The Economic ‘Revolution’ in Melbourne’s West

JAGO DODSON* & MIKE BERRY†

*Urban Policy Program, School of Environmental Planning, Griffith University, Australia
†RMIT AHURI Centre, School of Social Science and Planning, RMIT University, Australia

ABSTRACT  Historically, Melbourne’s western suburbs were known as industrial areas suffering from relative disadvantage when compared to the rest of the metropolitan area. But economic commentators have claimed that a resurgence has occurred in the west, in terms of industrial investment and employment generation, since the mid-1990s, due to increasingly globalised economic connections which have reversed the region’s previous disadvantages. This article engages with these ‘western resurgence’ claims in three ways. First, it examines the recent economic history of the western region, relative to global economic processes. Second the article examines the empirical basis for the reported recent economic resurgence in the west. Finally, the article concludes with some observations concerning regional economic development under contemporary global processes.

KEY WORDS: Economic restructuring, regional development, labour markets, metropolitan economy, Melbourne

Introduction

Melbourne’s western region comprises the municipalities of Maribyrnong, Moonee Valley, Hobsons Bay, Brimbank, Melton and Wyndham (see Figure 1). The region has historically been a site of concentrated industrial activity. This industrial concentration, however, left the region 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 industrial activity 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’, relative to the remainder of the Melbourne metropolitan area (O’Connor, 1990; Schwartz, 1993).

Since the mid-1990s however, there has been a renewed level of industrial activity within the west, which has sparked strong interest from business and regional commentators (e.g. House, 1997; Hurst, 1997). 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 local hub linking metropolitan industrial production to global logistics chains and international markets.

But important questions remain: have globally connected private firms contributed to overall economic and social prosperity in the region?; has the perceived industrial resurgence conferred positive economic effects on the ‘disadvantaged’ populace of the west? Such questions strike to the core of the debate over the benefits and disbenefits of global economic integration. If the globalised private sector is able to produce regional regeneration as an effect of its activities, then it can be argued this is a beneficial set of relationships that should be encouraged. But if such regeneration is found not to have taken place, or is limited, the role of the private sector in producing beneficial socio-economic externalities requires serious re-evaluation, as does the role of government in leveraging positive outcomes for regional populations.

This article connects with these debates by presenting the results of empirical research into economic and social change in Melbourne’s western suburbs. The research focuses on three specific concerns. First, it examines the recent history of the western region, in terms of infrastructure and position relative to global economic processes. Second, the article examines the empirical basis for the recent reported economic resurgence in the west. Finally, the article concludes with some observations concerning regional economic development under contemporary global processes.
Global Economic and Industrial Shifts

The period since the 1970s has been identified by many authors as a phase of late-capitalist restructuring, which is popularly referred to as ‘globalisation’ (Wiseman, 1998; Yeoh, 1999; Sheil, 2001). Urban economies have been transformed under this restructuring process (Harvey, 1989), with many authors identifying larger cities as now clearly situated as nodes within complex global economic networks (Fainstein, 1990; King, 1991; Sassen, 1991; Fagan & Webber, 1999; Yeoh, 1999). More recently, in connection with these globalist discourses, a group of writers in the ‘new regionalist’ vein have identified regions as the organising scale for contemporary economic production and development (Porter, 1990; Amin, 1993; Omae, 1996; Keating, 1997; Porter, 1998; Scott, 1998; Brenner, 1999; Raco, 1999; Gordon & McCann, 2000; MacLeod, 2001) ascribing significant benefits to economic activity considered and stimulated at the regional scale, rather than at the level of the nation-state.

The exposure of Australian cities to global economic processes has wrought a number of important structural changes. Prominent among these changes has been the declining contribution of the manufacturing sector to economic output, in favour of service and ‘symbolic analytical’ sectors (after Reich, 1991; Brain, 1999). Manufacturing in Australia declined from 25.1 per cent as a proportional contribution to gross domestic product (GDP) in 1970, to 19 per cent in 1985 and 15.8 per cent in 1995 (Fagan & Webber, 1994, p. 83). This decline was matched by declining proportions of the Australian workforce employed in manufacturing, from 24.2 per cent in 1971 to 13.2 per cent by 1996 (Fagan & Webber, 1999, p. 82).

