with the overall Melbourne housing market, from 1996 onwards. While median house prices rose sharply in the late-1980s, the economic recession of the early-1990s saw a largely flat housing market across Melbourne and the west. The 1985-1990 period saw stronger differentiation in the median prices between the municipalities of the west. By 1990, median prices in Moonee Valley, for example, were almost 50 per cent higher than those in Melton or Maribyrnong. But the 1990-1996 period saw little new house price differentiation between the local government areas of the west

The period from 1996-2001 saw both high levels of median house price growth as well as increasing differentiation between the municipalities of the west. While for these areas

increases were comparable to those which occurred across the metropolitan area generally, some areas saw much higher growth than others. House prices in Moonee Valley, for example, rose more substantially than did those in other municipalities in the west, after 1996, and by 2001 were almost 46 per cent higher than the metropolitan median. After 1996 both Hobsons Bay and Maribyrnong also experienced substantial growth with 2001 medians higher than that for all of Melbourne. Maribyrnong in particular saw its median house price almost double from \$105,000 in 1996 to \$200,000 in 2001.



**Figure 5.5: Median House Prices for western Melbourne municipalities, and for all of Melbourne, 1985-2001 (source: Valuer General (2002)).**

Brimbank was less responsive to the metropolitan housing boom than Moonee Valley, Hobsons Bay and Maribyrnong. But median prices in Brimbank still exhibited strong growth, with the 1996 median of \$103,000 reaching \$150,000 by 2001. Since then however, Brimbank appears to have lost some ground against the metropolitan median, with the differential between the two increasing from \$27,000 in 1996 to \$35,000 in 2001.

The slower performers in house price growth have been Wyndham and Melton. House prices in both municipalities were slower to respond to the metropolitan and regional increases in median house prices which occurred post-1996. Melton in particular saw very weak growth until 1998/1999 when it appears that the price effects of the new suburbs in Melton East, such as Hillside, Burnside and Caroline Springs become apparent. By 2001, median house prices across Melton were only 62 per cent of the metropolitan rate, and less than half of the median for Moonee Valley.

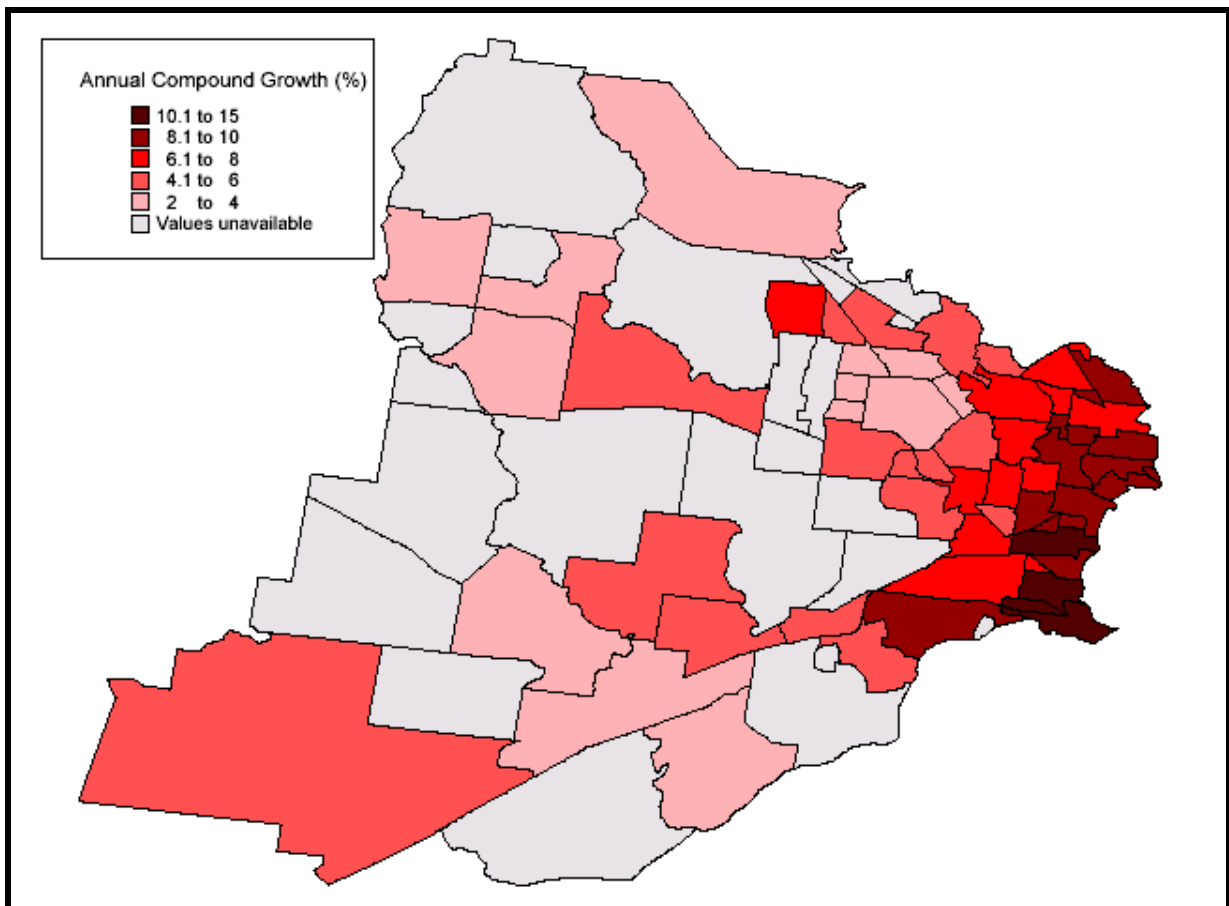
There are certainly important spatial dynamics in the way in which housing markets are responding to the economic growth and housing boom of the late-1990s. But the spatial scale of the Local Government Area is not fine enough to provide a completely clear perspective on these trends which indicates the causal factors behind them. The following section attempts such a perspective.

## 5.6 Spatial patterns of house price inflation

The high gains in median house prices in the municipalities of Moonee Valley, Maribyrnong and Hobsons Bay, compared to those on the fringe such as Melton and Wyndham, suggest that proximity to the broader metropolitan market is a factor contributing to the gains shown by these eastern areas. To understand these patterns more clearly, a finer grained view of local price shifts is necessary.

Figure 5.6 presents annual compound growth in house prices for the period 1992-2001 at the level of the individual suburb. The ten-year periodisation is a result of Valuer General data. The flat house price curve for much of Melbourne during the early 1990s (Figure 5.5) indicates that most of this growth occurred during the post-1996 period. Thus the actual house price gains for the period 1996-2001 are therefore likely to be approximately double those revealed in Figure 5.6. Nonetheless, the consistent treatment of all suburbs permits robust comparisons.

Strong spatial patterns in median house prices across the localities of the west are apparent in Figure 5.6. Some features of these patterns are particularly noteworthy. First, the effect of proximity to the inner city of Melbourne and to the broader metropolitan area is immediately apparent. Those suburbs in the west which abut or are close to Melbourne's inner city appear to have performed most strongly in terms of median house price growth during the study period. These suburbs are represented by the dark band to the right of the figure, and include the south eastern suburbs of Moonee Valley, most of Maribyrnong, and the eastern suburbs of Hobsons Bay. The strongest performing suburbs, with over 10 per cent compound growth during the study period were in the east, close to the inner city housing market, including Yarraville, in Maribyrnong and Williamstown, Williamstown North and Newport in Hobsons Bay. Interviews conducted as part of this study indicated that there were strong gentrification effects occurring in eastern Maribyrnong, and that these effects were closely associated with the inner city housing market. This effect appears to be confirmed by the compound house price growth data: Yarraville was the third-equal highest (with Elwood in the south-east) suburb in metropolitan Melbourne in terms of compound median price growth during 1992-2001.





**Figure 5.6: Average annual compound growth in median house price for individual suburbs<sup>5</sup> in the western region of Melbourne, 1992-2001 (source: Valuer General (2002)).**

A 'second ring' of suburbs throughout the west appears to have experienced moderate growth in median house price during the past ten years. These suburbs include southern and eastern Brimbank, western Moonee Valley, western Maribyrnong and the western areas of Hobsons Bay. House prices for these areas grew on average between 4 and 8 per cent. That these suburbs are situated between a band of higher-gain areas to the east, and a set of lower-gain areas to the west indicates that proximity to inner Melbourne housing markets is a key factor determining house price outcomes in the west.

A final set of suburbs to the 'west of the west' in Melton and Wyndham appear to have performed the weakest in terms of compound house price growth during the study period. The urban form of both Melton and Wyndham are discontinuous with the broader metropolitan region and have both exhibited much lower house price growth than Melbourne generally or other areas within the west. This 'disconnect' with the broader metropolitan area appears to be a factor in these lower house price gains. The significant distance between the Melton and Wyndham housing submarkets and the inner metropolitan market would seem to be a contributor to this pattern.

Among the areas of the west, the suburb of Hillside in Melton East is particularly noteworthy. Hillside experienced a compound growth of 7.7 per cent in median house prices during the 1992-2001 period, an outcome which is more akin to that for an area much closer to the inner city. The greater proportion of this gain occurred between 1998 and 1999, when the median price for Hillside rose from \$132,000 to \$172,000. This would suggest that homebuyers were responding to the availability of the new estates at Caroline Springs and Burnside by purchasing homes in the slightly older estate to the north of these. By comparison, Deer Park to the east of Caroline Springs is a much older suburb, and appears not to have experienced the same extent of gain as that of Hillside. It is likely, however, that as the Cairnlea development, which is located in Deer Park becomes occupied, that house prices in Deer Park will also increase at a higher rate than previously.

The implication of house price increases for the west since 1996 is that there are strong spatial patterns in the extent to which growth in housing wealth has been distributed across the region. Clearly households in the areas closer to Melbourne's inner city housing markets have fared much better in terms of house price growth than those on the fringe. The patterns of house price growth therefore indicate that as well as socio-economic divisions in the west, strong wealth divisions are also present. It is difficult to assess whether these patterns are now greater than in the past, but the recent increasing differentiation between localities within the west in terms of the changes to housing values is marked. When patterns of unemployment are taken into account, the inner south-east of the region from Yarraville to Williamstown appears to be an area of relatively lower unemployment, and higher housing price growth, compared to the remainder of the region. The areas of Sunshine and Braybrook by comparison exhibit high unemployment levels, and relatively modest compound house price growth.

## **5.7 Rental regeneration? Rental housing affordability in the west.**

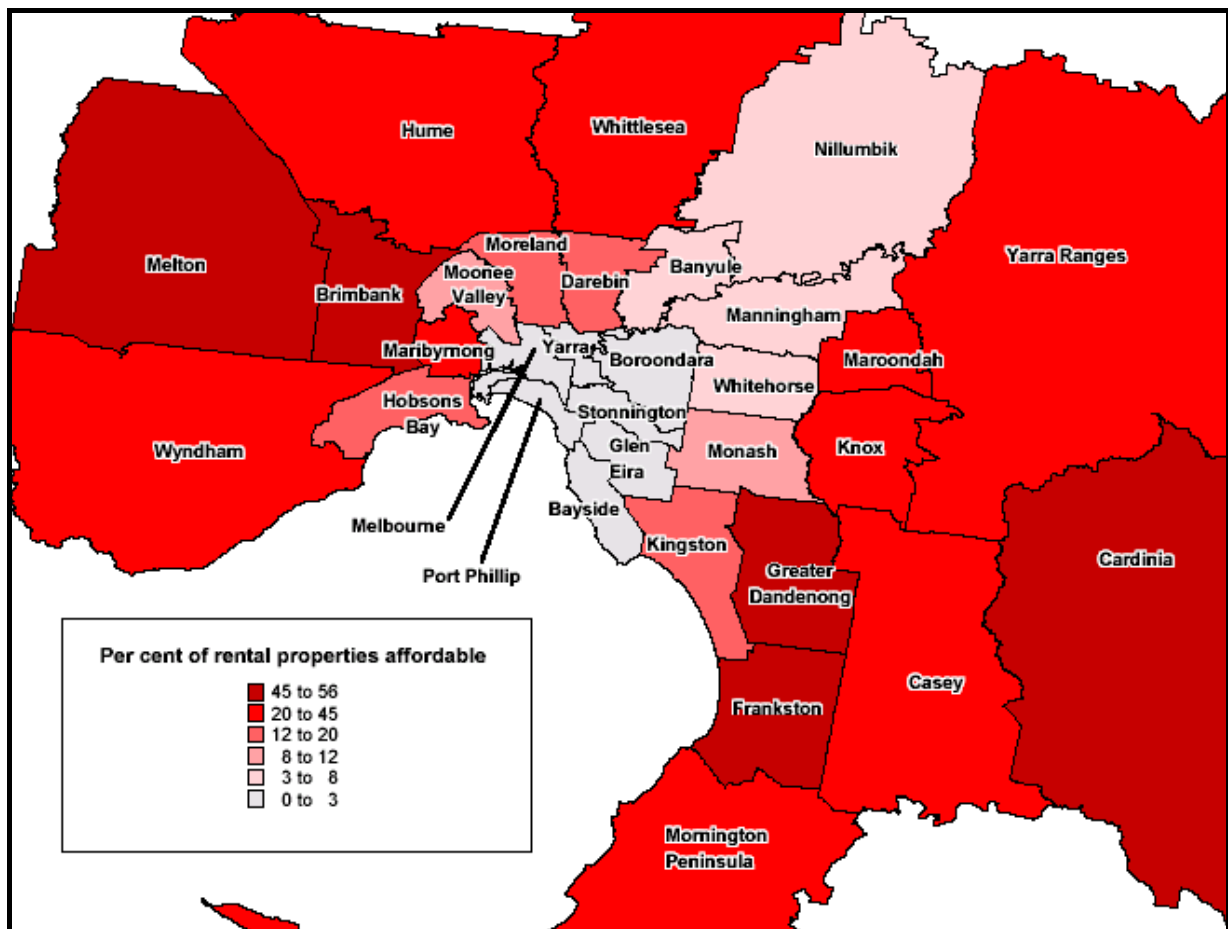
While house price inflation data provides a strong insight into regional patterns of housing wealth growth, rental market data can provide an assessment of the extent to which rental housing markets are spatially differentiated within the west. Reliable longitudinal rental market data is difficult to obtain, with most rental prices from before 1999 calculated on the basis of newspaper advertisement surveys. Since 1999 Residential Tenancies Bond Authority data has permitted an analysis of current rents, however this data is not generally available in a raw form. As a result, a significant degree of longitudinality, which might

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<sup>5</sup> Some recently developed suburbs, such as Caroline Springs, Burnside and Point Cook were developed in the late 1990s, thus not permitting a ten-year compound growth calculation. Such areas are represented as 'values unavailable'.

indicate patterns of rental prices across the west, is not readily able to be developed with available rental data. However, some measures of rental affordability are produced by the Office of Housing and some of these are presented briefly below. The snapshot view which this data affords cannot therefore be reasonably used to provide a detailed analysis. Some observations however are possible.

