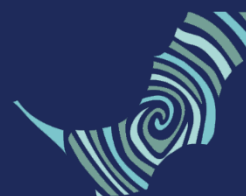


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MORNINGTON PENINSULA ECONOMIC DISADVANTAGE REPORT

COMMITTEE FOR MORNINGTON PENINSULA | FEBRUARY 2022



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Mornington Peninsula Economic Disadvantage Study

Mornington Peninsula is one of 31 municipalities that forms Metropolitan Melbourne under Victorian Government legislation.

The metropolitan designation exists despite the Peninsula sharing a number of characteristics and challenges typically associated with regional Victoria. This classification has significant economic and social implications for local businesses and residents as a result of government policy design, particularly in relation to taxation and charges and government funding programs

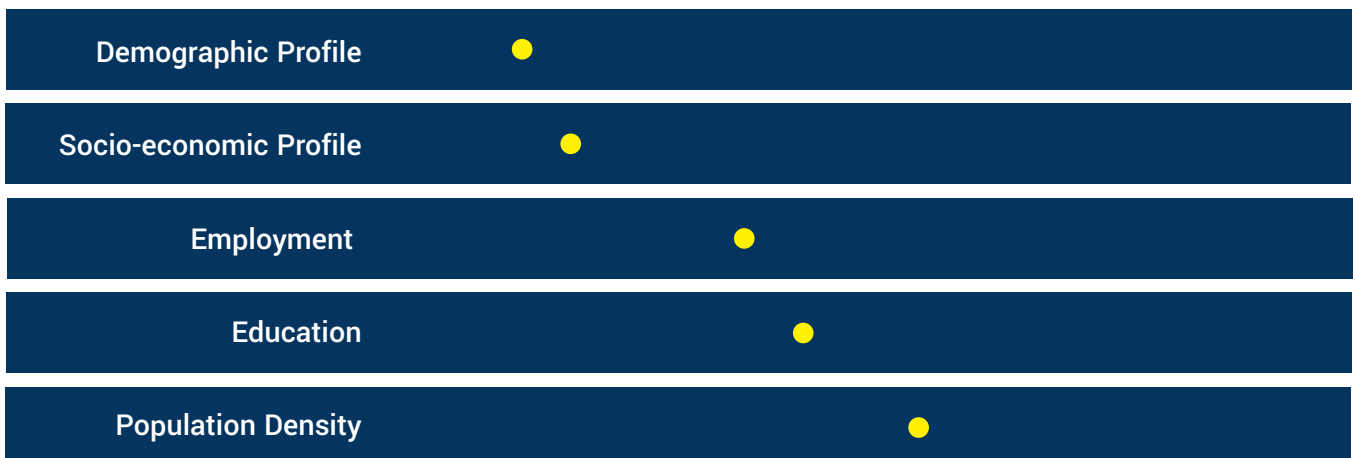
The purpose of this study is to identify the social and economic implications associated with the Mornington Peninsula's current designation, and whether a regional designation would derive a net benefit for the local community and economy. The study also seeks to understand whether Mornington Peninsula aligns to the characteristics of either a metropolitan or regional municipality.



Benchmarking

When benchmarked against regional Victoria and metropolitan Melbourne, the Peninsula appears to share more similarities with regional Victoria, particularly with respect to the demographic and socio-economic profile.

Regional ← → Metropolitan



Impact Framework

Metropolitan

Regional

Businesses, landowners and residents on the Mornington Peninsula face a suite of specific taxes and charges due to the metropolitan designation. These payments are higher than those faced in regional Victoria and are directly impacting existing businesses, as well as potentially influencing future business operational decisions.



Taxation & Charges

A regional designation would provide a financial boost to existing businesses through a reduction in taxes and charges, as well as improving the financial attractiveness for businesses considering operating on the Peninsula. A regional designation has no obvious negative impacts from a taxation and charges perspective.

The Mornington Peninsula is currently ineligible for a significant pool of state government funding due to its metropolitan designation. There appears to be no metropolitan specific funding programs from which the municipality receives significant funding.



Economic Development

Regional classification would unlock access to a significant pool of state government funding with no obvious losses. Although some of these programs have limited alignment to the Peninsula's economic strengths and objectives, the region's tourism and agriculture industries are likely to be the major beneficiaries from access to this funding. There is also potential for any additional public investment to catalyse further private sector investment within the local economy.

Although there is no directly quantifiable relationship between metropolitan status and transport and infrastructure investment, analysis in this report has shown metropolitan Melbourne has a lower per capita level of planned infrastructure expenditure than regional Victoria. The Peninsula is suffering from a poor transport system, which has significant economic and social flow-on impacts, and thus is not receiving a key perceived benefit of being part of a metropolitan area.



Transport & Infrastructure

A regional designation has the potential to deliver additional expenditure for the Peninsula's transport and infrastructure, particularly due to its strong alignment with key infrastructure challenges in regional Victoria.

The Mornington Peninsula's metropolitan designation results in reduced services and infrastructure funding opportunities for its health and education organisations which is likely to result in lower health and education outcomes. Health organisations have also expressed challenges competing with larger metropolitan operators for funding.



Health & Education

A regional designation would improve services and infrastructure funding opportunities for health and education providers on the Peninsula which has the potential to yield positive social and economic benefits.

Artists and musicians on the Peninsula are unlikely to be drawing on a large population base, which is a key perceived benefit of being part of a metropolitan location. The local community is also unlikely to receive any tangible benefits from major cultural projects in Melbourne due to its distance from the city. The metropolitan designation precludes the Mornington Peninsula from regional cultural and community funding programs, however, most sport and recreation grant programs are state-wide and thus not impacted by designation.



Culture, Community & Recreation

Regional classification would unlock funding opportunities for local arts and cultural as well as community organisations to improve services and infrastructure which is likely to deliver positive social and economic outcomes within the municipality. A regional designation also appears to have no tangible negative impacts.

The Peninsula's metropolitan status allows it to apply the GWZ across a significant portion of the municipality. The GWZ provides a suitable balance for permitted uses and protection given the municipality's economic and environmental profile. The metropolitan status has intensified the economic and social impact associated with the pandemic on the Peninsula due to the additional movement and business restrictions.



