

A city bursting at the seams

The provision of infrastructure and housing is not keeping pace with population growth, writes **Mathew Dunckley**.

By rights Connex, the French company charged with running Melbourne's train network nine years ago, should be making hay from the southern capital's population boom.

Instead it is paying for it. Last year this was to the tune of a cool \$25 million — the fines it was forced to pay to the state government for failing to meet performance targets.

The sorry state of the city's packed peak hour trains are just a symptom of a larger problem: Melbourne is bursting at the seams.

Today, Victorian Premier John Brumby is expected to reveal that in the five years to 2006, Melbourne's population growth exceeded forecasts by about 30 per cent.

The implications are huge. At the turn of the century the state tipped the city's key systems — housing, transport, freight, water supply, sewerage, schools and hospitals — would need to cope with about one million extra people by the year 2030.

It is believed Brumby will tell an Urban Development Institute of Australia conference in Melbourne that those million extra people will be 10 years early.

According to the most recent figures available from the Australian Bureau of Statistics, more people, 272,700 of them, poured into Melbourne in the five years to the end of 2006 than any other capital city. In 2006 alone Melbourne (62,306) streaked ahead of Sydney (36,823), Brisbane (34,321) and Perth (33,385).

The growth, driven by international migration as well as increasing fertility, has shown no sign of slowing either as the city tries to cram in more than 1500 extra residents every week.

The state government's dream of a compact European-style city, encapsulated in its housing and infrastructure blueprint Melbourne 2030, is becoming a nightmare in the face of the flood.

Melbourne 2030 seeks to

encourage new housing away from the city's edge and closer to infrastructure in existing suburbs.

But even before a much-anticipated audit of Melbourne 2030 is released, Brumby is also expected today to unveil radical new zoning measures to speed up land supply on the city fringe.

Closer in, hopes of multi-unit harmony has given way to a siege between developers complaining about costs and delays and residents energetically pursuing Victoria's third-party appeal rights.

It is hoped new zoning laws will help defuse the bomb that infill development has become.

"We want them to facilitate development in established areas — in appropriate locations — so that new housing opportunities are created in the places where the pressure and the house prices are the highest," Planning Minister Justin Madden told a recent Victorian Planning and Environmental Lawyers function. "Where people want to live — close to shops, transport, community facilities, entertainment facilities and jobs!"

Central to the problem for Madden is people. Experts are calling for substantial investment to cope with the strain and infrastructure development is now a prominent theme in the pre-budget lobbying period.

Housing is a key part of the equation with 23,000 new Melbourne households arriving every year.

Madden is looking for ways to release more land on the fringe.

"Now I know that paddocks can't be turned into communities overnight, but five years is too long," he says.

"We are working on ways to streamline planning processes in the growth areas . . . which you will be hearing a lot more in the coming months, will strip out duplication and put the focus on the precinct structure planning process to get the planning right the first time.

"Removing unnecessary delays in



the planning system; and ensuring adequate supply of housing and land are the core things that we, as a government, can control."

The irony about calls for tighter regulation from resident action groups, says Planning Institute of Australia's Jason Black, is that the Victorian neighbourhoods many campaigners seek to protect would never get past the current set of rules governing issues such as setbacks. "You can't build Carlton, Fitzroy, Brunswick, Port Melbourne under today's planning controls," he says.

Away from the inner-suburb battlegrounds, the pressure to house the new arrivals is immense. Yet,

according to the Housing Industry of Association, the number of new house starts in Victoria fell every year since the 2002-03 financial year (when there were 45,800 starts) until the 2006-07 year (38,580 starts).

Investment in new dwellings has not kept up with demand.

This year, the HIA expects the five-year trend to reverse with a token increase to 39,720 starts. Although the organisation has historically provided guidance on underlying demand, its

New construction in Melbourne's Docklands precinct . . . the inner suburbs are a battleground between developers and residents.

Photo: JAMES DAVIES

previous projections are under complete review because of the strength of population growth and it will not comment on how many houses might now be needed.

Meanwhile, the vacancy rate for rental residential accommodation has not been over 2 per cent for more than two years and REIV chief executive Enzo Raimondo says the market is as tight as it has been in 25 years. As at January the REIV estimated there were just 4000 vacant houses across Melbourne.

"Investment in new dwellings in Melbourne has not kept up with demand and unless we build more accommodation where people want to live this shortage will persist," he says.

Forget buying, Melbourne's median price grew faster than any other city in 2007 jumping \$100,000 to \$463,488, according to Australian Property Monitors. This has left purchasers and renters to look further from the centre to its service-starved and car-dependent outer suburbs.

"If action isn't taken . . . Victoria's ability to remain attractive to new labour, investment and families will be diminished," Master Builders Association executive director Brian Welch says.

He also believes vacant land sold to first-home buyers should be stamp duty free and there should be broader tax cuts and planning scheme reform.

