

Overview of Report

Implications of population growth on Victoria's regional cities

Findings on population growth in regional Victoria:

- Victoria's population has been predicted to reach almost 7.4 million by the year 2036. 5.5 million of these people will reside in Melbourne.
- Regional Victoria is predicted to attract 21% of Victoria's population growth. The regional cities' share of population growth was 10.4% in 2001-02. In the year 2006-07 it was 19.7%. Regional Victoria's share of population growth has almost doubled in recent years. This shows the enthusiasm of people to call regional Victoria home.
- RCV undertook scenario planning to find out what the population of regional Victorian cities would look like if they attracted an increased share of population growth. Two scenarios were investigated; an increase of three and six per cent on population currently predicated for regional Victorian cities.

Findings on regional cities capacity to accommodate additional growth:

- An infrastructure and resources survey completed as part of this report indicated regional cities have the capacity to accommodate large increases in population.
- There are significant supplies of zoned land available in the regional cities for residential purposes. The survey indicates that combined the regional cities currently have:
 - The capacity for a minimum of 30,000 new homes can currently be accommodated in our regional cities, without the need to rezone any additional land.
 - Many of Victoria's regional cities are currently rezoning additional stocks of residential land. This means there will be a significant increase in the residential capacity of regional Victorian cities in the future.
 - This land availability highlights the **capacity** of Regional Cities to accommodate further population, industry, business and employment growth.

Findings on congestion and greenhouse gas costs associated with population growth in Melbourne:

- According to State Government projections, Victoria's population has been predicted to reach almost 7.4 million by the year 2036, 5.5 million of these people will reside in Melbourne. An increase in population by this proportion would place a massive strain on essential infrastructure, resources and services while jeopardising Melbourne's liveability.
- These projections also show that approximately 50% of Melbourne's growth is anticipated to occur in outer suburban locations, especially in the growth area municipalities of Cardinia, Casey, Hume, Melton and Wyndham.
- The growth area municipalities often have limited access to public transport and rely on cars to access employment. This situation increases pressure on the road network. Commuting patterns of workers living in the growth areas show:
 - 31% are employed locally,
 - 15% working in inner Melbourne
 - 54% commuting to other locations for work purposes (ABS Journey to Work 2006).
 - Up to 85% of working residents in these areas travel to work by motor vehicle, due to the availability of transport options (ABS Journey to Work 2006).
- SGS Economics (SGSE) estimates congestion and greenhouse gas costs associated with population growth are approximately \$6,270 per additional person arriving in Melbourne.
- In the year 2016, SGSE data suggests that congestion and greenhouse gas emissions costs associated with population growth in metropolitan Melbourne will be approximately \$3.4 billion per annum.
- Essential Economics estimates congestion and greenhouse gas emission costs in Victorian regional cities are 60% less than in metropolitan Melbourne. This is an estimated saving of \$3,750 per person p.a., if the person is accommodated in a Victorian regional city.
- This report demonstrates it is cost effective to continue to invest in infrastructure and services to support population growth in Victoria's regional cities.

Findings on infrastructure investment required to support population growth in the regional cities:

- Victorian regional cities have high levels of liveability. These cities have transport connections to other regional areas and Melbourne, health services, schools, recreations and cultural facilities.
- Improved infrastructure and resources will be required to support population growth in Victoria's regional cities, however this investment will be building upon established facilities and resources.

- The cumulative costs to provide *infrastructure in the regional cities that will support an increased share of population growth is estimated to be:

| Year | Scenario | Investment \$ million |
|------|----------|--------------------------|
| 2015 | 3↑% | \$205 |
| | 6↑% | \$440 |
| 2036 | 3↑% | \$1,030 |
| | 6↑% | \$2,130 |

- *Infrastructure includes: servicing of residential and industrial land; new rail infrastructure; additional hospitals, schools, childcare, kindergarten and aged care facilities; and improved community facilities such as libraries and arts centres.

The cost benefit of investing in infrastructure for Victorian regional cities

- The cumulative costs of providing supporting infrastructure and resources in Victoria’s regional cities are considerable. These costs, however, compare favourably with congestion and greenhouse gas inefficiency costs associated with ongoing residential development in Melbourne and its suburbs
- By the year 2015:
 - The *additional cumulative* cost of providing critical infrastructure to support approximately 40,000 persons from metropolitan Melbourne to the Regional Cities is estimated to be \$440 million. Compared to inefficiency costs of \$705 million associated with this level of population being accommodated in Melbourne and its suburbs.
 - This is an approximate 35% saving infrastructure investment dollars.

By 2036:

- The *additional cumulative* cost of providing critical infrastructure to support approximately 115,000 people from metropolitan Melbourne to the regional cities is estimated to be \$2.1 billion compared to inefficiency costs of \$7.0 billion associated with the same number of persons being accommodated in Melbourne and its suburbs.
- This is an approximate 70% saving on infrastructure dollars.

| Item | 2015 | | 2036 | |
|---|------------|------------|------------|------------|
| | 25% | 30% | 25% | 30% |
| | ↑3 | ↑6 | ↑3 | ↑6 |
| | Scenario | Scenario | Scenario | Scenario |
| Critical 'hard' Infrastructure costs | \$205m | \$440m | \$1,030m | \$2,130m |
| Congestion/emissions estimates | \$315m | \$705m | \$3,120m | \$7,010m |
| RCV critical 'hard' infrastructure costs as % of congestion /emissions costs generated in metropolitan Melbourne | 65% | 62% | 33% | 30% |

- This report demonstrates it is cost effective to continue to invest in infrastructure and services to support population growth in Victoria's regional cities.

Why should governments support policy intervention and strong investment in Victoria's regions?

- Major transport infrastructure, community and health facilities, and industry and diverse employment opportunities already exist in these centres;
- Increased regional population and regional investment increases the efficiency of regional cities while easing pressure on metropolitan Melbourne and its suburbs; and
- Regional cities provide important economic support to their regional areas and to the wider State and national economies.