Regulations & Planning

Senior legal counsel obtained by the Committee for Mornington Peninsula indicates that a regional designation could be achieved whilst retaining the existing protection afforded to green wedge land in the Shire. A regional classification would also deliver significantly improved economic and social outcomes in relation to the health regulations associated with the pandemic.

1. INTRODUCTION

1.1. BACKGROUND

Mornington Peninsula is one of 31 Local Government Areas (LGAs) that forms Metropolitan Melbourne under Victorian Government legislation. The metropolitan designation exists despite the Peninsula sharing a number of characteristics and challenges typically associated with regional Victoria.

This designation has significant economic and social implications for local businesses and residents as a result of government policy design, particularly in relation to taxation and charges and government funding programs. Given the unknown scale of these existing impacts, the Committee for Mornington

Peninsula is seeking to understand more precisely the implications of the current metropolitan designation, and whether a regional designation would provide an overall net benefit for the local community and economy.

Urban Enterprise has been engaged by the Committee to investigate the economic and social implications associated with the current designation to inform the Committee's advocacy position on this issue.

The Committee for Mornington Peninsula has commissioned this report in partnership with Australian Unity.

1.2. PURPOSE & APPROACH

The purpose of this study is to identify the social and economic implications associated with the Mornington Peninsula's current designation, and whether a regional designation would derive a net benefit for the local community and economy.

The study seeks to understand the individual and cumulative implications of each area of impact on the

Shire's community and economy due to the metropolitan classification, whilst also answering the question of whether Mornington Peninsula aligns to the characteristics of a regional municipality.

The approach of this study includes five key stages which are outlined in the diagram below.



1.3. INFORMATION SOURCES

The information analysed in this report has been compiled from the following tasks and sources:

- Economic, employment and population data obtained from the Australian Bureau of Statistics Census data;
- A workshop with the Executive of the Committee for Mornington Peninsula;

- Consultation with a range of industry stakeholders to understand industry-specific impacts; and
- Consultation with government stakeholders, including the Australian Bureau of Statistics, Mornington Peninsula Shire Council and State Government representatives.

2. CONTEXT

2.1. OVERVIEW

This section provides an overview of the Mornington Peninsula's economy and community, and summarises the economic, planning and political context to the current designation.

2.2. MORNINGTON PENINSULA

Mornington Peninsula is a coastal municipality situated 75km south-east of Melbourne.

Although the Peninsula has technically been considered part of Greater Melbourne for over 30 years, the region has special character and importance with a role that is distinct from but complementary to metropolitan Melbourne and designated growth areas.

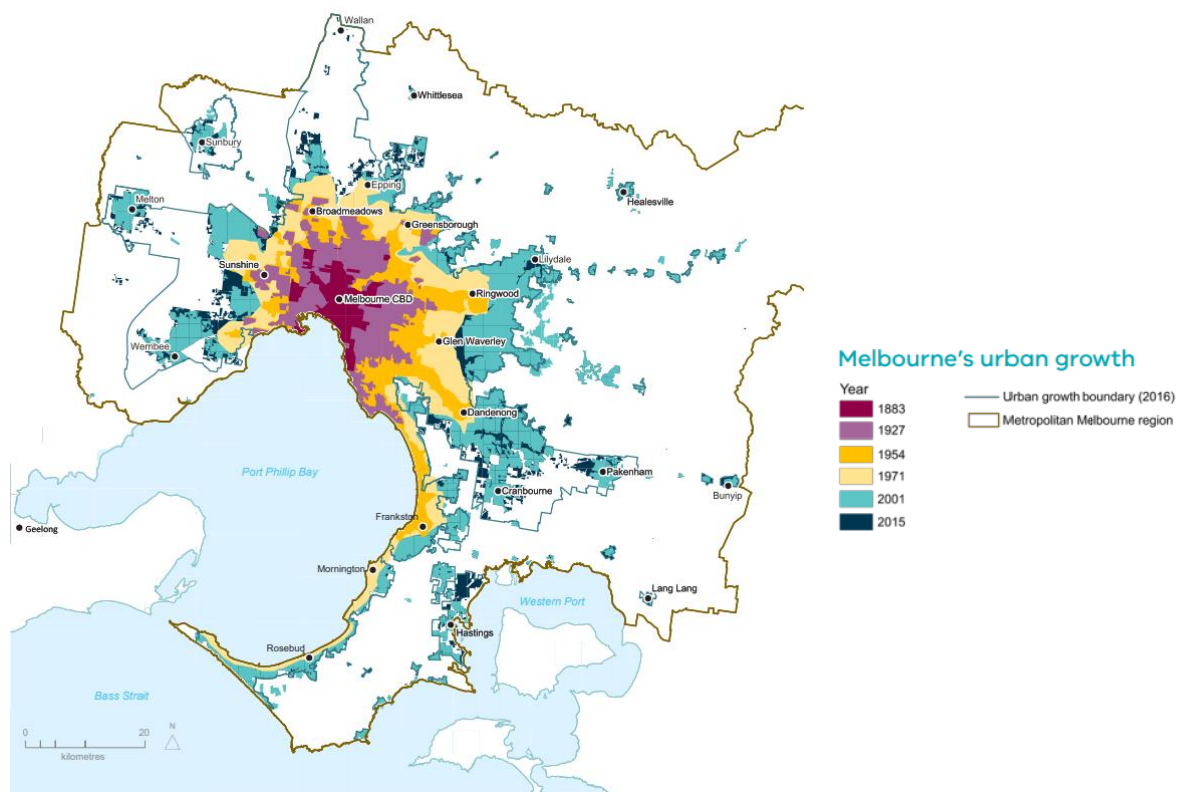
The Mornington Peninsula is characterised by distinct coastal and hinterland townships and villages, a substantial and diverse local economy, and areas of national and international environmental significance. The Shire possesses one of Australia's most vibrant

tourism industries, and is also supported by a number of other key sectors including agriculture, retail, manufacturing, construction and business services.

The Mornington Peninsula Localised Planning Statement (2014) gives the region the following appraisal:

The Mornington Peninsula is critical to the future liveability, sustainability and prosperity of the wider metropolitan region. As an area near to, but with a role distinct from, the growing metropolitan area there are ever increasing pressures and demands placed on the Mornington Peninsula.