Because the location of manufacturing activity has historically determined the location of a large proportion of urban employment, manufacturing decline has been identified as one of the main causes of decline in urban employment in Australia (Murphy & Watson, 1994). Melbourne has been particularly dependent on manufacturing as a source of employment (O’Connor & Stimson, 1995), but between 1971 and 1991, the city lost 103 000 manufacturing jobs (Beer and Forster, 2001, p. 11). 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 & Webber, 1999, p. 82).

In contrast to manufacturing, Brain (1999) suggests that Australia’s urban processes are now being shaped by the rise of ‘21st century’ occupations, which include business analysts, computing professionals, legal professionals, finance managers, media producers, IT managers, and policy and planning managers. Spatial urban change, Brain suggests, is concentrating these jobs in Melbourne’s core, in a process similar to that occurring elsewhere in Australia, and in overseas jurisdictions (Fainstein, 1990; King, 1991; Sassen, 1994). Under this pattern, less valued jobs and lower income households are being pushed to more marginal outer suburban locations, in a process similar to that reported for Sydney by Freestone and Murphy (1998).

Urban Spatial Disadvantage in Australia

Shifts in urban socio-economic patterns have accompanied structural economic changes in Australia’s cities. By the late 1990s and early 2000s urban scholars were reporting increases in social exclusion and strengthening socio-spatial polarisation (Gibson et al., 1996; Gregory & Hunter, 1996; Badcock, 1997; Baum,
Figure 2. Spatial distribution of industrial zoned land by occupation status, in Melbourne, with municipalities containing significant concentrations identified. Source: DoI Industrial Land data.

1997; Baum et al., 1999; Wulff & Reynolds, 2000; Berry, 2001; Gleeson & Randolph, 2001). Murphy and Watson’s (1994) study found that during the period 1971–91, socio-spatial divisions had widened in Australian cities, an outcome which reflects international experiences of such changes (Fainstein, 1992; Sassen, 1994). Baum et al.’s (1999) study demonstrated that Australia’s large cities are significantly divided along socio-spatial lines, with 1996 census data revealing distinct areas identifiable as experiencing high and multiple levels of social disadvantage, relative to other localities.

The western suburbs of Melbourne have historically contained a concentration of industrial activity, as a result of early metropolitan land-use patterns (Melbourne Metropolitan Board of Works [MMBW], 1954). Of the 20,882 hectares of industrial zoned land in Melbourne in 2000, 34 per cent was located in the western region (Figure 2), with most of this in the cities of Wyndham, Hobsons Bay and Brimbank. This concentration of industrial activity had left the region vulnerable to the post-1970s economic restructuring identified above. With much of Melbourne’s manufacturing activity located in the west, the area bore the brunt of declining opportunity in this employment sector. During the period 1981–87, manufacturing employment in the west declined by almost 24 per cent.

The result is that low-income households have been increasingly concentrated in Melbourne’s west since the 1980s (O’Connor, 1990). By 1990, the west had the highest unemployment of any region within the Melbourne metropolitan area. McDonald (1995) and McDonald and Matches (1995) noted that most disadvantage (higher unemployment, lower housing and income status, lower labour force participation) was present in the ‘old industrial’ areas such as the west, north and south-east areas of Melbourne. Similarly, Baum et al. (1999) found that within Melbourne, the region containing parts of Broadmeadows,
Brimbank, Maribyrnong and Hobsons Bay (the ‘middle west’) constituted a tract of socio-economic ‘vulnerability’ based on the degree of disadvantage experienced by the local population, and the contemporary economic conditions relating to the decline during the 1980s and early 1990s of the concentration of industrial activity within the western region.

Wulff and Reynolds’ (2000) study of housing disadvantage in Melbourne showed that low-income households have been increasingly concentrated in Melbourne’s west since the mid-1980s. The municipalities of Melton and Wyndham, for example, exhibited strong rises in the numbers of both low-income and high-income households during the period 1986–96, while middle-income households declined (Wulff & Reynolds, 2000, p. 5), indicating increasing socio-economic polarisation within the region.

The depiction in academic literature of the west as a region of disadvantage has been reflected in media reports during the early to mid-1990s. Flanagan (1995), for example, referred to the west as a place of ‘hard times’. In an article on the vulnerability of the western suburbs, Schwartz (1993, p. 1) quoted the former Premier of Victoria, Joan Kirner, as stating that “Most people drive [into the west] over the West Gate Bridge, look down here, and say ‘Yuk I wouldn’t want to live here’ and drive on to Geelong.”

