

Gippsland-Melbourne peri-urban zone

Socioeconomic Profile

April 2024



Independent
insight.



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We acknowledge that the Gippsland-Melbourne peri-urban zone is on traditional lands, including those of the Gunaikurnai, Bunurong, Wurundjeri and Taungurung Nations, as well as other Traditional Owner groups in Victoria who are not formally recognised.

We pay our respects to the First Nations Peoples, past and present, and acknowledge their stewardship of Country over thousands of years.

Contents

	Executive Summary	P05
01	Introduction	P10
02	Population, demographics, and housing	P16
03	Workforce skills, industry & employment	P25
04	Culture, tourism & the environment	P38
05	Movement & connections	P44
06	Assessment of policy alignment	P54
07	Conclusion & recommendations	P65
	Appendix A. Government stakeholder forum feedback	P69
	Appendix B. Industry stakeholder feedback	P79

EXECUTIVE SUMMARY

Executive summary

Introduction

Victoria's economy is made up of an interconnected network of sub-regions, each with their own unique attributes, strengths, and challenges. These sub-regions are dynamic and complex, often crossing standard administrative boundaries (i.e. "Greater Melbourne" or a single Local Government Area). Often, policy and investment strategies following these standard administrative boundaries to leverage existing efforts, aid in stakeholder coordination and implementation. However, understanding these functional sub-regions is necessary to developing an integrated policy response that successfully supports thriving local and regional economies.

The Gippsland-Melbourne peri-urban zone (PEZ), straddles the border between southeastern metropolitan Melbourne and the Gippsland region. Both regions individually have had detailed work and strategies developed for them, including the Gippsland Regional Economic Development Strategies (REDS). The purpose of this report is to extend on the Gippsland REDS and understand the shared attributes and flows of people, goods, and services of the PEZ and, using this unique geographic perspective, identify where policy and investment could be improved by leveraging the combined attributes, opportunities and addressing shared challenges of the region.

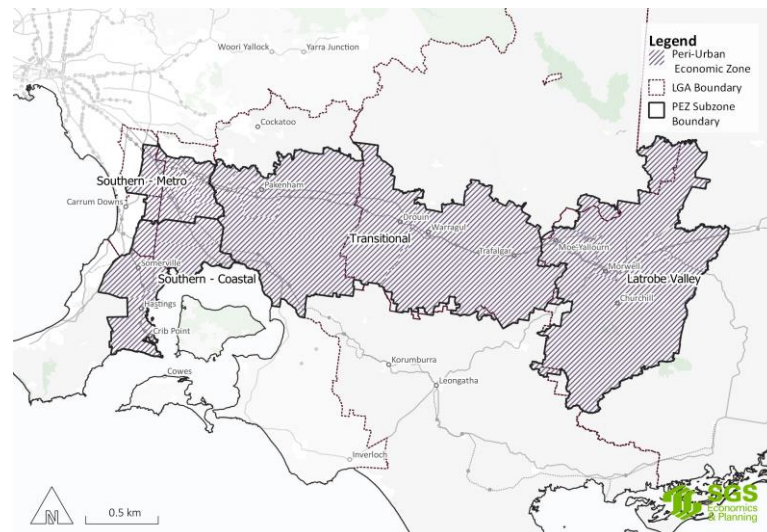
The socioeconomic profile (SEP) considers the PEZ by four broad topic areas:

- Population, demographics and housing
- Workforce skills, industry and employment
- Culture, tourism and the environment
- Movement and connections

The SEP then informs an assessment of the existing state, regional, and local policies, with recommendations on improving integration, partnerships, future investment and policy.

The project is a pilot led by the Regional Development Australia (RDA) Gippsland and Melbourne committees under Victoria's Department of Jobs, Skills, Industry, and Regions (DJSIR). Key research themes and findings were developed through a co-design process with government and industry stakeholders. It contributes to the body of research and initiatives that seek to drive better economic development and integration in the state, with a unique focus on overcoming standard administrative boundaries to inform more balanced and collaborative decision-making and economic outcomes.

Figure: The Gippsland-Melbourne peri-urban economic zone



Summary SWOT analysis

Population, demographics and housing

The PEZ is home to a number of established and growth communities, expanding every day. Its social fabric continues to diversify with the arrival of many overseas migrants and young families.

Strengths and opportunities (+)

- **Room to grow:** the PEZ's includes multiple urban growth fronts and expanding regional settlements that can support a pipeline of new residents, workers and communities
- **Regeneration and cohesion:** migrants and new young families are driving demographic change that can have regenerative effect in the area

Weaknesses and threats (-)

- **Future housing unaffordability:** transformation and rapid growth risks drive-up housing prices if not planned and effectively managed
- **Laging infrastructure delivery:** will continue to undermine the healthy establishment of new and established communities
- **Poor social outcomes:** pockets of entrenched disadvantage could see some residents left behind, and inequality exacerbated
- **Imbalanced diversity:** the Gippsland region areas of the PEZ are not characterised by the same diversity as metro areas, and therefore may miss out on its potential benefits

Workforce skills, industry and employment

Economic transformation is underway in the PEZ as the workforce continues to grow and become more skilled and educated.

Strengths and opportunities (+)

- **A large and increasingly skilled workforce:** businesses can tap into a growing labour market primed for higher-skilled occupations
- **Resource-rich:** access to land, water, wind and other valuable inputs to support a rapidly growing sustainable energy transformation
- **Synergies and circularity:** linking production and suppliers to their markets to create efficiencies and boost innovation
- **Emerging knowledge and care economies:** bringing more services, innovation and a more diversified economy to the local region

Weaknesses and threats (-)

- **Lack of local training and education pathways:** misalignment between local courses offers and current and future industry needs
- **Narrow business focus:** lack of connections and collaboration between businesses where industry interests align
- **Decline of some major traditional industry:** requiring a need for significant retraining and transitional support for many workers

Culture, tourism and the environment

A wealth of landscapes make up the broader PEZ region. These service a robust tourism economy as well as preserve environmental and heritage values for future generations.

Strengths and opportunities (+)

- **A convenient stopover:** capturing more benefits from visitors to major surrounding destinations
- **A family- and business-friendly offering:** a strategic location for entertainment, event, dining, and recreation and venues
- **An emerging 'clean and green' reputation:** leveraging clean and renewable industries to add to the attractive lifestyle offering

Weaknesses and threats (-)

- **Vulnerability to hazards:** heat and extreme weather events threaten tourism, industry, and communities
- **Sensitive interfaces and land use conflicts:** growing industry and housing interfacing with sensitive, highly valuable landscapes and economic assets.

Movement & connections

People, goods, and services flow through, to, and from the PEZ each day. These movements are important to a functional economy with integrated supply chains, industries, and communities.

Strengths and opportunities (+)

- **An upgraded multi-port system:** an upgraded network of marine ports and terminals could act as a catalyst for emerging industries, increased efficiency, and help mitigate congestion challenges.
- **Energy linkages:** existing and future transmission capabilities will reinforce the region's energy specialisation
- **Established road and rail:** connecting the city to the wider region

Weaknesses and threats (-)

- **Offline businesses and communities:** poor digital connectivity impeding business and deterring young families and professionals
- **Lack of freight connections:** the lack of a major airport or dry goods port for the region inefficiently directs most freight through Melbourne to access wider markets
- **Poor active and public transport access in growth areas:** leaving the car as the dominate mode for access both local and higher order jobs and services
- **Traffic congestion in town centres:** transitional centres act as bottlenecks for east-west road journeys
- **Road safety and speeds:** a reduced speed zone on the M1 is slowing freight and people as they move through the PEZ

Conclusions & next steps

The analysis contained within this report identified a set of SWOT themes. Based on a review of the Gippsland REDS and other policy documents against those themes, the following gap areas have emerged:

Gippsland REDS gaps

- **Freight improvements:** Given the significance of strong freight connections for driving efficiencies, growth (including in key emerging sectors such as renewable energy), and even circularity, the shortfalls of the current network, associated impacts on Gippsland businesses, and key investments needed to better connect Gippsland to Melbourne and global markets should be a stronger focus in future REDS work, noting that the recently-released Gippsland Freight Infrastructure Masterplan 2023-2028 will provide a strategic roadmap for freight.
- **Circular economy value chains between metro Melbourne and Gippsland:** the importance of circularity in driving efficiencies, sustainability, and local resiliency continues to grow. Strong, circular value chains will be shared between regional and metropolitan areas, and specific opportunities for Gippsland industries should be explored in greater detail.
- **Leveraging diversity for global markets:** Gippsland's industries have strong potential to connect to international markets, especially given recent trade agreements. Currently the Gippsland region is not characterised by the same levels of cultural diversity seen in other metropolitan communities. Should this trend continue over the long term, it may threaten the region's ability to effectively and competitively engage in global markets. Policy should explore targeted initiatives to increase diversity in the workforce over time.
- **Future housing unaffordability:** While historically this has not been a particular challenge for regional areas, settlement and housing demand patterns have shifted in recent years. Metropolitan affordability will also increasingly impact regional markets given the flows of workers from growth corridor communities. This is likely to be a major challenge in attracting and retaining a local workforce in Gippsland and should be explored further.

Policy alignment, implications & next steps

General policy integration gaps

- **Leveraging the Port of Hastings redevelopment:** A renewed Port of Hastings and its links to clean energy are critical for employment and growth of the PEZ and broader region. There is a lack of consistent policy around this, due in part to the recency of some announcements.
- **Misalignment of movement and connections:** Themes under movement and connections are addressed well through state and regional policy, but not as well through municipal policy. Lining up themes within digital infrastructure, and energy linkages will help to increase local employment and bolster the growing clean energy industries
- **Higher-level policies for the environment:** there is a misalignment of policy in the opposite direction for tourism and the environment. Municipalities have detail and focus on how to target key themes. This same focus is not present in state and regional policy.
- **Infrastructure and housing:** There is a lack of focus on increasing the supply of housing and delivering timely infrastructure and services around the PEZ. Without these efforts, there will be significant barriers to attracting and retaining skills workers and youth.

Future strategic initiatives and policy development should seek to address these gaps.

Recommendations for future work

Other next steps for expanding this project to other PEZs and driving better metro-regional economic integration over the long-term include:

- **Define future PEZ areas** extending from major Melbourne growth corridors (for a total of 4-5); these should align with metropolitan regions and future policy work can then build on existing approaches, while avoiding creating yet more administrative boundaries.
- Incorporate future socioeconomic analysis of PEZs into the **RDV dashboards** and streamline reporting on strengths/ weaknesses/ opportunities/ threats.
- Explore in greater detail the **cumulative impacts of multiple large-scale infrastructure projects** on the businesses and labour markets of each sub-region/ peri-urban zone, and develop strategic plans for infrastructure investment and delivery
- Identify **strategic directions that are shared** across many regions to support development of targeted policy that sets out an integrated approach for the state.
- Intra-regional integration (within peri-urban zones) is key to unlocking inter-regional integration (across metro and regional areas). **Identification of anchor institutions, and industry bodies and business groups**, especially those representing emerging sectors within each PEZ, should be a greater focus of future work, supporting the establishment of new networks and governance models.

01

INTRODUCTION

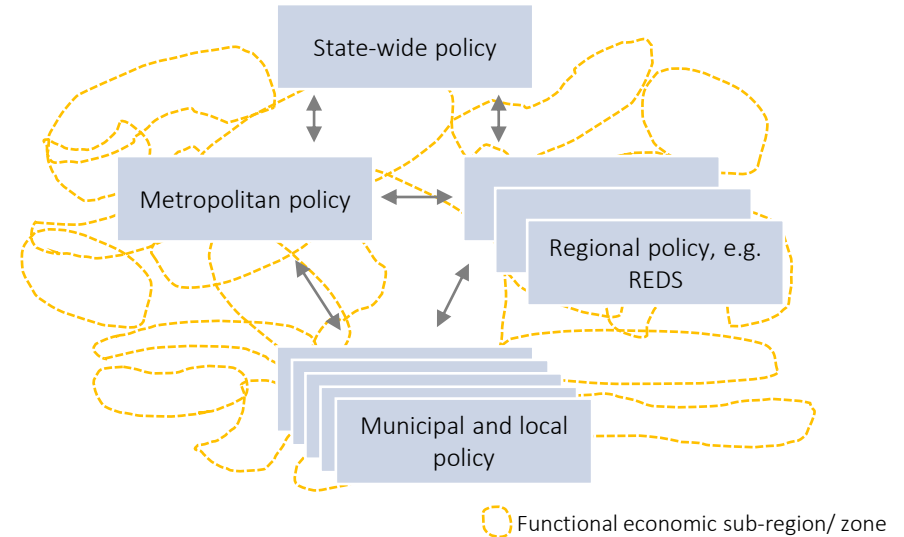
Functional economic sub-regions and policy

The interconnected network of economies and communities that make up Victoria have long been defined and planned for according to static state, regional, and administrative boundaries. Along these same lines, a firm distinction has traditionally been drawn between areas that are metropolitan (within the boundary of Greater Melbourne) and regional (the rest of Victoria).

Local workers, businesses and functional economies rarely recognise these same boundaries, defining their own sub-regions shaped by their contribution to the broader economy as well as the unique strengths and assets that are self-sustaining. Policy struggles, and often fails, to reconcile the *administrative* with the *functional*. This translates to missed opportunities to identify and build on the otherwise well-connected and well-functioning systems of the cross-boundary functional sub-regions.

Moreover, policy integration can break down both horizontally (between neighbouring regions) or vertically (between different tiers of government). In Victoria, a set of state-wide policies and strategies set overarching priorities and directions for land uses, industry, and communities. Key metropolitan strategy, including Plan Melbourne, sets out targets and objectives for Greater Melbourne, while economic growth and development in Victoria's nine regions is principally guided by the Regional Economic Development Strategies (REDS), each of which identifies a region's strengths, challenges, enablers, and future directions.

Figure 1: Functional economic sub-zones and the policies that govern them



Source: SGS Economics and Planning (2023)

Unlocking inter-regional opportunities

Each REDS aims to unlock economic growth and prosperity in its respective region by recognizing and leveraging its unique strengths, challenges, and opportunities. These strategies provide a framework for collaboration between government, communities, and businesses to innovate, address regional challenges, and make targeted investments to achieve stronger economic outcomes specifically tailored to each region.

The five strategic directions identified in the Gippsland REDS focus on growing established and emerging industry specialisations, including:

- Maximising the role of **food and fibre** in the local economy
- Accelerating the **advanced manufacturing** capabilities in the region
- Pursuing opportunities emerging from the energy industry transition, including in **clean and renewable energy** and **earth resources**
- Supporting growth and diversification in the **visitor economy**
- Enhancing regional specialisation in **health care and social assistance**

As in every REDS, strategies for ‘unlocking’ opportunities through collaborative action between local, state, and commonwealth partners are set out for each direction to guide a whole-of-government response. However, the focus of each REDS does not extend to exploring what ‘keys’ other nearby metropolitan communities or other regional areas may contain, and how these can be leveraged to deliver greater benefits across regional boundaries.

Regional Development Australia (RDA) Gippsland and Melbourne committees have identified the peri-urban area where southeast metropolitan Melbourne meets the Gippsland region as one where stronger and more clearly defined connections between the two regions are needed, and where better integration has significant potential to drive mutually beneficial economic development and growth. The committees have jointly commissioned this socioeconomic profile as a first step in defining an understanding opportunities to integrate peri-urban supply chains and workforce opportunities. The profile builds on the work of the REDS through this inter-regional lens to inform future policy and decision-making and an enhanced whole-of-government approach.



“In order for the peri-urban region to grow, we need to look at both regions’ natural advantages and capitalise on these strengths..” - Government stakeholder

Structure and development of the socioeconomic profile

This SEP defines the economic sub-region known as the Gippsland-Melbourne peri-urban zone (PEZ), assesses its challenges and opportunities, and identifies where policy falls short of integration in addressing these. It presents a combination of data analysis and storytelling through visualisations and narrative, structured according to four areas:

1. **Population, demographics and housing:** considers who and where people live within the PEZ

2. **Workforce skills, industry and employment:** considers how the PEZ's workforce and major industries are changing

3. **Culture, tourism and the environment:** recognises the value that lies in the natural and historical assets of the PEZ

4. **Movement and connections:** follows the pattern of people and outputs as they move within, in and out of the PEZ.

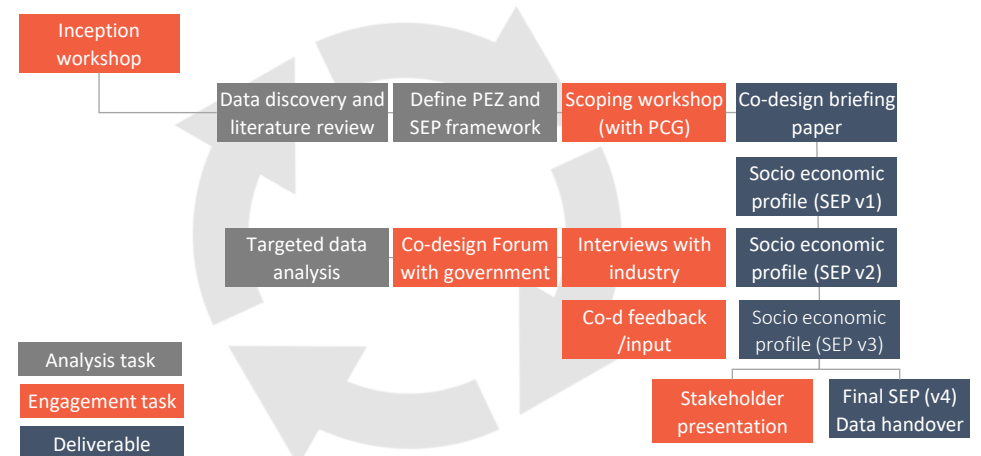
Each theme contains:

- An **overview map** depicting key attribute relevant to the theme and PEZ.
- A summary of the combined PEZ **strengths/opportunities** (to be protected and enhanced) and **weaknesses/threats** (to be mitigated or avoided)
- An evidence base of more **detailed analysis**, with supporting graphs and key statistics focused on the cross-administrative boundary nature of the PEZ and its role within the wider region.

This is followed by a review of policy to determine whether state, regional, and municipal policies contain objectives, actions, and other directions relevant to the PEZ's identified strengths and weaknesses, and identify opportunities for better coordination and alignment. Recommendations are also made for future similar projects and other strategic approaches to economic integration.

This profile been developed through a co-design process and has relied heavily on input from government, peak bodies, and private industry stakeholders throughout (see Figure 2 below). Documentation of the feedback government and industry stakeholders can be found in the Appendices, with direct quotes embedded throughout the document.

Figure 2: Gippsland-Melbourne PEZ co-design approach



Defining the PEZ

Functional economic zones (FEZs) describe areas where economic interactions occur in a self-contained way. Trade and commerce, commuting to work, access to goods and services and other activities occur more frequently between firms and residents within a FEZ than with firms and residents located outside of it. Put simply, they are well-connected, regional economies.

“A functional region is characterized by its agglomeration of activities and by its intra-regional transport infrastructure and established economic interaction networks, facilitating a large mobility of people, products and inputs within its borders.”

Karlsson and Olsson (2015)

Although the Gippsland-Melbourne peri-urban area is home to industries and a labour force that straddles the boundary between the two regions, a functional economic zone has previously not been defined. A broader peri-urban region has been defined by combining the two established administrative regions: Gippsland and the Southern Melbourne region (See Figure 3a). This comprises the LGAs that make up the Southern Metropolitan region and the Gippsland region – Frankston, Greater Dandenong, Mornington Peninsula, Baw Baw, Bass Coast, South Gippsland, Latrobe City, Wellington, and East Gippsland.

Through analysis of journey-to-work flows and industry interactions, this project has further defined the Gippsland-Melbourne peri-urban zone (PEZ) as the corridor connecting Dandenong to the Latrobe Valley (See Figure 4 overleaf). This deliberately cuts across standard regions, LGAs and other typical planning geographies.

It includes four sub-zones made up of ABS Statistical Areas Level 2 (SA2s), which effectively represent individual communities:

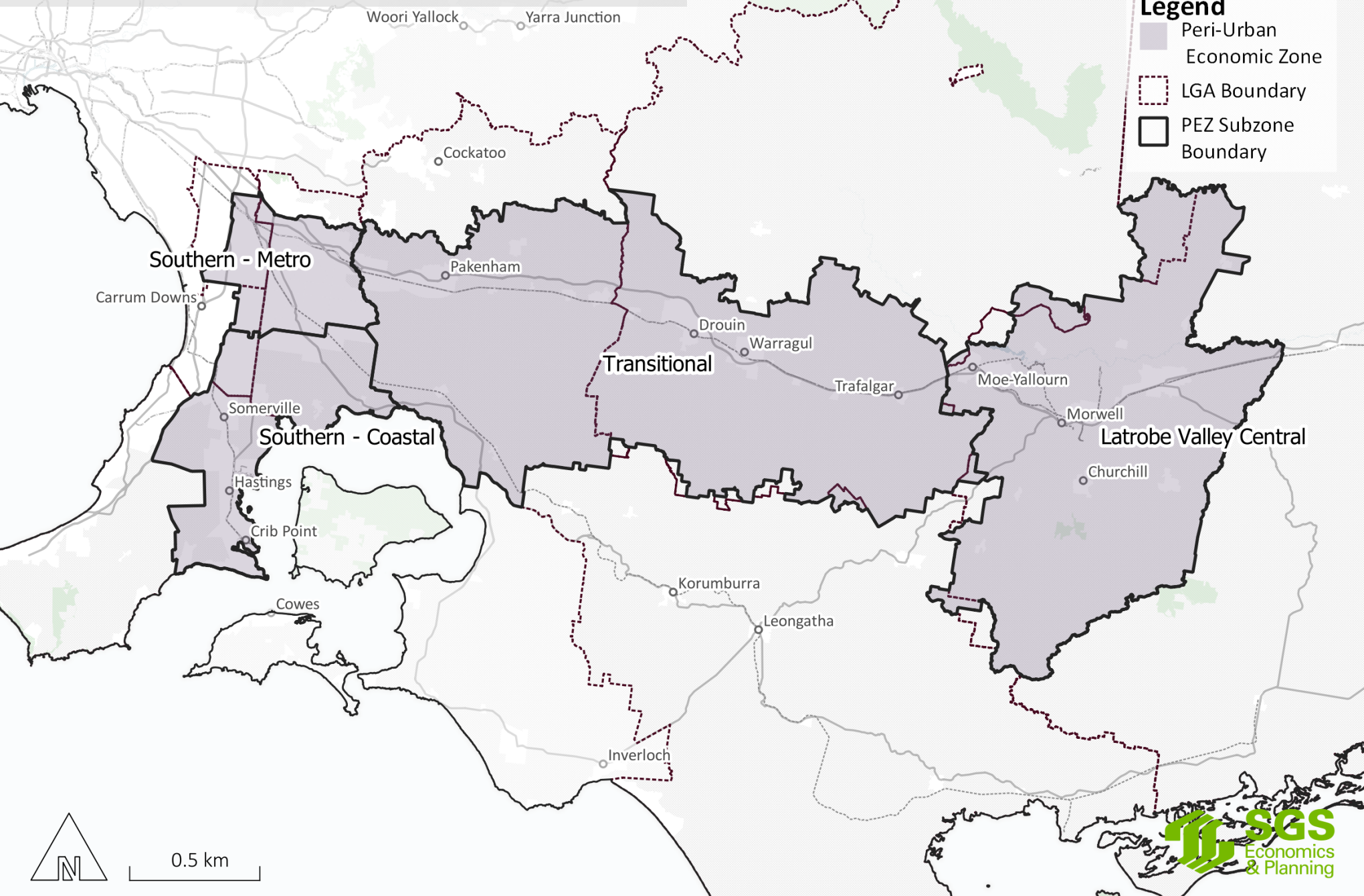
- Melbourne **Southern Metro**
- Melbourne **Southern Coastal**
- Gippsland **Transitional** (areas between Melbourne and Latrobe)
- **Latrobe Valley Central** (areas within the City of Latrobe); instances of ‘the Latrobe Valley’ refer to the broader region that includes Wellington Shire.

