Interim Report of the Victorian Population Policy Taskforce
June 2017
ACKNOWLEDGEMENTS

This report is based on submissions and discussions from around the State, involving hundreds of people. It is because of this extensive input that we will be able to devise a sustainable and thorough population policy for Victoria. Our sincere gratitude to the hundreds of people who have contributed, either directly or indirectly, to this report. This includes all those who attended forums or made a submission to the Taskforce. We also are grateful to members of the Victorian and Regional Taskforces, for their commitment and dedication to this project.

DISCLAIMER

The purpose of this report is to document what we’ve heard throughout an extensive consultation period, from Victorians attending forums from across this State, or from written submissions. Comments and information have been assiduously noted, but facts contained therein by submissions cannot be guaranteed for their accuracy.
Dear Matthew

Re: Interim Report of the Victorian Population Policy Taskforce

Victoria is the fastest growing state in the nation and by all projections, Victoria’s population is set to eclipse 10 million people by 2050. If not properly planned for, this unprecedented growth paints a dire picture for our State, particularly Melbourne, which is currently absorbing around 90% of our annual growth. To address this profound challenge you announced the Victorian Population Policy Taskforce last year, with the objective of developing a vision to manage population growth by decentralising Victoria.

Over the last six months, the Taskforce has undergone a thorough statewide consultation process, ensuring that many different perspectives are heard in how we manage this unprecedented growth. We have conducted many community forums, focused mainly in regional areas, to understand the concerns and thoughts of community leaders, local businesses and residents. We will continue to hold these forums as we prepare the final report. In addition, we have received over 100 submissions from the general public and interested organisations. We have received submissions from Taskforce members who are experts in their chosen fields, as well as from the three regional taskforces in Shepparton, Ballarat and Geelong. The product of this consultation process is this interim report, which records all that we have heard so far from the community on one of the greatest challenges facing our State – population growth.

The majority of Victoria’s population, 77%, lives in Melbourne and this trend will continue without action from government. Through the decentralisation of Victoria, from a city state into a state of cities, our whole State can benefit from population growth – particularly in regional and rural Victoria. Growth and investment in these areas will increase their opportunities for economic activity whilst providing a viable alternative to living in Melbourne.

Victoria needs a population policy and a vision to 2050. Under your leadership, the population debate has been put on the agenda providing a stark difference between the Liberal Nationals Coalition and the Andrews Labor Government. Labor has no population strategy for Victoria and seems incapable of changing the status quo – an overcrowded Melbourne that expands forever.

Having collated this interim report, it will now form the basis of policy recommendations, to be outlined in the final report, released later this year.
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Executive Summary

Introduction
Managing Victoria’s unprecedented population growth is perhaps the greatest long term challenge facing the state government today. The majority, 77%, of Victoria’s population lives in Greater Melbourne and about 90% of our annual growth settles in Melbourne. This level of centralised growth is unsustainable, and the Liberal Nationals Coalition proposes that population growth be re-balanced from Melbourne to regional Victoria.

One of the aims of the Population Policy Taskforce is to identify opportunities to share economic growth throughout our state, so that no Victorian is left behind. Victoria 2050 is the vision of the Liberal Nationals Coalition for the future development of Victoria as a whole, not just for Melbourne.

Methodology
From the time of its announcement by the Leader of the Opposition, Matthew Guy MP, in November 2016, the Victorian Population Policy Taskforce has consulted widely around metropolitan, regional and rural Victoria. This Interim Report has incorporated submissions from individuals and groups from the following five categories: Taskforce members, Regional Taskforces, community forums, meetings with other stakeholders, and submissions from the general public.

History of Decentralisation
The State government’s strategy for dealing with the unprecedented population growth Victoria is experiencing needs to be informed by what has happened in the past. The Gold Rush brought massive population growth, a seven-fold increase alone in the years between 1851 and 1860, laying the foundations of modern Victoria. What followed the Gold Rush was a more modest but sustained 25-year increase in population brought about by a boom in other natural resources – agriculture, and wool in particular. Following the Allied victory in World War II, Victoria experienced another long population boom. The period from 1976 to 1985 witnessed 10 consecutive years where the rate of population growth in the regions outperformed Melbourne. A major and sustained drive by the Hamer Liberal Government provided the policy settings for this decentralisation.

Economics
The vast majority of Australia’s population lives in cities, as do most Victorians. People choose whether to live in the city or the country dependent on a multitude of different factors, including preferences over lifestyle and career. Long run economic growth requires population mobility. The Victorian economy is dynamic and continually evolving. The role of public policy is to optimise the prospects for economic adaptation and discovery of new sources of economic value, with the goal of creating conditions under which individuals and their businesses will locate based on information about economic opportunities and their own preferences. Effective long run population policy should seek to maximize the discovery of new comparative advantages in each location, and to minimise the costs of internal migration. This requires well-developed general-purpose transport and communications networks.

Attitudes to decentralisation
Melburnians have welcomed the concept of decentralisation. From the forums attended, and submissions received, they have told us they are worried by the crime rate, frustrated at traffic congestion, and angered by increased density in middle suburbs under Labor’s Plan Melbourne Refresh.

Regional Victorians also recognise the need to boost population throughout the state. For decentralisation to be successful, proper planning for increased infrastructure, commensurate with population growth, is required.

Law and Order
Law and order was the second most frequent topic in submissions received by the Victorian Population Policy Taskforce. These submissions paint a vivid picture of a society that feels threatened by violent crime and frustrated with a government that seems incapable or unwilling to take their concerns seriously and respond to this growing threat to our reputation as a liveable and safe place.

Transport
We heard everywhere across Victoria that investment in faster, more frequent, and more reliable rail services is essential to enable the rebalancing of growth to regional Victoria. It is the most powerful and effective tool for doing so, because it transforms the relationship between regional cities and Melbourne, and opens up new options for where people can live and work.

Roads, Bridges and Ports
Roads have long been a source of complaint and hazard in regional Victoria, and require attention, involving massive upgrades. Melburnians are concerned about traffic congestion and the
standard and reliability of public transport services. People living in areas experiencing high growth rates, like Casey, would prefer to work closer to home, but are forced to commute to the city.

Energy
Throughout Victoria, there is concern about energy security and pricing. The unexpected speed of the closure of the Hazelwood power plant, wiping out over 20% of Victoria’s cost efficient energy generation has caused great concern to energy intensive businesses throughout the State. Amid speculation that the Andrews Labor Government will close another coal fired power station in the Latrobe Valley, businesses throughout the regions have lost confidence that energy will be readily and reliably available, at an affordable price. This is reflected in business expansion plans, which are being deferred until clarity on the energy market restores confidence.

Jobs to the Regions
While faster and improved rail links will improve regional Victorians’ access to jobs in Melbourne, consideration will also need to be given to generating new jobs and investment in regional Victoria. Throughout the consultation process, job creation was considered the essential ingredient to encourage people to move to regional centres. State government has a range of levers at its disposal to encourage job creation and regional settlement. Submissions received generally encouraged use of such levers like tax concessions and geographically targeted visas. Technology will increasingly facilitate people working from home, which will allow flexibility in workplace arrangements.

Water
Access to sufficient water supplies is critical for growth in regional areas, both for domestic use to cater for growing residential development and for business and agriculture. In irrigation regions, especially the Murray-Darling Basin, we heard of the importance of balancing the needs of the environment with the irrigation sector, which supports thousands of jobs and billions of dollars of economic activity. There are also opportunities for more horticultural activity in the regions, delivering higher value-added production provided the necessary water supplies are available.

Health, Education and Community Infrastructure
Population growth in our regional cities and towns will require government investment in support services and infrastructure such as health, education, and community facilities. The general consensus is that to retain population, a culturally and socially rich life must be available throughout the regions. In some centres, there is concern that population-based pressures from Melbourne will be transferred into the regions, diminishing the lifestyle of regional cities.

Marketing and Promotion Campaign
There is no doubt that potential first home buyers in Melbourne are not as aware as they might be about the job and lifestyle opportunities in country Victoria. During a number of forums it was discussed that a multi-channel promotional campaign is needed in Melbourne to build awareness of the benefits of living and working in regional and rural Victoria.

Next Steps
A final report with recommended policy platforms will be delivered by the end of 2017.
Managing Victoria’s unprecedented population growth is perhaps the greatest long term challenge facing the state government today. The majority, 77%, of Victoria’s population lives in Greater Melbourne and about 90% of our annual growth settles in Melbourne. This level of centralised growth is unsustainable.

The Liberal Nationals Coalition proposes that population growth be re-balanced from Melbourne to regional Victoria. According to the latest figures from the Australian Bureau of Statistics (ABS), Victoria is projected to grow to 10 million people by 2050. This scale and pace of development is unprecedented since the Gold Rush and Melbourne is in danger of losing its liveable city reputation.

One of the aims of the Population Policy Taskforce is to identify opportunities to share economic growth throughout the state, so that no Victorian is left behind. *Victoria 2050* is the Liberal and the Nationals vision for the future development of Victoria as a whole, not just for Melbourne.

It is a comprehensive, whole-of-government plan to help ease the growth pressure on Melbourne, provide greater lifestyle, housing and job opportunities for Victorians and distribute opportunities more equitably across the State.

It is imperative that Victorians have a choice about where to live, raise their families, and work. With 77% of Victoria’s population residing in Greater Melbourne, Melbourne is effectively a city state. The vision of the Liberal Nationals Coalition is to transform Victoria into a state of cities.

This is the first comprehensive statewide growth and decentralisation policy to be prepared in Victoria since the 1970s.

The current population trajectory of eight million people in Melbourne by 2050 will not change with a business as usual approach. If change is desired, different policy positions will need to be taken.

The Liberal Nationals Coalition’s *Victoria 2050* agenda will tackle these issues by a comprehensive, multi-faceted set of policies and an integrated whole of government approach, including:

- Marketing/promotion
- Incentives – rewards – individuals & business
- Investment in infrastructure
- Government employment – relocation of government departments
- Taxation regime
- Balanced package of measures over the longer term, which might include a combination of all of the abovementioned policy levers – incentives, investment in infrastructure and community services over a sustained period of time.

Re-balancing growth from Melbourne to regional Victoria is a winning formula for everyone, and will:

- Distribute benefits and opportunities to more people across the State.
- Help make Melbourne more manageable and sustainable.
- Create economic development, job opportunities, better social and community facilities and housing and lifestyle opportunities for regional cities and towns.
- Open up more affordable housing options for many people priced out of the Melbourne market.
- Transform how people and businesses regard regional centres as desirable places to live and work.
- More closely integrate the regional economies with Melbourne, enhancing Victoria’s international competitiveness.
- Stimulate regional expansion of major medical and educational institutions.
- Provide labour market efficiencies and reduced skill shortages by connecting Melbourne and regional labour markets.
- Prevent the removal of more productive agricultural land by continued outward urban sprawl.
- Boost tourism growth, as regional tourism attractions become “closer in time” for Melbourne and international visitors.