The ‘New’ West

While the socio-economic fortunes of the western region of Melbourne during the 1980s and early 1990s were mixed, the late 1990s provided a period where significant growth was viewed as taking place, and which was claimed to be producing a ‘resurgence’ and ‘regeneration’ in the economic status of the ‘new’ west region. Much of this ‘new’ west rhetoric arrived via commentators in the news media (e.g. The Age, 1996a), regional development agencies (e.g. Western Region Economic Development Organisation [WREDO], 2002) and politicians (e.g. Craigie, 1996), and centred around apparent high levels of inward industrial investment in the form of factories and warehouses, supposedly driven by the state government’s construction of the western ring road (WRR). Constructed in stages from 1992 to 1997 the WRR is the western section of an outer metropolitan beltway planned to encircle Melbourne, and runs from the Hume Highway in the north to the Princes Highway in the south.

Examples of this ‘new’ west rhetoric abound. For example, a 1996 supplement in Melbourne’s Age newspaper suggested that the presence of cheap industrial land in the west, combined with the purported benefits of the WRR, were bringing ‘exceptional benefits’ to the region (The Age, 1996a). The article highlighted the availability of cheap industrial land, and the proximity of these locations to the CBD, Tullamarine airport and Port of Melbourne, mediated by the WRR (The Age, 1996a).

Another report heralded “$2 billion growth” over the coming 5 years (The Age, 1996b, p. 12) with the Executive Director of the Western Region Development Organisation (WREDO) exclaiming that “Melbourne’s West is possibly the most dynamic region in Australia”, based on the presence of the ‘cheapest industrial land in the Western world’. Further articles noted that “the phenomenon of vast areas of developable land close to the centre of the metropolis is what makes Melbourne’s west unique among industrial cities” (The Age, 1996c,
The focus on land and international transport linkages in the west continued, with the *Australian Financial Review* (Barrymore, 1996, p. 44) citing one land agent as stating:

Improved road infrastructure, coupled with an extreme shortage of industrial office and warehouse space in the Port Melbourne and mid-south eastern suburbs will increase the west’s popularity among distributors looking for relatively cheap land in close proximity to docks, rail, and freeway links to interstate markets.

By mid-1997 the west was identified as a ‘booming region’, with by now over $7 billion in projects listed as planned for the following 4 years with cheap industrial land and the WRR again cited as the key drivers of this boom (Hurst, 1997). House (1997, p. 46) cited a representative of the Richard Ellis property development company as proclaiming:

At the start of the 1990s, the west was running a poor third to the south-east and outer-east. Now, with the near completion of the Western Ring Road, linking every major interstate highway into Melbourne with each other, the west is booming.

These frothy media depictions of the west as a location of booming industrial investment permeated economic commentary on the region during the late 1990s (Cave, 1997; Booker, 1998; Lyon, 1998). By 1999, euphoric commentators were describing recent urban socio-economic change in the west as ‘a revolution’ (Hopkins, 1999). Such perceptions persist in business and economic references to Melbourne’s west. As recently as March 2003, Evans (2003) was describing the west as an ‘industrial hot-spot’, with recent development trends being viewed by a commentator from the CB Richard Ellis property group as ‘without a doubt’ due to the WRR.

Few commentators, however, explored beyond the rhetorical boosterism of regional development officials and property agencies to examine the empirical evidence supporting the claims of a western resurgence. One author, Mees (2001), undertook a limited analysis of economic shifts in the west due to the WRR, based on 1996 census data. Mees found that growth in the west was no greater than that in a comparable region in Melbourne’s east, and that the WRR appeared to have provided negligible, if any, discernible economic benefit to the region (2001). Any economic growth which occurred in the west during the 1990s, Mees suggested, was due to the relatively inexpensive industrial land within the region (2001), rather than the WRR.

Mees’ finding agrees with the warnings provided by Lovering (Lovering, 1995, 1999) about inflated growth claims in ‘new regionalist’ economic development policies. Using UK examples, Lovering argues that contemporary promoters of regions and regional development tend to be ignorant of the basic empirical outcomes of regional policy programmes, creating a rhetorically effervescent depiction of positive economic change which is unsupported by empirical actuality and often captured by regional elite groups, such as owners of capital, and regional development agency officials (Lovering, 1999).

