



Regional Victoria

Trends and Prospects

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Introduction

Purpose of the report

This report aims to provide an overview of demographic change in regional (non-metropolitan) Victoria. It explores, not only the change in population numbers but also the components of population change and the economic, social and environmental factors influencing this change.

The key audience for the report is policy makers developing current regional policy initiatives in the State of Victoria. Of particular importance is the work being undertaken by the Ministerial Taskforce on Regional Planning which is drawing upon expertise from various government departments in order to inform its work. Regional Development Victoria (RDV) is a lead agency in developing an overall regional policy framework on behalf of the Taskforce and this important policy initiative is expected to be released by the end of 2009.

Concurrent with work being done by RDV, a number of other State Government policy initiatives are in train, including: regional land use policy initiatives in the Department of Planning and Community Development (DPCD) and the Future Farming Initiative led by the Department of Primary Industries (DPI). Both of these are cross-agency projects which have helped to inform, and will benefit from, the information in this background paper.

The Spatial Analysis and Research Branch has a strong background in whole-of-government information compilation, presentation and analysis for policy purposes. Bringing together an information base containing various perspectives and departmental expertise provides a strong base from which to develop inter-agency policy initiatives. Previous projects such as the Regional and Melbourne Atlases provide a model for developing this type of integrated information base.

Definitions

In this report the term 'regional Victoria' refers to those areas of Victoria outside of Melbourne. Analysis is provided at various geographical levels which form part of the Australian Bureau of Statistics (ABS) Australian Standard Geographical Classification. The main ones used in this report are:

Statistical Division (SD):	there are 10 SDs in regional Victoria and one in metropolitan Melbourne.
Local Government Area (LGA):	these areas are the local government municipalities of which there are 31 in Melbourne and 49 in regional Victoria.
Statistical Local Area (SLA):	these are smaller than LGAs and have been used in this report for mapping some variables in order to present a greater level of detail.

In discussions on regional cities, this report focuses on the settlements outside of Melbourne which have populations greater than 10,000 persons. Other regional settlements are defined as those comprising 200 persons or more. Areas outside these settlements are included in the category of 'rural'.

Structure of the report

This report comprises two main sections. The first provides a thematic overview of socio-economic trends and characteristics in regional Victoria. The second presents the Victorian Government population projections for regional Victoria by major regions.

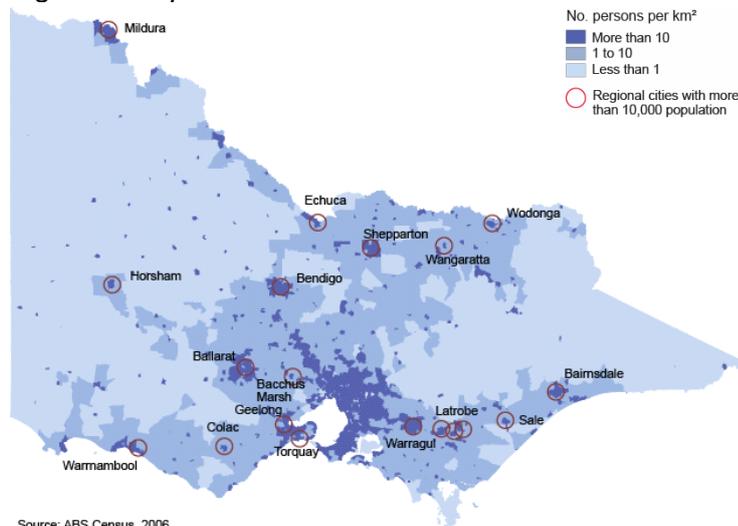
Chapter One: Understanding Population Change in Regional Victoria

Recent population change

Overview

At 30th June 2006, the population of Victoria was estimated to be 5.1 million with 3.7 million people in Melbourne and 1.4 million in regional Victoria. The settlement pattern of Victoria (figure 1) shows the dominance of Melbourne. Beyond the metropolitan area, the regional cities of Geelong, Ballarat and Bendigo and the Latrobe Valley form a ring of cities within 1 to 2 hours of Melbourne. Beyond this, another group of regional cities are evident – these perform important service roles within large rural hinterlands. Those living in rural areas¹ numbered approximately 330,000 at the time of the 2006 census (DPCD 2008a).

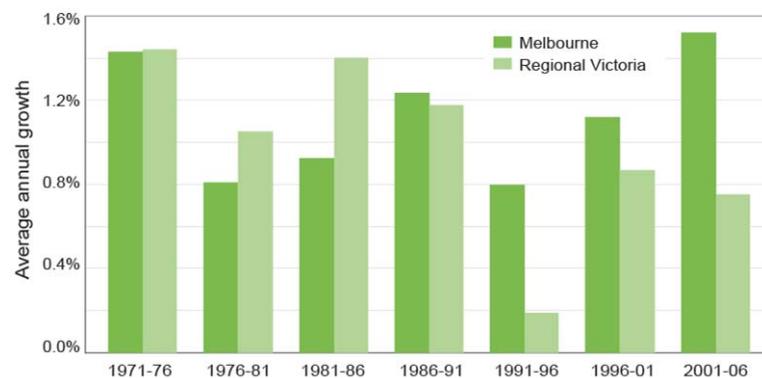
Figure 1: Population distribution in Victoria 2006



Source: ABS Census, 2006

Since the 1970s, relative population growth between regional Victoria and Melbourne has fluctuated (figure 2). During the late 1970s and early 1980s regional Victoria experienced higher population growth rates than Melbourne ('counterurbanisation'). By the 1990s, this was replaced by a resurgence of urbanisation, with Melbourne (especially the inner suburbs) experiencing redevelopment and population increase.

Figure 2: Average annual population growth, Melbourne and regional Victoria, 1971 to 2006



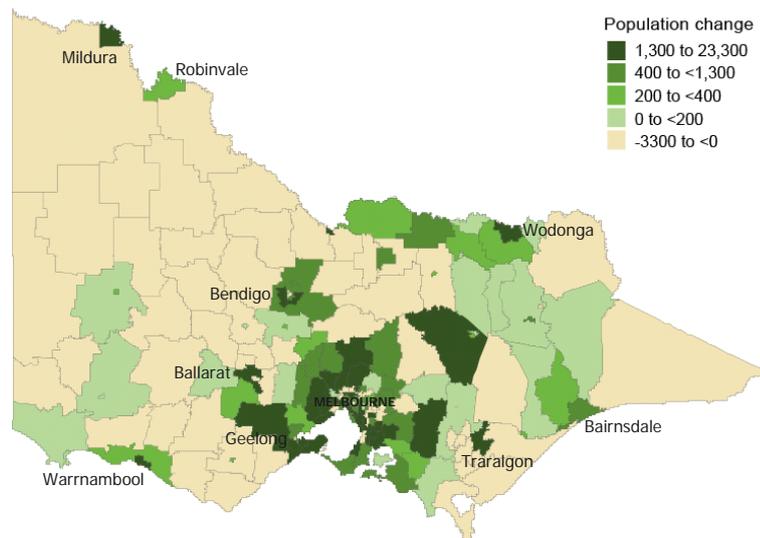
Source: ABS Estimated resident population data

¹ Rural area populations are defined as those people living outside of settlements with 200 persons or more.

Melbourne has grown faster than Regional Victoria in all intercensal periods since 1986-91. Between 2001 and 2006, Melbourne recorded an average annual population growth of 1.5%, compared to 0.8% in regional Victoria.

Since 2001, the fastest growing municipalities in regional Victoria have been located in areas immediately beyond the Melbourne and Geelong metropolitan regions – Mitchell, Bass Coast, Surf Coast and Golden Plains (figure 3). Golden Plains recorded the fastest growth of all municipalities in regional Victoria, at an average of 2.5% per annum. Growth was higher (3.8%) in the Statistical Local Area (SLA) of Golden Plains-South East, located adjacent to the Geelong metropolitan region.

Figure 3: Population change in Statistical Local Areas of Victoria 2001 to 2006



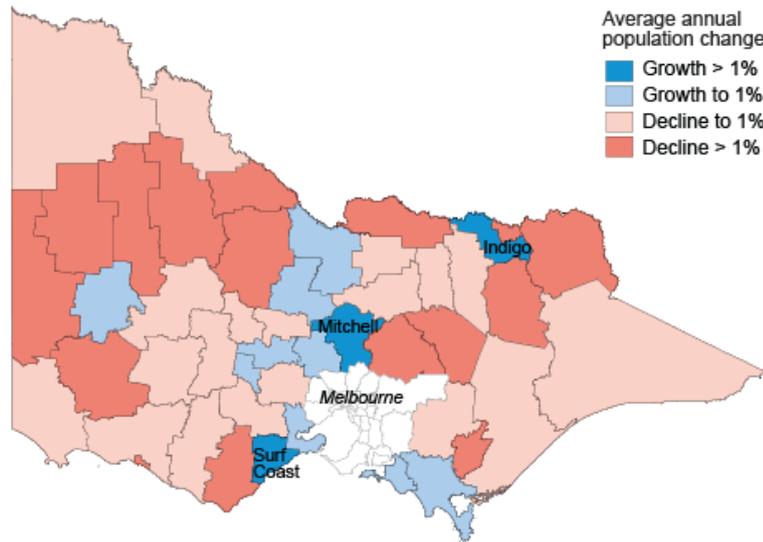
Source: ABS Census data, time series profile (enumerated)

Population decline occurs in some rural regions of Victoria, most notably the dryland farming areas of the State. The reasons for this trend can include: capital intensification of agriculture requiring fewer workers; rationalization of services into fewer, larger centres; increased personal mobility allowing people to access goods and services further away; and increasing economic and social attractiveness of urban lifestyles. Because of these factors, regions which are remote from urban areas face particular challenges in retaining and attracting population.

Rural areas (those areas outside of towns and cities) have experienced lower rates of population growth than country towns or regional cities during the past decade. Figure 4 shows population decline across most rural areas of Victoria between 1996 and 2006, but population growth in rural areas adjacent to Melbourne (eg. Mitchell Shire) and near regional cities (eg. Surf Coast Shire near Geelong and Indigo Shire near Wodonga).

Figure 4: Average annual population change in rural areas*, 1996 to 2006

Average annual population growth rate, 1996 to 2006
Rural areas within each Victorian Local Government Area

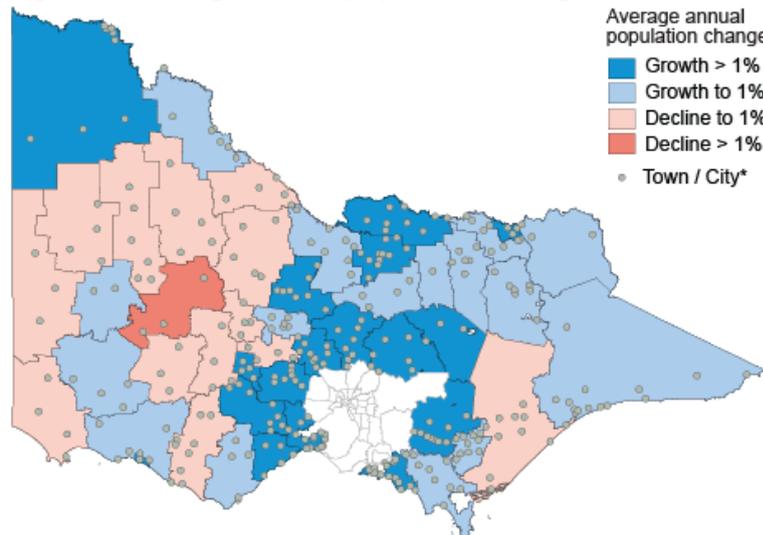


* areas outside cities and towns

Source: DPCD 2008 Towns in Time database

Growth rates for regional towns and cities reveals the strong growth of interface or peri-urban² municipalities (figure 5). The fact that this growth appears in towns more than in rural areas is of interest as it suggests that much of what occurs as peri-urban development is in fact town-based growth rather than rural growth. Indigo Shire is an exception in that its rural growth rates are higher than town growth rates. The concentration of growth in townships around Melbourne suggests that much of this development may be commuter-based rather than true 'tree change' or 'sea change' where people have moved permanently for lifestyle change.

Figure 5: Average annual population change in towns and cities*, 1996 to 2006



* cities and towns with populations greater than 200 persons, excluding Melbourne

Source: DPCD 2008 Towns in Time database

² 'Peri-urban' literally means the area around an urban settlement. It is distinctive in its diversity, having a mix of land uses and residents. It is rural in appearance but many residents will have jobs in the nearby urban area to which they commute.

Irrespective of the phenomenon of peri-urban or lifestyle migration, rural areas are limited in their population growth capacity by their demographic structure which has fewer people in the child-bearing age groups compared to towns and cities.

Regional cities

Eighteen of Victoria's 20 largest regional cities experienced population growth between 2001 and 2006 (Table 1). In absolute terms, the largest growth was seen in Geelong (5,223 persons), Bendigo (4,335), and Ballarat (3,397) while the fastest rates of growth were found in Lara (2.3%), Mildura and Traralgon (both 1.8%).

*Table 1: Population growth in regional cities with more than 10,000 population, 2001 to 2006**

Regional City	2001 population	2006 population	Change 2001-2006	Av. annual change 01-06
Geelong	131,295	136,518	5,223	0.78%
Ballarat	71,618	75,015	3,397	0.93%
Bendigo	67,600	71,935	4,335	1.25%
Wodonga	28,468	29,535	1,067	0.74%
Mildura	26,555	29,054	2,499	1.82%
Shepparton	28,456	28,878	422	0.29%
Warrnambool	25,882	28,029	2,147	1.61%
Traralgon	19,645	21,466	1,821	1.79%
Wangaratta	16,342	16,749	407	0.49%
Moe	15,321	15,156	-165	-0.22%
Horsham	12,925	13,290	365	0.56%
Morwell	13,527	13,186	-341	-0.51%
Sale	12,854	13,092	238	0.37%
Bacchus Marsh	12,152	13,051	899	1.44%
Echuca	11,372	12,392	1,020	1.73%
Warragul	10,492	11,345	853	1.58%
Bairnsdale	10,667	11,026	359	0.66%
Ocean Grove	10,226	10,767	541	1.04%
Colac	10,463	10,562	99	0.19%
Lara	9,206	10,299	1,093	2.27%

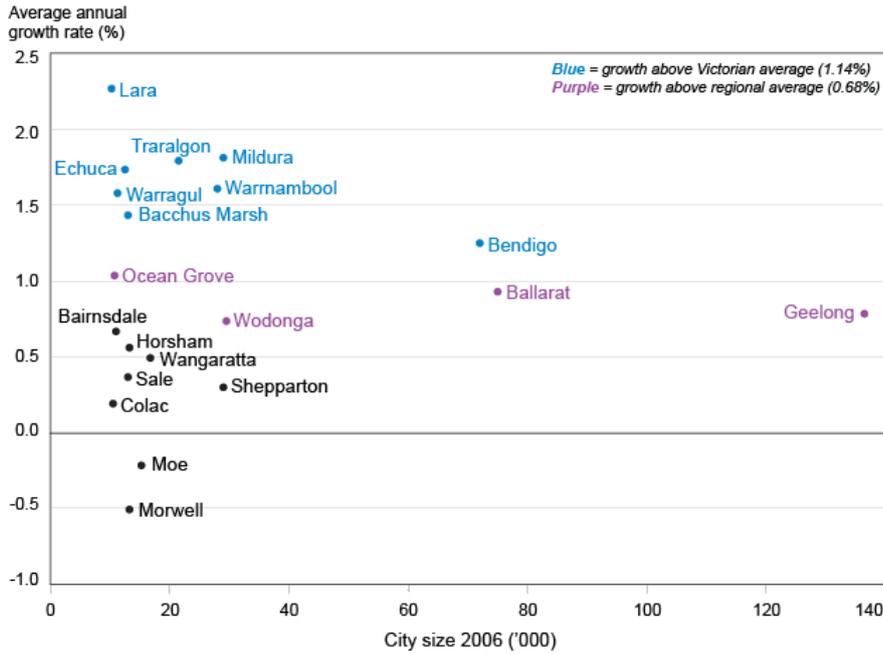
*Enumerated population

Source: DPCD *Towns in Time 2008*

While most large cities in Victoria are showing population growth, there is no direct relationship between city size and growth rate (figure 6). The cities with the highest growth rates range in size from around 10,000 in the case of Lara through to 70,000-plus in the cases of Geelong, Ballarat and Bendigo.

