

CPUR BULLETIN

Melbourne's population surge

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Melbourne appears to be experiencing acute growing pains, at least to judge from complaints about congestion, escalating housing costs and overcrowding on the public transport network.

The Victorian government's urban planning blueprint, *Melbourne 2030*, was supposed to address many of these issues. Its core objective was to curb the city's outward expansion and instead focus residential development in high-density 'activity centres'. When *Melbourne 2030* was introduced in October 2002, Melbourne was expected to grow by about one million residents, from 3.5 million in 2001 to 4.5 million in 2031. The planning scheme's proponents feared that, if not managed properly, this expansion would mean a financially costly and environmentally damaging outward 'sprawl'. A centrepiece of *Melbourne 2030* was the establishment of an Urban Growth Boundary to facilitate the development of a 'compact city'.¹

The planning scheme designated 119 activity centres located adjacent to public transport hubs. The expectation was that activity centre development would provide greater diversity in dwelling type, more affordable housing, a more equitable distribution of housing opportunities, greater use of public transport and the containment of congestion.

There has been little progress in accomplishing these objectives over the

first five years of Melbourne 2030's operation. The state and local government authorities have partially put in place the strategic planning framework necessary to implement the activity centre concept. However, few developers have taken up the opportunities created. Instead, most of the city's growth has occurred on the city's outer frontier (see Table 3) and the bulk of the development activity in established suburbia has been in the form of residential infill, rather than medium-density apartments in activity centres. Meanwhile, housing affordability has declined spectacularly.

An official audit of *Melbourne 2030* is currently underway. It may address some of these issues. To do so, it will need to take account of changes to Melbourne's demographic setting. The population assumptions on which *Melbourne 2030* was premised have been overtaken by recent increases in fertility and overseas migration.

The Victorian Premier, Mr Brumby, acknowledged this point on 4 March 2008 in a speech to the Urban Development Industry of Australia. Brumby drew on work done by Treasury and Department of Planning and Community Development officials. No detail of this work was released except for the claim that Melbourne would reach 4.5 million in 2020 and not 2031 as previously assumed.² This figure is close to our projection.

The Premier has also taken to claiming that Melbourne will soon overtake Sydney in the population stakes. Perhaps his intention was to distract from the seriousness of the population challenge by turning it into a competition between the two cities. In any case, the claim is a furphy. There is no prospect of Melbourne overtaking Sydney in the foreseeable future. This is because much of the projected impetus to Melbourne's population growth comes from increased overseas immigration. But Sydney receives a much larger share of the net migration intake than does Melbourne. As a consequence Sydney's population is set to expand sharply as well. The reason why Sydney's annual population growth has lagged behind Melbourne in recent years is that the city has been experiencing a net loss of 20,000 to 30,000 residents a year, mainly to the NSW coast and to south-east Queensland. Even if this net loss of residents continues, Sydney will still be at least half a million larger than Melbourne by 2021 if Australia sustains a high migration intake.³

Victorian political leaders seem to assume that Melbourne is immune to the Sydney disease, which is that when housing prices, congestion and other irritations flowing from population growth bite, people leave. Melbourne too is likely to be hit by this disease, given the scale of the city's projected population growth and its consequences for housing costs and the quality of life of residents, discussed below.

This bulletin provides new population and household projections for Melbourne which reflect the current demographic setting and in the process allow an assessment of Mr Brumby's projection. The bulletin then explores the planning implications for the city and some of the lifestyle consequences for the city's residents.

The population surge

As indicated, *Melbourne 2030* was based on the expectation of a one million population increase for Melbourne over the thirty year period to 2031. In 2004, the Victorian Department of Sustainability and Environment (DSE) issued a new set of projections in its report titled *Victoria in Future 2004—Overview Report*. This affirmed the one million growth outlook. According to the 2004 projection, Melbourne would increase by about 40,000 persons per year at the beginning of the thirty-year period. The annual increase would then gradually decline such that, by 2031, it would slow to about 25,000 persons per year.