Cost of living pressures in suburbia, such as petrol prices, are seen as key reasons for a 32 per cent leap in patronage on the suburban rail network in just the past three years.

seeks solutions

People power

Melbourne's boom in numbers

		City	Residents	Change in 2006
Expected population growth (2002-2020)	1.6m	Melbourne	3,744,373	62,306
New home starts	39,720	Sydney	4,284,379	36,823
Annual growth in households	+23,000	Brisbane	1,820,400	34,321
Growth in suburban train patronage	+32%	Perth	1,519,510	33,385
Growth in suburban train services	+1.4%	Adelaide	1,146,119	11,540
Median house price (Dec 07)	\$463,488	Canberra	333,940	3,990
2007 growth in median house price	+\$100,000	Darwin	114,368	3,059
Rental vacancy rate	2%	Hobart	205,566	1,999

Melbourne attracted almost twice as many people as any other capital city



SOURCE: HIA, REIV, CONNEX, AUSTRALIAN PROPERTY MONITORS, ABS

Connex has rejigged its timetable to add 800 services every month to the existing 54,000 but that works out to an increase of just 1.4 per cent.

The increasingly cramped trains have struggled to run on time and Connex has missed its minimum monthly performance targets on five occasions in the past year.

V/Line, which services the more far-flung areas of Melbourne such as Sunbury, has not met its minimum service targets across its lines for more than a year as it battles patronage levels at a 50-year high.

The Public Transport Users Association's president Daniel Bowen says investment has not kept up with the city's growth.

"Some of the signalling dates back to the 19th century. The last major suburban rail extension opened was the Glen Waverley line in 1930," he says.

Trams, too, are not given priority on the roads and simply end up stuck in traffic.

The government is fixing some minor bottlenecks on the rail network and is investigating a new railway line to the city's heavily populated south-east, but senior government figures privately concede public transport

spending is not up to the task.

Meanwhile, commercial construction is flying. Record amounts of office and warehouse space are being built but there are again concerns about whether the city as a system can cope.

"Increased demand for office space in the Melbourne CBD and surrounds coupled with increasing population growth sends a clear signal to the government that there is an urgent need for even greater investment in infrastructure," says the Property Council of Australia's executive director Jennifer Cunich.

Take, for example, the vast hectares of warehouses and high-tech distribution centres scattered around Melbourne's fringe. By Knight Frank's estimates, about one-third of Australia's entire industrial market by floor area is located there.

That makes these industrial suburbs an important part of the national logistics chain, not least because they are often the first stop for goods coming through Melbourne's port, which handles 38 per cent of the nation's shipping.

The Port of Melbourne Corporation predicts container traffic will increase seven-fold by 2035.

Sam Tarascio says that will mean 4 million more trucks every year occupying road space in the centre of Melbourne. Tarascio sold his own trucking business, Westgate Logistics, last year but maintains an industrial property operation and has invested \$45 million into the redevelopment of Victoria Dock.

"The real issue is getting them [containers] out of the port... where do you send them?" he says.

He owns two "inland ports" — industrial parks designed to take freight between rail and road — and says investment in passing loops could lead to freight sharing the rails with passengers to get to these ports.

That would have the added bonus, says Tarascio, of getting trucks off congested inner-city roads and is a project actively being investigated by the NSW government.

Steve Copland, president of the Victorian chamber of the Urban Development Institute of Australia, says given the current boom, new questions need to be asked by the policymakers.

"Is a 25-year time horizon enough for us or should we be looking further into the future?"

Sydney no longer the place to live

Michelle Singer

Sydney is a victim of its own success.

In a bid to become a truly global city, to compete on a world stage with the likes of other capitals such as Paris, London and New York, it's lost its mojo and with it has gone its jobs, residents and affordability.

The first signs of Sydney's losses came as a surprise last year when Australian Bureau of Statistics population figures showed Melbourne's rate of growth was twice that of Sydney's.

For the first time in 100 years, roles had been reversed.

Demographer Bernard Salt attributes the trend to Sydney's decision to bask in the afterglow of the Olympics.

For others it began much earlier, probably when former NSW premier Bob Carr decided Sydney was too crowded.

"In the mid-'90s some delays and complications in planning laws and a failure to realise an appropriate land release schedule and a lack of investment in infrastructure has contributed to the situation," Housing Industry Association executive director Chris Lamont said.

"Price and availability acts as a real deterrent and people are looking to areas like Wollongong and the Hunter as a destination of employment and residential choice.

"Melbourne also reflects a stronger economy and attracts and retains staff because it presents a more affordable start for many couples and families."

In the annual Anholt City Brands index, where most voters live outside of Australia, Sydney came in as the world's No. 1 place to live for the second year in a row.

Locals see the city differently.

Journey to Work data showed that between 2001 and 2006 there were 1000 fewer jobs available in the three inner city local government areas of Sydney.

In the equivalent areas of Melbourne, the jobs available had increased and although there was still

10 per cent fewer on offer than in Sydney, projections are that by 2010 more jobs will be available in the heart of Victoria than NSW, which will have implications on real estate, retail, commercial and transport.

Sydney's increasingly expensive housing market, where the median house price is about \$550,000 and a minimum income of \$100,000 is needed to support an average mortgage, has also soured the experience for many.

"Truly world-class cities are hard cities for average and below average income earners to live in," Mr Salt said. "Because Sydney is a new



Sydney's increasingly expensive housing market has soured the experience for many.

entrant into this playing field there's a cultural expectation by 4 million locals that they have been raised here and have had an affordable lifestyle here so they should be able to continue to do that. But if a city moves from a national city to a global city you get this era of quite extraordinary pain and the locals decide not to put up with it and move out."

But the picture will be clearer with upcoming population projections.

Melbourne's growth will no longer be seen as a quirky anomaly and a one up on Sydney but rather a telling shift as to where most Australians prefer to live.