As demand for housing grows in metropolitan Melbourne, it is important to ensure there is enough supply to meet growing demand, and that there is a good mix of different types of housing to give every Victorian the opportunity to own their own home. Relocation to regional Victoria provides an opportunity to access affordable housing, as land and house prices are much lower than metropolitan areas.

Interim Report of the Victorian Population Policy Taskforce
Importantly, it is less costly for government to develop the regions than provide for increased infrastructure to manage increased growth in Melbourne. Indeed, it has been estimated that to provide infrastructure to support a 50,000 person population increase in regional Victoria, it would cost $1 billion, compared with $3.1 billion to provide for the same increase in metropolitan Melbourne.²
According to the latest figures from the ABS (ABS, *Australian Demographic Statistics, Sep 2016, Cat # 3101.0*), Victoria is projected to grow to 10 million by 2050. This scale and pace of development is unprecedented since the Gold Rush. Melbourne is in danger of losing its reputation as one of the world’s most liveable cities.

The latest ABS population statistics show that in 2016 Victoria grew by 2.1%, making it the fastest growing state in Australia.

<table>
<thead>
<tr>
<th>Preliminary Data</th>
<th>Population at end Sept Qtr 2016 ('000)</th>
<th>Change over previous year ('000)</th>
<th>Change over previous year (%)</th>
</tr>
</thead>
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<tr>
<td>New South Wales</td>
<td>7 757.8</td>
<td>109.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Victoria</td>
<td>6 100.9</td>
<td>127.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Queensland</td>
<td>4 860.4</td>
<td>67.7</td>
<td>1.4</td>
</tr>
<tr>
<td>South Australia</td>
<td>1 710.8</td>
<td>9.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Western Australia</td>
<td>2 623.2</td>
<td>25.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Tasmania</td>
<td>519.8</td>
<td>2.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Northern Territory</td>
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<td>5.8</td>
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</tr>
<tr>
<td>Australia (a)</td>
<td>24 220.2</td>
<td>348.7</td>
<td>1.5</td>
</tr>
</tbody>
</table>

(a) includes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Managing rapid population growth (the vast majority of which is occurring in Melbourne and will continue to do so without government leadership and a change in policy direction) is perhaps the biggest challenge facing Victoria today. But while current planning strategies talk of rebalancing population growth from Melbourne to regional Victoria, there are no levers or mechanisms in place to make this happen, no targets to achieve. Victoria does not have a population policy, which it desperately needs.

In fact, on current projections Melbourne’s share of population compared to regional Victoria will increase, with our State’s population becoming even more concentrated and unbalanced than is currently the case. Without a new approach, Victoria’s growth will continue to be highly centralised in Melbourne with major negative consequences. Continuing with the current “business as usual” policy will by 2051 see an additional 3.8 million people in Melbourne but only 690,000 people moving, settling or being born in the rest of Victoria.

Population growth is driven by three components:
- Natural Increase – births less deaths
- Net Interstate Migration – movement between states
- Net Overseas Migration – net effect of people moving to and from overseas

Victoria has positive growth from overseas and interstate migration, as well as the natural increase (Figure 2).
There are some in the community proposing to reduce Australia’s Net Overseas Migration. Of all Net Overseas Migration, Victoria was the second highest destination state (Figure 3).

The Australian Population Research Institute states:

“...the Australian government has persisted with a record high annual permanent migration intake of around 205,000, despite the weakening of the Australian economy since the end of the resources boom in 2012. This permanent intake is the major source of Australia’s very high rate of population growth. This is having a disastrous impact on Sydney and Melbourne where just over half of the migrants settle... Some 54% of the growth in households in Melbourne is due to net overseas migration. These migrant households are vying with residents, investors and upgraders for scarce family friendly housing (mainly detached houses)... The Australian Government and the Labor Opposition support the current permanent migration program... because of the impetus that population growth gives to overall economic growth (rather than per capita growth)"
Being mindful that the quantum of immigration is determined by the Federal government, the State has no control whatsoever over the number of migrants who choose to live in Victoria. However, it would be remiss not to report that in almost every forum, the extent of overseas migration was questioned, with a number of people considering it excessive.

The increasing number of overseas-born new Victorians brings a new dimension of multiculturalism. Figure 4 shows increases in people from major geographic regions over the period 2001 – 2011, showing the number of immigrants from Asia, Africa and the Americas steadily increasing.

In the year to September 2016, Melbourne grew by 2.4% or 107,770 people, making it the fastest growth capital city in the nation (Figure 6). Such rapid population growth has put enormous strain on existing infrastructure and services, resulting in reduced liveability. This manifests in many ways:

- Road congestion causing:
  - Melburnians to lose valuable hours each day sitting in traffic, as trips take longer,
  - A loss of productivity for the commercial sector

- Inadequate and unreliable public transport providing a poor alternative to private transport

- Increased crime, especially when police numbers do not keep pace with population numbers

- Demand for housing exceeding supply, causing housing prices to skyrocket and preventing entry into the market

- Energy supply struggling to meet demand

- Insufficient jobs, causing people to be “left behind”

- Community infrastructure lagging behind demand including schools and hospitals

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Melbourne’s rate of population growth has been constantly greater than regional Victoria over many years (Figures 6 and 7).

The overall population breakdown by region is depicted in Figure 8.
In the decade to 2014, population decreased in regional and rural Victoria while Melbourne’s population grew exponentially.

The most culturally diverse areas of metropolitan Melbourne are the northwest and southeast, while regionally, Geelong, Latrobe, Ballarat, Shepparton and Bendigo are the most diverse. (Figure 10)

### Population Change 2004 – 2014

![Population Change 2004 – 2014](image)

**Figure 9**

### Top 20 LGAs and Overseas-born, 2011

![Top 20 LGAs and Overseas-born, 2011](image)

**Figure 10**
The maps in Figures 11 and 12 show where new migrants are tending to settle in metropolitan Melbourne and regional Victoria. The fastest growing migrant areas are in the Outer West, central Melbourne and Southeastern LGAs (Dandenong and Casey), while the number of overseas born in regional LGAs experienced more moderate growth, with the greatest percentage increases in Swan Hill and Greater Shepparton.

Population growth can be good for the state, but must be properly managed. Without a comprehensive plan, Melbourne is at risk of becoming Australia’s most unliveable city within a decade, and regional Victoria may not share the prosperity that comes with increased population (Figure 13).

Another complexity of this growth is the ageing of the Victorian population, particularly in regional Victoria (Figure 14). An aged community requires more specialised community infrastructure, such as aged care facilities, and medical centres, requiring extra investment.
Melbourne’s population growth is particularly intense in Interface Councils, home to over 1.3 million people and facing unprecedented growth, far in excess of the State average. Due to rapid growth, residents don’t have access to the same levels of services and infrastructure as people living in inner Melbourne, and this has compounded the existing level of disadvantage on Melbourne’s fringe. There is an infrastructure and services funding gap of $9.5 billion in these interface areas. Communities are without important infrastructure and services, without access to local jobs causing them to spend hours in gridlocked traffic and away from their families daily. Figure 15 shows the percentage share of population growth versus percentage allocated funding, by “Interface councils” geographical region.
As at March 2017, most of Victoria’s Gross Domestic Product (GDP) is generated in Melbourne, with regional Victoria being the outlier with negative GDP growth. This is in stark contrast to regional areas of other states. On a per capita basis, the picture for regional Victoria looks bleak (Figures 16–18).

**GDP Growth 2015 – 2016 (%)**
Is uneven economic growth dividing Australian society?

Figure 17

Figure 18
Over the last six months, the Taskforce has undergone a thorough statewide consultation process, ensuring that many different perspectives are heard about how we manage Victoria’s unprecedented growth.
REAL PEOPLE – REAL STORIES

STEVE IS AN ENGINEER IN THE LATROBE VALLEY whose business has supported and traded with the Hazelwood Power Station for more than 20 years.

But the tripling of the coal royalty under the Andrews Labor Government, along with other bad policy decisions, has led to the Hazelwood Power Station’s closure.

Steve is not just worried about the loss of $100 million of direct wage income to an already struggling community; he is also concerned about the added effect of income and wages losses that the second, third and fourth tier providers will experience as a consequence.

Steve wants governments to pursue opportunities to develop or reinstate existing heavy industry business in the Latrobe Valley. But he is not hopeful, lamenting that there appears to be little or no support from the current government to sustain the energy industry.

PETER HAS BIG PLANS FOR SHEPPARTON. As someone who works on the land, he is always looking for more hands on deck. His business has grown to become a major player in the Goulburn Valley fruit-picking industry, employing around 30 workers.

Peter knows that transport links into Shepparton and the surrounding region are extremely important if he is to expand his business and welcome more employees, especially skilled labour, from outside the region. That is why he believes that the rail service should be brought up to scratch.

However, Peter also realises that to attract high quality people to the region, Shepparton needs high quality facilities – educational, healthcare, recreational and leisure amenities – so that these new arrivals can continue to lead the lifestyle they have left in other cities.

BEN LIVES IN THE EAST OF BALLARAT WITH HIS WIFE AND CHILDREN. Like so many people from Ballarat, he loves the lifestyle that comes from living and working in this fabled Gold Rush town. But, with a high-level management job at a large business operating out of Ballarat, he finds himself constantly called down to Melbourne for meetings with customers.

For Ben, getting into his car and travelling through the congested western suburbs of Melbourne into the city is just not an option – that’s why he takes the train. He remembers back to the days when Fast Rail came in, with the grand promises of getting people to Melbourne in an hour. But when he catches the train, he sees the reality: services that take significantly longer than an hour, as the regional trains must share the track with trains on Melbourne suburban lines which slow them down and delay them even further.

Ben knows he stands a better chance of more frequent and reliable services if he drives part of the way to Bacchus Marsh Station and hops on the train there. But ultimately, what he wants is a service he can depend on to get him from his home to work, wherever that work may be. Ben, like many of Ballarat’s residents, still believes the promise of genuine fast rail travel between Ballarat and Melbourne is achievable if the will and the resources are there.

SUE AND HER FAMILY find the transport in and around the Latrobe Valley reduces the liveability of the region. Sue’s son is a student who commutes to the city to study at RMIT, which means he spends five hours daily on the Pakenham line. For at least one of those hours, there is no seat available, so he has to stand, denying him the opportunity to use that time productively by studying. Even if a seat was available, it probably wouldn’t be possible to study as the line is fraught with mobile phone black spots for internet connection.

Sue and her family enjoy attending Friday night AFL games in the city, but poor transport makes it extremely difficult. They must be at Southern Cross station in time to catch the crowded 11pm V/Line service back to Moe, and if they miss that last service, they have to wait until 6am on Saturday morning and are stranded in the city overnight.

Locals from Moe cannot even get around easily within Gippsland, as the last train from Traralgon to Moe is 7pm, eliminating the possibility of taking the train to a Saturday or Sunday evening social function.

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MATT IS A BERWICK RESIDENT WHO WORKS AS A PROJECT MANAGER in civil construction. In his field of work, the opportunities all lie in Melbourne’s West, which has required Matt to commute over the Westgate for the last eight years. He currently works in Hoppers Crossing.