In reality, Melbourne's population grew by an average of 54,550 persons a year over the five year period 2001 to 2006 and in 2005–06 the city added another 62,306 persons. Given the recent surge in net overseas migration to Australia and Melbourne, the city is certain to grow by well over 60,000 in 2006–07. The reasons for this higher than expected population increase are examined below. After examining these reasons and assessing the prospects that their impact will be sustained, we calculate new population and household projections for Melbourne. These projections should not be interpreted as predictions. Rather, they provide a foundation for thinking about Melbourne's future, should the current demographic settings be maintained.

Melbourne's population outlook

Fertility

Under the 2004 state government projections, natural increase (births minus deaths) was expected to contribute about 20,000 each year to Melbourne's annual population growth at the beginning of the projection period, then decline slowly thereafter. By around 2025, deaths exceeded births and thereafter natural increase was negative. This projection was based on the

expectation that the Total Fertility Rate (TFR) for women living in Melbourne would decline to 1.45 by 2011.

There has been a recent surge in births in Melbourne, which led to an increase in the TFR to an average of 1.65 between 2004 and 2006.⁴ The improvement in employment prospects (and therefore the willingness of families to take on the financial obligations of parenthood) and the Commonwealth government's baby bonus may have contributed to this increase. However, there is no evidence yet that lifetime fertility of women by the time they reach their forties has increased.⁵ Most of the growth in births in Melbourne has occurred among women in their thirties. These are the same women who in the previous decade (when they were in their twenties) produced record low fertility for this age group. This 'catch-up' effect may explain the recent rise in birth numbers. Given these circumstances, it has been assumed that the TFR for Melbourne will stabilise at 1.75 over the projection period.

Immigration

The 2004 state government projection assumed a net overseas migration level for Australia of 110,000 per annum. Successive decisions of the Coalition federal government to increase the migration program, as well as a surge in long-term temporary migrant movements have made this assumption obsolete. For the year 2006–07, the ABS estimates that net overseas migration to Australia reached 177,000.

Could this level of migration be sustained? There is no lack of overseas-born persons anxious to move to Australia. The pressure to sustain or even increase Australia's migration intake is likely to continue over the next thirty years. In particular, business interests are strongly in favour of continued high migration both to augment supply of

skilled labour and to expand the size of Australia's domestic market. These business interests are aware that the rate of labour force growth in Australia will slow with the impending retirement of the baby-boomer generation.⁶ The Coalition government was influenced by this advocacy in its determination of migration levels since 2000. The Rudd government has yet to declare its hand. However, one indication of its outlook is that, in February 2008, it announced an increase in the former Coalition government's migration program for 2007–08 of 6,000. Under these circumstances, it is assumed that overseas migration to Australia will be maintained at net 160,000 per year over the projection period.

The next issue is the share of migrants likely to settle in Melbourne. The Victorian Government is an enthusiastic proponent of the migration program and has actively sought to maximise Victoria's share of the intake. Its formal population policy, issued in December 2004, endorses a high growth strategy on the grounds that 'Population growth has underpinned Victoria's economic development and prosperity'.⁷ However, migration policy is determined in Canberra and migrants for the most part are free to choose where to locate if they arrive on permanent entry visas. Melbourne's share has held up in recent years despite the high

demand for labour in the resource states of Western Australia and Queensland. Of the migrants arriving in Australia between 2001 and August 2006 and still in the country as of Census night August 2006, 30.9 per cent were located in Sydney and 24.1 per cent in Melbourne.⁸

A major factor contributing to these settlement decisions is the high propensity of new migrants (particularly those from non-English-speaking backgrounds (NESB) to settle where their family and community are located. Australia's existing NESB communities are located predominantly in Sydney and Melbourne. As long as Melbourne's economy remains strong and the cost of housing significantly lower than in Sydney, Melbourne is likely to retain its present 24 per cent share of the migrant intake—or around 38,400 per year.