Figure 5.7 demonstrates that there is a strong spatial effect in the metropolitan rental housing market. What is immediately noticeable from the figure is that rental prices in Melbourne's inner city and inner-south east appear to be highly unaffordable. Only 3 per cent or less of properties within these areas are affordable to Centrelink recipients, which suggests that such households are likely to be excluded from these areas. A further strong band of limited affordability extends through the northeast of Melbourne from Yarra and Boroondara as far as Banyule, Manningham, Whitehorse and Nillumbik on the fringe. Within this broad area, on average, 92 per cent of rental dwellings are unaffordable for households on Centrelink incomes



**Figure 5.7: Proportion of rental housing affordable for households in receipt of Centrelink pensions at the 30% of income level of affordability (source: Office of Housing (2002))**

A further semi-circumferential set of more affordable, but still reasonably limited opportunity municipalities surrounds the highly unaffordable inner areas. The proportion of rental properties in Hobsons Bay and Moonee Valley in the west, Moreland and Darebin in the north, and Kingston and Monash in the southeast, which are affordable to Centerlink income households range from 8 per cent to 20 per cent. While located geographically among this group, Maribyrnong, with an affordable proportion of 29 per cent appears to be the unusual area within this set of moderately affordable municipalities.

Further out, on Melbourne's urban fringe rental properties are most affordable. Wyndham, Hume, Whittlesea, Knox, Maroondah, Yarra Ranges, Casey and Mornington Peninsula all exhibit good levels of rental affordability, ranging between 20 and 45 per cent. Knox, Maroondah and Whittlesea are both closer to 20 per cent affordability, while Wyndham, Casey and Hume are closer to 45 per cent. The final set of municipalities with relatively high

levels of rental affordability are Brimbank, Melton, Dandenong and Frankston. These areas all exhibit rental affordability levels of greater than 45 per cent. In Brimbank, 46 per cent of rental properties are affordable to those on Centerlink pensions, while in Melton, Greater Dandenong and Frankston, the figure is greater than 56 per cent.

What is further apparent from Figure 5.7 is the extent to which Melbourne's rental property market appears to exhibit a geographic 'mirroring' effect, where by a north eastern axis extends from St Kilda in Port Phillip, towards Nillumbik and around which are clustered other municipalities with rental prices diminishing as the distance from this axis increases. In this way, Hobsons Bay, Moonee Valley, Moreland and Darebin in the west and north appear to match Monash and Kingston in the south east, in terms of rental affordability, while a similar pairing exists for Melton and Brimbank, and Greater Dandenong and Frankston. Notably Melbourne's CBD is not at the geographic centre of the concentration of low-affordability inner-city municipalities. Rather the geographic centre of low-affordability housing in Melbourne appears to be located in western Stonnington, where the municipality adjoins Melbourne, Yarra and Port Philip.

For the west specifically, a number of features are obvious. First, the geographic location of the apparent 'rental price axis' identified above means that the more affordable municipalities in this are located closer to the CBD than similarly affordable properties in the south east would be located. Maribyrnong, with good levels of affordable rental housing is adjacent to the CBD. In the south east, the distances between a similar level of housing affordability and the CBD are approximately 15 km greater. Even Hobsons Bay and Moonee Valley appear to have better-located affordable housing, relative to the Melbourne CBD, than do the municipalities of the south east.

A second feature of the west is the extent to which there is spatial differentiation in terms of rental housing affordability. Moonee Valley and Hobsons Bay have relatively fewer affordable rental properties than do Brimbank, Maribyrnong, Melton or Wyndham. Melton and Brimbank are particularly affordable. A further feature of rental housing affordability in the west is that areas of high unemployment appear to be co-located with areas where there is a greater proportion of affordable housing. As Figure 5.3 above demonstrated, there is a tract of high unemployment covering much of Brimbank, Maribyrnong and Hobsons Bay, while the rental affordability data demonstrates that the first two of these high unemployment areas are also where rental housing affordability appears the greatest. This finding would appear to confirm two features of the metropolitan housing market. First, that lower income households in the private rental market tend to congregate into areas of higher rental affordability, and that conversely, the rental housing market appears to be reinforcing this segregationary effect.

## **5.8 Spatial patterns of housing change in the west: summary**

This Chapter has examined housing change in the west during the study period, and has revealed a number of important drivers of housing change and subsequent spatial patterning of housing markets as they respond to these drivers. The main drivers of housing change in the west appear to be the combination of the regionally exogenous factors of favourable demand settings at the level of Federal interest rates policy combined with the overall post-1996 growth within the metropolitan housing market. Increased demand for housing appears to have moved outwards from inner areas, gradually producing house price growth further out in the west.

The supply of housing in the west has responded to this heightened metropolitan demand. But the availability of suitable land for new housing, particularly low-density single storey dwellings on medium to large lots, is constrained by various factors such as existing urban form and current land-use and land-use zoning. There has been limited growth in residential housing supply in the inner eastern areas of the region. The urban fringe is where larger greenfields sites are readily available, and these areas appear to have received much of the new housing supply.

However, development on the fringe is further constrained by the state government regulatory policy. While this policy is relatively unsophisticated, being largely a locational

directive, it appears to have had the effect of concentrating the expansion of residential dwelling supply to particular areas, particularly the Melton East area and the Werribee Growth Area. Both Melton and Werribee have seen high levels of increases in annual residential building approvals during the study period. This pattern occurred earlier in Brimbank, and this municipality appears to be coming to the end of the development cycle as the residential estates created in this municipality reach almost complete occupation.

The demand pressures which have produced the strong patterns in residential dwelling supply have also produced high levels of house price inflation across the west. This effect appears largely one which results from the position of the region relative to the housing market in the remainder of the metropolitan area. House prices in the west have increased most markedly in the areas which are most closely connected to the inner city. A 'ripple' effect has occurred whereby house price increases spread radially from the inner areas. Middle ring suburbs in the west have experienced modest house price growth, while those on the fringe have had much more limited increases.

Rental prices appear to reflect shifts in the home-ownership market. The municipalities closer to the CBD, such as Moonee Valley and Hobsons Bay have higher rental prices, and subsequently lower affordability for those on low incomes, than municipalities further out. Higher rental affordability appears to coincide with areas of higher unemployment. Of particular note in this regard is the area in the southeast of Brimbank, and the west of Maribyrnong, which has a combination of high unemployment, limited residential price growth, and a subsequent relatively high level of housing affordability. Surprisingly this area is also close to the largest concentration of industrial activity in the west, which indicates that strong industrial growth does not necessarily translate into strong social development in the immediate surrounding area.

This research project is concerned with the connection between the industrial and labour market shifts in the west, and the connections, if any, between these changes and those observed in the housing market. The presumption of the project was that these processes are linked, however the analysis provided above suggests that any such links are weaker than previously thought. Industrial change in the west appears to be a response to broader metropolitan economic changes, and the relative locational advantages of the west, compared to other industrial precincts across Melbourne. Housing, by comparison, is driven by the broader metropolitan housing market, and does not appear to be linked closely to industrial shifts in the west. To the extent that the industrial and residential patterns are linked, it is through their connections to the metropolitan economy, rather than inter-relationships at the regional scale.

This finding would appear to be broadly in line with theories of gentrification, in which affluent 'symbolic analysts' or 'C21 workers' (Sassen 1988; Brain 1999) colonise the inner core regions of globally integrated cities, and produce price effects in the housing market which then flow outwards through the middle and outer suburbs. While gentrification was not a specific concern of this project, this global pattern of inner city residential change would appear to have some importance and relevance to the spatial patterns of housing changes identified in the west.

In response to Research Question 4, however, housing and labour markets appear closely linked. House price increases have been greatest where unemployment has been lowest. Figure 4.3 (Chapter 4) and Figures 5.6 and 5.7 indicate that the areas of the west which are closest to the inner city are beginning to exclude persons who are unable to attain a strong position in the labour market. The suburbs of Moonee Valley, Maribyrnong and Hobsons Bay show the clearest effects of this process. Conversely, areas of southern Brimbank and eastern Maribyrnong are beginning to concentrate people who have been less successful in either the labour or housing markets. The presence of cheaper rents in these areas would appear to be the main factor mitigating against stronger exclusionary effects in this area. Should high levels of house price inflation extend into Brimbank from the eastern municipalities, then these exclusionary patterns would be likely to intensify as rental stock is converted to owner-occupation.

The patterns of labour market and housing disadvantage appear to be developing independently of the patterns of industrial investment. Brimbank has experienced one of the highest levels of industrial investment during the late-1990s, but unemployment here remains high, while house price growth has been modest. The purported benefits of the Western Ring Road, for example, appear not to have accrued to the population of the municipality (Brimbank) through which most of the road passes.

The emergence of new high-quality greenfields housing estates in the west remains however, a matter of interest, irrespective of the drivers of such new developments. A further reasonable assumption is that these new estates, by virtue of their large scale and degree of urban and residential quality will be exerting positive effects on the housing markets of the west generally. This is particularly so, given the historic perception of the west as a region of lower-quality housing.

Some of these estates, however, are exhibiting marked exclusionary effects, which raises issues of social cleavages within the west. The Sanctuary Lakes development in Wyndham, for example, is a highly priced development with a high level of price and physical exclusivity. The other developments in the west do not exhibit the level of exclusionary features of Sanctuary Lakes. Most new estates in the west are closely integrated with the adjoining urban form. Some, however, appear to present a sense of exclusivity as a result of other indirect factors. Such factors may include higher market-entry prices, higher quality physical appearance, roading design and location. A question therefore arises as to how such new estates are integrated into the broader housing market of the west. Are these high-profile new estates enhancing regeneration, or producing adverse exclusionary effects in respect of the remainder of the region's population? Using the estate of Caroline Springs as a case study, the following chapter responds to Research Question 5 by examining these issues of regeneration and exclusion in the west.

## 6 CAROLINE SPRINGS: HOUSING THE NEW WEST

### 6.1 Caroline Springs - Introduction

Research Question 5 seeks to identify the spill over effects from the new large-scale residential developments which are occurring in Melbourne's west, with a focus on Caroline Springs. The Research Question seeks to determine whether these developments are drivers of broader regeneration and community building within the region, or whether they are isolated 'islands' of change. This Chapter responds to Research Question 5, and associated sub-issues, through a case-study of Caroline Springs, and its housing market and socio-economic status, relative to the remainder of the west.

"Destined to be home to some 23,000 people by 2013, Caroline Springs is Melbourne's 'New West'.

Fully planned over 800 hectares, Caroline Springs has established itself as Melbourne's fastest selling residential community and is located just 22 kilometres from the city on the Western Highway"

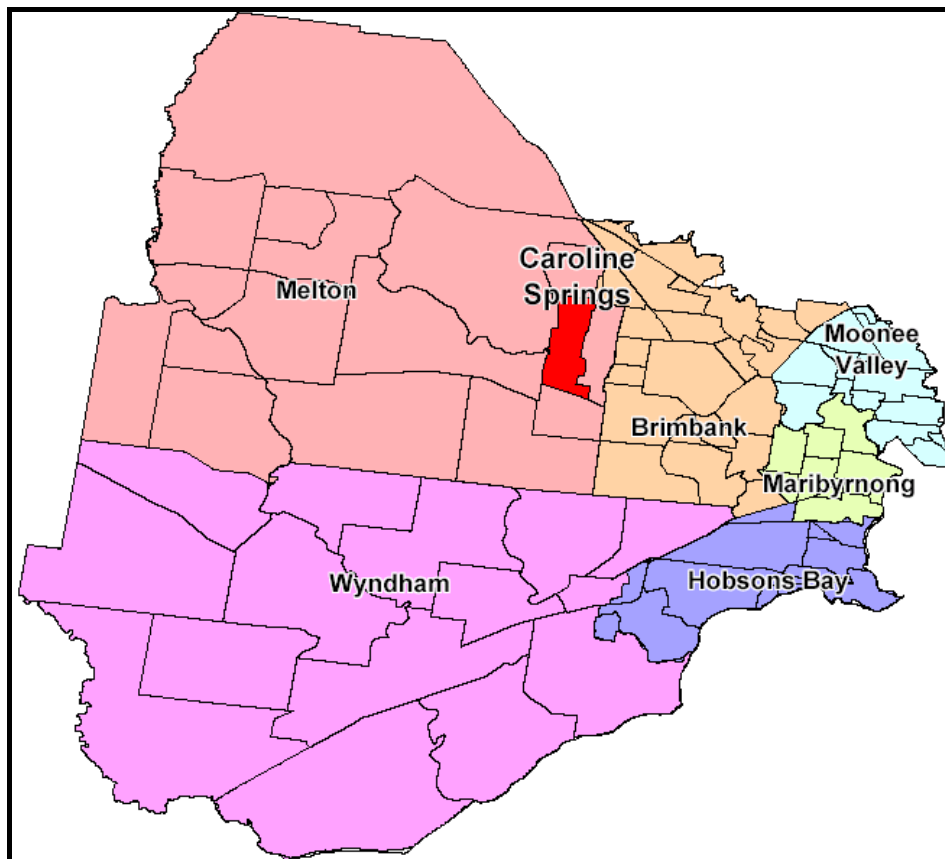
(Delfin Lend Lease 2002: np)

Caroline Springs is a new residential estate of over 800 ha, located in the Shire of Melton in Melbourne's west (Figure 6.1). The estate is located to the immediate west of the Burnside estate, and south of the Taylors Hill and Hillside. The boundary between Melton and the City of Brimbank is approximately 750 m from the eastern edge of Caroline Springs, adjacent to Burnside. This proximity connects Caroline Springs, Burnside and the estates to the north with the broader metropolitan urban form. The administrative centre of Melton Shire is located in Melton township, 15 km to the west of Caroline Springs. The space between these two areas of the shire is largely rural open space, reflecting the land-use of the Caroline Springs area prior to development. Hence Caroline Springs is surrounded by rural land to the immediate west, as well as to the south, although some of the currently vacant land to the south is zoned for industrial land-uses.

Physical features in or adjacent to Caroline Springs include the Western Highway, which travels along the southern border of the estate. This highway connects to the Western Ring Road at Deer Park. A significant physical feature running through the estate is the Kororoit Creek, which connects to Port Philip Bay at Altona, with large escarpments bounding the creek. Approximately 1 km south of the highway is the Melbourne-Melton railway.

The 'Urban Growth Boundary' proposed in the Melbourne 2030 Metropolitan Strategy runs along the western perimeter of Caroline Springs, however this is weakened somewhat by a designated 'possible future growth front'. For the foreseeable future however, Caroline Springs will remain as the current westerly limit of urban development in the Melton East area.

The anticipated eventual population, upon completion, of Caroline Springs is 23,000, which would equate to an over 50 per cent increase from the 1996 population of just under 40,000 for the Shire of Melton. Caroline Springs however is far from complete occupation. On Census night 2001, the population of the estate was 2,846, spread among 1,081 dwellings which equates to about 13 per cent of the anticipated total. Given that almost two years have passed since the Census was taken, it is reasonable to assume that the Caroline Springs population is currently significantly greater than the Census figure.