To date, no comprehensive empirical analyses have examined the extent of economic regeneration in Melbourne’s western region during the late 1990s and early 2000s. The recent availability of industrial data and 2001 census data enables a broader assessment of economic growth in the west to be developed, beyond the one-dimensional snapshot analyses provided by most media reports.
The remainder of this article examines the empirical evidence for dramatic economic change in Melbourne’s west and assesses the extent to which this has produced positive outcomes for the regional population. The focus is on changes in the industrial land market, inward capital investment and labour market shifts, during the focal time period from 1996 to the present.

The ‘New’ West Industrial Land Market

Most commentators writing about the west claim that the concentration of industrial land within the region is one of the key drivers behind the perceived economic growth experienced by the region. One of the best indicators of the consumption of industrial land is the changes observed across the Victorian Department of Infrastructure’s industrial land survey, for which data from 1995, 1998 and 2000 is available. The vacancy rate for industrial land in Melbourne’s west, as compared to the total metropolitan area, over these surveys, is provided in Figure 3.

A number of patterns can be observed in Figure 3. First, in 1995, western industrial land had a vacancy rate which was almost 26 per cent higher than the rate for the Melbourne metropolitan area as a whole. This disparity suggests that industrial investment in Melbourne was (prior to 1998) unevenly distributed across the available metropolitan industrial land. The market for industrial land, at least in terms of vacant 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.

Second, market response to this available supply in the west appears to have occurred during 1995–98. During this period, 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 a lesser 9 percentage points (Figure 3).
Table 1. Industrial land vacancy rate and proportion of total metropolitan land, for selected municipalities, 1995 and 2000

<table>
<thead>
<tr>
<th></th>
<th>Area of industrial land (ha)</th>
<th>Vacancy rate (%)</th>
<th>Percentage of total metropolitan vacant industrial land (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brimbank</td>
<td>2309.8</td>
<td>2261.4</td>
<td>57.1</td>
</tr>
<tr>
<td>Wyndham</td>
<td>1747.1</td>
<td>1761.1</td>
<td>40.7</td>
</tr>
<tr>
<td>Hobsons Bay</td>
<td>1752.0</td>
<td>1720.1</td>
<td>31.5</td>
</tr>
<tr>
<td>Hume</td>
<td>1909.8</td>
<td>2012.3</td>
<td>35.3</td>
</tr>
<tr>
<td>Gr. Dandenong</td>
<td>1514.3</td>
<td>1317.5</td>
<td>31.6</td>
</tr>
<tr>
<td>Mornington P.</td>
<td>2924.29</td>
<td>3154.2</td>
<td>47.6</td>
</tr>
<tr>
<td>Melbourne total</td>
<td>20 131.0</td>
<td>20 882.4</td>
<td>35.1</td>
</tr>
</tbody>
</table>

Source: DoI data.

Finally, the vacancy situation stabilised during 1998–2000, for both the western region and Melbourne as a whole.

The data presented in Figure 3 can be disaggregated by municipality (Table 1) and enables a comparison between the west and other Melbourne industrial areas. The municipalities of Brimbank, Hobsons Bay and Wyndham contain 84 per cent of the industrial land in Melbourne’s west. As the table shows, Brimbank had a very high proportion of vacant industrial land in 1995, but much of this became occupied by 2000, such that this municipality’s high proportion of metropolitan vacant industrial land dropped by over five percentage points. Similar decreases were observed in Wyndham and Hobsons Bay.

The vacancy rate for industrial land in ‘competitor’ industrial concentrations within the municipalities of Hume (outer north), Greater Dandenong and Mornington Peninsula (outer south-east) declined less markedly than the west, but these areas generally had lower rates in 1995 than most western Local Government Areas (LGAs). Much of the change in vacancy in the west therefore appears to be due to the availability of industrial land, compared to competitor industrial precincts, and the uneven dispersion of previous industrial investment in Melbourne, which had left the west ‘underdeveloped’. The proximity of western industrial land to the Melbourne CBD is also a likely factor.