Public transport is simply not an option when traveling such a distance, as it requires a train into the CBD, and then out to the final destination, and would take at least two and a half hours each way. Consequently, Matt drives the entire way every day. If he leaves before 6:30am, and has a good run, Matt is lucky to arrive in 75 minutes. If he leaves any time after this, his journey is anywhere between 90 minutes and two hours.

Returning home is worse. If he leaves after 6pm, Matt’s journey will take a minimum of 90 minutes. Matt is easily spending nearly three hours in the car, daily, and often longer. Road works and the inevitable accident or two on the Monash cause frequent slowing of traffic, which has become much worse over the past eight years. The road widening works at Doveton are causing further delays, and are already redundant due to the increased population from places further out, like Officer.

If Matt has a commitment (like a school event for his kids) near home by 6.00pm, he must leave work by 3pm to be sure he gets there on time. All this time in the car has cut significantly into his family and personal time, and over the years he has missed several important family events whilst sitting in his car in gridlock.

Matt is firmly entrenched in the Berwick community, having lived in the suburb for over 17 years. He and his family love the area and the lifestyle it affords, so uprooting his family to move out West is not a consideration.

On top of this, Matt’s kids also pay the price from the poor public transport services in the area. His 16-year-old son has a casual job on Saturdays in Cranbourne, but there is no public transport he can use to get to work. Therefore, Matt and his wife must spend time on Saturdays, driving their son to and from work. His daughter is currently studying at Deakin University in Burwood, but with no viable transport connections there either, she must drive an hour each way every day, not to mention the cost of fuel and parking.

Matt is disappointed to think that suburbs in the outer South-East are simply filling up with more people and cars, meaning that there will be no end to the traffic problems. Public transport that is easily accessible is desperately needed. This is not a sustainable future for Victoria.
METHODOLOGY

The Victorian Population Policy Taskforce has engaged in significant, substantial and meaningful consultation around Victoria.

With a strong focus on providing bottom-up solutions to issues, the Taskforce is continuing to involve itself in community forums and other initiatives which seek to tap into the collective knowledge, innovation, ingenuity and know-how of Victorian businesses, communities and everyday individuals.

By throwing open the floor to those who experience the challenges of unplanned population growth every day, the Taskforce believes the most important issues facing Victoria can be best identified and articulated.

The Taskforce has faith in the inherent wisdom of all Victorians, and their ability to collaborate effectively with the Taskforce to offer the right solutions to these challenges.

This Interim Report has incorporated submissions from individuals and groups from the following five categories.

The Taskforce

The Victorian Population Policy Taskforce is headed up by its Chair Tim Smith MP and Vice-Chair Danny O’Brien MP. The expertise of its individual members and its breadth of knowledge mean that the Taskforce is the well-equipped to synthesise the submissions received.

Initially, the Taskforce members were asked to make submissions based on their specific area of expertise.

The Taskforce then called for submissions from regional taskforces, community forums and the general public. This report reflects a collated summary of these reviewed submissions.

Regional Taskforces

In addition to the valuable work done by the Victorian Population Policy Taskforce, a number of Regional Population Policy Taskforces have been established in key cities and regional areas throughout Victoria.

Already, the Geelong, Ballarat and Shepparton Regional Population Policy Taskforces are using their local knowledge to identify issues that are unique to their areas, while at the same time highlighting sectors and industries of comparative advantage.

These regional taskforces are central to the work of the Victorian Population Policy Taskforce, acting as a conduit between the Victorian Population Policy Taskforce and the businesses, community groups and individuals on the ground.

Community Forums

Numerous community forums have been held in cities and regional areas of Victoria, as well as outer-urban areas of Melbourne, including in Shepparton, Cranbourne, the Latrobe Valley and Gippsland, Ballarat, Geelong, Bendigo, Mildura and Wodonga.

The rationale for these forums is clear. By gathering together key stakeholders of local communities in the one spot, ideas can be shared and developed through articulation and robust discussion.

The ideas flowing from these forums are an integral part of this Interim Report.

Meetings with other key stakeholders

The Victorian Population Policy Taskforce, through its Chair and Deputy Chair, has conducted a number of one-on-one consultations with a number of local government authorities, business and regional associations, and other interest groups in areas such as education and transport. The goal here is to engage with these bodies in areas of vital strategic importance and gain their trust and support of the process.

To date, the Chair and Deputy Chair have met with Regional Cities Victoria, Rural Councils Victoria, the Peri Urban Group of Councils, Interface Councils, the Committees for Geelong, Ballarat, Greater Shepparton and Gippsland, Wyndham City Council, the City of Greater Shepparton, Moorabool Shire Council, Bendigo Chamber of Commerce, Sustainable Population Australia, International Association of Public Transport, Rail Futures Institute and Latrobe University.

General submissions

The Liberal Nationals Coalition’s Victorian Population Policy Taskforce website (www.vicpopulation.com.au) invited members of the general public to put in their own submissions. General submissions were also able to be made by mail and email.

Pleasingly, many individuals and families have taken up the opportunity to submit feedback, and this feedback has been welcomed.

In all, the taskforce was delighted that over 100 submissions were received, all of which have been considered in detail.
Incorporating submissions into the Interim Report

As an overall snapshot of submissions, Figure 19 depicts the issues raised.

Many submissions covered multiple issues, and all have been included in this analysis.

All submissions received, whether from experts or everyday Victorians, business or community groups, have been considered when drafting this Interim Report.

In short, every opinion counts.

Issues in submissions, by % of mentions

Figure 19
SOURCE: Submissions made to the Victorian Population Policy Taskforce
COMMUNITY FORUMS
A local perspective

REGIONAL TASKFORCES
Knowledge on the ground

Geelong
Bendigo
Ballarat
Latrobe Valley
Casey
Wodonga
Mildura
Shepparton

REGIONAL TASKFORCES
Knowledge on the ground

Geelong
Ballarat
Shepparton

METHODOLOGY

Interim Report of the Victorian Population Policy Taskforce
STAKEHOLDER MEETINGS
Strategic Importance

- Town Committees
- Local Government
- Regional Groups
- Business Groups
- Other Interest Groups

REPORT
Issues and opportunities

GENERAL SUBMISSIONS
Input from general public

Hard-copy
Website

THE TASKFORCE
Expertise on chosen fields

INTERIM REPORT
Identifying challenges and opportunities

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LOOKING FORWARD
23
Our strategy for dealing with the unprecedented population growth Victorians are experiencing is to an extent guided by what has happened in our state’s great past. While acknowledging that we face new challenges, we nonetheless recognise the importance of knowing our unique historical context. We will not fully know how to prepare for the future unless we know what has gone before us.

Pre-1900 – The Gold Rush, a resource boom and a housing bubble
The years from the 1850s to the 1890s were seminal in the development of the Victoria that we know today. In the early 1850s, the promise of gold prompted the mass migration of people to create settlements around Victoria’s goldfields – cities like Ballarat and Bendigo and other towns around them like Clunes and Buninyong. This massive population growth, a seven-fold increase alone in the years between 1851 and 1860, laid the foundations of modern Victoria.

What followed the Gold Rush was a more modest but sustained 25-year increase in population brought about by a boom in other natural resources – agriculture, and wool in particular. All these events contributed to make Melbourne one of the key cities in the British Empire. Indeed, British historian Tristram Hunt remarked that, in spite of Sydney being the birth of British civilisation in Australia in 1788, “100 years on, it was the city of Melbourne, not Sydney, that was chosen to commemorate the anniversary”.

As if to round out this period of prosperity there was a property boom, where population growth again spiked in the decade after 1882. Then in 1892, the housing bubble burst and with it came an end to the great build-up in population which saw Victoria’s non-indigenous population surge past the 1 million mark in 1886.

At this time, Melbourne accounted for 42% of Victoria’s population, and indeed some economists at the time considered this centralisation as being “without precedent and utterly unhealthy”.

Two World Wars and a Depression
The growth in population during the years between the 1890s and 1945 was relatively even.

Victoria could not rely as much on its abundance of natural resources after the gold and wool booms, and instead patterns in growth and spread of population were influenced by world events. The two World Wars saw regional population growth stagnate and in some cases go backwards. On the back of World War I, in around 1921, Melbourne made up over half of Victoria’s population for the first time. Since then it has never dipped below this threshold.

The Great Depression of the late 1920s, on the other hand, saw the inverse, as many people quit Melbourne in search of jobs elsewhere. Indeed, in the three years between 1929 and 1931 Melbourne witnessed an absolute drop in population.

Post-World War II and the migrant boom
Following victory in World War II, Victoria experienced another long population boom. This population growth initially coincided with the mass demobilisation of Australian troops from Europe...
and the Pacific, followed by large waves of migration from many parts of the world. First came migrants from war-torn Europe, in particular Germany, the United Kingdom, Italy and the Netherlands in the late 1940s and 1950s. Then came Greek arrivals during the early 1960s.

In the period from 1946 to 1952, regions outside of Melbourne experienced higher rates of population growth than did Melbourne. However, both segments of the Victorian population increased in absolute terms, meaning that the twin phenomena of demobilisation and mass migration were spread relatively evenly across the state. Some of these immigrants would go on to revitalise regions of the state, such as Mildura, Robinvale and the King Valley in north-east Victoria where Italian arrivals grew tobacco and then started producing some of the wines that are now world renowned.

This mass influx of migrants coincided with a reordering of Australia’s immigration policy under the Menzies Government. The White Australia Policy was effectively dismantled during this period, with measures such as the discriminatory dictation test abolished.

**The 1970s and the Hamer Government’s decentralisation program**

The period from 1976 to 1985 witnessed 10 consecutive years where the rate of population growth in the regions again outperformed Melbourne. A major and sustained drive by the Hamer Government provided the policy settings for this decentralisation.

Sir Rupert Hamer, probably more than any other Premier in Victoria’s history, invested a great deal into spreading population growth throughout the state. His Minister for State Development and Decentralisation from 1972 to 1976, Murray Byrne, devised the “Ten Point Policy on Decentralisation” which included direct financial incentives for decentralised industries and provision of a range of infrastructure to regional centres (including the founding of Deakin University in Geelong in 1974, and the establishment of the Victorian Development Corporation.) Byrne’s work was continued on by subsequent ministers Digby Crozier and then Sir Rupert Hamer himself.

**Lessons for decentralisation policy in 2017**

The history of Victoria’s population growth tells us that the challenge of any party wanting to engage meaningfully with decentralisation is to ensure it can occur outside of periods of economic downturn and major upheavals. We want people moving into the regional Victoria because it is booming, not because Melbourne is not.