**Figure 6.1: Map of Melbourne's western region, showing the location of Caroline Springs in relation to the region's municipalities.**

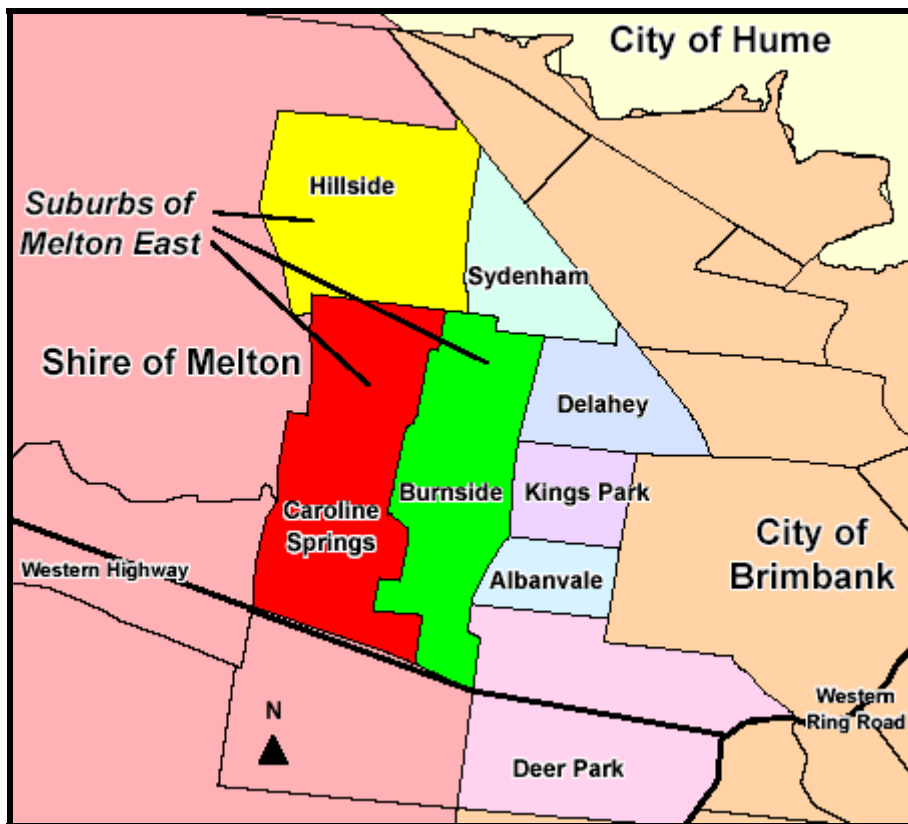
## **6.2 Caroline Springs and the Melton East Strategy Plan**

Development on urban-fringe greenfields sites takes place under a set of policy arrangements controlling the location, purpose and character of the development. The development of Caroline Springs has taken place within a policy and planning framework, particularly at the municipal level. The following section sets out the basis for this process and links it to the engagement with the development of the private sector consortium which undertook the Caroline Springs development.

During the early 1990s both the Victorian state government and the Melton Shire sought to direct the urban expansion of the existing metropolitan urban form into the Melton East area, north of the western highway immediately west of what was then the City of Keilor and the City of Sunshine, now Brimbank. The suburbs of Hillside, Caroline Springs and Burnside, which now cover this area, are identified in Figure 6.2, as well as the longer-established west-Brimbank suburbs. Unlike Werribee, Melton was not identified in state planning strategies from the 1970s as a growth area. Development in this area appears to have been more ad-hoc than based on longer-term strategic planning intentions. However, the development of the area has generally been in accordance with the state planning framework.

In 1990 Melton Shire engaged a group of consultants to prepare a Local Structure Plan for the area, which became the Melton East Strategy Plan (MESP) (Melton Shire Council 1997), some of the funding for which was provided by the Commonwealth Department of Health, Housing and Community Services, as well as some contribution by the affected landowners. The Local Structure Plan was publicly released in 1992, and public consultations were held to obtain public views. That year the Minister for Planning directed Melton Council to prepare a planning scheme amendment for the purpose of re-zoning the Melton East area for Urban Development. This plan was introduced in 1993, and by 1994 the zone amendment was approved by the state government, subject to the MESP, which was to guide the broad parameters of the future urban development. Under direction from the Minister, the MESP

was reviewed in 1997 and currently forms the basis for the planning of the Melton East area under the Melton Municipal Strategic Statement. The Melton East Strategy Plan functioned as a comprehensive planning guide to the development of the area, incorporating a series of land-use and community planning elements, including land-use, human services and community development, transport, landscape and urban design, recreation and open-space, infrastructure costs, property servicing and development staging.



**Figure 6.2: Map of Melton East and adjacent suburbs<sup>6</sup>.**

Under the MESP, the Melton East area was intended to be comprised of a set of 9 associated residential neighbourhoods, as well as an industrial neighbourhood to the south (Melton Shire Council 1997). The suburbs which now comprise Melton East, as identified in Figure 6.2, were each anticipated to contain 3 neighbourhoods of approximately equal area. Each neighbourhood was to contain a neighbourhood and a community centre, with a further ‘sub-regional/town centre’ planned to service the whole ME area. From the outset a set of anticipated population targets were identified for the ME area, based on a lot-yield ratio, with each neighbourhood containing between 1,500 and 3000 households.

The MESP also set out a list of educational, human and community services which were to be provided as part of the development, with community development, neighbourhood centres, community transport and developed open-space required from the outset of any new residential development (Melton Shire Council 1997). This is an important feature of the MESP, intended to ensure that new residents had access to the necessary community facilities from the commencement of their occupation of the area.

Landscape and urban design principles for the Melton East area were also articulated in the MESP, including the treatment of individual neighbourhoods, local and sub-regional roads,

<sup>6</sup> This map is based on the VicMap mapping layers for State Suburbs and does not precisely depict the boundaries of individual estates within the suburb. Approximately the north-eastern quarter of the suburb of Caroline Springs, as represented in this map, is comprised of the Taylors Hill estate. The remainder of the suburb is the Delfin Caroline Springs estate. Current occupation of the Caroline Springs estate is limited to the southern half of the eponymous suburb.



riverine features, and neighbourhood and suburb 'gateways'. Significant provisions for open space were also required, including local and district park networks.

The Melton East Strategy Plan appears to have exerted reasonably strong control over the subsequent development of the Melton East area. While the specific layout and design character of each estate within the Melton East area demonstrates some divergence from the precise intentions of the MESP, the broad direction of these developments is largely in accordance with this plan. Hence the MESP has been important in directing the character of these new estates irrespective of the eventual private sector agents who subsequently undertook the developments. This outcome has been particularly successful for the physical and design characteristics of the subsequent estates. With the MESP in place, the next phase of the development of the Melton East area, and Caroline Springs in particular, took place. This is described in the following section.

### **6.3 Developing Caroline Springs**

The 800 ha of land covered by Caroline Springs was, prior to development, owned by four individual land owners with the Gilbertson's Group company owning about 600 ha. In light of the development opportunities presented by the re-zoning of the land, Gilbertson's began land assembly negotiations with the other land owners and eventually gained agreement on the broad basis of development. The group also purchased further frontage to the Western Highway.

Gilbertson's then sought developers to design and develop the anticipated estate. Negotiations with Delfin were successful, and subsequently an agreement to form a joint-venture partnership was concluded between the two parties. This document was signed in late-1997 and provided for the joint venture under which the development rights for the land in question was ascribed to Delfin, with agreement for a staged development. A joint-venture committee oversees the development of the Caroline Springs estate, comprising the Delfin CEO and deputy, and Gilbertson's representatives. Delfin maintains control of day-to-day running of the development, while the joint venture committee has overall control.

Delfin was established thirty years ago as a private company and subsequently became the residential development branch of the ANZ Bank but was eventually sold to become a separate privately listed company. By 2001 Delfin was developing over 15 residential projects along south eastern Australia. In 2001 Delfin was acquired by the Lend Lease group of companies, and was renamed Delfin Lend Lease. Lend Lease (LL) is a global company, with offices in over 50 countries. The global scale and integration of the company is illustrated by the fact that Delfin's Caroline Springs office computer server is located at a LL office in the US city of Atlanta. This connection indicates the extent to which, like industrial development in the west, residential development has also become a globally controlled and influenced enterprise.

Delfin's interest in the west had been stimulated by indicators from its ongoing monitoring and analysis of the Melbourne residential property market. By 1997 price growth in this market had begun to accelerate (see Chapter 5) and Delfin considered that the Melton East area offered strong development opportunities. The development at Caroline Springs was also motivated by a concern to be well positioned within the accelerating market, both in terms of location, and relative to competitor developers.

The particular character of development at Caroline Springs by Delfin came about through the combination of the requirements of the Melbourne East Strategy Plan and the particular approach which Delfin applies to its various residential developments, as well as the marketing strategy which Delfin has adopted. It is difficult to separate the urban character from the specific physical form of the development, hence the two are considered together, below.

### **6.4 Marketing of Caroline Springs**

Delfin's philosophy is 'Creating Special Places', an approach which translates into a series of practices which drives the development of the company's estates. The primary concept underlying the 'special places' approach is 'community', and constructing urban form such

that residents are readily able to develop a 'sense' of such community. While there are many similarities between various companies engaged in fringe-area residential development (Blakely and Snyder 1997), this section necessarily focuses on the principles underlying Caroline Springs.

Delfin's market research indicated to the company that instead of relating to large 'suburbs', people are more able to relate to smaller-scale local 'villages' of between 300-500 households, a number which is associated with understanding of what constitutes a local community. Delfin defines these smaller scale residential areas as 'villages' and constructs its overall developments as an agglomeration of such villages. Caroline Springs has been developed closely in line with this approach. Within the individual villages a variety of visual techniques are used to provide the appearance of distinctiveness. These include the layout and appearance of the urban design, distinctive naming including a specific village 'logo', specific signage, provision of focal open space with amenities such as barbeques and pergolas. The lot-size and subsequent lot sizing is also used to differentiate between 'affordable' and 'premium' villages. This mix of affordable and premium lot sizes also permits extended families to live within close proximity within the estate. Through these various techniques, each village is constructed as distinct from other local villages, providing a residential environment that residents can identify with. In addition to the village construct, the broader urban design of the estate is of comparatively high quality, with numerous water and open-space features, as well as cycle and walking paths. By the time it is completed, the entire Caroline Springs estate is anticipated to include over 120 ha of open space, and over 20 ha of waterways (Delfin Lend Lease 2002).

Further to the attention to urban design and community provided through the 'village' concept, Delfin also attends to the early provision of community services. Local schools, neighbourhood centres and basic shopping facilities are provided early. Tennis courts, parks and lakes were all constructed at Caroline Springs before the commencement of occupation by new residents. This attention to services provision ensures that new residents are able to access such services locally, rather than travelling outside the locality for their basic household needs. Local access to services also reinforces the sense of community which Delfin is seeking to create.

The creation of a sense of community and membership of a local 'village' requires a greater intensity of urban design and construction than would be the case for a development which is less attentive to these concerns. The temporal comparison with the uniformity and blandness of historical outer-urban residential estate development is also worth noting (Burke and Hayward 2000). Delfin notes that its intensive approach to generating a sense of belonging among new residents, requires a significant degree of intellectual capital, in terms of investment in design and planning which results in some additional costs beyond what is necessary for a simple 'subdivision' approach to residential development. However, these costs are re-couped during the sales phase, as the higher amenity of the estates which are created translate into a higher rate of sales, and at a higher price, than competitor developments where such attentiveness to 'creating special places' is not as pronounced. The early and visible concern with the amenity of the development means that from a marketing point of view, the relative value of the estate is enhanced. To some extent also, this assists in managing market risk, ensuring Delfin's developments remain relatively attractive in periods when the overall demand for housing is declining.

The marketing material for Caroline Springs reflects the underlying Delfin model. There are frequent references to community and to the apparent small-scale of the local villages. This small scale is reinforced through the immediacy of local facilities and the ease of pedestrian or cycle travel through the area, as well as such notions as 'peace and serenity' and the safety of children. Attention to these features of the estate is also enhanced through the emphasis on the extent of planning that was required to produce the quality of the environment. Indeed, the marketing material for Caroline Springs frequently describes the estate as a 'fully planned community'.

The overall effect of the Delfin model is to create a residential development that from the outset appears to be of high quality. As a result, the estate is set apart as distinctive from

competitor estates, and also pre-empts broader perceptions of new outer-urban residential environments as sterile, bland, large-scale, inadequately serviced and remote. This marketed quality has made the development distinctive within the west, leading to many observers, particularly municipal officials, noting the shift which the development of Caroline Springs has begun to produce in perceptions of housing in the west. Delfin is highly aware of the historical perceptions of the west, and has to some extent emphasised these in its marketing campaigns. The notion of Caroline Springs as contributing to the 'New West' appears frequently in Delfin's marketing documents.

The rhetoric surrounding Delfin's model is summarised in the following quote from the former Managing Director, Chris Banks:

Across Australia, Delfin is creating special places... fully planned communities with a real sense of belonging... where there is a real choice in housing to suit your lifestyle... where you can enjoy the advantage of a greener, friendlier environment... hike and bike trails and an attention to detail that's world class... special places where peace of mind is assured by investment protecting covenants. (Delfin2002b).

The overall concept and marketing approach to residential development which underlies the Caroline Springs development appears to have been highly successful, both in terms of perceptions of the estate, and in terms of the market position which the development has attained. Caroline Springs is claimed to have been Melbourne's fastest-selling residential development during the over the past three years (Delfin Lend Lease 2002).

## **6.5 Caroline Springs – Economic and social impact**

What therefore have been the economic and social outcomes from Caroline Springs? How is this high-profile residential estate contributing to broader regional housing regeneration, and what are some of the social and economic consequences arising from this development? The following section responds to issues raised by Research Question 5 using available data to identify trends and patterns.

### **6.5.1 Caroline Springs - Housing market position**

As a high-quality new residential development on Melbourne's western fringe, it is appropriate to examine the position which Caroline Springs has attained in the housing market of the western region, and of the Melbourne metropolitan area generally. This section discusses the house price patterns exhibited by this estate, relative to the broader regional housing market.

Detailed data on house sales for Caroline Springs are not available, apart from that provided by the Valuer General's annual guide. Some indication however, of the price settings for different housing types can be obtained from the marketing information provided by the Delfin Caroline Springs office. This information is set out in Table 6.1.

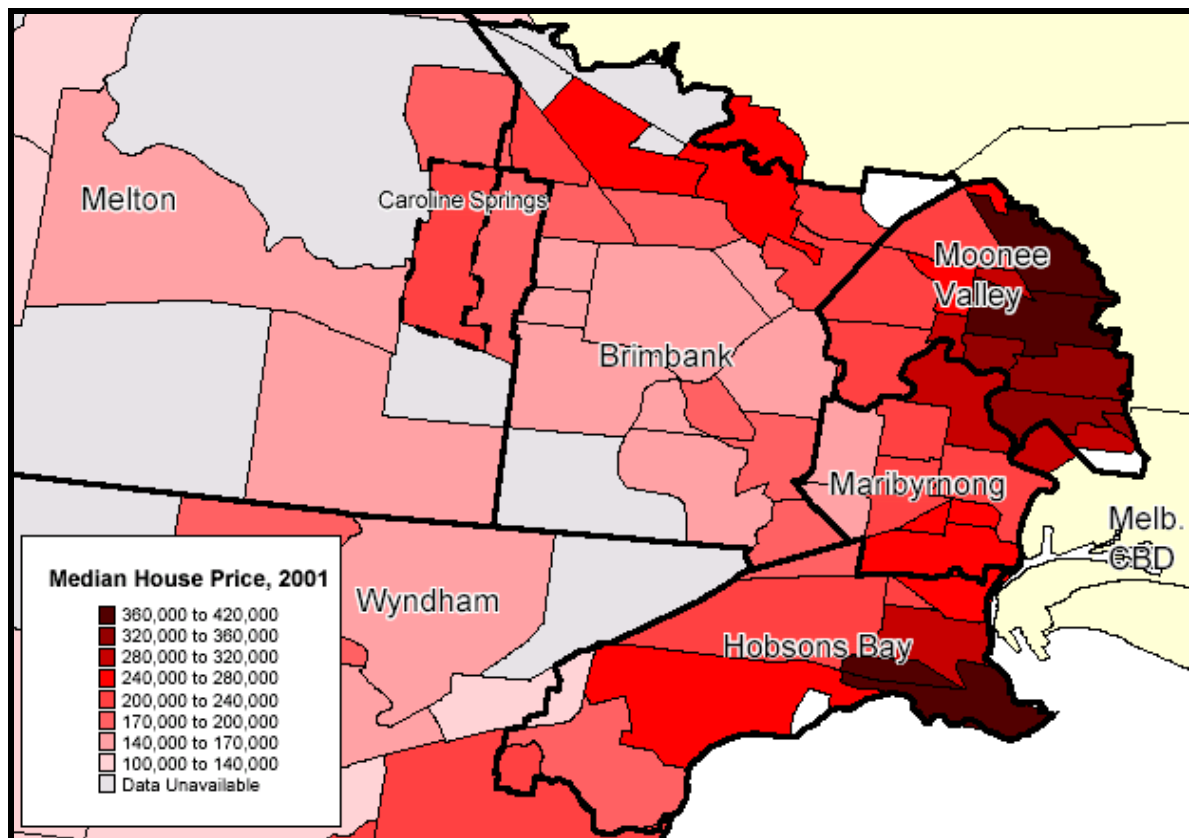
Vacant residential land at Caroline Springs in 2001 was clearly cheaper than the metropolitan median, a fact which is not surprising given the fringe location and the relative abundance of such land, relative to most areas within metropolitan Melbourne. However, the indicative 2002 figures published by the Valuer General indicate that the median price for a vacant lot in Caroline Springs has risen to \$79,105, which is a 27 per cent increase on the 2001 level. By comparison, the Melbourne median is likely to be approximately \$88,000, equivalent to a 20 per cent increase on the 2001 figure. These preliminary results suggest that vacant land at Caroline Springs is increasing in value at greater rate than that for the broader metropolitan region.