Figure 3: broader Gippsland-Melbourne region



Source: SGS Economics and Planning (2023)

Figure 4: Gippsland-Melbourne Peri-Urban Economic Zone (PEZ)



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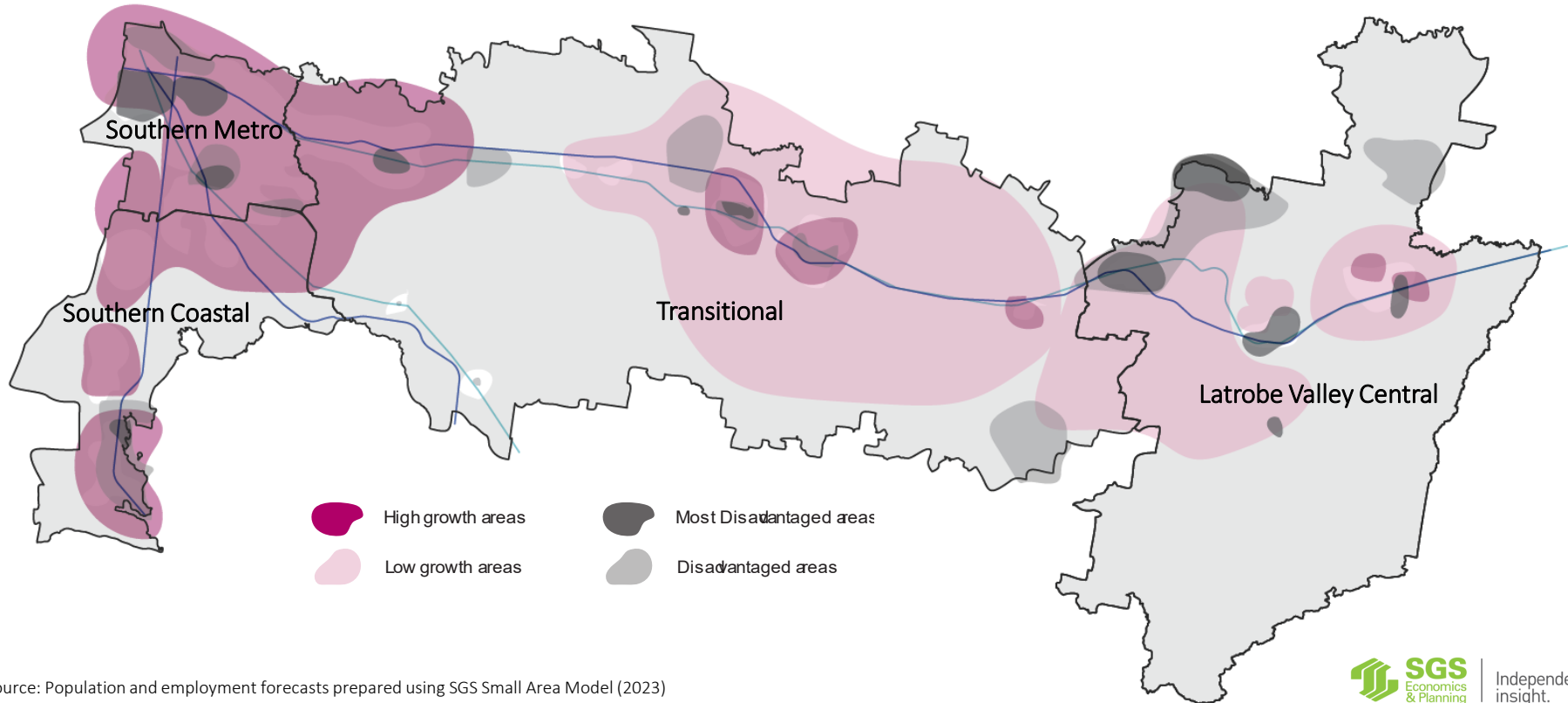
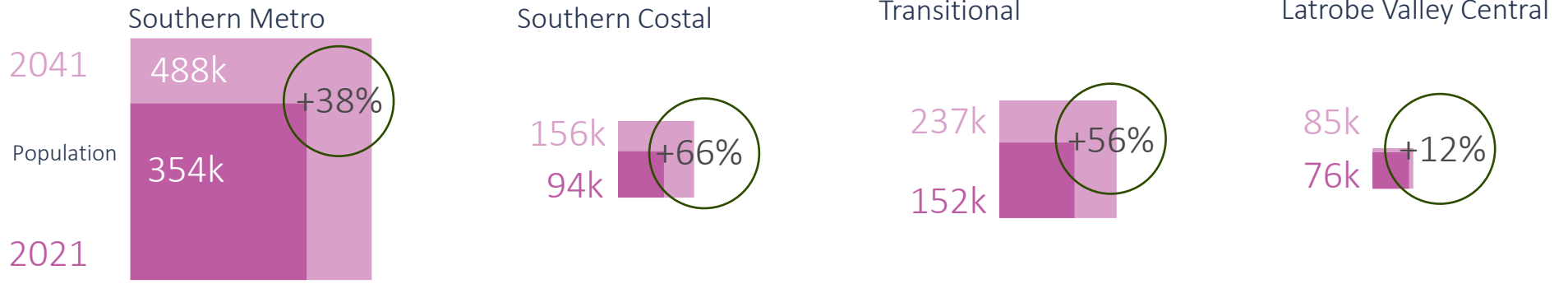
POPULATION, DEMOGRAPHICS AND HOUSING

Understanding who lives in the PEZ, the distinct communities and how they will grow is foundational to identifying the shared opportunities and challenges along this corridor and wider region.

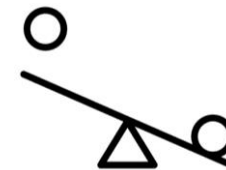
The PEZ reflects the collision of a range of demographic and housing trends, with established regional settlements merging with a rapidly expanding and increasingly under-pressure Melbourne. Existing Melbourne and Gippsland residents, along with new migrants, see the appeal of these fringe and peri-urban locations as they seek to carefully balance access to jobs, services and economic opportunity with affordability, space, amenity and a connection to the environment.

This has resulted in the PEZ experiencing rapid growth, and a rapidly changing population and community profile.

Population and growth: overview



Source: Population and employment forecasts prepared using SGS Small Area Model (2023)



Population & growth: SWOT analysis

+	Room to grow: the PEZ includes several growth area precincts in southeast Melbourne, which are some of the fastest-growing in the state and country. These precincts are capable of supporting a large influx of new resident workers to help drive transformation and growth. The transitional sub-zone can also benefit from a 'spillover effect' from this corridor, as some residents seek out more affordable housing, new employment opportunities, or a more rural lifestyle.
-	Future housing unaffordability: The impacts from multiple investments and structural changes to the economy both within and outside of the PEZ is likely to impact on housing affordability in the coming years. Workers are likely to move to the PEZ due to its proximity to renewable energy projects, manufacturing hubs, and tourism destinations in the region, drawn in by an attractive lifestyle offering and better affordability and diversity of choice than other areas. Without an appropriate amount of additional housing stock that aligns with household needs and preferences, this is likely to drive up rental and purchasing prices.
+	Regeneration and cohesion: the PEZ is attracting both migrants and young families, who are driving not only population growth, but broader demographic change. This has the potential to create a kind of regenerative effect, potentially helping to addressing pockets of entrenched disadvantage within the PEZ. Initiatives/investment to support social cohesion and resilience will be important to capitalising on and share in the potential benefits of growth across increasingly diverse communities.
-	Imbalanced diversity: there is a stark contrast in diversity between the metro and regional areas of the PEZ, with cultural and linguistic diversity (CALD) representation in the Southern Metropolitan region three times that in Gippsland. This gap may grow as more migrant families only move to where they are comfortable, i.e. where other migrant families already are. Ultimately, this may see Gippsland miss out on the enriching contributions that migrants offer industries wanting to compete in global markets.
-	Lagging infrastructure delivery: in many growth areas, transport, community and other infrastructure lags behind the early stages of residential development. This can detract from the quality of life of residents as well as undermine economic growth and overall community wellbeing and resilience.
-	Poor social outcomes: the PEZ is characterised by socioeconomic disadvantage, spread across all four sub-zones, indicative of the lower levels of social and economic resources and education levels. Failing to address this as these communities grow and change could leave some residents behind, while others thrive. Over time, this could exacerbate inequality and divisions in the community.

A large and growing population

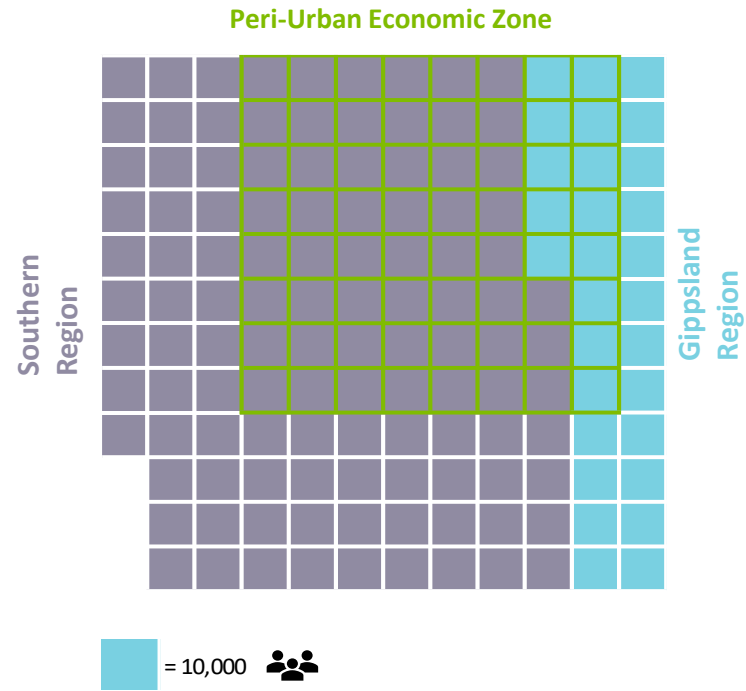
The PEZ contains some of the most populous areas of both the Southern and Gippsland Regions (Figure 5), and many of its fastest-growing communities. The southern metro, coastal, and transitional sub-zones incorporate designated metropolitan growth precincts along the M1 corridor and the South Gippsland Highway – these represent a large share of Greater Melbourne’s future residential land supply.

The Warragul-Drouin area will also experience development that more resembles that of metropolitan growth precincts than regional areas, benefiting from a ‘spillover’ effect from Greater Melbourne as some households seek out a balance of convenience to the city with the lifestyle offering of a more regional setting.

These areas are the driving force behind the PEZ’s overall rate of growth 2021-2041 (43%), which outpaces both the Southern region (33%) and Gippsland region (23%). Further east, growth of regional townships is modest in comparison, with the Latrobe Valley sub-zone forecast to only contribute 3% of the PEZ’s growth currently.

Today, the PEZ is home to approximately 678,000 residents. By 2041, the PEZ will have grown to 968,000 – the equivalent of more than two Canberra’s. This scale of growth necessitates a commensurate response, and spatial patterns reinforce the idea of the peri-urban zone as a region in its own right. Planning and investment for the future communities that span the PEZ must be both localized and integrated for the appropriate quantity, type, and distribution of infrastructure and housing to be delivered.

Figure 5: PEZ share of southern region and Gippsland population (2021)

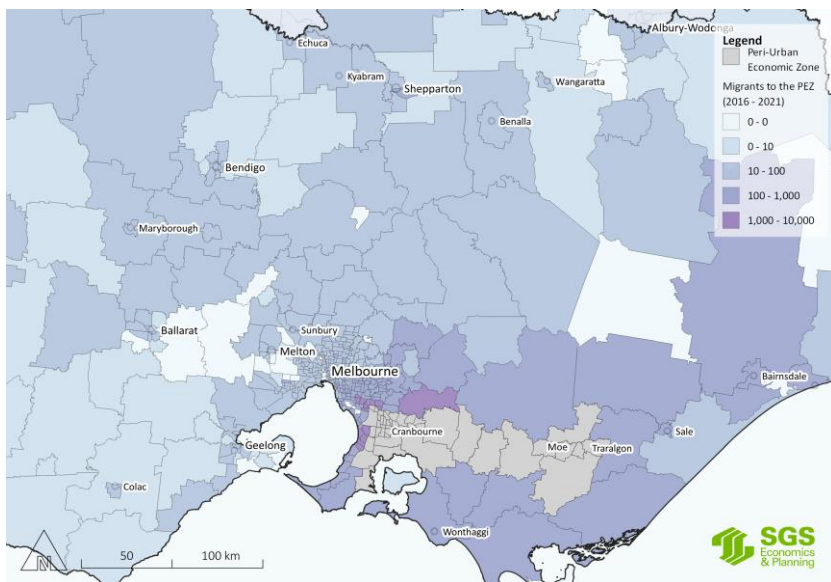


Source: SGS Economics and Planning (2023)

A sponge for the surrounding regions

The profile of growth in the PEZ reflects broader migration and urbanisation trends, depicted in Figure 7. Migrants to the PEZ make up almost three-quarters of its growth in the last five years, primarily coming from elsewhere in the state. Patterns suggest that the PEZ is acting as a sponge for the surrounding regions (Figure 6). As shown, migrants to the PEZ are most likely to come from the adjacent metropolitan and regional communities, but particularly from areas such as Monash, Frankston, and Geembrook. Feedback from stakeholders underscored the attractiveness of the area to families in particular.

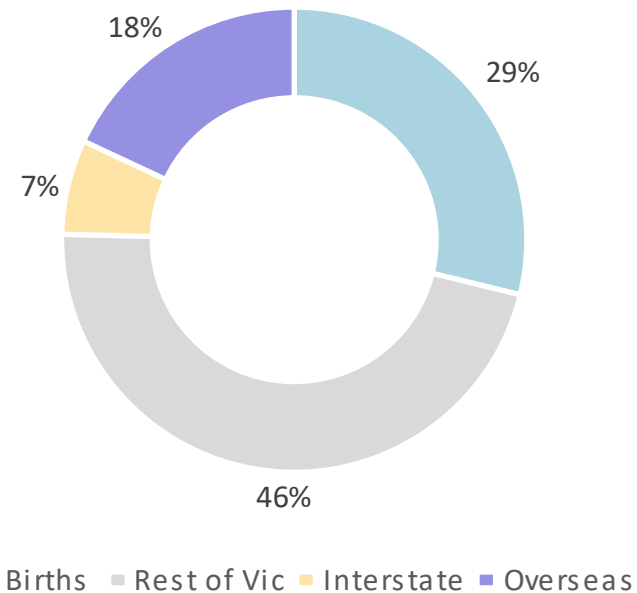
Figure 6: Location of previous address for current PEZ residents



Source: SGS Economics and Planning (2023), based on Census - Previous Address (2021)

"We have a great lifestyle here; great schools that we can easily drop off and pick up our kids, no traffic hassles." - Industry stakeholder

Figure 7: Origin of New PEZ residents, 2016-2021



Source: SGS (2023), based on ABS data

Not only attracting Victorian households, the PEZ's international arrivals represent 18% of new residents 2016-2021 and 8% of all overseas migration for Victoria. The PEZ's share of Victoria's growth 2016-2021 by natural increase (births) is even higher, at 12%.

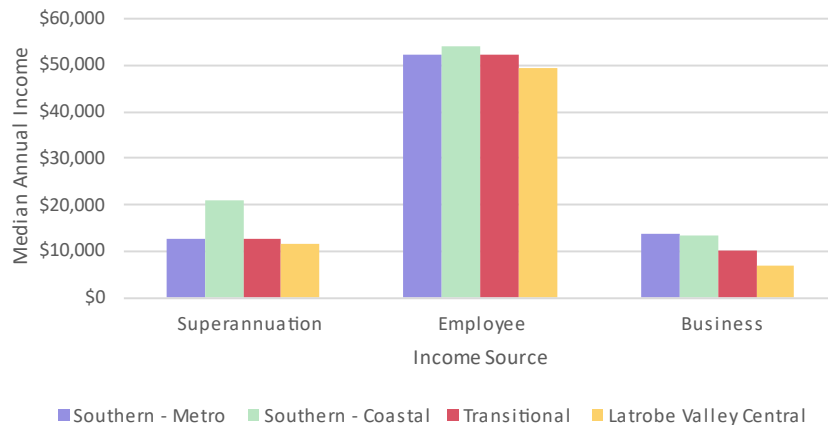
Wide-ranging levels of income, wealth, and advantage

From east to west, differences in income and wealth follow a clear pattern, with southern metro and coastal residents enjoying more annual income than their neighbours further east.

Median income levels by main source within the different sub-regions of the PEZ are shown in Figure 8. Ranking the lowest across all three sources is the Latrobe Valley. Meanwhile, the Southern Metro Transitional sub-regions are comparable, with the exception of unincorporated business income.

In the Southern Coastal region, the particularly high level of superannuation income is likely associated with higher accumulated wealth from retirees, while the Southern Metro region, home to robust industry, has the highest levels of business income.

Figure 8: Median Income by source for PEZ subzones (2022)

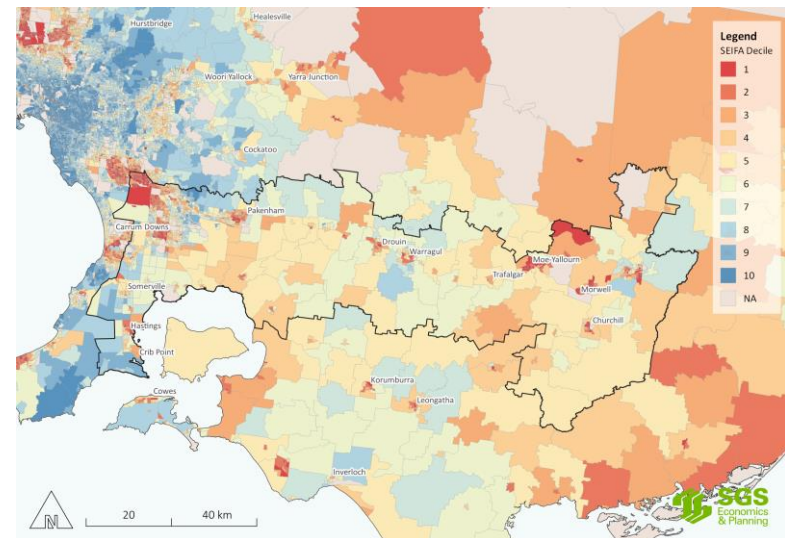


Source: SGS (2023, based on ABS data)

The patchwork of socioeconomic advantage and disadvantage is less uniform, but broadly follows the same trend. Contained within the PEZ are some of Victoria's most disadvantaged communities – the urbanized areas and townships along the M1 corridor which have experienced significant economic changes in recent years: including Dandenong, Pakenham, Moe and Morwell. The further east along the PEZ the more disadvantaged the areas become, with areas of higher advantage within the Mornington Peninsula, as well as in the medium outer suburbs of Berwick and Officer.

Over time, these patterns will shift as higher skills workers arrive to take up new opportunities in emerging industries, but without targeted intervention, some residents could get left behind, and become increasingly disengaged.

Figure 9: SEIFA Index of relative social advantage and disadvantage (2021)



Source: SGS (2023, based on ABS data)

Harnessing the potential benefits of growth and demographic change

With the influx of younger and more diverse households and comparatively high birth rates, the PEZ has more first-generation Australians than the Gippsland region and a lower median age than both the Gippsland and Southern Melbourne regions.

The influence of these new residents on the demographic composition of the PEZ is already evident (Table 1). The average PEZ resident is younger than the average Gippsland region resident by 11 years, and younger than the average Southern region resident by 2 years. In the PEZ, there are 22% more speakers of a language other than English (LOTE) home than in the Gippsland region, and only 2% less than in the Southern region.

Table 1: Age and cultural diversity in the PEZ (2021)

	PEZ	Southern region	Gippsland region
Median age	36	38	47
Born overseas	33%	36%	13%
Speak language other than English at home	34%	36%	12%
Identify as Aboriginal or Torres Strait Islander	1.0%	0.8%	2.0%

Source: SGS Economics and Planning (2023), based on ABS data

In some areas, divisions may emerge (spatially and or culturally) between residents new and old, with contrasting backgrounds and preferences. Investment should be balanced and responsive to the growing diversity of needs, and should support the creation of social capital of new residents and their integration to maximise the potential benefits of growth and change across communities.