Industrial Land Price Changes

The market price for industrial land is a further indicator of business consumption patterns of this land. It is possible to assess the relative cost of industrial land in western municipalities compared to other areas. Industrial land prices from 1995 are presented in Figure 4.

Figure 4 reveals that local government areas in Melbourne with sizeable industrial precincts experienced price increases for that land during the late 1990s. After 1997 however, industrial land prices either flattened or began to decline. The general effect of price rises followed by a plateau and subsequent further increase in 1999–2001 occurred to differing extents across the metropolitan region, although Mornington Peninsula stands out as having suffered a major decline between 1997 and 1999, presumably due to increasing vacancy.
rates (Table 1), but then a sudden increase in price post-1999. The extreme swings in Mornington are likely due to the few transactions in this municipality—13 in 2001, compared to, for example, 48 in Hume. 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, and retained this new strength during the 1997–99 period.

These price trends reflect the shifts in the vacancy rate for industrial land which were observed in Figure 3. Prices rose as vacancy rates declined during the mid-1990s, and then flattened as demand subsided during the latter years of the decade—probably due, in part, to the 1998 Asia-Pacific financial uncertainty—with subsequent further increases in the early 2000s. Relative to other Melbourne industrial precincts, the trends in the west are mixed. During the 1997–99 period when consumption of industrial land declined across the Melbourne metropolitan area, western LGAs demonstrated greater price resilience in terms of retaining the value of their vacant industrial land. The best performing industrial precinct however, in terms of price resilience during the 1997–99 period was actually Hume, where prices continued to increase despite soft overall demand. By 1999 Hume’s industrial land was priced approximately 20 per cent higher than most of the west, except Brimbank. Brimbank, however, performed more strongly during the 1999–2001 period, second only in median per area price to Mornington Peninsula. Hobsons Bay experienced a strong decline during 1997–99 but the unavailability of 2001 data for this municipality makes recent comparisons impossible.

The dual perspective offered by both vacancy rate and price data suggests that the spatial economy of the west benefited, to a largely comparable extent to other industrial precincts, from the economic growth of the late 1990s. This benefit has been sustained, but mainly serves to bring the west to a more equal position relative to other industrial precincts in Melbourne, rather than placing the region at the forefront of the metropolitan industrial land market.

Figure 4. Median prices ($/m\textsuperscript{2}$) for vacant industrial zoned land for selected LGAs, 1996–2001 (data for Hobsons Bay for 2001 was unavailable). Source: Valuer General (1996, 1998, 2000).
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 the investment they embody, is a strong indicator of the level of business investment occurring. The locational character of building investment permits spatial analysis of business investment at the regional and sub-regional scale.

Figure 5 compares the level of industrial building activity in Melbourne’s west with the comparable south-eastern industrial precincts. The figure shows that the major western industrial LGAs fared well during the late 1990s, in terms of industrial building activity. Brimbank, for example, had a high number of industrial buildings approved during the study period while Wyndham also performed reasonably strongly. However, the south-eastern precincts also performed at a level comparable to that of the west. In fact, Greater Dandenong had higher building activity than most of the west’s total over this period. This finding complicates assertions of a booming west, as the ‘boom’ appears to have been at least as great in other industrial areas of Melbourne.

When data from building values is inspected, similar trends to those described above are observed (Figure 6). Figure 6 shows the value of the building approvals which were presented in Figure 5. The major industrial municipalities of Melbourne’s west clearly experienced high levels of inward industrial investment, receiving some $920 million worth of industrial building activity during the late 1990s. Similar, if uneven, patterns were observed for some of the tracts of industrial land in the south-east. The municipality of Greater Dandenong, for example, experienced the highest individual value of building activity in either the west or south-east, during the study period. But when compared to investment in the western region, the municipalities of Greater Dandenong, Casey and Mornington Peninsula totalled only just over $620 million between 1996 and 2001.
Economic ‘Revolution’ in Melbourne’s West

147

Figure 6. Value of industrial building approvals for selected LGAs, for half-years, 1996–2001. Source: DoI Building Approvals data.

The industrial land consumption and building activity patterns described above suggest that while the west has performed well economically since 1996, the comparable gains in the region’s competitor industrial precincts suggest that the growth in the west is more due to shifts in Melbourne’s broader economy, rather than any phenomenon endogenous to the region itself. In this context, the western ‘boom’ of the late 1990s should be understood as part of a metropolitan wide growth phenomenon, rather than the result of some ‘new’ phenomenon by which firms had suddenly discovered the west.