Block Type	Average area (m <sup>2</sup> )	Price (\$)
<i>Town Cottage</i>	300	78-82,000
<i>Villa</i>	320	88-92,000
<i>Premium Villa</i>	400	86-94,000
<i>Courtyard</i>	448	104-118,000
<i>Traditional</i>	672	116-138,000
<i>Parkland</i>	960	160,000+
Median (2001)	-	62,500
Melbourne median (2001)	-	73,000

**Table 6.1: Indicative vacant lot prices for Caroline Springs, 2002 (source: Delfin price list; Valuer General (Valuer General 2002))**

A further aspect of Table 6.1 is the diversity in lot size throughout the estate. The smallest lots are approximately 300 m<sup>2</sup> whereas the largest are over three times this area, providing a significant degree of variation in the urban density and urban form of the estate. Notably some lots are priced very high, with those approximating the traditional ¼ acre priced in excess of \$130,000. House and land packages in Caroline Springs range from the 'Affordable' which in late-2002 were selling for approximately \$210-230,000, through to 'Premium' dwellings on larger lots, which were selling for approximately \$320,000 and greater.

Current house prices help to indicate where Caroline Springs is positioned in the metropolitan housing market. Figure 6.3 provides the current median house price for selected suburbs within Melbourne's west, with Caroline Springs highlighted.



**Figure 6.3: Median house price for selected suburbs in Melbourne's west, 2001 (source: Valuer General (2002)).<sup>7</sup>**

<sup>7</sup> Regarding the viewability of this and subsequent figures, see the footnote to p.21.

As is clear from the Figure 6.3, Caroline Springs is currently situated at approximately the middle of the western regional housing market. Housing in Caroline Springs, and the suburbs adjacent to it are priced at a similar level to suburbs on the western side of the inner municipalities and are thus comparable with localities such as Avondale Heights and Keilor East in Moonee Valley, Maidstone and West Footscray in Maribyrnong and Altona North and South Kingsville in Hobsons Bay.

A further feature of Figure 6.3 is the position of Caroline Springs within an arc of higher value housing which stretches from Moonee Valley, across the north of Brimbank, and into Melton East. This tract of higher value housing surrounds an area of relatively lower prices in southern Brimbank and west Maribyrnong.

### *6.5.2 Labour force status*

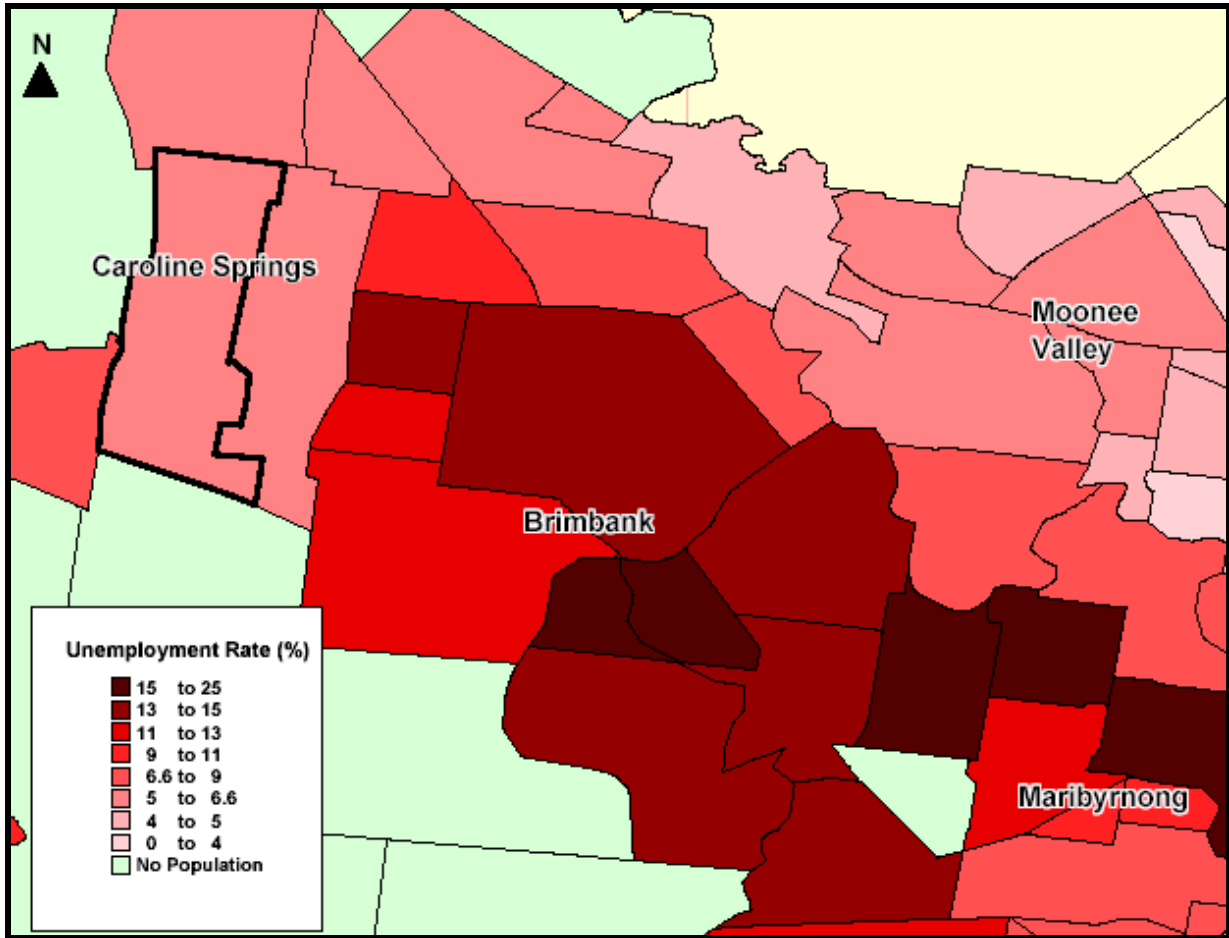
Without a cross-tabulation of raw census data it is difficult to establish the geographical source of new residents at Caroline Springs. Anecdotal evidence provided through interviews with local officials, suggests that the households who are moving to Caroline Springs are typically second or third home-buyers who are attracted to, and able to afford, the higher quality urban design of the estates, and the immediate appearance of 'community'. This evidence further suggests that such households were already resident in the west, and were likely to be of higher relative socio-economic status, compared to the region generally. The suggestion has been that until the opportunity of Caroline Springs became available, relatively high quality urban environments were not significantly present in adjacent municipalities, and that Caroline Springs therefore offers new opportunities for wealthier residents of the west. While not disagreeing with this proposition, we note that new estates in suburbs adjacent to Caroline Springs, such as Burnside or Hillside, which do not exhibit exactly the same level of capital-intensive urban design as Caroline Springs, are nonetheless achieving comparable market values. The proposition that the new residents of Caroline Springs are of a higher socio-economic status than other areas of the west, particularly those areas adjacent to the estate, would appear to be largely borne out by the labour force data. Intuitively also, this would, however, appear to be correct, given the degree of household capital necessary for entry to the Caroline Springs housing market, those households throughout the west who are most disadvantaged are unlikely to have sufficient capital to undertake such a shift.

The snapshot provided by the 2001 Census data enables an analysis of the labour force status of Caroline Springs residents, relative to the broader western region. Figure 6.4 presents this data in close geographic detail, including Caroline Springs and adjacent suburbs.

It is clear from the figure that Caroline Springs is an area of low unemployment relative to the remainder of the western region. But Caroline Springs is not alone in this regard. The adjacent suburbs of Burnside, Hillside, Sydenham and Taylors Lakes all appear to have lower unemployment rates than the 2001 metropolitan average of 6.6 per cent, which in turn is lower than the regional rate of 8.7 per cent. These new estates contrast markedly with the older suburbs in Brimbank west, such as Albanvale, Delahey and Kings Park, all of which appear to have unemployment rates higher than the metropolitan and regional rates. Kings Park in particular has an unemployment rate of 13.3 per cent, which is more than twice that for Caroline Springs, Burnside or Hillside. Further, in a pattern which appears to follow that for median house prices, low unemployment in 2001 in the west was located in an arc which travels across the north of the region, from Moonee Valley in the east, across northern Brimbank and into Melton East, including Caroline Springs.

Caroline Springs and other Melton East suburbs therefore mark the western limit of a tract of high unemployment which exists in the west, from Footscray, Maidstone, Braybrook, Sunshine, Albion and St Albans, and through Kings Park. As a result Caroline Springs appears to be among a large tract of relative prosperity in the west of a kind more typically seen in suburbs closer to the CBD such as Williamstown, Essendon and Strathmore Heights. This distinctiveness relative to the areas of disadvantage marks both Caroline Springs and

the Melton East suburbs as distinct from the adjacent localities to the immediate east in terms of socio-economic status.



**Figure 6.3: Unemployment rate for selected suburbs adjacent to Caroline Springs<sup>8</sup> in Melbourne's West (source: ABS labour force data)**

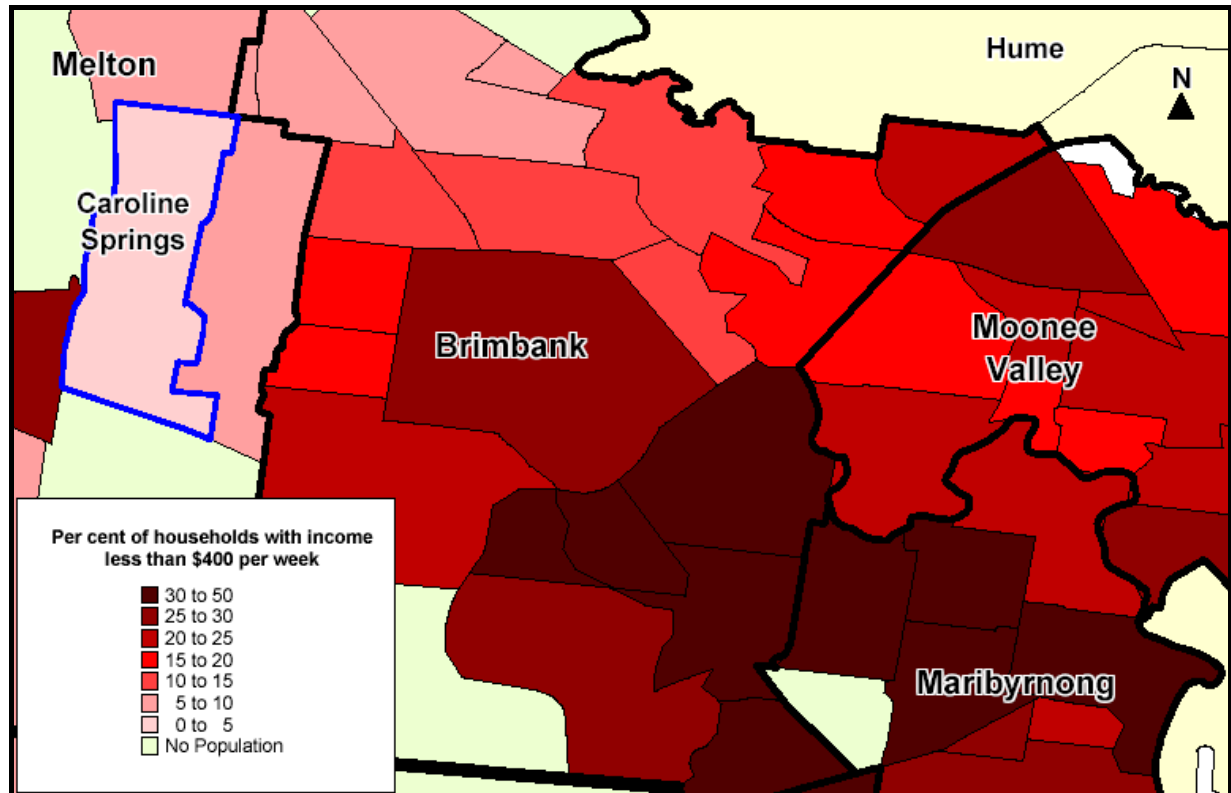
### 6.5.3 Household income patterns

A further indicator of the socio-economic position of Caroline Springs relative to the adjacent suburbs of the west is the distribution of household income. Using Census income data, we have mapped the distribution of weekly household income for households both within and adjacent to Caroline Springs, in terms of the proportion of households receiving less than \$400 income per week (Figure 6.4) and those receiving more than \$1000 per week (Figure 6.5). The figures enable comparisons to be made of the relative concentration of low-income households, and conversely, the relative concentration of higher income households, at the suburb level.