F1. MELBOURNE'S URBAN GROWTH



Source: Plan Melbourne 2017-2050, Department of Environment, Land, Water and Planning, 2017

2.3. CURRENT DESIGNATION

STATE LEVEL

Mornington Peninsula is primarily considered as part of Metropolitan Melbourne by the state government. At the state level, the definition of Metropolitan Melbourne is based on the Planning and Environment Act 1987 which sets out the local government areas that form Metropolitan Melbourne. The Regional Development Victoria Act 2002 defines the municipalities that are in "rural and regional Victoria". These classifications are used as the basis for policy and program decisions that have economic, social and environmental implications for each local economy and community.

Mornington Peninsula forms one of six local governments within the Southern Metropolitan Partnership (see Figure F2). The metropolitan partnerships were established by the Victorian Government as a way for local communities to engage directly with state and local governments and advise the Victorian Government of the top priorities across each region.

F2. METROPOLITAN MELBOURNE REGIONS



Source: Victorian Government, 2021

FEDERAL LEVEL

The federal government uses a variety of ABS statistical measures to designate metropolitan and regional areas that do not delineate between LGA boundaries. This generally results in regional classification occurring for the non-urban areas within Mornington Peninsula, while the urban areas of the municipality are classified as metropolitan. Two of the primary measures (Remoteness Area and Urban Centres and Localities) used are summarised below in Figure F3.

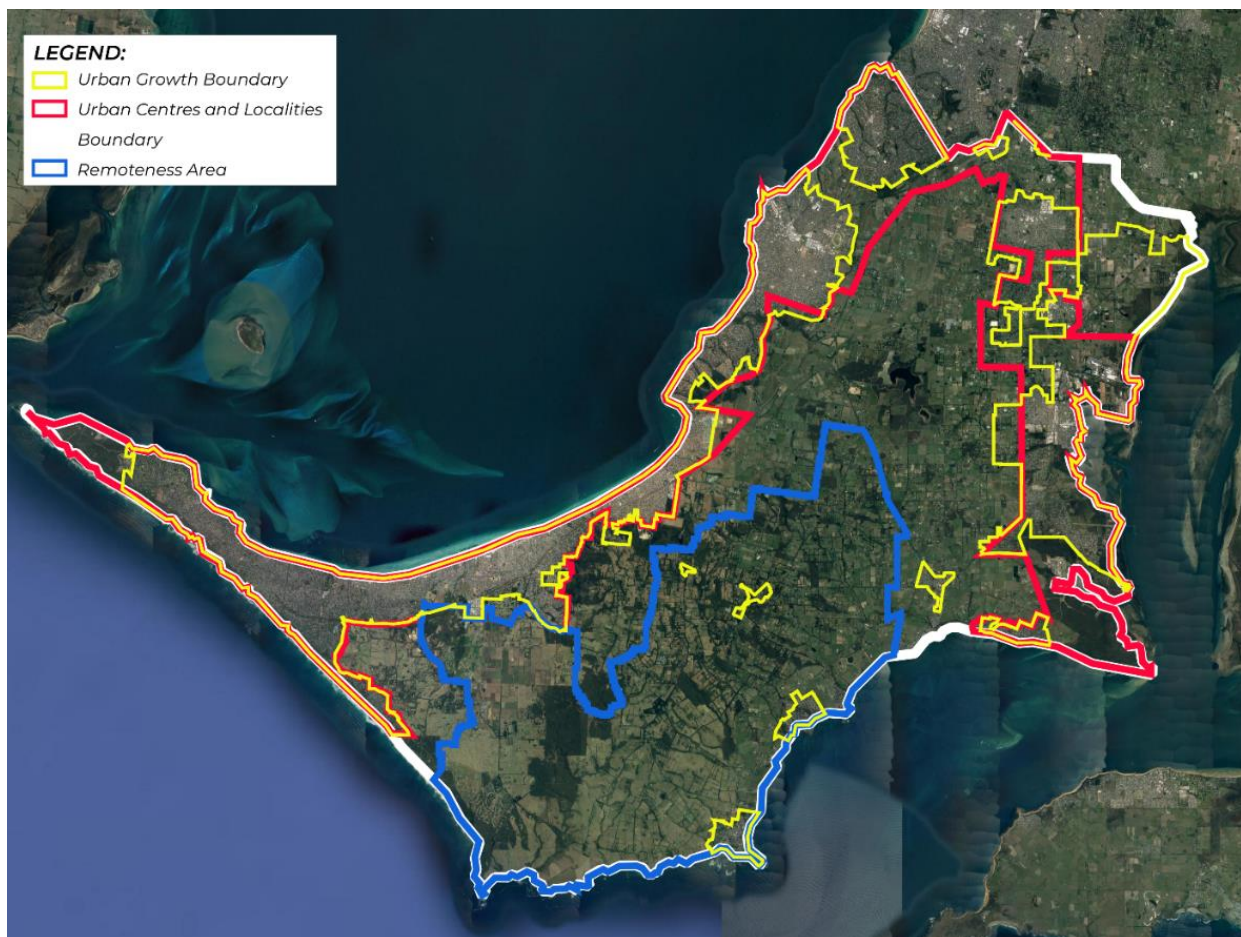
The UCLs boundary is utilised for a host of federal government regional funding programs and thus is considered to be an important boundary for economic

development outcomes across Australia. The ABS provides the following definition for UCLs:

The UCLs represent areas of concentrated urban development with populations of 200 people or more. These areas of urban development are primarily identified using objective dwelling and population density criteria using data from the 2016 Census. The UCLs are designed for the analysis of statistical data, in particular data from the Census of Population and Housing.

It is worth noting the specified purpose of the measure is for the analysis of statistical data. There is no mention of the intention of UCL boundaries to be used as a regional funding boundary.

F3. REGIONAL – METROPOLITAN BOUNDARY CONTEXT MAP



Source: Urban Enterprise, 2021

2.4. ECONOMIC & SOCIAL DISADVANTAGE

Despite Mornington Peninsula's metropolitan designation, the Shire possesses a number of regional characteristics. The municipality includes significant areas of agricultural land, conservation land and stunning coastline, while the local economy is supported by tourism and agriculture. The Peninsula also has an older age demographic than metropolitan Melbourne and is experiencing slow population growth. These regional attributes result in the local community and businesses experiencing similar challenges and barriers to regional Victoria, however, equivalent levels of government support are not readily available.