The last factor to be considered is internal migration. If the fertility and overseas migration assumptions outlined are correct, Melbourne's population will grow very rapidly (as Table 1 shows). If so, there is likely to be some spill-over of residents to locations beyond Melbourne, as well as some net losses to other intra- or inter-state locations. It has been assumed that this loss will be 5,000 per year. By comparison, in the Victorian government's 2004 projection for

Melbourne, it was assumed that there would be no net loss from internal migration.

New population and household projections for Melbourne

The tables below show Melbourne's population and household growth should the assumptions described above hold over the 30-year period from 2006 to 2036. In order to understand the significance of these numbers, parallel projections are provided which use the assumptions embodied in the Victorian state government's 2004 projections.

Table 1 details the population outlook under the DSE and CPUR assumptions. Under the former, Melbourne increases from 3.69 to 4.76 million or just over one million. This is consistent with the demographic outlook assumed under the *Melbourne 2030* planning scheme. If the CPUR assumptions hold, Melbourne's population will increase from 3.71 to 5.36 million or by 1.65 million between 2006 and 2036. Under this scenario, Melbourne will grow by an additional 600,000 over the thirty-year period to 2036.

The Premier's statement that Melbourne could reach 4.5 million by 2020 is consistent with the CPUR projection. As Table 1 indicates, Melbourne will reach 4.58 million by 2021 under the new demographic

Table 1: Projected population increase for Melbourne 2006 to 2036—DSE and CPUR scenarios compared

| | 2006 | 2011 | 2016 | 2021 | 2026 | 2031 | 2036 |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| DSE | 3,690,301 | 3,916,637 | 4,117,286 | 4,303,056 | 4,473,356 | 4,625,774 | 4,756,610 |
| CPUR | 3,711,358 | 4,008,566 | 4,302,041 | 4,585,795 | 4,857,151 | 5,115,058 | 5,358,853 |
| Difference | 21,057 | 91,929 | 184,755 | 282,739 | 383,795 | 489,284 | 602,243 |

Assumptions

DSE assumptions: TFR 1.45 by 2014; net overseas migration to Australia 110,000; 24,750 to Melbourne (22.5 per cent) and NIM 0

CPUR assumptions: TFR 1.75 from start of series; net overseas migration to Australia 160,000; 38,400 to Melbourne (24 per cent), NIM -5000

assumptions. What Mr Brumby does not say is that there is much more to come. Under the CPUR assumptions, Melbourne must cope with further growth of 773,058 residents between the years 2021 and 2036.

Table 2 shows household projections derived from the two population projections discussed above. The household numbers are calculated by applying the propensities of persons (in ten year age groups by sex) to head the family/household types identified (couples, couples with children, lone parents, lone persons and group

households). These propensities are based on actual rates derived from the 2001 census. Under the CPUR projection, the number of households increases by 781,623 over the period 2006 to 2036. This is an increase of 145,830 households compared with the projection based on DSE demographic assumptions. To put this number of additional dwellings into perspective, it is equivalent to the combined number of occupied private dwellings in the municipalities of Monash, Knox and Manningham in 2006.

In his speech to the Urban Development Institute, Mr Brumby indicated that there would be an increase of 380,000 households attributable to the extra one million population expected by 2020. Again, this is close to the CPUR household projection in Table 2, which shows an increase of 401,337 households between 2006 and 2021.

