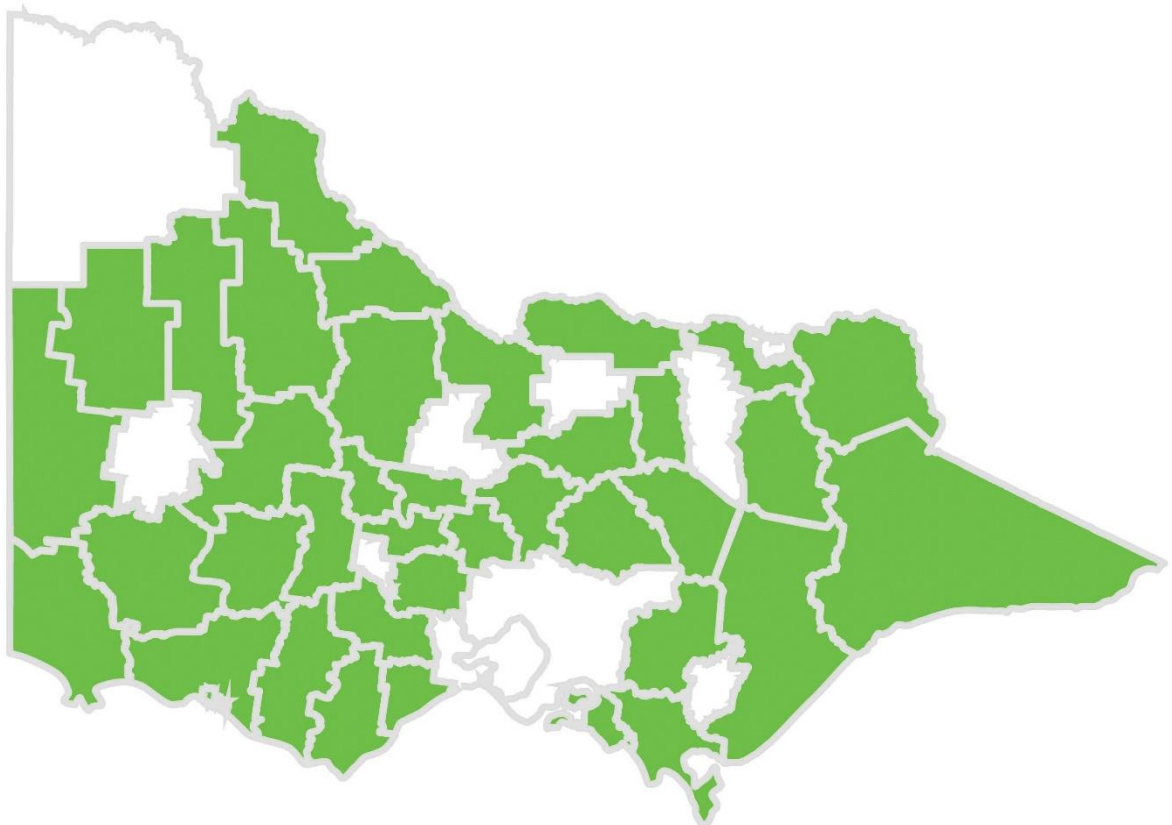


Infrastructure Priorities for the Regions

Submission by Rural Councils Victoria

Rural Councils Victoria (RCV) represent Victoria's 38 rural councils. We believe that liveable, sustainable and prosperous rural communities are fundamental to the ongoing success of Victoria. This submission does not relate to one of the nine profiled regions outlined in Infrastructure Victoria's research into comparative advantage, but rather the RCV member councils outlined in the map below in their entirety.

Map 1: RCV member councils



RCV represents a diverse group of local government areas – it includes high growth peri urban growth councils along with smaller rural shires that experience very low, and even negative, population growth rates. RCV member councils cover 11.5 per cent of the Victorian population, 77.2 per cent of the state's land area and 62 per cent of Victoria's local roads network.

RCV have commissioned a series of reports, strategies and plans regarding issues facing the rural economies and communities, including:

- Creation and retention of rural jobs
- Investment attraction
- Workforce development
- Population attraction and retention
- Rural liveability and services
- Older persons services and accommodation

