

# POPULATION GROWTH IN RURAL VICTORIA: OPPORTUNITIES AND ACTIONS

FINAL REPORT

RURAL COUNCILS VICTORIA

JULY 2018



## **AUTHORS**

Paul Shipp

Asaf Cohen

## **Urban Enterprise**

Urban Planning, Land Economics, Tourism Planning & Industry Software

[www.urbanenterprise.com.au](http://www.urbanenterprise.com.au)

© Copyright, Urban Enterprise Pty Ltd, 2018

This work is copyright. Apart from any uses permitted under Copyright Act 1963, no part may be reproduced without written permission of Urban Enterprise Pty Ltd.

**FILENAME:** Population Growth in Rural Victoria: Opportunities and Actions

**VERSION:** 1

## **DISCLAIMER**

Neither Urban Enterprise Pty. Ltd. nor any member or employee of Urban Enterprise Pty. Ltd. takes responsibility in any way whatsoever to any person or organisation (other than that for which this report has been prepared) in respect of the information set out in this report, including any errors or omissions therein. In the course of our preparation of this report, projections have been prepared on the basis of assumptions and methodology which have been described in the report. It is possible that some of the assumptions underlying the projections may change. Nevertheless, the professional judgement of the members and employees of Urban Enterprise Pty. Ltd. have been applied in making these assumptions, such that they constitute an understandable basis for estimates and projections. Beyond this, to the extent that the assumptions do not materialise, the estimates and projections of achievable results may vary.

# CONTENTS

<b>CONTENTS</b>	<b>3</b>
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>1. INTRODUCTION</b>	<b>8</b>
1.1. ENGAGEMENT	8
1.2. SCOPE	8
1.3. ABOUT RURAL COUNCILS VICTORIA	8
1.4. STUDY AREA	8
1.5. REPORT STRUCTURE	9
<b>2. POPULATION AND EMPLOYMENT</b>	<b>11</b>
2.1. KEY FINDINGS	11
2.2. INTRODUCTION	12
2.3. POPULATION	12
2.4. DEMOGRAPHICS AND EMPLOYMENT	17
<b>3. CURRENT POPULATION POLICY AND INITIATIVES</b>	<b>19</b>
3.1. KEY FINDINGS	19
3.2. INTRODUCTION	19
3.3. STATE GOVERNMENT	19
3.4. OTHER PARTIES	23
3.5. DISCUSSION	24
<b>4. EXPERIENCE OF RURAL COUNCILS</b>	<b>25</b>
4.1. KEY FINDINGS	25
4.2. INTRODUCTION	25
4.3. RESULTS	25
4.4. POLICY IMPLICATIONS	28
<b>5. POPULATION DRIVERS AND ATTRACTORS</b>	<b>29</b>
5.1. KEY FINDINGS	29
5.2. INTRODUCTION	29
5.3. OVERVIEW	29
5.4. MIGRATION TRENDS AND DRIVERS	31
5.5. LIVEABILITY	32
5.6. SETTLEMENT SIZE, HIERARCHY AND INFRASTRUCTURE	33
5.7. POPULATION AND PROSPERITY	33
5.8. POLICY IMPLICATIONS	34
<b>6. POPULATION OPPORTUNITIES AND BENEFITS</b>	<b>35</b>
6.1. KEY FINDINGS	35
6.2. INTRODUCTION	35
6.3. GROWTH SCENARIOS	35

<b>6.4. IMPACTS AND BENEFITS</b>	<b>37</b>
<b>7. POLICY, TARGETS AND ACTIONS</b>	<b>40</b>
<b>7.1. INTRODUCTION</b>	<b>40</b>
<b>7.2. RURAL POPULATION POLICY STATEMENT</b>	<b>40</b>
<b>7.3. RURAL VICTORIA POPULATION TARGETS</b>	<b>40</b>
<b>7.4. OBJECTIVES AND ACTIONS</b>	<b>41</b>
<b>APPENDICES</b>	<b>43</b>
<b>APPENDIX A COUNCIL SURVEY RESULTS</b>	<b>44</b>
<b>APPENDIX B STATE GOVERNMENT CAPITAL EXPENDITURE</b>	<b>52</b>
<b>APPENDIX C SUPPORTING ECONOMIC ANALYSIS</b>	<b>53</b>

## FIGURES

<b>FIGURE 1</b> MUNICIPALITIES AND REGIONS OF RURAL VICTORIA	<b>10</b>
<b>FIGURE 2</b> VICTORIAN POPULATION OVERVIEW, 2016	<b>12</b>
<b>FIGURE 3</b> SHARE OF STATE POPULATION GROWTH, 2006 TO 2016	<b>12</b>
<b>FIGURE 4</b> POPULATION GROWTH PER ANNUM, VICTORIAN REGIONS, 2006-2016	<b>13</b>
<b>FIGURE 5</b> POPULATION GROWTH BY MUNICIPALITY, 2006 TO 2016	<b>13</b>
<b>FIGURE 6</b> 5 GREATEST POSITIVE SWINGS IN AVERAGE ANNUAL GROWTH, RURAL LGAS, 2006-2016	<b>14</b>
<b>FIGURE 7</b> 5 GREATEST NEGATIVE SWINGS IN AVERAGE ANNUAL GROWTH, RURAL LGAS, 2006-2016	<b>14</b>
<b>FIGURE 8</b> POPULATION PROJECTIONS FOR RURAL VICTORIA BY REGION (2016 – 2031)	<b>16</b>
<b>FIGURE 9</b> CHANGING AGE STRUCTURE OF RURAL VICTORIA, 2006 TO 2016	<b>17</b>
<b>FIGURE 10</b> EMPLOYMENT TO RESIDENT RATIOS, RURAL VICTORIA, 2016	<b>18</b>
<b>FIGURE 11</b> RDV REGIONAL JOBS AND INFRASTRUCTURE FUND STREAMS	<b>21</b>
<b>FIGURE 12</b> IMPORTANCE OF ATTRACTING POPULATION GROWTH TO RURAL COUNCILS	<b>25</b>
<b>FIGURE 13</b> STATED CAPACITY TO SUPPORT POPULATION GROWTH	<b>26</b>
<b>FIGURE 14</b> POPULATION GROWTH INFLUENCES, DRIVERS, ATTRACTORS AND BARRIERS	<b>30</b>
<b>FIGURE 15</b> POPULATION SCENARIOS AND TARGET RANGE	<b>36</b>
<b>FIGURE 16</b> RURAL VICTORIA POPULATION TARGETS	<b>40</b>

## TABLES

<b>TABLE 1</b> POPULATION GROWTH AND TOWN SIZE IN RURAL AND REGIONAL VICTORIA	<b>15</b>
<b>TABLE 2</b> SELECTED GOVERNMENT TOTAL ESTIMATED INVESTMENT, 2016/17 CAPITAL PROJECTS	<b>23</b>
<b>TABLE 3</b> PROJECTED VIF2016 AND TWO GROWTH SCENARIOS POPULATION AND EMPLOYMENT GROWTH	<b>36</b>
<b>TABLE 4</b> EMPLOYMENT IMPACT SCENARIOS	<b>37</b>
<b>TABLE 5</b> VICTORIA AND RURAL VICTORIA GSP/GRP AND PER CAPITA GSP/GRP, 2016	<b>37</b>
<b>TABLE 6</b> POTENTIAL RURAL GROSS REGIONAL IMPACT SCENARIOS (15 YEAR PERIOD, 2016 VALUES)	<b>38</b>
<b>TABLE 7</b> LIST OF PARTICIPATING COUNCILS (SURVEY)	<b>44</b>
<b>TABLE 8</b> GOVERNMENT CAPITAL EXPENDITURE BY LOCATION, PROJECTS ACTIVE 2016/17 (\$M)	<b>52</b>
<b>TABLE 9</b> CATEGORISATION OF INDUSTRIES BY SERVICE AND PRODUCTION BASE	<b>53</b>
<b>TABLE 10</b> PROPORTION OF GRP BY INDUSTRY CATEGORY, RURAL COUNCILS, 2016	<b>53</b>
<b>TABLE 11</b> ADDITIONAL JOBS, EMPLOYMENT IMPACT SCENARIOS	<b>54</b>
<b>TABLE 12</b> ADDITIONAL OUTPUT, GRP IMPACT SCENARIO	<b>54</b>

# EXECUTIVE SUMMARY

## INTRODUCTION

Victoria's population is growing strongly, yet many parts of rural Victoria are experiencing population stagnation or loss. Rural Councils Victoria (RCV) proudly presents the following *Population Growth In Rural Victoria: Opportunities and Actions* which sets out the population challenges and opportunities for rural Victoria, an area that is critically important to the ongoing prosperity of the State.

This report draws on research, analysis and consultation, all of which lead to the clear conclusion that Victoria needs a population strategy and associated population targets for rural areas which are supported by a range of actions to ensure the ongoing sustainability of rural Victoria and the State as a whole.

RCV member councils have identified that population policy is a very important issue and one that many Councils have taken action to address. The limited availability of resources of individual rural councils is likely to have contributed to a lack of impact and success of these initiatives across the State, however, highlighting the need for State Government co-ordination and funding.

## THE CHALLENGE

Rural Victoria had a population of approximately 724,000 residents in 2016, comprising 11.7% of the State's population.

Although the State population is projected to increase by 1.68m residents over the next 15 years, only 6% of this growth is projected to occur in rural Victoria and 84% (more than 80,000 residents) of this growth is projected to occur in peri-urban areas. A number of municipalities in rural Victoria are projected to decline in population, particularly in Western Victoria.

The projections reflect a continuation of recent trends, with metropolitan Melbourne attracting the vast majority of growth, regional centres generally increasing in population at a steady rate, and remaining rural areas experiencing low or negative rates of growth. As a result, rural Victoria's population is declining as a proportion of the State population.

The population of most rural areas is ageing, often meaning that less people are in the workforce. In some parts of rural Victoria, the overall population of working age is shrinking. Across rural Victoria, the proportion of the population of working age is projected to continue to decline, from 43% in 2016 to 40% by 2031. This presents a significant challenge for rural businesses and economies. A number of councils identified existing skills and labour force shortages which are restricting economic activity in certain areas.

Importantly, there is no one 'regional Victoria' or 'rural Victoria'. In terms of growth rates there is a considerable diversity of experiences across the State. It is therefore critical that population policy is tailored to areas experiencing different challenges and opportunities.



**RURAL VICTORIA IS NOT HOMOGENEOUS.**



**RURAL VICTORIA IS RECEIVING A DECLINING SHARE OF THE STATE'S POPULATION.**



**SOME RURAL AREAS ARE DECLINING IN POPULATION.**



**80% OF RURAL COUNCILS CONSIDER THAT POPULATION ATTRACTION IS A VERY IMPORTANT ISSUE.**



**EXISTING SKILLS AND LABOUR FORCE SHORTAGES ARE RESTRICTING ECONOMIC ACTIVITY.**



**RURAL VICTORIA IS AGEING AND THE % OF WORKING AGE POPULATION IS DECLINING, POSING A THREAT TO MANY RURAL ECONOMIES.**





## CURRENT STATE POLICY AND INITIATIVES

The State Government, primarily through Regional Development Victoria (RDV), manages a range of initiatives to support regional and rural Victoria. The current suite of initiatives include:

- The 'Ready When You Are' marketing campaign;
- Payroll tax discounts for businesses moving to or establishing in regional Victoria;
- Regional First Home Buyers Grant;
- Regional Jobs and Infrastructure Fund grants, including a stream dedicated to population attraction; and
- Planning to accommodate more State Government employment in regional centres.

Although there is clear planning policy direction in Plan Melbourne for greater population distribution to regional and rural areas, few of the current initiatives have a focus on attracting population to rural and regional Victoria. Many initiatives are broad-based and do not target particular market segments. There is also a lack of differentiation between rural and regional Victoria, including at a Ministerial level.

Critically, there is no population vision or target for regional and rural Victoria and no stated strategy relating to decentralisation. In the absence of a vision, targets and evaluation, Government policies and initiatives are less likely to be effective. This is a clear gap that should be addressed as part of a new rural population policy.



**INITIATIVES EXIST TO SUPPORT POPULATION GROWTH IN REGIONAL AND RURAL AREAS.**



**INITIATIVES ARE BEING EXPANDED AND STRENGTHENED (E.G. PAYROLL TAX).**



**MANY INITIATIVES ARE TOO BROAD AND DON'T DIFFERENTIATE BETWEEN REGIONAL AND RURAL AREAS.**



**NO POPULATION VISION, TARGET OR STRATEGY FOR RURAL OR REGIONAL VICTORIA.**



## BEST PRACTICE

Rural population challenges are not unique to Victoria – governments and researchers across the world have sought to address rural population a variety of ways.

Importantly, population attraction is often intrinsically linked with employment prospects. With the exception of retirees or commuters seeking lifestyle benefits, the availability of employment is key to the movement of population, as opposed to population growth driving job growth in isolation. A review of a wide range of literature on rural and regional population attraction and retention found that:

- Regions should not attempt to simply 'attract population', but rather implement targeted programs that reflect different circumstances and challenges, considering specific market segments that are most likely to move and industries that are in greatest need of labour;
- Both international and intrastate migration present strong opportunities to grow population within regional and rural Victoria;
- For intrastate migration, lifestyle is a key motivating factor to relocation, those who grew up in a regional or rural area are more likely to return, and policies should not seek to stem the outflow of young people to cities;
- For international migration, the higher rate of international migration to cities is a major cause of lower growth rates in regional and rural areas and attraction of migrants to towns with skills shortages could underpin economic growth, however migrant communities require a range of support services to relocate.

A range of population levers have been applied in Australia and overseas. A review of these resulted in the following success factors being identified:

- Initiatives should be targeted to a specific market, for example students or skilled migrants;
- Initiatives must encourage long term residency (e.g. drip feed incentives);
- Financial incentives can succeed, but need to be targeted to a specific market (e.g. students), not general incentives alone;
- Partnerships across a region are required, including government levels, institutions, private sector and the local community;
- Integration of intrastate and international migrants into the local community is key to retention; and
- Lifestyle is a key motivating factor for population movement.



**EMPLOYMENT AND LIFESTYLE  
ARE KEY TO ATTRACTING  
POPULATION.**



**MIGRATION IS A MAJOR  
OPPORTUNITY FOR RURAL  
VICTORIA.**



**INITIATIVES SHOULD BE  
TARGETED AND ONGOING.**



**PARTNERSHIPS ARE  
REQUIRED.**





## THE OPPORTUNITY

Rural Victoria has towns, settlements and regions which have many of the characteristics which meet the key factors identified in research to attract and retain population: lifestyle, employment and housing. Victoria's population is growing strongly, underpinned by strong overseas migration. Many existing businesses in rural Victoria are constrained by a lack of available labour.

These factors combine to present the opportunity for a greater share of Victoria's population growth to be directed to rural Victoria, and for this growth to support economic gains across the State. Importantly, Victoria's high overseas migration presents an opportunity to encourage a second move' away from Melbourne and to rural areas with the need for greater population and labour before strong economic and social connections are made. This could assist in mitigating the challenges associated with an ageing population.

Further, the rapid rate of growth and the major changes to the overall density of population living, working and being transported within Melbourne is resulting in serious congestion issues. Congestion is estimated to cost \$4.6bn in Melbourne (2015) – this is expected to increase by up to \$10.2bn by 2030 due primarily to population growth.

The State Government is undertaking a major infrastructure program at present, much of which relates to transport infrastructure in metropolitan Melbourne. \$37bn in capital projects were underway in Melbourne in 2016/17, however only 7% of State capital expenditure was on projects in rural Victoria.

Overall, the redistribution of population to rural Victoria would benefit governments and residents across Victoria, particularly through the reduction of the avoidable cost of congestion in Melbourne, by supporting economic growth in rural areas in need of more labour and by better utilising the range of existing infrastructure in rural and regional areas.

The Liberal and National Parties and the Victorian Greens both have policies of encouraging greater decentralisation of Victoria's population, aligning with the planning policy direction in Plan Melbourne. This results in a significant and timely opportunity to establish a pro-active policy and supporting strategic initiatives at the State level.



**RURAL VICTORIA HAS CAPACITY.**



**MELBOURNE'S CONGESTION COSTS \$5 BILLION +**



**RURAL BUSINESSES NEED MORE LABOR TO REMAIN COMPETITIVE.**



**REDISTRIBUTION WOULD BENEFIT ALL VICTORIANS.**



**POLICY SUPPORT FROM MAJOR PARTIES.**





## POLICY STATEMENT

Victorian Rural Population Policy statement:

*A sustainable and productive rural Victoria is integral to the State's prosperity. Victoria's population is growing strongly but unevenly, mostly due to migration. Although some peri-urban areas are experiencing strong growth and associated pressures, others are experiencing population loss and councils see population retention and attraction as a key to their ongoing sustainability and viability.*

*As rural Victoria's population continues to age and some areas experience a shrinking labour force, intervention will be required to ensure that existing businesses have access to labour and rural residents maintain and improve their quality of life. There are significant benefits of encouraging a greater proportion of the State's population growth to occur in rural Victoria, including reduced congestion costs in metropolitan areas, better utilisation of existing infrastructure and facilitation of economic growth in areas currently constrained by a lack of labour.*

***A more co-ordinated, committed and targeted approach to population attraction and retention is needed at the State Government level. Central to this is the development of a Rural and Regional Population Strategy which seeks to achieve published population targets and is overseen by a Minister for Rural Victoria.***

## POPULATION TARGET

Under current policy settings, the State Government projects that rural Victoria will accommodate less than 5% of the State's population growth over the next 15 years. Over the next 5 years, the population of rural Victoria is projected to increase by approximately 32,000 residents, or just under 5% of its current population.

It is important that short term actions are taken to change the rate and scale of population growth across rural Victoria. The recommended population target for rural Victoria is to increase population by 8% of the current population over the next 5 years equating to an average growth rate of 1.55% per annum. This would result in population growth of approximately 55,000 residents compared to current projections of 32,000 new residents.

It is important that population growth is achieved across rural Victoria, not just in peri-urban areas which are currently accommodating the majority of growth.



**INCREASE THE RURAL VICTORIA POPULATION BY 8% OF CURRENT POPULATION (55,000) RESIDENTS OVER 5 YEARS.**

**ACHIEVE GROWTH ACROSS RURAL VICTORIA, NOT JUST PERI-URBAN AREAS.**





## OBJECTIVES AND ACTIONS

### OBJECTIVE 1 Rural Victoria is strongly represented in the State Government

#### PRIORITY

- **Action 1.1** Advocate for the establishment of a Government portfolio and Minister for rural Victoria.

### OBJECTIVE 2 Prepare a Rural and Regional Population Strategy

#### PRIORITY

- **Action 2.1** Prepare rural population targets, building on the scenarios and impacts set out in this report.