Implications for Melbourne's development patterns

Melbourne already faces major problems in dealing with the extra one million persons and 635,793 households that the *Melbourne*

Table 2: Projected household increase for Melbourne 2006, 2021 and 2036 by age of household reference person—DSE and CPUR scenarios compared

| | Age group of reference person | | | | | | | | | Total households |
|--------------------------------|-------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|------------------|
| | 0–14 | 15–24 | 25–34 | 35–44 | 45–54 | 55–64 | 65–74 | 75–84 | 85+ | |
| DSE scenario | | | | | | | | | | |
| Households 2006 | 0 | 58,717 | 239,989 | 297,535 | 272,653 | 215,536 | 142,053 | 106,161 | 29,980 | 1,362,625 |
| Households 2021 | 0 | 61,065 | 233,055 | 323,728 | 339,305 | 300,520 | 251,113 | 150,800 | 52,768 | 1,712,353 |
| Households 2036 | 0 | 57,879 | 251,330 | 318,114 | 341,822 | 347,805 | 328,725 | 253,275 | 99,468 | 1,998,417 |
| Increase 2006–2021 | 0 | 2,348 | -6,934 | 26,193 | 66,651 | 84,984 | 109,059 | 44,639 | 22,788 | 349,729 |
| % projected increase 2006–2021 | 0 | 1 | -2 | 7 | 19 | 24 | 31 | 13 | 7 | 100 |
| Increase 2006–2036 | 0 | -839 | 11,341 | 20,579 | 69,168 | 132,269 | 186,672 | 147,114 | 69,488 | 635,793 |
| % projected increase 2006–2036 | 0 | 0 | 2 | 3 | 11 | 21 | 29 | 23 | 11 | 100 |
| CPUR scenario | | | | | | | | | | |
| | 0–14 | 15–24 | 25–34 | 35–44 | 45–54 | 55–64 | 65–74 | 75–84 | 85+ | Total |
| Households 2006 | 0 | 59,165 | 241,892 | 299,132 | 273,264 | 215,988 | 142,303 | 106,198 | 29,980 | 1,367,923 |
| Households 2021 | 0 | 64,458 | 247,233 | 341,456 | 350,921 | 305,561 | 254,473 | 152,258 | 52,900 | 1,769,260 |
| Households 2036 | 0 | 73,703 | 285,869 | 348,579 | 370,111 | 373,388 | 339,200 | 258,001 | 100,695 | 2,149,545 |
| Increase 2006–2021 | 0 | 5,292 | 5,341 | 42,323 | 77,657 | 89,573 | 112,170 | 46,061 | 22,919 | 401,337 |
| % projected increase 2006–2021 | 0 | 1 | 1 | 11 | 19 | 22 | 28 | 11 | 6 | 100 |
| Increase 2006–2036 | 0 | 14,537 | 43,977 | 49,447 | 96,847 | 157,400 | 196,896 | 151,804 | 70,715 | 781,623 |
| % projected increase 2006–2036 | 0 | 2 | 6 | 6 | 12 | 20 | 25 | 19 | 9 | 100 |

Note: Demographic assumptions as indicated in Table 1

2030 planning strategy was supposed to address. The additional people and 145,830 households under the new demographic setting will add to these difficulties. We briefly analyse the extent of the challenge for the city's capacity to accommodate the extra population and what it implies for one key aspect of the city's commercial viability and quality of life—congestion.

An understanding of the housing accommodation issue requires recognition of the age structure of Melbourne households. Table 2 shows that 73 per cent of the growth in the number of households projected under the CPUR scenario between 2006 and 2036 will be among those headed by persons aged 55 plus. This is a consequence of the impending retirement of the baby-boomer population (those born in the 1950s and early 1960s). When they retire they will generate large numbers of retirement-aged households (those aged 65+) relative to the current number of households headed by such persons.

It is often argued, as in the *Melbourne 2030* documentation, that because of this increase, Melbourne needs many more small houses and apartments to provide for older 'empty-nesters'. This is not the case.⁹ The vast majority of the baby-boomer generation already own a detached house. As of 2006, some 63 per cent of households headed by persons resident in Melbourne and aged 35–44 were purchasing or fully-owned their residence. This figure rises to 72 per cent of those aged 45–55 and 77 per cent of those aged 55–64.¹⁰ Few of these household heads will die during the projection period and, on the past record, most will stay put in their existing house.¹¹

Because the adults in question constitute such a large cohort, and because the great majority will still be alive by 2036, they will continue to occupy a large slab of established suburban housing throughout

the projection period. When thinking about housing needs over this period it is the next generation—those aged 35–44 and below who are of concern. This generation is about to be expanded by the increased intake of migrants. Where are they going to find housing? If there are few vacancies in existing suburbia it will have to be on frontier of the city.