‘Third places’, the civic, community, and commercial spaces in which residents socialize, recreate, and form connections, will play a central role. But in many new communities, their delivery often lags behind residential development, and the earliest community members may wait several years to be able to meet basic needs locally, let alone begin to build social networks and a sense of community. Housing diversity is also important to support different ages, household types, and lifestyle preferences.

Targeted support programs are also needed in the identified areas of disadvantage to ensure these communities don’t miss out on the benefits of growth and economic transformation. If unaddressed, this may ultimately undermine the health and wellbeing of individuals as well as collective aspirations to create cohesive, resilient communities that are capable of weathering acute and chronic stresses, and further exacerbate disparities between unserved new communities and long-established areas.

Delivery of bike, pedestrian, and public transport connections will also be important as the PEZ grows to enable residents to opt for more sustainable, active modes locally and to connect them to the broader region’s jobs and services.

A relatively affordable rental market

Figure 10a: Rental Affordability Index (RAI)- Average Rental Household, 2013 (left) and 2023 (right)

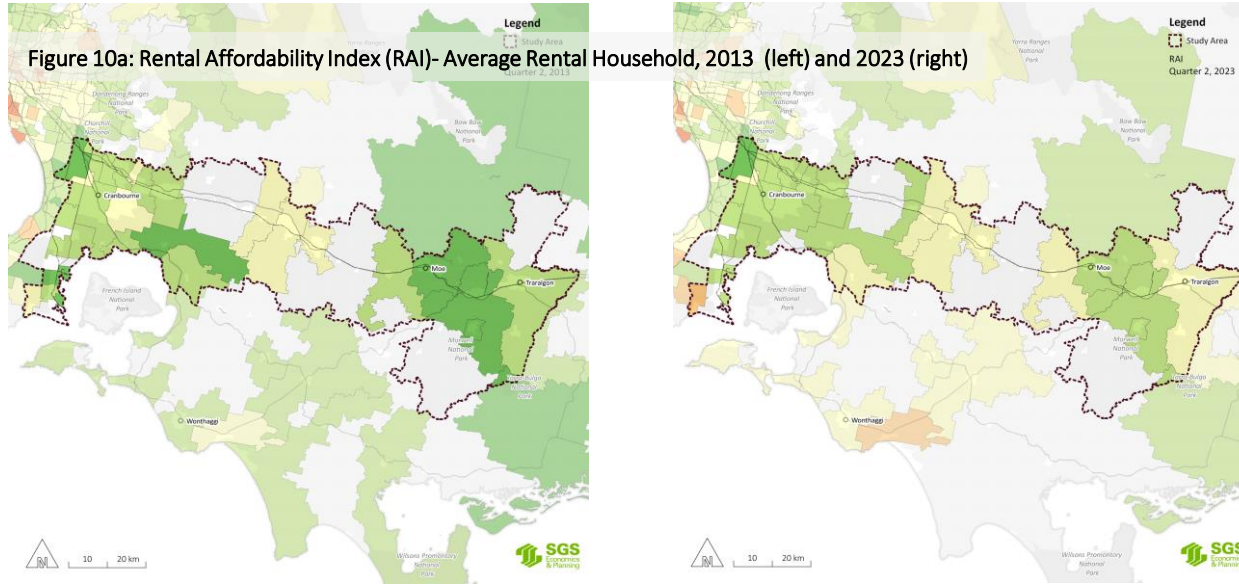
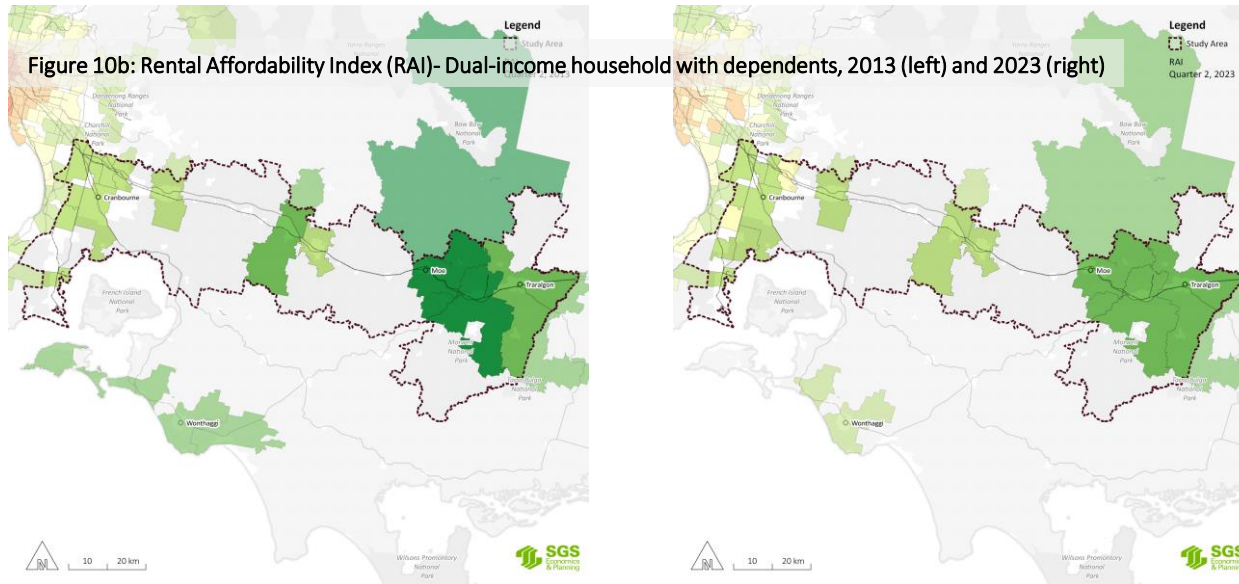


Figure 10b: Rental Affordability Index (RAI)- Dual-income household with dependents, 2013 (left) and 2023 (right)



While there are many residents struggling to balance their household budget, more broadly, both historically and presently, affordability is one of the PEZ’s main draw cards, with the cost of renting in relation to household incomes remaining relatively affordable and stable across most of the PEZ in the last 10 years.

Selected households from the SGS’s Rental Affordability Index, which measures housing costs against incomes, is shown in Figures 10a and 10b. For the average rental household in 2023, only coastal areas on the fringes or outside of the PEZ are unaffordable. Notably, the Southern Metro sub-zone is the most affordable one, with some areas of the transitional and Latrobe Valley deemed moderately unaffordable.

For both the average rental household and the dual-income household with dependents, affordability has declined slightly in the last 10 years in the two eastern sub-zones, likely related to the surge in regional growth during and following the COVID pandemic observed in Victoria.

The potential transition to a clean economy may impact the availability and price of the available housing. This may result in a decrease in affordability without increasing housing stock and providing tailed accommodation for new workers.

RENTAL AFFORDABILITY INDEX

Very affordable	200 or above
Affordable	150 to 200
Acceptable	120 to 150
Moderately unaffordable	100 to 120
Unaffordable	80 to 100
Severely unaffordable	50 to 80
Extremely unaffordable	50 or less
Data not available	N/A

Possible future housing stress due to increased demand and higher wages

In contrast, house prices in Mornington Peninsula and Bass Coast have grown more rapidly than the rest of the LGAs in the PEZ region from 2012-2022 (9.3% and 8.9% AAGR respectively).

Most of house prices in the LGAs within the PEZ region show average annual growth between 6% to 8% which is in line with Regional areas of Victoria. Wellington has seen the least growth in house prices in the PEZ region below the Regional growth rate.

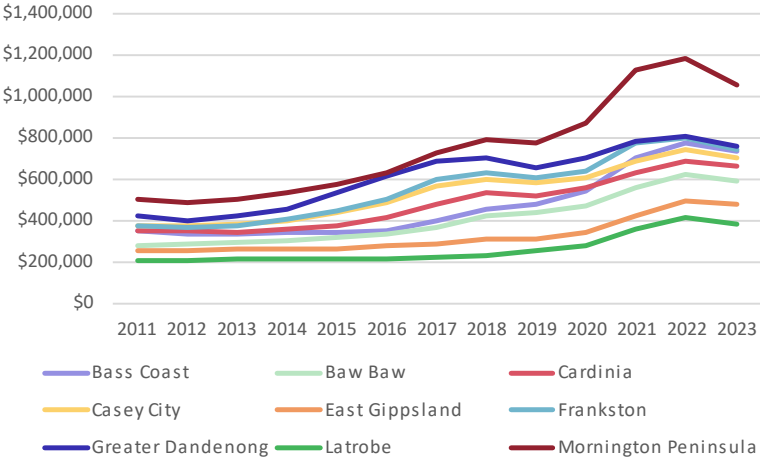
Prices for residential land have increased faster than house prices since 2012. Mornington Peninsula and Bass Coast are the LGAs with the fastest growth in prices for residential land and close to half of that growth for units. Latrobe and Wellington have increased 6.6% and 6.9% AAGR respectively for residential land.

“There must be enough housing built to support the amount of people that we want to bring in these areas.” – Manufacturing industry stakeholder

Despite this relative stability over the past 10 years (excluding the impact of COVID), this is not a guarantee for the future. The cumulative impact of multiple projects, including the construction and maintenance phases of offshore wind projects and upgrades to energy connectivity and storage will undoubtedly bring more highly skilled, well-paid workers into the PEZ. Tourism workers who commute to surrounding destinations and professional workers seeking a compromise between a full change and access to the CBD are also likely to be attracted to the PEZ.

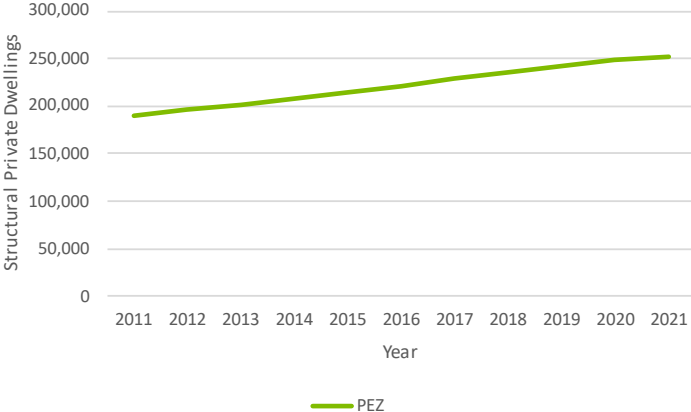
Without an appropriate level of additional housing stock that presents affordable choices to the increasingly diverse mix of residents, it is highly likely that some existing community members may be displaced and others locked out. This includes lower-wage workers would provide essential and front-line services across a range of industries and locations.

Figure 11: Median House Price in each LGA (2011-2023)



Source: SGS (2023), based on Valuer-General Victoria data

Figure 12: 10 Year Increase in Structural Private Dwellings



Source: SGS Economics and Planning Small Area Model (2023)














03

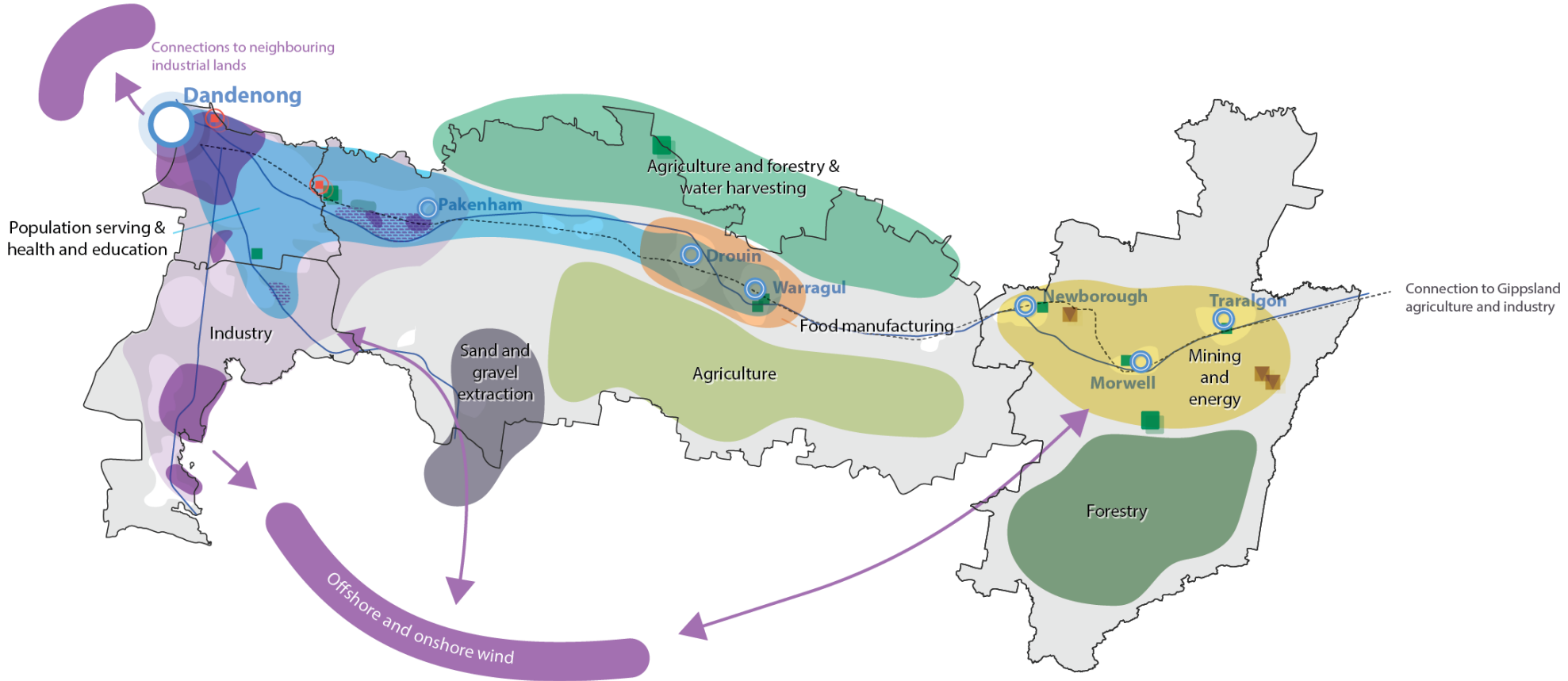
WORKFORCE SKILLS, INDUSTRY AND EMPLOYMENT

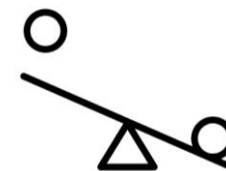
Labour force engagement, skills and a rapidly evolving and growing economy are integrally linked. Macro-economic trends, key attributes and major investment help drive local business and economic opportunities. These are then further unlocked and enhanced through development of a locally skilled and talent workforce.

The PEZ workforce and economy is emerging from a period of rapid structural change which fundamentally upended many of its core traditional industries and jobs. But a powerful new economic landscape is emerging - linking agriculture, tourism and new major renewable energy production with an increasingly skilled workforce and network of growing communities. This new economy provides direct jobs, but also opportunities for a range of support businesses, along with innovative value adding businesses.

Industry and employment: overview

-  Health and Education precinct
-  University
-  TAFE
-  Power station
-  Industry (intensive)
-  Industry
-  Mining and energy
-  Sand and gravel extraction
-  Agriculture
-  Forestry
-  Agriculture and forestry & water harvesting
-  Food manufacturing
-  Population services & health and education





Workforce skills, industry & employment: SWOT analysis

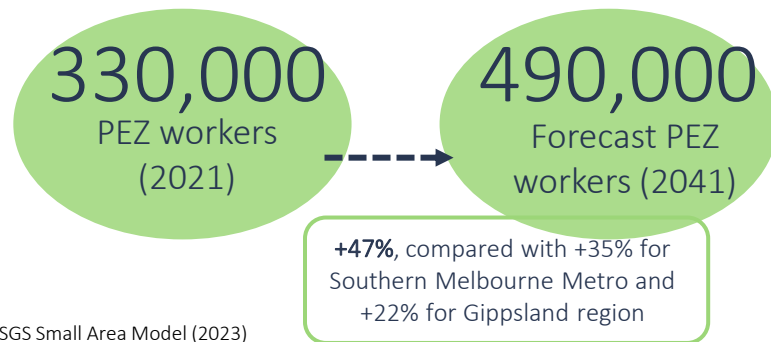
+	<p>A large and increasingly skilled workforce: the PEZ's workforce is growing even faster than the overall population. Participation rates are high, unemployment is low and declining, and education levels are on the rise, with more residents obtaining qualifications in higher-wage and higher-skilled occupations. Tapping into this growing labour market is a key opportunity for PEZ businesses and industry.</p>
+	<p>Resource-rich: the broader region has high quality water and the PEZ and nearby metro areas have the infrastructure and demand to leverage it. Sand deposits in South Gippsland are a valuable construction input for the broader economy. In addition, coastal winds present a key opportunity for major renewable energy generation for the state. Harvesting and enhancing these natural assets is central to reorienting the PEZ economy around the emerging and rapidly growing renewable energy sector.</p>
-	<p>Lack of local training and education pathways: the PEZ currently has two universities and several TAFE institutions; these have courses and placements that better match the economy of the past rather than the future. As young people leave the PEZ seeking out their preferences for higher education, some may then choose to live or work elsewhere, and other regions will instead capture the benefits of the growing PEZ labour market and the skills it has to offer.</p>
-	<p>Narrow business focus: across the PEZ there is a lack of mechanisms, strong connections or a united focus across businesses and industries where interests align. Without these currently in place, businesses are operating in their silos without understanding the potential synergies with other businesses and industries. Changing this would generate stronger growth and better efficiencies.</p>
+	<p>Emerging knowledge and care economies: health care and social assistance and professional services are the PEZ's main emerging industries. These provide opportunity for workers transitioning from other industries, and a means for addressing the social disadvantage and poor health outcomes in the PEZ. Programs and investments that support these emerging industries should be prioritised, including training/upskilling to develop a workforce that is suited for the economy of the future.</p>
+	<p>Synergies and circularity: the mix of agriculture and manufacturing industries in and around the PEZ presents opportunity for linking primary production/suppliers and their markets, particularly in food and fibre. This also encourages circularity, where the outputs of one industry can serve as inputs to another, generating efficiencies and strong local specialisations.</p>
-	<p>Decline of some traditional industry: the industries that at one time represented the region's strengths (mining, forestry, and some manufacturing) are now in decline. The Latrobe Valley sub-zone in particular is in transition, and it will be important that this is supported via skills retention and job replacement in emerging industries.</p>

“We can attract people out of the city to the area with the promise of a nicer house for their money, with a bit of land even with some room for cows or sheep, and good access to local employment and good services.” – Steel manufacturing stakeholder

A rapidly growing local workforce

Following the growth in population, the PEZ is home to a large workforce (330,000 resident workers) which as a sub-region is growing faster than either the wider Southern or Gippsland Regions. Tapping into this growing labour market is a key opportunity for PEZ businesses and industry to meet future economic demands and reinforce further growth, investment and renewal.

Figure 13: PEZ and regional labour force growth (2021 – 2041)

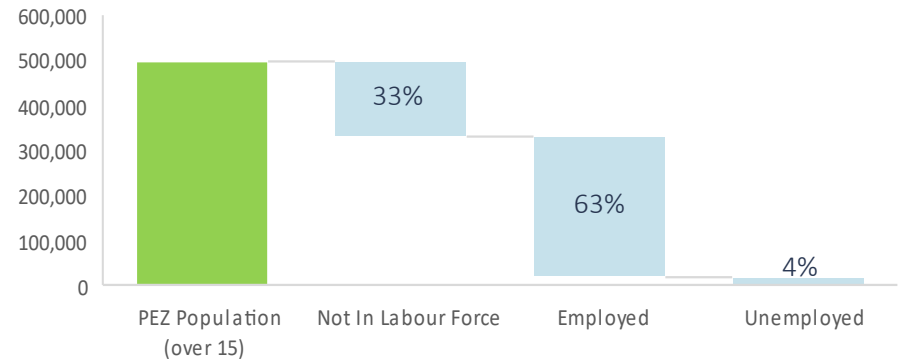


Source: SGS Small Area Model (2023)

Workforce participation rates are strong in the PEZ (67% in the PEZ, compared to 66 and 58% in the broader Southern Metro and Gippsland region respectively). Unemployment within the PEZ has also been dropping in line with state trends and labour market pressures (from 4.7% 10 years ago to 3.5% today). Figure 14 shows the different constituents of the PEZ population that are eligible for the labour force.

However, there are still disparities in labour force participation rates between males and females, as well as Aboriginal or Torres Strait Islanders – which are both slightly higher than Victorian averages.

Figure 14: PEZ labour force participation (2021)



Source: SGS (2023), based on ABS data

Low unemployment is also resulting in employers finding it difficult to both find and retain workers - leading to worker shortages. Many industry stakeholders consider access to skilled labour as their number one inhibitor to growth. This is particularly acute in construction and trades, but is also present in manufacturing, food processing, transport and logistics.

Within this context, any new major project (such as a new hospital, renewal energy project, or major road/rail project) will incur labour challenges and will also affect the ability for existing employers to retain their skilled workers if strategies are not put in place to increase the available workforce in Gippsland.

Employers have needed to adapt, with many offering hybrid working arrangements to cater for an increasingly geographically dispersed workforce. Some employers provide onsite accommodation for workers that live out of the PEZ to avoid long commutes. For example, employers who predominantly recruit overseas migrants (including abattoirs) often provide accommodation within their employment packages.

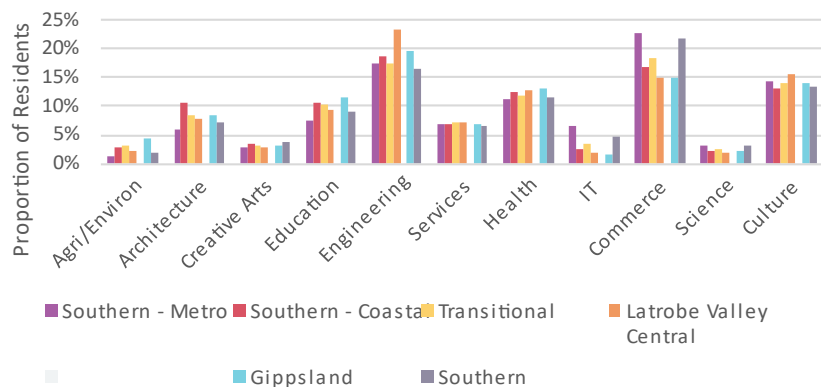
Growing skillsets to support the economy of tomorrow

Resident workers within the PEZ are becoming more skilled and achieving higher education in emerging industries. A focus on suitable education and training pathways within the region will help mould the labour markets skills to fit future employment demands.