#### PRIORITY

- **Action 2.2** Advocate for the preparation of an overarching Victorian Rural and Regional Population Strategy, including population targets for rural Victoria, a package of new incentives inclusive of actions in this policy, and regional sub-plans which identify points of difference and region-specific opportunities for population growth.
- **Action 2.3** Advocate for a clear state taxation incentive program to encourage population movement to rural Victoria (excluding or scaled back in peri-urban areas), utilising levers such as Land Transfer Duty and Vehicle Registration as a central pillar of the Strategy. Discounts to these state tax levers could be applied to new residents and businesses in rural areas on an ongoing basis and potentially targeted to groups most likely to move such as regional returners.

### OBJECTIVE 3 Clearly differentiate between rural and regional Victoria in programs and incentives for population and employment attraction

- **Action 3.1** Engage with RCV to identify all opportunities to further incentive rural Victorian population growth.
- **Action 3.2** Ensure all existing and proposed incentives differentiate between rural and regional Victoria where possible.

### OBJECTIVE 4 Address population risk in western Victoria

- **Action 4.1** Prepare a Western Region Population Strategy and action plan which aligns economic issues and opportunities, specific labour force needs, priority projects for rural centres and population attraction and retention incentives identified in this policy.
- **Action 4.2** Introduce a sliding scale of all population attraction and retention mechanisms, with incentives greater in Western Victoria.

### OBJECTIVE 5 Leverage strengths of rural areas to attract population

- **Action 5.1** Undertake targeted metropolitan marketing campaigns of rural Victoria's lifestyle benefits to families and regional returners, taking into account the specific lifestyle strengths, employment opportunities and available incentives in each region separately.
- **Action 5.2** Establish a dedicated funding stream to support rural centre place making programs and infrastructure improvements.

### OBJECTIVE 6 Address weaknesses of rural areas to attract, retain and accommodate population

- **Action 6.1** Transport: Engage with the State Government to support the ongoing improvement of transport infrastructure in rural Victoria, with a focus on the quality and frequency of train services.
- **Action 6.2** Lack of higher education: Work with RDV and DEDJTR to identify best practice in direct training offered by businesses in conjunction with existing operations (e.g. hospitality training run by a major rural restaurant) and offer specific support packages in areas of low population growth and decline.





- **Action 6.3** Land supply and infrastructure: Work with DELWP to ensure that the next update of each Regional Growth Plan includes specific consideration of removing any planning, land supply, dwelling mix or infrastructure barriers to population and employment growth, such as locations where demand for residential or employment uses cannot be met due to inadequate or inappropriate land supply, a lack of rental housing or a particular infrastructure challenge to unlock urban land (including funding allocation for key catalyst infrastructure items).
- **Action 6.4** Investigate and advocate for the re-introduction of a scheme to facilitate extension of reticulated sewer infrastructure to small towns with demonstrated residential growth potential, particularly those in proximity to existing sewer networks and employment opportunities in regional and rural centres.

#### **OBJECTIVE 7 Facilitate second move migration to address labour force and skills shortages**

- **Action 7.1** For each rural Victorian region, engage with existing businesses through a targeted survey to identify labour force shortages and skills gaps using a consistent process across the State which leverages knowledge of council Economic Development units and the Australian Business Register.
- **Action 7.2** Engage with migration support agencies in Melbourne regarding opportunities to facilitate a second move for recent migrant communities to areas with identified labour force and skills gaps.

#### **OBJECTIVE 8 Support existing and new businesses in rural Victoria**

- **Action 8.1** Expand current incentives for businesses in rural and regional Victoria (i.e. payroll tax incentive) to include a multi-government package for new businesses comprising a relocation grant, payroll tax discount and rate freeze for a set period.
- **Action 8.2** Advocate for continuation of the GovHub approach to Government employment decentralisation and establish monitoring tools to identify and quantify flow-on economic and social impacts in both regional centres and surrounding rural areas.
- **Action 8.3** Based on findings of the GovHub monitoring, identify opportunities, advantages and disadvantages of extending government agency relocation to rural centres.
- **Action 8.4** Develop a rural Victoria employment service to connect job seekers (especially partners of relocated government staff) with employment opportunities.



#### **OBJECTIVE 9 Gather empirical and ongoing evidence on population and business movement**

- **Action 9.1** Establish a State-wide monitoring program for rural and regional population movement which combines primary data (collected through a common method across rural and regional areas) and secondary data into Key Performance Indicators (KPIs) which can be updated and analysed annually.

#### **OBJECTIVE 10 Align population attraction and retention initiatives to RCV Workforce Development Plan recommendations**

- **Action 10.1:** Identify alignment between objectives, actions and initiatives identified in this report and the RCV Rural Workforce Development Plan and opportunities to share, align and leverage resources, data, targets and outcomes.



# 1. INTRODUCTION

## 1.1. ENGAGEMENT

Rural Councils Victoria (RCV), representing Victoria's rural councils, engaged Urban Enterprise to prepare a report detailing the policies needed to stimulate population growth in these municipalities.

RCV also concurrently commissioned a separate report which considers employment and skills. This report focuses primarily on population, although necessarily considers the inter-relationship between population and employment.

## 1.2. SCOPE

This project:

- Reviewed and consolidated the current demographic and economic trends in rural Victoria;
- Analysed relevant policies;
- Consulted with key stakeholders;
- Reviewed the costs and benefits of greater population growth in rural Victoria; and
- Developed a rural population growth policy and action plan.

## 1.3. ABOUT RURAL COUNCILS VICTORIA

RCV is an organisation representing Victoria's rural councils, supporting and promoting sustainable, liveable, prosperous rural communities. In Victoria, there are 38 councils classified as 'rural'.

RCV's purposes are to:

- Heighten awareness and understanding of issues that impact on rural communities;
- Assist with building the capacity of rural councils to face challenges;
- Provide leadership on local governance;
- Develop and support rural councils; and
- Develop policy and advocate for rural councils.

## 1.4. STUDY AREA

Figure 1 shows a map of each municipality in rural Victoria. Together, these municipalities form the study area for this report. Each council falls within one of nine Regional Development Victoria regions as shown in Figure 1.

A 10<sup>th</sup> region was created for the purposes of this report, called "peri-urban". This region includes rural councils that border metropolitan Melbourne or Greater Geelong. This region was created to enable analysis of the population and demographic trends occurring in peri-urban areas which are known to generally be quite different to other parts of Rural Victoria, notwithstanding that all peri-urban municipalities contain 'rural areas' as well as townships experiencing a variety of growth rates and pressures.

## DEFINITIONS

This report makes frequent reference to data, circumstances and characteristics of groups of Councils described as either rural, peri-urban, regional or metropolitan. The following definitions apply in this report:

- **Rural Victoria:** This area includes the municipalities of the 38 member Councils of RCV as shown in Figure 1. Population data and projections for rural Victoria exclude the southern section of Mitchell Shire (around Beveridge) on the basis that this area forms part of the contiguous urban area of metropolitan Melbourne;

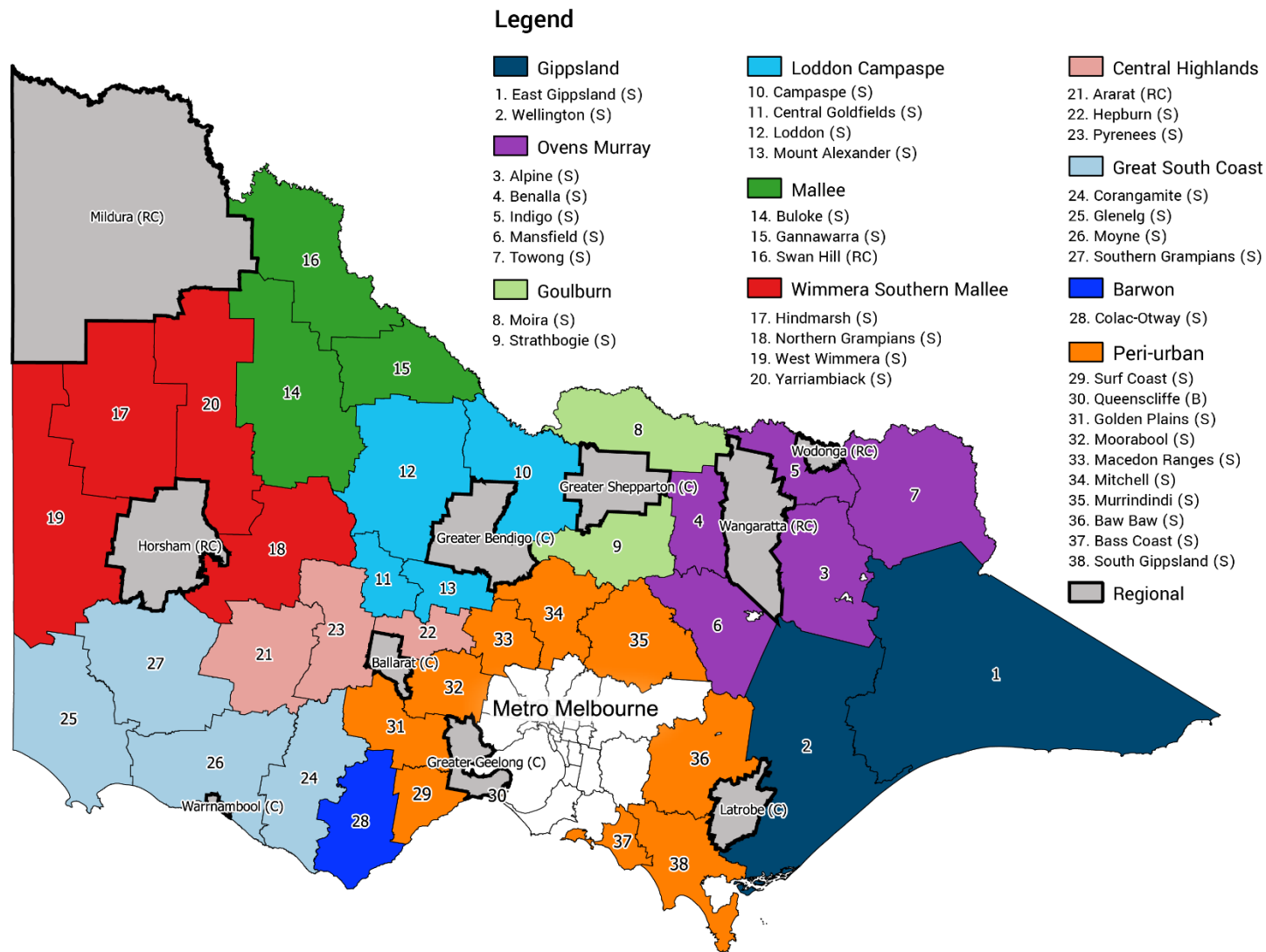
- **Peri-urban areas:** This area is a sub-set of rural Victoria and includes rural councils which border metropolitan Melbourne or Greater Geelong. The peri-urban municipalities are Surf Coast Shire, Borough of Queenscliffe, Golden Plains Shire, Moorabool Shire, Moorabool Shire, Mitchell Shire, Murrindindi Shire, Baw Baw Shire, South Gippsland Shire and Bass Coast Shire;
- **Regional Victoria:** This includes the ten municipalities outside metropolitan Melbourne with the greatest populations, being Warrnambool City, Horsham Rural City, Mildura Rural City, City of Greater Bendigo, City of Ballarat, City of Greater Geelong, City of Greater Shepparton, Rural City of Wangaratta, Latrobe City and City of Wodonga.
- **Metropolitan Melbourne:** This includes the 31 municipalities within the Melbourne metropolitan area and excludes Mitchell Shire.

## 1.5. REPORT STRUCTURE

- Section 2 provides a population and employment analysis;
- Section 3 discusses current State Government and other party policies on rural and regional population;
- Section 4 summarises input to the project received through a survey of RCV member councils;
- Section 5 provides a literature review of population drivers and attractors;
- Section 6 considers future population growth scenarios and potential economic outcomes; and
- Section 7 discusses policy implications and proposed actions.



**FIGURE 1** MUNICIPALITIES AND REGIONS OF RURAL VICTORIA



Source: Urban Enterprise. Note: southern section of Mitchell Shire has been excluded from population totals for rural Victoria due to recently forming part of the expanded metropolitan area.

## 2. POPULATION AND EMPLOYMENT

### 2.1. KEY FINDINGS

#### Population:

- Rural Victoria's population is declining as a proportion of the State's population;
- Regional Victoria is growing at a faster rate than rural Victoria;
- Rural Victoria is not homogenous: peri-urban areas are growing strongly, while other areas are declining;
- 'Second wave' population growth is evident to the north and west of Melbourne;
- In general, larger towns are growing faster than smaller towns, resulting in a centralisation trend that has implications for the ongoing sustainability of service provision in areas which rely on smaller towns;
- 84% of projected population growth in rural Victoria is projected to occur in peri-urban areas, while many parts of western Victoria are projected to experience further population decline; and
- Policy incentives and levers should differentiate between regional and rural areas, and rural and peri-urban areas.

#### Demographics:

- Rural Victoria is ageing, resulting in reductions in working age population in many rural areas;
- Younger people comprised the majority of people who moved to and from rural Victoria over the most recent Census period; and
- The age group 25 – 39 years represents an important target market for intrastate migration to rural Victoria, especially given the reducing overall population in this age bracket in many rural areas.
- Employment in rural Victoria is growing, however the majority of this growth is in peri-urban areas.

## 2.2. INTRODUCTION

This section provides an analysis of population, demographic and employment data for rural Victoria based on the 2016 Census, including trends and comparisons with other parts of the State.

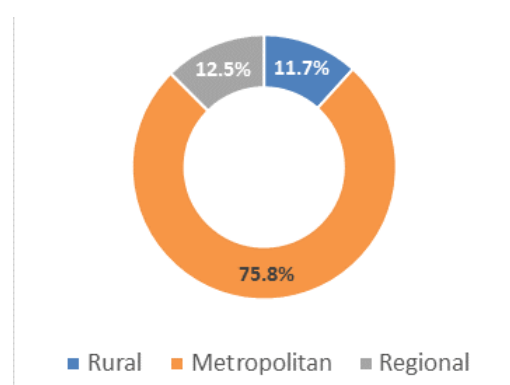
## 2.3. POPULATION

ABS data was analysed to identify trends in population growth and movement in rural Victoria and other parts of the State. The findings of the analysis are as follows.

### RURAL VICTORIA COMPRISES 11.7% OF THE STATE POPULATION

As at 2016, rural Victoria had a population of 724,000 people across 38 municipalities, comprising 11.7% of the State's population. This compares with 12.5% in regional Victoria and 75.8% in metropolitan Melbourne as shown in Figure 2.

**FIGURE 2** VICTORIAN POPULATION OVERVIEW, 2016

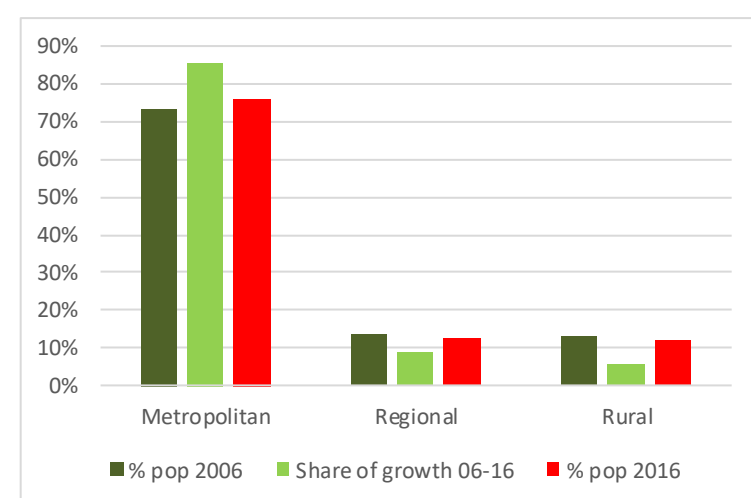


Source: ABS Regional Population Growth, 2016.

### RURAL VICTORIA'S PROPORTION OF STATE POPULATION IS DECREASING

The proportion of Victoria's population which resides in the metropolitan area of Melbourne is increasing, from 74% in 2006 to 76% in 2016. Metropolitan Melbourne has attracted 86% of the state population growth over the past 10 years, with rural Victoria attracting 6%, as shown in Figure 3.

**FIGURE 3** SHARE OF STATE POPULATION GROWTH, 2006 TO 2016



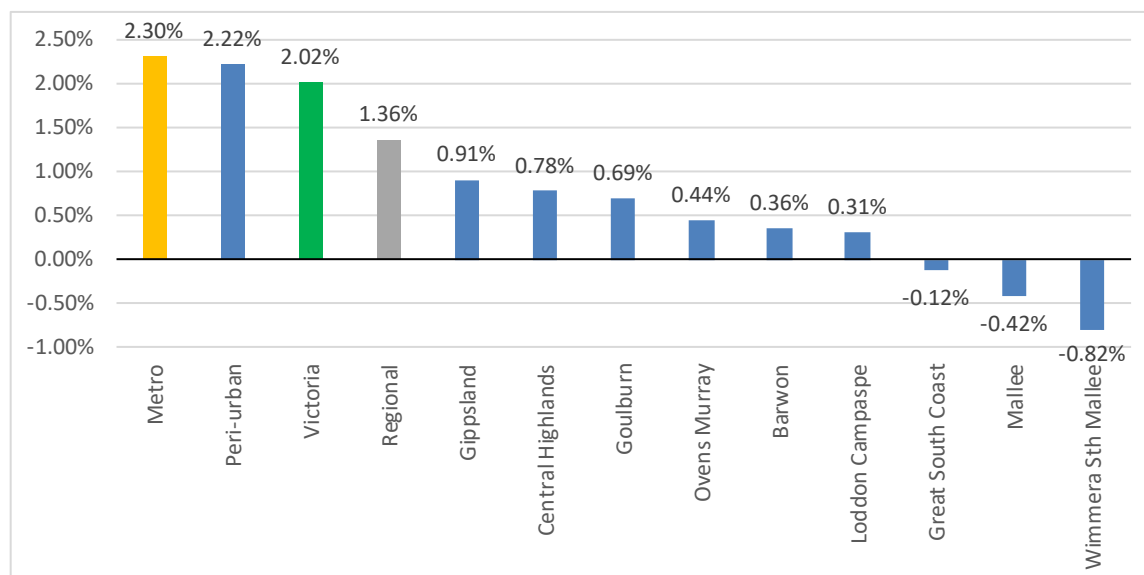
Source: ABS Regional Population Growth.

## POPULATION GROWTH TRENDS VARY GREATLY ACROSS RURAL VICTORIA

Peri-urban and metropolitan regions have experienced the highest population growth rates in Victoria over the past ten years, while some rural areas have experienced limited growth or population decline as shown in Figure 4.