Established suburbia

Melbourne 2030 aspired to concentrate a substantial share (41 per cent over the thirty year period) of Melbourne's additional households in activity centres and other strategic redevelopment sites. The planners have had some success with Docklands, Southbank and a few other strategic sites. However, the activity centre policy, which gave developers the green light to build medium to high-density housing in some 119 activity centres located in and around public transport services, has failed.

It will continue to fail, firstly because the market for apartments in Melbourne is largely limited to singles and couples in their young adult years as well as itinerants, including overseas students and visitors. There will be little growth in their numbers over the next thirty years.

Secondly, few developers have taken up the challenge of building medium or high-density residential projects in activity centres. This is partly because of the high cost of doing so. The price of building sites in activity centre locations is high, as are building costs (since union labour is usually involved). The unwillingness of developers to progress with Doncaster Hill projects (a designated activity centre) despite development approval is a case in point.

There are some high-amenity locations, such as in the Camberwell Junction area of Boroondara and Bay Street in Bayside, where there is a viable market for expensive apartments. However, developers have met

with stiff resistance from the councils involved because of militant resident opposition to such changes to neighbourhood character and fears of increased congestion.

Nevertheless, there is going to be strong demand for housing in established suburbia over the next thirty years from the next generation of aspiring home-owners. This is because of the high amenity of some middle and inner suburban areas and their access to the employment and entertainment attractions of the inner city. Their proximity to the best private schools and high performing government schools is also an attraction. The next generation of managers and professionals, in particular, will aspire to live in such locations. Most would like a detached house, but competition will be acute (given that baby-boomers are long-term occupants). Prices for detached houses are already approaching the \$1million mark in Boroondara, Stonnington and Bayside and are likely to go higher. Many will have to make do with a unit or townhouse with some private space in a middle or inner-suburban location.

Under the *Melbourne 2030* planning scheme, there are few limits to the conversion of detached housing to units, townhouses or dual occupancies. Such developments can be located anywhere, regardless of their access to public transport. If Melbourne does expand as projected, the demand for infill accommodation and the financial gain from supplying it will escalate. Every new vacancy in established suburbia invites development interest because of the potential profit offered by redeveloping a detached housing site into two or more units.

There is also likely to be strong demand for medium-density unit dwellings on the part of lower-income households that cannot afford detached housing either in established suburbia or outer suburbia. This group will

include many recently arrived migrants. They will have little choice but to locate in units in relatively low-status locations like Dandenong/Springvale, Sunshine and Broadmeadows.

Infill represents a fundamental challenge to the existing suburban ambience. Canopy trees and shrubs extending above the roofline are incompatible with much infill construction. This outcome was not envisaged as part of *Melbourne 2030*. Infill is barely mentioned in the voluminous documentation associated with the *Melbourne 2030* planning scheme. It is an unintended consequence of competition for housing in a context of rapid household growth and a permissive planning code.

The urban fringe

Most new middle- to low-income households will locate on the suburban frontier. For many who want to purchase a detached

house, this is the only location they will be able to afford. Housing costs on the frontier are largely determined by the cost of developed land and new housing construction. As long as supply is roughly equivalent to demand, these outer suburban situations should not experience the competitive spiral described above for established suburban homes and units.

The *Melbourne 2030* planning scheme will not effect this situation, for the following reasons:

1. There is no sign that *Melbourne 2030* is curtailing outer suburban growth. As Table 3 shows, between 2001 and 2006, 59 per cent and 60 per cent of the growth in population and households, respectively, occurred in outer suburbs (defined as those on the fringe of the city). The *Melbourne 2030* aspiration was to limit this share to 31 per cent over the entire 2001–30 period.