The question arising from the above discussion of the extent of new industrial activity in the west is the effects that these changes have wrought for the population of the western region, in terms of improvements in employment and income levels. The following section sets out some findings which assist in identifying changes in the socio-economic status of the population of the west, relative to the shifts in industrial activity.

The Labour Force in the ‘New’ West

Long run labour force patterns indicate the economic performance of a region, as the proportion of the labour force employed at any given time provides a relative indicator of the aggregate strength of businesses within that region. Figure 7 presents the long run unemployment patterns for the western region of Melbourne, and for the broader total metropolitan region.

A number of features in Figure 7 are relevant to the questions posed by this article. First, consider the period from the late 1980s to the mid-1990s when, under conditions of a national recession, unemployment in Melbourne rose from a low of approximately 4 per cent in 1989, to a high of just over 12 per cent from late 1991 to early 1994. Unemployment steadily declined from this time, and settled at between 6 and 7 per cent by 2001–2002. Unemployment in the west was approximately one percentage point higher than the metropolitan rate in
1989, almost five points higher than this rate during the recession of the early 1990s, and by the early 2000s western region unemployment was approximately two percentage points higher than the metropolitan rate. The weaker performance of the west during the period from mid-1993 to mid-1998 is particularly marked. This is surprising, given that the 1992–97 period saw $700 million expended in the region on construction of the WRR. And the weakness in the western region labour market relative to the metropolitan area remains, despite improvements during the period from late 1998 to early 2001. Noticeably too, despite a decade of marked economic change in Melbourne, unemployment in the overall metropolitan area by 2002 remained approximately one percentage point higher than in the late 1980s.

**Spatial Unemployment Patterns in the West**

Unemployment rates at the local level are uneven across the region, and the patterning of these rates reveal how the gains from economic growth are being distributed among the region’s population. These spatial patterns of unemployment, at the suburb level, are presented in Figure 8.

Three particular features are clear from Figure 8 which are of interest to the present discussion. First, there is a wide divergence in the rate of unemployment among the suburbs of the west. Of the 66 western suburbs for which 2001 census data is available, 25 had an unemployment rate lower than the census night metropolitan average rate of 6.6 per cent; hence 62 per cent of western suburbs have unemployment rates higher than the metropolitan rate.

Second, high unemployment is spatially concentrated in the industrial precincts of southern Brimbank, western Maribyrnong and northern Hobsons Bay. By comparison, low unemployment is concentrated in a tract of suburbs to the north of the region, spanning from eastern Melton, across northern Brimbank, and covering much of northern Moonee Valley. Other areas of low unemployment appear in southern Hobsons Bay and in parts of Wyndham.
Economic ‘Revolution’ in Melbourne’s West

Third, much of the area which has experienced high unemployment has also received high levels of the recent inward industrial investment described above. This investment was concentrated where Brimbank, Maribyrnong, Hobsons Bay and Wyndham abut, at the junction of the WRR, the Geelong Road and the Westgate Freeway. This area of high unemployment coincides with the area of high socio-economic ‘vulnerability’ identified by Baum *et al.* (1999), using 1996 census data. The historic patterns of disadvantage, such as those noted by Baum *et al.* (1999), therefore appear not to have been erased during the late 1990s, with a large proportion of the region continuing to experience an unemployment rate much higher than the 2001 metropolitan rate of 6.6 per cent, with many areas double this rate.

**Spatial Household Income Patterns in the West**

Observing the patterns of unemployment at the suburb level enables an assessment of the distribution of spatial disadvantage, while the spread of household income adds to this insight by showing how economic advantages are being distributed across the region. Figure 9 presents the proportion of households in Melbourne’s western suburbs with income greater than $1000 per week at the time of the 2001 census.
The distribution of high household incomes in the west exhibits strong spatial patterns that are comparable to those for unemployment rates. Of particular relevance is the large tract of middle ring suburbs of the west where fewer than 35 per cent of households receive more than $1000 per week in income (Figure 9). These areas include much of southern Brimbank, most of Maribyrnong and large tracts of Hobsons Bay, as well as some parts of Melton, Wyndham and Moonee Valley. Notably, like those for high unemployment, these concentrations of low to middle household incomes are located close to both the ‘booming’ industrial zones of the west and the WRR.