The proportion of PEZ residents in each field of study for the different sub-zones in the PEZ compared to the Gippsland and Southern Regions can be seen in Figure 15. Compared to the other areas, the Southern Metro region has a high proportion of residents learning Commerce (23%), and Information technology (7%), while the Latrobe Valley has a higher proportion of students in the fields of Engineering(24%) and Culture (16%).

The Transitional subzone has become an amalgamation of both regions with the ‘spill over’ effect from the Southern Metro area becoming apparent in the proportion of residents learning commerce and IT. Leveraging the IT graduates and giving them pathways into the industry within the PEZ will be critical to increasing digital capabilities and literacy.

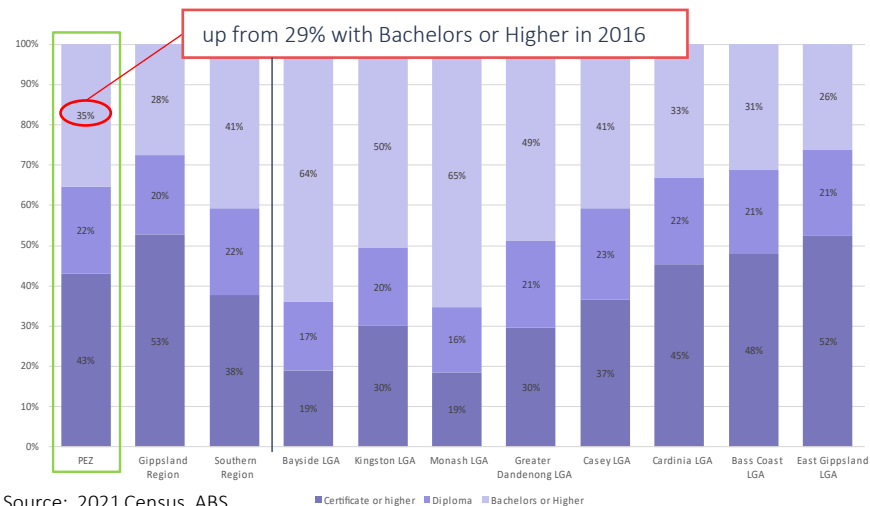
Figure 15: Proportion of residents by field of study



The proportion of people having an education above a high school degree increased from 44% to 50% of the population, and for residents that have an above-high school education, the number of residents holding a bachelor's degree or higher has increased from 29% to 35% since 2016 (seen in Figure 16).

Despite this, industry stakeholders note the continued challenges in attracting workers to executive, digital, and other white-collar positions. While residents of the PEZ are becoming more educated, learning and training pathways are still insufficient to make the PEZ more attractive than other regions. Part of the challenge is that most of the opportunities for these pathways currently sit outside of the PEZ. Increased pathways into emerging industries such as renewable energies, digital literacy, and advanced manufacturing will help to mitigate the issue, and support the growing economy. This underscores the need for a strong and dynamic education system for the broader region.

Figure 16: Highest Qualification achieved by region

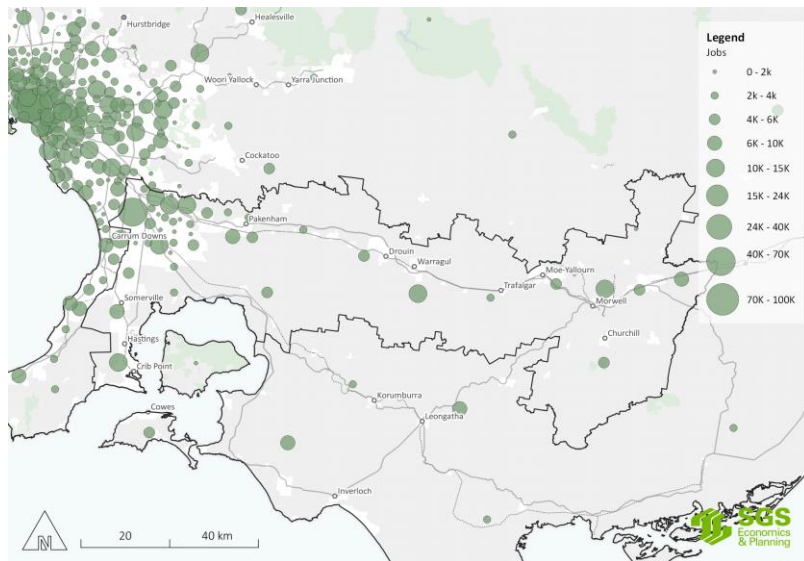


Logical patterns of employment

While there are 330,000 resident workers living in the PEZ today, from a jobs perspective there are currently 291,000 located within the PEZ. This highlights a net outflow of workers who must seek work elsewhere; this is further discussed in Section 5.

Jobs, and businesses, within the PEZ are centred around the designated growth precincts along the M1 Corridor, as well as the regional growth centres in Warragul-Drouin and the Latrobe Valley. Compared to population, and resident workers, employment is more skewed toward Melbourne and its established major institutional assets and employment precincts.

Figure 16: Location of employment across the PEZ

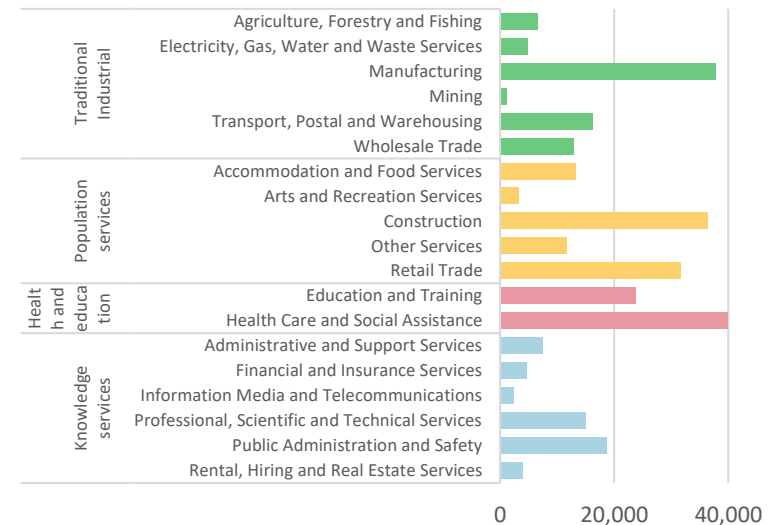


Source: SGS (2023) based on ABS 2021 Census data

Figure 17 provides a breakdown of the employment within the PEZ by broad and detailed industries. The largest industry within the PEZ today is Healthcare, and Social Assistance, followed by Manufacturing and Construction.

The overview map shows the spatial patterns of different industry types, where traditional industry specialisations are concentrated in the eastern areas of the PEZ and population-serving industries and some manufacturing is clustered around urbanised areas. Stakeholders pointed out that there are also some key industries which don't present as obviously according to ABS classifications, such as defence, which draws heavily upon the resources and workforce of the PEZ.

Figure 17: Location of employment across the PEZ



Source: SGS (2023) based on ABS 2021 Census data

An economy emerging from significant structural economic changes

Some of levels employment across different industries in the PEZ reflect broader trends in the wider economy and have been rapidly changing in recent years. The following page presents a location quotient (LQ) analysis to further understand how the PEZ economic is evolving.

It is important to note the forthcoming investment in renewable energy will undoubtedly change this industry landscape in the next 10 years. However, the emerging sectors of health care and social assistance, education and professional services will serve the zone well, as they will need to grow even more to meet the needs of a growing population arising from this investment. Speaking to local stakeholders, there are signs that there are already pressures on some of these industries. Stakeholders reported that wait times for local GPs can extend up to 10 days in some locations within the PEZ.

Three key economic metrics have been simultaneously profiled in Figure 18 to understand the recent nature and trajectory of the PEZ economy:

- **Industry size:** The bigger the 'bubble' the more jobs within that industry today. Larger employing sectors will impact workers more significantly
- **Recent growth:** The x-axis charts change in employment over the last 5 years. Far right represents the fastest growing sectors, while far left shows recently declining sectors.
- **Specialisation:** The y-axis charts the PEZ industry location quotient (LQ) relative to the broader Victorian economy. An LQ of 1 means that sector has the same share of employment within the PEZ as Victoria. An LQ of higher than 1 means the share is greater in the PEZ (i.e. specialised), An LQ lower than 1 means it's under-represented in the PEZ.

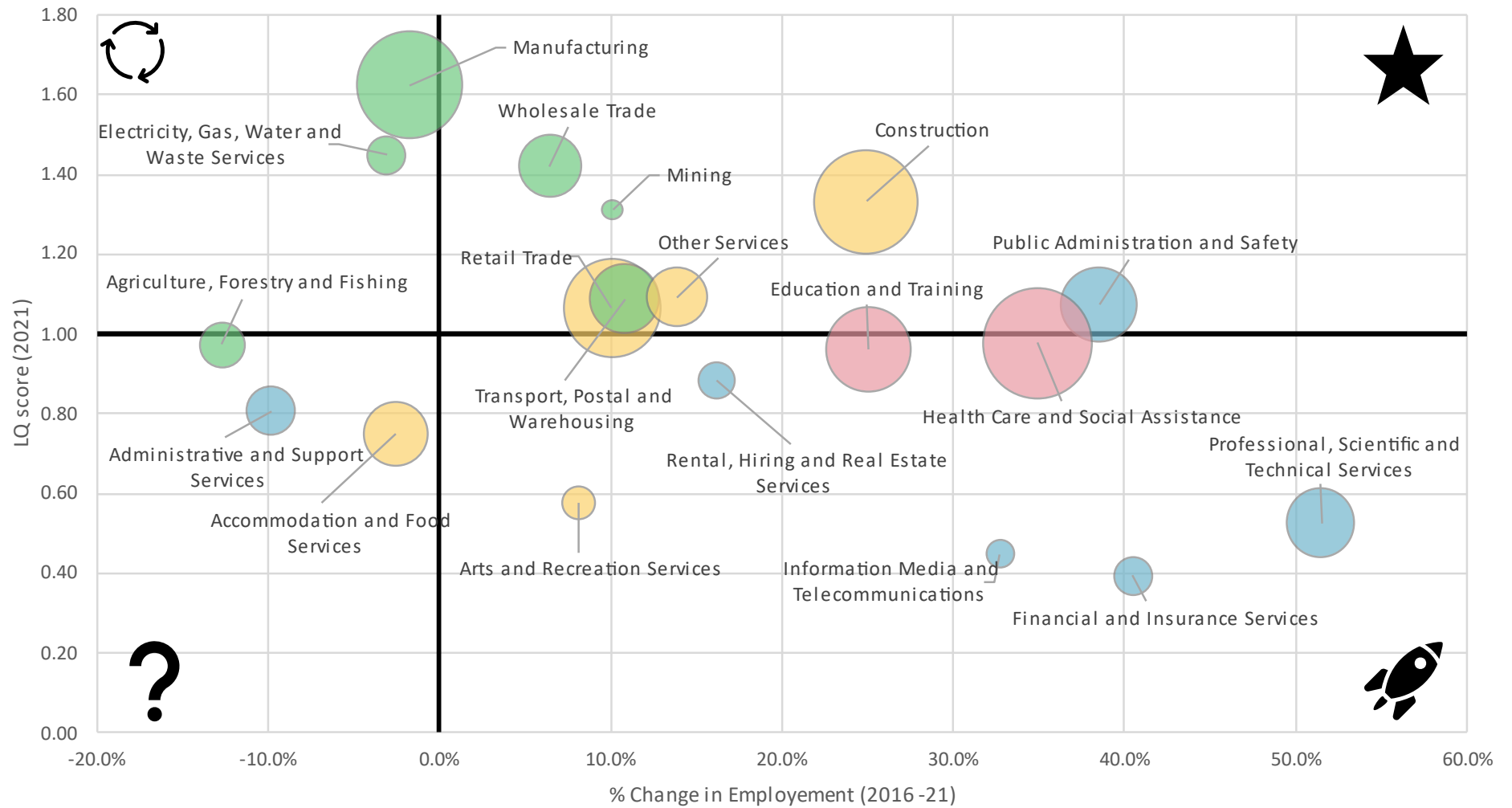
- **Broad Industry:** The colour of the bubble also reflects the broad industry:



Each quadrant can provide an understand of the current sectors opportunities and challenges:

- ★ **Stars (top-right)** show expanding sectors with a traditional strength (i.e. existing specialisations). Taken at face value, these sectors reflect the region's strengths and best future prospects. While there are no stand outs, more concentrated sectors include Construction and Public Administration and Safety.
- 🚀 **Emerging (bottom right)** shows sectors growing in advantage but have yet to reach a comparative advantage in the PEZ. Key sectors include professional services, financial services, health and education.
- 🔄 **Maturing (top left)** shows industries with long-standing local strength, but have been declining. These sectors need to be carefully managed and include Electricity generation and Manufacturing.
- ❓ **Question marks (bottom left)** shows industries with no specialisation and have been declining. The role and opportunity in these are uncertain and include Agriculture and Forestry, Accommodation and Food Services.

Figure 18: Location Quotient: PEZ vs. Victoria (2021)



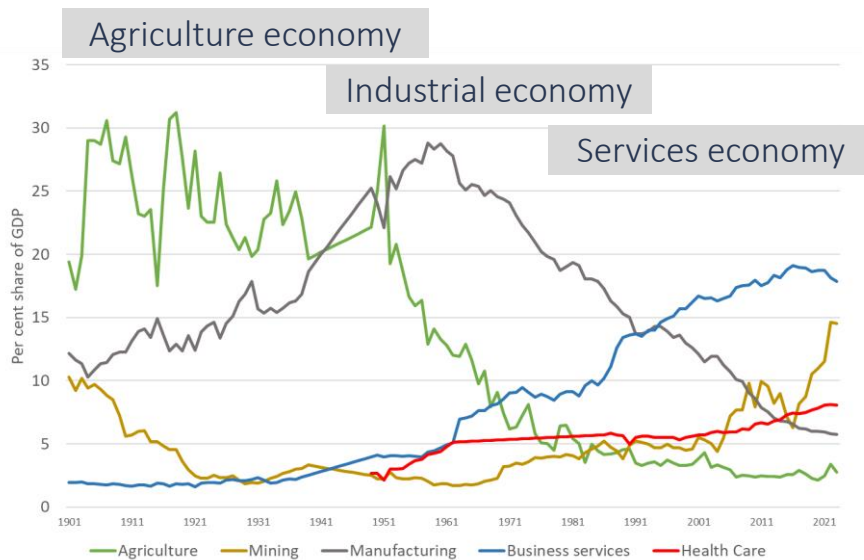
Source: SGS (2023), based on ABS data

Wider economic trends impacting on the PEZ

Well before COVID, Victoria's economy has been undergoing significant structural changes that fundamentally shifted where and how people work. We have transitioned from an agricultural economy (in the early 1900s) to an Industrial economy (in the mid-1900s) to a services economy (currently), depicted in Figure 19.

Population and knowledge-based services are now driving employment and economic growth and, importantly, they have very different spatial growth drivers to the Industrial jobs of the past. They benefit from deep, diverse, and

Figure 19: Australia's broader structural economic change

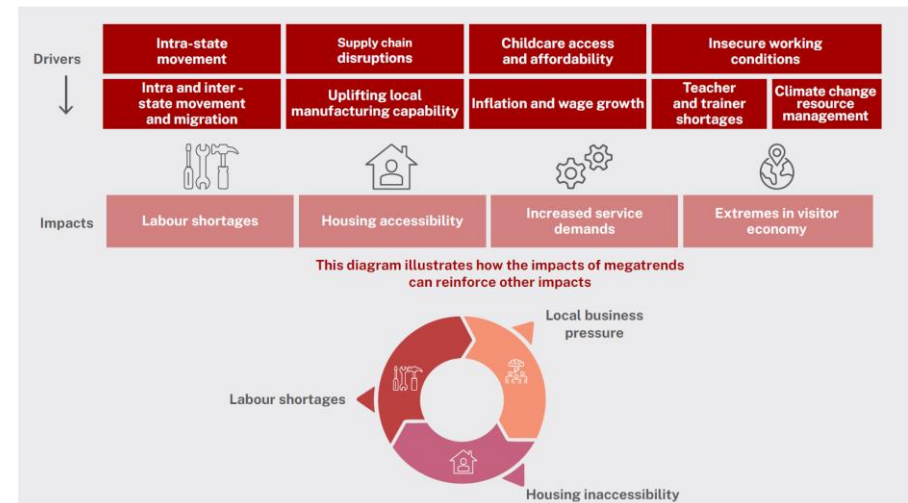


Source: SGS (2023) based on data compiled from multiple ABS datasets

highly skilled labour markets and therefore have been attracted to well-connected, economically diverse, and high-amenity locations.

These broader structural economic changes is also influenced by a range of wider and inter-related megatrends which cut across all sectors and regions (Figure 20). The 2023 Skills Plan highlights the key drivers, impacts and interdependencies of these megatrends. This highlights the important interdependence of housing access, labour supply and business/economic development outcomes.

Figure 20: Megatrends effecting all regions



Source: Victorian Skills Authority (2023), Victorian Skills Plan

Valuable natural economic assets and employment precincts

The PEZ's natural assets have endowed it with a competitive advantage for many years. High rain fall and rich soil deposits have resulted in thriving dairy, meat and agriculture industries. The presence of dense forests and access to natural gas reliable water sources have seen the paper and packaging industries flourish until recently (due to the quicker than expected transition from state forest wood supplies to plantation).

Many of these industries export interstate and internationally, and continue to expand through new techniques, channels, and even overseas investments, including the Lance Creek Abattoir. All of these industries require available land for pasture and production, and are at risk due to encroachment of housing around existing townships. In addition, once the areas surrounding are developed as new residential precincts, conflicts arise between interfaces that threaten the amenity of communities.

They are also at risk due to climate change; any change in rainfall patterns will have a dramatic impact on the production levels of these industries. Wider industry trends are also affecting some of the PEZ's and surrounding areas key industries, such as the reduction in consumption of dairy, and the corresponding increase in popularity of plant-based products. These farming and food processing agribusinesses will require suitable land industrial supply to maximise the benefits of these natural assets.

Clear and effective land use planning and urban design is necessary for mitigating these tensions and ensuring that precincts have the enabling infrastructure, subdivision patterns, and other attributes to attract target industries.

“Industrial areas need to be designed with thought for the future with regards to renewable energy, transport, noise mitigation, access for large trucks etc., waste disposal, and water supply. Whilst I am sure this has been happening for many years, we can just look at each suburb and see that industrial areas eventually become surrounded by urban housing. There needs to be more long term thought here” – Government stakeholder

Major employment land opportunities include:

- Continued industrial and employment growth opportunities along the **Officer-Pakenham** corridor anchored by the State Significant Industrial Precinct and providing a gateway between the two broader regions.
- 99.5ha to support major industrial uses around **Longwarry** has access to nearby agricultural processing and sales, construction supplies, and other logistics uses. This area has the potential to be an important inter-regional economic hub connection the Southern and Gippsland Regions.
- Other potential areas for varied employment growth include the **Morwell Traralgon** employment corridor with the capacity for a potential 6,000 – 9,000 jobs, and **Icon Morwell**, a 100-hectare industrial and commercial precinct under development.
- The Morwell Project receiving funding for the **Gippsland Logistics and Manufacturing Precinct**, expected to create up to 1,000 jobs when fully operational, bringing together advanced manufacturing, transport and logistics sectors, and growing Gippsland's manufacturing and supply chain industries

A growing and changing local economy

The local economy in the PEZ is shifting away from traditional industries and into emerging industries, spurred on from investment into the renewables sector. Employment growth by broad industry category is shown in Figure 21. Traditional industrial jobs are expected to grow the least between 2021 and 2041, increasing by 14%. Over the same period, the Health and Education industry is expected to grow by 77%, Population services by 38% and Knowledge Services by 39%. This reflects an overall shift away from traditional industrial jobs, with the closure of coal mines and power stations in the Latrobe Valley and, and into more advanced manufacturing, renewable energy solutions, or health manufacturing.

The forthcoming investment into renewable energy projects will likely change the composition of the local economy. A highly skilled workforce will be required in both the construction and maintenance phases of renewable energy generation and transmission infrastructure, particularly specialised electricians and engineers.

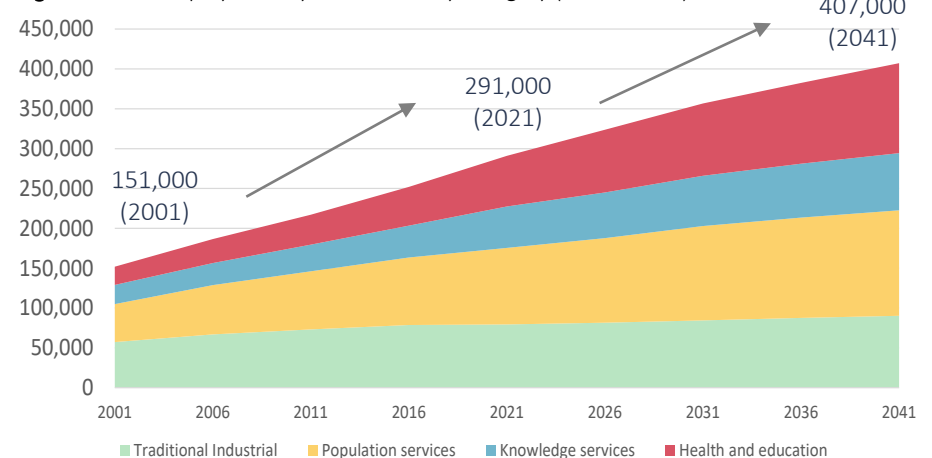
Stakeholders within these industries note that the majority of suitably skilled workers will be able to be sourced from within the PEZ. Only a number of highly skilled positions will need to be filled by those with international experience; however these skills would likely be developed within the local workforce over time. This is a significant opportunity for the PEZ resident workforce.