Patterns of population change are not consistent over time. Geelong and Ballarat, for example experienced population decline in the early 1990s due to recession and industry restructuring, but have since seen a return to growth (figure 7). The cities of Moe and Morwell in the Latrobe Valley also experienced population decline in the early 1990s but did not experience a turnaround since then. Meanwhile, Bendigo and Mildura continued to show strong and consistent growth during the 1990s and early 2000s.

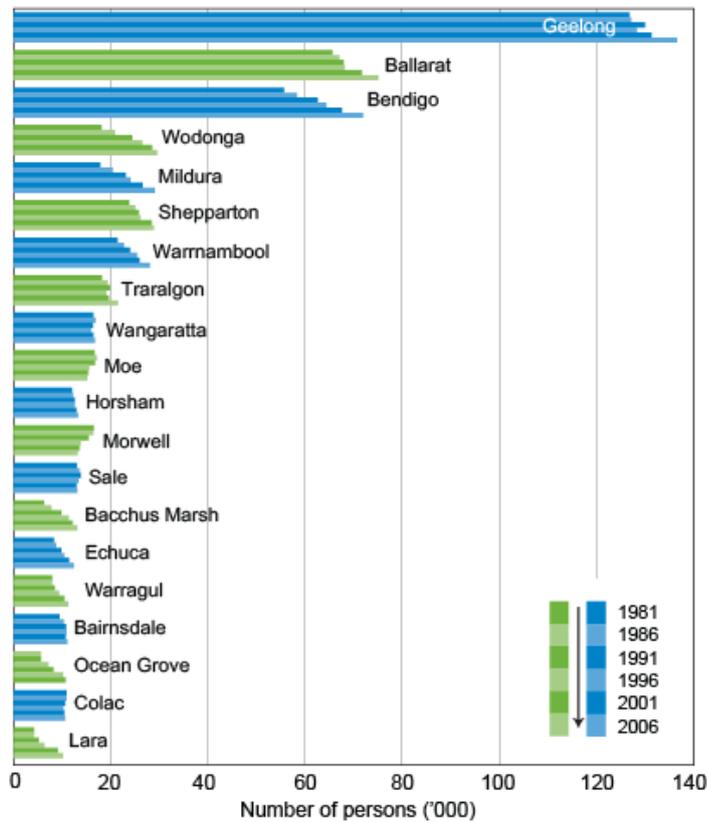
Figure 6: City size and population growth rates 2001 to 2006*



Source: DPCD Towns in Time 2008

* Victorian cities with more than 10,000 persons (excluding Melbourne)

Figure 7: Population of regional cities in Victoria 1981 to 2006*



Source: DPCD Towns in Time 2008

*Census years, cities over 10,000 population in 2006

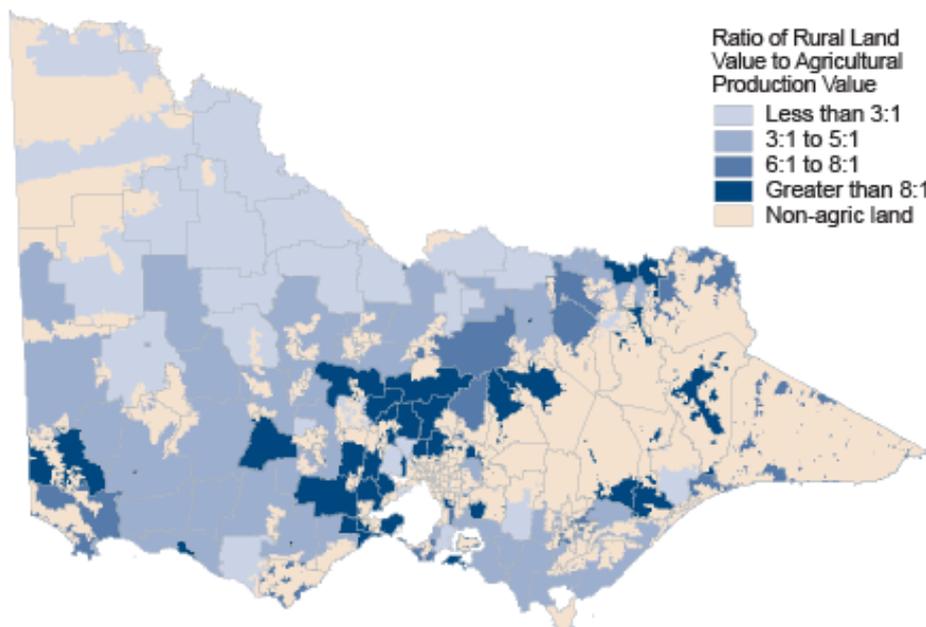
Peri-urban growth

The settlement pattern of Victoria has created a large area of potential peri-urban development ringed by the regional centres of Geelong, Ballarat, Bendigo, Wodonga and Latrobe. Within this region are towns and rural areas that have become popular for those commuting to jobs in these regional centres or Melbourne. A feature of peri-urban areas over the past 40 years has been strong population growth. The strongest period of growth for many of these regions was in the 1980s when rural living became popular. Although rates of growth plateaued in the 1990s, the popularity of living in rural landscapes within driving access of a large urban centre has been maintained in the Geelong-Ballarat-Bendigo regions.

The terms 'sea change' and 'tree change' have captured attention in recent population debates (Burnley & Murphy 2003; Salt 2004). One problem with both terms is that they can be used to describe a range of quite different trends associated with growth along the coast and peri-urban regions. Such growth trends may include: commuter populations; permanent residents; part time residents, holiday home owners or visiting populations (tourists and day trippers).

Barr (2005) defines a similar region in terms of 'rural amenity landscapes' by analysing the relationship between rural land value and agricultural production value (figure 8). The monetary value of land can reflect its productive value for agricultural production. However, where there is demand for land by other higher value uses (such as residential development) it becomes more difficult for agriculture to remain unless it becomes more intensive. Locations close to centres of employment and urban expansion are likely to experience land use change because of these changing land use economics. Highly valued landscapes (such as coasts and peri-urban regions) can also be affected by residential demand and rising land prices.

Figure 8: Relative value of land for agriculture 1998-2001*



*Ratio of rural land value to agricultural production value per hectare

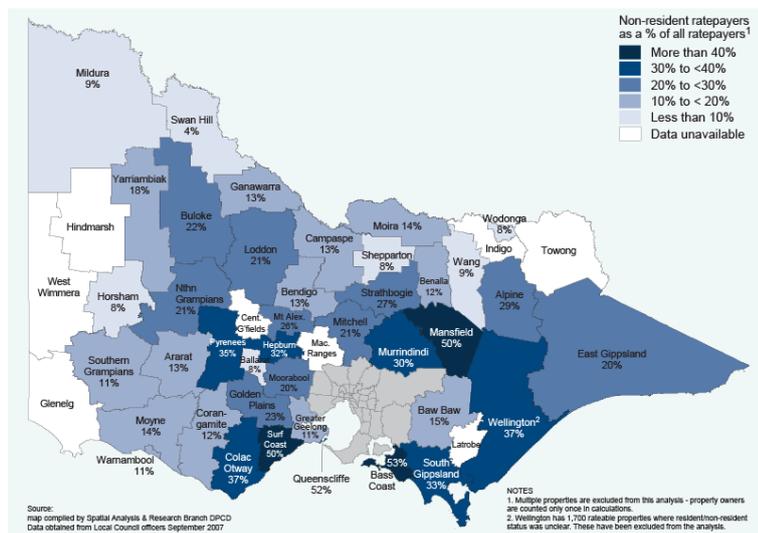
Source: Barr 2005

Part-time populations

Most population counts are based on permanent resident populations. However, some regions display a large variation in population numbers depending on the time of year. Coastal areas, for example, are likely to have much larger populations in summer time than in the middle of winter when Census data are collected.

Both coastal and inland areas have seen increases in part-time populations and visitors. Some holiday homes are converted to permanent homes as their owners retire. With a large proportion of the population retiring in the next decade, some areas are likely to become home to a larger proportion of permanent residents. Recent surveys³ indicate that around a third of non-resident ratepayers plan to move to such locations in coming decades. This may represent a significant number of people for areas which currently contain high proportions of non-resident populations (figure 9). Areas of highest concentration are generally within 2 hours drive of Melbourne.

Figure 9: Non-resident ratepayers by Local Government Area 2007



Components of population change

Migration

People are most mobile in their early adult years. This mobility applies to all geographical scales: within a local area or region; to or from Melbourne; interstate or overseas. Within regional Victoria there are distinct patterns of age-specific movement. Teenagers show a pattern of movement to the regional centres - mostly for education. Young adults have consistent patterns of net migration loss from regional areas as many move to Melbourne for education and employment. However, regional Victoria gains population from Melbourne in older age groups.

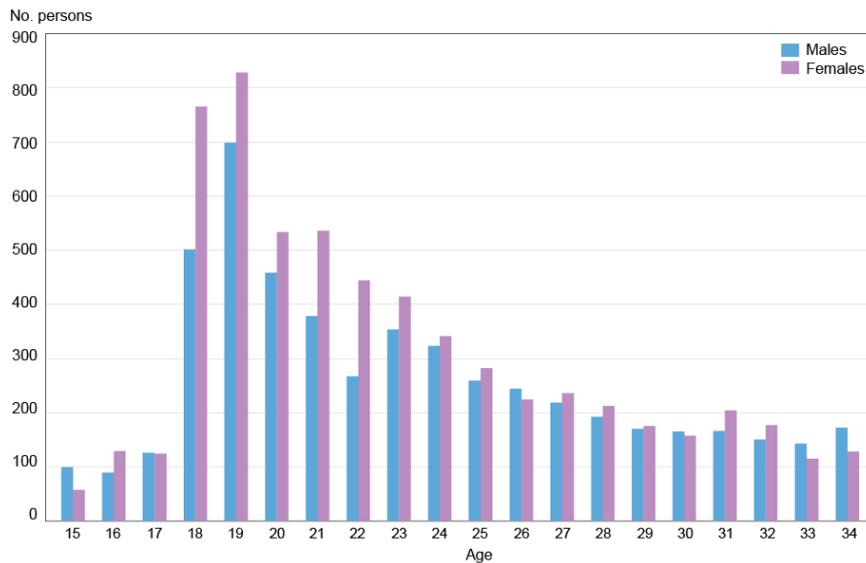
Figure 10 shows the pattern of net migration from regional Victoria to Melbourne for those aged 15 to 35. The significance of leaving school is clearly shown with many young people seeking new opportunities in Melbourne. More young women than men leave regional Victoria for

³ DPCD surveys of non-resident ratepayers in Mansfield (2006) and Queenscliffe (2008).

www.dpcd.vic.gov.au/urbanandregionalresearch

Melbourne (figure 10). This leads to a smaller number of young adult women in rural Victoria (figure 11).

Figure 10: Migration flows from regional Victoria to Melbourne by age and sex, 2005-2006*

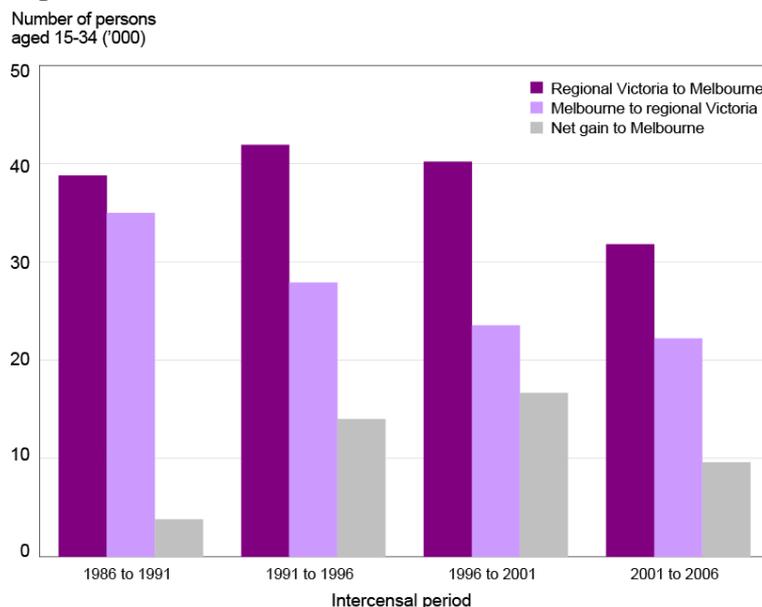


* persons aged 15 to 34 who moved in the year to August 2006

Source: ABS Census

Net migration movements can hide important changes in directional flows. For example, net flows to Melbourne from regional Victoria grew between 1986 and 2001 (figure 11). While flows out of regional Victoria increased during this period, it was the decrease in flows out of Melbourne that made the biggest difference to the net figure. While the net gain to Melbourne from regional Victoria slowed between 2001 and 2006, the flows out of Melbourne remained static.