In terms of past population trends, rural Victoria is not homogeneous.

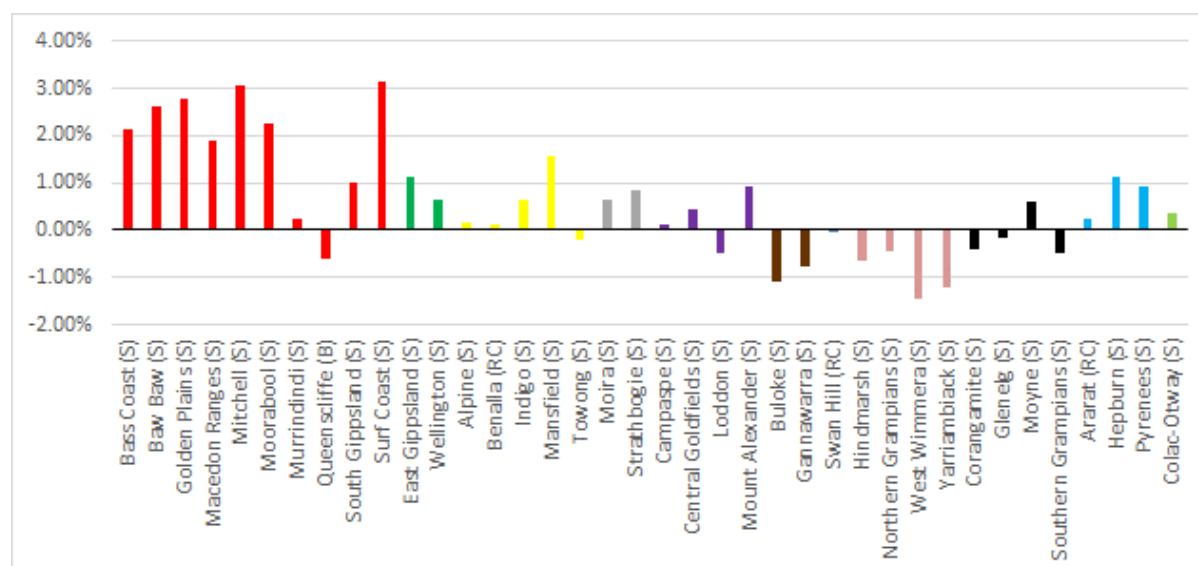
**FIGURE 4** POPULATION GROWTH PER ANNUM, VICTORIAN REGIONS, 2006-2016



Source: ABS Regional Population Growth.

In percentage terms, the seven fastest growing municipalities in rural Victoria from 2006 to 2016 were all peri-urban, whereas three of the five lowest growth municipalities were located in the Wimmera Southern Mallee region, as shown in Figure 5.

**FIGURE 5** POPULATION GROWTH BY MUNICIPALITY, 2006 TO 2016



Source: ABS Regional Population Growth.

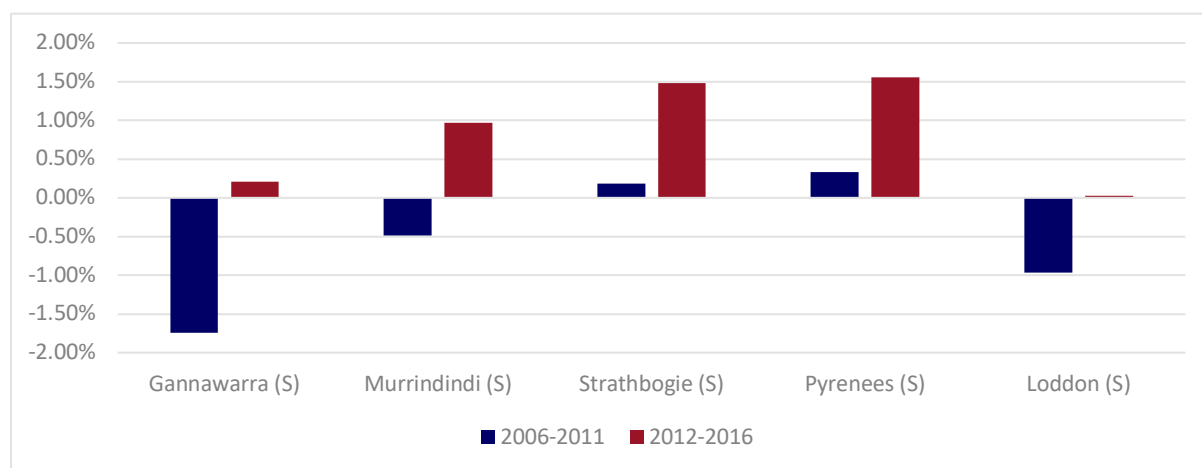
Peri-urban – Red; Gippsland – Dark Green; Ovens-Murray – Yellow; Goulburn – Light Grey; Loddon Campaspe – Purple; Mallee – Brown; Wimmera Southern Mallee – Light Red; Great South Coast – Black; Central Highlands – Light Blue; Barwon – Light Green.

## A “SECOND WAVE” OF PERI-URBAN GROWTH IS EVIDENT

Compared with the previous five-year period from 2006 to 2011, the municipalities which experienced the greatest positive change in population over the period 2011 to 2016 in percentage terms were Pyrenees, Murrindindi and Strathbogie. Given the relative proximity of these areas to metropolitan Melbourne and/or regional centres, this trend appears to be a ‘second wave’ of rural growth, following the first (and ongoing) wave of peri-urban growth.

Gannawarra Shire and Loddon Shire were successful in reversing previous population declines in the period 2011 to 2016.

**FIGURE 6** 5 GREATEST POSITIVE SWINGS IN AVERAGE ANNUAL GROWTH, RURAL LGAS, 2006-2016



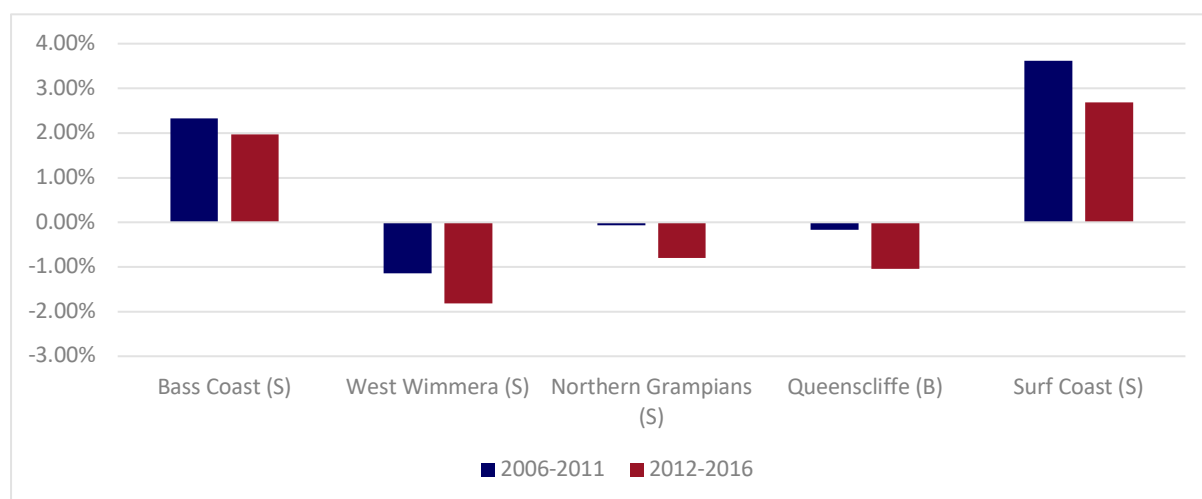
Source: ABS – Regional Population Growth, Catalogue 3218.0

## INFLUENCE OF ECONOMIC CONDITIONS, MAJOR PROJECTS AND DEMOGRAPHIC CHANGE

A review of the five rural municipalities which experienced the greatest negative swing in population growth rates over the previous two five-year census periods shows the impact that economic conditions and demographic change can have on population outcomes.

An ageing population in Queenscliffe has contributed to population decline, and this may also have contributed in Surf Coast Shire. Challenging economic conditions in Northern Grampians, particularly associated with reduced employment at the Stawell Gold Mine, are likely to have contributed to the decline in population, as would completion of the construction of the Wonthaggi Desalination Plant in Bass Coast as impacts of the short term economic injection subsided (however population growth in Bass Coast remains strong).

**FIGURE 7** 5 GREATEST NEGATIVE SWINGS IN AVERAGE ANNUAL GROWTH, RURAL LGAS, 2006-2016



Source: ABS – Regional Population Growth, Catalogue 3218.0



## THE ROLE OF RURAL CENTRES

Different settlement patterns exist across rural Victoria. In some municipalities, large rural centres provide services and employment to the surrounding areas, such as Sale (Wellington), Echuca (Campaspe) and Colac (Colac Otway). Some municipalities, however, do not contain a rural centre of any significant scale.

An analysis of population growth rates across Victoria between 2005 and 2015<sup>1</sup> found that there was a relationship between the starting population of towns and rural areas (2005) and their population growth rate between 2005 and 2015.

As shown in Table 1, areas that declined in population had the smallest average starting population (in 2005), and those which increased in population had the largest average starting population. This analysis is based on the Statistical Area 2 (SA2) geography, one of the main small area geographies for which the ABS provides population data which in rural Victoria generally cover a township and immediate surrounds.

This analysis confirms known trends of population centralisation, whereby rural residents (particularly older farmers) are moving to rural and regional centres, and people are drawn to larger regional centres primarily by the offer of a diversity of employment and lifestyle pull factors.

The result is that, in general, larger towns are becoming larger, and smaller towns are becoming smaller (as is evident in the 2015 column of Table 1), indicating that it could become increasingly more difficult to reverse the centralisation trend over time.

**TABLE 1** POPULATION GROWTH AND TOWN SIZE IN RURAL AND REGIONAL VICTORIA

SA2 POPULATION GROWTH 2005-15	2005 AVERAGE SA2 POPULATION	2015 AVERAGE SA2 POPULATION	EXAMPLES
Moderate Growth (over 1% p.a.)	8,115	10,255	Torquay, Kilmore, Nagambie, Lakes Entrance
Limited Growth (0 – 1% p.a.)	6,707	7,019	Daylesford, Korumburra, Cobram, Winchelsea
Population Decline	6,219	5,842	Maryborough, Yarram, Camperdown, Kerang

Source: Urban Enterprise, ABS Regional Population Growth, 2005-2015. Note: regional centres generally comprise of multiple SA2s.

<sup>1</sup> Urban Enterprise, using ABS Regional Population Growth, 3128.0

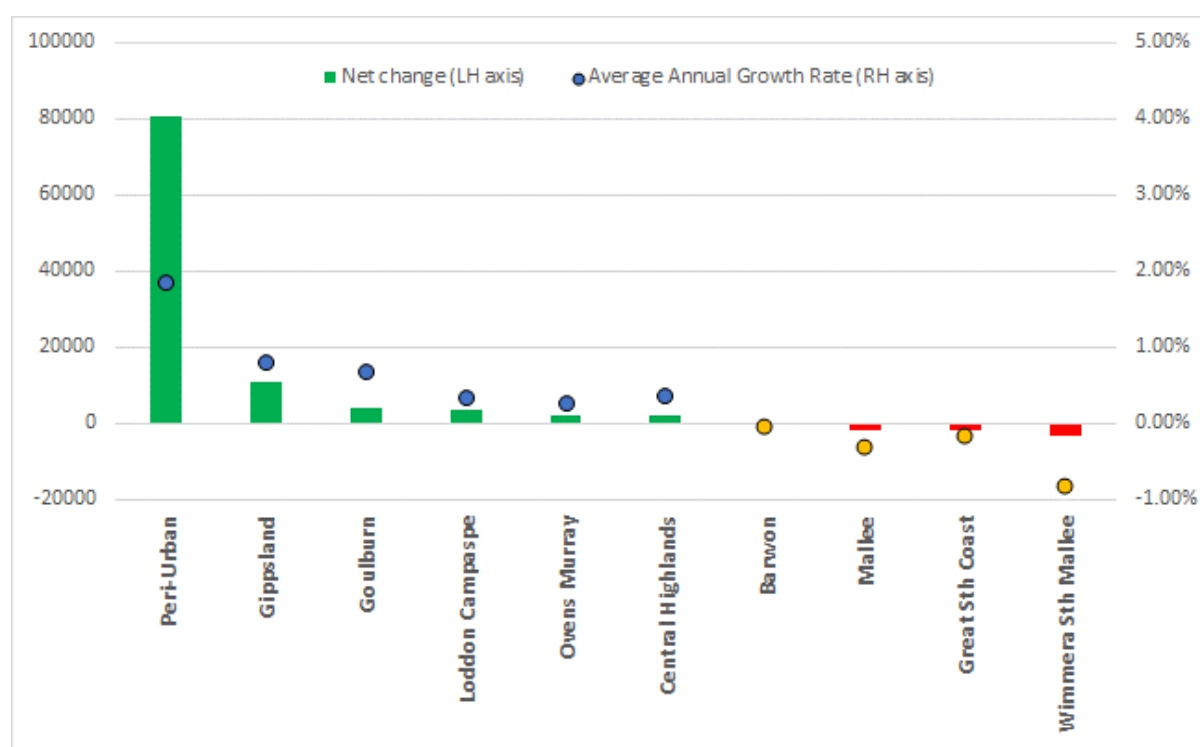
## POPULATION PROJECTIONS

The State Government (Victoria in Future (VIF)) projects the population of rural Victoria to increase at an average rate of 1.16% per annum over the 15 years from 2016 to 2031. This would result in an additional 137,653 residents in rural Victoria over the period.

This estimate includes the projected growth of Mitchell Shire, a municipality which includes both rural and metropolitan areas. When the southern (metropolitan) section of Mitchell Shire is excluded from the projections, the total growth projected for rural Victoria is 96,022 residents over the next 15 years at an average rate of 0.87% per annum. 84% of this growth (80,375 residents) is projected to occur in peri-urban areas.

Figure 8 shows projected scale and rate of growth for each region in rural Victoria, highlighting the diversity of growth outcomes projected including growth pressure, low growth and population decline.

**FIGURE 8** POPULATION PROJECTIONS FOR RURAL VICTORIA BY REGION (2016 – 2031)



Source: Victoria in Future 2016, Urban Enterprise.

## 2.4. DEMOGRAPHICS AND EMPLOYMENT

### DEMOGRAPHIC CHANGE

An analysis of demographics from the 2006, 2011 and 2016 censuses has revealed the following key findings:

- Every rural region experienced a significant increase in the number of people aged over 60 years in the 10 years to 2016. Every rural region also experienced a small increase in the residents aged in their 20s over the same period;
- Although the peri-urban region experienced significant growth in the family age brackets (0-19 and 30-55 years old), every other rural region experienced a decrease in the number of residents in the family age brackets. This could have implications for the labour force over coming years;
- Overall, the population of rural Victoria has aged significantly in recent years, as shown in Figure 9 which depicts net increase in population within each rural region in green (strong increase) and yellow (small increase), with net decreases in population in orange (small decrease) and red (large decrease);
- Between 2011 and 2016, 55% of people who moved to rural Victoria were aged under 40 years. 29% were aged between 25 and 39 years, indicating that this age group is the most likely to seek a move the rural areas (especially given that many of these people are likely to have children);
- Younger people are also the largest group of people to leave rural Victoria, with residents aged 20-29 years accounting for 28% of those who move from rural areas to either metropolitan or regional areas between 2011 and 2016. This is a well-established factor across Australia and other countries such as the USA;
- The ageing of the population in rural Victoria is projected to continue with the proportion of people aged over 60 expected to grow from 28% to 33% of the population by 2031. The working age population in rural Victoria is projected to fall from 43% in 2016 to 40% in 2031 (Victoria in Future); and
- The proportion of the population in rural Victoria that will be over the age of 75 is projected to increase from 9% in 2016 to 13% by 2031 (Victoria in Future), with implications for health care, workforce and housing.

**FIGURE 9** CHANGING AGE STRUCTURE OF RURAL VICTORIA, 2006 TO 2016

Age	Peri-urban	Gippsland	Ovens Murray	Goulburn	Loddon Campaspe	Mallee	Wimmera Southern Mallee	Great Southern Coast	Central Highlands	Barwon	Metro	Regional	Total
0-4 years	18%	8%	-4%	-2%	-10%	-10%	-18%	-10%	-4%	-3%	26%	15%	21%
5-9 years	16%	0%	-3%	-4%	-13%	-15%	-25%	-13%	-2%	-7%	22%	8%	17%
10-14 years	2%	-14%	-19%	-10%	-18%	-25%	-30%	-10%	-18%	-17%	3%	-6%	3%
15-19 years	7%	-10%	-9%	-6%	-7%	-15%	-16%	-12%	-17%	-19%	10%	-1%	6%
20-24 years	31%	8%	12%	16%	11%	4%	10%	8%	15%	7%	24%	15%	22%
25-29 years	40%	18%	13%	19%	13%	1%	10%	-9%	21%	13%	39%	23%	36%
30-34 years	16%	13%	-6%	-1%	-11%	-6%	-15%	-15%	-9%	-1%	32%	15%	26%
35-39 years	-2%	-9%	-19%	-19%	-22%	-23%	-35%	-23%	-15%	-18%	12%	-1%	7%
40-44 years	7%	-9%	-15%	-15%	-13%	-25%	-33%	-10%	-8%	-14%	14%	1%	9%
45-49 years	13%	-9%	-15%	-7%	-7%	-15%	-21%	-11%	3%	-8%	18%	2%	12%
50-54 years	20%	-1%	3%	4%	4%	-2%	0%	4%	-6%	-2%	20%	12%	17%
55-59 years	23%	9%	14%	11%	11%	8%	4%	11%	13%	11%	19%	21%	18%
60-64 years	50%	37%	38%	33%	31%	21%	19%	36%	41%	40%	34%	46%	36%
65-69 years	95%	61%	69%	51%	47%	26%	23%	49%	67%	55%	51%	61%	54%
70-74 years	80%	55%	55%	38%	43%	10%	17%	33%	56%	39%	35%	40%	38%
75-79 years	39%	27%	19%	25%	24%	11%	-6%	8%	17%	13%	16%	17%	17%
80-84 years	30%	19%	11%	28%	12%	0%	-6%	3%	13%	4%	14%	15%	14%
85+	56%	42%	39%	50%	33%	35%	36%	33%	48%	23%	47%	54%	46%

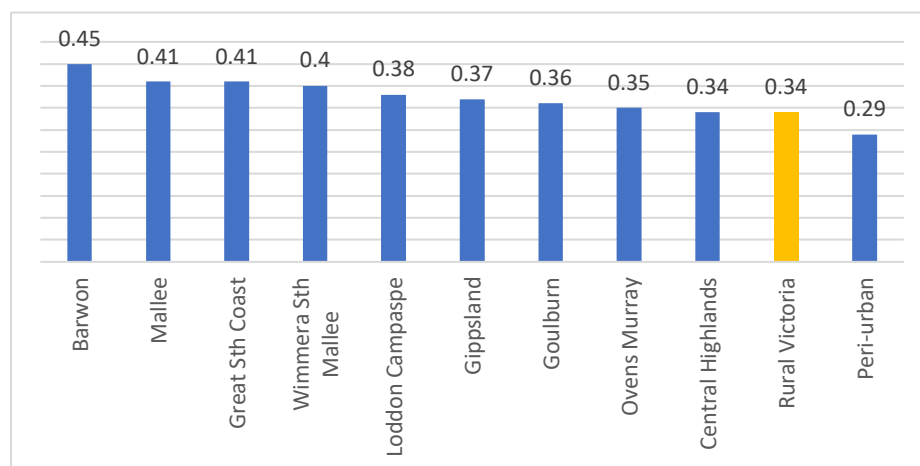
Source: ABS Census 2016.