This misalignment has resulted in growing community concern regarding the economic and social disadvantages experienced on the Mornington Peninsula due to the current designation. Key areas of concern that have been identified by Mornington

Peninsula residents and businesses include taxation and charges, public transport, economic development, education, cultural, workforce and regulatory and compliance.

The sense of disadvantage on the Peninsula associated with the current designation has intensified during the COVID-19 pandemic. The Mornington Peninsula was placed under the same movement restrictions as metropolitan Melbourne despite low case numbers and high vaccination rates, which has taken a significant toll on the local economy. Given the local economy's reliance on the tourism industry, the impacts of the pandemic on the Peninsula have been even greater and have strengthened community support to understand the social and economic disadvantages associated with the current designation, as well as benefits associated with a regional designation.

F4. COMMUNITY CONCERN – LOCAL NEWS ARTICLES



LATEST NEWS

Shire seeks metro break with benefits

Mornington Peninsula pushes to permanently break away from Melbourne

'No medical reason' to keep peninsula in lockdown

The Mornington Peninsula mayor has joined the fight to free the region from lockdown. See what she told Dan Andrews.

COUNCIL WATCH

Peninsula a 'pretend' metro area – MP

Source: The Mornington Peninsula News, The Age.

PERI-REGIONAL DESIGNATION

Mornington Peninsula Shire Council (MPSC) is also investigating a potential reclassification, and the ramifications associated with a regional designation for Council.

The Shire has formed the view that a peri-regional designation provides the best fit for the Mornington Peninsula. Under this model, the Mornington

Peninsula would retain its metropolitan designation in a legislative nature, however, it would seek access to relevant regional funding programs as well as tax concessions (e.g. payroll tax) where applicable. The Shire will use the peri-urban councils as a precedent, given these councils were recently provided access to the \$75 million Growing Suburbs Fund despite holding a regional designation.

2.5. KEY FINDINGS

Although the Mornington Peninsula has technically been considered part of Greater Melbourne for over 30 years, the region has special character and importance with a role that is distinct from and complementary to metropolitan Melbourne and designated growth areas.

The Mornington Peninsula is primarily considered part of metropolitan Melbourne by the state government, while at the federal level a variety of statistical measures are used to determine regional boundaries, creating a nuanced overall designation for the Peninsula.

Despite the Mornington Peninsula's metropolitan designation, the municipality possesses a number of regional characteristics. This misalignment has resulted in growing community concern regarding the economic and social disadvantages experienced on the Mornington Peninsula due to the current designation, which has reached high levels during the pandemic.

Following its own investigation into a reclassification, Council has formed the view a peri-regional designation provides the best fit for Mornington Peninsula.

3. CASE STUDY ANALYSIS & BENCHMARKING

3.1. OVERVIEW

This section provides analysis of comparable LGAs to the Mornington Peninsula that possess either a metropolitan or regional designation. Comparative analysis has also been undertaken against Regional Victoria and Metropolitan Melbourne to understand whether the Peninsula has stronger alignment to either region.

A range of economic and demographic data for each of the case studies has been collected to allow for a

comparison against the Mornington Peninsula to be undertaken across various indicators.

This provides a framework to identify any trends or similarities that exist between the regional and metropolitan case studies, and whether the Peninsula has alignment to these case studies. A range of data sources have been used for the analysis which are summarised in Appendix A.

3.2. PRELIMINARY CASE STUDIES

An initial review of ten case studies across Australia was undertaken, with LGAs selected based on alignment to the following criteria:

- Relative proximity to a major city (less than 120km);
- Possess similar economic or social characteristics to Mornington Peninsula; and
- Combination of regional and metropolitan designation (50-50 split).

Table T1 summarises the initial case studies selected for the analysis. A range of economic, demographic and council financial data was collected for each LGA to allow for a comparative analysis to be undertaken.

The preliminary assessment resulted in significant variation in results across the case studies, primarily due to the size differential of municipalities across state borders. This variation resulted in no clear trends or similar characteristics emerging from the first round of analysis.

This led to a refinement of the case study analysis to include two regional and two metropolitan LGAs from Victoria, which provided a higher degree of accuracy when comparing the economic and demographic indicators against Mornington Peninsula. The selected case studies are highlighted below and include Greater Geelong, Macedon Ranges, Nillumbik and Yarra Ranges.

T1. PRELIMINARY LIST OF CASE STUDIES

Regional	Metropolitan
Bass Coast (VIC)	Blue Mountains (NSW)
Baw Baw (VIC)	Central Coast (NSW)
Greater Geelong (VIC)	Nillumbik (VIC)
Macedon Ranges (VIC)	Wollongong (NSW)
Mandurah (WA)	Yarra Ranges (VIC)

3.3. DETAILED CASE STUDIES

COMPARISON OF DEMOGRAPHIC PROFILE



Analysis of key demographic data for the case studies benchmarked against Mornington Peninsula yielded the following key findings:

- The Mornington Peninsula has a unique set of population and dwelling characteristics when compared to both the metropolitan and regional case studies.
- Historical population and dwelling growth on the Peninsula has occurred at a rate that sits in between the metropolitan and regional case studies, while the forecast growth rates over the next 15 years align to the metropolitan case studies.
- The Mornington Peninsula has an older age demographic than all the case studies as well as a higher population density rate.
- Educational attainment rates on the Mornington Peninsula have a closer alignment to the regional case studies, particularly with respect to vocational education and those with no qualifications.
- The Mornington Peninsula's socio-economic profile shares strong similarities with the regional case studies, including low unemployment and lower median income levels.
- The Mornington Peninsula's higher job containment rate (the proportion of working residents who live and work in the municipality) aligns more closely to the regional case studies, highlighting the local economy's relative self-sufficiency and lower level of reliance on employment opportunities in Melbourne compared to the metropolitan case studies.