Figure 11: Migration flows of young people (15-34 years) between metropolitan Melbourne and regional Victoria, 1986 to 2006

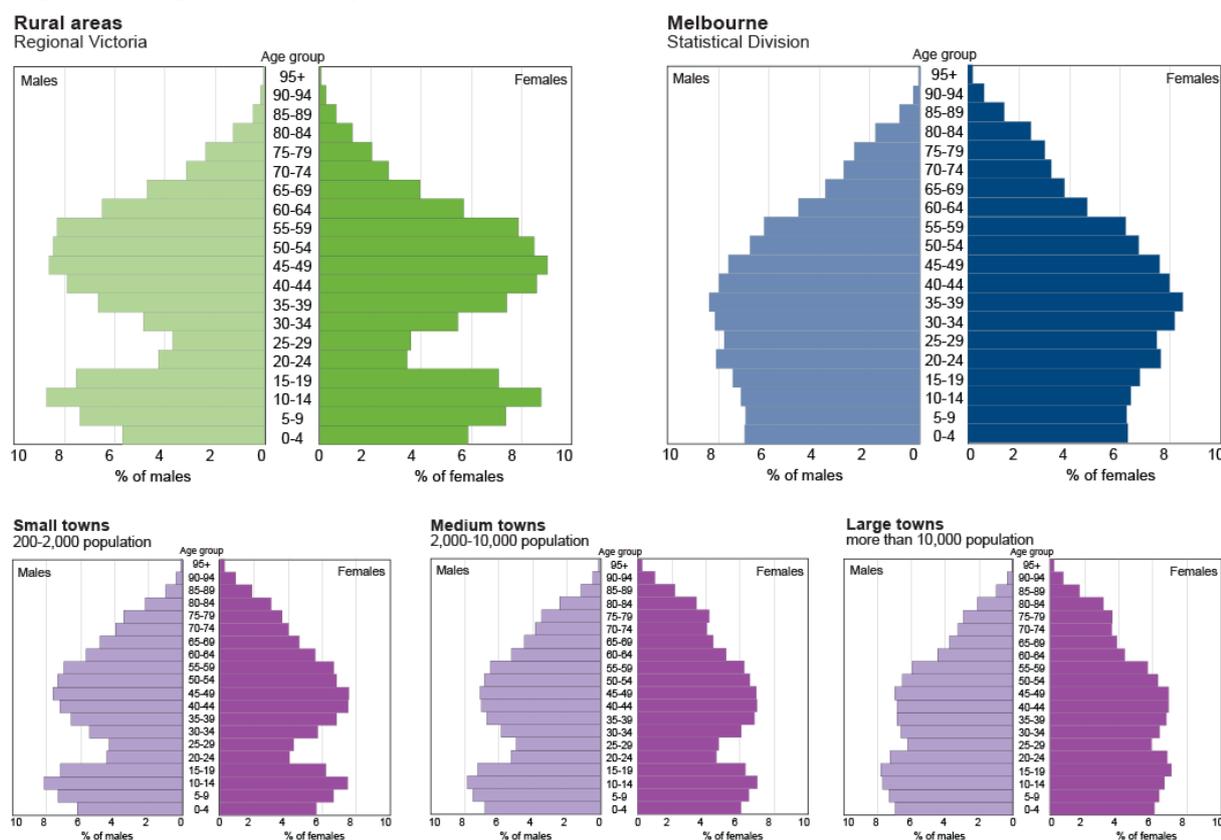


Source: DPCD unpublished migration data based on ABS Censuses

Age structure

There are stark differences between age structures in rural areas and large urban areas. In fact there is a continuum of change as town size increases (figure 12). Rural areas in Victoria are characterised by large gaps in the young adult age groups. As discussed previously, net out-migration is a critical factor creating this pattern. Its implications for the future are important as these young adult groups represent a large reproductive potential which is lost to rural populations. In some area this is further exacerbated by the relatively low ratio of females to males in the population. While proportions of children seem relatively high, many of these are likely to move to larger centres in their teenage and early adult years.

Figure 12: Age structure by settlement size, Victoria 2006



Source: ABS Census 2006, enumerated population

Small and medium sized towns in regional Victoria share the youth 'gap', however its severity lessens with increasing size reflecting the broad range of economic and social opportunities in larger centres. Larger cities have much greater youth retention and Melbourne has a high proportion of young adults (table 2).

Table 2: Proportion of 20-29 year olds by settlement size

	Rural	Small town 200-2,000 population	Medium town 2,000 to 10,000	Large town More than 10,000	Melbourne
Male	7.9%	8.7%	10.2%	13.4%	14.9%
Female	7.1%	8.4%	9.4%	12.8%	14.3%

Source: ABS Census 2006

Fertility, mortality and natural increase

Victoria's population contains a large group of people born between 1950 and 1970. After the baby boom of the 1950s and 1960s total fertility rates fell sharply, meaning that women were having, on average, fewer children than in the past. The large group of 'baby-boomer' women are now mostly beyond child-bearing age. So not only are women having, on average, fewer children but there are fewer women to have children. Because of this, numbers of births fall and the overall effect on the population is to move the average age of the population higher.

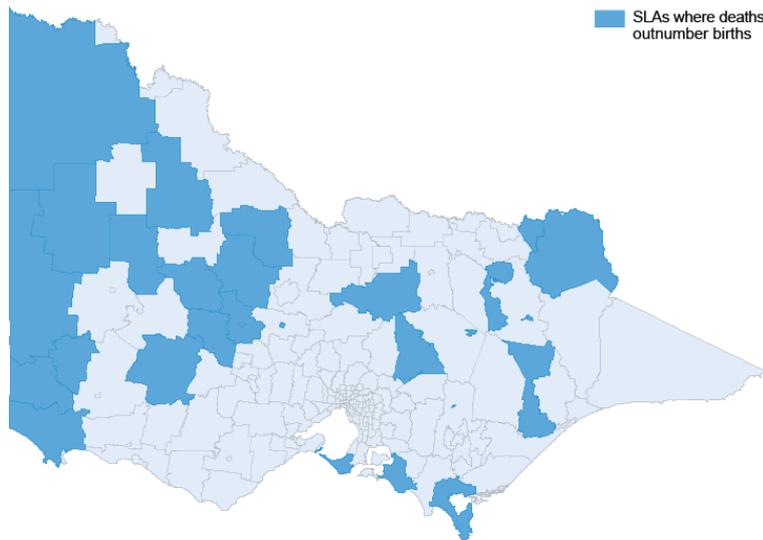
In recent years there has been an increase in fertility levels with the Total Fertility Rate⁴ for Victoria rising from 1.61 for Victoria in 2001 to 1.87 in 2007. While there has been speculation that this represents a baby boom, a longer term view suggests that the current rises are likely to plateau and remain below replacement level (DPCD 2008b). Considerable regional variations exist in fertility rates, with higher fertility rates in more rural than urban areas. In Melbourne, inner city areas have lower fertility rates than outer suburbs.

At the other end of the age spectrum, we are living longer on average. Since 1976 the number of Victorians in older age groups (65+) has increased by around 335,000 persons. Most notably, numbers of Victorians in very old age groups has increased as life expectancy continues to rise. There were approximately 116 males and 527 females over the age of 100 at the time of the 2006 census. Because there are higher numbers of old people in the population than in the past, the actual numbers of deaths is increasing. More deaths and fewer births mean a decline in natural increase - eventually becoming natural decrease as deaths outnumber births. In areas experiencing this trend, population growth can only occur when net in-migration outweighs natural decrease.

Regional Victoria has a higher median age (37 years) than does Melbourne (35 years). A key factor in this difference is the relatively low number of people aged 20 to 34 in regional areas. An implication of an older age structure in regional areas is that numbers of deaths are likely to be high. For regional Victoria overall, natural decrease is projected to occur around 2033, but for some areas of the state which have outflows of young people and either inflows of older people or ageing in place of existing residents, natural decrease is already occurring (figure 13).

⁴ The Total Fertility Rate (TFR) refers to the number of children a woman would bear in her lifetime if she experienced current age-specific fertility rates during her productive life. A TFR of 2.1 is required to achieve 'replacement level' fertility, that is, the rate at which a population can reproduce itself over time.

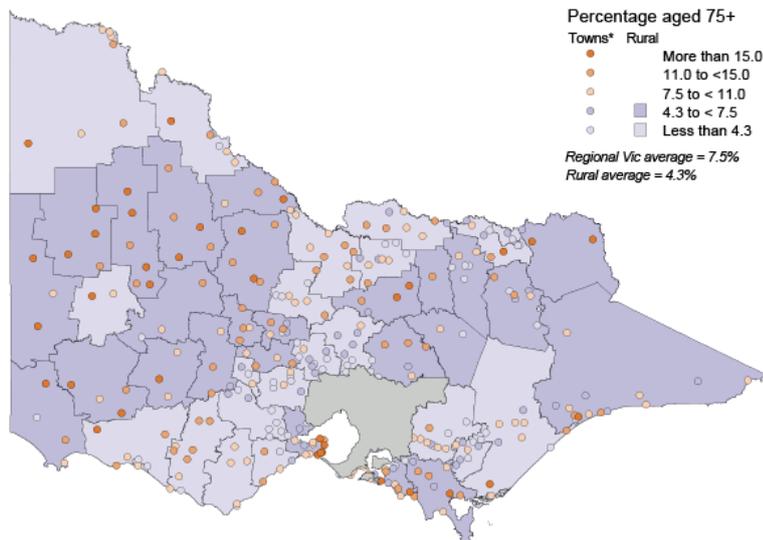
Figure 13: Natural decrease in Victoria, Statistical Local Areas 2007



Source: Australian Bureau of Statistics, cat. no. 3301.0 and 3302.0

The first wave of 'baby boomer' retirement is now starting. Generally retirees age in place, but the growing number of people in this age group means that, even if the proportion who move stays the same, there will be more people in absolute terms moving to retire. The projected strong growth in retirement age groups over the next 20 years will contribute to a more rapid increase in the proportions of older people in regional areas compared to Melbourne. Many small towns in western Victoria and along the coast already have very high proportions of people aged 75-plus (figure 14). While coastal areas may get some growth from new retirees moving in, the dryland areas are less likely to have this in-migration and are therefore likely to experience population decline.

Figure 14: Population aged 75-plus, towns and rural balances of LGAs, 2006



* Population >200 persons

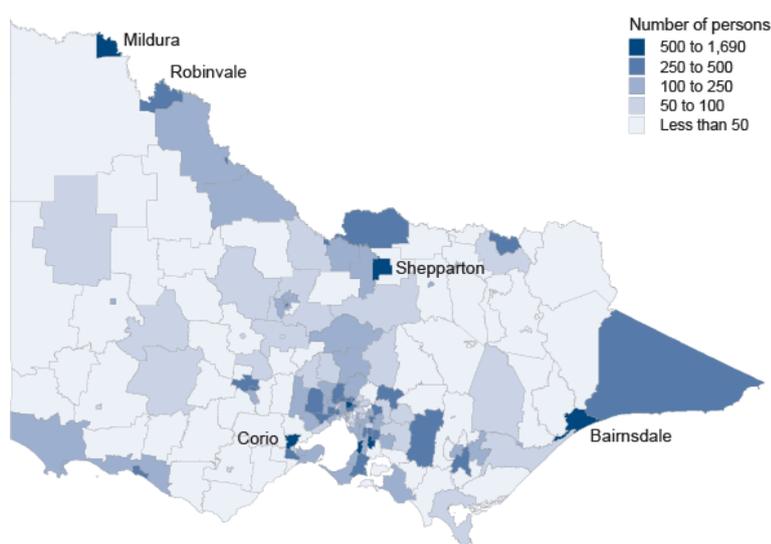
Source: DPCD 2008a Towns in Time

Population characteristics

Indigenous populations

More than half of Victoria's Indigenous population lived in regional Victoria according to the 2006 Census. Areas with particularly high numbers of Indigenous people included parts of East Gippsland, areas along the Murray River such as Mildura and Robinvale, and some regional centres such as Shepparton (Figure 15).

Figure 15: Number of Indigenous persons by Statistical Local Area, 2006



Source: ABS Census 2006, Indigenous Profile

While Indigenous people make up around 0.6% of Victoria's population overall, around 1.2% (16,000 persons) of regional Victorians identify themselves as being of Aboriginal or Torres Straight Islander descent. In towns such as Barmah and Robinvale over 10% of the population reported as being Indigenous at the 2006 Census (table 3).

Table 3: Victorian towns with highest proportion of Indigenous people, 2006

Town	Location (SD)	Indigenous persons (%)	Indigenous persons (no.)
Barmah	Goulburn	23.1%	184
Robinvale	Mallee	13.7%	2,280
Heywood	Western District	9.6%	1,224
Nowa Nowa	East Gippsland	9.5%	137
Mooroopna	Goulburn	7.1%	7,013
Cann River	East Gippsland	6.8%	239
Orbost	East Gippsland	6.4%	2,050
Ultima	Mallee	6.0%	155
Merbein	Mallee	5.8%	1,884
Bairnsdale	East Gippsland	4.8%	11,004

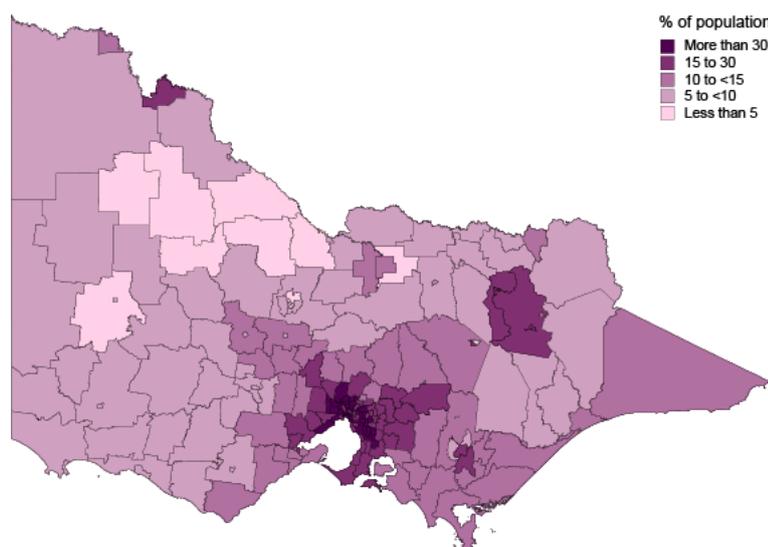
Source: ABS Census 2006, Indigenous Profile

Overseas born populations

The 2006 Census recorded 133,000 overseas born persons in regional Victoria, representing 11 percent of the population. This is a much smaller proportion than for Melbourne which recorded 31 percent overseas born in 2006.

The highest proportions of overseas born in regional Victoria are found around regional centres of Geelong, Latrobe and to a lesser extent Wodonga and Mildura. There are also high proportions in the Alpine region and in the Robinvale area along the River Murray (figure 16). Most of western Victoria and rural areas in the north show relatively low levels of overseas born.

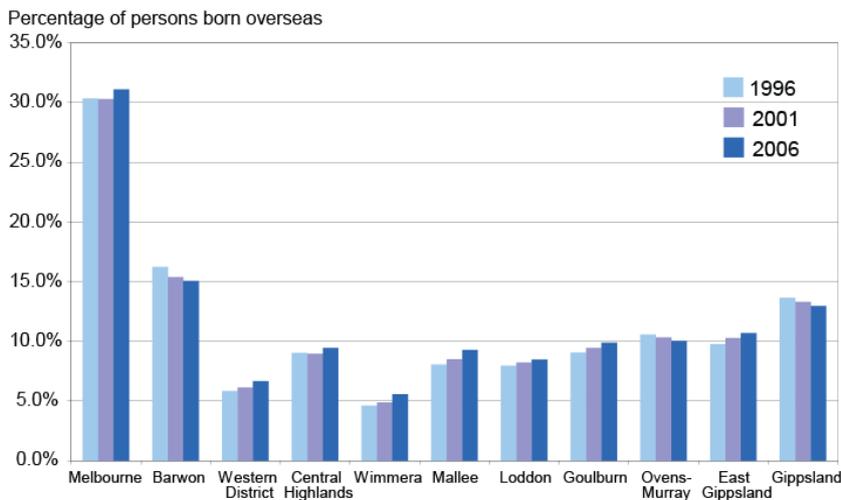
Figure 16: Proportion of population born overseas by Statistical Local Areas 2006



Source: ABS Census 2006, table B09

The proportion of overseas born across regional Victoria has shown some change over time (figure 17). Western and northern areas of the State have seen increasing proportions of overseas born since 1996, as has East Gippsland. Ovens-Murray, Gippsland and Barwon, on the other hand have seen declining proportions in the proportion of overseas born. The reasons for this relate to migration patterns over time which in turn are affected by age structure and the characteristics of overseas migration at particular periods of time. In the post-World War Two period, many migrants from Europe settled in regional Victoria – some to work on the Snowy Mountains Scheme in north eastern Victoria and others to work in manufacturing industries in cities like Geelong and in the Latrobe Valley or horticultural areas along the Murray and Goulburn Rivers. Some of these horticultural areas had also experienced earlier waves of migration from countries like Italy. The location of the Bonegilla migrant hostel in north eastern Victoria played an important role in attracting migrants to that area from the 1950s to the 1970s. The large wave of post-war migrants have reached old age or have already died and this is one factor which may affect the proportions of overseas born in regional populations where there had not been a continuation of overseas migration at post-war levels.