## EMPLOYMENT

Analysis of Census data on employment showed the following results:

- 27,000 additional jobs were located in rural Victoria in 2016 compared to 2006, with 64% of those in peri-urban areas. This significantly exceeded jobs growth in the previous five year period when 5,000 jobs were added;
- On average, for every resident in rural Victoria there are 0.344 jobs. This ratio has remained stable over the past 10 years;
- Rural regions with the highest jobs to resident ratio are Barwon (0.45), Great South Coast (0.415) and Mallee (0.407), while the peri-urban region had the lowest ratio, reflecting the important employment role of Melbourne;
- Two areas with high jobs to resident ratios, Great Southern Coast (0.415) and Mallee (0.407) are some of the most isolated regions in Victoria; and
- The peri-urban region has the lowest ratio of jobs to residents reflecting the large proportion of residents working in Melbourne or Geelong. This highlights that population growth in peri-urban areas will not necessarily lead to employment and economic growth in rural Victoria given the likelihood that residents will continue to be employed in major urban centres where salaries are often higher.

**FIGURE 10** EMPLOYMENT TO RESIDENT RATIOS, RURAL VICTORIA, 2016



Source: ABS Census, Urban Enterprise.

## 3. CURRENT POPULATION POLICY AND INITIATIVES

### 3.1. KEY FINDINGS

Current State Government planning policy (*Plan Melbourne*) is to develop a State of Cities, including a redistribution of population to regional Victoria.

Regional Development Victoria (RDV) manages the State government's initiatives to support regional and rural Victoria. Current initiatives include:

- The 'Ready When You Are' marketing campaign;
- Payroll tax discounts for businesses moving to or establishing in regional Victoria;
- Regional First Home Buyers Grant;
- Regional Jobs and Infrastructure Fund grants, including a stream dedicated to population attraction; and
- Planning to accommodate more State Government employment in regional centres.

The Liberal and National Parties and the Victorian Greens both have policies of encouraging greater decentralisation of Victoria's population.

Overall, the following policy issues and gaps have been identified:

- There is no stated population vision or target for regional or rural Victoria;
- There is a lack of differentiation between rural and regional Victoria, including at a Ministerial level;
- Most policy initiatives are general and do not target specific market segments; and
- There are no 'game-changing' initiatives currently in place.

### 3.2. INTRODUCTION

This section identifies and reviews current policies and initiatives on rural population growth at a State Government level. Although Federal and Local Governments have important roles to play in encouraging, incentivising and facilitating population growth in rural Victoria, this project focuses on the State Government level.

It is important to again note the inter-relationship of population and employment – this section considers current State Government policies and initiatives to increase employment opportunities in regional and rural Victoria which usually results in subsequent population growth.

### 3.3. STATE GOVERNMENT

#### 3.3.1. POLICY

The current State Government does not have a stated population policy for rural and regional Victoria, however *Plan Melbourne* and *Victoria's Regional Statement* provide overarching policy and objectives for regional and rural areas.



## PLAN MELBOURNE AND VICTORIAN PLANNING PROVISIONS

The Victorian Planning Provisions reflect *Plan Melbourne*, the current State Government planning policy, and include the following relevant policy objectives:<sup>2</sup>

- “To promote the sustainable growth and development of Victoria and deliver choice and opportunity for all Victorians through a network of settlements.
- Focus investment and growth in places of state significance, including... The major regional cities of Ballarat, Bendigo, Geelong, Horsham, Latrobe City, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga.
- Support sustainable development of the regional centres of Ararat, Bacchus Marsh, Bairnsdale, Benalla, Castlemaine, Colac, Echuca, Gisborne, Hamilton, Kyneton, Leongatha, Maryborough, Portland, Sale, Swan Hill, Warragul/Drouin and Wonthaggi.
- Deliver networks of high-quality settlements by:
  - Building on strengths and capabilities of each region across Victoria to respond sustainably to population growth and changing environments.
  - Developing networks of settlements that will support resilient communities and the ability to adapt and change.
  - Balancing strategic objectives to achieve improved land-use and development outcomes at a regional, catchment and local level.
  - Preserving and protecting features of rural land and natural resources and features to enhance their contribution to settlements and landscapes.
  - Encouraging an integrated planning response between settlements within regions and in adjoining regions and states in accordance with the relevant regional growth plan.
  - Providing for appropriately located supplies of residential, commercial, and industrial land across a region, sufficient to meet community needs in accordance with the relevant regional growth plan.
  - Improving transport network connections within and between regional cities, towns and Melbourne.”

The VPP point to the important role of Regional Growth Plans to guide settlement and development of each individual region.

## VICTORIA'S REGIONAL STATEMENT

In 2016, the State Government prepared *Victoria's Regional Statement*. The Statement is “the Victorian Government's acknowledgment of the enormous contribution regional Victoria makes to Victoria's economic strength and way of life.”

The Statement identifies six priority areas, including Better Healthcare; Education and Training; Jobs and Growth; Quality of Life; Safer Regional Communities; and Transport and Infrastructure.

The Statement is supported by the “establishment of nine new Regional Partnerships across the State that will direct regional priorities” to the State Government. A Rural and Regional Committee has been established to hear from the nine new Regional Partnerships about the issues and priorities raised by each region.

Although the Statement acknowledges the diversity of regional and rural Victoria and the challenges of population retention and decline in some regions, the Statement does not set out any policies or initiatives specifically relating to population.

### 3.3.2. POPULATION INITIATIVES AND INCENTIVES

Consultation was undertaken with representatives of RDV to identify the current initiatives and incentives in place to attract population growth in rural Victoria.

---

<sup>2</sup> Most relevant, selected from Clause 11, State Planning Policy Framework.

RDV is a statutory agency within the Department of Economic Development, Jobs, Transport and Resources and works closely with various State Government agencies to facilitate economic, infrastructure and community development to improve the quality of life for regional Victorians.

There are currently five main areas of government policies and actions that are summarised below.

## REGIONAL JOBS AND INFRASTRUCTURE FUND

RDV currently has a program called Stronger Regional Communities Plan that aims to drive population growth into regional and rural Victoria which falls under the Regional Jobs and Infrastructure Fund.

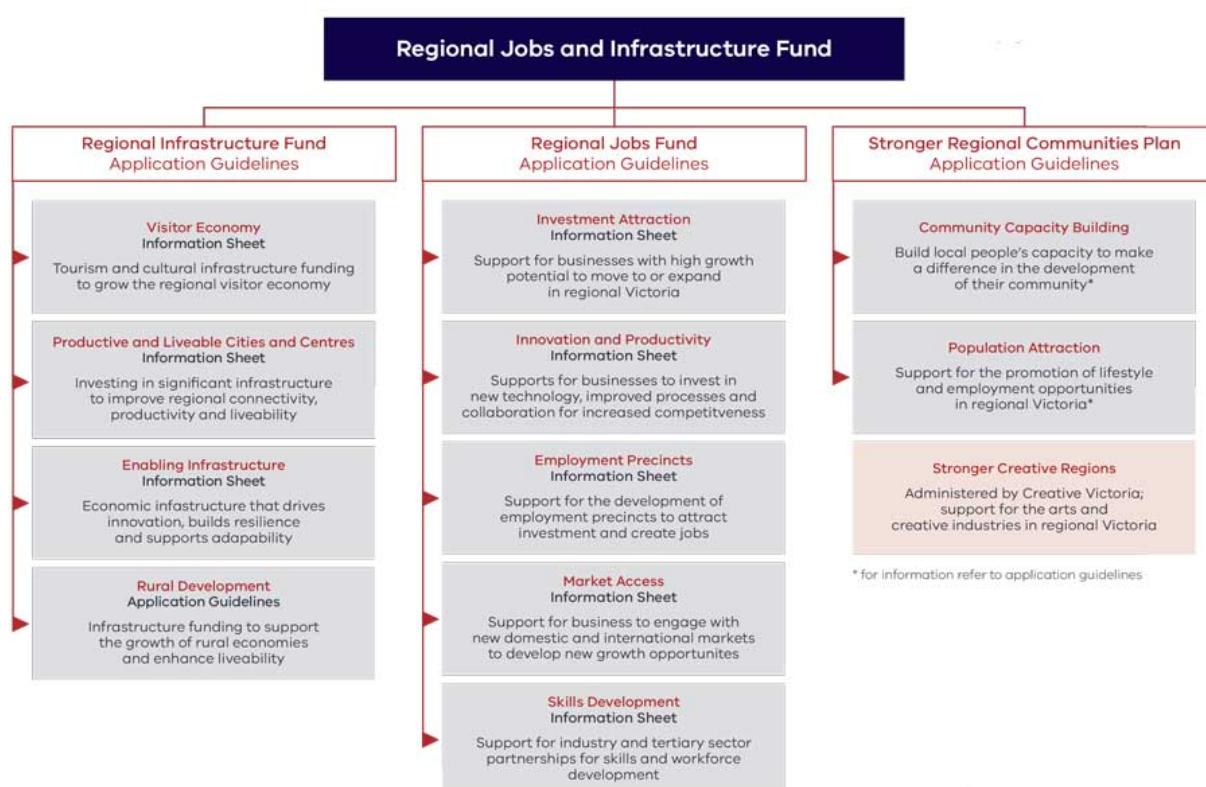
One of the three programs within the Stronger Regional Communities Plan aims to attract population growth to rural and regional areas (Figure 11) by offering grants of up to \$50,000. The stream aims to "attract groups, such as professional and skilled labour, businesses, families and young people to regional Victoria...by supporting priority projects that promote relevant lifestyles and employment opportunities."<sup>3</sup>

Activities that may be considered for grant funding include, but are not limited to:

- "Events designed to promote the benefits and abilities of the local area and industries;
- Engaging community groups to welcome new and potential families to the area;
- Developing marketing and promotion strategies for towns undergoing significant change;
- Using existing networks to identify and promote employment opportunities."

Information provided by RDV shows that previous examples of successful funding applications under this stream included a women's golf competition in Barwon Heads and a three day multi-sport festival in Shepparton which have showcased regional areas.

**FIGURE 11** RDV REGIONAL JOBS AND INFRASTRUCTURE FUND STREAMS



Source: Regional Development Victoria, 2017.

<sup>3</sup> RDV Website, last updated 26 March 2018. <http://www.rdv.vic.gov.au/programs-and-grants/stronger-regional-communities>

## FIRST HOME OWNERS GRANT

In 2017, the State Government introduced a higher First Home Owners Grant for regional areas of \$20,000 (for houses under \$750,000), compared with the \$10,000 grant for houses in metropolitan areas.<sup>4</sup>

## PAYROLL TAX

A discounted payroll tax rate of 2.425% is now available to regional and rural Victorian employers, lower than the metropolitan rate of 4.85%. To be eligible for this discount, the employer must be based in regional Victoria and pay at least 85% of their Victorian taxable wages to regional based employees.<sup>5</sup>

## GOVERNMENT EMPLOYMENT

The government is currently building two GovHub offices in Ballarat (600 jobs) and Morwell in the City of La Trobe (150 jobs). The 2018/19 budget also included \$16m to build a third GovHub in Bendigo aimed at creating an additional 750 jobs in the city.<sup>6</sup>

## MARKETING

A marketing campaign titled “Ready When You Are” was launched in the second half of 2017 aimed at Melbourne residents and business owners. It encourages relocation to regional/rural parts of the state by depicting the benefits of non-metro living.

A previous long running initiative known as the Regional Living Expo was cancelled in 2016 on the basis that there was no material evidence of influence on the number of people moving to regional and rural Victoria. The Government instead stated that they will focus on investing in the key drivers of population attraction – infrastructure, jobs, education and liveable communities.<sup>7</sup>

## RESEARCH

RDV is seeking to continue to research population issues and initiatives. The 2017 Regional Futures Summit in Bendigo was one way to continue this research where stakeholders and researchers were invited to discuss and share population attraction strategies for regional and rural areas.

### 3.3.3. EXPENDITURE

The location of State government expenditure varies across the state for a range of reasons and over time. A snapshot of Total Estimated Investment (TEI) by the State Government has been reviewed for the 2016/17 financial year based on the State budget (Victorian Budget 16/17, Getting It Done, Budget Information Paper).

Expenditure was allocated to the location in which it took place based on information in the budget: either rural, regional or metropolitan. Where insufficient information was available or where projects were identified as ‘state-wide’, the expenditure was distributed across all regions based on the 2016 population distribution. The analysis is shown in full in **Appendix B** and summarised in Table 2 (excluding expenditure by certain agencies which is already undertaken on a region by region basis such as water authorities).

Using this method, it was found that approximately 7% of the state capital expenditure in 2016/17 took place in rural Victoria, where 12% of the State’s population reside.

---

4 <https://www.sro.vic.gov.au/first-home-owner>

5 <https://www.sro.vic.gov.au/ptxregional>

6 <https://www.premier.vic.gov.au/government-jobs-move-out-to-the-regions/>

7 <https://www.viclabor.com.au/media-releases/a-new-approach-for-regional-population-attraction/>

The resulting indicative capital expenditure per capita for rural Victoria was \$4,059, lower than the equivalent for metropolitan Melbourne (\$8,022 per capita) and Regional Victoria (\$4,649 per capita).

It is noted that a significant proportion of capital expenditure in the metropolitan area related to major long-term infrastructure projects, such as level crossings removals and the Melbourne Metro underground train project.

Although it cannot necessarily be inferred from this short-term snapshot that rural Victoria has been historically or systematically under-funded relative to population, it is clear that major projects in Melbourne are attracting a significant proportion of the State's Total Estimated Investment expenditure at present and demonstrates the substantial cost of retrofitting transport infrastructure in metropolitan areas in response to strong population growth.

**TABLE 2** SELECTED GOVERNMENT TOTAL ESTIMATED INVESTMENT, 2016/17 CAPITAL PROJECTS

	RURAL	REGIONAL	METRO	VICTORIA
Estimated State capital expenditure (\$m)	\$2,940	\$3,581	\$37,574	\$44,095
% of total state capital expenditure	7%	8%	85%	100%
Population	724,386	770,227	4,683,749	6,178,362
% of State population	11.7%	12.5%	75.8%	100.0%
State capital expenditure per capita	\$4,059	\$4,649	\$8,022	\$7,137

Source: ABS Regional Population Growth, 2016 & Victorian Budget 16/17, Getting It Done, Budget Information Paper.

## 3.4. OTHER PARTIES

### 3.4.1. LIBERAL NATIONAL COALITION

The Victorian Liberal-National Coalition is on record as supporting population decentralisation in Victoria.<sup>8</sup> In 2016, the Coalition established a Population Policy Taskforce, which subsequently prepared and released an interim report detailing the need for population decentralisation based on research and community consultation across the State.

The Taskforce interim report<sup>9</sup> states that Victoria “needs a population policy and vision to 2050” and that the Liberal National coalition would “provide inter-generational leadership that will drive population growth throughout all of Victoria.”

Decentralisation policy drivers appear to include both reducing pressure on metropolitan Melbourne and supporting regional and rural areas. No specific policies have been announced, however consultation with the current Chair of the Taskforce confirmed that the party will make a number of announcements in 2018 around the core components of the policy which include rail infrastructure, liveability, marketing and jobs.

### 3.4.2. VICTORIAN GREENS

The Victorian Greens also have a policy of population decentralisation<sup>10</sup>. The party proposes to use the state taxation system to promote decentralisation by using incentives for businesses, government offices and families to relocate from Melbourne and expand regional centres.

The party advocates for a permanent boundary around Melbourne and other regional centres that promotes higher density of development.

<sup>8</sup> <http://matthewguy.com.au/media-release/guy-victorian-population-taskforce/>

<sup>9</sup> Looking Forward, Managing Population Growth for all Victorians, Victorian Population Policy Taskforce, June 2017

<sup>10</sup> <https://greens.org.au/policies/VIC>

### 3.5. DISCUSSION

Although there is clear policy support for greater population and employment growth in regional and rural Victoria, there appears to be a lack of identified actions and mechanisms in place to achieve this objective.

Importantly, there is no population vision or target for regional and rural Victoria and no stated strategy relating to decentralisation. In the absence of a vision, targets and evaluation, existing and future Government policies and initiatives are less likely to be effective. This is a clear gap that should be addressed as part of a new rural population growth policy.

Although there are a range of current initiatives of the State Government aimed at attracting population and jobs growth in regional and rural Victoria, there are no programs targeted specifically to rural Victoria, and the only RDV incentive specifically relating to population attraction is, in practice, supporting events which are considered less likely to attract population than more direct incentives.

Although in some cases rural councils have a lower required funding commitment for matching grants from RDV, there do not appear to be any other differences between rural and regional areas in respect of the government initiatives analysed. Overall, there is a failure to differentiate between the population and employment needs of rural Victoria, as distinct from regional Victoria. This is particularly important given the different population and economic experiences across regional centres and rural areas.

Both the Liberal-National Coalition and the Victorian Greens have policies supporting regional population growth and decentralisation. This presents a timely opportunity to establish a population policy which, in principle, is likely to have support across the major parties.



## 4. EXPERIENCE OF RURAL COUNCILS

### 4.1. KEY FINDINGS

- Population policy is an important issue for many rural councils, many of which have taken action to address the issue. The limited availability of resources of individual rural councils is likely to have contributed to a lack of impact and success across the State;
- Many advantages and capacity of rural areas relate to lifestyle, such as friendly communities, cost of living and health and education services available;
- There are a range of views on initiatives that could be applied and could be successful. Most commonly supported initiatives related to government employment, physical infrastructure, labour force gaps, migration, governance and marketing;
- Many councils have sought to address population issues at the local level with no references to initiatives undertaken through partnerships with other councils or regions; and
- A number of councils identified existing skills and labour force shortages which are restricting economic activity in certain areas.