T2. DEMOGRAPHIC PROFILE CASE STUDY SUMMARY TABLE

		Regional		Metropolitan		Mornington Peninsula
		Geelong	Macedon Ranges	Yarra Ranges	Nillumbik	
Population	Population (2020)	265,000	51,000	160,000	65,000	169,000
	Population AAGR* 2010-2020	2.2%	1.9%	0.7%	0.4%	1.3%
	Median Age (2016)	40	42	40	41	46
	Forecast Population (2036)	361,000	65,000	180,000	70,000	181,000
	Forecast Population AAGR (2021-36)	2.0%	1.7%	0.7%	0.5%	0.5%
	Land area (ha)	125,000	175,000	247,000	43,000	72,000
	Population Density (per ha)	2.11	0.29	0.65	1.51	2.33
Dwellings	Dwellings (2016)	106,000	18,700	59,000	21,000	89,000
	Dwellings AAGR 2011-2016	2.1%	1.8%	0.8%	0.7%	1.3%
	Forecast Dwellings (2036)	162,000	27,100	71,000	26,600	102,000
	Forecast Dwelling AAGR (2021-36)	2.0%	1.8%	0.9%	0.8%	0.5%
Education Attainment	Bachelor or Higher degree	18.7%	22.0%	17.1%	28.4%	17.2%
	Advanced Diploma/Diploma	9.5%	10.4%	10.6%	10.9%	10.6%
	Vocational	21.0%	21.2%	24.1%	19.0%	22.0%
	No qualification	40.4%	35.8%	39.7%	34.9%	39.5%
Socio-economic	Job Containment (2016)	76.2%	42.0%	35.9%	22.3%	55.0%
	Distance to Major City (km)	75.2	69	79	45	72
	SEIFA (2016)	994	1060	1040	1099	1030
	Unemployment (2021)	4.5%	4.1%	6.3%	3.7%	4.9%
	Median Weekly Income (2016)	\$1,244	\$1,638	\$1,501	\$2,098	\$1,276

Source: Various sources – refer to Appendix A for detailed source information. *Average Annual Growth Rate

High	
Medium	
Low	

COMPARISON OF ECONOMIC PROFILE



Analysis of key economic data for the case studies benchmarked against the Mornington Peninsula yielded the following key findings:

- The scale of the Mornington Peninsula economy is similar to Yarra Ranges, however, there is no clear trend across either the metropolitan and regional case studies in terms of output and employment levels.
- Mornington Peninsula has similar proportional employment to the regional case studies in government-led industries including health care and social assistance, education and training and public administration and safety. The Peninsula also shares similar employment levels with the regional case studies for retail trade and professional, scientific and technical services.
- Mornington Peninsula has stronger alignment to the metropolitan case studies in the industries of construction, financial and insurance services and administrative and support services.

T3. ECONOMIC PROFILE CASE STUDY SUMMARY TABLE

	Regional		Metro		Mornington Peninsula
	Geelong	Macedon Ranges	Yarra Ranges	Nilumbik	
Output (19/20)	\$32.97B	\$4.2B	\$13.89B	\$4.13B	\$16.36B
Total Jobs (2016)	95,058	12,672	39,546	13,315	49,480
Jobs by Industry 2016 (%)					
Accommodation and Food Services	7.7%	8.2%	9.4%	8.6%	9.6%
Administrative and Support Services	2.5%	2.5%	3.0%	3.0%	3.3%
Agriculture, Forestry and Fishing	1.0%	4.3%	4.7%	1.2%	2.3%
Arts and Recreation Services	1.6%	2.2%	2.6%	3.4%	2.6%
Construction	7.5%	9.0%	9.3%	12.8%	10.6%
Education and Training	10.8%	11.1%	11.6%	14.4%	8.9%
Electricity, Gas, Water and Waste Services	1.3%	0.6%	0.9%	0.6%	0.7%
Financial and Insurance Services	2.7%	3.2%	1.0%	1.6%	1.3%
Health Care and Social Assistance	17.3%	12.4%	9.9%	11.4%	13.9%
Information Media and Telecommunications	0.9%	0.7%	0.8%	0.8%	0.6%
Manufacturing	8.0%	8.2%	9.9%	3.4%	6.6%
Mining	0.1%	0.1%	0.2%	0.0%	0.3%
Other Services	3.7%	4.4%	4.5%	5.2%	4.2%
Professional, Scientific and Technical Services	5.2%	5.7%	5.1%	8.4%	5.2%
Public Administration and Safety	5.5%	6.0%	3.0%	4.8%	6.2%
Rental, Hiring and Real Estate Services	1.3%	1.6%	1.4%	1.7%	2.0%
Retail Trade	13.5%	11.0%	12.4%	10.4%	13.9%
Transport, Postal and Warehousing	3.5%	3.0%	2.9%	2.2%	1.8%
Wholesale Trade	2.1%	1.6%	2.6%	1.7%	1.7%

Source: Various sources – refer to Appendix A for detailed source information

High	
Medium	
Low	

COMPARISON OF VISITOR ECONOMY

Analysis has also been undertaken on each case study's tourism market to assess the extent of alignment between the Mornington Peninsula and either group.

- The Mornington Peninsula's visitation levels are significantly higher than all the case studies, highlighting the high quality natural assets and level of tourism product development that exist in the region and the resulting strength in the visitor market.
- The Mornington Peninsula also has a lower proportion of daytrip visitors, which reflects a visitor market that is more closely aligned to the regional case studies. Its strength as a holiday home destination increases the proportion of

overnight visitors compared to the other benchmarked locations.

- The size of the Mornington Peninsula visitor economy from an employment and output perspective is very similar to Macedon Ranges, however, there is limited variation across all the case studies.
- The Mornington Peninsula has a significantly higher proportion of unoccupied dwellings than all the case studies, however, there is closer alignment to the regional case studies. Anecdotal evidence (as well as energy data see Appendix B) suggests that many holiday home owners converted their holiday homes on the Peninsula to their primary residences during the metropolitan lockdown.

T4. VISITOR ECONOMY CASE STUDY SUMMARY TABLE

		Regional		Metro		Mornington Peninsula
		Geelong	Macedon Ranges	Yarra Ranges	Nillumbik	
Total Trips	2019	5,800,000	1,500,000	4,000,000	490,000	7,300,000
	Daytrip %	74%	81%	85%	82%	74%
Visitor Economy	Employment	5.6%	6.4%	7.3%	NA	6.6%
	Output	3.3%	4.0%	4.5%	NA	4.0%
Unoccupied Dwellings (2016)	Total	14,347	1,890	4,875	1,315	28,005
	%	14%	11%	8%	6%	31%

Source: Tourism Research Australia (2020) & Australian Bureau of Statistics (2016)

COMPARISON OF COUNCIL PROFILE

Analysis of council financial data allows for comparison to be made across the case studies to identify any similar characteristics to Mornington Peninsula that might exist. The data presented in Table T5 shows each council's financial performance, including expenditure and revenue received by a council, as well as one-off and ongoing funding received by a council from both the federal and state governments. Note that all data presented in Table T5 is presented in per capita format to allow for direct comparison.