Figure 17: Change in proportion of overseas born, Victorian Statistical Divisions, 1996 to 2006



Source: ABS Census 2006, table T01 (enumerated population)

The main countries of origin for Victoria's regional areas reflect the dominance of the United Kingdom and New Zealand in overseas migration to Australia as a whole (table 4). The influence of post-war migration from Italy, Germany and the Netherlands is also evident in many regions. More recent waves of migrants from Asian countries like Vietnam and China have tended to settle in Melbourne, although the Philippines and India are represented in the top five birthplace groups for Western District and Central Highlands respectively although numbers are small. The impact of overseas students at regional universities may be a contributory factor to the emergence of these birthplaces in regional Victoria's population.

Table 4: Top five overseas birthplaces for Victorian Statistical Divisions, 2006

Barwon	Western District	Central Highlands	Wimmera	Mallee	Loddon	Goulburn	Ovens-Murray	East Gippsland	Gippsland
UK 12,762 (4.9%)	UK 2,428 (2.5%)	UK 4,832 (3.4%)	UK 976 (2.0%)	UK 1,475 (1.7%)	UK 5,870 (3.5%)	UK 5,475 (2.8%)	UK 2,798 (3.0%)	UK 3,495 (4.4%)	UK 7,911 (5.0%)
NZ 2,205 (0.9%)	NZ 1,176 (1.2%)	NZ 1,023 (0.7%)	NZ 221 (0.5%)	Italy 1,099 (1.2%)	NZ 1,316 (0.8%)	Italy 1,951 (1.0%)	Italy 981 (1.1%)	NZ 725 (0.9%)	Netherlands 1,786 (1.1%)
Italy 2,195 (0.8%)	Netherlands 532 (0.5%)	Netherlands 947 (0.7%)	Netherlands 151 (0.3%)	NZ 773 (0.9%)	Germany 719 (0.4%)	NZ 1,852 (0.9%)	Germany 734 (0.8%)	Netherlands 631 (0.8%)	Italy 1,473 (0.9%)
Netherlands 2,051 (0.8%)	Germany 193 (0.2%)	Germany 637 (0.4%)	Germany 142 (0.3%)	Turkey 517 (0.6%)	Netherlands 620 (0.4%)	Netherlands 824 (0.4%)	NZ 678 (0.7%)	Germany 499 (0.6%)	NZ 1,385 (0.9%)
Germany 1,858 (0.7%)	Philippines 146 (0.1%)	India 389 (0.3%)	Italy 112 (0.2%)	Greece 264 (0.3%)	Italy 459 (0.3%)	Germany 771 (0.4%)	Netherlands 484 (0.5%)	Italy 319 (0.4%)	Germany 1,113 (0.7%)

* Numbers in this table refer to persons usually resident in the Statistical Division by birthplace. Percentages in this table are persons in birthplace group as a percentage of total usual resident population in the Statistical Division.

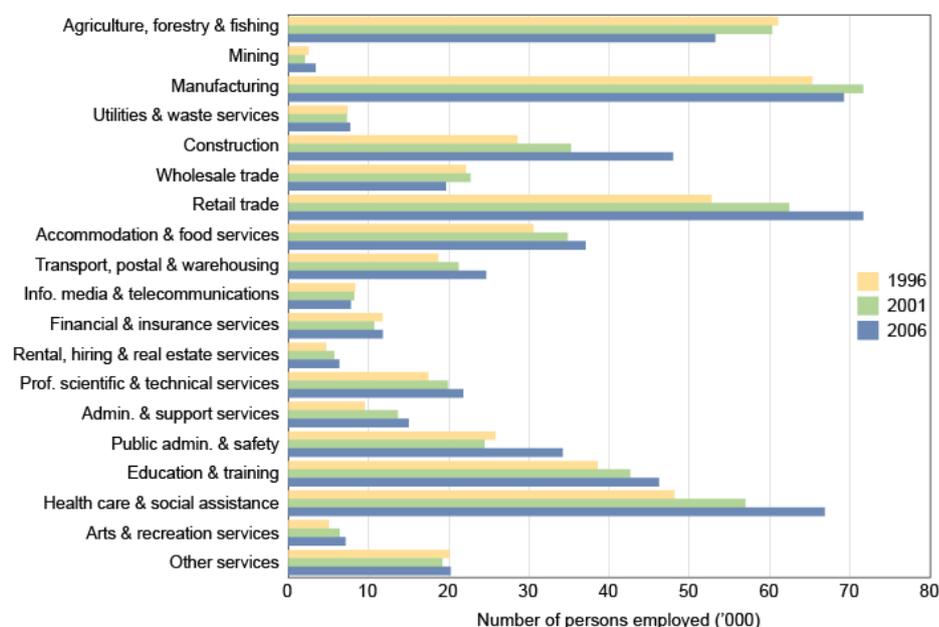
Source: ABS Census 2006

Economic change in regional Victoria⁵

Industry restructuring

The late 1980s and early 1990s witnessed major economic restructuring in many of Victoria's regions. This was characterised by decline in some manufacturing sectors and the rationalisation or concentration of many public and private services. While traditional manufacturing industries in the regional centres were hard hit by restructuring and recession, other manufacturing industries in the same cities were emerging and expanding – manufactured food industries for example. At the same time, a range of regional service industries continued to expand in terms of employment – community services; wholesale and retail services, and recreational and personal services (figure 18). The growth in health care and social assistance has been influenced by the ageing population which, as discussed earlier, is a stronger characteristic of regional populations compared to metropolitan populations.

Figure 18: Employment by selected industry sector, regional Victoria, 1996, 2001 and 2006



Source: ABS Census 2006 Time Series Profile

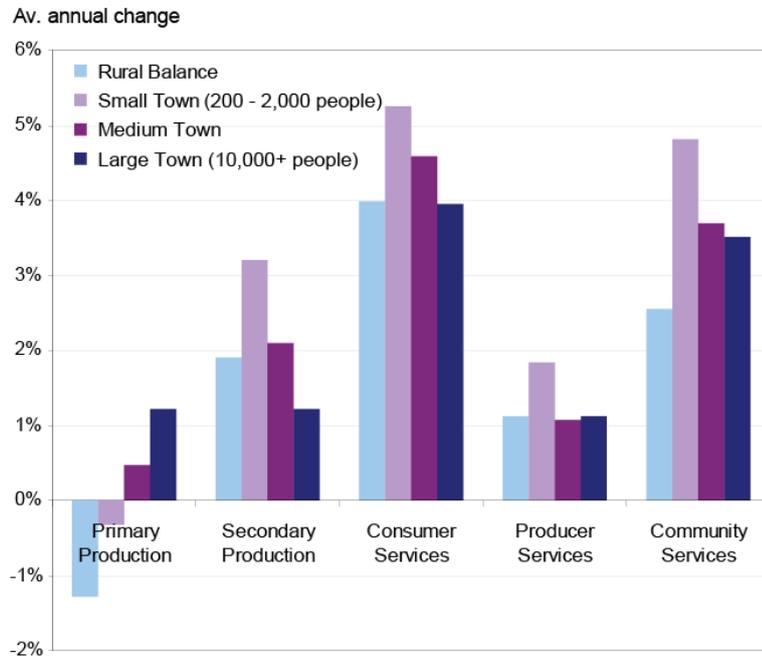
Overall, employment has continued to grow in regional Victoria, rising by 9% between 2001 and 2006 (ABS Census 2006 time series profile). However, much of this growth has occurred in cities and large towns. Many public services and private businesses have regionalised into the main centres. Large scale retailers are located in these centres, offer more employment opportunities and have retail catchments that extend well into the countryside. Increased levels of personal mobility and car ownership enable rural residents to access these services more easily than in the past.

Rural areas have experienced an increase in residents working in service industries and manufacturing (figure 19). At the same time large towns have shown an increase in residents employed in agriculture. Such changes suggest that the rural-urban distinctions of the past may no longer hold as strongly. Some urban residents have moved to rural areas for lifestyle reasons. In some cases these people may be living in a rural area while commuting to nearby

⁵ Refer RDV 2009, "Working Paper: Economic Overview of Regional Victoria"

towns or cities. At the same time, many farmers have changed their location or their employment characteristics. Off-farm income has become more important and some farmers have moved into towns where they and their families can access services and additional income sources more easily. In effect, they have become commuters – living in a town or regional city but travelling to their properties.

Figure 19: Employment by sector and settlement type in regional Victoria 1996 to 2006

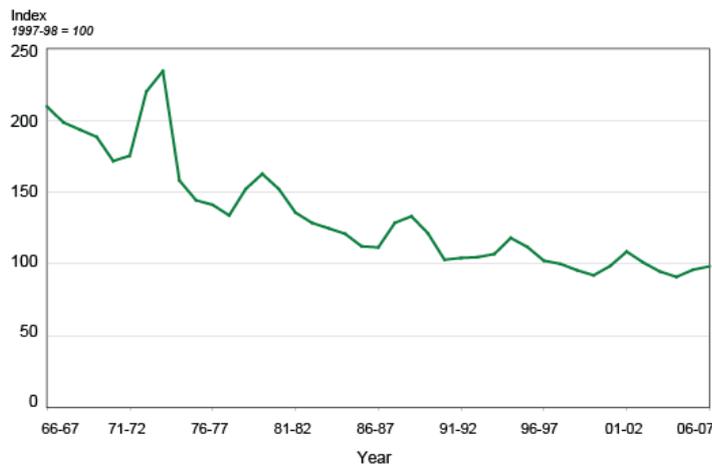


Source: DPCD 2008a Towns in Time

Agriculture

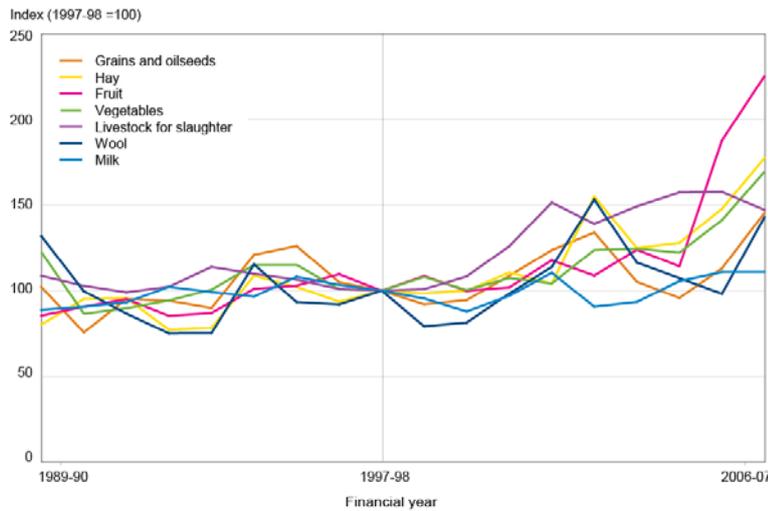
The economics of agriculture has changed greatly over the past 50 years. There has been an overall decline in farmers’ terms of trade (figure 20) despite the fact that prices received for many commodities have increased in recent years (figure 21).

Figure 20: Australian farmers’ terms of trade 1966 to 2007
Ratio of index of prices received by farmers to index of prices paid by farmers



Source: ABARE Commodity Statistics 2007

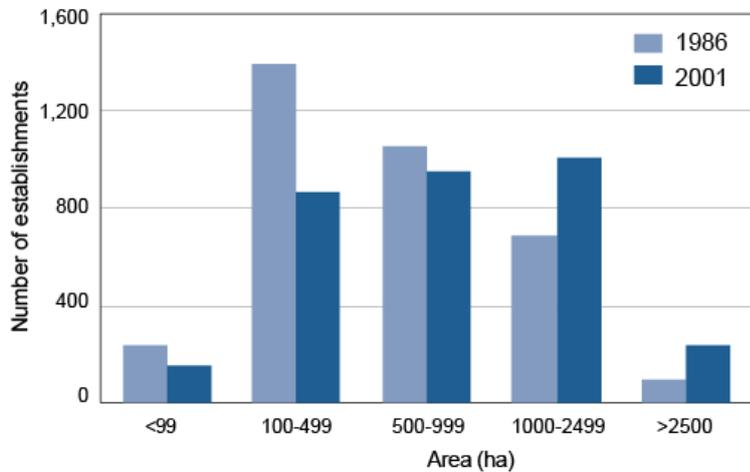
Figure 21: Index of prices received by Australian farmers by commodity, 1989 to 2007



Source: ABARE Commodity Statistics 2007

In the face of declining terms of trade, farmers are faced with pressure to increase productivity. This is often achieved through increasing economies of scale (ie. bigger farms), as has occurred in areas such as western Victoria. This is a major grain growing region for the state and, as figure 22 shows, grain farms in the area have decreased in number but increased in size.

Figure 22: Number of Victorian grain-producing farms by area 1986 to 2001



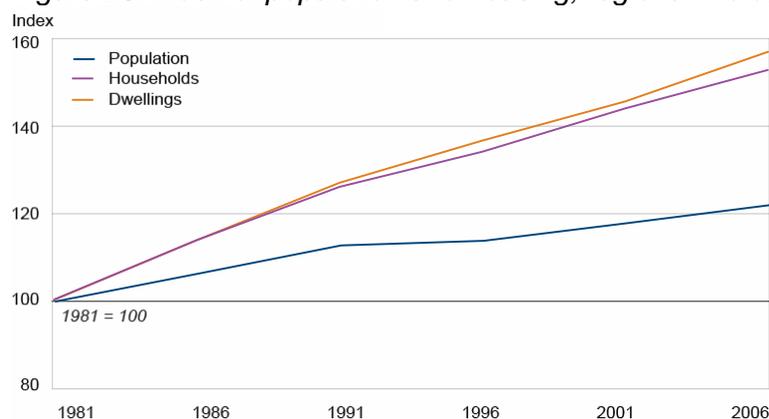
Source: Barr 2005, p. 5

While such expansion is possible in western dryland farming areas, agricultural enterprises located in proximity to regional centres or Melbourne face greater competition for use of the land. In such regions, the value of land for its amenity tends to be higher than the value of the land for agricultural activities. In essence, farmers are outbidded by those seeking to live in a rural area for its natural beauty and lifestyle benefits rather than for farming purposes. Despite this trend, high-value agriculture enterprises such as wineries, cut flowers and boutique crops may succeed in these locations, as do tourism and recreation enterprises. Gourmet food and wine trails and farmers markets are examples of activities which combine rural amenity and tourism.

Regional construction activity

Construction industry activity has remained strong in most regional areas. Often such activity is seen as a proxy for population growth, however the relationship between housing growth and dwellings growth is not linear (figure 23). Household size has decreased over recent decades. A major reason for this is the increasing number of 1 and 2 person households. These include: empty nesters; older age couples or widows; divorced families and younger couples and singles. Large numbers of people in older age groups contributes to low household sizes. Fewer people per house means that more houses are needed for a given population. As regional Victoria has an older age profile, its average household size is lower (2.4) than Melbourne's (2.6).

Figure 23: Index of population and housing, regional Victoria 1981 to 2006



Source: DPCD Time Series database 1981 to 2001 and ABS Census 2006

In addition to the effect of smaller household size, the amount of residential construction can also be affected by the building of second homes. Coastal areas, for example, tend to have many more houses than are needed to house their resident population. Increasing wealth and mobility have led to a rise in second home ownership. For an area like Gippsland, the combined effects of ageing populations, in-migration of retirees, and building of second homes along the coast have created the greatest divergence of population and dwellings growth among Victorian Statistical Divisions. Over a twenty-five year period this region has seen a much greater increase in dwelling numbers than in population numbers (table 5).