### 4.2. INTRODUCTION

All member councils of RCV were invited to participate in a survey and consultation was undertaken with the RCV Committee to inform this report. Input was received from 20 councils and covered a range of skills and roles including CEOs, Mayors, Councillors, economic development officers and planning officers.

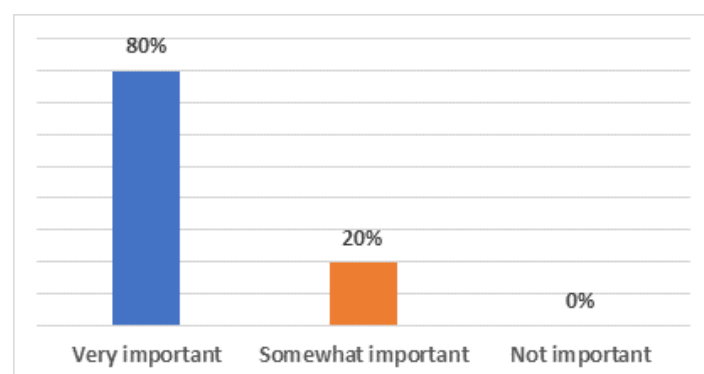
This section summarises the findings of this consultation. Detailed responses are included in **Appendix A**.

### 4.3. RESULTS

#### 4.3.1. IMPORTANCE OF POPULATION GROWTH

All survey respondents responded that it is at either somewhat important or very important to attract population growth to their municipalities, with 80% selecting “very important” as shown in Figure 12.

**FIGURE 12** IMPORTANCE OF ATTRACTING POPULATION GROWTH TO RURAL COUNCILS



Source: Urban Enterprise Online Survey of rural Councils, 2018.

A number of respondents commented on the implications of stagnating or declining population, including the negative effect on the provision of services such as health, education and infrastructure, and the greater likelihood of skill shortages for local businesses. Others pointed to benefits of population growth, including a growing labour force and greater sustainability of services and local government.

### 4.3.2. TRENDS AND ISSUES OBSERVED

Respondents observed a range of current trends and issues associated with population movement and demographic change. The most common issues observed were:

- Many small towns are experiencing population loss however this is often offset by growth in larger towns and regional centres;
- A challenge is to attract young people to offset the ageing of the rural population;
- There has been a decline in skills and workforce availability to support agricultural businesses and other sectors;
- New residents have primarily been attracted by lifestyle and affordability factors;
- The most common perceived reasons for residents leaving rural areas were for tertiary education or better career prospects; and
- Sectors most commonly identified as unable to meet their workforce needs in rural Victoria were agriculture, healthcare, professional services, tourism/hospitality and manufacturing.

### 4.3.3. PUSH AND PULL FACTORS IN ATTRACTING POPULATION GROWTH

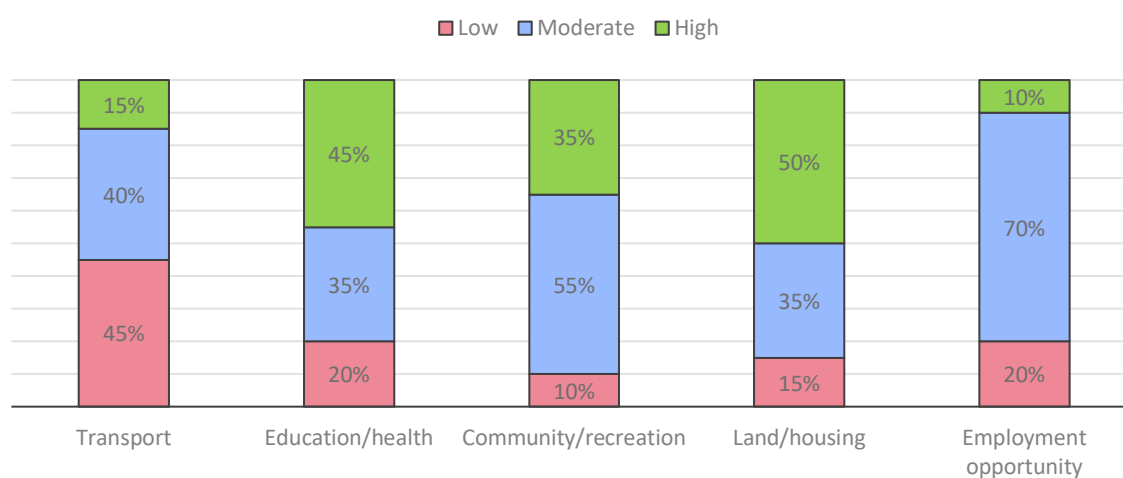
Respondents identified the following key strengths in attracting and retaining population:

- Lower cost of living and housing affordability;
- Lifestyle – safety, beautiful landscapes and open spaces;
- Employment opportunities;
- Proximity to metro and regional cities; and
- Friendly communities.

Councils were asked to rate their capacity to accommodate population growth as either Low, Moderate or High in respect of transport infrastructure (eg. roads and public transport), education and health infrastructure (eg. schools, hospitals), community and recreation infrastructure; land and housing; and employment opportunities.

The results are summarised in Figure 13. Overall, transport was identified as having the lowest capacity to support growth. Employment capacity / availability was commonly identified as 'Moderate', while the highest capacity was identified in terms of land and housing supply, health and education and community and recreation infrastructure.

**FIGURE 13** STATED CAPACITY TO SUPPORT POPULATION GROWTH



Source: Urban Enterprise Online Survey of rural Councils, 2018.

#### **4.3.4. BARRIERS TO ACCOMMODATING POPULATION GROWTH**

Councils were asked to nominate existing barriers to attracting and accommodating population growth.

Although most respondents stated that there is significant supply of land that could be rezoned for development, some councils (primarily in the peri-urban region) identified that there was not enough land available to accommodate projected population growth, highlighting the divergence of circumstances and experiences across rural Victoria.

Other barriers to growth identified included a perception that prospective residents were not aware of the quality of services available in rural areas, poor public transport timetabling (if available at all), and poor higher education and professional employment opportunities. It was noted that a lack of health and education services in a particular area can be a significant disadvantage which makes attracting population difficult.

A number of respondents identified infrastructure as a barrier, such as start-up infrastructure costs for new businesses (sewerage, water and electricity) or the overall lack of infrastructure schemes for small towns (such as the previous Small Towns Sewerage Scheme).

#### **4.3.5. INITIATIVES AND INCENTIVES**

##### **LOCAL GOVERNMENT INITIATIVES**

75% of survey respondents have a current or recently concluded policy or objective aimed at attracting population growth. Some of these policies were to:

- Release of more land for development;
- Focus on job attraction in particular;
- Undertake research into the best means of attracting sustainable growth;
- Supporting the Regional Living Expo (which has now been discontinued); and
- Offering rates discounts for first home buyers.

Respondents identified a number of successful initiatives, including:

- A targeted media campaign highlighting the opportunities for relocation and specifically targeted industry sectors which was able to increase population for the first time in many years;
- Integration of immigrants into the community, which has reduced employment vacancies and created new opportunities;
- The story of the Karen community relocating to Nhill and working initially at Luv-a-Duck is well documented and is a great case study on the attraction, retention and promotion of migrants fulfilling much needed workforce shortages and thus preventing the potential relocation of a major employer.

A previous survey of RCV local government officers, however, found that 75% of respondents cited a lack of resources (including funding) to analyse and understand population data as the key constraint to developing effective population attraction and retention strategies.

RCV Committee members also pointed to a lack of strategic planning resources available to prepare planning scheme amendments to provide opportunities for population growth through urban land development.

##### **STATE AND FEDERAL GOVERNMENT INITIATIVES**

Many survey respondents highlighted the importance of the Regional Living Expo on the basis that it provided an opportunity to market the benefits of their LGA to potential residents, although some respondents acknowledged the difficulty of measuring success.

Sponsored migration, 457 visas and subsidies/tax breaks for young families to move were also flagged as good initiatives that brought population growth to rural areas.

Suggested State Government initiatives to attract and retain population in rural areas included:

- Continuation of decentralisation of government services into rural areas;
- Better infrastructure, especially transport;
- Career advancement incentives that attract young and innovative professionals; and
- Business cost incentives based on regional location.

Consultation with the RCV Committee also identified that a key challenge for rural Victoria is the lack of specific representation in the State parliament, for example through a dedicated portfolio and Minister for rural Victoria.

#### **4.4. POLICY IMPLICATIONS**

It is clear from the RCV member input to the project that a variety of experiences exist across rural Victoria. Based on the number of councils that see population attraction and retention as a very important issue, State Government policy involvement could result in a range of benefits to rural areas and help to address the challenges and risks observed in areas of population stagnation and decline.

Although there is a diversity of experiences across the State, many councils have sought to address population issues at the local level with no references made to initiatives undertaken through partnerships with other councils or regions. This is not uncommon for Local Government – especially those with limited resources and under pressure from the introduction of rate-capping - and highlights the need for regional and State initiatives which can support rural areas which are experiencing common challenges.

A focus on lifestyle and 'soft' infrastructure (health, education, community and recreation) was common as an attractor and existing capacity to attract population, whereas physical infrastructure such as transport and reticulated services (sewer and water) was commonly identified as a barrier. In order to remove infrastructure barriers to population growth in rural Victoria, policy could focus on supporting catalyst or bottleneck infrastructure projects in rural areas which will unlock residential or industrial land.

Importantly, a number of councils identified existing skills and labour force shortages which are restricting economic activity in certain areas. Although not fully within the remit of the State Government, encouraging greater migration to rural Victoria was supported, especially where this can be aligned to specific labour force shortages.

## 5. POPULATION DRIVERS AND ATTRACTORS

### 5.1. KEY FINDINGS

A review of literature on rural and regional population attraction and retention found that:

- Regions should not attempt to simply 'attract population', but rather implement targeted programs that reflect different circumstances and challenges, considering specific market segments and industries that are likely to be most receptive and in greatest need;
- Both international and intrastate migration present strong opportunities to grow population within regional and rural Victoria;
- For intrastate migration:
  - Lifestyle is a key motivating factor to relocation;
  - Those who grew up in a regional or rural area are more likely to return; and
  - Policies should not seek to stem the outflow of young people to cities.
- For international migration:
  - The higher rate of international migration to cities is a major cause of lower growth rates in regional and rural areas; and
  - Attraction of migrants to towns with skills shortages could underpin economic growth, however migrant communities require a range of support services to relocate.

A range of population levers have been applied in Australia and overseas. A review of these resulted in the following success factors being identified:

- Initiatives should be targeted to a specific market, for example students or skilled migrants;
- Initiatives must encourage long term residency (e.g. drip feed incentives);
- Financial incentives can succeed, but need to be targeted to a specific market (e.g. students), not general incentives alone;
- Partnerships across a region are required, including government levels, institutions, private sector and the local community;
- Integration of intrastate and international migrants into the local community is key to retention; and
- Lifestyle is a key motivating factor for population movement.

### 5.2. INTRODUCTION

This section includes a review of research and literature into population drivers and attraction relevant to rural Victoria.

### 5.3. OVERVIEW

There is a significant amount of literature available regarding attracting population to regional areas, both within Australia and in other countries. This section provides a summary of the literature that is most relevant to rural Victoria.

The literature review highlighted the important premise that regions should not attempt to simply 'attract population', but rather implement targeted programs that reflect different circumstances and challenges, considering specific market segments and industries that are likely to be most receptive and in greatest need.

Overall, the research showed that:

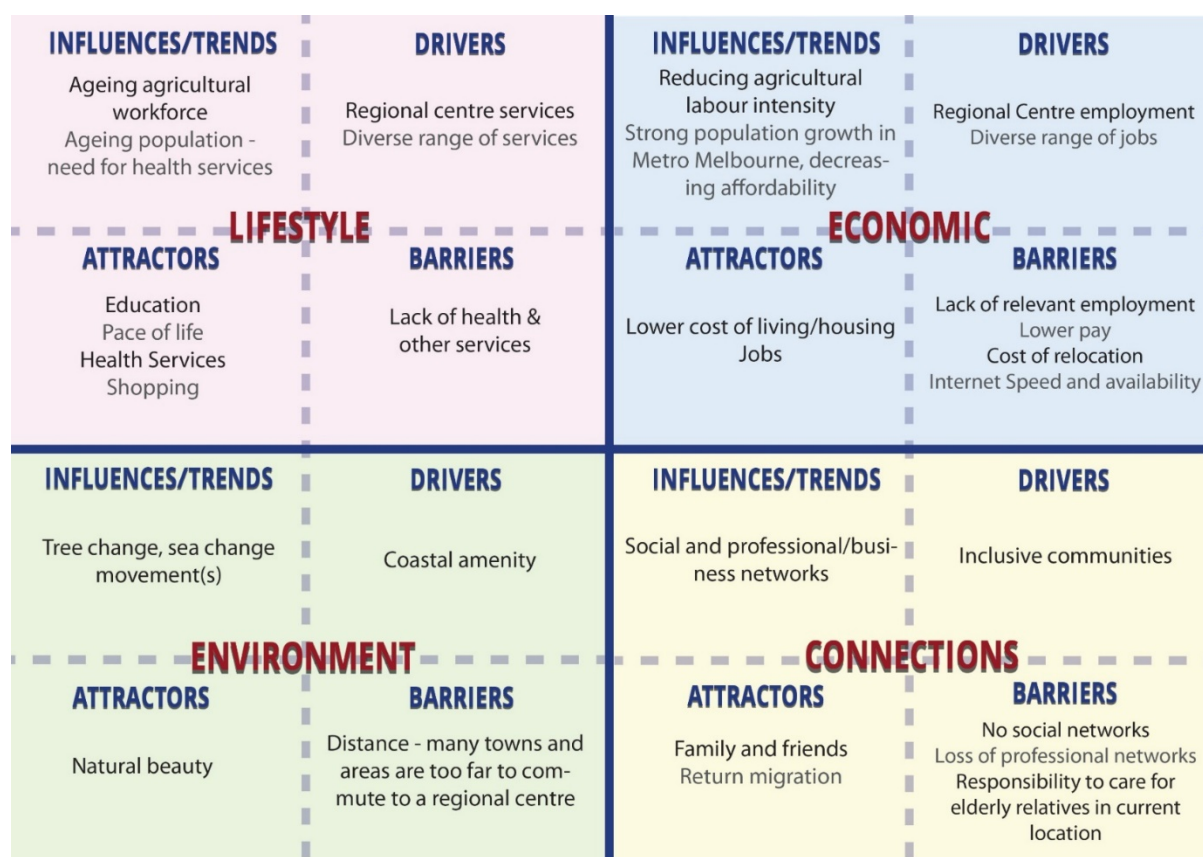
- Both international and intrastate migration (movement within a state) present strong opportunities to grow population within rural and regional Victoria;

- 'Lifestyle' was identified as a key motivating factor for Melbournians intending to relocate to rural and regional Victoria, alongside jobs;
- 'Regional returners' in particular present a key opportunity for rural and regional Victoria;
- Food and fibre, energy and tourism are significant Victorian industry strengths and linking population attraction with growing these industries presents a key opportunity; and
- An example of an industry that could be utilised to both increase liveability and drive employment growth is the food production industry which could be diversified to include facilitating niche production which could drive the development of attractions such as 'food artisan trails', increasing the food offering for local residents and driving regional employment.

Figure 14 provides a summary of the influences, drivers, attractors and barriers to regional and rural population growth drawing from the research and literature reviewed as part of population research prepared by Urban Enterprise for the Barwon South West region of Victoria. The findings can be broadly applied to rural Victoria<sup>11</sup>

The figure shows four categories which represent the most important factors in attracting (and deterring) population growth: Lifestyle, Economic, Environment, and Connections.

**FIGURE 14** POPULATION GROWTH INFLUENCES, DRIVERS, ATTRACTORS AND BARRIERS



Source: Urban Enterprise, 2016.

<sup>11</sup> Barwon South West Population Levers, Urban Enterprise, 2016

## 5.4. MIGRATION TRENDS AND DRIVERS

The importance of **international migration** in supporting population growth in regional areas featured heavily throughout the literature<sup>12</sup>.

**Internal (intrastate) migration** is recognised as a key source of population growth for regional and rural areas, cited as the major reason for differences in population growth or decline in regional areas<sup>13</sup>. In particular for Victoria, more than a third (36%) of the inward migration into regional cities comes from elsewhere in regional Victoria, followed by metropolitan Melbourne (26%), and interstate (24%) respectively<sup>14</sup>.

Out-migration of youth, sometimes referred to as 'brain drain', is a key factor causing regional population decline<sup>15</sup>, however for some areas a net gain of young families and retirees is offsetting this loss of young adults<sup>16</sup>.

Regional and rural 'returners' (i.e. those who were born in a regional or rural area and moved to a metropolitan area for work or study, and subsequently returned to a regional or rural area) form a large proportion of those moving to regional and rural Victoria, however research has found that in order to 'return', they must be presented with:

- High quality education;
- Health and recreation choices for their children;
- A relevant and properly remunerated job; and
- Appropriate housing.

The literature generally suggested that jobs in isolation were insufficient to attract intrastate migrants to regional areas. This was echoed by a study conducted for RDV<sup>17</sup> that found that within metropolitan Melbourne there was a potential source market of over 2 million people who were either planning or would like to move to regional Victoria in the future. Key characteristics of target market groups included that they were:

- Primarily in the early years of family formation, with many aged in their forties;
- Likely to be higher income<sup>18</sup> earners with their own business (44%); and/or
- More likely to be in a professional occupation (than those currently residing in regional Victoria).

The RDV study identified that:

- The least appealing features of living in regional Victoria were identified as a lack of public transport, low employment prospects and low business opportunities;
- For those who had moved to regional Victoria, the core benefits were considered to be the lifestyle, natural beauty and features, cost of living, and the safety and cost of housing; and
- For all segments, 'work and live in a country town' scored the highest for desired household location if moving to regional Victoria; whilst 'live in a country town but commute to a regional centre for work' had the lowest score.

**Education** was also acknowledged as a key driver of migration to regional and rural areas with research undertaken by RDV Loddon Mallee North region. Regions with access to education are cited as a contributing factor in business investment decisions as it enables employers to attract higher quality staff<sup>19</sup>. The role of higher education has the potential to make an important contribution to regional development, with a need to increase the status of regional

---

<sup>12</sup> Population Dynamics in Regional Australia, Australian Population and Migration Centre, 2015.

<sup>13</sup> Internal Migration and Regional Australia 2006-2011, Australian Population & Migration Research Centre.

<sup>14</sup> Plan Melbourne 2014

<sup>15</sup> Retaining Skilled Migrants in Regional Australia: the role of social connectedness

<sup>16</sup> Internal Migration and Regional Australia 2006-2011, Australian Population & Migration Research Centre.