A number of conclusions can be drawn from the figures. Figure 6.4 shows that Caroline Springs contains very few households on low incomes. Indeed, compared to all other suburbs in the northern area of the western region, Caroline Springs has the lowest proportion of low-income households. But the broader Melton East area generally has a low proportion of low-income households. Low-income households are also largely absent from the suburbs of Hillside, Burnside, Sydenham and Taylors Lakes to the north and east of Caroline Springs. By comparison, the areas of central and south Brimbank have high proportions of low-income households, as does much of Maribyrnong and some areas of

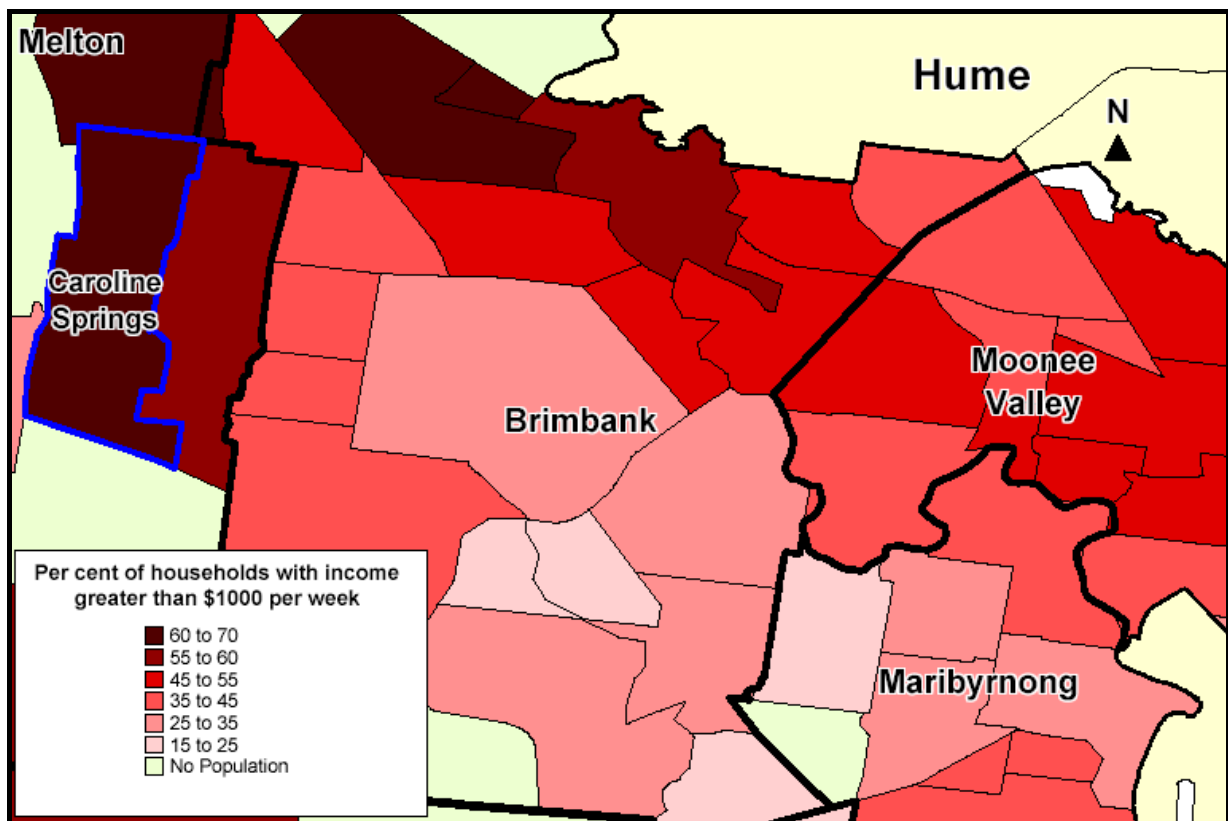
<sup>8</sup> There is some discrepancy in the naming and borders of individual estates and the larger suburbs in which they are located. The suburb of Caroline Springs identified in this map includes the whole of the Caroline Springs estate, as well as a small part of the Taylors Hill estate. For the purposes of broader discussion of regional patterns, the present study the distinction is not significant.

Moonee Valley. Indeed, households in the new estates on the fringe appear to be quite different from those in the more central suburbs in terms of their income distributions.



**Figure 6.4: Proportion of households with income less than \$400 per week for Caroline Springs and selected adjacent suburbs, 2001 (source: ABS census figures).**

Conversely, Figure 6.5 provides the relative concentrations of higher income households for western region suburbs in adjacent Caroline Springs, measured as those households receiving greater than \$1000 per week. Like Figure 6.4, a number of features regarding the relative status of residents of Caroline Springs compared to those in nearby areas can be made.



**Figure 6.5: Proportion of households with income greater than \$1000 per week for Caroline Springs and selected adjacent suburbs, 2001 (source: ABS census figures).**

In terms of the concentration of high-income earning households, Caroline Springs and adjacent estates are clearly different from most other suburbs in the north of Melbourne's west. More than 55 per cent of households in Caroline Springs, as well as the suburbs of Hillside and Burnside, to the north and east respectively, and Taylors Lakes and Keilor, to the north-east, have incomes greater than \$1000 per week. No other suburbs within this broad sub-region have such extreme high-income household concentrations.

By comparison, less than 25 per cent of households in the Brimbank suburbs of Ardeer, Albion and Brooklyn and in Braybrook (in Maribyrnong) have weekly incomes greater than \$1000. In addition to these suburbs large areas of Brimbank and Maribyrnong also have low proportions (less than 35 per cent) of households receiving more than \$1000 weekly income. This tract of weak concentration of high household incomes appears to mirror the pattern found for unemployment (Figure 6.3).

Further features of Figures 6.4 and 6.5 that are worth noting are the household income patterns for Moonee Valley. Suburbs within this municipality generally exhibit low concentrations of low-income households, but only moderate concentrations of high-income households. This would appear to reflect the relative age of the suburban development in this area, which has avoided the effects of industrial restructuring experienced by Brimbank and Maribyrnong, but which also has little in the way of new residential housing (compared to Melton East) which attracts a high-income residential cohort.

#### **6.5.4 Spill over Economic Effects of Caroline Springs - Unemployment**

The socio-economic patterns provided in Figures 6.3, 6.4 and 6.5 provide 'snapshot' views from the 2001 census. But an assessment of the extent to which the development of Caroline Springs has caused economic effects to 'spill over' to adjacent suburbs, requires a more longitudinal analysis. This section provides longitudinal data, drawn from the 1991, 1996 and 2001 censuses to assess the extent to which Caroline Springs has influenced socio-economic outcomes in adjacent localities. This task is complicated by the fact that Caroline Springs is not an isolated development in the Melton East area, such that assessments of spill over effects based on census data should note the other estates in



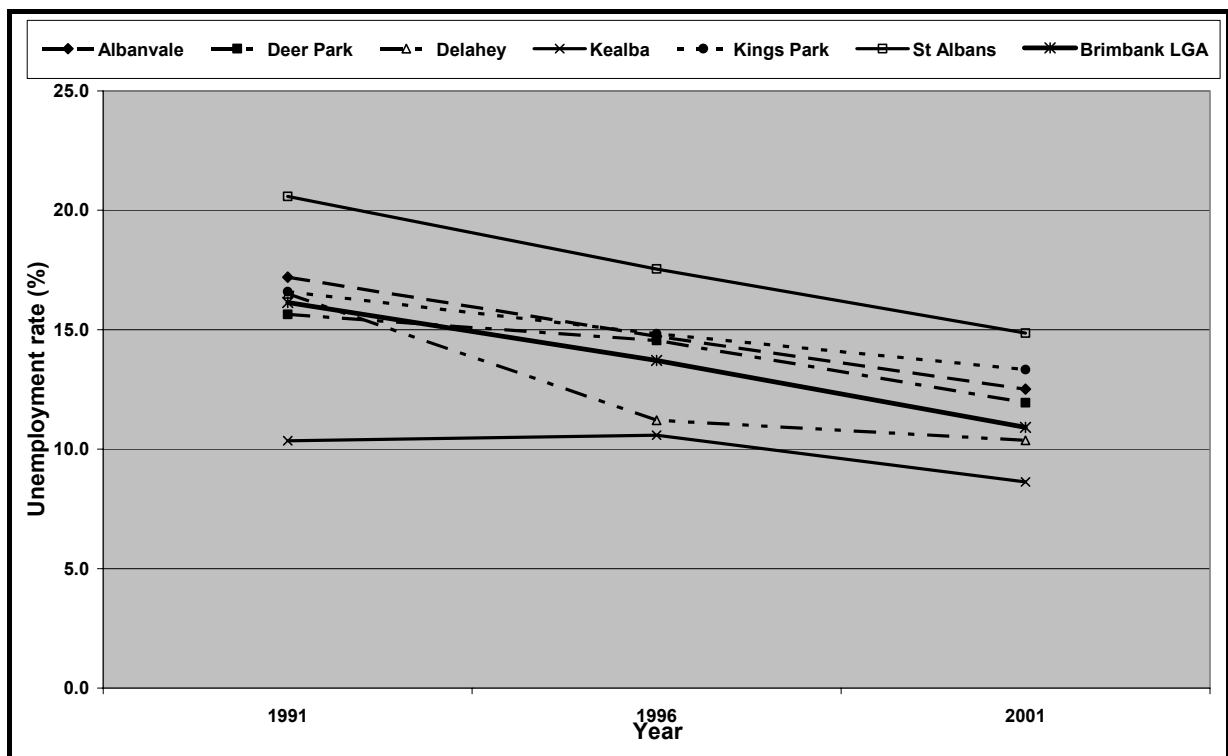
Melton east which were constructed during the 1996-2001 period, such as Burnside and Taylors Hill.

Figure 6.6 provides the rate of unemployment for a selection of suburbs adjacent to Caroline Springs from 1991 to 2001. The suburbs were selected on the basis of differing proximity to Melton East, working from the assumption that localities closer to this rapidly developing residential area would receive more of the immediate spill over benefits than those more distant. Albanvale, Deer Park, Delahey and Kings Park all abut the new Melton East estates, Kealba is some further 5 km away in the wealthier areas of eastern Brimbank, while St Albans is located among the lower-socio-economic status areas of central Brimbank. The overall Brimbank figures are also provided.

The following patterns are visible in Figure 6.6. First, all suburbs experienced a steady decline in their unemployment rates between 1991 and 2001, except Kealba, where unemployment increased marginally between 1991 and 1996 before reducing by 2001. While there are some variations among the suburbs immediately adjacent to Melton East, most underwent continuous improvement in labour force status during the decade to 2001, although the post-1996 period appears to indicate some slowing of the downwards trend. The standout performance among these is that of Delahey, which underwent a strong reduction in unemployment, of approximately five per cent, between 1991 and 1996, but then barely improved to 2001 while the neighbouring suburbs performed weaker during 1991-1996, but maintained this steadily during 1996-2001.

Notably Kings Park, Albanvale and Deer Park retained unemployment rates above the municipal average for Brimbank from 1996-2001. Delahey, the other suburb next to Melton East was only marginally better than the municipal average in 2001. Clearly it is the other suburbs within Brimbank, such as those in the north and east, which were providing Brimbank's positive unemployment figures in 2001, rather than those suburbs closest to the new high socio-economic status estates of Melton East.

The slowing decline in unemployment for most of the selected suburbs near Melton East, post-1996, is surprising, given the ongoing decline in western regional unemployment noted in Figure 4.1 which shows unemployment reducing steadily from 1993 to mid-2001. If anything this suggests that the new Melton East suburbs, such as Caroline Springs are having limited effect on adjacent areas, and might even be limiting the extent to which these adjacent areas experience reducing unemployment, relative to the regional and metropolitan rates. An alternative explanation is that the Melton East estates are drawing higher socio-economic status residents from adjacent localities, thus increasing the proportion of lower socio-economic status residents remaining in those areas. This explanation, albeit tentative, is supported by some anecdotal reports provided by local government officials regarding the origins of residents of the new estates. Whatever the case there is certainly limited support for the proposition that identifiable socio-economic spill over effects are arising from the new estates in Melton East.

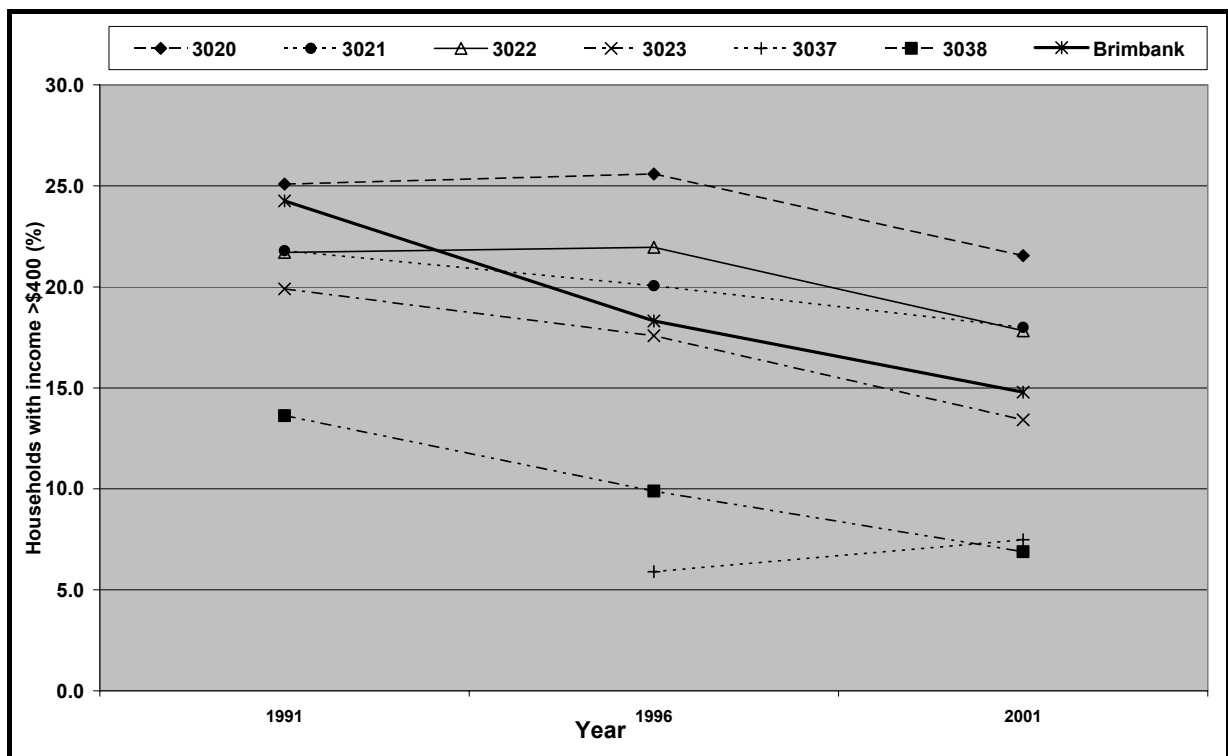


**Figure 6.6: Unemployment rate for selected suburbs adjacent to Caroline Springs, 1991-2001 (ABS Census Data).**

#### 6.5.5 Spill over Economic Effects of Caroline Springs – Low Incomes

The data for household incomes for localities adjacent to Caroline Springs is also available for the 1991, 1996 and 2002 censuses. However until 2001 this data was compiled on the basis of postcode rather than locality, and household income as a weekly rather than annual figure was only compiled after 1991. The following data therefore has been assembled by postcodes, which are constituted from one or more suburbs. The geographic coverage of these postcodes and their constituent suburbs is provided in Appendix I. Data from 1991, which used compiled household income on an annual rather than a weekly basis required some adjustment of the income categories. These categories therefore do not exactly match those used for the release of the 1996 and 2001 censuses<sup>9</sup>. As a result comparability between the 1991 and subsequent income data presented below is not exact. Figure 6.7 presents the proportion of households with weekly household income less than \$400 per week for postcodes adjacent to Melton East.

<sup>9</sup> The categories used for 1991 are < \$386 p/w and >\$962 p/w which equate to < \$400 and > \$1000 as used in later years. 1991 proportions will therefore 'undercount' low incomes and 'overcount' high incomes.



**Figure 6.7: Proportion of households with weekly incomes < \$400 p/w for selected postcodes adjacent to Melton East, for years 1991, 1996 and 2001.**

Figure 6.7 shows a number of interesting trends occurring in the postcodes adjacent to Melton East. The first trend of note is the general decline in the proportion of households earning less than \$400 per week across the three censuses. Some areas, such as 3020 and 3022 actually experienced slight increases during 1991-1996 but after this period all declined except one. This exception is 3037 (suburb of Delahey) which was not fully developed as an estate before 1996, but during 1999-2001 experienced an increasing proportion of low income households. Some caution is merited regarding the 1991-1996 figures, as the 1991 figures underestimate the proportions. Accordingly, the actual trends are likely to be steeper during 1991-1996 than depicted above.