Key findings from the analysis are summarised below.

- Mornington Peninsula has no clear alignment to either the regional or metropolitan case studies with respect to recurrent expenditure and revenue, as well as rates and charges.
- Regional case studies receive higher levels of grants on a per capita basis than metropolitan case studies, with Mornington Peninsula grant funding showing closer alignment to metropolitan LGAs.
- Mornington Peninsula total revenue per capita has slightly stronger alignment to the metropolitan case studies.

T5. COUNCIL FINANCIAL ANALYSIS SUMMARY TABLE (PER CAPITA) – 2019/20

	Regional		Metro		Mornington Peninsula
	Geelong	Macedon Ranges	Yarra Ranges	Nillumbik	
Recurrent Expenditure	\$1,476	\$1,538	\$1,148	\$1,739	\$1,368
Recurrent Revenue	\$1,504	\$1,701	\$1,269	\$1,519	\$1,486
Rates & Charges	\$911	\$995	\$904	\$1,018	\$1,055
VGC Grants	\$83	\$159	\$91	\$49	\$36
Non-recurrent government grants	\$56	\$146	\$78	\$57	\$79
Recurrent government grants	\$200	\$304	\$190	\$107	\$127
Total Revenue	\$2,754	\$3,304	\$2,532	\$2,750	\$2,783

Source: Victoria Grants Commission, analysed by Urban Enterprise, 2021

3.5. REGIONAL – METROPOLITAN BENCHMARKING

COMPARISON OF DEMOGRAPHIC PROFILE

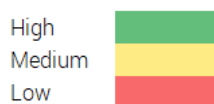
Analysis of key demographic data for Regional Victoria and Greater Melbourne benchmarked against Mornington Peninsula yielded the following key findings:

- Mornington Peninsula’s population and dwelling characteristics share significant similarities to regional Victoria.
- Historical population and dwelling growth on the Peninsula has occurred at a near identical rate to regional Victoria, while the older age profile on the Mornington Peninsula is more aligned to regional Victoria than the relatively younger age profile in metropolitan Melbourne.
- Population density on the Mornington Peninsula sits in between the rate of regional Victoria and the metropolitan average.
- Educational attainment rates on the Mornington Peninsula have slightly more similarity to metropolitan Melbourne, however, there is also alignment to regional Victoria, particularly in relation to vocational education.
- The Mornington Peninsula’s socio-economic profile has strong alignment to regional Victoria, with low unemployment and lower median income levels than metropolitan Melbourne.

T6. DEMOGRAPHIC PROFILE

		Mornington Peninsula	Regional Victoria	Greater Melbourne
Population	Population AAGR (2010-2020)	1.30%	1.30%	2.30%
	Median Age (2016)	46	43	36
	Forecast Population AAGR (2021-36)	0.50%	1.30%	1.70%
	Population Density (per ha)	2.33	0.07	5.17
Dwellings	Dwellings AAGR (2011-2016)	1.30%	1.40%	2.30%
	Forecast Dwelling AAGR (2021-36)	0.50%	1.50%	1.80%
Educational Attainment	Bachelor or Higher degree	17.20%	14.50%	17.50%
	Advanced Diploma or Diploma	10.60%	8.50%	9.50%
	Vocational	22.00%	22.00%	15.30%
	No qualification	39.50%	42.80%	38.60%
Socio-economic	Median Weekly Income (2016)	\$1,276	\$1,124	\$1,542
	Unemployment rate (July 2021)	4.90%	4.60%	6.80%

Source: Various sources – refer to Appendix A for detailed source information



COMPARISON OF ECONOMIC PROFILE


Comparable analysis of employment industry data for regional Victoria and metropolitan Melbourne against the Mornington Peninsula yielded the following key findings:

- Overall, the Mornington Peninsula's employment profile more closely aligns to regional Victoria than metropolitan Melbourne.
- The Mornington Peninsula shares similar employment levels to regional Victoria in government-led industries including health care and social assistance, education and training and public administration and safety.
- The Peninsula also has alignment to regional Victoria's employment profile for the key tourism industries of accommodation and food services and retail trade.
- Mornington Peninsula has a relatively similar level of mining, arts and recreation and administrative and support services employment as metropolitan Melbourne.

T7. EMPLOYMENT INDUSTRY PROFILE

Industry of Employment (2016)	Mornington Peninsula	Regional Victoria	Greater Melbourne
Accommodation and Food Services	9.6%	7.6%	6.6%
Administrative and Support Services	3.3%	2.5%	3.3%
Agriculture, Forestry and Fishing	2.3%	8.1%	0.6%
Arts and Recreation Services	2.6%	1.5%	2.1%
Construction	10.6%	6.9%	6.7%
Education and Training	8.9%	9.0%	8.8%
Electricity, Gas, Water and Waste Services	0.7%	1.5%	1.0%
Financial and Insurance Services	1.3%	1.8%	4.7%
Health Care and Social Assistance	13.9%	15.3%	12.1%
Information Media and Telecommunications	0.6%	0.9%	2.2%
Manufacturing	6.6%	8.5%	7.9%
Mining	0.3%	0.6%	0.2%
Other Services	4.2%	3.7%	3.6%
Professional, Scientific and Technical Services	5.2%	4.0%	9.3%
Public Administration and Safety	6.2%	6.1%	5.2%
Rental, Hiring and Real Estate Services	2.0%	1.1%	1.8%
Retail Trade	13.9%	11.3%	10.4%
Transport, Postal and Warehousing	1.8%	3.6%	5.0%
Wholesale Trade	1.7%	2.1%	3.6%

Source: ABS Census of Population and Housing, 2016

High	
Medium	
Low	

VISITOR PROFILE




Comparable analysis of regional Victoria and metropolitan Melbourne's tourism market against the Mornington Peninsula yielded the following key findings:

- The Mornington Peninsula has a significantly higher proportion of unoccupied dwellings than both regions, highlighting the unique strength of its holiday home market.
- The Mornington Peninsula receives the majority of its visitors 'from Melbourne' highlighting that it seen as a destination distinct from Melbourne.
- The Mornington Peninsula has a higher proportion of day-trippers than both Regional Victoria and Greater Melbourne, reflecting its close proximity to its major source market of Melbourne.