<sup>17</sup> Attitudes and Target Profiling paper, 2011 ShopScience, Regional Development Victoria.

<sup>18</sup> The highest income bracket used by ShopScience for this study was 'over \$81k' for households

<sup>19</sup> *Rural Migration Trends and Drivers 2013, Rural Councils of Victoria*



institutions as well as diversifying the courses on offer<sup>20</sup>. Regional Victoria has had mixed success in attracting and retaining higher education providers and many campuses currently face an uncertain future.

Although attraction of international migrants was clearly identified as important and utilised as a key strategy to grow population, the success rate of retention in regional communities remains unclear<sup>21</sup>, with literature focusing on ensuring the appropriate matching of migrants to host towns, and the need for community integration to improve the chances of migrants remaining in their regional host towns after the required time stipulated as a visa condition<sup>22</sup>. Key **preconditions for migration** included skilled employment, education, lifestyle, affordability, and English and cultural support.

Across Australia, the higher rate of international migration to cities compared with regional areas has been found to be the major cause of the difference in population growth rates, and it has been argued that attraction of more international migrants to regional areas – in particular towns with skills shortages – could underpin economic and population growth in these areas<sup>23</sup>.

On the whole, it was acknowledged that retention and migration strategies should be employed in tandem, however policies aiming to stem the outflow of young people from regions were argued to be ‘unrealistic and doomed to fail’<sup>24</sup>, with young people leaving the regions considered by some as a ‘rite of passage’. Successful initiatives are more likely to centre on ‘bringing them back’ policies, with an emphasis on attracting those who are slightly older (30s and 40s) and in the early stages of family formation.

## 5.5. LIVEABILITY

Liveability and lifestyle are key drivers of migration and relocation to regional areas<sup>25</sup>, with a clear pattern of growth in coastal areas, and areas around major regional cities identified<sup>26</sup>. In particular, the draw of coastal environments and the rise of the ‘sea change’ movement<sup>27</sup> are particularly evident in parts of rural Victoria (Surf Coast and Bass Coast).

Importantly for this project, it was clearly identified that ‘coastalisation’ has little economic base, with lifestyle motivators such as environment the key drivers of relocation. Creating this quality of life ‘pull’ for non-coastal locations, as identified by Newman<sup>28</sup> involved three elements which could be considered for this project:

- Creating a ‘seachange lifestyle’ without the sea;
- Developing a ‘sense of place’; and
- Providing greater social diversity in towns.

It was also identified that the majority of new coastal residents who moved for a ‘sea change’ were younger than 50 years (2004)<sup>29</sup>. The importance of liveability as a drawcard for migration was also reinforced by its use as a key ‘pillar’ strategy within the recent Tasmania Population Growth Strategy<sup>30</sup>.

---

<sup>20</sup> Dewar, John, New architecture for regional higher-ed, Latrobe University

<sup>21</sup> Regional Retention of Migrants

<sup>22</sup> Regional Retention of Migrants

<sup>23</sup> Talking Point: The missing migrants, Regional Australia Institute, undated.

<sup>24</sup> Internal Migration and Regional Australia 2006-2011, Australian Population & Migration Research Centre.

<sup>25</sup> Attitudes and Target Profiling paper, 2011 ShopScience, Regional Development Victoria; Tasmania Population Growth Strategy, Department of State Growth, 2015.

<sup>26</sup> Population Dynamics in Regional Australia, Australian Population and Migration Centre, 2015.

<sup>27</sup> The suburbanisation of coastal Australia; The City and the Bush

<sup>28</sup> The City and the Bush

<sup>29</sup> The suburbanisation of coastal Australia

<sup>30</sup> Attitudes and Target Profiling paper, 2011 ShopScience, Regional Development Victoria; Tasmania Population Growth Strategy, Department of State Growth, 2015.

There are several examples of inland townships which have experienced population growth in recent years, largely as a consequence of improving their respective townships' lifestyle offering. Key examples of this within Victoria include the townships of Daylesford, Castlemaine, Heathcote, Kyneton and Mansfield, which all experienced positive annual population growth over the five-year period to 2014, much of which as derived from tourism, hospitality and events. Although these towns are mostly located within a two-hour drive of Melbourne, which improves the prospect of attracting visitors, it is considered that the underlying drivers of hospitality and cultural growth could also apply further from the metropolitan area given the right support and investment in catalyst businesses and events.

## **5.6. SETTLEMENT SIZE, HIERARCHY AND INFRASTRUCTURE**

It is important that a settlement hierarchy is maintained whereby a sufficient number of settlements that offer a variety of services and employment to nearby residents are available.

The Gippsland region has a relatively dispersed settlement hierarchy meaning that no Gippsland local government area experienced population decline over the 10 years to 2016. Although there are clear economic and infrastructure differences between rural regions, it is considered likely that the settlement hierarchy has contributed to each municipality in Gippsland retaining a sustainable population level despite long term economic and demographic challenges in the region.

A report into the financial costs of settlement patterns in rural Victoria<sup>31</sup> found that infill development is the most cost efficient way to accommodate new dwellings and population in rural areas (in terms of civil infrastructure, based on the upfront and ongoing infrastructure costs) as opposed to greenfield development or dispersed rural settlement.

This is significant given the emergence of greenfield development in some parts of rural Victoria, indicating that a rural population growth policy should consider opportunities and challenges associated with supporting some degree of urban infill development in rural centres. This could align with other policies such as housing diversification and retention of high quality agricultural land.

## **5.7. POPULATION AND PROSPERITY**

The 2015 Intergenerational Report<sup>32</sup> discusses the importance of three 'pillars' of economic growth in Australia: population growth, high employment participation and productivity development.

The expected slowing of population growth and the resulting ageing of the population is expected to lead to a reduction in the economic growth of Australia. The lack of population growth and resulting reduction in participation from an ageing population could have an adverse effect on the economic growth of parts of rural Victoria. The areas experiencing negative population growth are at risk of also experiencing economic decline.

The ageing of rural Victoria's population, discussed in Section 2 of this report, could also impact economic growth due to a reduction in the participation rate. Rural areas projected to experience population decline would be at particular risk of economic decline due to a declining labour force potentially limiting output and growth of the existing business base.

---

<sup>31</sup> Financial Costs of Settlement Patterns in Rural Victoria, SGS Economics and Planning, June 2013.

<sup>32</sup> 2015 Intergenerational Report, Australian Government, 5 March 2015.

## 5.8. POLICY IMPLICATIONS

The research and literature review shows that a rural population policy should:

- Not attempt to simply 'attract population', but rather implement targeted programs that reflect different circumstances and challenges, considering specific market segments and industries that are likely to be most receptive and in greatest need;
- Not seek to stem the outflow of young people to cities;
- Seek to leverage both international and intrastate migration;
- Support and leverage lifestyle as a key motivating factor for population movement;
- Seek to facilitate a 'second move' for international migrants in cities and consider appropriate migration support services, especially where there are existing skills gaps and labour shortages;
- Use initiatives that are targeted to specific markets, including students, skilled migrants, regional and rural returners;
- Use initiatives which encourage long term residency and foster integration of new residents into the community;
- Encourage partnerships across a region, including government levels, institutions, private sector and the local community; and
- Target key industry sectors which align with Victoria's economic strengths and which have labour shortages at present, including food and fibre, energy and tourism.

## 6. POPULATION OPPORTUNITIES AND BENEFITS

### 6.1. KEY FINDINGS

- Victoria in Future projects rural Victoria to experience population growth of 96,000 people over the period 2016 – 2031. This growth would result in an ongoing decline of rural Victoria's share of the State's population (5.7% of the State's population growth would be accommodated in rural Victoria);
- Two scenarios have been established which would result in either an increase of the current share of the State's growth in rural Victoria (8%) or maintaining the current overall proportion of the State's population in rural Victoria (11.5%);
- A reasonable population target for rural Victoria is considered to fall between the two scenarios, which would result in population growth of approximately 55,000 residents over the next 5 years, compared with status-quo projections of 32,000 residents. Any target should also seek a more even distribution between peri-urban areas and the balance of rural Victoria;
- The additional population could result in between 13,000 and 33,000 additional jobs created in rural Victoria over the next 15 years and an additional \$1.2 - \$4.7b in Gross Regional Product; and
- The redistribution of population to rural Victoria would have benefits to governments and residents, particularly in terms of reduced infrastructure costs and reduced congestion costs.

### 6.2. INTRODUCTION

This section quantifies potential population growth in rural Victoria over the next 15 years and seeks to identify and quantify key impacts and benefits of this growth potential.

Future population scenarios and impacts exclude the impact of urban growth in the southern parts of Mitchell Shire. All values are in constant 2017 values unless otherwise stated.

### 6.3. GROWTH SCENARIOS

Victoria in Future (VIF) projects that rural Victoria will experience population growth in the order of 96,000 additional residents over the period 2016 to 2031. This would result in rural Victoria's share of the State's population continuing to decrease over time. This would equate to 5.7% of Victoria's overall population growth, consistent with rural Victoria's share of the State's growth over the past 10 years. The highest proportion in any given year over the past 10 years was 8% of the State's population growth being accommodated in rural Victoria.

The VIF projections are used in this report as a baseline scenario, referred to in this section as Scenario 1. Two other growth scenarios have been prepared for population growth in rural Victoria as follows:

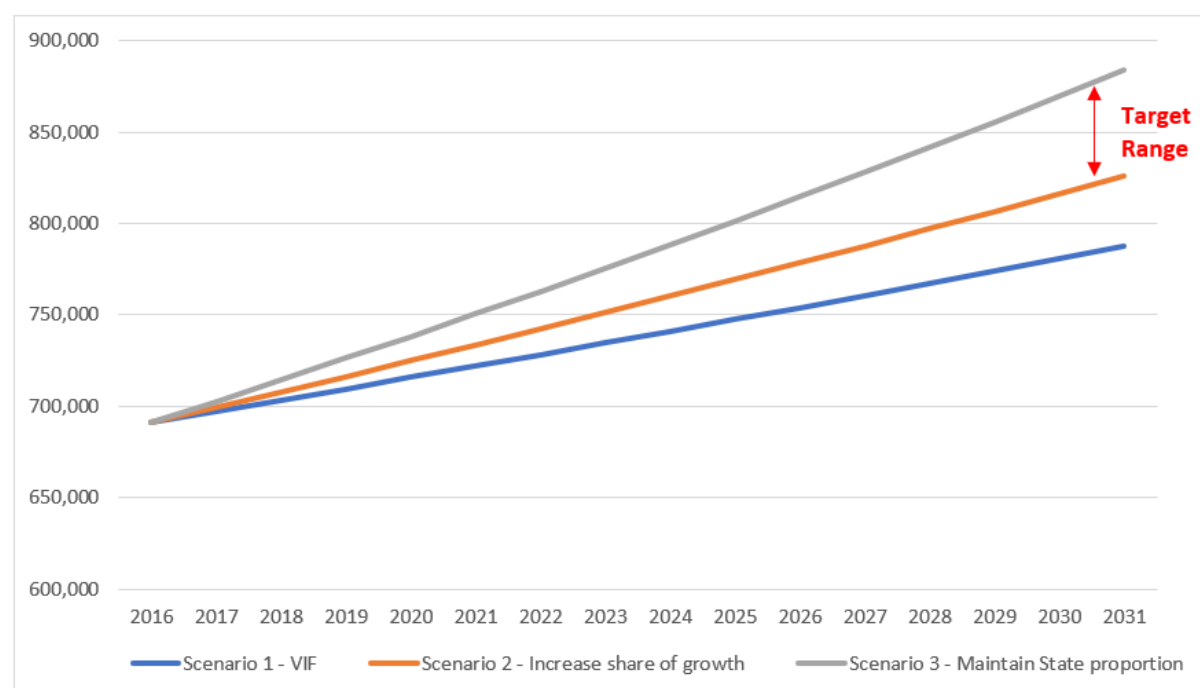
- For rural Victoria to maintain its current share of the State's population (11.5% according to VIF, slightly lower than 11.7% as shown in Figure 2 based on ABS ERP), it would need to accommodate 11.5% of the population growth. This is considered as a high growth scenario (Scenario 3) which would result in rural population growth of 193,000 residents in rural Victoria over 15 years, 97,000 additional residents compared with the base scenario.
- As an intermediate scenario, a target of 8% of the State's population growth taking place in rural Victoria has been applied, aligning with the highest proportion of the State's population growth in rural Victoria over the past 10 years. This scenario (Scenario 2) would result in an additional 30,000 residents in rural Victoria over 15 years compared to current projections.

The results are shown in Table 3 and Figure 15.

**TABLE 3** PROJECTED VIF2016 AND TWO GROWTH SCENARIOS POPULATION AND EMPLOYMENT GROWTH

REGION	YEAR	RURAL VICTORIA	VICTORIA TOTAL
CURRENT	2016	691,273 <sup>1</sup>	6,037,259
	%	11.5% <sup>1</sup>	100%
SCENARIO 1 – VIF Base	2031	787,295	7,721,669
	%	10.2%	100%
	Growth	96,022	1,684,410
	%	5.7%	100%
SCENARIO 2 – Increased Share of Growth in Rural Victoria	2031	826,026	7,721,669
	%	10.7%	100%
	Growth	134,753	1,684,410
	%	8.0%	100%
SCENARIO 3 – Rural Victoria Maintains current State population share	2031	884,140	7,721,669
	%	11.5%	100%
	Growth	192,867	1,684,410
	%	11.5%	100%

Source: ABS 2016; Victoria In Future 2016. Note: VIF population totals at 2016 are lower than ABS ERP data subsequently released for 2016.

**FIGURE 15** POPULATION SCENARIOS AND TARGET RANGE

Source: Victoria in Future 2016, Urban Enterprise.

## 6.4. IMPACTS AND BENEFITS

Additional population growth in rural Victoria could have a range of economic impacts and benefits. This section considers potential implications that could result from a higher rate of population growth in rural Victoria under Scenarios 2 and 3.

In addition to these impacts and benefits identified, a range of other benefits and impacts could be realised. This section focuses primarily on the key benefits that can be readily quantified relative to population in a simplified way. Ultimately, the economic impacts of additional population growth will vary based on a range of complex inter-relationships and flow on impacts across local, regional and national economies.

### 6.4.1. ECONOMIC IMPACTS

*Victoria's Regional Statement* notes that "Population growth, if managed well, can bring significant opportunities through new skills and economic activity." (p.22). This section provides an overview of potential employment and economic outcomes for rural Victoria under the population growth scenarios.

#### POTENTIAL EMPLOYMENT IMPACTS

In 2016, the rural Victoria jobs to resident ratio was 0.344. Based on the assumption that this job ratio continues into the future, the resulting employment increase has been calculated for each scenario. The findings are shown in Table 4.

It is acknowledged that population growth will not necessarily automatically be followed by employment growth. In peri-urban areas in particular, many residents are employed in metropolitan Melbourne. This assessment provides an indication of the potential overall employment impacts that could be achieved if population growth is achieved across all areas of rural Victoria and current employment and population relativities are maintained.

**TABLE 4** EMPLOYMENT IMPACT SCENARIOS

SCENARIO	ADDITIONAL RESIDENTS COMPARED TO BASE SCENARIO	JOBS TO POPULATION RATIO	POTENTIAL ADDITIONAL JOBS TO BASE SCENARIO (15 YEAR PERIOD)
SCENARIO 2 - INCREASE SHARE OF GROWTH	38,730	0.344	13,323
SCENARIO 3 - MAINTAIN STATE SHARE	96,844	0.344	33,314

Source: ABS Census, 2016; Victoria In Future 2016

#### POTENTIAL GROSS REGIONAL PRODUCT IMPACTS

Gross Regional Product (GRP) in rural Victoria in 2016 was in the order of \$37b. This equates to GRP of approximately \$49,000 per capita (81% of the average across Victoria) as shown in Table 5.

**TABLE 5** VICTORIA AND RURAL VICTORIA GSP/GRP AND PER CAPITA GSP/GRP, 2016

	GSP/GRP (2016)	ESTIMATED RESIDENTIAL POPULATION (2016)	GSP / GRP PER CAPITA
Victoria	\$374.435b	6,179,249	\$60,596
Rural Victoria	\$37.049b	754,720	\$49,090
Rural Victoria proportion of State total	10%	12%	81%

Source: Remplan 2016, Economy ID 2016. Note: Rural Victoria includes all of Mitchell Shire for the purposes of this assessment.

Although population growth will not necessarily lead automatically to an increase in economic activity and GRP in rural Victoria, additional population will drive demand for many local goods and services which exist primarily to serve a local and/or regional population base.

An analysis of GRP by industry across rural Victoria (shown in **Appendix C**) found that, on average, 65% of GRP is generated by industries which primarily serve the needs of the local population, such as retail, health, education, construction, professional services, finance, food, administration and recreation. The remaining 35% of GRP is generated by production / export industries such as manufacturing, agriculture, mining and transport.

This indicates that, on average, population growth is likely to lead to at least 65% of GRP per capita in rural Victoria, and at most, 100% of GRP per capita. It is likely that the impact will be closer to the lower end of the range given that production and export industries derive their output primarily from natural resources and other locational advantages, however it is likely that additional population may support some economic growth in these industries through greater labour force availability and increased opportunity for local supply chain efficiencies and specialisations. This is particularly relevant to some areas and industries in rural Victoria which are currently experiencing labour shortages.

Using these assumptions and inputs, Table 6 shows the potential GRP impacts generated under each population growth scenario. These assessments provide a broad indication of the potential scale of economic impacts of additional population growth in rural Victoria. Ultimately, economic benefits will depend on public and private sector realisation of opportunities and macro-economic conditions.

**TABLE 6** POTENTIAL RURAL GROSS REGIONAL IMPACT SCENARIOS (15 YEAR PERIOD, 2016 VALUES)

SCENARIO	ADDITIONAL POPULATION TO BASE	LOWER BOUND GRP IMPACT (65%)	UPPER BOUND GRP IMPACT (100%)
SCENARIO 2 - INCREASE SHARE OF GROWTH	38,731	\$1,238m	\$1,901m
SCENARIO 3 - MAINTAIN STATE SHARE	96,845	\$3,097m	\$4,754m

Source: ABS Census, 2016; Victoria In Future 2016, Remplan 2016, Urban Enterprise.

## ECONOMIC DEVELOPMENT OPPORTUNITIES

The attraction of additional population to rural areas can be particularly productive in terms of economic development if the new residents add to pool of labour suitable to perform roles in companies that have are currently experiencing a shortage of such labour.

Consultation with councils as part of this project identified that there are many businesses in rural areas that cannot find sufficient suitable labour to meet their needs, including in the agriculture, food processing and tourism industries. These industries are generally experiencing strong global demand which presents significant opportunities to export oriented businesses in rural Victoria, however labour and skills availability is a critical component of maintaining and growing a competitive operation. Rural Councils also noted that many international migrants have skills and experience in the agricultural sector.