By comparison there are a number of suburbs with relatively high proportions of households with incomes greater than $1000 per week. These suburbs include Caroline Springs, Burnside and Taylors Hill in Melton East, Taylors Lakes and Keilor in north Brimbank, and most of northern Moonee Valley. Parts of Wyndham, such as Point Cook, also have high proportions of >$1000 per week households, as do the gentrifying eastern suburbs of Hobsons Bay and parts of Maribyrnong.

Like unemployment rates, income patterns in the west are clearly differentiated along spatial lines, implying that economic gains arising from recent regional and metropolitan economic growth are being distributed unevenly. What is of concern is that those areas which have historically been the most disadvantaged (i.e. those identified by McDonald (1995) and Baum et al. (1999)) are making limited relative gains in terms of both unemployment decline and household income increase. Such findings have a number of implications for claims that economic change in the west since the mid-1990s has been ‘revolutionary’, and suggest that not all segments of the western population are benefiting equally.
Reassessing the Western Economic ‘Revolution’

Like patterns of unemployment, the spatial differentiation of household income across the western suburbs casts doubts on the validity of the numerous statements made by the many commentators cited in regard to the west, such as Cave (1997), Hurst (1997), Booker (1998), Lyon (1998), Hopkins (1999) and Evans (2003), that the west has undergone a dramatic reversal in economic fortune in recent years.

We have shown, by reference to both industrial land consumption and inward investment, that while industrial investment in the west was high during the study period, other industrial precincts in Melbourne performed at a comparable level. This finding indicates that the outcomes felt by the west were due to metropolitan wide factors rather than endogenous processes. Indeed, it is the ‘underdevelopment’ of the west, in terms of the high vacancy rate and low prices for industrial land within the Melbourne industrial land market, which made the region favourable to investors during the late 1990s. While the region’s unemployment reduced from the mid-1990s onwards, this decline lagged that across broader Melbourne, and despite a narrowing of the gap between the two rates in the late 1990s, has not yet returned the west to the position it held relative to broader Melbourne in the late 1980s.

Further problems for western boosters arise from a consideration of the spatial patterning of socio-economic conditions in the west. The vaunted economic revolution in the region was reported as arising from the combination of cheap industrial land, the strategic proximity to key global transport links, and the completion of the WRR. But the spatial patterns of unemployment and income distribution favour those areas of the west which are most distant from both the industrial precincts and the WRR. The WRR passes almost exclusively through Brimbank, but many of the suburbs within this municipality, adjacent to the ring road in 2001 remained highly disadvantaged, with high unemployment and low proportions of high-income households.

Conversely, the areas of the western region which had low unemployment and high proportions of high-income households are located far from the WRR, in eastern Melton, north-east Brimbank, central Wyndham and in the gentrifying inner-eastern areas of Moonee Valley, Maribyrnong and Hobsons Bay. For the residents of the west, the ‘booming’ industrial precincts and the WRR appear to have been of limited economic benefit, when compared to the overall buoyant metropolitan economy. Mees’ (2001) tentative conclusion, based on 1996 census data, that the benefits of the WRR have been exaggerated by commentators therefore appears to be confirmed by the more recent evidence provided in this article.

How therefore, did the ‘new’ west rhetoric arise, and why has it proved so alluring? As the citations provided earlier demonstrate, property companies and regional development agencies have an obvious incentive in talking up western property prices and promoting a ‘land boom’. Local infrastructure connections then are promoted as a set of additional ‘advantages’ of property in the west. Firms have moved to occupy this industrial land, but often by upgrading existing operations, such that the new developments have much higher capital-to-labour ratios, thus requiring less labour for higher output, in line with Beer and Forster’s observations (2001). Under such a locational restructuring process, the majority of economic gains flow to the financial stakeholders—often located
in the CBD (Brain, 1999)—rather than the regional population of the industrial region itself.