In terms of variations between the postcodes, there is little divergence during 1996-2001 except for the case of 3037 as noted above. Of the others, 3021 performed marginally weaker, as did the overall Brimbank municipality. Given that 3021 abuts Melton East, it might have been expected that positive spill over effects from the new estates would have benefited this area at least as much as other adjacent areas.

The overall decline in low-income households appears to reflect the generally declining unemployment rates among these postcodes, identified in Figure 6.x above and for the region generally. It is very difficult to discern in these trends any effect that might be attributable to the development of Melton East estates such as Caroline Springs. A similar observation applies to the data for high incomes in areas adjacent to the new Melton East estates.

#### 6.5.6 Spill over Economic Effects of Caroline Springs – High Incomes

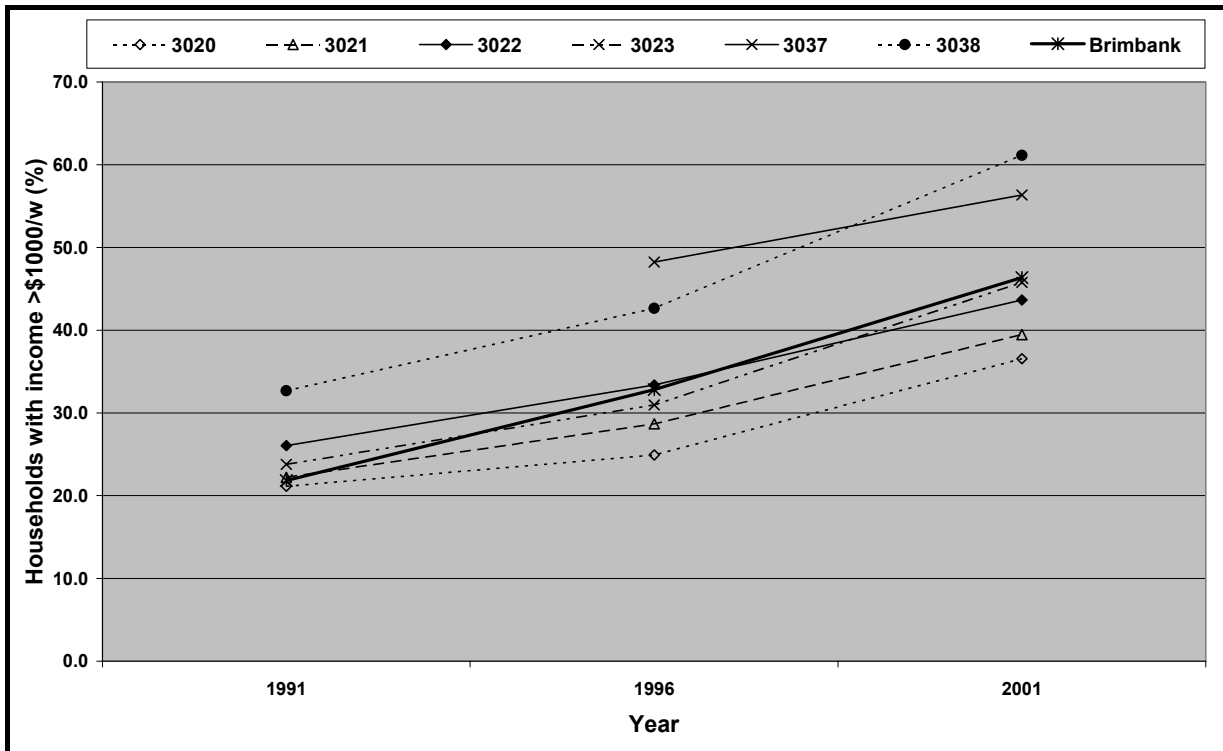
Figure 6.8 provides the high income obverse of Figure 6.x, and a number of trends, are present. The first of these, is the continuous steady rise in households earning more than \$1000 per week. Again some caution is necessary with the 1991 data which overestimates the actual numbers such that the real curves are likely to begin lower and travel more steeply between 1991 and 1996 than the figure indicates. The second feature of Figure 6.x is the generally limited divergence between the postcodes. Postcodes 3022, 3020, 3021, and 3023, as well as the overall Brimbank figure are all within approximately 10 percentage points of each other, whereas the curves for low income proportions in Figure 6.8 above diverge widely. A second feature is the period 1996-2001 when there is strong uniformity in

the increasing proportion of high income households in these areas. All areas increased their proportions of such households and while there are some minor variations there appears to be little which distinguishes the areas closest to Melton East and Caroline Springs from those further removed.

Postcode 3023 (Deer Park) performed slightly better than the 3020 area, but this is not a sufficiently marked difference to permit the inference that positive effects were spilling over from Melton East. The 3038 postcode performed markedly well during the entire study period, with a very high proportion of high-income households in 2001. This result is not surprising as this postcode covers a number of the high income suburbs identified in Figure 6.5.

A final point of note is the increase the proportion of high income households in postcode 3037 (Delahey) between 1996 and 2001, given that the proportion of low income households also increased in this area (Figure 6.7). These observations suggest that this area is undergoing a strong process of income polarisation while adjacent areas have largely shifted their proportions uniformly towards a greater number of high income households.

The data on the changes in the proportion of high income reflect those for low incomes identified in section 6.5.5 above. Despite the choice of locations both near and far from Caroline Springs, there is little divergence or differentiation in the proportions of households earning low or high incomes to suggest either positive or negative socio-economic spill over effects arising from the development of new housing estates in Melton East, and specifically that of Caroline Springs. While there are undoubtedly some effects arising from these new estates, what appears likely is that larger regional and metropolitan socio-economic dynamics and patterns are hiding any of the smaller local impacts, negative or positive, of the Melton East estates.

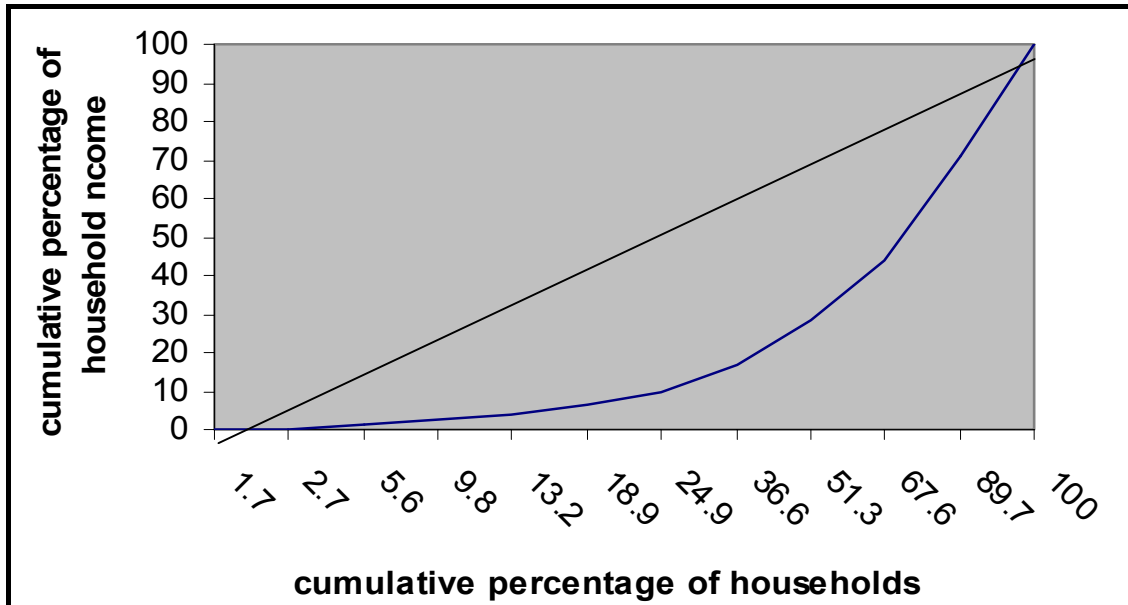


**Figure 6.8: Proportion of households with weekly incomes > \$1000 p/w for selected postcodes adjacent to Melton East, for years 1991, 1996 and 2001.**

It is likely that census data alone are insufficient to provide a fine-grained local analysis of the type sought by this study. On the basis of the presently available data, it would be unjustifiable to suggest that Caroline Springs, is producing positive effects on the local economy of the west. Notwithstanding this observation, there remains strong socio-economic distinctions between a number of the older areas of the west and the newer fringe estates such as Caroline Springs.

### 6.5.7 Income Distribution within Caroline Springs

From Figures 6.3, 6.4 and 6.5, it would appear that the income distribution of households within Caroline Springs is skewed towards those on high-incomes. This perception can be tested by constructing a 'Lorenz Curve' which provides the cumulative proportion of households receiving ascending brackets of income. The Lorenz Curve for Caroline Springs is provided in Figure 6.9 below.



**Figure 6.9: Income Distribution (Lorenz Curve) of Households Resident in Caroline Springs, 2001 (source: ABS Census (2001)).**

The Lorenz curve illustrates the fact that the lowest 10 per cent of income earners resident on the estate receive less than 3 per cent of the total income received by all residents. At the other end of the income distribution, the top 10 per cent receive about 30 per cent of total income.

What the socio-economic patterns in Figures 6.3, 6.4, and 6.5 show is the emergence of a set of suburbs including Caroline Springs, in Melbourne's outer west, which are exhibiting relatively low levels of social disadvantage. A key indicator of social disadvantage, the rate of unemployment, is lower for these areas than it is for 'middle ring' western region suburbs such as those found in Brimbank or Maribyrnong. Similarly, household income patterns reflect these unemployment patterns, so that the new fringe estates such as Caroline Springs, exhibit incomes which are higher than those immediately adjacent, and much higher than the older less advantages suburbs of the middle ring. What this pattern indicates is that housing 'regeneration' in the west is 'leapfrogging' or 'going around' the most disadvantaged areas, and establishing high amenity residential developments beyond these areas. Even compared to the relatively more advantaged older suburbs of the west, such as those in Moonee Valley, the new fringe estates are exhibiting patterns of higher labour force and income status.

The socio-economic divisions identified in the unemployment and income patterns described above would appear to mark the empirical division between the rhetorical objects of the 'new west' and the 'old west'. The 'old west' under such a characterisation would appear to be the south Brimbank/west Maribyrnong/northwest Hobsons Bay area, whereas the 'new west' appears to be the Melton East/north Brimbank/Moonee Valley/east Maribyrnong/east Hobsons Bay areas. It is difficult to assess how new these patterns are, however, the suburbs in north Brimbank and Melton East have only become available as residential locations during the past 5-7 years.

The implication of these findings therefore, is that these new residential estates in the northern mid-west are creating new socio-economic patterns within the west. The estates themselves appear not to be directly creating socio-economic divisions, but by dint of their

higher socio-economic status populations, they are marked as distinct from the older suburbs between the fringe and the inner city, where disadvantage is higher. One aspect of this process, which was identified by the interviews conducted as part of the research, is that the marked differentiation of the Caroline Springs estate and adjoining developments from other parts of the housing market of the west, including areas of relatively higher prices, is attracting higher socio-economic status western residents to these estates. While this perception is difficult to demonstrate with the presently available empirical data beyond labour-force status, it suggests that these new estates may be enabling socio-economic differentiation to occur in the west, through the vehicle of the housing market. This tentative finding has a number of implications for the region, particularly in regard to claims which posit these new estates as assisting in regional regeneration, as opposed to reinforcing regional social differentiation.

Caroline Springs therefore, in and of itself, and despite the apparent distinctiveness of its urban design, cannot be asserted to be directly creating socio-economic divisions. The estate itself is not an island of isolated change in the west as was queried by Research Question 5. However it is part of a set of large new housing estates whose residents appear to be marked by relatively higher socio-economic status, relative to many other localities within the west. This set of estates are drawing higher socio-economic status residents from elsewhere in the west, while those without the capacity to 'buy-in' to these new estates are likely being left behind. Extrapolating this process, should a significant number of wealthier residents be drawn from the less advantaged areas of the west, such as the suburbs of southern Brimbank, then the implications are that the social mix of those origin locations will trend towards higher relative disadvantage.

A note of caution is necessary. While the novelty of the new estates in the Melton East/north Brimbank area draws attention to these developments as potential drivers of social differentiation within the west, it is equally possible that other areas of the west might also be drawing wealthier western residents. New residential estates appeal to those who desire such environments, whereas areas such as Moonee Valley may also be drawing residents of the west who are wishing to trade up their housing.

The extent to which state and local government policies have contributed to these impacts is limited. While policies which have encouraged new residential development on the greenfields sites of the Melton East growth area have enabled these estates to occur, state policies have not deliberately contributed to the social outcomes which these estates have generated. Although it might be argued that consideration needs to be given to the extent to which proportions of affordable housing are provided in new estates. However, while the concern for intra-suburb social mix is important, what would appear to be more pressing are the issues of broader intra-regional social differentiation, particularly those clusters of suburbs where relative disadvantage is concentrated. This study has demonstrated that the broader regional development which is assumed to have taken place in the west has not significantly improved the relative<sup>10</sup> disadvantage of suburbs such as those in south Brimbank and west Maribyrnong.

The study has also noted the importance of the Melton East Strategy Plan in specifying the extent of design, landscaping and environmental feature required for the areas development. This specification appears to have been translated into the approach to development undertaken by the subsequent estate developers. Such works however are highly capital intensive. As a result the subsequent relative higher pricing of the estates, such as Caroline Springs, appears to be higher than what might be expected for a less design-intensive development. In seeking to avoid the "large and unimaginatively laid-out" estates of the past (Burke and Hayward 2000), the Melton East area has required a more capital-intensive form of development, which has subsequently resulted in lower socio-economic segments of the population facing some level of exclusion from this market.

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<sup>10</sup> Absolute disadvantage, as measured through unemployment data, for example, appears to have decreased during the study period, although the spatial patterns remain consistent.

In this context it is worth noting the presence of the Urban and Regional Land Corporation estate of Cairnlea which is being developed in Deer Park, just to the east of the new Melton East estates described above. The URLC has a mandate from the state government to provide some level of affordability in the provision of new owner-occupier housing on its estates. This relative affordability is provided through a 'ballot' system, which avoids the ramping up of house prices which is a potential outcome of auction-based property sales. However, the URLC remains required to generate a market-return on its property development operations, and as a result the level at which the properties are priced does not necessarily assure affordability for those at the lower end of the home-ownership market.

Figures 6.6-6.8 detailed the extent to which the socio-economic status of areas adjacent to Caroline Springs changed during the intercensal period when Caroline Springs was developed, concluding that no specific impact was readily discernible in the data. It is therefore also difficult to assess the economic impact, in terms of the position of local businesses in the west of the Caroline Springs development. Census data indicate that in 2001 less than 1,000 dwellings were occupied in Caroline Springs. While this level of occupation of the estate will undoubtedly have increased markedly since that date, the current total number of residents is not likely to be greater than 5,000. Such a limited population increase is unlikely to have significant impacts on businesses in nearby localities. The Brimbank Central Shopping Centre in Albanvale is likely to experience some increased trade as it is the closest shopping centre to Caroline Springs and Burnside. Likewise the Watergardens Shopping Centre in Sydenham will be drawing trade from the Hillside and northern Burnside areas.

These regional impacts are, however, likely to be curtailed when the Caroline Springs town centre is completed, as many of the services available in the Brimbank centres will then be provided in Caroline Springs. With the new housing developments, peripheral sales businesses, such as whitegoods stores, are also likely to be benefiting. However, the extent to which trade increases for these areas is likely to be tempered by the rate of occupation of the estates, and the fact that additional sales will be spread around the major shopping centres of the mid and outer-west.