Table 5: Increase in numbers of people, households and dwellings, Gippsland Statistical Division 1981 to 2006

	Increase in numbers between 1981 and 2006
Population	22,360
Households	22,250
Dwellings	31,800

Sources: DPCD Time Series database 1981 to 2001 and ABS Census 2006

Knowledge economy

Regional Victoria makes a major contribution to Victoria's export wealth through both primary (agriculture, mining, forestry) and secondary (processed or manufactured) products. It has also shown resilience and adaptability through two decades of economic and social change. The economic base of many regions has diversified, new markets have been identified and

developed and service-based industries such as tourism have continued to grow. Value-adding rather than simply exporting raw produce is now much more common.

The increase in specialist employment in highly-paid industries relies on a highly educated workforce. Such jobs are generally found in cities, as are the educational institutions that support them. This makes cities like Melbourne attractive places to live. In addition, cities provide a range of diverse opportunities which can be beneficial in modern economies characterised by rapid change and potential uncertainties. People can move more easily between jobs and careers in a city economy more easily than within a smaller rural economy.

In social and cultural terms, regional Victoria may be seen to have had more difficulty in responding to change. Modern economies tend to favour large cities where diverse economic and social environments continue to attract young people. Regional areas with more dispersed populations and fewer urban centres may be economically efficient and productive, but may be seen as socially and culturally more isolated than a large city. The cosmopolitan nature of a large city like Melbourne also provides a range of new social experiences and opportunities. Many people choose to live in Melbourne not only for education and job opportunities but for access to recreational, cultural and retail services.

Regional cities with university campuses may offer local benefits in terms of research and development services for local industry and the provision of education for local communities. While these cities have a higher retention of young people of university age, there is evidence that this delays migration to Melbourne rather than stopping it. The smaller scale of regional universities and the competition afforded by larger metropolitan campuses can therefore present challenges to the development of knowledge-based economies outside of Melbourne.

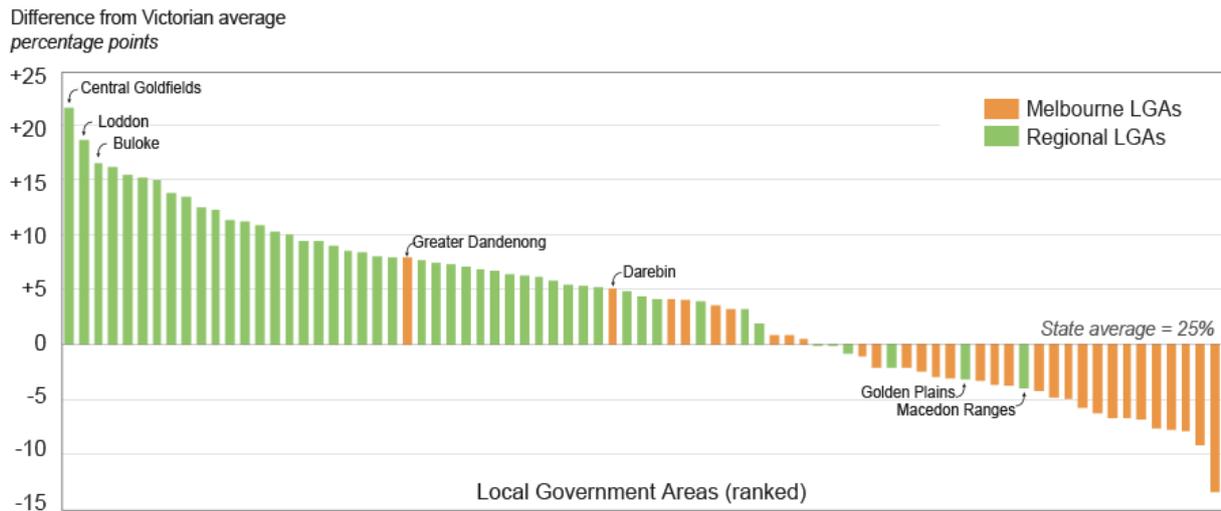
The range of specialist skills required by modern economies creates issues for regional areas which have a smaller population base from which to develop complex infrastructure and services. For this reason, regional skill shortages have become an issue for many regions across Australia and within Victoria.

Income

Real median incomes in both metropolitan and regional areas have increased over the last two decades with Melbourne experiencing consistently higher median incomes than the rest of Victoria. Between 1981 and 2001 the gap between Melbourne and regional Victoria grew, with the median income of regional Victoria falling from 85% to just 73% of the median for Melbourne households. In the five years to 2006, regional incomes gained back some of the ground they had lost – now at 76% of metropolitan median income. The impetus for this shift has been the movement of well-to-do households into regional areas close to Melbourne (for example, Surf Coast). More isolated regional areas and those more reliant on agriculture generally have below average incomes (figure 24). The municipalities of Central Goldfields, Loddon and Buloke show a high proportion of households in the lowest income quartiles⁶ while those close to Melbourne like Golden Plains and Macedon Ranges show much smaller proportions in low income quartiles. Reasons for lower incomes in regional areas may include the impact of a decade of drought, an older population profile and the fact that much rural wealth is held in land assets rather than income.

⁶ Income quartiles are determined by dividing the distribution of income into 4 equal parts. By dividing a large area (like Victoria) into equal quarters, this 'average' distribution can be compared to distributions at smaller areas such as local municipalities to determine how much an area's income patterns differ from the statewide pattern.

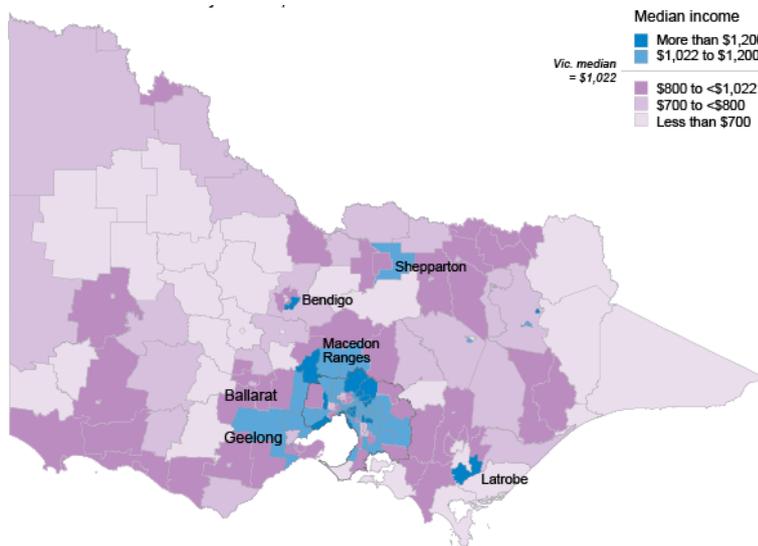
Figure 24: Proportion of households in the lowest income quartile, Victorian municipalities 2006



Source: DSE income quartiles based on ABS Census 2006 usual resident data

Areas of regional Victoria with household incomes above the State average tend to be found in close proximity to Melbourne and some regional cities (figure 25). Parts of Bendigo, Latrobe and Macedon Ranges have median household incomes of more than \$1,200 while parts of Golden Plains Shire (south of Ballarat), Surf Coast (south of Geelong) and east of Shepparton also have above average incomes.

Figure 25: Median household weekly income, Statistical Local Areas 2006



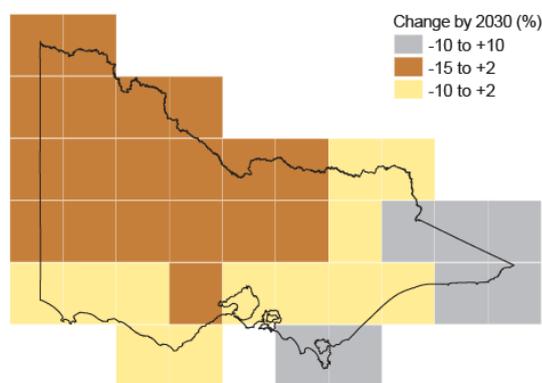
Environmental factors⁷

Climate change

The past decade has seen a growing acknowledgement of critical environmental issues for regional Victoria, notably climate change and related issues of drought and water availability. The present state of knowledge suggests that climate change is being experienced globally and that human activities have contributed to such change. CSIRO has undertaken climate change projections for Victoria at various levels of detail for more than a decade and these are updated on a regular basis. In general, these projections suggest that much of Victoria will become hotter and drier, particularly in the north western parts of the State (figures 26 and 27). Subsequent increases in evaporation are expected to combine with lower rainfall to contribute to strong decreases in streamflow across Victoria.

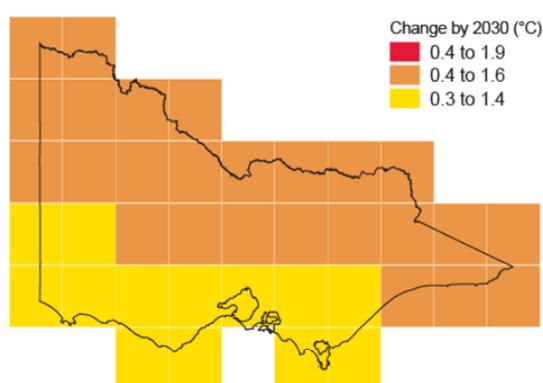
Figure 26: Projected average rainfall change by 2030 Figure 27: Projected average temperature change by 2030

Range of projected change in rainfall relative to 1990 levels (%)
(degrees)



Source: DSE Climate Change projections prepared by CSIRO 2007

Range of projected change in temperature relative to 1990 levels



Source: DSE Climate Change projections prepared by CSIRO 2007

Potential impacts of climate change and the effects of policy responses such as carbon trading are the subject of much current discussion. However, without historic precedent such impacts tend to be speculative. Sometimes social responses are counterintuitive. For example, periods of drought do not necessarily lead to out-migration of farmers from a region. Partly this is due to the fact that the land value will not be realised in such periods if the farmer decides to sell. In fact, entry and exit rates in the farming industry have been relatively consistent over several decades in spite of economic and environmental cycles (Barr et. al. 2005, p.15).

While the implications of carbon trading are only just emerging, one aspect is the changing price of energy. Many regions of Victoria are wholly dependent on the electricity grid at present which leaves them vulnerable to price changes. Some regional cities have alternatives such as gas and in the future there may be localised use of large scale solar generation and wind power. In general, areas with a wider range of energy source options will have a competitive advantage.

One suggested outcome of climate change is migration of people from drier to wetter parts of Victoria. Some local government authorities in areas of higher rainfall see this as a potential by-product of drought and climate change⁸. Such speculation needs to be set in a context of what

⁷ Refer RDV 2009, "Working Paper: Climate change and biodiversity"

⁸ See for example response to Victorian State of Environment report by Gippsland Shires: "Eastern Victoria's health quickens development pulse" by Peter Ker *The Age* December 5, 2008.

we already know about individual migration decisions. In general, people move short distances rather than long distances in order to maintain social networks and remain in 'familiar territory'. Young people are more mobile than older people, so regional areas with older age structures are less likely to see major population moves than areas with a younger age profile.

At a localised level, there may be a movement of people into towns where water supplies, social services and off-farm income opportunities can provide a better range of options for individuals or families but this is clearly a multi-faceted decision and not solely caused by climate.

Dry conditions may, however, act as a disincentive for attracting people to certain regions. Water can be an important amenity factor attracting people to regional areas – lakes, coasts and rivers are generally popular destinations for holiday makers and retirees. Drought and water restrictions can affect the attractiveness of some inland areas and may increase the attractiveness of areas which have natural water assets.

Some aspects of climate change projections such as sea level rise or increased bushfire incidence may seem to be obvious deterrents to migration, however this needs to be balanced against the attraction of bushland settings and coastal locations for many people. Bushfire history in Victoria suggests that fires have little long term effect on population. Towns such as Cockatoo and Upper Beaconsfield, which were destroyed in the Ash Wednesday fires of 1983, had regained their populations by the time of the 1986 Census. However, the response by government to these issues could potentially have an impact on settlement and development patterns. Recent policy requiring coastal councils to consider climate change impacts when assessing permit applications will have direct effects on where and how development occurs as well as raising the profile of climate change issues in the public's mind (DPCD 2008c).

Water Trading⁹

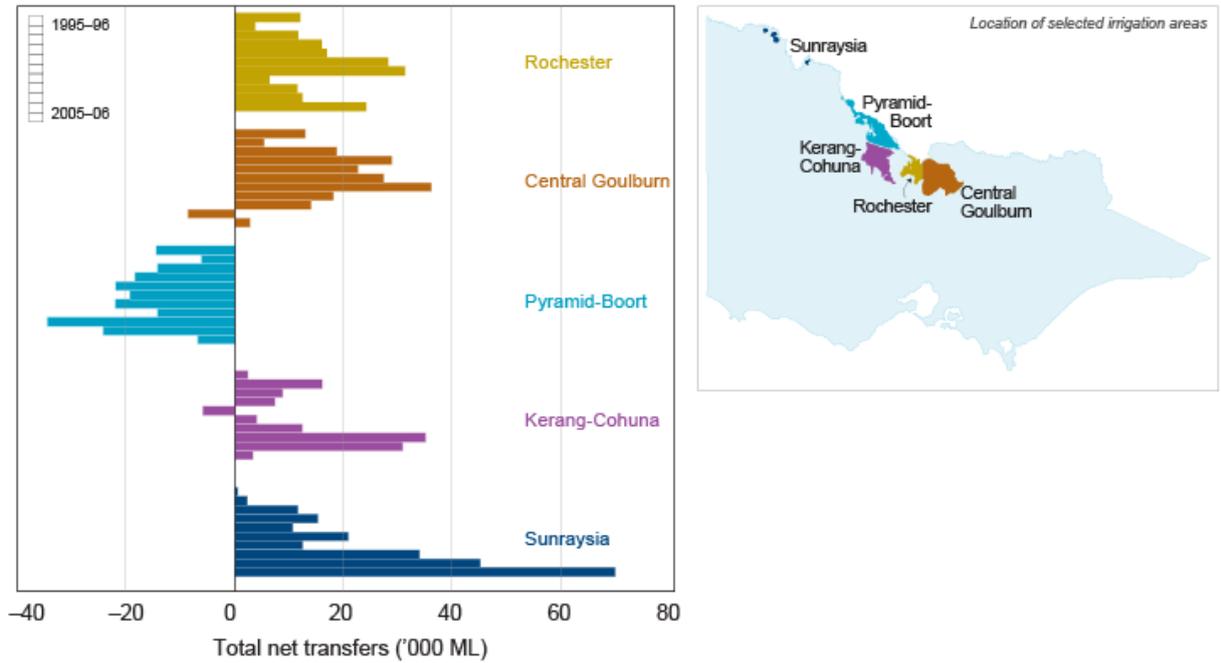
Since 1995, the effects of water trading have led to some of Victoria's irrigation regions receiving net gains of water entitlements and others experiencing net losses. While total trading patterns suggest net gains in all areas except Pyramid-Boort, the relative role of permanent and temporary transfers show a more complex patterns (figure 28). Temporary trading patterns reveal higher net gains and losses for most areas than do permanent transfers. However, the long-term impacts of permanent trading can be much greater, especially since most of the irrigations districts outside of Sunraysia have seen net losses for most of the period between 1995 and 2006. Sunraysia has experienced net permanent gains of water entitlements from regions further upstream in Victoria's Murray-Goulburn system.

The introduction of water trading has led to relatively rapid change in farming entry and exit patterns and associated land use change. Large-scale enterprises have seen the opportunity through water right purchase to develop new greenfield sites – a process which has led to more rapid change than if existing small irrigation enterprises were purchased separately and then consolidated. While economically rational, this type of change can create social stress in similar ways as other large scale farming change (plantation farming; general consolidation of properties). This tension between productive efficiency and social adaptation has been playing out over many decades and will continue in the foreseeable future as industry responds to new challenges such as climate change, water availability and energy price change.