A rural Victoria population policy has an important role to play in ensuring that rural businesses have access to sufficient skilled and unskilled labour to underpin a competitive rural economy and support important supply chains to other parts of the State and the country.

### 6.4.2. CONGESTION AND INFRASTRUCTURE COSTS

A key challenge of accommodating significant population growth in metropolitan Melbourne is the cost of congestion and the need for major infrastructure investment in established areas.

The Bureau of Infrastructure, Transport and Regional Economics (**BITRE**), under the Australian Government's Department of Infrastructure and Regional Development modelled the 'avoidable' social costs of congestion in Australia's capital cities.

The research found that the Dead Weight Loss (**DWL**) generated by traffic congestion in Melbourne is expected to increase from \$4.6 billion in 2015 to \$10.2 billion by 2030, made up of private time costs, business time costs, extra vehicle operating costs and extra air pollution costs based on population growth and traffic projections. Congestion costs equate to between \$2,892-\$6,412 per new resident per year.



If some of these congestion costs can be avoided by redirecting a proportion of future metropolitan population growth to areas with minimal or no congestion, the reduction in DWL would result in greater personal and economic benefit to both existing and future residents. Under the population scenarios outlined in this report, redirection of approximately 40,000 to 100,000 residents from metropolitan Melbourne to rural Victoria could result in a congestion cost saving in the order of \$70m to \$170m.

A report prepared in 2012<sup>33</sup> assessing the infrastructure and resource requirements to meet population growth in regional Victoria found that although infrastructure provision grew at a sustainable pace in the 5 years to 2012, this was well below what was needed to meet population growth in the 20 years to 2032. To meet this growth, the report recommended Federal and State Government investment in enabling infrastructure to ensure sustainable population growth and that investment in Regional Victoria was an efficient use of taxpayer funds on the basis that a \$1.1 billion investment in key infrastructure would likely facilitate an increase of 80,000 persons in Regional Cities over a 20-year period. Based on a comparison against overall congestion costs in Melbourne of \$95 billion during the same period, the report concluded that investment in enabling infrastructure in Regional Victoria would benefit the metropolitan area.

The cost of retrofitting infrastructure in metropolitan areas – especially transport infrastructure – is also significant, as noted earlier in this report. The survey of rural councils conducted for this project found that most councils consider there to be moderate to high capacity within education, health, housing, community and recreation infrastructure to accommodate population growth. This presents a significant opportunity to the State and could assist in offsetting some of the current pressure being experienced in metropolitan areas if the right incentives and policy settings are in place.

#### **6.4.3. SUMMARY OF IMPACTS AND BENEFITS**

The following impacts and benefits of increasing population growth in rural Victoria were found, based on the two population scenarios over a 15 year period:

- Creation of between 13,000 and 30,000 new jobs in rural Victoria;
- Addition of in the order of \$0.5bn - \$1.9bn in Gross Regional Product in rural Victoria;
- Facilitation of economic growth in rural industries currently experience labour shortages, thereby benefiting broader supply chains across the State economy;
- Assist in offsetting expected congestion costs in metropolitan in the order of \$5bn to \$10bn per year; and
- Utilise existing latent capacity in rural infrastructure to offset the major capital expenditure program on infrastructure in the metropolitan area.

---

<sup>33</sup> Essential Economics, 2012.

## 7. POLICY, TARGETS AND ACTIONS

### 7.1. INTRODUCTION

This section includes a policy statement, population targets for rural Victoria and objectives and actions for RCV.

### 7.2. RURAL POPULATION POLICY STATEMENT

Victorian Rural Population Policy statement:

*A sustainable and productive rural Victoria is integral to the State's prosperity. Victoria's population is growing strongly but unevenly, mostly due to migration. Although some peri-urban areas are experiencing strong growth and associated pressures, others are experiencing population loss and councils see population retention and attraction as a key to their ongoing sustainability and viability.*

*As rural Victoria's population continues to age and some areas experience a shrinking labour force, intervention will be required to ensure that existing businesses have access to labour and rural residents maintain and improve their quality of life.*

*There are significant benefits of encouraging a greater proportion of the State's population growth to occur in rural Victoria, including reduced congestion costs in metropolitan areas, better utilisation of existing infrastructure and facilitation of economic growth in areas currently constrained by a lack of labour.*

*A more co-ordinated, committed and targeted approach to population attraction and retention is needed at the State Government level. Central to this is the development of a Rural and Regional Population Strategy which seeks to achieve published population targets and is overseen by a Minister for Rural Victoria.*

### 7.3. RURAL VICTORIA POPULATION TARGETS

Under current policy settings, the State Government projects that rural Victoria will accommodate less than 5% of the State's population growth over the period to 2031. Over the next 5 years (2018-2023), the population of rural Victoria is projected to increase by approximately 32,000 residents, or just under 5% of its current population.

It is important that short term actions are taken to change the rate and scale of population growth across rural Victoria. The recommended population target for rural Victoria is to increase population growth by 8% of the current population over the next 5 years (equivalent to a growth rate of 1.55% per annum on average). This would result in population growth of approximately 55,000 residents compared to current projections of 32,000 new residents.

It is important that population growth is achieved across rural Victoria, not just in peri-urban areas which are currently accommodating the majority of growth.

**FIGURE 16** RURAL VICTORIA POPULATION TARGETS

Grow the population of rural Victoria by 8% of current population over the next 5 years, equivalent to an average increase of 1.55% per annum.

**+55,000 residents over 5 years**

**Achieve growth across rural Victoria, not just peri-urban areas**

## 7.4. OBJECTIVES AND ACTIONS

The recommended rural population policy takes the form of ten key objectives and supporting actions as outlined below.

### **OBJECTIVE 1** Rural Victoria is strongly represented in the State Government

Action 1.1 Advocate for the establishment of a government portfolio and Minister for rural Victoria.

### **OBJECTIVE 2** Prepare a Rural and Regional Population Strategy

Action 2.1 Prepare rural population targets, building on the scenarios and impacts set out in this report.

Action 2.2 Advocate for the preparation of an overarching Victorian Rural and Regional Population Strategy, including population targets for rural Victoria, a package of new incentives inclusive of actions in this policy, and regional sub-plans which identify points of difference and region-specific opportunities for population growth.

Action 2.3 Advocate for a clear state taxation incentive program to encourage population movement to rural Victoria (excluding or scaled back in peri-urban areas), utilising levers such as Land Transfer Duty and Vehicle Registration as a central pillar of the Strategy. Discounts to these state tax levers could be applied to new residents and businesses in rural areas on an ongoing basis and potentially targeted to groups most likely to move such as regional returners.

### **OBJECTIVE 3** Clearly differentiate between rural and regional Victoria in programs and incentives for population and employment attraction

Action 3.1 Engage with RDV to identify all opportunities to further incentive rural Victorian population growth.

Action 3.2 Ensure all existing and proposed incentives differentiate between rural and regional Victoria where possible.

### **OBJECTIVE 4** Address population risk in western Victoria

Action 4.1 Prepare a Western Region Population Strategy and action plan which aligns economic issues and opportunities, specific labour force needs, priority projects for rural centres and population attraction and retention incentives identified in this policy.

Action 4.2 Introduce a sliding scale of all population attraction and retention mechanisms, with incentives greater in Western Victoria.

### **OBJECTIVE 5** Leverage strengths of rural areas to attract population

Action 5.1 Undertake targeted metropolitan marketing campaigns of rural Victoria's lifestyle benefits to families and regional returners, taking into account the specific lifestyle strengths, employment opportunities and available incentives in each region separately.

Action 5.2 Establish a dedicated funding stream to support rural centre place making programs and infrastructure improvements.

### **OBJECTIVE 6** Address weaknesses of rural areas to attract, retain and accommodate population

Action 6.1 Transport: Engage with the State Government to support the ongoing improvement of transport infrastructure in rural Victoria, with a focus on the quality and frequency of train services.

Action 6.2 Lack of higher education: Work with RDV and DEDJTR to identify best practice in direct training offered by businesses in conjunction with existing operations (eg. hospitality training run by a major rural restaurant) and offer specific support packages in areas of low population growth and decline.

- Action 6.3 Land supply and infrastructure: Work with DELWP to ensure that the next update of each Regional Growth Plan includes specific consideration of removing any planning, land supply, dwelling mix or infrastructure barriers to population and employment growth, such as locations where demand for residential or employment uses cannot be met due to inadequate or inappropriate land supply, a lack of rental housing or a particular infrastructure challenge to unlock urban land (including funding allocation for key catalyst infrastructure items).
- Action 6.4 Investigate and advocate for the re-introduction of a scheme to facilitate extension of reticulated sewer infrastructure to small towns with demonstrated residential growth potential, particularly those in proximity to existing sewer networks and employment opportunities in regional and rural centres.

**OBJECTIVE 7 Facilitate second move migration to address labour force and skills shortages**

- Action 7.1 For each rural Victorian region, engage with existing businesses through a targeted survey to identify labour force shortages and skills gaps using a consistent process across the State which leverages knowledge of council Economic Development units and the Australian Business Register.
- Action 7.2 Engage with migration support agencies in Melbourne regarding opportunities to facilitate a second move for recent migrant communities to areas with identified labour force and skills gaps.

**OBJECTIVE 8 Support existing and new businesses in rural Victoria**

- Action 8.1 Expand current incentives for businesses in rural and regional Victoria (i.e. payroll tax incentive) to include a multi-government package for new businesses comprising a relocation grant, payroll tax discount and rate freeze for a set period.
- Action 8.2 Advocate for continuation of the GovHub approach to Government employment decentralisation and establish monitoring tools to identify and quantify flow-on economic and social impacts in both regional centres and surrounding rural areas.
- Action 8.3 Based on findings of the GovHub monitoring, identify opportunities, advantages and disadvantages of extending government agency relocation to rural centres.
- Action 8.4 Develop a rural Victoria employment service to connect job seekers (especially partners of relocated government staff) with employment opportunities.

**OBJECTIVE 9 Gather empirical and ongoing evidence on population and business movement**

- Action 9.1 Establish a State-wide monitoring program for rural and regional population movement which combines primary data (collected through a common method across rural and regional areas) and secondary data into Key Performance Indicators (KPIs) which can be updated and analysed annually.

**OBJECTIVE 10 Align population attraction and retention initiatives to RCV Workforce Development Plan recommendations.**

- Action 10.1 Identify alignment between objectives, actions and initiatives identified in this report and the RCV Rural Workforce Development Plan and opportunities to share, align and leverage resources, data, targets and outcomes.

# APPENDICES

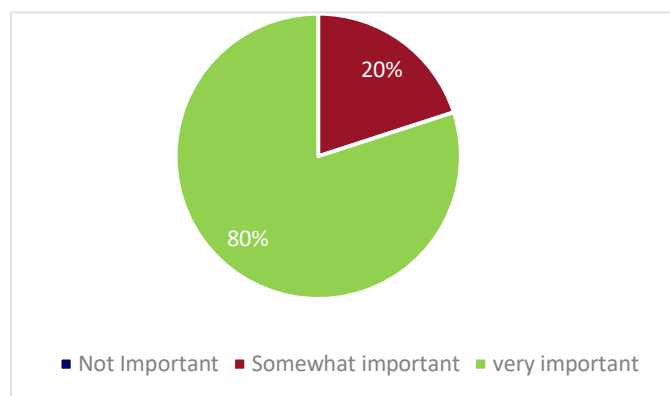
## APPENDIX A COUNCIL SURVEY RESULTS

An online survey was sent to representatives from each of the 38 rural councils to complete, requesting feedback on previous and current population policies and the capacity and barriers to attracting population growth. 20 of the 38 rural councils responded to the survey (53%). A list of respondents is provided in Table 7.

**TABLE 7** LIST OF PARTICIPATING COUNCILS (SURVEY)

PARTICIPATING COUNCIL	REGION
Colac Otway Shire Council	Barwon
Pyrenees Shire Council	Central Highlands
Moirā Shire Council	Goulburn
Strathbogie Shire Council	Goulburn
Corangamite Shire Council	Great South Coast
Moyne Shire Council	Great South Coast
Campaspe Shire Council	Loddon Campaspe
Loddon Shire Council	Loddon Campaspe
Buloke Shire Council	Mallee
Gannawarra Shire Council	Mallee
Benalla Rural City Council	Ovens Murray
Indigo Shire Council	Ovens Murray
Towong Shire Council	Ovens Murray
Bass Coast Shire Council	Peri-urban
South Gippsland Shire Council	Peri-urban
Macedon Ranges Shire Council	Peri-urban
Borough of Queenscliffe	Peri-urban
Hindmarsh Shire Council	Wimmera Southern Mallee
Northern Grampians Shire Council	Wimmera Southern Mallee
West Wimmera Shire Council	Wimmera Southern Mallee

### QUESTION 1 - HOW IMPORTANT IS THE NEED TO ATTRACT MORE RESIDENTS AND/OR ADDRESS POPULATION LOSS TO YOUR COUNCIL?

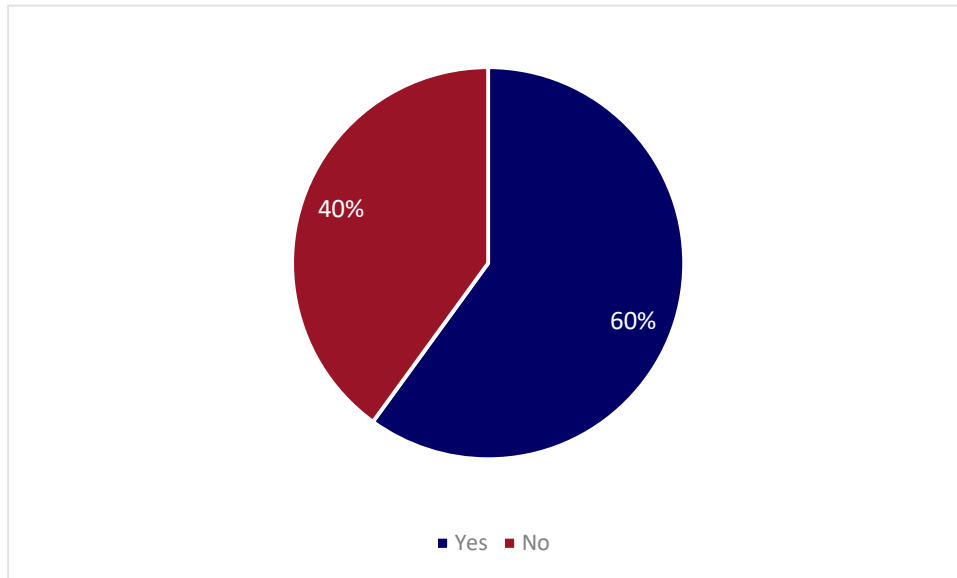


Additional comments:

- Attract businesses to meet the high residential growth;
- Higher capacity of growth;
- Population stagnation/loss has a negative effect on the provision of services e.g. health and education and infrastructure and skill shortages (5 responses);
- Population growth is leads to higher labour force and sustainability (2 responses);
- Small towns are experiencing population loss but this is compensated for by growth in larger towns; and
- Need to plan for population growth from spill over of peri-urban areas.



**QUESTION 2 - DOES YOUR COUNCIL HAVE A FORMAL POLICY, RESOLUTION OR OBJECTIVE TO ENCOURAGE POPULATION GROWTH?**



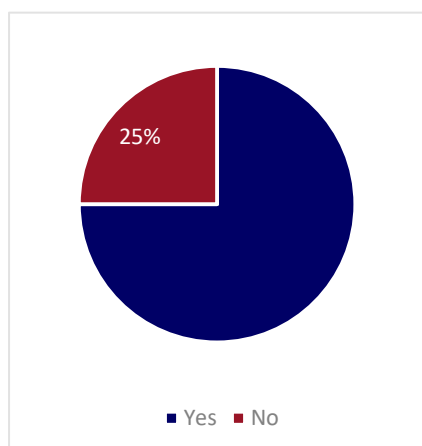
Additional comments:

- More housing lots in planning scheme (2 respondents);
- Committed to growing population in a more sustainable manner in respect to natural, built, social and economic environments (2 responses);
- G21 Alliance of Councils;
- Economic growth strategies (4 responses);
- Focus on jobs to attract population; and
- 2 years of free rates to buyers that qualify for the first home buyers grants.

Challenges and opportunities that council is seeking to address:

- Challenge is ensuring that they are attracting young people to offset the ageing of the population;
- Declining skills sets and workforce availability to support agricultural businesses and cultural diversity;
- Lack of skilled workers;
- Lack of jobs;
- Integration of immigrants has reduced employment vacancies and created new opportunities;
- Ensuring there is sufficient infrastructure to attract young families;
- Increasing employment opportunities in sectors not reliant on irrigation;
- Challenge is ensuring farm land is not fractured by development; and
- Ensuring holiday homes are catered for.

### QUESTION 3 - HAS YOUR COUNCIL IMPLEMENTED ANY INITIATIVES OR INCENTIVES TO ENCOURAGE POPULATION GROWTH IN RECENT YEARS?



Initiative and outcome:

- Preparation of a structure plan identifying preferred areas for development. Rezoning of more land (2 responses);
- Attended the RVL expo as it highlighted the benefits of living in rural areas and saw evidence of it working (3 respondents);
- Minimum standard rate payments;
- Provide incentives for the animal husbandry industry;
- Gannawarra had a targeted media campaign highlighting the opportunities for relocation and specifically targeted industry sectors. The strategy was able to increase the LGA's population for the first time in many years;
- Increase the provision of services e.g. childcare facilities, an employment precinct – it is too early to measure success; and
- More marketing.

### QUESTION 4 - WHICH PREVIOUS STATE OR FEDERAL GOVERNMENT INITIATIVES OR POLICIES (IF ANY) HAVE BEEN SUCCESSFUL IN INFLUENCING POPULATION GROWTH IN YOUR RURAL COUNCIL AREA? EG. REGIONAL FIRST HOME BUYER INCENTIVES, MARKETING CAMPAIGNS, GOVERNMENT AGENCY RELOCATION, SPONSORED MIGRATION SCHEMES, HECS HELP, ETC.

- Regional Living Expo (hard to measure its success) (4 responses);
- Regional First Home Owners Grant (4 responses);
- Schemes that encourage labour to enter certain industries e.g. sponsored migration and 457 visas (2 respondents);
- Urban Growth Project;
- Community Infrastructure Development Fund; and
- Gippsland Regional Growth Plan.

### QUESTION 5 - WHAT NEW STATE GOVERNMENT INITIATIVES OR POLICY WOULD YOU RECOMMEND OR SUPPORT IN RESPECT OF RURAL POPULATION GROWTH AND ATTRACTION?