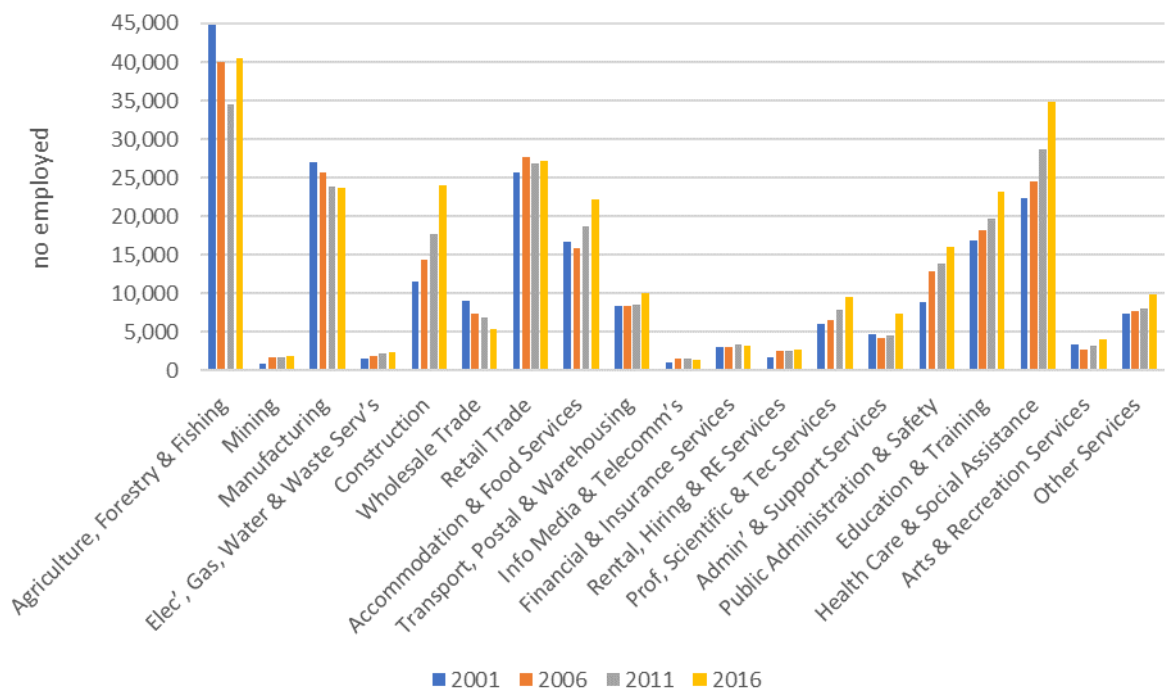
Copies of our research can be found [here](#) on our website.

This submission addresses both issues of rural Victoria's comparative advantages and regional disadvantage, and argues the two issues are entwined for rural communities.

The comparative economic advantage of rural Victoria

Over recent years jobs growth across rural Victoria has been strong. Employment in rural Victoria grew by 15 per cent between 2001 and 2016. This compares to only 3-4 per cent growth over the previous two Census periods. The 2016 Census data also shows employment in rural areas is shifting towards high levels of government services employment (e.g. health and education) while the numbers of workers in the previously strong industries of manufacturing and retail trade have stalled.

Chart 1: Employment by industry rural Victoria, 2001-2016



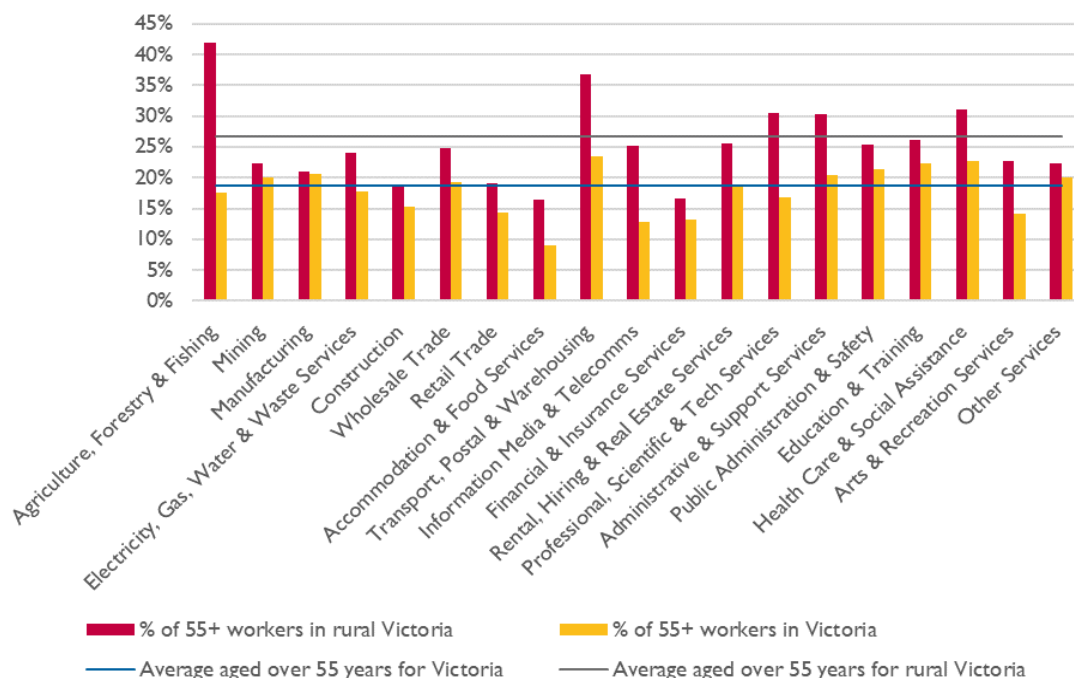
Source: Dench McClean Carlson for RCV, *Rural Workforce Development Plan* (2018), p.15