T8. VISITOR PROFILE

		Mornington Peninsula	Regional Victoria	Greater Melbourne
Total Trips	2019	7,300,000	31,000,000	13,500,000
	AAGR (2015-19)	8.6%	7.6%	8.4%
	Daytrip %	71%	68%	65%
Unoccupied Dwellings 2016	Total	28,005	113,426	169,822
	%	31%	16%	9%

Source: Tourism Research Australia (2020) & Australian Bureau of Statistics (2016)

High	
Medium	
Low	

3.7. CASE STUDY BENCHMARKING

To assist in distilling the data analysis undertaken as part of the case study assessment, a sliding scale has been prepared (see Figure F5) to summarise the key findings. For a variety of key indicators, each of the case studies, as well as the Mornington Peninsula have been allocated into an area on the diagram to reflect their alignment to metropolitan Melbourne and regional Victoria.

A list of variables used to determine the location of each indicator is provided in Appendix C.

Key findings from the analysis include:

- The Mornington Peninsula’s economic and demographic profile does not have a strong

alignment to either regional or metropolitan data across all the indicators.

- The municipality generally shows more alignment to regional Victoria, particularly in terms of the demographic and socio-economic profile.
- Mornington Peninsula shows a stronger similarity to regional Victoria than the other case studies, when assessing all indicators simultaneously.
- None of the case studies have a strong alignment to either a metropolitan or regional profile.

F5. CASE STUDY BENCHMARKING SUMMARY



Source: Urban Enterprise, 2021

3.8. KEY FINDINGS

Mornington Peninsula’s economic and demographic profile does not have a strong alignment to either the regional or metropolitan case studies analysed. It is also difficult to draw on tangible trends from the characteristics of either group of case studies. When benchmarked against regional Victoria and metropolitan Melbourne, the Mornington Peninsula appears to share more similarity to regional Victoria, particularly with respect to the demographic and socio-economic profile.







The Peninsula experiences slow population growth an older age profile, lower income levels, low unemployment and a high job containment rate. These are common characteristics of municipalities in regional Victoria and these similarities should be accounted for when considering the Peninsula’s metropolitan status and the impacts associated with the current designation.

4. IMPACT ASSESSMENT

4.1. IMPACT FRAMEWORK

A framework has been developed to assess the economic and social impacts of the current designation through the key impact channels, as summarised in Table T9. The impact framework provides a useful tool to identify the range of impacts and estimate, where possible, the extent of the impact and the parties affected. These impact categories are explored in detail within this section.

T9. IMPACT FRAMEWORK

Impact	Overview
 <p>Taxation & Charges</p>	<p>Businesses, landowners and residents on the Mornington Peninsula face a suite of specific taxes and charges due to the municipality's metropolitan designation. These payments are higher than those faced in regional Victoria and represent a key area of economic disadvantage for the Peninsula.</p>
 <p>Economic Development</p>	<p>Access to government funding programs provides a local economy with the financial support required to reach its economic and social potential. At the state government level, the Mornington Peninsula's metropolitan designation renders the municipality ineligible for a significant pool of funding for regional economic development.</p>
 <p>Transport & Infrastructure</p>	<p>Transport and infrastructure are critical components to a productive and prosperous local economy. There are a host of perceived benefits associated with being part of a metropolitan city, including a quality transport network and modern infrastructure. Despite its designation, the Mornington Peninsula does not receive the transport and infrastructure outcomes typically associated with a metropolitan municipality.</p>
 <p>Health & Education</p>	<p>Strong health and education systems have wide-ranging social and economic benefits for a local economy and community. The Mornington Peninsula's metropolitan designation limits the level of funding available to education and health organisations on the Peninsula to improve their services and infrastructure.</p>
 <p>Culture, Community & Recreation</p>	<p>Cultural and community activity provides the social fabric upon which a society can function, and generates significant social and economic benefits across all levels of the community. Mornington Peninsula's metropolitan status impacts the municipality's ability to attract government funding in the arts industry, while the investment associated with Melbourne is unlikely to generate benefits on the Peninsula. Community and recreation infrastructure expenditure is also more generous in regional areas than metropolitan Melbourne on a per capita basis.</p>
 <p>Regulations & Planning</p>	<p>The Green Wedge Zone provides the appropriate balance of permitted uses and protections for the Mornington Peninsula, however, currently Green Wedge Zones are only applied to parts of Metropolitan Melbourne. Senior legal counsel obtained by the Committee for Mornington Peninsula indicates that a regional designation could be achieved whilst retaining the existing protection afforded to green wedge land in the municipality. In relation to COVID-19, the additional movement and business restrictions associated with the metropolitan designation are likely to have worsened the economic conditions for the Peninsula compared to a scenario where the municipality was considered regional.</p>

Source: Urban Enterprise, 2021

4.2. TAXATION & CHARGES

PAYROLL TAX

Payroll tax is collected by the State Revenue Office (SRO), which uses Victorian Government legislation to designate municipalities either regional or metropolitan. Since 2017, a lower payroll tax rate has applied to taxable wages paid by regional employers to their regional employees.

The payroll tax rate applied to metropolitan businesses in 2021-22 is 4.85%, while regional Victorian businesses pay a rate of 1.21%. Given Mornington Peninsula is classified as a metropolitan council under State Government legislation, businesses in the region are not eligible for the lower payroll tax rate. It should be noted that the tax-free annual threshold for 2021-22 is \$700,000, with a monthly threshold of \$58,333.

Drawing on the Australian Bureau of Statistics' (ABS) annual turnover data, Urban Enterprise has estimated the payroll tax impact associated with a metropolitan designation for Mornington Peninsula businesses. Key assumptions applied in the assessment are outlined in Appendix D.

As shown in Table T10, it is estimated that the current designation is costing Mornington Peninsula businesses between **\$147 - \$152 million** in payroll tax per annum. Approximately 800 businesses on the Peninsula are currently paying between \$196 - \$202 million in payroll tax, which would reduce to \$49 - \$51 million under a regional designation.