2. There is nothing to stop this dispersed pattern from continuing. In late 2005, the Victorian government rezoned an additional 4,500 hectares for future residential use outside the original Urban Growth Boundary (UGB). The government has made it clear that it will extend the UGB as required, because of the priority it gives to maintaining Melbourne's competitive advantage relative to Sydney in housing costs. In other words, we have a 'flexible growth boundary'. If any further confirmation of this point was needed, it came with the Premier's 4 March 2008 statement referred to above. Having acknowledged that Melbourne will increase by one million by 2020 and not 2031, the Premier declared that drastic action to open up additional frontier land is necessary. He is proposing an acceleration of the process whereby land identified for residential use within the UGB is converted by local government planners into structure plans

Table 3: Change in estimated residential population and households 2001–2006, and share of change by area type, Melbourne

| | Estimated residential population | | | | Households (OPDs) | | | |
|---------------------------------|----------------------------------|-----------|------------------|----------|-------------------|-----------|------------------|----------|
| | 2001 | 2006 | Change 2001–2006 | | 2001 | 2006 | Change 2001–2006 | |
| | | | Number | per cent | | | number | per cent |
| Inner city | 50,673 | 76,678 | 26,005 | 51 | 19,964 | 29,586 | 9,622 | 48 |
| High amenity near-city suburbia | 414,003 | 430,443 | 16,440 | 4 | 150,362 | 152,210 | 1,848 | 1 |
| Transitional near-city | 426,937 | 455,311 | 28,374 | 7 | 170,404 | 176,797 | 6,393 | 4 |
| Middle-class suburbia | 649,450 | 669,333 | 19,883 | 3 | 224,264 | 230,021 | 5,757 | 3 |
| Low-amenity suburbia | 1,070,417 | 1,090,936 | 20,519 | 2 | 357,896 | 369,369 | 11,473 | 3 |
| Outer suburbia | 860,145 | 1,021,672 | 161,527 | 19 | 273,250 | 325,312 | 52,062 | 19 |
| Melbourne Statistical Division | 3,471,625 | 3,744,373 | 272,748 | 8 | 1,196,140 | 1,283,295 | 87,155 | 7 |
| | Area share (per cent) | | | | | | | |
| Inner city | 1 | 2 | 10 | | 2 | 2 | 11 | |
| High amenity near-city suburbia | 12 | 11 | 6 | | 13 | 12 | 2 | |
| Transitional near-city | 12 | 12 | 10 | | 14 | 14 | 7 | |
| Middle-class suburbia | 19 | 18 | 7 | | 19 | 18 | 7 | |
| Low-amenity suburbia | 31 | 29 | 8 | | 30 | 29 | 13 | |
| Outer suburbia | 25 | 27 | 59 | | 23 | 25 | 60 | |
| Melbourne Statistical Division | 100 | 100 | 100 | | 100 | 100 | 100 | |

Source: Estimated residential population data, 25 July 2007; ABS, customised 2006 Census data set held by CPUR

which will enable its owners to proceed with subdivision developments.¹²

3. Some commentators believe that there is only limited demand for an outer suburban location because of the remoteness from the inner city. But few outer suburban residents work in the inner city. Persons moving to the south-eastern, western and northern frontiers of the city have a manageable commute to the expanding job centres located in an arc around middle Melbourne. The state government is also providing for this process by zoning additional industrial and commercial land in fringe locations. Table 4 illustrates this point for the residents of Casey and Cardinia. Of these residents, 83 per cent work in either Casey/ Cardinia or within an arc of middle suburban areas also located in Melbourne's south-east.

The outlook is exactly contrary to the *Melbourne 2030* aspiration. The share of housing built to accommodate Melbourne's growth in households which is located on the suburban frontier will increase, rather

than diminish. In the process, the divide will grow between those affluent enough to afford housing in high-amenity inner and middle Melbourne suburbs and those that cannot. The latter group will have to settle for units in low-status established suburbs or new housing on the frontier.