This means making regional Victoria attractive by enhancing the pull factors, and not relying solely on the push factors that have been a feature of regionalisation policies in the past. Central to this enhancement is providing regional cities and towns with the means to realise their potential as centres of innovation and industry, and giving them the vital transport and communications links to enable this.
THE ECONOMICS OF DECENTRALISATION

The vast majority of Australia’s population lives in cities, as do most Victorians, and most economic value (Gross State Product, $373 billion) is created in cities. Victoria is a highly-urbanised economy and as a consequence, most tax raised is from people, goods and services based in cities. This means that a similarly proportionate amount of economic activity is produced (and consumed) in cities, and a proportionate number of voters live in cities. Cities are our major sources of economic and political activity. (Refer Statistical Overlay, Figure 16). The balance of trade is skewed somewhat differently because of mining and agricultural sector exports that are concentrated in regional and remote Australia (although note that a significant proportion of value added in these sectors is still produced in cities).

A snapshot of Victoria’s economy appears in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Goods</th>
<th>Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>$26,139</td>
<td>10.7%</td>
<td>$16,657</td>
</tr>
<tr>
<td>Imports</td>
<td>$74,674</td>
<td>27.5%</td>
<td>$18,634</td>
</tr>
</tbody>
</table>

Source: DFAT STARS database and ABS catalogues

Economic production often combines rural and urban, with rural regions benefitting from the urban regions, and urban regions benefitting from the cities. For example, in food production for export, primary produce is sourced rurally, processed in regional cities, with marketing and distribution services from major cities.

People choose whether to live in the city or the country dependent on a multitude of different factors including preferences over lifestyle and career. A major reason people live in the city is career opportunities. This results in a net increase in wages, which contributes to growing wealth, but it also increases demand on city services (e.g. housing and transport), driving those prices up. A major reason people live in the country is for lifestyle. In doing so, they are prepared to sacrifice wages, but take advantage of lower costs of living. With 77% of Victorians choosing to live in Greater Melbourne, a population policy is needed to balance regional and urban populations. From an economic perspective, population policy should aim to address distortions that are systematically biasing the flow of people, resulting in economic inefficiencies that have negative consequences for both wealth and happiness. Hence the goal of population policy is to create conditions under which individuals and their businesses will locate based on information about economic opportunities and their own preferences.

The Victorian economy is dynamic and continually evolving. Free movement of resources and factors of production, including people, is a good thing for both wealth and happiness. Good public economic infrastructure (including transport and communication), and access to government services across the state of Victoria are important, but not just for reasons of fairness or equality. Nor is such public provision of economic infrastructure and services important just to maintain existing industries and jobs in their current spatial distribution and levels, which is to say for economic planning reasons. Those are both defensible reasons, but they are not reasons that forward-thinking population policy should be based upon in relation to broad concern with public infrastructure, transport and services. Rather, the reason is that we do not know what the future economic structure of Victoria will be. What we do know is that it will likely be different to what it is now. The main driver of all long run economic growth is evolutionary.

There are two key aspects of this:

(1) fundamental uncertainty, i.e. no-one knows what is coming next, or where it will be based; and

(2) constantly evolving modern economy.

The upshot is that long run economic growth through economic evolution requires population mobility. But this must be adaptive: the future industrial specialisations or sources of comparative advantage (and therefore productivity) cannot be seen in advance.

The role of public policy is to optimise the prospects for economic adaptation and discovery of new sources of economic value. Evolutionary economic theory supports the broad development of general purpose public infrastructure and services across a region to maximize the prospect of future economic growth through adaptation and discovery of new sources of value. A consequence of this understanding of the causes of economic growth is that policy settings...
should simply aim to lower the costs of population mobility (in all directions), and to reduce distortions in decisions to migrate or co-locate.

**Building a diverse and complex economy in Victoria**
Prosperous societies contain diversity in the basket of goods and services produced, which optimise the competitive advantages of those societies. Throughout Victoria, each region has its own specialisations, which capitalise on its competitive advantages. Our economy consists of goods and services that we make, requiring inputs from machinery, raw materials and labour. These products and services are traded throughout markets – statewide, nationally and internationally. With the correct policy settings, each region has the opportunity to fully exploit its natural resources and productive knowledge, resulting in regional economic growth.

**Economic strategy**
The most important starting point in formulating a sensible and coherent approach to population policy is to recognise that no one knows, with certainty, what the economic future will bring. Nor is it dependent purely on new technologies. The most economically efficient and productive activities in each location throughout Victoria will depend on a vast number of continually changing factors: on relative prices; on locally available resources; on costs of production and transportation; on contiguous industries and local clusters of economic activity; on the costs and opportunities afforded by regulations and public infrastructure; and on incomes and preferences and fashions, both here and around the world.

Effective long run population policy should seek to maximise the chances of discovery of new comparative advantages in each location, and to minimise the costs of internal population mobility.

This is consistent with well-developed general-purpose transport and communications networks; minimising the costs of experiments in new industry discovery and minimising the barriers to relocation (especially in terms of government services).
Attitudes to Decentralisation

Melburnians have welcomed the concept of decentralisation. From the forums and submissions received, they are worried by the crime rate, frustrated at the traffic congestion, and inadequate and unreliable public transport. Together with the high property prices, ongoing threat of energy grid failures, lack of job security and access to health and education services, Melburnians want relief from an overcrowded city, saying:

“We need to tell the Federal Government that Melbourne is full.”

“…Most of the people arriving go to Melbourne or Sydney, and both cities are being made unliveable…”

“Everyone wants to be in inner Melbourne and the CBD.”

“Increased population has caused overcrowded public transport, overcrowded roads, increased travel times, overcrowded schools, sewerage and water infrastructure being able to cope with increased demand…”

Melburnians expressed concern that there is inadequate infrastructure planning and delivery to keep up with the city’s population growth.

“Infrastructure and planning are not keeping up with Melbourne’s growth.”

“They are putting all this growth here but there is no way of getting around.”

“I am horrified at the recent announcement that 17 new suburbs are to be created around Melbourne. This is insanity. There is no justification for Victoria’s constantly increasing population.”

The Taskforce heard views that people are aware of the “risk” of allowing growth to continue in an unplanned way, and they welcome a carefully planned and thought-out strategy. While not expecting population growth to actually stop, they believe government should plan better for growth so that infrastructure keeps pace with growth.

Melburnians enjoy their lifestyle, which combines features including a rich culture, diversity, multiculturalism, cleanliness of the city, free or affordable activities and events, local communities that “come together” in times of crisis, sporting culture and events, and parks and gardens. Great coffee and the café culture were mentioned frequently as an integral part of Melbourne’s lifestyle.

Decentralisation is seen as a positive plan to tackle the issues resulting from an over-crowded Melbourne, as it would spread the benefits of population throughout the state. However, this relocation will only occur if infrastructure is upgraded, and incentives are offered to induce relocation.

“I’d like to see more families moving to rural areas of Victoria and get kids and parents working in jobs out there.”

“We have space in the rest of the State, but there need to be incentives for people to move there.”

30% of peri-urban forum attendees indicated they would consider moving to a regional area, if accessibility was improved. With improved transport, people could take advantage of cheaper housing in regional areas, and enjoy a better lifestyle.

The taskforce received submissions that focussed on statewide crime as an issue resulting from population growth. Victorians are not feeling safe, and feel let down by the justice system which is perceived as being too soft.

Written submissions on this topic included comments:

“…the crime rate is soaring and I am scared to be both in my home and out of it.”

“Crime, in particular this year has made myself and my family feel very unsafe.”

“It is time that the justice system was bought into line with what the rest of us want.”

“I would like to see more police on foot patrol.”

“Police numbers are not keeping up with our growing population.”

Another key theme from submissions concerned Melbourne’s housing affordability, with lack of housing supply considered the main driver of housing affordability. The Andrews Labor Government’s solution is to increase density in the middle ring suburbs, as proposed in Labor’s Plan Melbourne Refresh.

An affected LGA, Boroondara, says of this proposal,

“The Minister is weakening the protection of Boroondara’s neighbourhood character and residential amenity in favour of increased density that will only benefit developers… There is no justification for these zones in Boroondara … more than four times the
People believe that Melbourne is well known for its parks, gardens and green space, which must be adequately maintained as they contribute to Melburnians’ feelings of “liveability”.

Victorians (including Melburnians) expressed concern about the high cost of living, violence and the crime rate, drug and alcohol abuse, increasing homelessness (especially in the city), hospital bed shortages and mental health issues.

Regional Victorians welcomed the plan to increase population throughout the State, with the caveat that Melbourne’s overcrowding malaise not be inflicted on smaller communities. The need for appropriate regional development investment to cope with increased growth was a constant theme from all regions. Through written submissions, the Taskforce was told:

“I’d like to see more money spent in regional areas…”

“Our regional cities and towns should definitely be opened up to business and development.”

Regional Victorians enjoy the liveability and lifestyles afforded by their home towns, but understand they could benefit from increased population.

In Geelong, key factors contributing to the city’s lifestyle and liveability include the beach, proximity to Melbourne, a slower pace of life, lower cost of living (housing and other services), ease of getting around and less traffic than Melbourne.

“You can have work life balance here in Geelong. You can be home in 10 minutes from pretty much anywhere in town.”

Regional cities are acutely aware that decentralisation must be counterbalanced with significant infrastructure upgrades to cope with the growth. Schools, tertiary education, hospitals, road and existing rail networks in the regions will need pre-planned upgrades to cope with any influx of population.

The taskforce heard that net social benefit is considered to be fundamental to successful decentralisation policy. Increased population should benefit the whole regional community, and policy settings should encompass people of all socio-economic levels and ethnicities. This could be managed through further investment in education, and the resulting jobs created from increased population would benefit the whole community, including the disadvantaged.

Increased infrastructure is essential to successful decentralisation, but regional cities need a competitive advantage, so that relocation to such areas can be economically sustainable. We heard that our state should be “diverse, affluent, healthy and safe.”

Regional Victorians are anxious to attract more population, but consider poor public transport between Melbourne and other regional cities, inadequate internet services, availability of energy supply and lack of jobs as limiting the attractiveness of relocation.

To entice Melburnians to relocate to regional Victoria, the taskforce heard that the necessary pre-requisites are jobs and reliable public transport to enable them to commute efficiently.

Community leaders stressed that job creation alone will not build economic growth and attract increased population. Whilst jobs are crucial, a comprehensive package of local services to ensure sustainable living for the whole family is required. Health, education, internet connectivity and accessibility are essential elements to successfully growing the regions, as well as marketing campaigns to promote awareness of the regions. Retaining young people in regional centres following their schooling is a particular challenge.

One issue highlighted is the timely co-ordination of community infrastructure, like schools and public transport.

From the perspective of central agency planning, population growth in an area is desired before investing in community services and infrastructure. People, on the other hand, want precisely the opposite before they choose to relocate. This time lag imposes a deterrent.

-government's own forecast dwelling need for the area by 2031... The reformed residential zones will have long lasting negative impacts on our streetscapes.“

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POLICY AREAS

Law and order

Since 2014, Victoria’s population has grown by around 300,000 people and the crime rate has increased by over 20%, but police numbers have only increased by 374. In 2014 there were 13,151.68 full time equivalent police, so in reality there has been a per capita cut to police numbers.