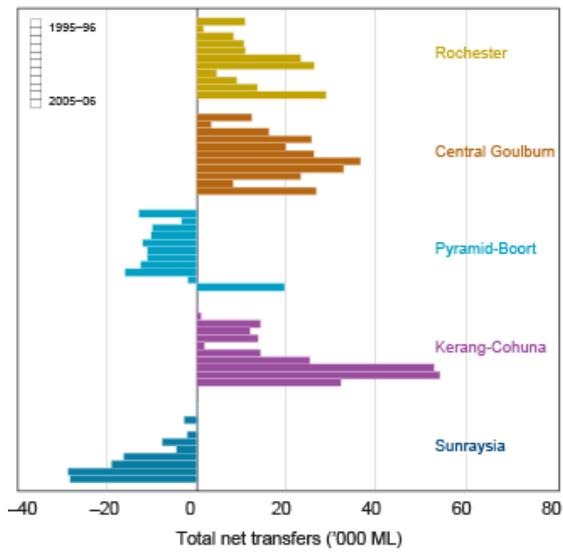
⁹ Refer RDV 2009, "Working Paper: Water policy in regional Victoria"

Figure 28: Impacts of water trading in selected study regions, Victoria 1995 to 2006

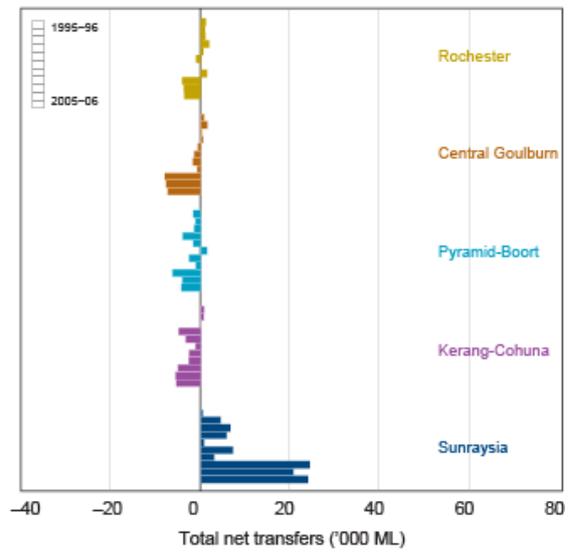
Total water reallocated through water trading



Net temporary water transfers



Net permanent water transfers



Source: RIRDC, 2007

Chapter Two: Projected Population Change in Regional Victoria

Introduction

The Victorian Government released its latest population projections (*Victoria in Future*) in December 2008. These are official population and household projections for State, regional and metropolitan areas and cover the period 2006 to 2036. The projections are based on ABS population estimates derived from the 2006 census and other recent demographic trends. Production of the projections involves analysis of demographic data and housing development information. Analysis of Victoria’s economic, social and demographic trends, inclusion of detailed local knowledge gained from consultation with local governments, regional service providers, peers and stakeholders were all critical inputs into the development of the projections. Details of the assumptions used are provided in the Appendix to this report.

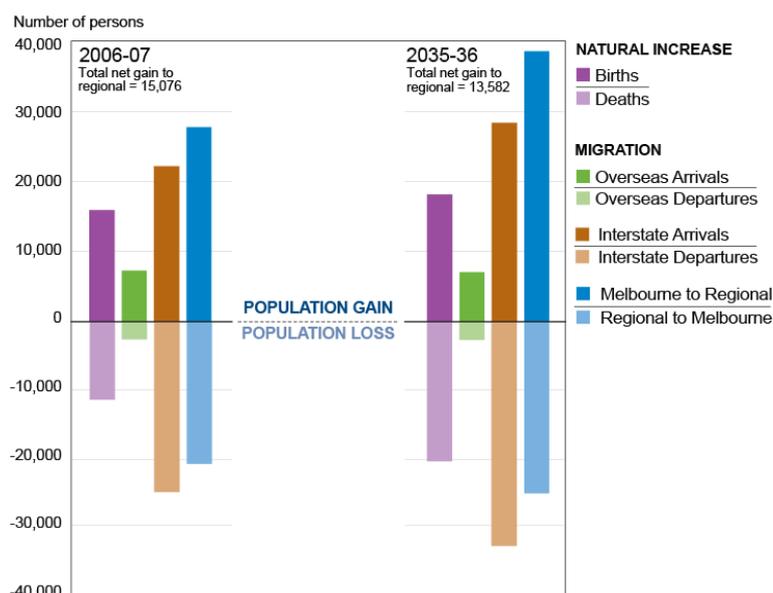
Regional Victorian Overview

In 2007, both Australia and Victoria had record high levels of population growth. Latest population projections (DPCD 2008b) show Victoria growing by 2.3 million people between 2006 and 2036, an average annual increase of 1.2%.

The population of regional Victoria is projected to grow from 1,383,937 to 1,860,391 between 2006 and 2036. This represents an increase of 476,454 persons at an average annual growth rate of 1%. Regional Victoria is projected to have 100,000 more births than deaths between 2006 and 2036. Each year, however, natural increase slows. While there were over six thousand more births than deaths in 2007, the ageing of regional Victoria’s population is projected to have deaths surpassing births by 2033 (figure 29).

Regional Victoria gains significantly through migration from Melbourne. As Victoria’s population ages, this net movement is projected to increase from 8,000 per year in 2006 to over 14,000 per year by 2036. If regional Victoria’s current share of overseas migrants is maintained, it is projected that 4,700 migrants per year will be added to the population over the coming thirty years (figure 29).

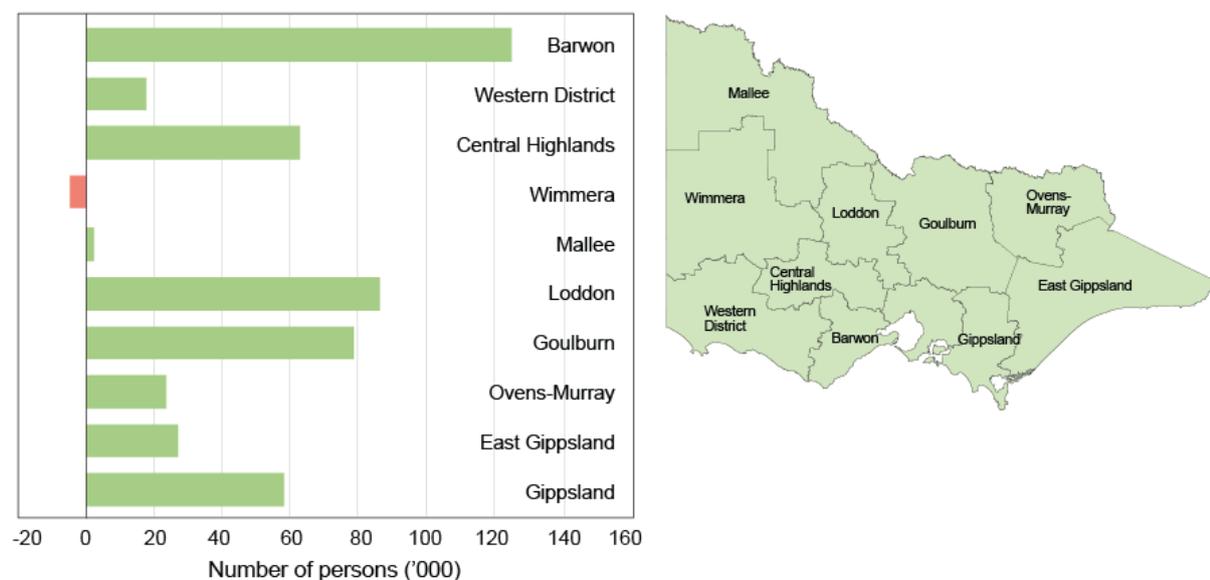
Figure 29: Projected components of population change regional Victoria 2007 to 2036



Source: DPCD *Victoria in Future 2008*

As in the past, the distribution of future population change across regional Victoria will not be even (figure 30 and table 6). Certain places in regional Victoria have greater opportunities for population growth than others. Foremost among these are the Barwon, Loddon and Goulburn regions. Low growth areas are found in western Victoria where older age structures and lower levels of in-migration limit the growth capacity of the region over the longer term. Wimmera is the only Statistical Division projected to experience a decline in population between 2006 and 2036.

Figure 30: Projected change in population between 2006 and 2036, regional Victoria Statistical Divisions



Source: DPCD Victoria in Future 2008

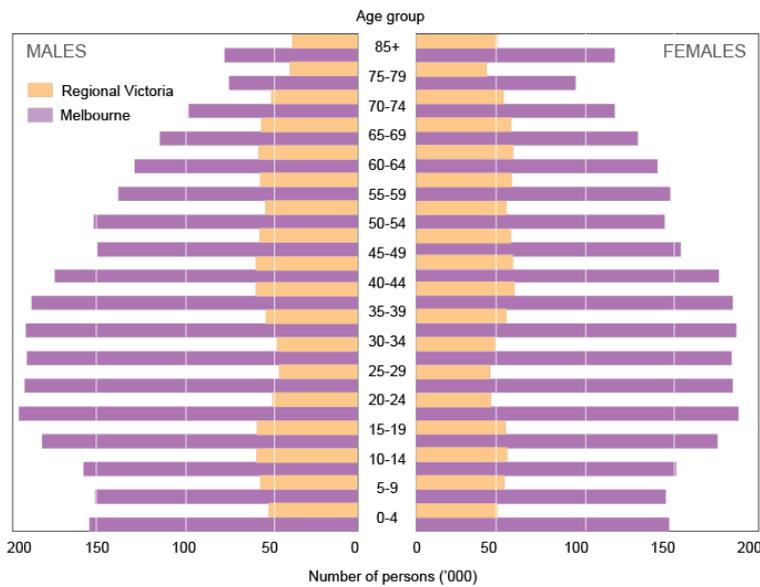
Table 6: Projected population for Victorian Statistical Divisions, 2006 to 2036

Statistical Divison	Year			
	2006	2016	2026	2036
Barwon	269,988	312,203	355,278	395,528
Western District	102,386	108,580	114,741	119,841
Central Highlands	147,542	168,970	190,780	210,229
Wimmera	50,019	48,256	46,717	45,250
Mallee	91,854	93,864	94,432	93,935
Loddon	175,220	203,240	233,575	261,524
Goulburn	202,098	228,581	255,595	280,902
Ovens-Murray	96,406	105,482	113,390	119,810
East Gippsland	82,952	92,086	101,506	109,889
Gippsland	165,472	184,735	205,128	223,482
Regional Victoria	1,383,937	1,545,995	1,711,142	1,860,391

Source: DPCD, Victoria in Future 2008b

The trend of population ageing is likely to continue at a greater rate in regional Victoria than in Melbourne. By 2036, regional Victoria is projected to have 278,737 persons aged 75 years or more, representing 15% of the population. While Melbourne will contain a higher number of people in this age group (570,202) they will represent only 10% of the metropolitan population. In contrast 13.5% of Melbourne's population is projected to be aged 20-29 compared to 9.7% in regional Victoria (figure 31).

Figure 31: Projected age structure, regional Victoria and Melbourne 2036



Projected population change in Victoria’s regional Statistical Divisions



Barwon

The Statistical Division of Barwon comprises the Local Government Areas of: Greater Geelong (population 205,929¹⁰); Golden Plains (17,077); Queenscliffe (3,150); Surf Coast (22,802) and Colac-Otway (21,030). Major cities in the area include Geelong, Ocean Grove, Colac and Lara.

The Barwon region is projected to grow from 269,988 to 395,528 persons between 2006 and 2036. This represents an increase of 125,540 persons and an average annual growth rate of 1.3%. This is higher than the projected growth rate for regional Victoria of 1%.

Much of the population growth is expected to occur in and around Geelong which is the major city in the region. The city had a population of around 136,500 at 2006 and had grown at an annual average rate of 0.6% in the 10 years preceding (DPCD 2008a). Existing services and infrastructure are likely to continue to attract those in the region seeking jobs, education and business opportunities. Nearby coastal areas along the Surf Coast will also contribute to continued growth in the region.

The Barwon region gains significantly through migration from Melbourne. As Victoria’s population ages, this net movement is projected to double from 1,400 per year to 2,500 per year. Barwon’s population is also boosted by the higher levels of overseas migration. It is projected that if the Barwon region’s current share of overseas migrants is maintained, an additional 38,000 migrants will live in the Barwon region by 2036. Barwon is projected to have 26,000 more births than deaths between 2006 and 2036 (table 7). Each year, however, natural

¹⁰ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

increase slows. In 2007 there were nearly 1,000 more births than deaths. As Barwon's population ages, natural increase is projected to fall to less than 100 by 2036.

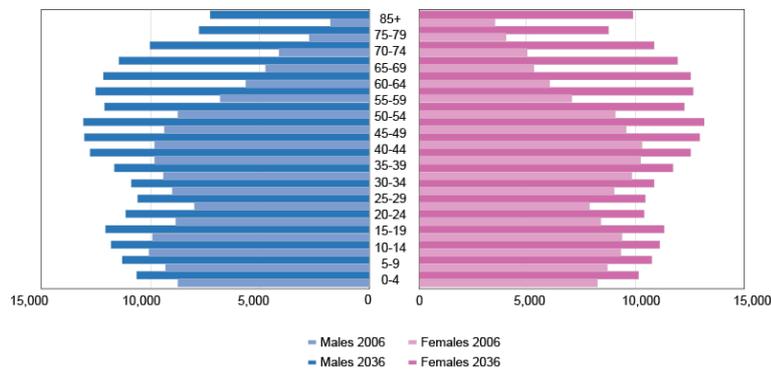
Table 7: Projected change in population components, Barwon Statistical Division, 2006-2036

Components		Net change
Natural Increase		
<i>Births</i>	108,657	+ 25,894
<i>Deaths</i>	82,763	
Overseas migration		
<i>Arrivals</i>	60,030	+ 38,731
<i>Departures</i>	21,299	
Interstate migration		
<i>In-migration</i>	99,437	- 13,437
<i>Out-migration</i>	112,874	
Within state migration		
<i>In from Melb</i>	163,576	+ 74,352
<i>Out to Melb</i>	102,296	
<i>Inter-regional</i>	13,072	
Projected Population Change		+ 125,540

DPCD, Victoria in Future 2008b

Barwon's population is projected to age: the number of 0-17 year olds is projected to increase by 13,700, 18-64 year olds by 54,000 and people aged 75 and over by 32,500 (figure 32).

Figure 32: Projected age structure, Barwon Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b

The proportion of Barwon's population aged 75 years and over is projected to rise from 7.6% in 2006 to 13.4% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period. The location of Geelong in the Barwon region enables greater retention of young people, hence the ageing trend is projected to be less than for regional Victoria as a whole.



Western District

The Statistical Division of Western District comprises the Local Government Areas of: Warrnambool (population 31,501¹¹); Glenelg (20,525); Southern Grampians (17,187); Moyne (16,002) and Corangamite (17,171). The major city in the area is Warrnambool.

The Western District is projected to grow from 102,386 to 119,841 persons between 2006 and 2036. This represents an increase of 17,455 persons at an average annual growth rate of 0.5%. This is less than the projected growth rate for regional Victoria of 1%.

The region gains population through migration from Melbourne. As Victoria's population ages, this net movement is projected to increase from 100 per year to over 300 per year. Although the Western District has a relatively small share of overseas migration, the higher levels of overseas migration to Australia as a whole means that, by maintaining its share, an additional 8,800 overseas migrants will be added to the Western District's population by 2036 (table 8).