“The risk with the investment in renewable energy projects is that it will only exacerbate the internal competition in the PEZ for a skilled workforce. – Manufacturing industry stakeholder

In addition to the opportunity to provide services to offshore wind directly, there will also be opportunities for local REDS businesses to contract for Vic Grid’s impending projects. The existing electricity transmission network requires a significant upgrade (and resulting maintenance) to receive the energy generated from the offshore wind projects.

The Transitional sub-zone will see the most growth in employment over the next 20 years, particularly in Knowledge Services, and Health and Education. These population serving industries will emerge due to the growth in residents to the area, spurred on by the investment in the renewable energy sector across Gippsland. These industries will assist in addressing the social disadvantage and poor health outcomes currently seen in the PEZ, but only if local workers are receiving adequate education and training to pursue these opportunities.

Figure 21: PEZ Employment by Broad Industry Category (2001 – 2041)



Source: SGS Small Area Model (2023)

Investments and projects for tomorrow's economy

There are a number of major investments planned in renewables, water harvesting, and education that will help prepare the PEZ for the future.

Renewables

There is around \$40 billion in investments that are going into the Renewable Energy Zone (REZ) just to the East of the PEZ. This includes investments into wind generation, the redevelopment/ expansion of the Port of Hastings and other smaller service ports and investigation into various solar farms. In addition, there is preliminary work being undertaken into energy storage and battery manufacturing, the connection of Tasmania and Victoria's energy and telecommunications networks via seafloor cabling, and the improvement of Victoria's energy distribution network. The scale of investment into renewable energy in eastern Victoria over the next 10 years is unprecedented.

Water harvesting and management

Water and land management plays a critical role in enhancing the livability of the region and boost the resilience of the community, environment, and the economy in the face of climate change and population growth. There are two main areas contributing to the harvesting and managing water across the PEZ, these are the Macalister Irrigation District (MID) and the Mornington Peninsula Integrated Water Management.

The largest irrigation area south of the Great Dividing Range, the Macalister Irrigation District (MID) is located in central Gippsland, just outside of the PEZ, and is the main source of the district's irrigation water.

Mornington Peninsula integrated water management takes a holistic and collaborative approach to water management. It breaks down the silos in each element of the water cycle, bringing together the Shire, collaborative partners and communities in overcoming current and future water and land use challenges. The Central and Gippsland Region Sustainable Water Strategy furthers these efforts for the region.

Education and training for the future

Maintaining a strong pipeline of education and training investments will enable the workforce to adapt to wider economic shifts across industries, as well as helping with the retention/attraction of young workers and students. Several notable investments that would contribute to the regions education and training are underway, including the Morwell Innovation Centre Stage 2TAFE Gippsland Clean Energy Centre and the State Electricity Commission (SEC) Centre of Training Excellence, continued consolidation of TAFE Gippsland Morwell Campus, Federation University Tow Concept, and Warragul TAFE Campus expansion.

Continued investment in the trades and professions required for emerging sectors will be critical for their long-term viability. Supporting people on their education and training journeys should also start early, embedding discussion and guidance regarding different career pathways across all schooling levels in a whole-of-system approach.

"The Victorian government's investment into the TAFE sector is really working- there has been a large uptick in students in plumbing, electrical, carpentry, fitting and turning, welding, CAD design, logistics that will all support new energy industries. – Industry and education stakeholder

Linking opportunities at home and abroad

Exporting to the world

Many industries in the PEZ already export their products to large international markets, including the US and Southeast Asia. Some are now looking to opportunities in additional international markets, facilitated by new trade agreements. The Australia-India Economic Cooperation and Trade Agreement (ECTA) that commenced in December 2022 has opened new opportunities for industries in the PEZ, and the same can be said for the Regional Comprehensive Economic Partnership Agreement (RCEP) that commenced in January 2022.

Both the ECTA and the RCEP underscore the importance of having a workforce that can compete in a global market. One dairy processor reported in stakeholder consultation that they have recently recruited a sales manager who speaks Hindi to capitalize on this opportunity, exemplifying the benefits diversity of backgrounds and skillsets.

Imports and exports are further discussed under the Movement and Connections theme.

Shared interests and circularity

Thinking more locally, stronger relationships and partnerships between PEZ businesses could have wide-ranging benefits.

Although many businesses share interests (those that would benefit their industry), stakeholders noted a lack of connections and united focus between them, with most operating in a more individualistic fashion rather than as part of a collective ecosystem. Peak bodies and government have an

important role to play here in brokering relationships and strengthening connections between anchor businesses (leaders in their industry) as well as between businesses that share value chains to facilitate collective advocacy and action. These same interests must also be shared with education and training providers, so that development of skillsets align with industry needs.

The intentional formation of networks that share interests and supply chains is even more important for an area such as the PEZ, where there is not one major centre that dominates in business activity and growth (such as Geelong) where agglomeration can occur naturally. This is already a focus area for the Gippsland REDS, especially for the food and fibre industry.

Moreover, local synergies and circularity will only increase in importance as existing networks and systems are disrupted through economic transition towards new sectors and sustainable business practices. The recent collapse of the waste and recycling industry in Victoria following China's import bans and the closure of a major domestic operation was a significant setback. The event made evident the vulnerabilities in existing sustainable value chains. Moving forward, there will be greater focus on how to introduce and augment these practices at a more local scale – which not only improves resiliency but also delivers greater efficiencies to local industry.

“It would be beneficial for us to be in a cluster of similar businesses in the region- that way there would be opportunity to build a stronger workforce. Some specialised skills aren’t easily transferrable, meaning people can’t move around as freely as they could in Melbourne.” – Industry stakeholder

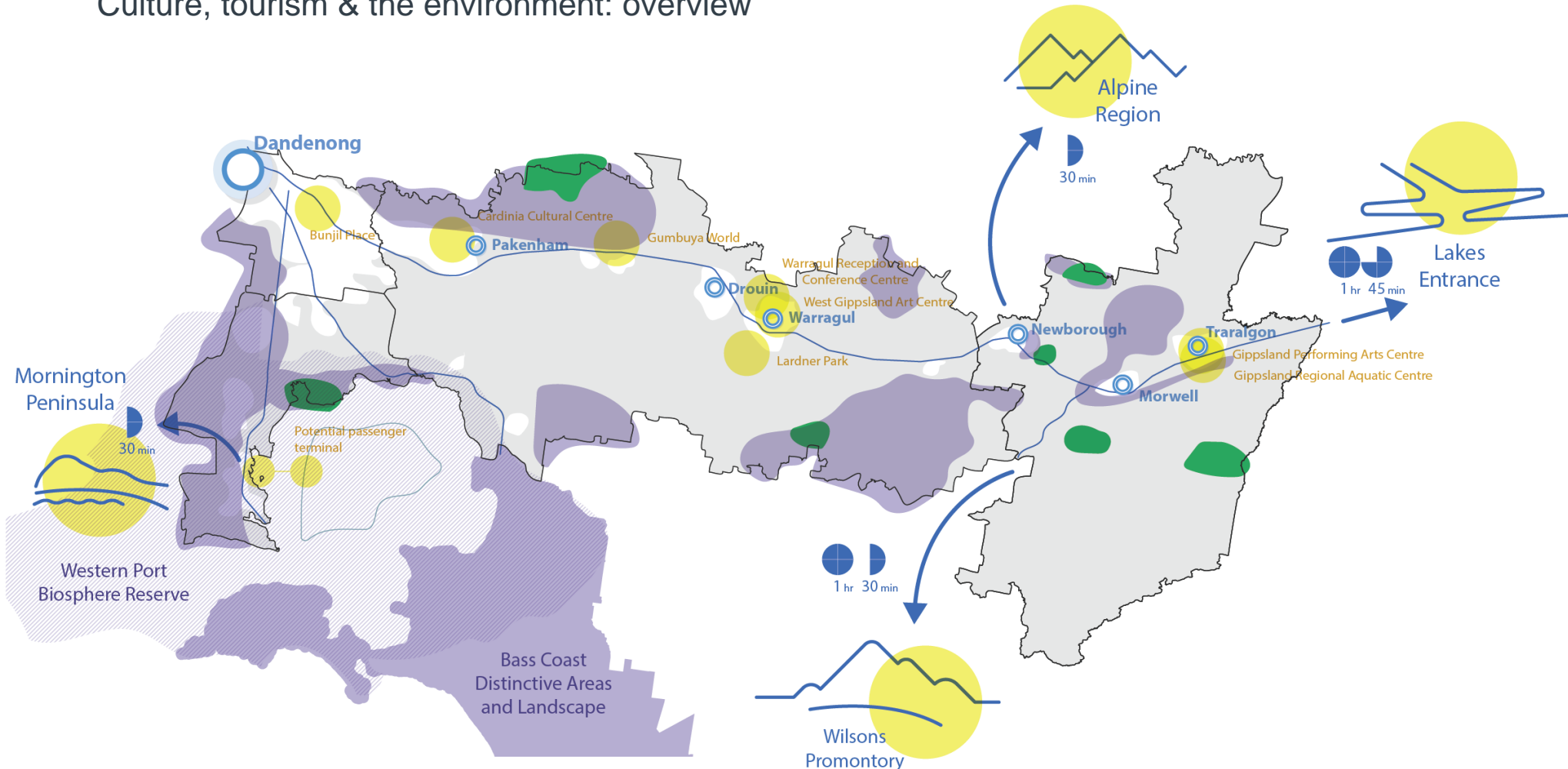
04

CULTURE, TOURISM & THE ENVIRONMENT

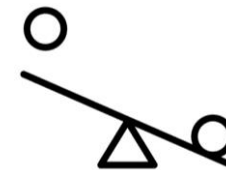
Culture, tourism, and the environment recognises the value that lies in the natural and historical assets in and around the PEZ.

This section considers the strategic position and role of the PEZ in relation to major destinations and sensitive landscapes. It also weighs the potential impacts of climate change and other hazards on communities and industry and identifies priorities and potential investments for a sustainable future.

Culture, tourism & the environment: overview



- Protected environment
- Venue / attraction
- Major parklands



Culture, tourism & the environment: SWOT analysis

+	A convenient stopover: the PEZ is surrounded by a diverse natural environment – snowfields, beaches, lakes, rivers, bushland, and rainforest. The PEZ is well-placed to capture more benefits from those travelling onto further destinations, functioning as a kind of stopover to refuel/charge, eat, shop, and visit other sites and facilities.
-	Vulnerability to hazards: The area is highly vulnerable to climate change hazards related to both heat/bushfires and flooding due to its position and exposure to the environment. This will threaten tourism, industry, and the residential communities of the PEZ and surrounds. Adaptation and mitigation measures will be important to preparing the PEZ for this new climate era and minimizing adverse impacts.
-	Sensitive interfaces and land use conflicts: Highly productive and sensitive areas are at risk of encroachment from housing and growth of employment precincts. To preserve the biodiversity, land, water, and other resources of the PEZ and broader region, land use planning and controls will need to establish clear protections around highly valued areas and assets, as well as appropriate buffer zones.
+	‘Clean and green’ reputation: the lifestyle and natural environment of the eastern sub-zones of the PEZ and nearby areas attract residents and visitors alike. Protecting this calling card will be important, while balancing the growth of tourism and other industry. The transition towards more clean manufacturing and renewable energy harvesting (and away from the ‘old energy’ of the Latrobe Valley) will also enhance this. Rehabilitation of extractive industry sites is also needed to support this.
+	A family- and business-friendly offering: with the growth in families living in the PEZ, there will be growing demand for local entertainment, dining, and recreation options that are family-friendly. The PEZ’s position offers a location of convenience between the city and the Gippsland region, with opportunities to host more business meetings, conferences, and other activities at the kind of large-scale venues that are difficult to accommodate in the city and difficult to sustain in the regions.

Interfacing with a precious natural environment

The PEZ enjoys access to a wide range of natural landscapes and ecosystems, from beaches and wetlands to lakes, temperate rainforests, and alpine forests. These areas contain an abundance of Victoria's biodiversity and cultural heritage. Many are state or nationally significant and protected under environmental legislation and planning controls. Key protected areas include:

- The Bass Coast Distinctive Areas and Landscape (DAL): this designation seeks to protect the coastal wetlands and rolling hills of the Bass Coast, and also recognises the Bunurong cultural and historic heritage
- Mornington Peninsula and Western Port UNESCO biosphere reserve overlaps with the DAL and provides an important habitat for marine wildlife as well as coastal birds, penguins, and seals.
- National and state parks, including Alpine, Baw Baw, and the Dandenong Ranges, with some areas falling within PEZ boundaries.

With the presence of these areas, the broader peri-urban region is associated with a reputation as 'clean and green', particularly in the Transitional and Latrobe Valley Central sub-zones. Protecting this will prove more and more challenging as urban expansion and growing industry compete for finite land in the region. Land use planning will need to consider the many interfaces between these sensitive environmental areas and other uses (as well as between residential and industrial areas). Buffers, transitional areas, and urban design approaches should also seek to protect environmental assets from pollution, encroachment, and other potential detrimental impacts.

Destinations in every direction

Beyond their role in conservation, the region's natural areas also function as visitor attractors, and the PEZ is situated between major destinations in every direction, acting as a gateway to many of Victoria's iconic places. To the southwest is the Mornington Peninsula – a lifestyle destination offering coastal hikes, spas, markets, and food and wine. Further south are the beaches, campgrounds and trails of Wilsons Promontory and Phillip Island. To the north are the mountain ski resorts and towns of Victoria's alpine region, and to the east, the network of lakes, beaches, and waterways around Lakes Entrance.

The PEZ itself boasts some regional-scale event and entertainment venues, such as Gumbaya World, Bunjil Place, Gippsland Performing Arts Centre, and the West Gippsland Arts Centre. These service businesses and families of the outer metro areas as well as the communities of the Gippsland region.

These assets translate to opportunities for the PEZ to play several different roles in tourism and culture for the broader region:

- As a halfway meeting place between Melbourne and the Gippsland region where conferences, performances, meetings, and other events can be held that are accessible to metropolitan and regional residents alike
- A stopover for longer trips to and from Melbourne to destinations further north/south/east of the PEZ
- A network of family-friendly community infrastructure entertainment options for the communities of the PEZ and as a destination for more regional communities with fewer services and offerings
- A convenient home for tourism workers as an alternative to destination areas that may have a shortage of affordable housing options

Tourism's contribution to the PEZ economy

Tourism data already hints at the PEZ taking up these different roles in the industry. The 2019 visitor numbers from Tourism Research Australia (TRA) for a selection of LGAs in the broader region are depicted in Table 3.

In the LGAs that primarily makeup the southern metro and transitional sub-zones of the PEZ, visitation is more modest, characterized by larger shares of day visitors likely traveling to visit friends or family or for business. Latrobe also has higher rates of day visitors than overnight, reflecting its role as an economic and service hub for the broader region.

In contrast, the LGAs of the Gippsland region, located further from the metropolitan region, enjoy overnight visitation that is comparable to or greater than that of day visitation.

According to the 2019 data, visitors to these LGAs are spending anywhere between \$95 and \$237 per trip, with higher spending associated with the Mornington Peninsula and Gippsland LGAs, which is a function their higher rates of overnight visitors.

TRA projects that Victoria's visitation will continue to grow, and meanwhile, macrotrends will continue to transform the industry. Under Tourism 4.0, visitors expect an increasingly unique, sustainable and high-quality tourism experience that aligns with their personal values and interests. The sharing economy has played a major role in this, with share accommodation and ride platforms rising in prominence.

Given the PEZ's strategic position, there is potential for it to attract more day and overnight visitors in its own right as a business and family destination, as well as better capture spending from visitors traveling through on the way to the Gippsland region. This will require investment in infrastructure and initiatives to support the development of the industry locally and promotion of what the PEZ has to offer.

Table 3: Visitation to LGAs in the PEZ and broader region

	Visitors ('000): International	Visitors ('000): Domestic overnight	Visitors ('000): Domestic Day
Frankston	21	188	860
Mornington Peninsula	43	1,556	4,689
Cardinia	12	140	765
Baw Baw	6	216	797
Latrobe City	8	251	893
Bass Coast	53	951	1,388
South Gippsland	24	434	581
East Gippsland	43	751	562
Wellington	10	400	677

Source: Tourism Research Australia (2019); data for Greater Dandenong and Casey not available

Balancing environmental imperatives with sustainable communities and industry

Growth in tourism and other industries is often achieved at the expense of the health and wellbeing of flora, fauna, and residents of local communities. A sustainable future for the PEZ is one in which these objectives are pursued in an integrated fashion, not sacrificing one for the other. Strategic and balanced planning and investment is central to this pursuit.

Major projects and investments such as the Great Southern Rail Trail, the Rokeby to Noojee walking trail, the Nanjet Gunaikurnai Cultural Tourism Project (Figure 22) and Gippsland's Dark Skies are examples of initiatives that simultaneously seek to protect and enhance the natural and cultural environment and strengthen the tourism offering of the region.

Figure 22: Nanjet Gunaikurnai Cultural Tourism Project



Source: Gunaikurnai Land and Waters Aboriginal Corporation

Other opportunities that balance the need to protect valuable environmental assets, address hazards and vulnerabilities, and drive growth in the tourism industry should be prioritised in future. Examples include:

- Nature-based education and recreation
- Community infrastructure that can function as disaster response centres
- Charging stations for electric vehicles traveling through the PEZ with complementary infrastructure (e.g. environmental toilets, information centres)
- Farmstays and other horticultural and gastronomical experiences ancillary to local agricultural industry
- Transport infrastructure that is durable to extreme events and minimises emissions, providing important routes between communities and destinations

To optimize investment impact, the unique role of the PEZ as a family- and business-friendly destination and stopover for longer journeys should be considered in conjunction with these factors.

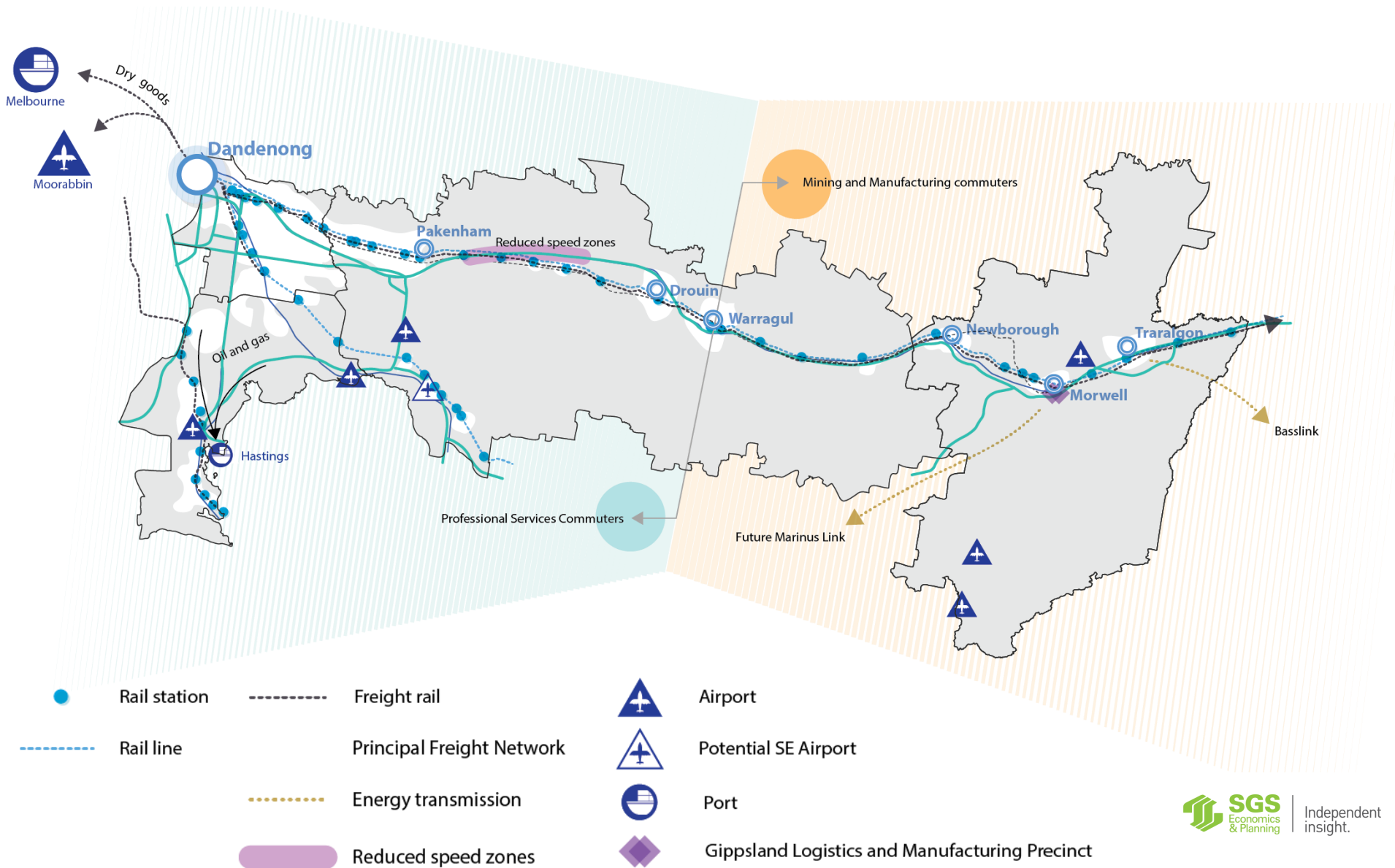
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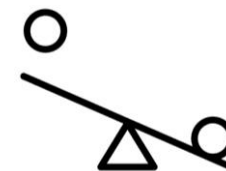
MOVEMENT & CONNECTIONS

Movement and connections follows the patterns of people and outputs as they move (physically and virtually) about the PEZ interacting with other regions.

Well-flowing supply chains and connected labour markets are important to enabling the transactions of a functioning economy, and these will be under further strain as population and employment grow. Leveraging and building on these links will require additional infrastructure to mitigate congestion, create efficiencies, and ensure the PEZ does not become merely a thoroughfare for high-value economic flows.