This prospect indicates the need for a new vision for outer suburbia. At present, the focus in *Melbourne 2030* is on containment and concentration, including advocacy for ever smaller lot sizes. There is a need for a new and more idealistic planning vision. As the suburban frontier extends outwards, the government should be promoting the creation of relatively self-sufficient decentralised communities. These would have recognisable borders and be planned to facilitate the integration of civic, residential, commercial and industrial developments within these boundaries. The goal would be to ensure that residents have easy access to locally-based jobs, commercial and recreational activities without the necessity for long commutes elsewhere in Melbourne.

Congestion

Most Melbournians will regard the prospect of an additional 600,000 residents over and above the 1 million currently assumed over the next 30 years as a frightening prospect, given existing congestion on the streets and public transport system. These concerns are well-founded. Most of the inner and middle Melbourne freeway and arterial road network is already at or above capacity. Capacity here is defined as the ability of a roadway to cope with traffic travelling at the maximum allowable speed and subject to minimal delays at intersections (waiting only one light change).¹³

ABS Census data on cars per household indicate the scale of the extra traffic load should the CPUR projections come to pass. By 2001, the aggregate number of cars held by households in Melbourne reached 1.82 million. By 2006, this number had increased to 1.97 million, with an average of 1.5 cars per household.¹⁴

If the number of households in Melbourne increases by 781,623 between 2006 and 2036, at the current rate of car possession per household, this will add a further 1.1 million cars by 2036, or well over 3 million cars in Melbourne. This figure does not count commercial vehicles, the numbers of which have been growing at an even greater rate. The basis for this calculation is shown in Table 5. The table indicates how many cars there will be in Melbourne by 2036 if the current average number of cars per household type is maintained.¹⁵

This estimate of future car ownership is likely to be conservative. The predicted spread of suburbia implies the addition of even more households which will require at least two cars. The dispersal of jobs, and commercial and recreational activities in outer suburbia means that all new housing developments are built to accommodate at least two cars per household.

Table 4: Employed residents of Casey and Cardinia by work destination, 2006

| Work destination | number | per cent |
|--|----------------|-----------|
| Cardinia Casey | 40,519 | 36 |
| Dandenong | 22,631 | 20 |
| Monash Whitehorse | 12,300 | 11 |
| Frankston Glen Eira South Kingston | 11,062 | 10 |
| Inner Melbourne | 6,342 | 6 |
| Remainder Melbourne Statistical Division | 17,674 | 16 |
| Melbourne Statistical Division | 110,528 | 98 |
| Victoria remainder | 1,392 | 1 |
| Interstate | 436 | 0 |
| Total | 112,356 | 100 |

Source: ABS, customised 2006 Census data set held by CPUR

As for established suburbia, growth in the number of cars mainly reflects growth in the number of households. Because of infill development all middle and inner suburbs are experiencing strong growth in car numbers. In addition the number of cars per household also reflects household income. The higher the income, the more likely the household will have more than one car. As a consequence, the gentrification of inner Melbourne areas like the city of Yarra is prompting an increase in households with two cars.

Because most of these additional cars will have to be accommodated on the existing road space, the result would be a drastic slowing of traffic movements throughout Melbourne. This is because, when additional cars (or commercial vehicles) are added to a roadway that is already at (or below) its

rated capacity, the traffic stream has to slow down to accommodate the extra traffic.

Public transport advocates have a strong case in arguing for additional incentives to force those who work in areas (notably inner Melbourne) that are well served by public transport to actually use it. Such is likely to be the congestion flowing from residential infill that residents located near public transport routes are more likely to use it in future. The recent increases in patronage give a taste of what is to come—that is, further overloading of the system.