## **6.6 Caroline Springs – regeneration, or new enclave?**

From the depiction offered by the available data, and from the analysis of this data provided above, a number of conclusions regarding the social and economic effects of the large new housing estates in Melbourne's west, can be drawn. The first is that the new estates, particularly those in Melton East – including Caroline Springs - and northern Brimbank are marked by a higher socio-economic status than the areas immediately to their south and east. These estates appear to be drawing higher socio-economic status residents from throughout the west and, as they are located on the fringe beyond older established areas, appear to be a new distinctive phenomenon in the socio-economic geography of the region.

Second, the contribution of these estates to regional 'regeneration' therefore is largely via their novelty, and their apparently higher quality urban design, as well as, to some extent, the provision of community facilities. Accordingly, this novelty means that these estates are not contributing to the regeneration of other older, established areas within the west which have been marked by disadvantage. Regeneration of these areas is likely to occur through the general processes of the broader metropolitan housing market, as house prices grow due to their proximity to the inner city and south eastern suburbs. Middle-ring suburbs such as those in southern Brimbank are beginning to experience the effects of this metropolitan growth on local house prices, but these effects have been delayed by the distance from the central metropolitan area. It remains to be seen what effects future such growth will have on the socio-economic characteristics of these suburbs.

A further conclusion is that these new estates cannot be typified as 'enclaves' as their combined scale is of regional rather than local significance. However, the emergence of large tracts of high socio-economic differentiation in the west indicates that the region is becoming strongly divided along socio-economic lines, and that the benefits of a growing regional and metropolitan economy are not evenly spread across the west. While some

concentration of advantage appears to be occurring in the inner metropolitan suburbs of the west, there is no comparable concentration of high socio-economic status among the adjacent suburbs further out. The outer suburbs are better-off than much of the region, but not excessively so. Disadvantage is also concentrated in the inner areas, such as in parts of Maribyrnong, but is also spread throughout large portions of the urban area of the west, such as much of Brimbank. These existing areas of high disadvantage appear to exhibit a concentrated 'enclave' effect more than the larger suburban developments and undoubtedly will require further consideration by policy makers, a concern which we address in the Chapter 7 below.



## 7 RESULTS OF THE RESEARCH

### 7.1 Summary of research findings

This research project sought to investigate patterns of recent economic and social change in Melbourne's western suburbs to determine whether, under increasingly globalised economic relations, private sector-led development could be a stimulus for regional regeneration. This Chapter reviews the findings of the research in terms of the six Research Questions stated in chapter 1, and presents a set of conclusions regarding the role of federal, state and local government policy mechanisms in contributing to and strengthening market-led regeneration of historically disadvantaged sub-regions, relative to the need for housing assistance.

#### *7.1.1 Research Question 1: Economic change in the west.*

**What are the main contours of recent changes to Melbourne's spatial economy, with emphasis on the western sub-region, and how does this compare to patterns of urban regeneration apparent in other industrialised countries?**

In response to Research Question 1, it is clear from the research that the late-1990s saw a major proportion of new industrial investment in Melbourne being directed to the western sub-region of the metropolitan region. This sub-region saw a larger proportion of industrial investment than did any other during the period. There are effectively three reasons underlying this flow of investment. The first of these is the availability of large areas of vacant industrial land, compared to other industrial areas in Melbourne. The availability of such land meant that the west was a highly visible location for firms investing in new industrial facilities. Second, and partly due to the high vacancy rate, industrial land in the west was priced relatively cheaply when compared to other industrial locations in Melbourne. Finally, the presence of a set of strategic transport infrastructure adjacent to this industrial land added to the favour with which this area has been viewed by investors. The eventual overall pattern of strong inward investment to the west appears to be the result of the industrial land market responding to these key supply factors, in a period of expanding demand.

One note of caution, however, is necessary: other industrial areas in Melbourne, such as Greater Dandenong, performed comparably to the west during this period, and accordingly, claims that the west was overwhelmingly dominant as a destination for industrial investment need to be tempered somewhat by this recognition. Nonetheless, the level of industrial development in the west during this period was remarkable. The importance of the presence of closely linked transport infrastructure indicates that the global importance of high-quality transport and logistics connections has become a point of some competitive advantage in terms of regional attractiveness for industrial investment. The recent industrial investment in the west is therefore a local manifestation of economic processes operating at the global scale.

The character of industrial redevelopment in the west is comparable to that of other industrialised countries, albeit with a strong influence of local factors. The observations of Freeston and Murphy (1998) regarding the location of industrial activity and changes in industrial employment location would appear to be highly relevant to the western Melbourne context.

#### *7.1.2 Research Question 2: Labour Market Change in the West*

**What effects are changes to Melbourne's spatial economy having on the labour market of the western metropolitan region?**

While the industrial performance of the west has been at the same or higher rate than for the remainder of Melbourne, the relative conditions of the labour market for the region have not changed. Unemployment in the west remains higher than the metropolitan rate despite almost ten years of steady decline in this rate. Based on 2001 data, the west currently maintains an unemployment rate of 8.7 per cent, a level around 2 per cent higher than the metropolitan rate of 6.6 per cent. Further, the unemployment rate for both the west and

metropolitan Melbourne have never been below the 1989 rate, since that year. Both rates are currently approximately 3 and 1 per cent higher, respectively, than in 1989. The findings suggest that despite the high level of industrial investment in the west, and the construction of the Western Ring Road, identified above, the region has not successfully overcome its historic position relative to Melbourne. Further, the relative status of the west compared to broader Melbourne suggests that the region has a higher vulnerability, or less resilience, to adverse economic changes.

Despite a high overall rate, unemployment levels for individual suburbs throughout the west are highly differentiated, a finding which appears to reflect historical patterns. Unemployment is concentrated in the southern suburbs of Brimbank, and in the western suburbs of Maribyrnong and Hobsons Bay, and in Melton and Wyndham. Conversely, a low incidence of unemployment is located in the north east and south east of the western region, particularly in the municipalities of Maribyrnong, Moonee Valley and Hobsons Bay, which are most closely connected to the inner-city labour market. This finding suggests that theories concerning the effects of globalisation on labour markets, such as Sassen (1988), Brain (1999) and Freestone and Murphy (1998) are supported by this research. Melbourne's globally-linked inner-city labour markets have performed well during the study period, while those further out have not been as successful. One exception to this is an arc of unemployment levels below the metropolitan rate which extends across the northern suburbs of the west, from Essendon and Strathmore in Moonee Valley, through Keilor and Sydenham, to the new suburbs of Melton East. The relatively recent development of these outer-urban estates suggests that they are contributing to new patterns of socio-economic differentiation in the west. As a result, the older industrial suburbs, particularly those in south Brimbank/west Maribyrnong, identified by Baum et al (1999) as being of high 'vulnerability' are likely to remain susceptible to labour market disadvantage. This observation agrees with theories of urban change under globalisation, which posit the tendency of older outer suburban previously industrial areas to suffer from disadvantage.

The industrial composition of the western region's labour force also appears to exhibit patterns which are consistent with shifts anticipated by writers on globalisation. Manufacturing, as Beer and Forster (2001) and Freestone and Murphy (1998) have previously noted, has continued to decline as a proportion of the labour force in the west. This decline has continued despite the apparent importance of industrial investment during the post-1996 period. Public administration and defence have also declined, reflecting international trends towards reduced government expenditure and employment, which came to the fore in Australia during the 1990s. Surprisingly, given the importance to the industrial regeneration of the region, transport and logistics have declined steadily, albeit slowly, as a proportion of the labour force. Strong increases are obvious in the wholesale and retail sector (which includes hospitality), and in the financial and business services sector, as well as in recreation and personal services. These proportional increases would also appear to be consistent with the observations of authors concerning industrial labour market shifts under globalisation.

### *7.1.3 Research Question 3: Housing change in the west*

**How are spatial housing markets in metropolitan Melbourne, and particularly the western sub-region, responding to the changes identified in questions 1 and 2; and how is housing, land-use and urban policy changing?**

Housing development activity in the western region of Melbourne during the study period has been strong, and is associated with the presence of a number of large outer-suburban greenfields developments within the region. During the study period the metropolitan housing market underwent a sustained period of significant price inflation, which appears to have produced a series of consequences for the west. Building approvals in the municipalities of the west increased markedly during the study period. Those areas which experienced the largest gains were the municipalities which had sufficient greenfields land for large-scale housing estates, namely Wyndham, Melton and Brimbank. Melton in particular experienced a tripling of annual building approvals during the study period, largely due to the new estates in the east of the municipality. As these estates were developed, the

western region's share of metropolitan house construction increased by around 3 per cent, which is a notable shift.

The policy settings underlying these new residential developments in the west appear to be a combination of Federal and State government policies, with further administration provided by local government. In particular, the low interest rate regime followed by the Reserve Bank of Australia has influenced Melbourne's overall housing boom. As the spatial effects of this boom have flowed outwards from the central city, heightened demand for new residential housing on the fringe has been channelled to those locations determined by strategic land-use policy. Melton and Wyndham as 'growth areas' have both received a large proportion of new residential development as a result of this growth strategy. At the level of the specific development, the comprehensive development planning process, such as the Melton East Strategy Plan appears to have exerted a strong degree of control over the residential densities, urban form and services provision of the estates that have been developed, and their relation to the pre-existing urban form.

House prices throughout the west have risen in accordance with patterns observed in the broader metropolitan market. Western suburbs closest to the metropolitan inner-city have experienced very high levels of house price inflation. Yarraville, in particular, is prominent as having had the third-equal highest level of house price growth for all of Melbourne since 1992, with adjacent suburbs experiencing comparable gains. As distance from the Melbourne CBD increases, house price gains progressively decrease. Some exception to this pattern is the area to the north of Brimbank, which has seen moderate to high house price growth. Some areas, which also suffer from higher levels of disadvantage, such as central and southern Brimbank, have experienced more modest house price increases. Areas beyond the metropolitan area, such as Melton and Werribee have had much lower levels of house price inflation than other, more inner, suburbs within the region generally.

Rental patterns appear to mirror the housing markets of the west. Areas which have experienced lower house price gains during the study period currently have lower rents. And again, a spatial pattern based around distance from the inner city is influencing rents. As the distance from the inner city increases, rental properties become more affordable. The rental data, particularly when compared with the unemployment data identified above, does appear to indicate that some concentration of disadvantage is likely to be occurring, particularly in the middle suburbs of the west, such as those in south Brimbank.

#### *7.1.4 Research Questions 4 and 5: New housing estates in the west, new socio-economic patterns*

**To what extent are the dynamics of labour market and housing market change implicated in the creation of opportunities in Melbourne's west, or conversely in reproducing patterns of disadvantage?**

**What are the positive and or negative spill over effects on local economic and community development arising from new large-scale residential developments in Melbourne's west? Focussing on the new estate of Caroline Springs, is this development the driver for broader regeneration and community building in the region, or an isolated island of change.**

The new housing estates which have been supplied primarily by private-sector developers in Melbourne's west since the mid-1990s have begun to alter the spatial socio-economic patterns of the region. These estates are generally of good to high quality in terms of urban design and provision of community services. As a result they are able to command a strong position in the housing market. This strong supply-side position in the housing market has intersected with a strong level of demand from higher socio-economic status households in the west. As an example of such a new estate, the Delfin-constructed Caroline Springs in the outer west has housing prices which are in the middle range for the western region, but whose resident population has a higher socio-economic status than both the west, and Melbourne generally. The patterns apparent at Caroline Springs seem to be replicated across a tract of suburbs arcing from Melton East across northern Brimbank, to Moonee Valley.

In terms of spill over effects, there is little evidence to suggest that the new Melton East estates are having any significant impact on the adjacent areas of the western region. This is the case for unemployment rates, and the proportion of households with low or high incomes. It appears that metropolitan trends have been of such an extent that any localised spill over from Melton East has been strongly overshadowed and are thus indiscernible in the available socio-economic data. Alternatively could be argued that there have been no positive economic spill over effects from the new Melton East estates. It ought to be noted however that the population of Caroline Springs for example, was by 2001 still quite small, relative to the adjacent areas. On the basis of this date, conclusions about the magnitude of any spill over effects cannot be easily advanced.

The new estates in the west therefore are contributing to new socio-economic *patterns* in the region, by attracting households with moderate levels of wealth and strong labour market status, but the extent to which they are creating new socio-economic *dynamics* is unclear. While these estates are not in themselves concentrations or enclaves of wealth, their broad spread is having an effect on other, less socio-economically advantaged areas of the west. These less advantaged areas, are more likely to exhibit concentrations of disadvantage and exclusion. The area of southern Brimbank and western Maribyrnong is surrounded to the northwest, northeast and east and southeast by areas of lower unemployment, and higher housing value. That this disadvantaged area is also identifiable as a previously declining industrial area suggests that some policy attention directed to reducing this disadvantage would be relevant.

## **7.2 Research Question 6: Implications of the research for sustainable communities policies in Melbourne's west**

**What are the lessons from this research for the creation of sustainable communities in the western region of Melbourne; and, How can federal, state and local government policy mechanisms and interventions contribute to and strengthen market-led regeneration of traditionally disadvantaged sub-regions, and, consequently, reduce the need for housing assistance?**

### *7.2.1 Lessons for sustainable communities*

The study of industrial regeneration has shown that Melbourne's western region has received a relatively higher level of industrial investment during the study period than most other regions in the metropolitan area. However, this investment inflow has not generated a level of employment among the region equal to that for the metropolitan area. Indeed, some highly disadvantaged communities are currently located immediately adjacent to these apparently booming industrial areas, for example in Sunshine West, Sunshine and Braybrook. The implication is twofold: first, that private sector-led industrial regeneration alone cannot be relied upon to generate employment for local communities, and second, that monumental infrastructure such as the Western Ring Road similarly cannot alone be relied upon to produce such regeneration. The reality of economic regeneration is clearly more complex than a simple equation linking inward investment with regionally beneficial outcomes. The benefits of such investment do not flow equally to the destination region and those adjacent to it, nor do all populations within the destination region benefit equally. The spatial patterns of this unequal distribution can be quite marked.

The present study has demonstrated that the private sector-led residential developments in Melbourne's west have attained a strong housing market position and an accompanying medium to high socio-economic status residential population. These estates are, to date, clearly housing 'success' stories, which appears to support the observations offered by Burke and Hayward (Burke and Hayward 2000). Assuming that the current levels of residential property demand in Melbourne continue, these areas are likely to remain socio-economically prosperous. Apart from the provision of necessary community and social services in any newly developed residential areas, it is not likely that the new estates will become enclaves of disadvantage. Indeed, the converse is true, that these new fringe estates become part of a tract of 'advantage' is more likely to be the medium-term outcome.

By comparison, however, there are significant implications for the areas which have not been advantaged by either Melbourne's overall housing boom, or the development of new housing estates. Such disadvantaged areas, which have been detailed in this report, would appear to merit some further attention regarding their longer term prospects within a clearly divided regional housing market. Some of the policy implications of this continuing disadvantage are outlined below.

### *7.2.2 Lessons for policy makers*

The lessons for policy makers arising from this research are in many ways unremarkable. Such lessons are that much of the work on social exclusion and locational disadvantage which has been presented by urban and housing researchers during recent years is borne out by the present research. The contribution of this study has been to highlight the discrepancy between the new estates in the outer west and the older, more disadvantaged middle suburbs. These inner areas appear to be missing out on many of the gains arising from both industrial and residential property growth in the western region. This concluding section of the study identifies some potential policy lessons arising from the study.