Movement & connections: overview





Movement & connections: SWOT analysis

+	<p>An upgraded multi-port system: Both the Port of Hastings and the Barry Beach Marine Terminal are key freight assets for the PEZ and its parent regions. While currently trading primarily bulk oil and gas, their redevelopment/expansion would transform them into multipurpose container ports that could move high volumes of dry goods and unlock the offshore wind industry in eastern Victoria. This could act as a catalyst for greater production in the PEZ, create efficiencies, and help mitigate road safety and congestion issues.</p>
-	<p>Offline businesses and communities: digital connectivity is still limited in some areas, especially the eastern sub-zones. Improvements are needed to enable transformation, ensure the PEZ is attractive to younger generations, and for businesses to connect to sales channels and incorporate digital technology to enable more advanced manufacturing processes.</p>
-	<p>Lack of freight connections: there is no airport in the southern/southeastern metropolitan region, and Port of Hastings is currently largely limited to oil and gas freight. Most goods produced in the PEZ and surrounds therefore need to travel through central Melbourne to the Port of Melbourne or Tullamarine Airport. This creates inefficiencies as well as congestion issues on the road network and higher emissions. The Lyndhurst Intermodal Freight Terminal will improve short-haul connectivity, but further improvements are needed.</p>
-	<p>Poor public transport access in growth areas: many growth communities located off the major rail lines lack public transport access. There is need for an integrated, multi-modal network for the PEZ that strengthens connections from these areas to mitigate increasing congestion from both industry and people.</p>
+	<p>Energy linkages: Basslink connects the PEZ to Tasmania, and the future Marinus Link between the Latrobe Valley and Tasmania will significantly enhance these existing transmission capabilities. The PEZ is in a prime position to tap into these links to support the growing renewable energy sector as a hub for storage, converter, and connection facilities and jobs.</p>
-	<p>Traffic congestion in town centres: while the corridor enjoys connectivity throughout, the high volume of movement of goods and people on the road network is generating traffic issues for the communities along the corridor, where town centres can act as a kind of bottleneck. This especially a challenge in the transitional sub-zones of Warragul and Drouin, where there is demand for a bypass and improved intersections.</p>
+	<p>Established road and rail connectivity: the PEZ is well-served by the M1 corridor and other major roadways connecting major centres, and by the Pakenham and Frankston train lines. A number of investments have and will continue to drive strong connectivity, including level crossing removals and station upgrades, Gippsland rail upgrades, Thompsons Road extension, and the Western Port Highway upgrade.</p>
-	<p>Road safety and speeds: a portion of the M1 corridor is impacted by an 80km/h speed zone, recently reduced from 100km/h. Given the high volume of freight trucks that must utilise this corridor, it is impacting the movement of goods as well as people through the PEZ.</p>

A labour market that's both self-sustaining and far-reaching

Due to its peri-urban nature, the PEZ functions as a destination, origin, and thoroughfare for the broader region's labour force. Worker flows are depicted overleaf in Figures 23 and 24.

Around 67% of the residents of the PEZ stay inside the PEZ for work. Population service workers are most likely to stay local, with 71% remaining in the PEZ, while knowledge service workers are most likely to work elsewhere, particularly the CBD. Other major employment centres outside the PEZ also attract many of its outbound workers, notably the Dandenong and Monash NEICs, the industrial precincts between the CBD and the PEZ, and health facilities in Frankston. For those who remain local, PEZ manufacturing, dairy, meat and paper processing industries in the eastern sub-zones draw from populations in the east, and traditional industrial employment in the west draws from the rest of the PEZ.

Approximately three-quarters (77%) of PEZ workers also live within its borders, indicating that while the zone may be a sponge for new migrants, today's workforce is overwhelmingly existing residents. The traditional industrial sector is a slight outlier in this respect, with around 8% of PEZ workers in the industry coming from Greater Dandenong (excluding the areas within the PEZ). Overall, population services is the most self-contained of the industries, with its workers more likely than others to live in the PEZ, and its residents also most likely to work locally.

Based on these trends, a division emerges between eastbound and westbound commuters, where those traveling towards the city are more likely to work in high-wage professional occupations. The Warragul-Drouin

area in the transitional sub-zone marks the axis between these two groups, signaling the extent to which central city and regional Gippsland commuters are willing to travel. The flow trends also indicate that the PEZ is somewhat more of a residence of choice for local workers and commuters traveling to other areas, than an employment destination for residents of other communities. The recent equalisation of train fares will reinforce the broad workforce catchment and along the rail line.

Interviews with industry stakeholders who live in the PEZ noted these same patterns, reporting that their workers also predominantly live within the PEZ, travelling west to east, and vice versa. Stakeholders also stated that there are no major barriers from a workforce perspective in travelling across the PEZ to access employment opportunities within different industries.

As the PEZ's population grows, so too will its workforce. New industries and business will have a growing pool of local talent to draw upon, and residents will have expanded access to work opportunities on their doorsteps. While this may drive greater self-containment within the PEZ, the dispersed nature of communities and industries along the east-west corridor mean that a degree of flows to connect people to jobs and businesses to labour markets is inevitable. Planning and investment that supports efficient movements and connects people to jobs, businesses to labour markets, and goods to market will therefore be increasingly important.

"I'm finding it difficult to train and retain my staff. Skills retention is very important. We need to maintain the appeal of the PEZ by focusing on urban development/ transport projects so we remain an attractive destination for workers." – **Manufacturing industry stakeholder**

Figure 23: where residents of the PEZ travel for work (destination)

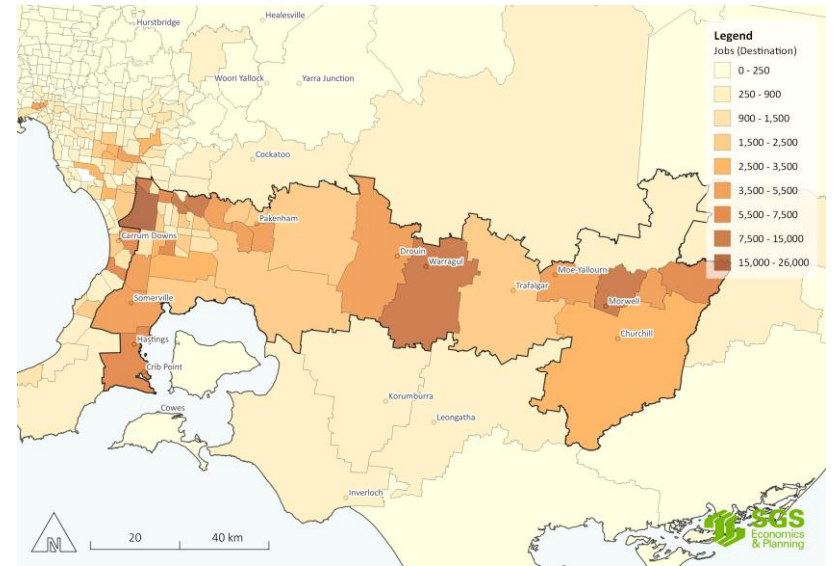
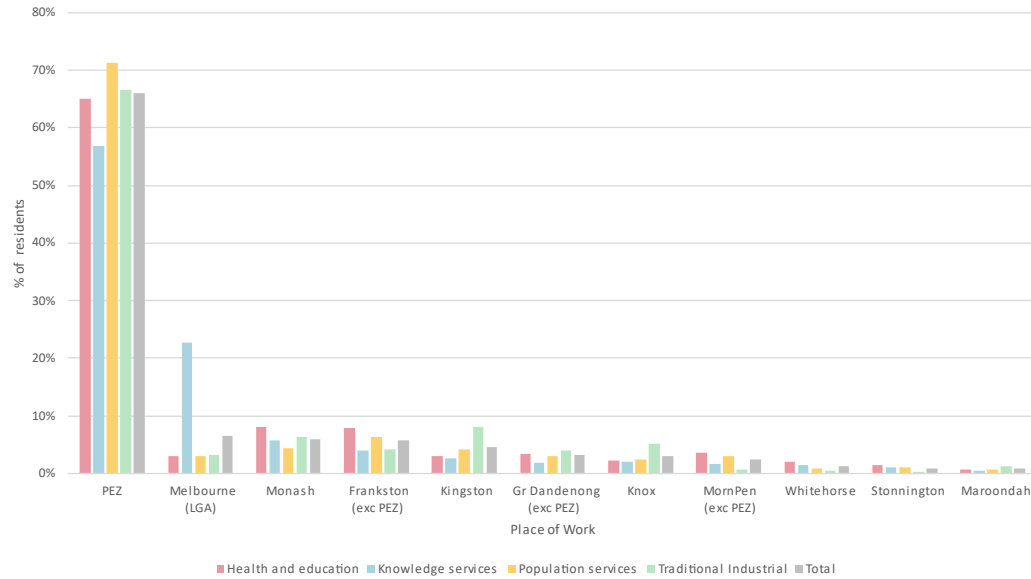
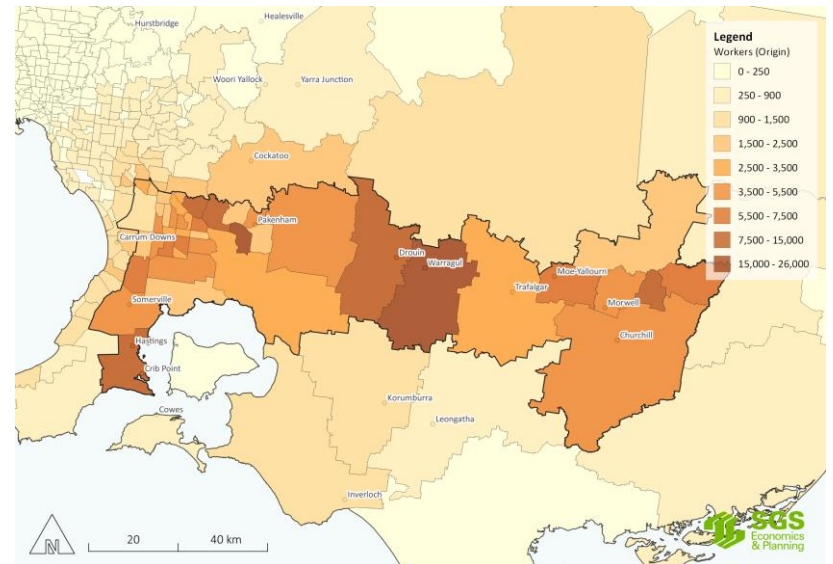
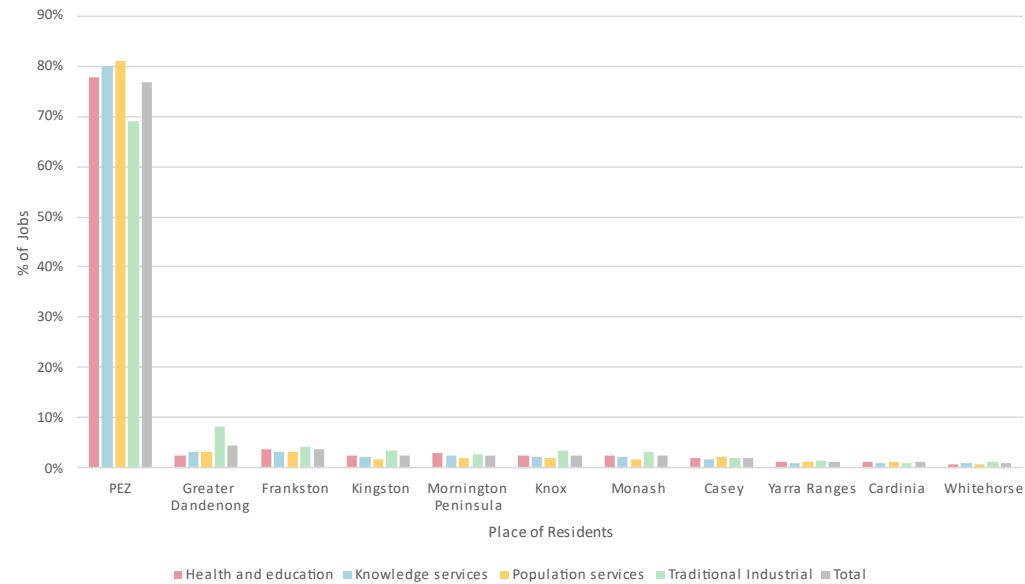


Figure 24: where PEZ workers live (origin)



Growing congestion on established routes

The established road and rail connections that run through the PEZ are one of its defining features. Communities and industries have historically been well-served by the M1 corridor (Princes Highway) and other major and arterial roadways such as the South Gippsland Highway connecting the city to the region. Alongside vehicle routes, the Frankston and Pakenham train lines run south and east. V-line services then continue from Pakenham out to Gippsland. Combined, these road and railways form the Principal Freight Network (PFN) for the region.

Due to the geography of the PEZ, existing manufacturing, food production and construction industries are extremely reliant on this network to move their goods and services both within and out of the zone. This forces a high volume of freight vehicles to compete with east- and west-bound commuters for road space in both directions, and is worsening. The Commonwealth's 2022 report on Freight Congestion in Australian Cities identified the M1 (East) as a key Melbourne route where excess travel times due to congestion are increasing and contributing to city-wide (Figure 25).

Further east, the townships of Warragul and Drouin are acting as 'bottlenecks' on the M1, and stakeholders are calling for the addition of a bypass in the area. Reduced speed zones (from 100kmph to 80kmph; introduced in response to a series of collisions) along two stretches of the M1 corridor between Pakenham and Drouin are another 'pinch point' adding to these challenges.

Given the scale of population forecasts for the PEZ, the rise of offshore and onshore wind and growth in other industries, congestion and conflicts

"The Princes Highway around Gumbuya Park and towards Melbourne needs a major upgrade. Travelling at 80km's an hour is ridiculous"- **Government stakeholder**

between vehicles are likely to continue to worsen. Investments will be required to expand and improve key routes and support efficient flows of goods and services throughout the region.

Upgrades and maintenance works may pose significant short-term challenges to businesses and communities, but over the long term should provide significant additional capacity and longevity. A number of investments are already in the pipeline, including level crossing removals and station upgrades, Gippsland rail upgrades, Thompsons Road extension, and the Western Port Highway upgrade. These need to be supplemented with appropriate public transport connections in growth areas to support commuters and reduce the number of passenger vehicles on the PFN.

Figure 25: Melbourne congestion routes



Source: Australian Government (2022)

At-risk freight connections for major imports and exports

The PEZ's industries and communities send and receive goods and services via a complex network of channels. Imports and exports indicative of the flows illustrated in the overview map are shown for each LGA within the PEZ in Figure 26 overleaf. Manufacturing, utilities services, wholesale, and construction are the largest importers and exporters, though the means and patterns of movement differ between those with physical products and other sectors.

The Latrobe Valley is the powerhouse of the broader region. Electricity generated here is transmitted to Victorian and Tasmanian communities via above-ground and undersea cables. Industry stakeholders noted that power outages, although infrequent, can cripple industries that deal with time-sensitive produce (such as dairy and meat processing) when they occur. Upgrades are planned for the lines between Latrobe Valley and Gippsland, and the transition to renewables is expected to drive greater reliability. The future Marinus Link will also expand these transmission capabilities, coinciding with the emergence of renewable energy.

Gas and oil flow through the PEZ and onto the central city, the Port of Hastings or Tasmania. Water infrastructure also surrounds the PEZ, and the water itself travels through it. The supply reservoirs to the north, Victoria's desalination plant to the south, and the new Macalister Irrigation District to the east promise strong capacity to sustain farming practices, industries, and communities in the region. Further jobs being created in harvesting, processing, and storage of water and energy would help to trap more of the benefits of this sector in the PEZ and avoid being an area where these goods and resources merely pass through.

Manufacturing is active across the PEZ, with dairy, meat, horticulture, forestry and seafood products produced in the eastern sub-zones and broader Gippsland region travelling west via the PFN. Some flow through intermediary firms in the manufacturing centres of the transitional and western sub-zones, particularly the hub at Dandenong, while others travel onwards to Port Melbourne or airports in the city's north and west. The scale of these flows highlights how integrated manufacturing and utilities services in the PEZ are with the broader regional, state and global economy. It is therefore particularly important for this industry to have good access to inter-regional, interstate and global freight networks.

"The freight rail connection from the PEZ to Melbourne sees a third of our production be sent from here to the rest of the world." – **Manufacturing industry stakeholder**

The manufacturing industry in particular is heavily reliant on existing transport infrastructure; namely rail and road. The majority manufacturers in the PEZ export their products across Australia and globally, and thus any disruption to either of these transport routes pose risks to these businesses. Disruption to these networks typically manifest as planned works, such as upgrades to the freight line, or road upgrades. With climate change predicted to increase the likelihood of extreme events, disruption in the future could also be more frequently due to flooding, extreme heat, or fire.

Figure 26: PEZ imports and exports by LGA

IMPORTS						
Industry	Morn Pen	Dandenong	Casey	Cardinia	Baw Baw	Latrobe
Agriculture, Forestry and Fishing	100	34	85	96	158	127
Mining	24	13	9	26	7	177
Manufacturing	441	5,606	897	414	144	706
Electricity, Gas, Water and Waste Services	39	236	68	21	15	1,287
Construction	730	978	930	480	176	506
Wholesale Trade	69	670	133	47	26	89
Retail Trade	86	123	122	41	19	89
Accommodation and Food Services	96	50	82	37	18	61
Transport, Postal and Warehousing	68	471	253	94	30	114
Information Media and Telecommunications	35	93	111	26	16	132
Financial and Insurance Services	30	56	45	17	11	60
Rental, Hiring and Real Estate Services	34	90	38	16	6	130
Professional, Scientific and Technical Services	109	124	101	45	23	72
Administrative and Support Services	38	73	52	16	8	42
Public Administration and Safety	201	90	49	20	12	112
Education and Training	69	108	142	49	27	101
Health Care and Social Assistance	153	198	207	55	48	213
Arts and Recreation Services	123	56	131	60	24	42
Other Services	114	277	181	82	46	111
EXPORTS						
Industry	Morn Pen	Dandenong	Casey	Cardinia	Baw Baw	Latrobe
Agriculture, Forestry and Fishing	297	18	286	275	586	131
Mining	193	69	27	153	21	321
Manufacturing	915	9,390	888	635	313	789
Electricity, Gas, Water and Waste Services	28	562	48	12	7	2,325
Construction	976	647	1,345	820	214	57
Wholesale Trade	109	3,010	229	74	47	70
Retail Trade	378	160	734	155	70	51
Accommodation and Food Services	306	31	205	89	42	22
Transport, Postal and Warehousing	54	1,476	353	126	19	40
Information Media and Telecommunications	28	62	177	25	14	126
Financial and Insurance Services	48	82	78	23	18	37
Rental, Hiring and Real Estate Services	185	337	116	11	2	1,270
Professional, Scientific and Technical Services	82	91	81	32	19	24
Administrative and Support Services	50	64	80	26	9	18
Public Administration and Safety	72	11	4	2	1	143
Education and Training	146	73	584	188	102	42
Health Care and Social Assistance	207	29	408	67	111	33
Arts and Recreation Services	180	38	166	78	29	19
Other Services	69	201	163	75	55	11

Source: SGS I-O model (2023), based on ABS data

Investing in freight for improved flows

With Moorabbin Airport primarily operating as a training facility and the Port of Hastings' limited ability to handle bulk dry goods, most of the physical products imported and exported by the PEZ and broader region must travel long distances on PFN routes that are increasingly congested. The effects of this are supply chain inefficiencies and greater costs for businesses. Key investments that would help to unlock greater industry flows within and between the PEZ include:

- The **Gippsland Logistics and Manufacturing Precinct** will provide industrial land on the M1 highway and is an opportunity for warehousing, manufacturing, new industry developments and new energy precincts within the PEZ.
- The **Port of Hastings redevelopment** is a pivotal opportunity for greater import/ export capacity and cost savings but should be accompanied by additional rail investment so as to not further burden existing lines and roadways. It also has the potential to act as a catalyst for the emerging offshore and onshore wind, as a convenient site for assembly. Other supporting marine terminals such as at Barry Beach would further increase capacity and contribute to a significantly upgraded multi-port system from what exists today.
- An **airport for the southeast region** would also help to increase local freight capabilities and reduce city-bound freight and passenger vehicle trips. This is in the early stages of planning, and further investigations of potential sites is needed to identify and protect suitable land for this future purpose.

Figure 27: Gippsland Logistics and Manufacturing Precinct



Source: Invest Gippsland

Offline businesses and communities

Digital connectivity plays an important role in the modern business landscape. Supporting businesses and individuals to develop and improve their digital skills and access to internet and mobile services is referred to digital inclusion.

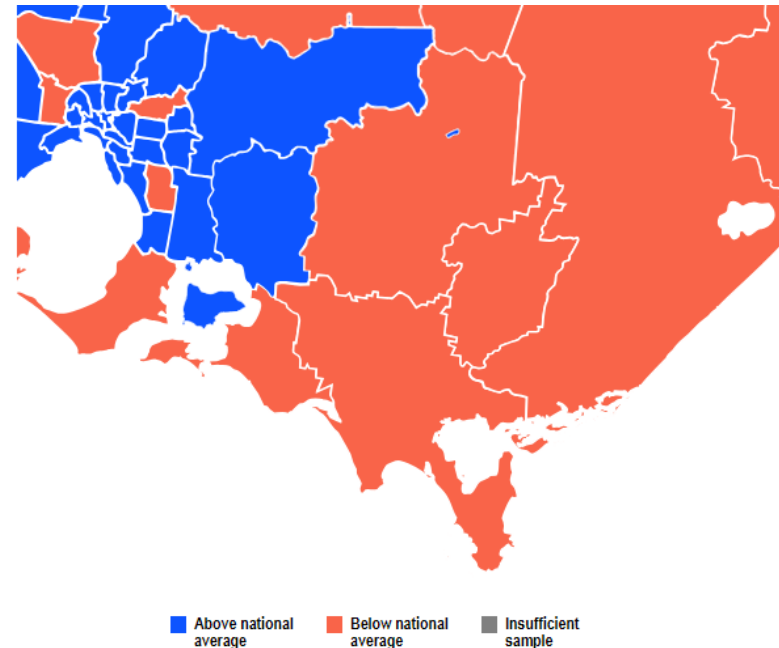
A gap in digital inclusion exists between capital cities and regions in Australia, and Victoria is no exception. Figure 28 illustrates the performance of the region's LGAs on the 2023 Australian Digital Inclusion Index, which considers affordability, access, and digital availability. From Baw Baw Shire, digital inclusion begins to drop, at 1.3 points below the national average. Moving further from the city, scores worsen. East Gippsland is characterized by the lowest digital connectivity in the broader PEZ region, at 7.1 points below the national average.