Despite a soaring crime rate up over 20 per cent and an acknowledgement by the Police Minister that Victorians don’t feel safe in their own homes, there is no funding for new police stations or to reopen those that have closed. Stations including Burwood, Carrum Downs, Pakenham, Mooroolbark, Nunawading, Reservoir, Ashburton, Somerville, Greensborough, Epping, Craigieburn, Waurn Ponds, Ballarat West and Whitfield have had to close or reduce their opening hours because of a lack of resources from the Andrews Labor Government.

Following two years of inaction, there is currently a crisis in frontline police numbers at stations right across the state with virtually no change in the number of police deployed to stations since November 2014, despite both rising crime and population.

With population growth of more than 100,000 people a year, The Police Association’s analysis shows that we need 3301 new police officers by 2022 to keep Victorians safe.13

Because of our high population growth future, Infrastructure Victoria predicts that over the next 15 years, the prison population is expected to increase from 6,500 to around 11,000.14

Law and order was the second most frequent topic in submissions received by the Victorian Population Policy Taskforce. These submissions paint a vivid picture of a society that feels threatened by violent crime and frustrated with a government that seems incapable or unwilling to take their concerns seriously and respond to this growing threat to our reputation as a liveable and safe place.

“I would like to see more police on foot patrol or vans being seen touring around randomly.”

“Build more prisons. Tougher sentences.”

“More police. Tougher laws. Deport non-citizen lawbreakers that do not contribute to society in a positive way.”

“Harsher penalties and more police to fight crime.”

“In the last year we are noticing a significant increase of crime rates Australia wide especially in our lovely state of Victoria. Australia is one of the best countries in the world to live in however it has been deeply affected by crime. The recent occurrences of burglaries, carjackings and other criminal activities are having a profound and negative impact on people living in almost every city especially Melbourne. As a result of this we now feel unsafe in our own homes. Crime rate in Victoria has increased by 13%, and is now being called “The stolen car state”. 18,000 cars were stolen in last year. Masked and armed offenders are robbing businesses, ramming police cars. The police have been doing what they can with limited resources to try and catch the offenders including arresting same offenders, but underage offenders are let off lightly. If there are no strong repercussions, this will inevitably lead to an increase in crime in local communities. The offenders appear to be undeterred by the arrests as they know that they will be given a slap on the wrist and let off.”

“Crime, in particular this year, has made myself and my family feel very unsafe. In our household in the last six months we have added security cameras ($1300), added more deadlocks to our garage internal door and we still don’t feel safe. The police do a fantastic job but..."
I feel is very let down by the weak justice system whom the young thugs think is a joke. I would really like to see deportation of non-Citizens and revoking of citizenship of criminals that keep offending over and over again. I feel so scared for my children and grandchildren’s future and feel helpless.”

“I live in what was a quiet country town. We had a small population and a small police presence, now we have a large population but have not been allocated sufficient staff. The crime rate is soaring and I am scared to be both in my home and out of it... we do need more officers but we must have stronger sentencing laws for repeat offenders as well...”

“Crime rates are on the rise and people are fearful for their own safety at home, in their cars and on the streets.”

“All criminals should be in a normal jail. If you are old enough to do the crime then you are old enough to do the time. It is time that the justice system was brought into line with what the rest of us want. Criminals should have no rights & victims should have all the rights, not the other way around.”
Transport

“Investment in faster, more frequent and more reliable rail services is essential to enable and lead the rebalancing of growth to regional Victoria. It is the most powerful and effective tool for doing so, because it transforms the relationship between regional cities and Melbourne and opens up new options for where people live and work.”

Improved and faster rail was the overwhelming and constant issue raised by all forums and most written submissions in relation to decentralisation.

From people in Melbourne, we heard that faster connections around suburbs and into the CBD, as well as improved service levels, are demanded in the face of gridlocked traffic. Throughout the consultation process, a strong call was made for an airport link to the Melbourne CBD. People expressed frustration and even embarrassment that no such link already exists, as it does in many other major cities.

A train line to Melbourne Airport is long overdue.

Build Metro Rail including South Yarra station.

The Parliamentary Inquiry into “Liveability Options in the Outer Suburbs” (2012) found that Interface Councils suffer “A significant lag in the provision of services ... particularly transport infrastructure in the form of roads and public transport.”

It was strongly suggested that regional areas require faster and more frequent services both to Melbourne as well as to other regional centres, with better internet connectivity and mobile phone reception to enable productive use of commute time. There is general belief that fast access to Melbourne will increase the propensity of people to relocate to regional Victoria.

Proximity to Melbourne is an indicator of economic prosperity of regional cities. Figure 20 (page 35) demonstrates the growth in Gross Regional Product (GRP) of cities, and their distance to Melbourne. This chart is based on data over the period 2005 – 2015, in which time frame Greater Geelong, the closest city to Melbourne had the largest population, and Ballarat and Bendigo experienced the greatest growth.

It is expected that by improving rail travel times, frequency of rail travel will increase, bringing with it increased economic activity.

Warragul was mentioned as an example of the benefits of rail. The town has progressed substantially since their rail service was improved, with new jobs created, and the whole town boosted by economic growth.

It is anticipated that improved accessibility between regional centres will allow businesses to take advantage of export opportunities with time sensitive products – like agriculture products. We heard that supplying the Asian food demand is an enormous potential export market for Victorian primary producers, but this requires an efficient transport system. Bendigo believes it is an example of a perfectly placed geographical location for adding value to products produced in regional Victoria, without transporting them all the way to Melbourne. Similarly, Shepparton contends it is a “primary producer” centre that could take advantage of the food export market.

Written submissions received also focussed on transport:

[We need a] long term visionary commitment to develop a fast train commuter system throughout the State using the existing rail corridors.

Rail systems need more flexibility, extensions and hubs.

Build an efficient rail network and people will follow it. In other words, encourage people to move into regional cities by making it more attractive to live there. Living in a regional city is attractive if the trip to the Melbourne CBD is achieved within one hour. [We should] look outward to our regional cities via long term strategic improvements to our rail infrastructure...A third track [on the Cranbourne and Pakenham Metro lines] is necessary to allow smooth simultaneous operation of Metro, country and freight trains...we need a one hour rail service to Ballarat, Bendigo, Seymour, Geelong and Traralgon...we must have a dedicated rail to Tullamarine Airport.

...make a separate line for V-Line after Pakenham

“It’s the transport that’s the problem. To get to anywhere further into the city than Clayton from Warragul in the morning takes 2 hours by car. The highway upgrades will do little to change this. We should be moving to making public transport faster and more reliable. The recent upgrades to the rail lines should be adding tracks, so V/Line and other express services can pass the slower ones”.

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...we urgently need a state-wide, long term, adequately resourced integrated transport infrastructure plan be developed, as required by the Transport Integration Act 2010 (s63). This Transport Plan would need to include a significant expansion and effective integration of the public transport network and public transport services, and provision for improved walking and cycling infrastructure.

“My strong belief... being a resident of an outer regional area... more people don’t live in outer regional areas is because of a lack in ‘Speed of Connection’. Most people have a continuous need to connect with other people, whether it be relatives, friends, colleagues, clients, suppliers, educators or employers. The harder it is, or the longer it takes, in a particular regional area to support this need, the less likely people are to live there. The ‘tyranny of distance’ can be largely overcome by either improving the experience to make it easier and or by increasing the speed to reduce the time taken...
Upgrade rail lines, locomotives and rolling stock and increase average rail speeds to minimum 130kmh, as well as increasing number of services.”

“I am a Victorian resident living in Shepparton... obviously rail services need to be improved...”

“...fast rail lines between these regional centres and Melbourne should definitely be built. As a young person, I would gladly move to a regional centre if I had the ability to commute real quickly to Melbourne.”

“...Geelong, Ballarat and Bendigo... make these cities initially dormitory cities for Melbourne by the provision of a 30 minute train service to Melbourne. A person would then be able to choose an appropriate lifestyle and not be concerned about access to work or opportunities. These cities will then develop their own new economies in due course and thus realise the vision.”

“There just are not enough services from Shepparton to Melbourne. You can’t get a train into Melbourne before the start of the usual work day at 9am. Other regional centres, like Bendigo and Ballarat, have more train services. You just won’t get more people choosing to live in Shepparton until there are more trains to Melbourne and back.”

“It takes about two and a half hours to travel from Shepparton to Melbourne, and there are only four services each day. We need double that number of services, and vastly improved travel times if we are going to attract more people to living in Shep.”
Reliability of the existing rail system was a common theme, as evidenced by these comments:

“The Regional Rail project was supposed to provide a one hour Ballarat to Melbourne service, but was not reliably delivered. Because of this unreliability, people in Ballarat drive to Bacchus Marsh and catch the train from there, taking advantage of the guaranteed service to Melbourne every 20 minutes.”

“We were promised a one hour service by the Bracks Government.”

“I try to commute to Melbourne on a daily basis by train for work and never have I experienced a service that is so constantly delayed.”

Ballarat residents report that less than 60% of trains arrive on time, and can be up to 55 minutes late.

In the Intercity report, the Rail Futures Institute provides a blueprint for the next 30 years of regional rail development in Victoria, to support projected population growth. It calls for faster and better quality rail services linking regional centres with Melbourne.

The Regional Rail Link has not improved travel times for services between Geelong and Melbourne. Geelong residents consider that by international standards, it is unacceptable that train travel between Geelong and Melbourne takes over one hour.

“I used to be able to commute from Ballarat to Melbourne in just over an hour. Since the Regional Rail Link, it often takes an hour and three quarters, with frequent cancellations and uncomfortably overcrowded carriages.”

Further population growth in Geelong will be greatly encouraged by a faster service connecting Geelong and Melbourne. Below is the Geelong Population Taskforce submission and its ideas to bring rail services in Geelong into the 21st century.

In its submission to the Federal Parliament’s “Inquiry into the role of transport connectivity on stimulating development and economic activity”, the Committee for Geelong noted that “rail journeys between European centres similar in distance to that between Melbourne and Geelong took a fraction of the time, opening up new opportunities for employment and investment”. It urged the development of the connection between Melbourne and Geelong with the “ultimate aim of achieving a 45 minute service to and from Geelong/Southern Cross before the end of 2017, or at least a commitment for this.” The Committee for Geelong stated that “reliable and improved transport connections are fundamental to facilitate the future growth of Geelong.”

Key linkages for future economic growth have been identified by the Greater Geelong’s G21 committee in Figure 21. These routes recognise the importance of moving freight and agriculture produce, as well as providing access to employment, health,

Geelong Population Taskforce submission

In order to grow Geelong and in turn take growth pressures off Melbourne, the train travel time needs to be drastically reduced and the quality of the service increased in order to encourage people to move to Geelong.

The expectation of present and future rail users is that there would be a 30 minute service between Geelong and Melbourne.

To achieve this we need to run our existing trains at faster speeds, which they are quite capable of doing, provided the infrastructure is maintained and upgraded as per the following identified:

- Track and signalling upgrades between Geelong and Melbourne
- Review of the Regional Rail Link
- Investing in more VLocity trains and phasing out all older non VLocity trains
- WiFi to be available to make passengers time more productive
- Duplication of the track from South Geelong Station to Waurn Ponds Station to increase capacity
- Major upgrade of Geelong Station with a multi-level car park
- Expansion of Waurn Ponds Station with the construction of the southern platform and car park
- A review of other existing station facilities
- An easement to be put in place for the possible future expansion of rail to Torquay
education and tourism, and are vital to providing access to critical services and building prosperity.