The key lesson of the research is that the private sector alone cannot be relied upon to undertake economic and housing development which benefits all citizens of a given metropolitan region. The effects of industrial and housing development are unevenly distributed throughout the western region and the contrast between areas which have successfully responded to these economic changes and those which have not responded in this way is marked. There appears to be a need for some form of regional policy which is able to spread any gains from economic and social development more evenly. Some possibilities for such regionally focussed policies are set out below.

A further finding is that government policies which promote economic investment do not necessarily benefit the region in which they are located. Despite the expenditure of approximately \$700 m, benefits from the Western Ring Road have not generally accrued to those whom are spatially most closely affected by it. The residents of the disadvantaged areas of the west do not appear to have gained significantly from this road, when compared to, for example, the investors and business owners whom it was built to service. The implication for regional development policies is that massive expenditure on a single unit of relatively inflexible infrastructure is not the optimal approach, if the benefits of such investment are primarily intended to go to the residents of that region. More nuanced regional development policies are necessary, which may in fact result in less expenditure, but in more strategically and spatially sensitive ways.

Some reconsideration of policies to address the labour market status of the residents of particular areas within the region would appear to be appropriate, and it is unlikely that the private sector will undertake programmes of this sort. There is a clear regional development role for the government sector here, which ought to be directed to providing spatially targeted labour-force development programmes. While such programmes already operate throughout the west, further policy work is merited to ensure that these programmes are more successful. The appropriate scale for such policies would be at the level of the State government, however, some local involvement, perhaps in delivery, is likely to be appropriate.

Melbourne's housing market, both in terms of rental accommodation and home-ownership, is contributing to patterns of disadvantage, a finding which accords with other research on this issue (Burke and Hayward 2000; Wulff and Reynolds 2000; Yates 2001). The rental market is concentrating disadvantaged households in areas of greater affordability, and conversely, excluding such households from areas where affordability is lower. There would therefore appear to be need for a reconsideration of government's housing policies at both the Federal and State level.

The Federal government intervenes in housing assistance through provision of the Rent Assistance demand-side subsidy, while the State government is involved through the provision of affordable social housing. While it would require national changes, the adjustment of rent assistance, to provide some sensitivity to geographic differences in

affordability, and thus enable the greater potential for sourcing of accommodation in higher-advantage areas by disadvantaged households, merits some consideration. The suburbs in the east of the study region are relatively unaffordable to disadvantaged households, while the new residential estates in the north west of the region also exclude such households.

There are some grounds for ensuring that a proportion of new outer-suburban residential estates are retained as affordable housing by the State government for administration through the public housing programme. Net annual public housing acquisitions in Melbourne have been negligible for some years now, and the implications of such a policy for the social mix of new outer-urban housing estates is some importance. Public housing is unevenly distributed across the metropolitan region but equates to approximately 4 per cent of the housing stock. If public housing is to continue to be a means of overcoming spatial disadvantage, then this 6 per cent level of provision will need to be maintained, as a minimum, and preferably significantly expanded. Given that the total number of dwellings in Caroline Springs alone will total approximately 8,000 upon completion, it is appropriate that approximately 320 - 4 per cent - or more, of this final total ought to be retained by the Office of Housing. Similar targets could be established, and fulfilled, for the other estates within the 'arc of advantage' from Melton East to Moonee Valley, as identified above. While current State government housing policy is concerned with the appropriate administrative arrangements for managing the affordable housing stock, the government should not neglect the ongoing need to ensure an affordable housing presence 'on the ground' in these new housing estates, through an active and significant acquisitions policy. For estates that are not yet under development, some element of inclusionary zoning may be relevant, and this might be included with a stock acquisitions programme.

The above discussion of Office of Housing acquisitions, as well as the previous observations regarding regional labour market development, may also indicate the need for a more comprehensive local area redevelopment strategy which would take into account both the situation of households who are disadvantaged within both the housing and labour markets. The Office of Housing currently undertakes neighbourhood renewal programmes, and there would appear to be some scope for expanding such a programme to address disadvantage at a scale larger than a local public housing estate. Such approaches have been followed in overseas jurisdictions through 'community block grants', such as that operated by the US Department of Housing and Urban Development (2003), or the 'New Deal' communities policy of the UK government. These policies spatially target funding to address disadvantage, but at a spatial scale greater than an individual neighbourhood. Such an approach would be relevant to the multi-suburb tract of disadvantage which is present in the southern Brimbank/west Maribyrnong area of the western region.

The Melbourne Metropolitan Strategy was released in October 2002. A strong component of this strategy will be the concentration of commercial, retail and residential land-uses in 'activity centres' and 'transit cities' located around high-volume public transport nodes. A number of locations within the western region have been identified for inclusion within this policy. Some are of particular relevance, particularly relative to the need for affordable housing within the west. The 'principal activity centre' located within the relatively disadvantaged area of Sunshine provides a key opportunity for developing an approach to local development which would include affordable housing, while enhancing local employment opportunities for residents in the surrounding area. Such a development strategy would require some attention to nearby areas which are poorly serviced by public transport, particularly in providing commuting opportunities to locations of employment. This approach involving the promotion of activity centres as a regional development tool would require some government intervention, given the apparent lack of current investment either in employment opportunities or housing redevelopment within this area. The precise selection of such activity centres within the west would also require close consideration, as too many such centres would result in inadequate levels of concentration, and at too slow a rate to be effective as strategy for regeneration.

Currently the proposed activity centres appear to have no hierarchy in terms of the timetable according to which each is to be developed. Some strategic reconsideration of the hierarchy of activity centres, and the relative timing of higher intensity development could enable

activity centres in less advantaged areas of the west -- such as the disadvantaged suburbs of Melbourne's middle-west -- to undergo redevelopment ahead of areas where urban regeneration is likely to unfold due to existing market pressures.

Conversely, the development of activity centres in currently advantaged locations throughout the west offers opportunities for further provision of affordable housing, particularly in locations which exhibit higher levels of employment opportunity. Activity centres in Moonee Valley would be appropriate locations for concentrating new well-located affordable housing, given that low-income households are at some disadvantage within this municipality. The activity centre at Sydenham would also be a potential location for such affordable housing, given that this area of the north west, to some extent, is excluding low-income households. The decision of the State government to pursue an activity centres policy is a sensible one, however this policy could be used in far more sensitive and socially advantageous ways than it presently appears to be in *Melbourne 2030*, by timing new development to occur in less advantaged areas ahead of localities which are relatively more economically successful.

### 7.2.3 Concluding remarks

This study has undertaken a close empirical assessment of spatial economic and social change at the level of the metropolitan sub-region of Melbourne's west. The study was conceptualised around the notion of globalisation as a process of economic change which is affecting the structure and form of urban centres throughout the world. It is pertinent therefore to offer some final remarks about the recent experience and trajectory of globally-influenced change in Melbourne's west.

The contentions of various authors regarding globalisation appear to have been borne out by the present study. Globalised financial capital flows have been crucial to the west in the form of inward industrial investment, reflecting the observations of commentators such as Fagan and Webber (1999) and Harvey (1989). But the benefits of this investment have largely accrued to the controllers of that capital in the city core, more than they have flowed to the residents of the areas immediately surrounding the industrial precincts of the west, which reflects the criticisms of 'new regionalist' development strategies articulated by Lovering (1999). Indeed, the gains from the large capital investment in the west since 1996 have been spread across the metropolitan economy, and not solely, or even primarily, concentrated in the west.

Labour markets within the west have responded to overall metropolitan economic growth, but have been less resilient to economic and labour market change than other areas of the metropolitan economy. This accords with other researchers' observations that industrial areas, despite inward investment, remain relatively disadvantaged socially and economically within globalised metropolitan regions, particularly as a result of reliance on manufacturing and routine production employment (Murphy and Watson 1994). The west, however, is exhibiting similar patterns to urban economies generally: manufacturing is declining as a sectoral share of employment, while financial, wholesale/retail and personal services sectors increase, reflecting Sassen's earlier claims about global urban labour force shifts (Sassen 1988). While these trends are less pronounced in the west than other areas, these patterns also appear to be in accordance with those observed by Brain (Brain 1999) and Freestone and Murphy (Freestone and Murphy 1998) regarding the concentration of higher value employment in the inner urban areas, compared to the relegation of less highly valued work to outer fringe areas, as well as subsequently higher capital to labour ratios, which reduce the overall demand for employment in those outer areas. Some tempering of these authors' claims ought to be made, as the new residential estates on the fringe appear to house a labour force which is relatively well positioned within the region and the broader metropolitan area. It is the older middle suburbs which are experiencing the problems noted by Brain, and Freestone and Murphy. These areas of 'vulnerability, identified by Baum et al. (1999) appear to be persisting under current conditions.

Housing investment is also strong within the west, but is concentrated in areas that are most closely linked with the higher-value areas of the metropolitan economy, particularly the inner core areas. This finding indicates that the housing outcomes from urban economic and

social shifts under globalisation follow those shifts in the urban labour markets observed by authors such as Freestone and Murphy (1998). More importantly, however, in the case of the west, new housing developments are bypassing areas of disadvantage, and are establishing high-quality residential environments on the urban fringe, confirming Burke and Hayward's (Burke and Hayward 2000) earlier, cursory, observation of this trend. These areas of relative advantage appear to contrast with some of the theories of globalisation which posit that disadvantage will be located primarily on the urban fringe. Like labour force patterns, concentrations of housing disadvantage, as demonstrated by this study, are more likely to be present in 'middle-ring' localities, and closely follow the patterns of vulnerability identified in the west by Baum et al (1999). Nonetheless, there is a distinctive pattern emerging in the west concerning social polarisation based around housing markets, as previously reported by Wulff and Reynolds (2000), Yates (2001), and Winter and Stone (Winter and Stone 1998).

The present study, while demonstrating a strong period of economic growth in both the western region and in Melbourne generally since 1996, but which is accompanied by continuing socio-economic differentiations, has generally agreed with other research on the response of Australian cities to globalisation and the socio-spatial effects of this response. These changes in many ways confound easy descriptions. The rhetoric of the older, disadvantaged west gave way in the late-1990s to claims of a new dynamic regenerating west. But just as the older perception of the west was never completely accurate, the new depiction inadequately describes the socio-economic condition of this changing region. The west is a socio-economically divided region, the old and the new, the local and the global existing side by side.



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# **APPENDIX 1: ORGANISATIONS WHO ASSISTED WITH THE RESEARCH.**

## **Interviews\***

City of Brimbank

City of Wyndham

City of Maribyrnong

City of Moonee Valley

Shire of Melton

Western Region Economic Development Organisation (WREDO)

Delfin Lend Lease

Urban and Regional Land Corporation

## *Other assistance*

Australian Bureau of Statistics

Department of Infrastructure (DoI)

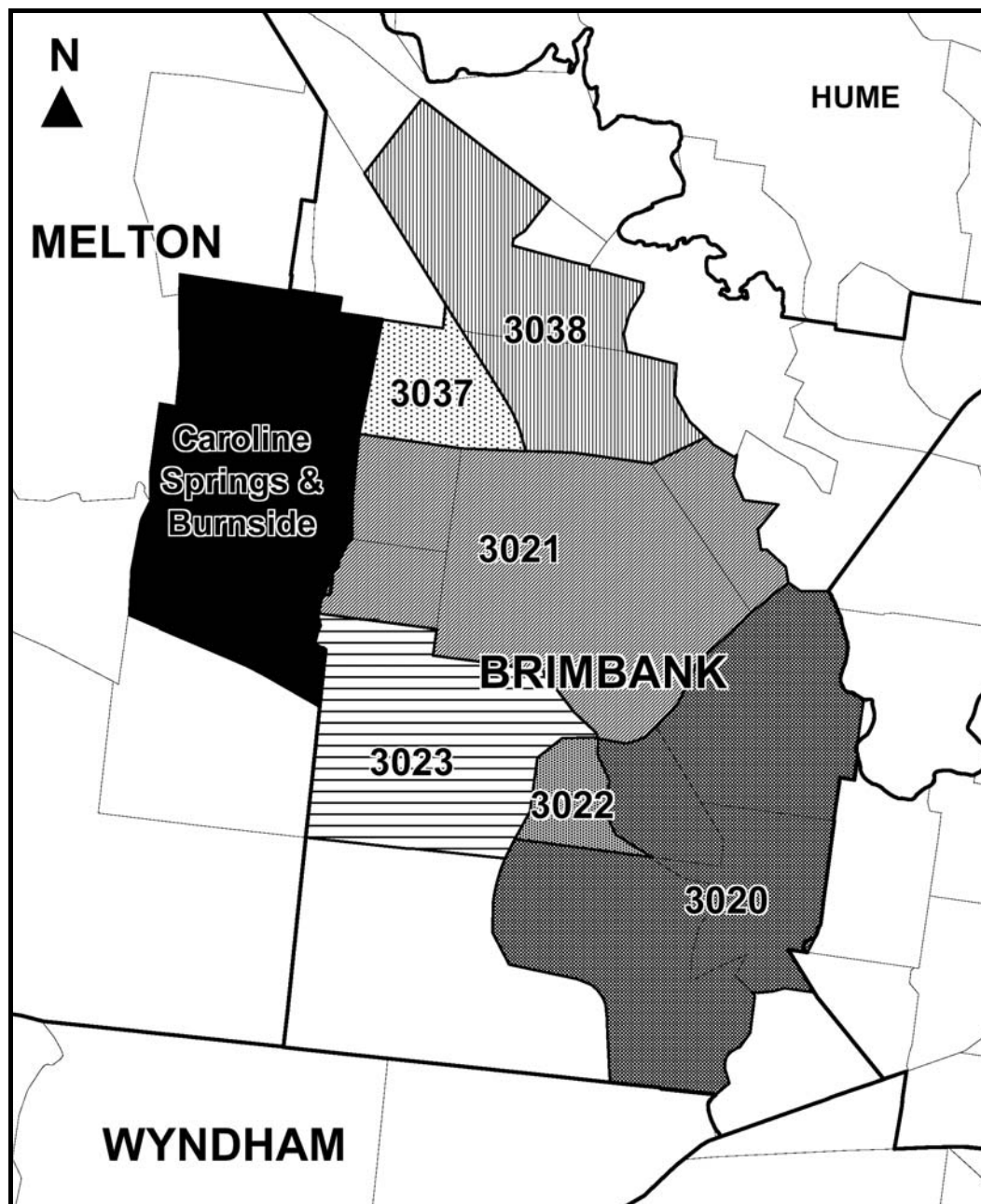
Department of Natural Resources and Environment

CB Richard Ellis

(Note: The statements and opinions expressed in this report should in no way be taken to represent the views or positions of the organisations listed here. The project authors retain responsibility for any errors, inaccuracies or misrepresentations contained within the report.

## APPENDIX 2 – POSTCODES ADJACENT TO MELTON EAST AS USED IN FIGURES 6.7 AND 6.8

<u>Postcode</u>	<u>Constituent Suburbs</u>
3020	Albion, Sunshine, Sunshine North, Sunshine West
3021	Albanvale, Kings Park, Kealba, St Albans
3022	Ardeer
3023	Deer Park
3037	Delahey
3038	Keilor Downs, Taylors lakes



Appendix Figure: Map of postcodes relative to Caroline Springs/Burnside as used in Figures 6.x and 6.x.

## **AHURI Research Centres**

Sydney Research Centre  
UNSW-UWS Research Centre  
RMIT-NATSEM Research Centre  
Swinburne-Monash Research Centre  
Queensland Research Centre  
Western Australia Research Centre  
Southern Research Centre

## **Affiliates**

Northern Territory University  
National Centre for Social and Economic Modelling



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and Urban Research Institute

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