- Equitable infrastructure funding – access to gas, good transport connections (both roads and public transport), medical services and education facilities (6 responses);
- Decentralisation of Government Agencies (5 responses);
- Business cost incentives based on regional location;

- Regional Jobs Infrastructure Fund;
- Reduce all taxes and fees for people living in regional areas (e.g. stamp duty, vehicle rego, payroll tax);
- More funding for councils to invest in public infrastructure;
- Incentives for migrants to rural Victoria; and
- Professional career advancement incentives.

#### **QUESTION 6 - WHAT ARE THE 5 KEY STRENGTHS OF YOUR COUNCIL AREA TO ATTRACT AND RETAIN POPULATION?**

- Affordable housing (8 responses);
- Natural assets (8 responses);
- Proximity to metro/regional centres (7 responses);
- Lifestyle (6 responses);
- Good education (3 responses);
- Good medical services (3 responses);
- Low unemployment (2 responses);
- Safety (2 responses);
- Sense of community (2 responses);
- Close to Melbourne;
- Recreation;
- Arts;
- Access to jobs;
- Agricultural opportunities;
- Space; and
- Diverse economy.

#### **QUESTION 7 - BASED ON FEEDBACK FROM THE COMMUNITY AND NEW RESIDENTS, WHAT ARE THE MAIN REASONS FOR NEW RESIDENTS ARRIVING IN THE AREA, AND WHAT ARE THE MAIN REASONS FOR RESIDENTS LEAVING THE MUNICIPALITY?**

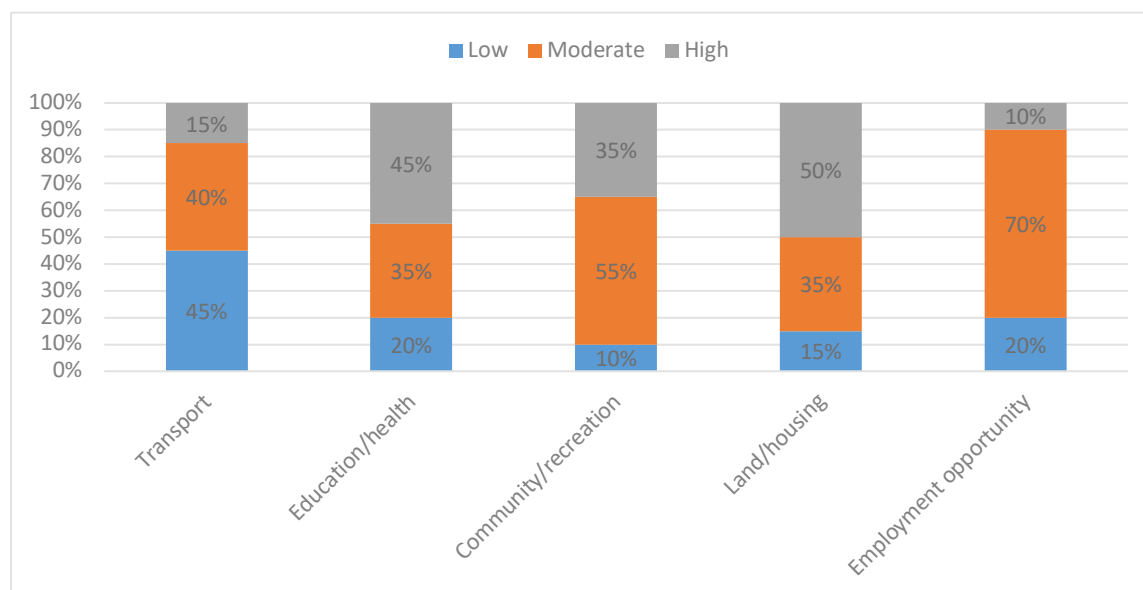
Arriving:

- Lifestyle (5 responses);
- Affordability (5 responses);
- Employment (4 responses);
- Location (2 responses);
- Tree change/retirement to the country (2 responses);
- Opportunity;
- Friendly communities; and
- Safety.

Leaving:

- Tertiary education (7 responses);
- Better career prospects (7 responses);
- Lack of infrastructure (2 responses);
- Moving closer to family;
- Changes to nature; and
- Better transport elsewhere.

**QUESTION 8 - HOW WOULD YOU DESCRIBE YOUR MUNICIPALITY'S CURRENT CAPACITY TO SUPPORT POPULATION GROWTH IN THE FOLLOWING AREAS?**



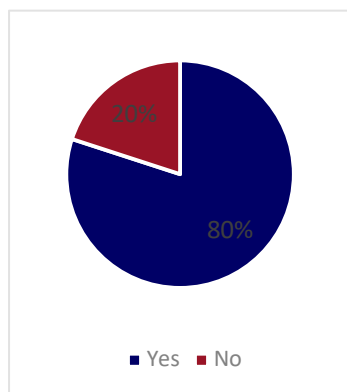
**QUESTION 9 - ARE THERE ANY PARTICULAR AREAS OF SIGNIFICANT LATENT CAPACITY TO ACCOMMODATE ADDITIONAL POPULATION?**

- Residential land supply (6 responses);
- Health service;
- Manufacturing; and
- Public infrastructure.

**QUESTION 10 - WHAT ARE THE BARRIERS TO YOUR MUNICIPALITY ACCOMMODATING AND/OR ATTRACTING POPULATION GROWTH (E.G. EMPLOYMENT OPPORTUNITIES/DIVERSITY, COMMUNITY OPPOSITION, LACK OF SERVICES, ETC)?**

- The perception of a lack of services (5 responses);
- Lack of employment opportunities (4 responses);
- Rural location (3 responses);
- Public transport (2 responses);
- Lack of tertiary education (2 responses);
- Lack of available rental housing;
- Community opposition; and
- Lack of infrastructure

**QUESTION 11 - AT PRESENT, ARE THERE SECTORS IN THE LOCAL ECONOMY IN WHICH BUSINESSES ARE UNABLE TO MEET THEIR WORKFORCE NEEDS?**



What are some of the sectors?

- Agriculture (11 responses);
- Professional services (8 responses);
- Tourism/Hospitality (8 responses);
- Healthcare (7 responses);
- Manufacturing (6 responses);
- Construction (3 responses);
- Retail (2 responses);
- Transport/logistics;
- Food processing; and
- Renewable energy.

Reasons why businesses cannot meet their needs:

- Unavailability of skills/knowledge (11 responses);
- Unavailability/Inability to access relevant training (4 responses);
- Ageing workforce (4 responses);
- Lack of transport for workers (2 responses);
- Seasonality of business activity is a challenge for maintaining the workforce;
- Visa issues;
- Seasonality of tourism;
- Australians don't want to do hard work so reliance of foreigners;
- High wages/low wages for some sectors (agriculture); and
- Supply does not meet demand.

**QUESTION 12 - WHICH SECTOR(S) ARE YOU EXPECTING WILL EXPERIENCE EMPLOYMENT GROWTH IN THE NEXT 5 YEARS?**

Industries with multiple responses:

- Construction
- Healthcare
- Professional services
- Tourism/hospitality
- Manufacturing
- Transport/logistics

Industries with single response;

- Renewable energy;
- Food processing.

### QUESTION 13

Responses included in 11.

### QUESTION 14

Responses included in 12.

### QUESTION 15 - WHAT DO YOU RECOMMEND SHOULD BE DONE TO RETAIN REQUIRED WORKERS IN YOUR LOCAL GOVERNMENT AREA?

- Establishment of tertiary education to keep young people in the area (7 responses);
- Better access to services (4 responses);
- Support businesses to run their businesses;
- Government incentives to attract population to regional areas;
- Ensuring that spouses have meaningful employment;
- More childcare options;
- Changes to visa rules to allow people employed in agriculture to stay longer;
- Diversify and innovate agricultural services;
- Better infrastructure;
- Better transport; and
- Better salaries.

### QUESTION 16

Responses included in 5 and 6.

### QUESTION 17 - WHAT DO YOU RECOMMEND SHOULD BE DONE TO IMPROVE ACCESS TO TRAINING FOR WORKERS/BUSINESSES IN YOUR LOCAL GOVERNMENT AREA?

- Tertiary education (2 responses);
- Business incubation hub;
- Adapt the Small Business Victoria workshop topics to be more responsive to business needs;
- Allow the LGAs to select the training providers to ensure the content and delivery is suitable for the audience;
- The recent work in north-west Victoria is a good example of local solutions;
- Provide training more locally;
- Small businesses cannot send their workers to train as it's too far away;
- Subsidies for workers and businesses;
- Mentoring program; and
- Develop a range of land options.

### QUESTION 18 - ARE THERE ANY SPECIFIC CASE STUDIES THAT YOU BELIEVE WILL BE RELEVANT TO THIS PROJECT? IF SO, PLEASE BRIEFLY IDENTIFY.

- Make it easy for people looking to move to regional Victoria to do their research on where to go. The Regional Living Expo provided the forum for these people to come along and learn about all the regions and what was on offer, jobs available, housing prices, schools in a convenient location in Melbourne;



- Infrastructure barriers - we have a number of tourism and food processing start ups that face significant infrastructure costs (sewerage, water and electricity) that they would not have faced in a regional centre or Melbourne;
- The story of the Karen community relocating to Nhill and working initially at Luv-a-Duck is well documented and would be a great case study on the attraction, retention and promotion of migrant fulfilling much needed workforce shortages and this preventing the potential relocation of one of the Shire's largest employers; and
- Pyramid Hill Filipino community attracted to the area due to employment opportunities in nearby piggeries - flow-on effects to housing take up, school participation, community events and vibrancy.

#### **QUESTION 19 – ADDITIONAL COMMENTS**

- Need State Government to reintroduce small towns sewerage scheme to make utilities more sustainable environmentally and economically.

## APPENDIX B STATE GOVERNMENT CAPITAL EXPENDITURE

**TABLE 8** GOVERNMENT CAPITAL EXPENDITURE BY LOCATION, PROJECTS ACTIVE 2016/17 (\$M)

DEPARTMENT / AGENCY	PROJECTS	Rural	Metro	Regional	Regional/ Rural	Statewide	Total
Economic Development, Jobs, Transport and Resources	New	\$13.43	\$6,109.72	\$131.77	\$99.15	\$361.87	\$6,715.94
	Existing	\$475.49	\$7,066.43	\$117.47	\$972.30	\$1,052.13	\$9,683.82
Education and Training	New	\$60.25	\$447.93	\$87.24	\$0.00	\$299.58	\$895.00
	Existing	\$109.81	\$403.55	\$133.93	\$0.00	\$490.21	\$1,137.50
Land, Water and Planning	New	\$30.00	\$40.67	\$0.00	\$55.68	\$123.00	\$249.34
	Existing	\$0.00	\$353.30	\$12.25	\$0.00	\$32.62	\$398.17
Health and Human Services	New	\$0.00	\$458.59	\$168.53	\$206.00	\$154.43	\$987.54
	Existing	\$17.00	\$1,455.33	\$501.77	\$8.60	\$238.39	\$2,221.08
Justice and Regulation	New	\$0.00	\$0.00	\$0.00	\$32.54	\$288.89	\$321.43
	Existing	\$12.70	\$19.00	\$35.00	\$0.00	\$581.00	\$647.70
Premier and Cabinet	New	\$0.00	\$15.00	\$0.00	\$0.00	\$0.00	\$15.00
	Existing	\$0.00	\$7.68	\$0.00	\$0.00	\$0.00	\$7.68
Treasury and Finance	New	\$0.00	\$2.63	\$0.00	\$0.00	\$0.00	\$2.63
	Existing	\$0.00	\$11.98	\$0.00	\$0.00	\$0.00	\$11.98
Parliament	New	\$0.00	\$45.46	\$0.00	\$0.00	\$0.00	\$45.46
	Existing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Country Fire Authority	New	\$0.00	\$0.00	\$0.00	\$0.00	\$89.19	\$89.19
	Existing	\$8.56	\$0.00	\$10.10	\$0.00	\$133.43	\$152.08
Courts	New	\$0.00	\$1.11	\$0.00	\$0.00	\$7.28	\$8.39
	Existing	\$0.00	\$0.05	\$68.09	\$0.00	\$10.03	\$78.17
Metropolitan Fire and Emergency Services Board	New	\$0.00	\$27.13	\$0.00	\$0.00	\$0.00	\$27.13
	Existing	\$0.00	\$35.44	\$0.00	\$0.00	\$3.40	\$38.84
Director of Housing	New	\$0.00	\$10.00	\$0.00	\$0.00	\$257.72	\$267.72
	Existing	\$0.00	\$378.20	\$43.24	\$0.00	\$24.18	\$445.62
Places Victoria	New	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Existing	\$0.00	\$37.92	\$0.00	\$0.00	\$0.00	\$37.92
Victorian Rail Track (VICTRACK)	New	\$0.00	\$1,645.58	\$21.80	\$1,074.76	\$140.29	\$2,882.42
	Existing	\$0.00	\$14,950.93	\$0.00	\$732.08	\$649.42	\$16,332.43
Victorian Regional Channels Authority	New	\$0.00	\$0.00	\$0.00	\$16.00	\$0.00	\$16.00
	Existing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
V/Line Corporation	New	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Existing	\$0.00	\$0.00	\$0.00	\$0.00	\$14.80	\$14.80
Other Public Non-financial Corporations	New	\$0.00	\$0.00	\$3.24	\$0.00	\$8.50	\$11.74
	Existing	\$2.02	\$347.15	\$0.00	\$0.00	\$3.03	\$352.20
Total Estimated Investment	Total	\$729.25	\$33,870.78	\$1,334.43	\$3,197.11	\$4,963.37	\$44,094.93
	Proportion of Total	2%	77%	3%	7%	11%	100%

Source: Victorian Budget 16/17, Getting It Done, Budget Information Paper.

Note: Each project was allocated to a region based on information in the Paper. Where a project was identified as "non-metro", it was categorised as "Regional/Rural". Any project identified as a Statewide project or projects without a clear location were categorised as "Statewide".

The following projects were not included in the expenditure review: Barwon Region Water Corporation; Cemeteries; Central Gippsland Region Water Corporation; Central Highlands Region Water Corporation; City West Water Limited; Coliban Region Water Corporation; East Gippsland Region Water Corporation; Gippsland and Southern Rural Water Corporation; Goulburn-Murray Water Corporation; Grampians Wimmera Mallee Water Corporation; Lower Murray Urban and Rural Water Corporation; Melbourne Water Corporation; North East Region Water Corporation; Places Victoria; South East Water Limited; South Gippsland Region Water Corporation; Wannon Region Water Corporation; Western Region Water Corporation; Westernport Region Water Corporation; Yarra Valley Water Limited.

## APPENDIX C SUPPORTING ECONOMIC ANALYSIS

The value added of each industry for 36 of the 38 rural municipalities in Victoria was sourced from Remplan. There was no publicly available information for the Borough of Queenscliffe and Southern Grampians Shire.

Each ANZSIC industry was assigned to either Services or Production (Table 9). Services industries are those which are primarily required to service a local and regional population base. Production industries are primarily located in areas which have a competitive advantage in terms of land, infrastructure, market access and environment.

The proportion of output that are service and production-based industries were then calculated based on total output for each municipality and the findings can be found in Table 10.

**TABLE 9** CATEGORISATION OF INDUSTRIES BY SERVICE AND PRODUCTION BASE

INDUSTRY (ANZSIC)	CATEGORY
Rental, Hiring and Real Estate Services	Services
Health Care & Social Assistance	Services
Construction	Services
Agriculture, Forestry & Fishing	Production
Manufacturing	Production
Education & Training	Services
Retail Trade	Services
Public Administration & Safety	Services
Financial & Insurance Services	Services
Professional, Scientific & Technical Services	Services
Transport, Postal & Warehousing	Production
Accommodation & Food Services	Services
Electricity, Gas, Water & Waste Services	Production
Wholesale Trade	Production
Information Media & Telecommunications	Services
Administrative & Support Services	Services
Other Services	Services
Mining	Production
Arts & Recreation Services	Services

Source: Urban Enterprise 2018

**TABLE 10** PROPORTION OF GRP BY INDUSTRY CATEGORY, RURAL COUNCILS, 2016

MUNICIPALITY	SERVICES	PRODUCTION
Surf Coast	84%	16%
Mitchell	83%	17%
Macedon Ranges	81%	19%
Hepburn	80%	20%
Bass Coast	79%	21%
Central Goldfields	74%	26%
Moorabool	74%	26%
Baw Baw	74%	26%
Loddon Mallee Region	72%	28%
East Gippsland	71%	29%
Mansfield	70%	30%
Mount Alexander	69%	31%
Ararat	68%	32%
Alpine	68%	32%
Murrindindi	67%	33%
Golden Plains	65%	35%
Colac Otway	65%	35%
Benalla	65%	35%
Campaspe	64%	36%

Towong	63%	37%
Pyrenees	61%	39%
Northern Grampians	61%	39%
Swan Hill	61%	39%
Yarriambiack	60%	40%
Gannawarra	60%	40%
Moir	60%	40%
South Gippsland	60%	40%
Glenelg	59%	41%
Wellington	59%	41%
Indigo	58%	42%
Buloke	58%	42%
Strathbogie	57%	43%
Hindmarsh	56%	44%
West Wimmera	49%	51%
Corangamite	49%	51%
Moyne	47%	53%
Loddon	43%	57%

Source: Remplan, 2016.

## EMPLOYMENT AND GRP IMPACT SCENARIOS

**TABLE 11** ADDITIONAL JOBS, EMPLOYMENT IMPACT SCENARIOS

SCENARIO	NET ADDITIONAL POPULATION	JOBS TO POPULATION RATIO	TOTAL NUMBER OF ADDITIONAL JOBS CREATED
Scenario 1 - VIF2016	137,653	0.344	42,473
Scenario 2 – Increase Share of State growth	168,444	0.344	50,201
Scenario 3 – Maintain State Share	242,573	0.344	115,707

Source: ABS Census, 2016; Victoria In Future 2016

**TABLE 12** ADDITIONAL OUTPUT, GRP IMPACT SCENARIO

	NET ADDITIONAL POPULATION	ADDITIONAL SERVICES INDUSTRIES OUTPUT	ADDITIONAL PRODUCTION INDUSTRIES OUTPUT	NET ADDITIONAL OUTPUT
Scenario 1 - VIF2016	137,653	\$4,401M	\$2,356M	\$6,757M
Scenario 2 – Increase Share of State growth	168,444	\$5,386M	\$2,883M	\$8,269M
Scenario 3 – Maintain State Share	242,573	\$7,756M	\$4,152M	\$11,908M

Source: ABS Census, 2016; Victoria In Future 2016, Remplan 2016



**Urban Enterprise**

Urban Planning, Land Economics, Tourism Planning

Level 1 302-304 Barkly Street,  
Brunswick VIC 3056  
(03) 9482 3888

[www.urbanenterprise.com.au](http://www.urbanenterprise.com.au)