Government reactions

The Victorian Labor government is becoming increasingly concerned about its inability to stimulate additional housing in established suburbia, especially in activity centre areas well located as regards public transport

opportunities. The recognition that the city will expand far more rapidly than hitherto assumed seems to have prompted the government to take more aggressive action to promote urban consolidation.

One response has been a tougher stance on activity centre proposals. The conflict between Boroondara residents and the development proposal by FKP Lifestyle on a Riversdale Road site adjacent to Camberwell Junction illustrates the point. This development includes a 14 story office block, 106 apartments, a 500 seat restaurant and an 1890 square metre fitness centre. The project's fate was decided by a favourable declaration by VCAT on 5 February 2008, despite strong opposition from the Boroondara Council. The Victorian government supported the proposal on the grounds that it was consistent with the government's activity centre policy and that 'the implementation of *Melbourne 2030* is more urgent as a consequence of higher than predicted population growth'.¹⁶ A senior member of VCAT, after approving the proposal is quoted as saying, 'the time has come for Camberwell to play its part in the 2030 solution to Melbourne's housing needs, and there is no better spot to fulfil this need than this site'.¹⁷

As argued, the Victorian government is not likely to have much success with high-rise apartment development except in areas with high local amenity. These are the very areas where residents are most likely to fight to preserve what they see as a crucial part of Melbourne's built heritage. In addition, such projects are guaranteed to worsen inner-city congestion because they cannot be sold without ample onsite parking. For example, the FKP Lifestyle project approved by VTAC provides for a four level basement car park which will provide 449 car spaces, some 157 of which will allocated to the residents purchasing the 106 apartments.¹⁸

Table 5: Estimated¹ number of additional cars in Melbourne by household type by 2036

| | Average number of cars per household 2006 ² | Projected household increase by household type 2006–2036 | Estimated additional cars by 2036 |
|---|--|--|-----------------------------------|
| Couples with children | 2.1 | 187,746 | 398,289 |
| Couples without children | 1.6 | 250,859 | 407,352 |
| Lone parents | 1.4 | 67,976 | 96,814 |
| Other family | 1.4 | 10,046 | 13,781 |
| Lone person | 0.8 | 237,244 | 199,320 |
| Group household | 1.4 | 18,202 | 26,355 |
| Reference person in 2nd/3rd family; unrelated individual in household | 0.5 | 9,550 | 4,775 |
| Total | | 781,623 | 1,146,687 |

Sources: ABS, customised 2006 Census data set held by CPUR

Notes: ¹ 2006 car ownership rates applied to projected population 2036

² Calculated from 2006 Census data; Households that indicated 'not stated' were distributed proportionately among 'no cars', '1 car', '2 cars' and '3 or more cars'.

The Victorian Government's has announced its intention to implement a new classification of residential zones. The Government proposes to establish three new residential zones—referred as 'substantial change areas', 'incremental change areas' and 'limited change areas'. This proposal too, according to the government, has arisen in the context that 'Victoria is experiencing its highest levels of population growth since the 1960s'.¹⁹

Once declared, these zones will limit the capacity for local governments to shape planning outcomes. The foreshadowed 'substantial change zone' will allow intensive medium-density housing (up to four stories) in areas near public transport routes, but outside the boundaries of activity centres. There is some scope for such development in residential areas where infill has already fundamentally transformed the area. If local governments were given the opportunity to designate such areas and in return allowed to preserve much of the remaining area under the 'limited change area' this would be a reasonable compromise. This is because, unlike the 'incremental change area', the 'limited change area' allows for the protection of detached housing areas from infill.

Melbourne is confronting the prospect of massive expansion in the number of people and households it must accommodate. The present planning framework is inadequate for the task. The policy of cramming people into existing suburbia is unlikely to work and, in any case, will be destructive of much of what most Melbournians value about the city's liveability. New thinking is needed, not just about city planning but also about the conflict between the state and federal governments' insatiable appetite for more people and emerging environmental imperatives.

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