Agriculture accounts for 15 per cent of all rural Victorian employment, and grew between 2011 to 2016, reversing the decline experienced over the previous Census period. Even in rural LGAs that experienced population declines between 2011 and 2016, there were employment increases in at least one agricultural subsector.¹ The growth in agriculture employment has a flow on effect to other 'agribusiness'-related industries, including food manufacturing, transport and professional services.

The challenges posed by an ageing and, in some cases, a declining population across parts of rural Victoria will not be new to Infrastructure Victoria. The latest Victoria in Future population projections show that in 2016, 29 per cent of the rural Victorian population was aged over 60, compared to 18 per cent of metropolitan Melbourne, and 23 per cent of regional cities. The population aged over 60 living in rural Victoria is expected to increase to 34 per cent by 2036 (compared to 21 per cent for Melbourne and 28 per cent in regional cities).²

The chart below shows the impact of the ageing population in terms of the workforce in rural Victoria. The key industries of Agriculture, Health Care and Social Assistance, together with the important agribusiness associated industries of Transport and Professional Services all have proportions of workers aged over 55 years that are well above not just the Victorian average, but also the rural Victorian average.

Chart 2: Proportion of workforce by industry aged over 55 years, 2016



¹ [Dench McClean Carlson for RCV, Rural Workforce Development Plan \(2018\) p.13](#)

² <https://www.planning.vic.gov.au/land-use-and-population-research/victoria-in-future>

Source: Dench McClean Carlson for RCV, *Rural Workforce Development Plan* (2018), p.26

In terms of physical infrastructure, the lack of appropriate rental housing is a key factor preventing potential workers from taking up employment opportunities in rural Victoria. The latest *Rental Report* released by the Department of Health and Human Services (September quarter 2019) shows that new lettings had decreased across all non-metropolitan regions. Gippsland (14.8 per cent), Goulbourn Ovens Murray (-9.3 per cent), Central Highlands Wimmera (-8.6 per cent) and Loddon-Mallee (-6.8 per cent) experiencing the greatest year on year declines out of all Victorian regions.³ Our member councils also report that while vacant properties available to rent often exist, the dwellings are often in poor repair.

The decline in working-age population and inability to attract new workers to rural areas is resulting in critical skills shortages and gaps. Existing businesses are constrained by this lack of labour and opportunities for rural investment attraction are also being lost. This failure to meet economic potential is not only a loss for rural Victorian communities and economies, but for state-level and national economies.

Liveability and population attraction in rural Victoria

RCV recognises the comments made in the Infrastructure Victoria's *Growing Victoria's Potential* discussion paper in relation to the poor success record of population decentralisation policies in the past.⁴

Nevertheless we feel the research we have undertaken on population attraction and retention could be useful in promoting rural Victoria as a place to work and live, and this in turn will assist in the sustainability and liveability across all residents of rural communities, as well as growing the Victorian economy.

We have found that in terms of drivers behind intrastate migration to regional or rural Victoria, 'liveability' is a key drawcard, represented by factors such as friendly communities, affordable cost of living and good quality education and health services.⁵ However these elements of liveability are hard for small rural towns to maintain when their populations are declining.