The region is projected to have 7,500 more births than deaths between 2006 and 2036. Each year, however, natural increase slows. In 2007 there were over around 400 more births than deaths. As the Western District's population ages, deaths will increase and are projected to surpass births by 2034.

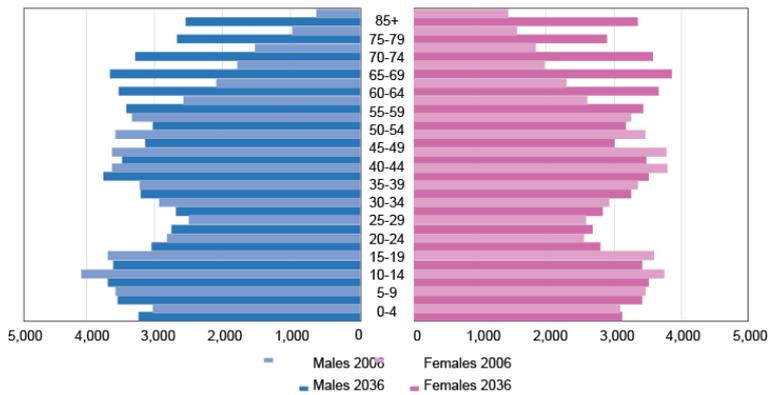
Table 8: Projected change in population components, Western District Statistical Division, 2006-2036

Components	Net change
Natural Increase	
<i>Births</i> 37,827	+ 7,457
<i>Deaths</i> 30,370	
Overseas migration	
<i>Arrivals</i> 13,709	+ 8,845
<i>Departures</i> 4,864	
Interstate migration	
<i>In-migration</i> 52,300	- 4,476
<i>Out-migration</i> 56,776	
Within state migration	
<i>In from Melb</i> 43,421	+ 5,629
<i>Out to Melb</i> 36,525	
<i>Inter-regional</i> -1,268	
Projected Population Change	+ 17,455

DPCD, Victoria in Future 2008b

¹¹ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

Figure 33: Projected age structure, Western District Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b

The Western District’s population is projected to age significantly: the number of 0-17 year olds is projected to decrease by 1,000, 18-64 year olds to increase by 1,100 and people aged 75 and over to increase by 10,376 (figure 33). The proportion of Western District’s population aged 75 years and over is projected to rise from 7.9% in 2006 to 15.4% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.



Central Highlands

The Statistical Division of Central Highlands comprises the Local Government Areas of: Ballarat (population 88,437¹²); Moorabool (26,445); Hepburn (14,235); Pyrenees (6,772) and Ararat (11,653). Major cities in the area include Ballarat and Bacchus Marsh.

The Central Highlands is projected to grow from 147,542 to 210,229 persons between 2006 and 2036. This represents an increase of 62,687 persons at an average annual growth rate of 1.2%. This is higher than the projected growth rate for regional Victoria of 1%.

Much of the population growth is expected to occur in and around Ballarat which is the major service centre for the region. The city had a population of around 75,000 at 2006 and had grown at an annual average rate of 1% in the 10 years preceding (DPCD 2008a). Existing services and infrastructure is likely to continue its attraction for those in the region seeking jobs, education and business opportunities.

With its proximity to Melbourne, the Central Highlands region gains significantly from metropolitan out-migration. As Victoria’s population ages, this net movement is projected to increase from 1,000 per year to 1,800 per year. Central Highlands’ population is also boosted by higher levels of overseas migration. It is projected that if the Central Highlands’ current share of overseas migrants is maintained, an additional 15,000 migrants will live in the Central Highlands region by 2036 (table 9).

¹² Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

Table 9: Projected change in population components, Central Highlands Statistical Division, 2006-2036

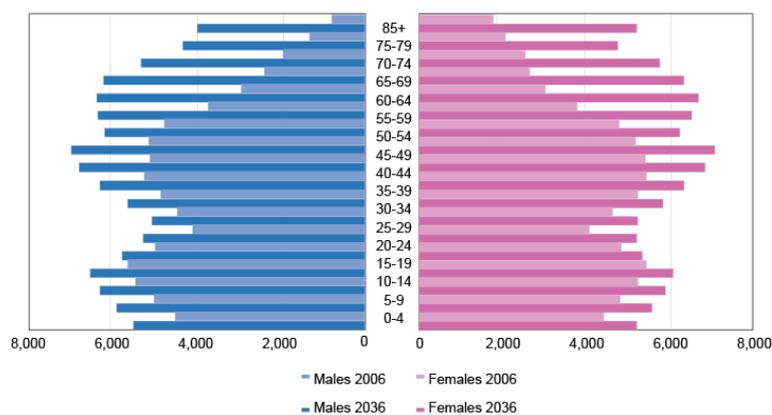
Components	Net change
Natural Increase	
Births	60,720
Deaths	44,683
Overseas migration	
Arrivals	23,281
Departures	8,260
Interstate migration	
In-migration	55,519
Out-migration	71,732
Within state migration	
In from Melb	114,828
Out to Melb	71,855
Inter-regional	4,870
Projected Population Change	+ 62,688

DPCD, Victoria in Future 2008b

The region is projected to have 16,000 more births than deaths between 2006 and 2036. Each year, however, natural increase slows. In 2007 there were over almost 700 more births than deaths. As Central Highlands' population ages, deaths will increase so that by 2036, births and deaths are almost equal amounts. Central Highlands' population is projected to age: the number of 0-17 year olds is projected to increase by 6,100, 18-64 year olds by 23,000 and people aged 75 and over by 19,300 (figure 34).

The proportion of Central Highlands' population aged 75 years and over is projected to rise from 7% in 2006 to 14% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.

Figure 34: Projected age structure, Central Highlands Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b



Wimmera

The Statistical Division of Wimmera comprises the Local Government Areas of: Horsham (population 19,098¹³); West Wimmera (4,614); Northern Grampians (12,330); Hindmarsh (6,235) and Yarriambiak (7,742). The major city in the area is Horsham.

Population in the Wimmera region is projected to decrease from 50,019 to 45,250 persons between 2006 and 2036. This represents a loss of 4,769 persons at an average annual change of -0.3%.

Wimmera has the oldest population of any of Victoria's regions, and the population will continue to age between 2006 and 2036. By 2014, it is projected that the number of deaths in the Wimmera will surpass the number of births, a situation already being experienced in most parts of the Wimmera outside of Horsham (table 10).

The Wimmera's population is projected to age significantly with the number of 0-17 year olds projected to decrease by more than 3,400, 18-64 year olds by 7,400, while people aged 75 and over are projected to increase by 4,070 (figure 35).

The proportion of Wimmera's population aged 75 years and over is projected to rise from 9.6% in 2006 to 19.6% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.

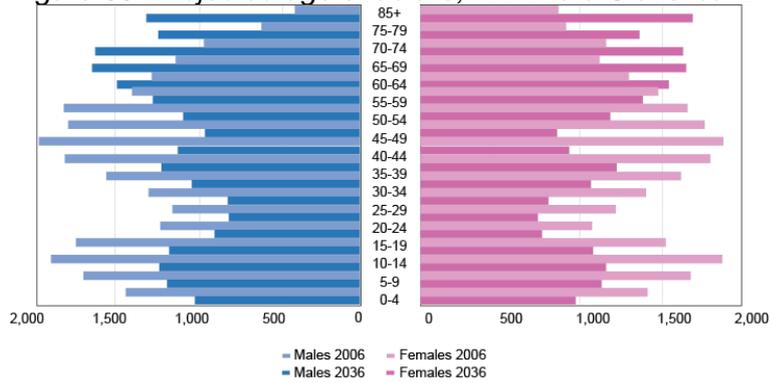
Table 10: Projected change in population components, Wimmera Statistical Division, 2006-2036

Components	Net change
Natural Increase	
<i>Births</i> 13,965	- 1,964
<i>Deaths</i> 15,929	
Overseas migration	
<i>Arrivals</i> 5,397	+ 3,482
<i>Departures</i> 1,915	
Interstate migration	
<i>In-migration</i> 27,629	- 5,163
<i>Out-migration</i> 32,792	
Within state migration	
<i>In from Melb</i> 21,524	- 1,124
<i>Out to Melb</i> 17,118	
<i>Inter-regional</i> -5,530	
Projected Population Change	- 4,769

DPCD, Victoria in Future 2008b

¹³ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

Figure 35: Projected age structure, Wimmera Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b



Mallee

The Statistical Division of Mallee comprises the Local Government Areas of: Mildura (population 51,824¹⁴); Swan Hill (21,285); Buloke (7,080) and Gannawarra (11,665). The major city in the area is Mildura.

The Mallee is projected to grow from 91,854 to 93,935 persons between 2006 and 2036. This represents an increase of 2,081 persons at an average growth rate of 0.1%. This is less than the projected growth rate for regional Victoria of 1%.

Much of the population growth is expected to occur in and around Mildura which is the major service centre for the region and a focus for irrigated agriculture. The city had a population of around 29,000 at 2006 and had grown strongly at an annual average rate of 1.9% in the 10 years preceding (DPCD 2008a). Existing services and infrastructure are likely to continue to attract those in the region seeking jobs, education and business opportunities.

Although its share of overseas migration is small, the Mallee region is projected to add an average of around 300 migrants per year over the coming 30 years. There were approximately 400 more births than deaths in 2007, however, the number of deaths will increase as the population ages and is projected to surpass births by 2030 (table 11).

¹⁴ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

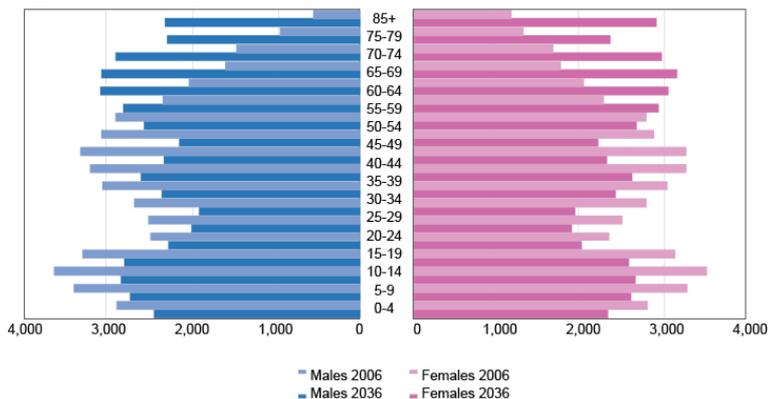
Table 11: Projected change in population components, Mallee Statistical Division, 2006-2036

Components	Net change
Natural Increase	
Births 31,317	+ 4,449
Deaths 26,868	
Overseas migration	
Arrivals 14,269	+ 9,206
Departures 5,063	
Interstate migration	
In-migration 88,474	- 4,363
Out-migration 92,837	
Within state migration	
In from Melb 31,288	- 7,212
Out to Melb 33,701	
Inter-regional -4,799	
Projected Population Change	+ 2,080

DPCD, Victoria in Future 2008b

The region's population is expected to age significantly over the coming three decades. Numbers of 0-17 year olds are projected to decrease by 4,700, 18-64 year olds by 6,900, while people aged 75 and over are projected to increase by 8,650 (figure 36).

Figure 36: Projected age structure, Mallee Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b

The proportion of Mallee's population aged 75 years and over is projected to rise from 7.8% in 2006 to 16.9% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.



Loddon

The Statistical Division of Loddon comprises the Local Government Areas of: Greater Bendigo (population 96,741¹⁵); Loddon (8,095); Central Goldfields (12,739); Mount Alexander (17,656) and Macedon Ranges (39,989). The major city in the area is Bendigo.

The Loddon region is projected to grow from 175,220 to 261,524 persons between 2006 and 2036. This represents an increase of 86,304 persons at an average annual growth rate of 1.3%. This is higher than the projected growth rate for regional Victoria of 1%.

Much of the growth in the region is expected to be in and around Bendigo which is the largest regional city in the Loddon Statistical Division. The city had a population of around 72,000 at 2006 and had grown at an annual average rate of 1.1% in the 10 years preceding (DPCD 2008a). Existing services and infrastructure are likely to continue to attract those in the region seeking jobs, education and business opportunities.

The Loddon region gains population through migration from Melbourne. Areas in and around Bendigo and along the Bendigo-Melbourne corridor are popular locations for people moving out of Melbourne. As Victoria's population ages, the net movement from Melbourne is projected to increase from 1,500 per year to 2,600 per year. Loddon's population from overseas migration is also projected to increase. If the Loddon region's current share of overseas migrants is maintained, an additional 13,945 migrants will live in the area by 2036 (table 12).

Table 12: Projected change in population components, Loddon Statistical Division, 2006-2036

Components		Net change
Natural Increase		
<i>Births</i>	73,450	+ 18,481
<i>Deaths</i>	54,969	
Overseas migration		
<i>Arrivals</i>	21,614	+ 13,945
<i>Departures</i>	7,669	
Interstate migration		
<i>In-migration</i>	78,753	- 10,697
<i>Out-migration</i>	89,449	
Within state migration		
<i>In from Melb</i>	162,140	+ 64,574
<i>Out to Melb</i>	99,535	
<i>Inter-regional</i>	1,969	
Projected Population Change		+ 86,303

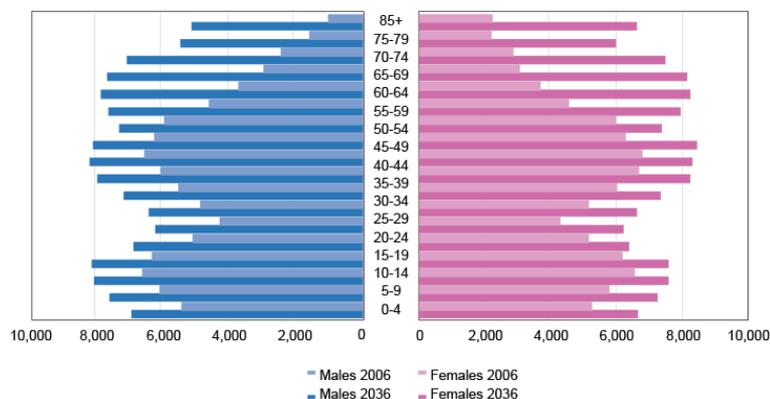
DPCD, Victoria in Future 2008b

Loddon is projected to have 18,500 more births than deaths between 2006 and 2036. Each year, however, natural increase slows. In 2007 there were over almost 700 more births than deaths. As Loddon's population ages, deaths will increase so that, by 2036, numbers of births and deaths are almost equal. Loddon's population is projected to age: the number of 0-17 year

¹⁵ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

olds is projected to increase by 10,700, 18-64 year olds by 33,000 and people aged 75 and over by 24,800 (figure 37).

Figure 37: Projected age structure, Loddon Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b

The proportion of Loddon’s population aged 75 years and over is projected to rise from 7% in 2006 to 14% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period. The location of Bendigo in the region enables greater retention of young people, hence the ageing trend is projected to be less than for regional Victoria as a whole.



Goulburn

The Statistical Division of Goulburn comprises the Local Government Areas of: Greater Shepparton (population 59,202¹⁶); Benalla (13,968); Campaspe (37,437); Strathbogrie (9,615) Mitchell (32,040) Murrundindi (14,179); Moira (27,946) and Mansfield (7,445). Major cities in the area include: Shepparton and Echuca.

The Goulburn region is projected to grow from 202,098 to 280,902 persons between 2006 and 2036. This represents an increase of 78,804 persons at an average annual growth rate of 1.1%. This is similar to the projected growth rate for regional Victoria of 1%.