Agriculture and manufacturing industries are experiencing slower growth, but contribute to freight and commodity flows, requiring transport infrastructure to expedite goods to market (Figure 22).

In the Wellington Shire Council commissioned Rail Needs Study, it was reported that:

“Gippsland mainline rail services are the slowest and most unreliable in Victoria and connecting coach services are of variable quality and require improvement. Gippsland trains are regularly delayed by preceding suburban trains on the two track corridor, particularly between Dandenong and Caulfield, whereas the completion in 2014 of the Regional Rail Link project fully separated Geelong and Ballarat line trains from Metro services and also substantially did so for Bendigo line services. There have been no significant upgrades to Gippsland corridor rail infrastructure since completion of the Regional Fast Rail project in 2005/06. Efficiency of the Gippsland railway overall is impeded by inadequate infrastructure including single line sections, outdated safe working systems, and some old and unfit for purpose structures such as station buildings and bridges.”

**Figure 22**


**GRP of Regional Cities by Population Size and Distance from Melbourne (2005 - 2015)**

- Greater Bendigo (C)
- Ballarat (C)
- Wodonga (RC)
- Greater Geelong (C)
- Wangaratta (RC)
- Warrnambool (C)
- Horsham (RC)
- Greater Shepparton (C)
- Latrobe (C)
- Mildura (RC)

**Ten-Year Average Annual Growth Rate**

- GRP of Regional Cities by Population Size and Distance from Melbourne (2005 - 2015)

**Source**: SGS Economics

**Key linkages outside the G21 region**

**Freight and commodity flows across Victoria**

**Figure 21**

**SOURCE**: G21, Regional Growth Plan, Apr 2013

**Figure 20**

**SOURCE**: GRP of Regional Cities by Population Size and Distance from Melbourne (2005 - 2015) SGS Economics
Roads, Bridges and Ports

“Build East-West Link...North-East Link.”

In varying forms, roads were a constant theme throughout regional and metropolitan submissions and forums.

In regional Victoria, we heard that there is a desperate need for improved road quality, both for safety reasons and for efficient travel times.

In metropolitan areas, comments about roads gridlocked by traffic, with peak hour loads extended over a longer time period. Equally, outer suburbs complain about excessive traffic, saying,

“we used to be able to get around easily, but that’s no longer the case.”

Traffic congestion was reported as the source of intense anger and frustration within Melbourne, with the current Labor government being internationally embarrassed by its decision to tear up the contract for the East West Link claiming it would not cost a cent to do so. It then ended up costing the state $1.2 billion. This road will be built by a future Liberal Nationals Coalition government, if the money is there to do so. We also heard about the undeniable need from Ballarat and Geelong road commuters that a second Maribyrnong river crossing was essential to dealing with Melbourne’s gridlock woes.

Road congestion in metropolitan areas is the result of more cars, and inadequate public transport. An example is Casey, an outer suburb with one of the highest growth rates, yet with no rail transport between Cranbourne and Clyde, adding to traffic congestion.

The Interface Councils raised awareness of inadequate road infrastructure and its impact on liveability:

“...every day, interface residents spend hours stuck in gridlock. This generates enormous social and financial pressures on interface residents who often must leave their municipalities to get access to jobs, education and services. It increases the time people spend away from their friends and families, the financial burden on families through significant fuel costs and it reduces the ability to attract non-residential investment to Interface areas.”

Submissions and forums frequently commented that, if available, a reliable and efficient public transport system would ease traffic congestion, and be a viable alternative to driving.

Bridges form part of the road network throughout regional Victoria, but it was asserted they have not kept up with innovation in the freight industry, and a program of bridge widening was requested. We were told that bridges on the Goulburn Valley Highway, and also on the Western Ring Road and Tullamarine Freeway need to be widened to accommodate Higher Productivity Vehicle (HPV) trucks, which are more cost effective than the current B-Double trucks. Unless the bridges are widened, producers will be unable to take advantage of consigning larger quantities of produce onto the bigger trucks, which achieve a lower cost per unit. Kreskas Bros Freight seeks to invest in a fleet of these larger HPV trucks, to deliver savings and efficiencies to their clients (the primary producers), who are looking to expand their businesses into the international market:

“Kreskas Bros is a transport company that uses road as the best and most efficient way of transporting freight. Kreskas undertake an audit of road against rail each 2 years. The last audit was conducted in 2016. Road came out well and truly on top. The main issue is the “last mile” at both ends and the fact that a train needs to be booked and planned two weeks out and costs $25-30k if you fill it or don’t. It takes us 6 hours to send a truck to Melbourne, collect an empty and have it back here for a client to load. The same operation takes the train 3 days. It would not cover the ever changing needs of some of the major businesses we supply services to. Those businesses relying on quality clearances need an extremely nimble service to meet vessel cut-off. We see the need for a good multi-modal service in this area. We know we will not be able to service the growth in this region by road. A mix of trucks and rail are the medium to long term solution…and require a rail and freight hub on the east of Shepparton and within a short distance of the storage businesses in the region.”

Additionally, the Shepparton Taskforce said it requires a second river crossing. The community forum heard that if the Peter Ross-Edwards Causeway is closed, communities west of Shepparton are isolated from major services, such as the hospital. Although there is a back route across Watts Rd, it is often flooded, with the result that some emergency vehicles cannot use it due to height and weight limits on the single lane bridge. A second river crossing would also prevent B-Double trucks travelling through the main shopping centre (High St/Midland Hwy), reducing through traffic.

The taskforce was told about the need for another port to be built in Hastings, to expedite goods to international markets. With the
aim of being operational in 2032, a Hastings Port could have the added benefit of removing some container traffic out of central Melbourne and reducing congestion.

Energy
Throughout our forums held around Victoria, there is serious concern about energy security and pricing with the Andrews Labor Government pledging a renewable energy target of 40% by 2025. As the Grattan Institute recently observed in a submission to the state government:

“Actions by state or territory governments to subsidise renewable energy are poor policy choices ... Unilateral actions by state or territory governments when there are existing or pending federal policies in the same area will almost certainly result in either conflict or higher cost with no net environmental benefit.” 20

The unexpected speed of the closure of the Hazelwood coal fired power station, wiping out over 20% of Victoria’s cost efficient energy generation, has intensified energy pricing concerns of businesses and consumers.

St Vincent de Paul are predicting a residential energy price rise of $300 “For ...people with dual fuel, which is gas and electricity, the spread for most people is between about $200 to $300 a year ...it could be more.” 21

There is speculation in the Latrobe Valley that the Andrews Labor Government will close another coal fired power station, most likely Yallourn, which according to the Committee for Gippsland is due to close in 2032, one year before Hazelwood was projected to close. 22

This additional closure would wipe a further 20% of energy production capability from Victoria’s grid, making a total loss of 42%. Jon McNaught, Deputy Chairman of the Committee for Gippsland is very concerned about Yallourn’s future. The Australian newspaper reported in March that “sources close to the plant say there is a growing expectation Yallourn will instead close in the next five years.” 23

If Yallourn were to close, “the Committee for Gippsland warns the population exodus would be accompanied by the loss of 3,100 direct and indirect jobs and represent a $1.7 billion hit to the local economy.” 24

Media reports reflect the views heard at the population policy forum in Moe, where industry and community leaders believe “the impact
of the RET, increased coal royalties and other government policies are squeezing the viability of coal-fired power.\textsuperscript{25}

Throughout regional forums it was expressed clearly that underlying uncertainty about Victoria’s energy future is having a detrimental impact on confidence.

An energy industry consultant present at the Latrobe forum advised there is no further investment in gas supply infrastructure in Victoria which is a consequence of the on-shore gas moratorium which the Committee for Gippsland question.\textsuperscript{26} This has had a direct impact on the state’s biggest energy consumers, causing exponential price increases.

Australian Paper’s Maryvale mill is a large gas customer and is having difficulty sourcing a secure and affordable long-term gas contract. Australian Paper currently has gas supply contracts in place at below $3 per gigajoule. Failure to secure the required gas supply at a reasonable price would impact significantly on their operations. If the supply of gas could be increased through development of additional conventional gas in Victoria, the supply and demand could be better balanced and the price of gas could possibly be kept as low as $3 per GJ.\textsuperscript{27}

Energy issues are not exclusive to the Latrobe Valley however.

In Shepparton, the forum heard that Tatura and Cobram have reached capacity in three phase power supply, preventing business expansion in these towns. This situation existed prior to the closure of Hazelwood in April 2017, and can only be expected to get worse as 22% of Victoria’s energy supply disappears.

The operator of a Shepparton dry-cleaning business expressed concern about increased energy costs, threatening the capacity of his regional business to compete with metropolitan businesses for tender processes. Over the past few years, his energy bill has soared by an incremental $300,000.\textsuperscript{28}

Another business affected by power issues is a dairy farm in Middle Tarwin, which cannot afford the quoted $1 million to connect phase 3 power to the operation. The increasingly automated processes of farming need reliable power, at an affordable cost.\textsuperscript{29}

Bendigo business, Keech Castings, is now paying twice as much for electricity than last year, making affordable and competitive manufacturing difficult.\textsuperscript{30}

Mildura is forecasting electricity shortages in Summer 2018, and is concerned that gas prices are increasing beyond affordable limits. Mildura considers a solar energy hub could be a good investment, as energy could be harvested and stored at a very competitive price.\textsuperscript{31}

**Jobs to the Regions**

Throughout the consultation process, job creation was mentioned as the essential ingredient both to encourage people to move to regional centres, and then to retain them. However, there are considerable challenges facing regional and rural industries for sustained growth.

Regional Victoria has 5.9% unemployment overall, with youth unemployment of 9.9%. Unemployment in the Latrobe-Gippsland has increased, with 9,549 people looking for a job, while in North West Victoria, 8.1% unemployment represents 5,984 people out of work.\textsuperscript{32}

Regional unemployment levels have been impacted by economic transition from historic industry bases, including the disastrous announcement that Australian Sustainable Hardwoods in Heyfield will wind down operations from August 2017. This will cause the loss of 260 jobs at the mill, while the mill’s operations support 7,000 jobs down the line.

Further closures of coal fired power stations over the next two decades will have a three-fold economic impact on the Gippsland region.

- Direct Employment – the number of employees made redundant from the operations that are closing;
- Industrial Impact – the closed operation will reduce its demand for input of material and services, leading to a reduction in the firms that currently supply the operations; and
- Consumption impact – the loss of both direct and indirect employment will flow through the economy to impact on the supply of goods and services on a broader scale.

Economic modelling of these three impacts estimates a multiplier effect across the region, which calculates a total loss of thousands of jobs from the Latrobe-Gippsland region due to closure of the power stations.\textsuperscript{33}

Geelong is facing challenges with jobs following from the closures of Alcoa, Ford and Qantas maintenance at Avalon. Development of growing employment sectors is crucial in these areas, with Geelong identifying tourism and agribusiness as areas for future economic growth and job creation.