Rural townships with declining populations experience difficulties in achieving economies of scale and critical mass, and this in turn affects services delivery across both private and public sectors. A survey of rural residents completed recently on behalf of RCV found that 70 per cent of respondents would consider moving away from rural Victoria to improve their access to services, with supermarkets and primary health care centres identified as the most important services connected to liveability. Primary healthcare, along with other retail shops and banking, were also identified by the survey respondents as key services that have been recently lost or

³ <https://www.dhhs.vic.gov.au/publications/rental-report>

⁴ Infrastructure Victoria, *Growing Victoria's Potential* (2019), p.18

⁵ [Urban Enterprise for RCV, Services for Rural Liveability: Final Research Report \(2019\) p.32](#)

diminished in their local communities.⁶

The absence of transport services in rural areas was also noted as a significant issue impacting on liveability. As public transport services have declined in rural areas, councils have sought to provide alternative transport options for residents, particularly community and local transport (CLT) to services such as primary health care located in nearby towns and cities. However, delivering these services requires additional resources in terms of staff and funding, and this is in many cases quite limited. Federal and State funding for CLT services for councils has decreased over time.⁷

The road network in rural Victoria is also under strain. The poor condition of many major rural roads is becoming a major drag on productivity, particularly in terms of the extra time it takes to distribute and supply essential agricultural products grown and harvested in rural Victoria. Dilapidated roads are also a factor in the alarming increase in roads deaths in rural areas over recent years.⁸

The presence of heavy vehicles using main streets in towns as commodity routes is another issue impacting liveability in rural areas. A briefing provide by Regional Roads Victoria to the RCV board indicated possible solutions to this problem may include:

- limiting freight-related travel to seasonal operation only, for example to align with harvest season restricting freight use along certain routes to a particular commodity
- placing time restrictions on freight activity to minimise environmental and amenity impacts
- introducing further speed restrictions to prevent infrastructure damage and maintain vehicle stability and safety on rough or unsealed roads.

Improving digital connectivity would also be an enabler of liveability. Rural communities currently experience poorer and lower quality digital connectivity, which impacts on service delivery and the application of technology-driven solutions. Certain rural communities also operate within mobile black spot areas. Having sufficient digital services in rural areas would allow more people to work from home, access services remotely and ultimately contribute to population retention.

Local, targeted population attraction strategies – a possible solution

A review of population attraction strategies undertaken at the local level for RCV found regions (or Government departments and agencies for that matter) should not attempt to simply 'attract population' but implement targeted programs that reflect different locational circumstances and challenges.

⁶ [Urban Enterprise for RCV, Services for Rural Liveability: Final Research Report \(2019\) pp.25-26](#)

⁷ [Urban Enterprise for RCV, Services for Rural Liveability: Final Research Report \(2019\) p.35](#)

⁸ <https://www.theage.com.au/national/victoria/sharp-rise-in-rural-road-toll-sparks-pleas-to-fix-dangerous-roads-20191231-p53lse.html>

This includes considering specific market segments that are most likely to move to rural areas, such as professional workers interested in lifestyle changes, or workers who meet the skill requirements for industries experiencing labour shortages in certain locations. A small workforce increase in a rural town can make a big difference – research undertaken by RCV found that there is significantly greater economic impact in smaller townships for jobs created and lost compared with larger towns and regional centres.⁹

Importantly population and migration strategies should not seek to stem the flow of young people who leave rural areas in order to experience life in cities. Our research has shown people who grow up in regional and rural areas are most likely to return to live and work there later in their lives.¹⁰

However, it is important that young people in rural and regional areas are given the same educational opportunities as their city-based counterparts, including high-quality secondary education and access to higher education. In its recent review of the demand-driven university system, the Productivity Commission found rural and regional student with same ability as their metropolitan peers were less likely to go to university, and their participation in higher education had not improved over the last ten years.¹¹

Today's regional and rural students are most likely to become the intrastate migrants to regional and rural communities in the future so it is important that they have access to the best quality education possible. The recent rural and regional education reform policy initiatives announced in Victoria seeking to improve the experience and outcomes for students outside of metropolitan Melbourne are a welcome step in the right direction.¹²

Overall we believe rural communities can be sustainable, liveable and prosperous with infrastructure-related planning and initiatives that seek to:

- Grow the working age population of rural Victoria in order to meet the current demand for labour and skills
- Increase the stock of appropriate housing, and rental housing in particular, to meet the demand for new workers in rural areas
- Improve transport services, the road network and digital services for existing member of rural communities, so they can maintain connectivity to essential services and enhance liveability within their regions
- Develop targeted, place based population attraction strategies that reflect the various locational circumstances and challenges
- Give children and young people based in rural Victoria the same education opportunities as their city-based counterparts.

⁹ [Crowe Horwath for RCV, *Economic Impact Assessment of the Creation and Retention of Rural Jobs* \(2019\) p.2](#)

¹⁰ [Urban Enterprise for RCV, *Population Growth in Rural Victoria: Opportunities and Actions* \(2018\) p.32](#)

¹¹ Productivity Commission, *The Demand Driven University System: A Mixed Report Card* (2019), p. 16

¹² <https://www.education.vic.gov.au/about/educationstate/Pages/rural-and-regional-education-reform.aspx>