This trend is hindering the PEZ's competitiveness via its ability to attract young workers who place a high value on connectivity, and the ability of its business to tap into sales channels. It will also hold PEZ industry back from implementing advanced manufacturing techniques that require digital technology with strong connectivity.

The rollout of NBN services and the Mobile Black Spot program, but progress is slow and many businesses and households choose to remain relatively offline, as the level of service provided is inadequate or does not justify costs. Stakeholders emphasised that further investment is needed to bridge this divide.

As connections do improve, the demand for digital literacy will grow. This will be another important consideration for education and training providers to ensure a steady supply of workers who can take up this and future generations of technologies.

Figure 28: Digital inclusion in the PEZ



Source: Thomas, J., McCosker, A., Parkinson, S., Hegarty, K., Featherstone, D., Kennedy, J., Holcombe-James, I., Ormond-Parker, L., & Ganley, L. (2023), Measuring Australia's Digital Divide: Australian Digital Inclusion Index: 2023

06

ASSESSMENT OF POLICY ALIGNMENT

Aligning a large body of existing policy and strategy

While the Gippsland REDS is the leading document that provides direction for economic development in Gippsland, it sits within a large body of other plans, policies and strategies. Each one sets out a set of aspirations and actions for a myriad of economic development aspects for the economies of Victoria, more broadly or specific to certain themes, sectors, or jurisdictions. The challenges and opportunities that have been outlined in this report are also documented across the portfolio of documents that govern the PEZ, from the state to local level.





However, alignment between jurisdictions and approaches does not always occur. LGAs and regional authorities tend to prioritise addressing the issues that most immediately impact the communities within their administrative borders, missing out on ways to collaborate with neighbours that are mutually beneficial. Conversely, the state can sometimes take a high-level approach that does not account for regional and local differences.

Given the PEZ’s growing labour market, an evolving mix of industries, and a high volume of movement of people, goods and services, these failings could ultimately shortchange both Gippsland and metropolitan businesses and communities, and even the Victorian economy. Integrated planning and investment is therefore of strategic importance.

An assessment of the policies relevant to economic development in the PEZ has been undertaken to identify where there are gaps in addressing the SWOT themes identified in this report. A list of policies reviewed and the scale used to indicate the degree to which they address each theme is shown in Figure 29. The following pages then provide further detail on the treatment of themes and where there are gaps in alignment between jurisdictions.

Figure 29: Policies reviewed and alignment scale

Statewide policy	Regional (Gippsland)
<ul style="list-style-type: none"> Victorian Skills Plan 2023 into 2024 Experience Victoria 2033 Victorian Energy Jobs Plan (in development) Victoria’s Infrastructure Strategy Connecting Regional Victoria: Regional Network Development Plan Made in Victoria 2030: Manufacturing Statement Green Wedges and Agricultural Land project (in development) Clean Economy Workforce Development Strategy 2023-2033 Offshore Wind Policy Directions Paper Helping Victoria Grow: Extractive Resources Strategy 	<ul style="list-style-type: none"> Gippsland Regional Economic Development Strategy (REDS) 2022 Gippsland Regional Plan 2020-2025 Gippsland Freight Infrastructure Master Plan Latrobe Valley and Gippsland Transition Plan (Gippsland 2035) Central and Gippsland Sustainable Water Strategy Regional Digital Plan: Gippsland Gippsland’s Clean Energy Future Victoria’s Infrastructure Strategy 2030 – Gippsland
<p>Metropolitan policy - Metro-wide and Southern /Greater South East Melbourne (GSEM) region</p> <ul style="list-style-type: none"> Plan Melbourne 2017-2050 Melbourne Industrial and Commercial Land Use Plan GSEM City Deal GSEM Jobs and Skills Plan 	<p>Municipal policy and strategy</p> <p><i>(Council Plans and Economic Development Strategies from all LGAs within the PEZ)</i></p>

	Addressed through objectives/directions that align with those of other jurisdictions
	Discussed in alignment with other jurisdictions, but lacks specific objectives/directions
	Theme is only broadly discussed, no specific objectives/directions and lack of alignment with other jurisdictions
	Theme is not mentioned

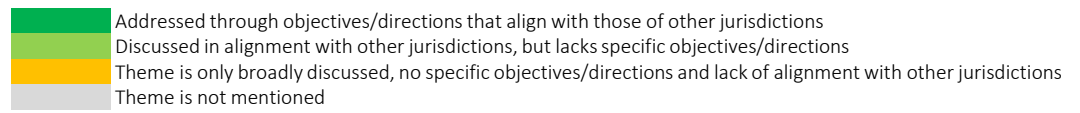


Figure 30: Overview of policy alignment

	Statewide									Gippsland						Metropolitan				Municipal									
	Experience Victoria	Extractive Resources Strategy	Made in Victoria 2030	Offshore Wind Directions Paper	Regional Network Development Plan	Victoria's Infrastructure Strategy	Victoria's Infrastructure Strategy - Regional Gippsland	Visitor Economy Recovery Reform Plan	VSA Clean Economy Workforce Development Strategy	Central and Gippsland region sustainable water strategy	Gippsland Freight Infrastructure Masterplan	Gippsland Regional Plan 2020	Gippsland 2035 - Latrobe Valley and Gippsland Transition Plan	Gippsland Clean Energy Future	Gippsland Digital Plan	Gippsland REDS	MICLUP	Plan Melbourne 2050	GSEM Jobs and Skills Plan	GSEM City Deal	Bass Coast	Baw Baw	Cardinia	Casey	Frankston	Greater Dandenong	Latrobe		
Poor social outcomes																													
Regeneration and cohesion																													
Room to grow																													
Lagging infrastructure delivery																													
Diversity Gaps																													
Housing unaffordability																													
A large and increasingly skilled workforce																													
Lack of local training and education pathways																													
Decline of some traditional industry																													
Emerging knowledge and care economies																													
Synergies and circularity																													
Individualistic Businesses																													
Resource-rich																													
A convenient stopover																													
Vulnerability to hazards																													
'Clean and green' reputation																													
Family friendly offering																													
Sensitive interfaces and land use conflicts																													
A redeveloped Port of Hastings																													
Offline businesses and communities																													
Lack of freight connections																													
Poor public transport access in growth areas																													
Energy linkages																													
Traffic congestion in town centres																													
Established road and rail																													
Road safety and speeds																													

Policy alignment and gaps: population & growth

Theme	Integration & gaps
Poor social outcomes	<p>The challenge of socioeconomic disadvantage that characterises the PEZ is directly addressed at the state level through Victoria’s Infrastructure Strategy, but only for the Gippsland region. This theme is echoed in regional policy for Gippsland (GRP). But for the metro sub-zones, Plan Melbourne only broadly acknowledges the importance of well-being and building social capital but does not identify the Southern region specifically. Municipal policies tend to avoid calling out disadvantaged communities - Casey and Greater Dandenong are the only ones to discuss the vulnerability of some of their local communities and the need to address it. Other Council policies to broadly focus on social outcomes, but the failure to acknowledge the disadvantage that characterises many areas may prevent the ability to implement more targeted, coordinated responses.</p>
Regeneration and cohesion	<p>The themes of leveraging diversity for regeneration and promoting social cohesion have been given importance in both the Southern and Gippsland regional policies, with the Gippsland Regional Plan 2020 having specific strategic targets to increase CALD through safe and inclusive communities. This is also echoed through the Gippsland 2035 - Latrobe Valley and Gippsland Transition Plan. These themes are reflected through the GSEM city deal, as it acknowledges the need for safe and inclusive environments for migrants and Aboriginal or Torres strait islanders, but there are no strategic objectives/actions that aim to implement this.</p> <p>Within Municipal Policy, both Cardinia and Dandenong both aim to increase inclusiveness and cultural awareness in their communities as one of their main goals.</p>
Imbalanced diversity	<p>While the diversity gap is not acknowledged within the Southern regional policy, both State and Gippsland policy acknowledge diversity in some way. Victoria’s infrastructure strategy acknowledges the importance of cultural and linguistic diversity but does not mention the gap in diversity across regions or have any specific strategies to address it. Making areas more approachable to migrant families is echoed through both the Gippsland Regional Plan 2020 and the Gippsland 2034 – Latrobe Valley 2035, both mentioning that there should be infrastructure or activities that will help migrant families feel more welcome in their communities. The ideas of cultural diversity are promoted further by Cardinia and Greater Dandenong municipal policies, but not the Gippsland municipalities.</p>

Policy alignment and gaps: population & growth

Theme	Integration & gaps
Room to grow	<p>Delivering housing to the growing population is a large issue across Victoria and is a key priority in both Plan Melbourne 2020 and Victoria’s infrastructure strategy. In these managing the supply of housing to meet the population are measured targets. In addition to state policy, both regions understand that housing growth to match population is important for affordability and social outcomes. This is mentioned both in the GSEM city deal, as well as the Latrobe Valley and Gippsland Transition Plan. In the Transition plan, sufficient housing for the population is a major recommendation that should be measured and revisited. This theme is also addressed through the Casey Municipality through coordination of local building, development, and construction sectors, along with Victoria’s Big Housing Build.</p>
Lagging infrastructure delivery	<p>Planning and Implementing infrastructure for growing communities are high priority through Victoria's Infrastructure Strategy, and the Latrobe Valley and Gippsland Transition Plan. In both documents, the continued investment of services and infrastructure are key measures and outcomes that will help communities and workers in growth areas. This is not addressed in the Southern Region’s major policy. The City of Casey is targeting issues around infrastructure through an advocacy campaign for funding that will help with providing transport, infrastructure community services. And are mentioned as key issues to be addressed in Cardinia’s and Latrobe’s City Plans.</p>
Future housing unaffordability	<p>Providing more housing to reduce unaffordability is only targeted through the GSEM City deal. Gippsland policies such as the GRP and Gippsland REDS only acknowledge that there is land available for housing but no plans to utilize or plan for the future. Outside of general housing, several policies aim for more social and affordable housing, indirectly this will assist with a lack of housing affordability. These policies include Victorias Infrastructure Strategy for regional Gippsland, Plan Melbourne and the Central and Gippsland region sustainable water strategy. Of the Municipalities only Greater Dandenong has a target to have an increase in availability of affordable housing stock.</p>

Policy alignment and gaps: industry & employment

Theme	Integration & gaps
A large and increasingly skilled workforce	<p>Increasing participation to an already growing labor market is understood and addressed across all level of Government. The VSA Clean Economy Workforce Development Strategy , and the Visitor Economy Reform Plan both have plans to increase labour market of the region through funding additional learning pathways or training programs. To a lesser extent, Experience Victoria aims to destigmatize the industry to encourage engagement, and the Offshore Wind Directions Paper aims to encourage workers into the industry without measured outcomes or plans.</p> <p>Broadly there are major recommendations to engage the industry for additional pathways and reducing barriers to entry, in a way that will help mould the growing workforce to future employment gaps. These recommendations and outcomes come from both regions in the GSEM Jobs and Skills Plan, the Latrobe Valley and Gippsland Transition Plan, and Gippsland REDS.</p> <p>Municipalities are taking a slightly different approach, instead aiming to support jobs growth through the development of business, with more activity centres like in Bass Coast, promoting the benefits of local businesses like in Cardinia, or trying to create more job opportunities through political pressure like in Casey.</p>
Lack of local training and education pathways	<p>Similar to increasing engagement; State, Regional, and Municipal policies aim to increase local training and education pathways through the collaboration of industry, education institutions, and communities. It would be best to refer to the light or dark green crossover on slide 51 to see which specific policies make this statement, with some variation into specific industries.</p> <p>While this will increase opportunities and foster engagement, something equally as critical is meeting future employment needs through skills training. This is addressed in policies such as Made in Victoria 2020, the GSEM Jobs and Skills Plan, the Latrobe Vally – Gippsland Transition Plan, Gippsland Clean Energy Future, and the Gippsland Digital Plan. Missing across all documents is the necessity for additional institutions further West into the Gippsland Region that would match the offerings just outside the PEZ to the East.</p>
Decline of some traditional industry	<p>State and Regional policy understand the transition from traditional industries will require alternative learning pathways to better suit new emerging industries. This sentiment is shared across MICLUP, the GSEM city deal, and the Gippsland Clean Energy Future.</p> <p>Other policy more closely aligns with solving this problem, outlining that the support required by transitioning workers can be met through bridging courses or upskilling. This will help limit unemployment and maintain workforce engagement. These outcomes are targeted through the Offshore Wind Directions Paper, the Latrobe Valley and Gippsland Transition Plan and Gippsland REDS.</p>
Emerging knowledge and care economies	<p>Of the policies mentioned that target upskilling workers in declining traditional industries, only the Gippsland REDS paper talks about the specifics of moving mining and energy sector workers into the clean energy industries. The GSEM city deal and the GSEM jobs and skills plan both talk about the knowledge and care economies having priority employment targets, but neither of these consider the requirement of upskilling or transitioning workers. Both the Casey and Frankston municipalities mention connecting education institutions and businesses specifically for these industries with reskilling to assist.</p> <p>Victoria’s infrastructure strategy for regional Gippsland takes a different approach and instead aims to ease the burdens on the healthcare industry through the innovation of technology to help support employment gaps.</p>

Policy alignment and gaps: industry & employment (cont'd)

Theme	Integration & gaps
Synergies and circularity	<p>The Gippsland policies have a strong alignment with improving synergies and circularity. The Gippsland REDS policy has a major strategic goal centred around leveraging the food and fibre industry to improve awareness of opportunities associated with the circular economy, and this is reiterated through the Gippsland Regional Plan. Gippsland’s sustainable water strategy has major plans to increase the usage of wastewater to be productive in other areas of the economy such as agriculture, and the Gippsland Transition plan has a strategic goal for industry and government to work together to encourage local supply chain participation and support growth. Finally, the Gippsland Clean Energy Future alludes to the ideas of a circular economy and collaboration to increase value, without directly stating it. Instead, it recommends several specific industry collaborations that would bolster the clean energy space, through pre-production</p>
	<p>There is no major contributions in this space through Southern Region policy, and State policy is mixed in how well it addresses the theme. Both the Extractive Resources Strategy and Made in Victoria talk about how the products can feed into the rest of the economy but do not mention the PEZ area specifically. The Offshore Wind Directions Paper more closely aligns with the theme and talks about how it will help promote local business growth to support offshore wind, but there is no major strategy or target that the policy aims for.</p>
	<p>For the municipalities within the PEZ, this theme is particularly important to Baw Baw and Bass Coast to help support declining food and agriculture industries. Baw Baw specifically talks about having more advanced food manufacturing to leverage the existing industries.</p>
Resource-rich	<p>A focus on leveraging land assets is aligned with some of the State and Gippsland policies, but not for the Southern region.</p>
	<p>Using earth resources to close gaps in material supply is a focus of the Extractive Resources Strategy, but this is not specific to the PEZ. Plan Melbourne also discusses the importance of identifying and protecting extractive resources, including sand, that may be present in green wedges and other peri-urban areas. Once again, the PEZ is not directly named despite the sand extraction around Bass Coast being a primary opportunity.</p>
Narrow business focus	<p>Within the Gippsland Region, the Gippsland Sustainable water strategy and the Clean Energy future, understand the significance of the available resources of water and wind, and how the unique positioning of the PEZ can leverage them. The other policy within the region recognises the importance of how resource-rich the land is but has no specific strategy or recommendation to leverage it.</p>
	<p>Maintaining and protecting the natural assets is a major goal for all of the municipalities, and even more so for Latrobe. They mention more specific use of natural resources such as coal through more innovative and sustainable uses. This is more critical with the decline of coal-based power industries.</p>
<p>Both Victorian and Gippsland policies share the ideas of connecting businesses to break down barriers, support each other, or create stronger supply chains that would help them grow. More specifically these are shown in Made in Victoria 2030 and the VSA Clean Economy Workforce Development Strategy for Victoria. Within Gippsland Policies the GRP 2020, Gippsland Transition Plan, and the Gippsland Clean Energy Future all target production collaborations to reduce barriers between businesses and industries. These sentiments are also echoed for the food and fibre industry in the Baw Baw, Latrobe, and Cardinia Municipalities.</p>	

Policy alignment and gaps: culture, tourism, and the environment

Theme	Integration & gaps
A convenient stopover	<p>State and Metro policy through Experience Victoria and Plan Melbourne both recognize the importance of maintaining a green wedges for the sake of tourism and recreation, but does not talk about the PEZ specifically. This is not a major theme mentioned within the GSEM policies. This is more closely targeted through Gippsland REDS, which aims to Support development of experiences that enable year-round visitation, particularly in areas which currently have a seasonal visitation focus such as coastal, lakes and alpine regions.</p> <p>More than the State or Regional policies, Municipalities have a tighter focus on leveraging their unique assets for tourism and recreation. Bass Coast, Baw Baw, and Cardinia all have a focus on leveraging local green space and communities to support the visitor economy.</p>
Vulnerability to hazards	<p>To reduce the impacts of natural hazards from the state’s perspective, Victoria’s infrastructure strategy for regional Gippsland aims to increase resilience and build back better after emergencies have occurred. For the Metro Region Plan Melbourne approaches this from a preventative way aiming to employ strategies that would reduce the likelihood and consequences of natural hazard events and adapt to climate change, and the GSEM City Deal only mentions that the growing impact of climate change needs to be mitigated, but without any specific recommendations or outcomes</p> <p>For the Gippsland Region, only the Gippsland sustainable water strategy is more specific with how to approach water challenges and needs through natural hazards.</p> <p>This theme is once again focused on more closely through the municipality’s city plans. Cardinia, Baw Baw, Bass Coast and Latrobe all talk about various plans for emergency preparation, relief and recovery services.</p>
‘Clean and green’ reputation	<p>Maintaining a clean and green reputation is well-targeted across State and Gippsland policy. State policy aims to promote green energy transition through local communities in the Offshore Wind Directions Paper by protecting existing habitats, as well as increasing green areas in urbanized environments through Plan Melbourne. Finally, an increase in tourism while maintaining the environment is a major target in the VSA Clean Economy Workforce Development Strategy.</p> <p>Gippsland has several policies that understand the importance of sustainability and maintaining a beautiful natural environment. Gippsland REDS more specifically talks about planning controls on resource extraction areas that will limit the impact on the environment, and the Gippsland Sustainable Water Strategy has specific methods to maintain and reduce the impact on local fauna.</p> <p>The Municipalities of Casey, Cardinia, Baw Baw, Bass Coast and Latrobe all focus on environmental protection through land management, protection services and conservation.</p>

Policy alignment and gaps: culture, tourism, and the environment (cont'd)

Theme	Integration & gaps
A family- and business-friendly offering	<p>Catering to new families has the least alignment of all themes in this review. Only the Gippsland Regional policy and the Baw Baw municipality focus on this as a key theme. Recreation is mentioned as a major outcome for several different strategic directions within the Latrobe and Gippsland Transition Plan and, despite not mentioning families, The visitor economy is one of the 5 major outcomes that underpins the Gippsland REDS. Finally, Baw Baw has aims to strengthen Warragul's role as the Shire's primary retail and service for incoming tourism and families.</p>
Sensitive interfaces and land use conflicts	<p>At all levels of policy, there is a general understanding that protecting the environment is important for natural resource preservation and protecting biodiversity, but does not relate this directly back to growth precincts interfacing with economically sensitive land. This is discussed in Victoria's Infrastructure Strategy, the Gippsland Regional Plan, Gippsland REDS, and most of the municipal policies.</p> <p>Conversely, MICLUP and Plan Melbourne 2050 both understand and have policy outcomes supporting careful implementation around peri-urban interfaces. MICLUP directly addresses the protection required for sensitive land should be managed in a way as to not limit the operation of business in state or regionally significant industrial precincts, through the provision of adequate separation and buffer areas. Plan Melbourne also has major policy directions around protecting agricultural land from urban development to act as buffers and provide economic value, and limiting growth and development into land useful for extractive resources. Local policies reviewed generally do not directly address this issue, however it should be noted that it is one that is often a focus of highly-localized policy and plans, e.g. Structure Plans, that were not included in the scope of this review.</p>

Policy alignment and gaps: Movement and Connections

Theme	Integration & gaps
An upgraded multi-port system	<p>The Port of Hastings and its relationship with clean energy has only been a recent development. As such a lot of policy does not address or fully comprehend the requirements and interventions that may be needed to support future growth. The Port of Hastings is a focus of the Offshore Wind Directions Paper but is only mentioned in Victoria's Infrastructure Strategy and the GSEM City Deal. Barry Beach Terminal is not mentioned in these key state policies.</p> <p>Its importance and the requirements for it to increase break bulk and larger container capacity is a key outcome through the Gippsland Regional Plan but needs to be revisited to see if it will meet the requirements of offshore wind and supporting other states.</p>
Offline businesses and communities	<p>The issues of digital infrastructure and training are well understood and addressed at the State, Metro and Gippsland regions, but not by municipalities. There are major plans to support digital infrastructure through Victoria's Infrastructure Strategy with major targets to improve regional telecommunications infrastructure resilience for Gippsland. The VSA Clean Economy Workforce Development strategy also commits to direct investment for technology in visitor areas.</p> <p>Metro Melbourne is already quite developed with infrastructure but there are still plans to support the provision of telecommunications infrastructure through Plan Melbourne, as well as delivering digital infrastructure to keep up with digitally evolving industries through the GSEM City Deal.</p> <p>Gippsland has larger issues around existing infrastructure and digital capabilities of workers. The Gippsland Regional Plan, Latrobe Valley and Gippsland Transition Plan, and the Gippsland Digital Plan all have increasing access to digital infrastructure as a major strategic outcome, with the latter two also talking about increasing the digital abilities of existing workers through training.</p>
Lack of freight connections	<p>Similar to established road and rail, Metro, Gippsland and State all have policies that align with increasing freight connections. The offshore wind directions paper and Victoria's infrastructure strategy talk about additional freight plans and increasing intermodal freight connections. This is echoed through the metro region with Plan Melbourne and the GSEM City Deal to improve freight efficiency and increase the capacity of gateways to reduce congestion on commuters. This is once again reiterated in the GRP and Gippsland Freight Infrastructure Plan where Local and Regional freight and road networks are in several different major strategic objectives.</p> <p>The most important one to note is the connection to Hastings through to South Gippsland to support the emerging extractive industries. More freight connections like this will be needed to support the port of Hastings. Especially to support the growth of clean energy power generation in the region.</p>
Poor public transport access in growth areas	<p>A lack of accessible and timely public transport in growth areas is a well understood problem across all levels of policy. Victoria's Infrastructure Strategy and the Regional Network Development program aim to increase public transport in growth areas as a main objective, to better suit local needs. This same sentiment is reiterated in Plan Melbourne and the GSEM city deal for the Metro Region, as well as the Gippsland Regional Plan and the Latrobe Valley Transition Plan for Gippsland.</p> <p>Of the Municipalities, Bass Coast, Cardinia and Latrobe want to advocate for reliable public transport and other low-emission transport options, that will make places feel more connected.</p>

Policy alignment and gaps: Movement and Connections (cont'd)

Theme	Integration & gaps
Energy linkages	There is less alignment for the theme of energy linkages compared to the other themes in this section. The main policies that talk about developing existing transmission capabilities are the Gippsland Clean Energy Future, the Offshore Wind Directions Paper, and Gippsland REDS. These focus on the development of energy linkages to transfer all of the power generated by offshore wind, and addressing any connectivity barriers that could hinder renewable energy development and expansion in the region.
Traffic congestion in town centres	There are gaps to help mitigate the issues of traffic congestion in town centres with only Gippsland and Municipal Policies addressing it. The Gippsland Freight Infrastructure Masterplan through its township congestion projects, and the Gippsland Regional Plan with its visitor traffic initiatives Within the municipalities, Frankston has the Warrandyte Road Safety and Congestion Improvement, and Cardinia aims to update road networks and connectivity while considering traffic demand and freight transport needs.
Established road and rail connectivity	The amount of available and required road and rail is well understood for State and Regional policy. Victoria's Infrastructure Strategy and the Regional Network Development Plan both have a pipeline of investments to deliver regional road and rail maintenance and upgrades. Both the Metro and the Gippsland follow suit; Plan Melbourne, GSEM City Deal, Gippsland Freight Infrastructure Master Plan and the GRP all have major recommendations surrounding progressing Major Road and Rail initiatives. Established Road and Rail is less of a priority for municipalities, with only Baw Baw advocating for more frequent and faster rail transport to Melbourne
Road safety and speeds	Road Safety Speeds is only a critical issue for the Princess Highway "Pinch Point", which is being addressed by the Gippsland Freight Infrastructure Masterplan.