Adoption of a business-friendly regulatory regime is considered essential to encourage new industries to invest in regional Victoria. The taskforce heard examples of a burdensome regulatory environment limiting efficiencies and capacity for industry development in regional Victoria.
An example of this is the following supply chain issue from a regional freight operator in Shepparton:

“Any import container that has a destination more than 35Km from a capital city must undergo a Rural Tailgate Inspection, operated by AQIS from the Port of Melbourne precinct. The AQIS facilities for such inspections operate 7am–3pm, yet the Port operates around the clock. This means the freight company is forced to run its trucks through Melbourne at times to meet these windows of opportunity, even though it means having drivers and trucks sitting in traffic. It would be preferable to take advantage of off-peak traffic in Melbourne, and provide savings to their client. This is a distinct disadvantage for rural clients. To mitigate this incremental expense for clients, and to achieve greater flexibility in their operation, Kreskas is in the slow process of becoming an AQIS approved inspection, and will be able to conduct the inspection away from Melbourne. Although Kreskas has found a solution to this problem, other freight companies will be experiencing the same time constraints and associated inefficiencies.”

Fortunately, state government has a range of policy levers at its disposal to encourage regional population growth and to mitigate these challenges. Submissions received by the taskforce were encouraging of the use of such levers.

Pricing mechanisms, taxes, levies and financial incentives are considered tools for delivering the outcomes sought.

Incentives were suggested for inclusion in policy platforms are:

- Financial incentives for businesses to relocate from Melbourne to designated regional centres. This was mentioned at every community forum as well as from general public submissions.
- Incentives for people choosing to settle in designated regional centres or to move from Melbourne to a regional centre. These could include:
  - Stamp duty concessions or differential rates of stamp duty compared to metropolitan property
  - Land tax concessions or differential rates of land tax compared to metropolitan property
  - Local government rates concessions.
  - Betterment or value capture levies on land zoned for more intensive development or close to new transport infrastructure creating land value uplift.
- Geographically targeted visas, to permit specific professionals to hold a licence conditional on them working within a designated radius.
- To entice businesses to relocate to regional centres, incentives like payroll tax leniency could be attractive.

Other possible incentives receiving strong advocacy through written submissions include:

- zero payroll tax on all commercial operations outside of a defined Melbourne Metropolitan area,
- removal of land tax on all residential and commercial properties outside Greater Melbourne; and
- zero stamp duty on all acquisitions for new commercial investment in rural and regional Victoria, and for new residents establishing in rural and regional Victoria

We heard that lack of reinvestment of revenues generated in regional Victoria to further develop businesses and industry is restricting revenue generating potential. A suggested solution is an initiative to encourage local funding of infrastructure, or development of value creation through pooling local resources and centralising institutions.

An obvious way to create jobs in regional Victoria is to encourage decentralisation of businesses, by giving incentives for business to relocate to a regional city. However, it was considered that one-off stamp duty concessions are insufficient incentives to leverage business relocation, but continuous incentives, like payroll tax concessions, would provide a catalyst to move.

Several forums suggested establishment of Special Economic Zones (SEZ) by the state government to attract investment in industry to boost jobs and trade. Enclaves of reduced regulatory requirements, tax concessions or holidays, SEZ could be strategically located with the aim of facilitating rapid economic growth, allowing business to innovate and create efficiencies. This would result in increased employment opportunities, essential to encouraging population into the regions. SEZ are a favoured strategy internationally.

One of the earliest of the modern SEZ was the Shannon Free Zone, in Ireland. Through a regime of special tax incentives for staff and profits until 2005, a large number of multinational companies were attracted to the area. The successful initiative resulted in
over one hundred international firms and 6,500 people employed in the zone, in a diverse range of activities.

While the state government can implement policy levers to encourage growth, regional authorities have a key role to play in identifying projects for economic development. Many regional authorities either have or are developing such plans.

An example of such planning by Geelong’s G21 Committee, is below:

Geelong’s Regional Growth Plan has identified around 240 infrastructure projects for investment over the next 30 – 40 years, which are categorised under Transport/Utilities/Community/Business/Environment. These projects would support the region’s growth and stimulate employment, including:

- Improving transport connections to Melbourne, particularly to address the congestion issue on the Westgate Bridge
- Connection of the Geelong Ring Road to the Bellarine Peninsula
- Geelong Ring Road and rail freight connections to the Port of Geelong and the Geelong Ring Road Employment Precinct
- Major upgrades to the Great Ocean Road and key connecting routes to the Princes Highway
- Geelong Port shipping channel access and berthing improvements
- Princes Highway duplication to Colac
- Midland Highway duplication to Bannockburn
- Upgrades to key transport links from Geelong to growth area in Armstrong Creek and Torquay/Jan Juc
- Enhancement of public transport across the G21 region
- Potable water supply to intensive agriculture opportunities in Golden Plains Shire
- Redevelopment of the Geelong Performing Arts Centre
- Redevelopment of the Portarlington and Apollo Bay Harbours.

Another constant theme throughout consultation was the possibility of relocating government agencies into regional centres, noting that the Liberal Nationals Coalition have pledged that if elected, it will move VicRoads from Kew to Ballarat.

The Grattan Institute has reported that satellite cities, such as Ballarat and Geelong, that are reasonably close (and commutable) to Melbourne could benefit from decentralisation.

The state government could also grow jobs in regional Victoria through marketing activities to promote Victoria’s goods and services. A state government could use its considerable influence abroad to open up new markets for rural and regional industries. This would facilitate diversification of the basket of goods and services exported from Victoria, making the economy more resilient and attract further investment in regional businesses.

Victoria has long relied on resources, to the benefit of the whole state (Figure 23 page 42).

In 7 out of the 10 major regional cities, healthcare and social assistance is the top employment sector (Figure 25).

As the population of regional Victoria expands, so too will jobs in health and social services need to grow to meet demand.
Figure 24 shows the top industry sectors by region in Victoria, which represent between 13% - 20% of the regions’ revenues. Various other industry sectors contribute to the total Gross Regional Product (GRP), although there are many similarities among employment sectors in regional cities.

Within the regions, regional cities report many of the same industry sectors as the top employers. (Figure 25).
Top Five Employment sectors by Regional Cities, 2011

<table>
<thead>
<tr>
<th>City</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
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<tbody>
<tr>
<td>Ballarat</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Manufacturing</td>
<td>Education and Training</td>
<td>Construction</td>
</tr>
<tr>
<td>Bendigo</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Education and Training</td>
<td>Construction</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Geelong</td>
<td>Retail</td>
<td>Manufacturing</td>
<td>Health Care and Social Assistance</td>
<td>Education and Training</td>
<td>Construction</td>
</tr>
<tr>
<td>Horsham</td>
<td>Health Care and Social Assistance</td>
<td>Manufacturing</td>
<td>Education and Training</td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Latrobe</td>
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<td>Retail</td>
<td>Manufacturing</td>
<td>Construction</td>
<td>Public Administration and Safety</td>
</tr>
<tr>
<td>Mildura</td>
<td>Retail</td>
<td>Health Care and Social Assistance</td>
<td>Education and Training</td>
<td>Accommodation and Food Services</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Shepparton</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Manufacturing</td>
<td>Construction</td>
<td>Education and Training</td>
</tr>
<tr>
<td>Warrnambool</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Education and Training</td>
<td>Accommodation and Food Services</td>
<td>Construction</td>
</tr>
<tr>
<td>Wangaratta</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Manufacturing</td>
<td>Public Administration and Safety</td>
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<td>Wodonga</td>
<td>Manufacturing</td>
<td>Health Care and Social Assistance</td>
<td>Retail</td>
<td>Public Administration and Safety</td>
<td>Construction</td>
</tr>
</tbody>
</table>

Throughout the community forums, we heard about numerous industries within regions, the challenges they face, and opportunities for future development.

In Gippsland, a potential for future industry development is the timber industry, and the key specialisation in Gippsland is manufacturing skills. Additionally, Gippsland also has strength in agribusiness, retail, transport and tourism, and can transition to these and other industries. The Gippsland Food Plan has been launched and is operating successfully. Agribusiness is estimated to be worth $7 billion to the region and dairy is estimated at $3 billion. The taskforce was informed that there is a high level of interest for foreign investment in Gippsland. Success stories of innovative industries in Gippsland include (1) yoghurt manufacturer, Lion; (2) aircraft manufacturer, Mahindra; and (3) paper manufacturing – Australian Paper.

Throughout all community forums, the taskforce heard of challenges facing regional business from a shortage of both skilled and unskilled labour, including seasonal labour. This issue is especially relevant in Mildura, where regional specialisations include the horticulture industry. Mildura has identified other industries which could be expanded including relocation of the Murray Darling Basin Authority to Mildura, solar farming and aged care.

Agriculture, horticulture and food production is the competitive advantage of the Greater Shepparton region, and creates the opportunity for massive economic expansion. Plans to support dairy, and to strengthen and diversify horticulture are being implemented. This region has the Goulburn Valley Industry and Employment Plan, (GVIEP) which was established in 2013 to address regional challenges including long term drought, floods, and issues resulting from a slowing of macroeconomic growth. The subsequent Goulburn Valley Transition Committee, chaired by The Hon Peter Ryan, was established in 2014 to implement the recommendations from GVIEP.

In underscoring the importance of food processing plants, companies like Unilever and Campbell’s Soups operate in the region and produce a range of everyday supermarket products. The Dairy Industry is particularly important as the processing plants provide the multiplier effect and employment in the region. For instance, SPC is vital to the local...
community, as it provides around 2,700 jobs. This is despite most of the fruit crop being shipped out of the region as fresh produce, rather than being processed in the Goulburn Valley.

An inland freight airport would enable fresh produce to be shipped directly into the growing Asian markets. The Committee for Greater Shepparton is currently exploring sites to relocate and expand the Shepparton Airport for both passenger and freight services. The road freight industry is important to Shepparton’s economy, as 25% of trucks registered in Victoria are based in Greater Shepparton. Innovative company, Pactum Dairy, is a new producer of UHT dairy products, which are exported directly from Shepparton into the Chinese market.

A constant idea raised throughout the regional community forums was that with current technology, people will increasingly be able to work from home, as long as there is high speed and reliable internet. It is expected this will change the face of the workplace. Indeed, many organisations already cater for workers at home, with secure login accessibility to their servers, online applications, and hot desks for occasional visits to the office by staff.

Fast internet for business and individual users is an essential component both of successful economic growth and meeting community expectations. Apart from boosting business opportunities, better internet services will improve liveability factors such as entertainment and access to educational materials.

The general view from consultations was that improved communications (mobile phone and internet) is integral to enticing mature professionals who can work from home to relocate to regional Victoria, and take advantage of more affordable housing and a great lifestyle.