Conclusions

This article has examined Melbourne’s western suburbs as an urban sub-region which has become closely linked to global economic processes, both through industrial investment and restructuring, as well as through the location of key global transport infrastructure, and has proffered some conclusions regarding the outcomes of these processes. As a manufacturing-based industrial area, Melbourne’s west declined during the two decades of industrial restructuring up to the mid-1990s, exacerbated by the recession of the early 1990s. Despite post-1996 inward investment taking advantage of under-valued industrial land and transport links to global markets, Melbourne’s west remains economically vulnerable. Despite some improvements in the socio-economic status of the region’s residents, these changes have been less pronounced than those which have occurred across Melbourne generally. In such a context, the limited and uneven extent of this ‘regeneration’ makes the claims by various commentators of a ‘revolution’ in the region appear overstated at best.

The experience of the west appears to agree with the observations of Murphy and Watson (1994), Freestone and Murphy (1998), Brain (1999), Fagan and Webber (1999), and Beer and Forster (2001) regarding increasing spatial divisions within urban economies. The strong levels of investment in industrial infrastructure, coupled with relatively limited subsequent local employment gains, appear to support Beer and Forster’s (2001) observation that global re-investment involves much higher capital-to-labour ratios than the industrial activity which it is replacing, generating less employment growth than would earlier have resulted.

These outcomes also demonstrate that gross inward private sector investment and public road infrastructure provision are blunt and questionably effective instruments for achieving socio-economic development in a historically disadvantaged region. Such a conclusion contradicts many of the claims of politicians, road engineers, property commentators and other regional boosters, who have asserted that the post-1996 period has been one of ‘regeneration’ and socio-economic ‘revolution’ in the west. There is a clear need to rethink government regional development strategies so that they target regional populations directly (e.g. through labour market programmes), instead of investing in general infrastructure projects whose benefits flow primarily to private companies and do not necessarily ‘trickle down’ to local residents and businesses.

As noted earlier, Lovering (1999) has warned of the dangers of discourses of regional economic regeneration ignoring the empirical outcomes of actual economic development in favour of showy ‘networking’ conferences attended by regional elites and supported by glossy marketing brochures. While the understating of any gains ought also to be avoided, it remains apparent that hyperbole and exaggeration have dominated discussions of economic change in Melbourne’s west. It is not surprising that regional boosters might eschew subtlety in analyses of regional development, but given that such policies are purported to benefit the populations at whom they are aimed, reasoned policy evaluation requires more than effusive rhetorical froth.
Economic ‘Revolution’ in Melbourne’s West

Notes

1. This article is based on research undertaken by the authors funded by the Australian Housing and Urban Research Institute (AHURI). Readers seeking a more comprehensive treatment of the subject matter should consult the report “Community Regeneration in Melbourne’s West” on the AHURI website (www.ahuri.edu.au). This article contains the views and opinions of the authors only and does not in any way represent those of AHURI.

2. Fagan and Webber include the following within the service sector: finance, property and business services; community services; and recreation services. Recreation services include accommodation, cafés and restaurants; cultural and recreational services; and personal and other services.

3. Urban scholars do not appear to fall within Brain’s ‘C21’ occupations, unless they are economists.

4. The DoI survey identifies industrial land parcels, and assesses whether these are currently vacant or occupied. The criteria for occupation is quite liberal, including the presence of a structure, or vehicles on the site, and therefore likely overestimate the number of parcels in use at the time of the survey.

5. Data for Hobsons Bay for 2001 was unavailable.

6. Suburb-level census data was unavailable for some large outer-urban semi-rural suburbs which fall outside the ABS definition of metropolitan Melbourne, such as in Melton and Wyndham. For such localities, Statistical Local Area data was used, where relevant, otherwise these have been recorded as ‘values unavailable’. For a depiction of spatial unemployment patterns at the Census Collectors District level, see the ABS “Melbourne Social Atlas” (2003).

7. A note of caution is necessary regarding the large ‘high income’ tracts in south Melton and Wyndham in Figure 9. These are largely unurbanised with very small populations and should not be considered concentrations of high income.

References


Berry, M. (2001) Responding to Social Exclusion Through More Affordable Housing, Department of Urban Affairs and Planning, Sydney, NSW.


Melbourne Metropolitan Board of Works (MMBW) (1954) Melbourne Metropolitan Planning Scheme, Melbourne Metropolitan Board of Works, Melbourne.


Economic ‘Revolution’ in Melbourne’s West

*The Age* (1996b) $2 billion trilogy of growth, *The Age*, Melbourne, 10 January, p. 6 (no author cited).