The Goulburn region attracts people from Melbourne seeking a change of lifestyle. Areas along the River Murray are popular for retirement. As Victoria’s population ages, this net movement from Melbourne is projected to increase from 1,700 per year to 3,000 per year, which represents a population gain of 72,000 over the 30 year period. Southern parts of the region adjacent to Melbourne are also likely to experience strong growth due to metropolitan proximity. If the Goulburn region’s share of overseas migrants is maintained, an additional 22,000 migrants would live in the region by 2036 (table 13).

The Goulburn region is projected to have 15,500 more births than deaths over the 30 years from 2006. However, while in 2007 there were almost 800 more births than deaths, the number of deaths will increase as the population ages and is expected to surpass births by 2033. The Goulburn region’s population is projected to age with the number of 0-17 year olds projected to

¹⁶ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

increase by 6,200, 18-64 year olds by 25,000, and people aged 75 and over by 27,750 (figure 38).

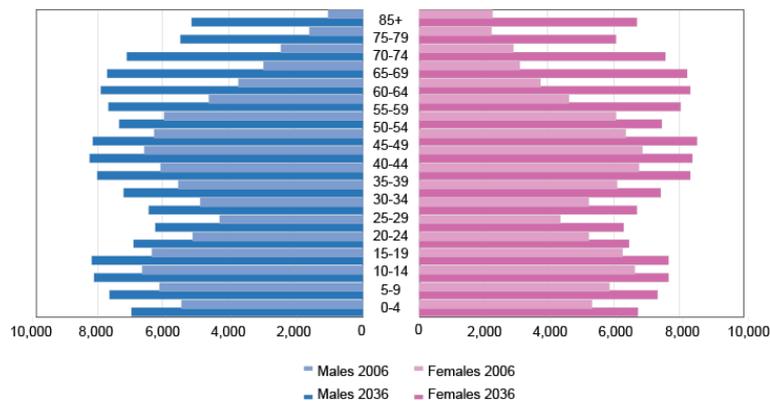
Table 13: Projected change in population components, Goulburn Statistical Division, 2006-2036

Components		Net change
Natural Increase		
Births	79,440	+ 15,514
Deaths	63,927	
Overseas migration		
Arrivals	34,203	+ 22,068
Departures	12,135	
Interstate migration		
In-migration	125,383	- 23,112
Out-migration	148,495	
Within state migration		
In from Melb	195,338	+ 64,334
Out to Melb	123,370	
Inter-regional	-7,634	
Projected Population Change		+ 78,804

DPCD, Victoria in Future 2008b

The proportion of Goulburn’s population aged 75 years and over is projected to rise from 7.2% in 2006 to 15% in 2036. This is a similar change to that for regional Victoria as a whole.

Figure 38: Projected age structure, Goulburn Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b



Ovens-Murray

The Statistical Division of Ovens-Murray comprises the Local Government Areas of: Wodonga (population 34,504¹⁷); Indigo (15,367); Wangaratta (27,318); Alpine (12,574) and Towong (6,247). Major cities in the area include Wodonga and Wangaratta.

The Ovens-Murray region is projected to grow from 96,406 to 119,810 persons between 2006 and 2036. This represents an increase of 23,404 persons and an average annual growth rate of 0.7%. This is lower than the projected growth rate for regional Victoria of 1%.

Wodonga is likely to attract future growth given its role as a large service centre for the region. The adjacent NSW city of Albury also adds to the attraction of this major regional city. In 2006, the cities had a combined population of around 100,000 with 29,500 located in Wodonga. Wodonga experienced an annual average growth rate of 1.1% between 1996 and 2006.

The Ovens-Murray region attracts people from Melbourne seeking a change of lifestyle. As Victoria's population ages, this net movement from Melbourne is projected to increase from 70 per year to 300 per year, which represents a population gain of 6,400 over the 30 year period. Furthermore, if the region's share of overseas migrants is maintained, an additional 8,000 migrants will live in the region by 2036 (table 14).

Table 14: Projected change in population components, Ovens-Murray Statistical Division, 2006-2036

Components		Net change
Natural Increase		
<i>Births</i>	34,707	+ 4,994
<i>Deaths</i>	29,713	
Overseas migration		
<i>Arrivals</i>	12,334	+ 7,958
<i>Departures</i>	4,376	
Interstate migration		
<i>In-migration</i>	121,282	+ 1,074
<i>Out-migration</i>	120,209	
Within state migration		
<i>In from Melb</i>	48,734	+ 9,379
<i>Out to Melb</i>	42,309	
<i>Inter-regional</i>	2,954	
Projected Population Change		+ 23,405

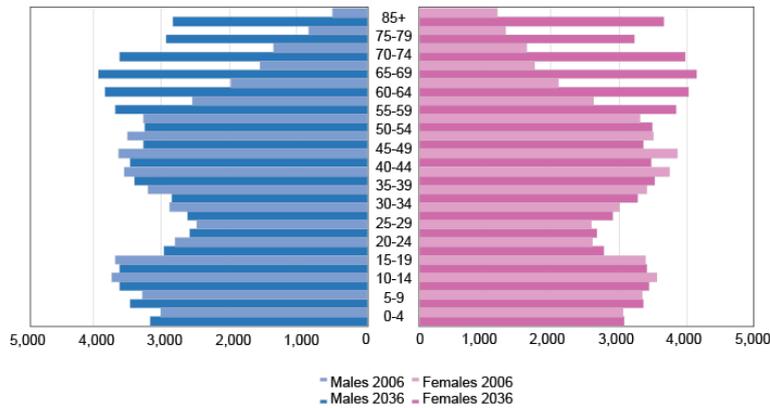
DPCD, Victoria in Future 2008b

Between 2006 and 2036, the Ovens-Murray region is projected to have 5,000 more births than deaths. However, while in 2007 there were almost 400 more births than deaths, the number of deaths will increase as the population ages and is expected to surpass births by 2029. Ovens Murray's population is projected to age. While the number of 0-17 year olds is expected to remain relatively stable between 2006 and 2036, the number of, 18-64 year olds is projected to increase by 1,400, and people aged 75 and over by 13,450 (figure 39).

¹⁷ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

The proportion of Ovens-Murray’s population aged 75 years and over is projected to rise from 6.95% in 2006 to 16.8% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.

Figure 39: Projected age structure, Ovens-Murray Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b



East Gippsland

The Statistical Division of East Gippsland comprises the Local Government Areas of: East Gippsland (population 41,361¹⁸); and Wellington (41,591). Major cities in the region include Sale and Bairnsdale.

The East Gippsland region is projected to grow from 82,952 to 109,889 persons between 2006 and 2036. This represents an increase of 26,937 persons at an average annual growth rate of 0.9%. This is similar to the projected growth rate for regional Victoria of 1%.

Like many regions, East Gippsland attracts in-migration from Melbourne, particularly retirees. As Victoria’s population ages, the net movement from Melbourne is projected to increase from 1,400 per year to more than 1,600 per year, which represents a population gain of 22,500 over the 30 year period. If East Gippsland’s share of overseas migrants is maintained, an additional 6,600 migrants will live in the region by 2036 (table 15).

East Gippsland is also projected to have 1,200 more births than deaths over the 30 years from 2006. However, while in 2007 there were approximately 150 more births than deaths, the number of deaths will increase as the population ages and is expected to surpass births by 2026.

East Gippsland’s population is projected to significantly age with the number of 0-17 year olds projected to increase by 2,400, 18-64 year olds by 6,700, and people aged 75 and over by 11,600 (figure 40).

¹⁸ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

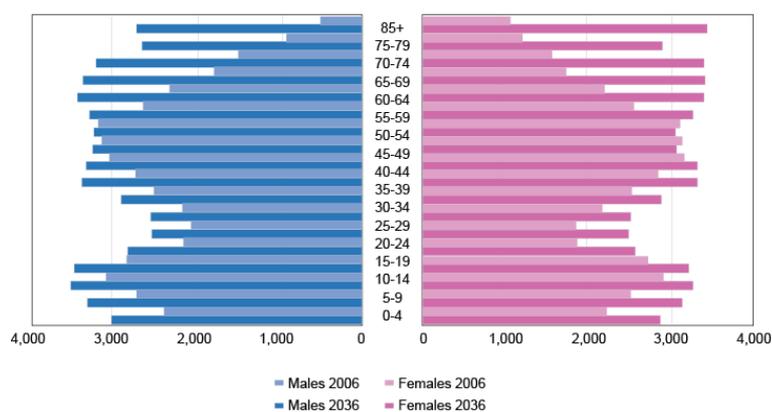
The proportion of East Gippsland's population aged 75 years and over is projected to rise from 8% in 2006 to 16.7% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.

Table 15: Projected change in population components, East Gippsland Statistical Division 2006 to 2031

Components		Net change
Natural Increase		
Births	29,959	+ 1,175
Deaths	28,785	
Overseas migration		
Arrivals	10,183	+ 6,570
Departures	3,613	
Interstate migration		
In-migration	53,003	- 1,470
Out-migration	54,472	
Within state migration		
In from Melb	68,492	+ 20,661
Out to Melb	45,992	
Inter-regional	-1,839	
Projected Population Change		+ 26,936

DPCD, Victoria in Future 2008b

Figure 40: Projected age structure, East Gippsland Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b



Gippsland

The Statistical Division of Gippsland comprises the Local Government Areas of: Latrobe (population 72,075¹⁹); Bass Coast (27,524); South Gippsland (26,675); Baw Baw (38,484) and the non-metropolitan part of Yarra Ranges (609). Major cities in the area include Traralgon, Morwell, Moe and Warragul.

The Gippsland region is projected to grow from 165,472 to 223,482 persons between 2006 and 2036. This represents an increase of 58,010 persons at an average annual growth rate of 1%. This is the same growth rate projected for regional Victoria overall.

As Victoria's population ages, this net movement from Melbourne is projected to increase from 1,300 per year to 2,500 per year, which represents a population gain of 59,000 over the 30 year period. If the Gippsland region's share of overseas migrants is maintained, an additional 13,800 migrants will live in the region by 2036 (Table 16).

Table 16: Projected change in population components, Gippsland Statistical Division, 2006-2036

Components		Net change
Natural Increase		
<i>Births</i>	60,673	+ 7,021
<i>Deaths</i>	53,651	
Overseas migration		
<i>Arrivals</i>	21,398	+ 13,806
<i>Departures</i>	7,592	
Interstate migration		
<i>In-migration</i>	58,329	- 19,975
<i>Out-migration</i>	78,304	
Within state migration		
<i>In from Melb</i>	169,162	+ 57,158
<i>Out to Melb</i>	110,208	
<i>Inter-regional</i>	-1,795	
Projected Population Change		+ 58,010

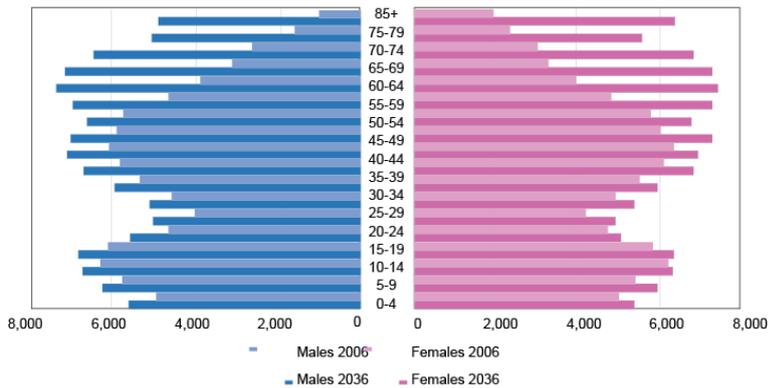
DPCD, Victoria in Future 2008b

The Gippsland region is projected to have 7,000 more births than deaths over the 30 years from 2006. However, while in 2007 there were almost 500 more births than deaths, the number of deaths will increase as the population ages and is expected to surpass births by 2029.

Gippsland's population is projected to age with the number of 0-17 year olds projected to increase by 3,000, 18-64 year olds by 18,000, and people aged 75 and over by 22,500 (figure 41).

¹⁹ Estimated Resident Population by municipality, preliminary estimates for 2006. Source: ABS cat no 3218.0 *Regional Population Growth Australia 2006-07*

Figure 41: Projected age structure, Gippsland Statistical Division 2006 and 2036



DPCD, Victoria in Future 2008b

The proportion of Gippsland’s population aged 75 years and over is projected to rise from 7.5% in 2006 to 15.6% in 2036. This compares to the regional Victorian average rising from 7.5% to 15% in the same period.

Conclusion

This paper has drawn together key aspects of change affecting regional Victoria. The drivers and trends outlined in chapter one are based on existing data, and the population projections summarised in chapter two have been informed by such knowledge. As such, projections should not be seen as predictions of the future. They are informed judgements about how current trends and population characteristics may play out into the foreseeable future.

But perhaps more than ever, the future is likely to be affected by uncertainty. The risks and opportunities presented by issues such as climate change are ones for which historical trends are no longer adequate predictors for the future. In the face of such uncertainty, regional populations, economies and settlements will need to be adaptable and resilient, qualities which have been seen in many regions over recent decades as economic restructuring and population mobility have forced change.

Victoria in Future 2008 population projections are based on current trends, not the aspirations of present or future policies. The intent of policy is to change the distribution of population growth that the trend-based projections would suggest, and in doing so, achieve better community outcomes. The difference between the projection and the aspiration therefore is tantamount to the size of the policy and implementation challenge.

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Appendix

Methods and assumptions used in VIF 2008

Victoria in Future 2008 (VIF 2008) is the Victorian Government's official population and household projections for State, regional and metropolitan areas and Local Government Areas (LGAs). Victoria in Future projections cover the period 2006 to 2036 for Victoria, regional Victoria and Melbourne, and for 2006 to 2026 for LGAs.

How are projections prepared?

The Department of Planning and Community Development compiles population projections for all 79 Local Government Areas (LGAs) for the period 2006 to 2026 and for regions for 2006 to 2036. The projections are based on ABS population estimates derived from the 2006 census and other recent demographic trends.

Production of the projections involves analysis of demographic data and housing development information. Analysis of Victoria's economic, social and demographic trends, inclusion of detailed local knowledge gained from consultation with local governments, regional service providers, peers and stakeholders are all critical inputs into the development of the Victoria in Future 2008 projections.

Assumptions are critical to projections. In deriving assumptions the DPCD obtains advice from experts. Most important in this regard is the ABS, Australia's peak statistical agency. Projections for Victoria use very similar assumptions to the ABS's Series B projections published in September 2008.

VIF 2008 projections are not predictions of the future. Nor are they targets. They analyse changing economic and social structures and other drivers of demographic trends and are an indication of possible future populations if identified demographic and social trends continue.

What assumptions are used?

The assumptions that lie behind the projections are critical. The key assumptions relate to the levels of natural increase and migration:

- Fertility will stabilise at a higher level than previously projected and natural increase in Victoria is now expected to remain positive for at least fifty years.
- Net overseas migration to Australia will be 180,000 per annum, (the same number used by the ABS in its medium projections for Australian States and Territories)
- 26.5% or 48,000 of Australia's overseas migrants are assumed to settle in Victoria. Overseas migration is the greatest contributor to Victoria's future growth.

Mortality

Life expectancy in Victoria has been steadily increasing over the past century and is projected to continue to do so. The mortality assumption used in *Victoria in Future 2008* matches the ABS medium (B) assumption, which projects a slowing rate of improvement in life expectancy. The medium assumption sees life expectancy increasing from 80 for Australian males and 84 for Australian females in 2005-06 to 85 for males and 88 for females in 2055/56.