Water
The by-product of increased population is water usage, and consequently, waste water. Melbourne’s sewerage system was designed in 1889, and construction of the sewerage pipes and Werribee treatment farm began in 1892. The first Melbourne homes were connected to the sewerage system, the Western Treatment Plant, in 1897. By 1910, there were 105,993 connections to the sewerage system. Despite upgrades to Melbourne’s water supply, it took until 1975 for a second sewerage treatment plant to be opened. The Eastern Treatment Plan in Bangholme was built to relieve pressure on the Western Treatment Plant in Werribee.

Melbourne’s wastewater network consists of 25,123 kilometres of sewer pipes/mains, 447 sewerage pumping stations and two main sewage treatment plants – the Western Treatment Plant at Werribee, and the Eastern Treatment Plant at Bangholme. These two treatment plants treat almost 90% of Melbourne’s waste water, and the cost of collecting, pumping and treating this wastewater is around 40% of the total cost of water cycle services for the city.

There are two main challenges with respect to waste water:

1. Waste water is pumped vast distances to reach one of the two main treatment plants, which incurs high costs and energy use. These costs could be mitigated through investment of small scale wastewater treatment plants to provide a more local service.

2. Wet weather sewerage overflows can cause storm water runoff to enter the sewerage mains. High rainfall events can result in sewerage infrastructure exceeding capacity, with the consequence of sewage overflowing into metropolitan creeks and waterways through many overflow points throughout Melbourne. The sewerage system has only been designed to handle one in five year flood levels. However, with increased urbanisation as a consequence of massive population growth, these floods are likely to pose increased risk, which could be mitigated by reducing the amount of stormwater flowing into drains through increased use of rainwater tanks, or new infrastructure to keep the stormwater and wastewater systems separate.

Access to sufficient water supplies is critical for growth in regional areas, both for domestic use to cater for growing residential development and for business and agriculture. In irrigation regions, especially the Murray-Darling Basin, we heard of the importance of balancing the needs of the environment with the irrigation sector which supports thousands of jobs and billions of dollars of economic activity. There are also opportunities for more horticultural activity in the regions, delivering higher value-added production provided the necessary water supplies are available.

We have heard about the need of constructing new dams and water storage facilities, as well as enlarging existing water storage catchments.

“...encouraging people to move to regional cities will take pressure off house prices in Melbourne and the need to commit ever increasing high levels of capital expenditure upgrading infrastructure such as sewage, roads and water.”
Irrigated agriculture is crucial to the Goulburn Valley region. Water irrigators once held 2,200 GL of water licences, but in February 2016, hold only 1,100 GL water licences. A lack of water has seen the dairy industry reduce productive capacity to below 2 billion litres of milk, from over 3 billion litres prior to the drought and the introduction of the Murray Darling Basin Plan (MDBP). Although more recently producing 2.4 billion litres, it is still underperforming its previous capability, and is considerably below its stated aim of 3.4 billion litres. The productive capacity of the dairy industry is directly proportional to water, and the region staunchly requires no further water to be taken out of productive agriculture.

The threat of further water leaving the Goulburn Murray Irrigation District under the Murray Darling Basin Project is major issue facing the Greater Shepparton region, particularly the 450GL upwater. Greater Shepparton believes all water currently in the Goulburn Murray Irrigation District must be kept securely in this system. 

We heard that towns outside of Ballarat, like Wallace and Bungaree, would have great potential to expand with improved sewerage connectivity.

Mildura has identified water security for high value horticulture permanent plantings as a high priority for local industry.

Health, Education and Community Infrastructure

We heard people are having problems accessing services that we once took for granted such as hospitals, schools and emergency services.

Population growth in some regional cities and towns will require government investment in key services and infrastructure such as health, education, and community facilities, where excess capacity does not already exist.

Infrastructure Victoria’s recent 30 year infrastructure strategy found that between 2016 and 2046 the number of people over 85 years old in Victoria will grow by 220%. The burden of chronic diseases is only expected to grow with the Productivity Commission estimating that state and territory spending on health will rise from 2.4% to 3.8% of gross domestic product between 2011-12 and 2059-60.

The new Bendigo Hospital is a great example of regional infrastructure. The new hospital is drawing some of the best and brightest medical professionals to regional Victoria. An inferior model
was proposed by Daniel Andrews as Health Minister. It took a Liberal Nationals Coalition Government to fund and build the hospital for growth, including a cancer centre, so people in Central Victoria could be treated in Bendigo rather than going to Melbourne.

Geelong’s hospital requires improved parking capacity, and has identified the need to increase the hospitals capacity congruent with population growth.

Of particular note is the shortage of medical practitioners in rural areas.

“There’s a massive shortage. In four years of actively recruiting we’ve been able to recruit one doctor – and we got her from Brazil. We’re fully booked – we could probably have another five or six doctors if we could get them, because we need that many to service the demand. I just don’t know whether they exist.”

Continued use of geographically targeted visas for medical and allied professionals from overseas was suggested, also it was suggested that there should be greater incentives for Australian medical graduates to move to regional centres.

The Parliament of Victoria report, “Inquiry into Liveability Options in the Outer Suburbs (2012)” found that Melbourne’s outer suburbs have:

“...relatively poor access to medical, health and support services, as well as poorer health outcomes... The majority of Melbourne’s medical and health services are located in established areas close to Melbourne’s CBD. Although only 20% of the population live within 10 kilometres of the CBD, over 40% of health care providers are based in this area.”

Infrastructure Victoria’s recent 30 year infrastructure strategy found that “the school age population (5-17 year olds) in Victoria will increase by around 450,000 students by 2046” and the Department of Education and Training estimates “50 new schools are needed in Victoria in the next five years.” Infrastructure Victoria recommends that state schools be integrated as community facilities over 5-30 years.

As the Regional Policy Advisory Committee found in its 2013 report “Research into Education Aspiration for Regional Victoria” future prosperity of rural and regional communities is tied to addressing the high level of disparity in educational attainment between Victoria’s metropolitan and regional students at the secondary school and post-compulsory education levels.

The Auditor-General also advises similarly:

“In terms of educational attainment, rural children and young people lag behind their metropolitan peers in several ways:

• Absence rates are higher, with the disparity more pronounced in secondary years.
• A lower percentage of students meet the national minimum standards for reading and numeracy.
• Fewer students complete Year 12.
• The proportion of 15–24 year olds with a Certificate IV qualification or higher is much lower and far fewer students go on to attend university.”

The early years are also very important in setting a sound basis for future educational achievement and attainment particularly in regional areas.

The Taskforce was told that in Melbourne’s outer suburbs,

“The reality is that acquiring land and building schools has not kept pace with demand, resulting in significant overcrowding in schools and limitations on choice for Interface areas...and when new schools are built they do not have the required links for adequate transport access.”

The Interface Council submission also stated that:

“Any population policy must address the need to not only build and upgrade schools to meet increased demand, but ensure there is a strategic approach to the acquisition of land to ensure the productive solutions to infrastructure challenges in Interfaces can be maximised and schools and crucial transport links can be delivered in a timely manner.”

Catholic Education is a significant provider of school infrastructure with over 20% of Victorian students enrolled at a catholic school. Catholic Schools are recognised for providing vital and essential community infrastructure in existing new and developing communities. This was recognised by the Panel considering the Armstrong Creek East Structure Plan, (Amendment C214) to the Greater Geelong Planning Scheme where the following observation was made.
The Panel agrees that Parish primary schools are community facilities. They provide almost exactly the same service as State primary schools...

We heard that it would be a good idea that both government and non-government schools could co-exist in a community hub context, together with recreational and other community facilities. Delivery of Catholic school and kindergarten infrastructure could be improved by a formalised planning process involving local government and the Department of Education and Training as part of this framework.

A new Catholic school, Siena Primary, has opened in Lucas, a suburb of Ballarat, as the Catholic Education Office identified Lucas as needing a new school. This school opened one year earlier than planned, due to the huge demand. However, there is still no state primary school. As well as schools, community and sporting facilities are also required.

Bendigo is an education focussed city, and is striving to be a regional centre of educational excellence and be an alternative to Melbourne. Like the great university towns of England and the United States, Bendigo, Warrnambool and indeed Ballarat or Geelong should be marketed to attract a greater variety of courses and students to take some of the huge growth we have witnessed in Melbourne, particularly from overseas students. Latrobe University is currently investing $20 million for an engineering building in Bendigo, and $30 million to upgrade the library and student areas.

Investing in cultural assets is essential in retaining population; every forum in major regional centres reflected this. Geelong wants its art gallery and performing arts centre upgraded immediately as important social and cultural assets for both tourism and locals alike, similar to the effect of MONA in Hobart. Additionally, Geelong requires a convention centre.

Marketing and Promotion Campaigns

During a number of forums, it was discussed that a multi-channel promotional campaign is needed in Melbourne to explain the benefits of living and working in regional and rural Victoria.

There is no doubt that potential first home buyers in Melbourne are not as aware as they might be about the opportunities both lifestyle and economic in country Victoria. The Andrews Labor Government abolished the Regional Living Expo which was a great initiative of the previous Coalition government which showcased the myriad of opportunities which regional and rural Victoria present.

In our Wodonga forum, Natalie Ajay told her story about why she moved from car maker BMW in Melbourne to winemakers in Rutherglen in 2014. This was reported in a Border Mail article the following day.

“They were like what the hell are you doing?” she said. “My bosses at BMW laughed when I first told them, they didn’t think I was serious. “They all came and visit now and the only thing holding them back from doing the same thing is jobs and transport.” Ms Ajay, 27, moved in 2014 after landing a job with the Winemakers of Rutherglen.

The executive officer had never lived outside Melbourne, but now has a house with a pool, a pony and chooks. “Those things you can’t afford in Melbourne with a four-bedroom home,” Ms Ajay said.

Melburnians may not be aware of the housing affordability and job opportunities available in regional Victoria. Under the Liberal Nationals Coalition’s Victoria 2050 agenda the state would develop a campaign with the private sector to convey this message.

As well as providing interest and entertainment to residents, cultural and community events also serve as drawcards to attract visitors to regional cities. For example, Ballarat attracts tourists to well-known icon, Sovereign Hill. Positive experiences at this venue provides opportunities for visitors to form favourable impressions of the city.
Next Steps

Victoria needs a population policy and a vision to 2050.

The Liberal Nationals Coalition has made it clear it will provide inter-generational leadership to change our State for the better to ensure we remain one of most liveable places in the world to work and raise a family.

June – October 2017: Further consultation with regional Taskforce members

June – October 2017: Consideration of any further submissions to hand

TASKFORCE MEMBERS & KEY AREAS OF EXPERTISE

Taskforce Members:
Tim Smith MP, Chair
Danny O’Brien MP, Vice-Chair
Dr Bob Birrell
Mr Asher Judah
Mr David Matthews
Ms Jane Nathan
Prof Jason Potts
Ms Joanna Stanley
Mr Peter Tesdorpf

Key areas of expertise:
▷ Demography
▷ Property
▷ Urban Planning and Development
▷ Economics
▷ Rail and Infrastructure
▷ Local Government Authorities
▷ Regional Development
▷ Sustainable Regional Development
▷ Community Liaison

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