07

CONCLUSION & RECOMMENDATIONS

Conclusion and policy gaps

This report has defined a new functional economic sub-region – the Gippsland-Melbourne peri-urban zone. It is the first of its kind led by RDA committees and may inform the development of future profiles and strategy for other economic sub-regions along the metropolitan boundary and future updates and iterations to the Gippsland REDS. It is one of many initiatives with the potential to drive better outcomes for the communities of both Gippsland and Melbourne.

The PEZ is a highly productive and fast-growing area that reflects much of the best of both the metropolitan and Gippsland regions. Large-scale shifts in the region's economic structure and demographics are well underway. Harnessing the full extent of these benefits and trends will require a commensurate response.

The analysis contained within this report identified a set of SWOT themes for the PEZ under four broad themes, and the extent to which policy addresses each one. The following key gap areas have emerged from this assessment; these are organized according to gaps in the Gippsland REDS and gaps in policy integration across other state, regional, and municipal documents.

Additional recommendations for future analysis of PEZs, policy development, and other next steps for economic integration are outlined in the next section.

Gippsland REDS gaps

In many respects, the Gippsland REDS addresses the suite of strengths and challenges identified in this report. That said, its approach to economic development in Gippsland is largely focused responding to opportunities and challenges within the region. There are a number of ways that future updates and iterations can better consider the metropolitan region and draw on its strengths to drive growth and integration, including:

- **Freight improvements:** the REDS discusses the export value of major industries and the importance of transport connectivity, noting much of Gippsland is remote from major airports and deep-water ports. Given the significance of strong freight connections for driving efficiencies, growth (including in key emerging sectors such as renewable energy), and even circularity, the shortfalls of the current network, associated impacts on Gippsland businesses, and key investments needed to better connect Gippsland to Melbourne and global markets should be a stronger focus in future strategic work.
- **Circular economy value chains between metro Melbourne and Gippsland:** this is discussed some in the REDS, but the importance of circularity in driving efficiencies, sustainability, and local resiliency continues to grow. Strong, circular value chains will be shared between regional and metropolitan areas, and specific opportunities for Gippsland industries should be explored in greater detail.

Conclusion and policy gaps (cont'd)

- **Leveraging diversity for global markets:** Gippsland's industries have strong potential to connect to international markets, especially given recent trade agreements. Currently the Gippsland region is not characterised by the same levels of cultural diversity seen in other metropolitan communities. Should this trend continue over the long term, it may threaten the region's ability to effectively and competitively engage in global markets. While the region should continue to attract skilled workers regardless of backgrounds, policy should also explore targeted initiatives to increase diversity over time.
- **Future housing unaffordability:** the REDS acknowledges that available and affordable housing is an enabling factor for economic growth, but only briefly mentions this as a potential challenge. While historically this has not been a particular challenge for regional areas, settlement and housing demand patterns have shifted in recent years. Metropolitan affordability will also increasingly impact regional markets given the flows of workers from growth corridor communities. This is likely to be a major challenge in attracting and retaining a local workforce in Gippsland and should be explored further.

General policy integration gaps

- **Leveraging the Port of Hastings redevelopment:** A renewed Port of Hastings and its links to clean energy are critical for employment and growth of the PEZ and broader region. There is a lack of policy around this, due in part to the recency of some announcements.
- **Misalignment of movement and connections:** Themes under movement and connections are addressed well through state and regional policy, but not as well through municipal policy. Lining up themes within digital infrastructure, and energy linkages will help to increase local employment and bolster the growing clean energy industries
- **Higher-level policies for the environment:** there is a misalignment of policy in the opposite direction for tourism and the environment. Municipalities have detail and focus on how to target key themes. This focus is not present in state and regional policy.
- **Infrastructure and housing:** There is a lack of focus on increasing the supply of housing and delivering timely infrastructure and services around the PEZ. Without these, there will be significant hampers to retaining workers and youth.

Recommendations for future work

This report represents a pilot project in reviewing issues and opportunities for economic growth and integration across the regional-metropolitan boundary in Victoria. Considerations for how the project may be rolled out to additional sub-regions and recommendations for potential next steps are outlined below. In reality, a reformed approach to governance of complex economic sub-regions could take many forms; one that is multi-faceted and builds on the successes and failures of previous methods and practices is most likely to deliver better outcomes.

- An in-depth assessment of the extent of every peri-urban area is not required. Victoria's 4-5 functional economic peri-urban corridors can be easily defined as those extending to adjacent regions from Melbourne's major growth corridors of the southeast, north, and west along major road and rail routes. These will directly align with metropolitan regions and future policy work can then build on existing approaches, while avoiding creating yet more administrative boundaries.
- Future socioeconomic analysis on the identified economic zones/corridors should feed directly into the existing RDV economic dashboards, benchmarking the relevant regions against the metropolitan area as a whole or a sub-group of LGAs. Each peri-urban zone will simply present as a mix of the parent regions and therefore does not need a full, standalone profile of the residents, workforce, and businesses/industry. With enhanced metro-regional comparisons built into the existing dashboards, the RDV/RDA committees and other decision-makers can then more easily leverage this analysis on an ongoing basis, and static reporting can be streamlined to focus on

identifying the *implications* of the differences across the metro-regional boundary for economic growth and integration.

- Future analysis should also explore in greater detail the cumulative impacts of multiple large-scale infrastructure projects on the businesses and labour markets of each sub-region/peri-urban zone. Those related to the flows of good and people and major new employment precincts are especially relevant. Further work should then build on this work to address the infrastructure constraints and challenges identified through this analysis. Development of a comprehensive infrastructure strategy to accompany each REDS should also be considered.
- Treating the REDS as an interrelated set of documents, identification of strategic directions that are shared across many of regions will support development of targeted policy that sets out an integrated approach for the state. Victoria's Clean Economy Workforce Development Strategy is a strong existing example of this, specifically tying key opportunities to each of the nine regions.
- Intra-regional integration (within peri-urban zones) is key to unlocking inter-regional integration (across metro and regional areas). Identification of anchor institutions, and industry bodies and business groups, especially those representing emerging sectors within each PEZ, should be a greater focus of future work. Beyond consultation efforts to inform individual projects, this should seek to enable the establishment and strengthening of industry connections and networks over the long term. It may even inform the development of a collaborative governance model for each PEZ.

Appendix A

**Government stakeholder forum feedback
(October 2023)**

Questions for the PEZ

- Identify strategic opportunities to support new economic growth for South East Melb - Gippsland
- What is our strongest alignment between existing growth strategies
- What industry sectors are best prioritised to operate through the zone?
- What are the key industries in the region?
- What is a peri urban zone?
- What are the opportunities to learn, collaborate, and enable more economic activities?
- Why is the map where it is? the biggest uplift in economic growth lies outside the map
- What are the similarities in capability and what are the points of difference? Are these complimentary or in competition?
- In light of the future profile what needs will we require?
- What are some of the barriers?
- What are the biggest commuter suburbs where jobs should be brought closer?
- How are the Melbourne and Gippsland parts each responding to the Renewable Energy pipeline? How can we partner?
- What are the cohorts of jobs in the future/ 20 years time?
- What aspects of Gippsland are relevant to the profile?
- What are the key interdependencies?
- Identify opportunities for sustainable economic growth and job creation
- Links between industry across the region
- Consideration of social benefits and improving liveability
- Strengths within zone
- Economic development opportunities - growth = employment and business
- What are the strengths and opportunities for growth?
- Access to training and skills
- What are the synergies?
- What is it about boundaries?
- 67% of workers within the PEZ work elsewhere within the PEZ
- Recommendations for next steps- suggestions for implementation
- How do we leverage the trends that drive change and opportunity across this peri urban corridor?
- Efficient ways for state government to invest to get better outcomes
- How to accommodate and share available and potential workforce, i.e. eliminate competition between LGAs
- What is the cost of not doing anything?
- How can Gippsland businesses grow their capability by partnering with SE Melb businesses?
- What would be the governance arrangement and how can we ensure it is effective?
- What mechanism needs to be in place to allow for a peri urban mindset to exist in all levels of government?
- What does a sustainable, thriving and equitable future look like?
- How can it respond to different sectors and opportunities?
- How does the proposed zone reflect existing flows of commerce, education, entertainment, health care etc?
- How would a metro outwards occur rather than a region inwards?
- How investment / gov/ private can create economic opportunities in high growth areas



Table 3

STRENGTHS

- diversity
- geographical connection to East Melbourne
- infrastructure to support renewables
- proactive attitude to transition
- natural resources:
 - water
 - land
 - geothermal
 - sands.
- green wedge.
- liveability
- space/land to grow.
- environment/landscape beauty (livability)
- Defining what a PEZ is:
 - M1 corridor
 - Geothermal
 - OSW across SE + Gippsland
 - Greater collaboration SE + Gippsland.
 - Port of Hastings
 - M1

- Liveable

- high skill level

- population

- gov't

Collaboration as a strength

Community Network & collaborative leadership

Agricultural land

Gippsland Rail

Transmission lines

Water Supply for melb.

Rainfall

Water

- Engineering + manufacturing excellence
- Proximity to ag lands
 - positioning to climate change
 - Brand as clean + green

WEAKNESSES

Lack of freight connections

Artificial boundaries limiting broader thinking

Lack of Network Planning to meet future potential ✓

Workforce for the future

Lack of suitable ^{affordable & diverse} housing & accommodation ✓

Unclear + competing priorities ground coal resources ✓

LAND USE CONFLICTS

NATURAL HAZARDS

Geographic distances + low density - G'd

low social capital.

lack of diverse population in Gippsland

Young ppl leaving the region for study/work ✓

Lack of training / Specialist skills / thin markets ✓

Lack of intra-regional public transport options

LTP program lack of volunteers

Impact of traffic congestion on Liveability (town centres) ✓

LACK OF CULTURAL DIVERSITY

Concentration of young population in inner PEZ area

Multicultural inclusiveness

- The ~~only~~ STEM high school in Dandenong + Belconnen

- need more high schools across corridor

- Education & Training needs strengthening

- 80 KM ZONE HOLDING BACK INVESTMENT **University!**

- Funding pools ↓

- Rate Capping

OPPORTUNITIES

✓ Port of Hastings - imports/exports, improved freight connect.
 South East Melbourne Airport Hybrid Workforce

✓ Population demographics

✓ Industrial land activation
 Develop + promote local career pathways

✓ REZ
 M1 corridor

Digital leaders - Aussie Broadband
 local led in BBSL.

Opportunity to scale - Business collaboration + upskill

✓ New industries (Renewables) creating new jobs

✓ Access to new industrial land in Gippsland
 (limited industrial land in metro area).

Disrupted global supply chains (Sovereign Manufacturing)

embracing ~~etc~~ flexibility for worker recruitment
 Diversity + Inclusion

High Rainfall

Natural Assets + Beauty
 Building pipeline of workers thru EDUCATION

More opportunities outside the PEZ

- Renewable energy + Geothermal ✓
- Barry Head
- Tourism
- Phillip Is
- Agriculture
- Waste to energy
- DeLouse.

adopt training models to address thin trainee markets

transport connectivity to education

Different Communities offering local capability (whole region)

- Quality Density Housing for workforce

Food + Fibre sector
 Start Up Eco-System

Advanced Manufacturing
 Affordable lifestyle

THREATS

no long term water mgmt plan
 ↳ capture flooding

Trying to be all things

PEZ

3 Storm Surge
 (as sea level rises)

flood ✓
 fire ✓

↳ tourism vulnerability

climate change ✓
~~inundation~~

↳ Valley + gippsland negative stigma

* no investment

Not looking to the natural advantages and leveraging.

No Political will - not marginal to attract elections ✗

✓ transport upgrades needed
 industries going elsewhere

Too many agendas!

✓ lack of long-term vision ✓/identity

Funding

impact to liveability

Princes Hwy (B0) zone holding back investment

lack of access to services

Gippsland becomes commuter zone
 lack of economic attention

not enough people with the right skills

global financial factors - cost of labour

Supply chain disruption

- Community opposition to growth projects ✓

- Thinking @ LGA level rather than beyond, seeing the bigger picture ✓

Infrastructure not keeping pace with growth ✓ - land access not meeting demand

RDA Gippsland Committee Feedback: Government Stakeholder Forum

Strengths – existing assets/advantages that should be protected/retained/enhanced?

- Spendmapp data shows that the Nyora, Loch and Poowong communities (South Gippsland) are already highly connected to locations in the proposed zone, which has workforce, infrastructure and business implications.

Weaknesses – where/how is it vulnerable or disadvantages and why?

- The Princes Highway around Gumbuya Park and towards Melbourne needs a major upgrade. Travelling at 80km's an hour is ridiculous. Overseas had a novel solution and that was u-turns. Hard to explain, but it worked. It wouldn't require large funds to complete either. Forethought around roads and transport should be a high priority with outlooks as far as 50-100 years.

Opportunities – what can be further leveraged/capitalised on for economic development and integration?

- South Gippsland has some significant current and projected population growth areas in the northern part of the Shire, in areas that are adjacent to the proposed zone. Given this, I'd suggest that the northern area of South Gippsland should be included.
- The likely expected growth in South Gippsland and Wellington resulting from investment in the renewables sector, particularly at Barry Beach, should also be factored in. This growth could provide some solutions in terms of workforce and housing but could also add to the problem. South Gippsland Shire and Latrobe City will be considering this in our upcoming Impact and Readiness Study, and Wellington have turned their minds to it. I think it's important to note that growth (both population and industry) doesn't only occur in the recognised urban and peri-urban areas, and offshore wind will have significant implications for growth in the Gippsland region.
- There should be green zones around residential developments to mitigate the negative interaction between rural landholders (farmers) and residents. I do believe, however, that this is already a consideration. It should be given thought for ALL areas, all Shires! It also creates wildlife corridors which is a bonus.
- New builds should be using the latest efficiencies for post construction liveability. Efficiencies in heating, lighting, cooling, etc., etc. This will increase the build cost so am thinking that targeting downsizers might be the go. Especially retirees whose home is not being fully utilised. These types of areas don't need the big shopping centres either. A medium sized supermarket (e.g. a local IGA), a petrol station, hairdresser and chemist (maybe a few other things). This is where corporate thinking needs to evolve. Back to the good old days where you could walk everywhere.

RDA Gippsland Committee Feedback: Government Stakeholder Forum (cont'd)

- Industrial areas need to be designed with thought for the future with regards to renewable energy, transport, noise mitigation, access for large trucks etc., waste disposal, and water supply. Whilst I am sure this has been happening for many years, we can just look at each suburb and see that industrial areas eventually become surrounded by urban housing. There needs to be more long term thought here.
- We should also be targeting non-arable land. With a growing population comes the need for greater food production. Some of Australia's most arable land is now covered by suburbia as the cities were located on arable land during colonisation and have grown from there. We need to change that thinking; decentralize and bring the people to the resources, not the resources to the people (water etc.).

Threats – what might undermine the PEZ's future that should be mitigated/addressed?

The project could have implications for the agricultural sector, and retention of suitable land across the region for farming and agriculture purposes will be important.

- Political red tape
- Activism
- Climate change
- Lack of skills
- Ageing population
- Limited government finance
- Corporate interest
- Social license (social purpose)
- Connectivity - physical and technical
- Biosecurity

Appendix B

Industry stakeholder feedback

Stakeholders engaged with

SGS spoke to the following industry stakeholders as part of this assignment:

- Opal Maryvale
- Star of the South
- Saputo Gippsland
- Safetech
- Quality Site Welding
- Qube/ Barry Beach Marine Terminal
- Greehnam Gippsland
- Radforrds
- Burra Foods
- Committee for Gippsland
- Marinus Link
- Port of Hastings
- SEMMA (South – East Melbourne Manufacturers Alliance)

Summary of engagement with Industry stakeholders

The following pages provide some observations from industry stakeholders current living and working in the Gippsland REDS area.

What materials do you rely on- where do you get them from? Are there any issues with access?

Materials sourced by industry generally have no accessibility issues, and are sourced either from in the PEZ or within Victoria. Two exceptions to this are:

Steel: Much of the steel used by industry is sourced outside the region. Some businesses with large volume requirements have outgrown some of the smaller suppliers in the region- some stakeholders have been working with supplier purchasing teams to help with planning and structured purchasing.

Wood: Wood supplies to make paper come from the surrounding areas in Gippsland. In November 22, Vic Forests ceased state forest harvesting, 7 years ahead of schedule. This resulted in paper manufacturers losing a third of their wood supply, thus losing the the ability to source enough wood to fill orders. Eventually plantation wood will replace state forest supplies, however there is a time gap to allow trees to grow to maturity.

What workforce to rely on- Any issues in recruiting/ retaining your workforce?

The majority of steelworkers are located in Moe, Morwell, Traralgon, Sale and Pakenham. The PEZ is a good drawcard for workers.

Employers from meat processing industry predominantly recruit then house overseas workers.

The introduction of offshore wind industry in the region will increase demand and competition for engineering, electrical, and project management skills.

Councils and state government employers will not be immune to this; offshore wind companies will also require community engagement, strategy and policy roles.

Stakeholders noted the importance of keeping the PEZ as an attractive place for workers to relocate to. This means continued investment in social infrastructure as well as essential services, health and education, lifestyle choices.

What are the biggest threats to your business at the moment?

- Victoria's industrial relations environment (strong unions)
- Threats from international competitors
- Affordable housing for low- middle income earners- rental increases in the region is affecting employer ability to affordably house overseas workers.
- There is a risk that housing affordability will decrease when professional /highly paid workers will move into the area due to the wind projects.
- Removing current land holdings that inhibit growth of industry- review of zoning, commercial, residential, and making sure that supporting social infrastructure is also provided.

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What are the biggest opportunities that you are seeing for growth?

Innovating and designing new products with unique features for the Australian market, complimentary products to what we are already providing the market (and the opportunity to supply to new energy industry)

Many perceived opportunities for the workforce and industry resulting from offshore wind:

- When offshore wind turbines are manufactured, a lot of materials will be sourced from speciality producers overseas, however there are opportunities for local steel procurement when local industries are upskilled
- There will be opportunities for local REDS businesses to contract for Vic Grid's upcoming upgrade work- the existing electricity network requires

upgrading to receive the energy generated from offshore wind.

- Opportunity for skills development in the region: the Vic government's investment into the TAFE sector is really working- there has been a large uptick in students for plumbing, electrical, carpentry, fitting and turning, welding, CAD design, logistics courses that will all support new industry.

What are the biggest barriers to achieving growth in your business?

- Attracting executive level employees/ administration/ professional services skills to the region- too much competition from Melbourne.
- Lack of clusters of similar industries in the region (manufacturing) If there was, there would be opportunity to build a more resilient and mobile workforce. A lot of staff aren't suited to other areas. Skills aren't easily transferrable.
- Industrial land in the corridor needs to be assessed- particularly around officer – manufacturing stakeholder note that it's limited.

Summary of engagement with Industry stakeholders

If you could ask the government to intervene to make conditions better for you, what would it be?

- More stability in grants funding
- Promoting the benefits of trades and manufacturing as long-term careers
- Intervening where there is the need for system wide decision making; i.e. when freight transport upgrades will affect local industry, when supply chain materials are affected, and there is a need to negotiate new (reduced consumption) contracts with utilities
- Acting as 'brokers' between local governments, state and investors when there is a strategic opportunity to invest in a new industry
- Regulating trade unions.