Payroll tax paying businesses on the Peninsula are paying on average approximately \$187,000 additional tax due to the current designation.

This is a significant cost to the existing business base in Mornington Peninsula and has the potential to impact a range of economic outcomes including employment and wages. The Department of Treasury and Finance undertook research to estimate the impact of the reduced payroll tax on business behaviours in 2021. The research demonstrated that businesses which received the regional rate of payroll tax increased total wages at a faster rate than businesses which were not eligible¹. This research highlights the significant impact that the current payroll tax rate is having on Mornington Peninsula businesses, as well as the improved outcomes that could occur from a regional designation.

As well as impacting existing businesses on the Peninsula, these additional charges are also likely to influence businesses considering a move to Mornington Peninsula or comparable regions. As an example, a business weighing up between setting up in the Mornington Peninsula versus Geelong would factor in the payroll tax differential to its ultimate decision. This has the potential to limit business growth and employment opportunities on the Mornington Peninsula and highlights the numerous channels through which the payroll tax rate is likely impacting businesses and residents in the region.

T10. PAYROLL TAX ESTIMATE - MORNINGTON PENINSULA - 2021-22

	2021-22	
	Low Growth	High Growth
Payroll Tax Bill (metropolitan rate)	\$196.2M	\$202.0M
Payroll Tax Bill (regional rate)	\$49.0M	\$50.5M
Differential	\$147.1M	\$151.5M

Source: Businesses by Local Government Area by Industry Division by Turnover Size Ranges, ABS 2020 analysed by Urban Enterprise, 2021

It should be noted that this estimate has been prepared using high-level turnover data and further analysis is recommended to guarantee the accuracy of the estimate. Urban Enterprise requested payroll data at the LGA level from the SRO, however, no response was provided to this request.

¹ Evaluating the effect of cutting the regional payroll tax rate, Department of Treasury and Finance, 2021

LAND TRANSFER DUTY

About 200,000 properties change hands in Victoria each year. Most often they are bought or sold at auctions and private sales, but can also be gifted or acquired through a company or trust. As part of a property purchase, a land transfer duty (previously known as stamp duty) on the transfer of the land is paid. The amount of duty depends on the value of the property, its use and eligibility for any exemptions or concessions.

Since the beginning of 2021, commercial and industrial property across all of regional Victoria receive a 50% discount on stamp duty fees. This means a stamp duty concession is available for property purchases in regional Victoria used for commercial, industrial or extractive industry purposes. The land transfer duty is administered by the SRO, thus Mornington Peninsula is designated as a metropolitan area under this taxation policy.

The SRO releases land transfer duty data by postcode, however, there is no delineation between

residential and commercial/industrial property purchases. For this reason, no estimate has been derived for the aggregate impact of this duty on the Mornington Peninsula (due to the metropolitan designation), however, the most recent data provided by the SRO shows Mornington Peninsula land owners paid \$236.2 million stamp duty in 2018-19. It should be noted that this figure includes residential land purchases and is for a time period when the 50% discount for regional Victoria did not exist, however, it highlights the likely significant benefit associated with a regional designation for the Peninsula for this duty.

A case study assessment is provided below which identifies the potential impact of the land transfer duty at the micro level based on the Peninsula's metropolitan designation. The case study highlights the negative impact that the current policy setting is likely to be having on Mornington Peninsula's business growth opportunities.

CASE STUDY – STAMP DUTY IMPACT ASSESSMENT

Case Study: The purchase of a \$1 million commercial property in Mornington Peninsula compared to a location designated as regional Victoria such as Geelong.

Impact Assessment: The property on the Mornington Peninsula faces a stamp duty fee of \$55,000, while an identical purchase scenario in Geelong would incur a stamp duty fee of only \$27,500. This represents a saving of \$27,500 for the Geelong landowner in comparison to the Mornington Peninsula property owner.

This additional fee is likely to have two key impact channels:

- The existing business base making land purchases (e.g. a local business expanding) are directly impacted by the higher stamp duty fee, which has the potential to influence existing business activity such as employment, wages, investment etc.
- Businesses weighing up a decision to establish, shift or expand operations to the Mornington Peninsula or comparable regions (e.g. Geelong) are likely to be influenced by an additional \$27,500 stamp duty fee.

These factors combine to limit business growth on the Mornington Peninsula and the associated economic activity and benefits that this brings to a local economy.

Source: Urban Enterprise, 2021

OTHER TAXATION & CHARGES

Metropolitan Planning Levy

The metropolitan planning levy (MPL) supports the delivery of Plan Melbourne initiatives through the Department of Environment, Land, Water and Planning, and the Victorian Planning Authority. The levy is applied to a planning permit to develop land in metropolitan Melbourne where the estimated cost of the development is more than the levy threshold.

The MPL threshold currently stands at \$1,107,000, with this figure adjusted annually to reflect movements in the Consumer Price Index (CPI). The levy is charged at \$1.30 for every \$1,000 of the

estimated development cost. If the estimated cost is not a multiple of \$1,000, it will be rounded up or down to the nearest \$1,000, with the amount rounded up where the cost includes an amount of \$500.

The Mornington Peninsula is classified as metropolitan and thus developments in the municipality are subject to the MPL. The case study below highlights the estimated cost associated with the MPL and the likely flow-on impacts for local businesses, particularly the property and construction industry.

METROPOLITAN PLANNING LEVY CASE STUDY

Case Study: The estimated cost of the development to which a permit application relates is \$2,356,782. This is rounded up to \$2,357,000 to calculate the levy:

- $\$2,357,000 \div \$1,000 = \$2,357$.

The metropolitan planning levy is:

- $(\$2,357 \times \$1.30) = \mathbf{\$3,064}$

Although the MPL is relatively minor in comparison to the overall development cost, this cost serves as another expense paid by local businesses on the Peninsula that is not required by their regional counterparts.



Source: SRO, 2021

Cladding Rectification Levy

In July 2019, the State Government announced its intention to address combustible cladding through a program of grants to fund rectification works for high-risk buildings. The levy applies to building permits that meet the following criteria:

- construction will not be in regional Victoria;
- construction will be of any of classes 2 to 8; and
- construction cost of \$800,000 or more.

'Regional Victoria' is defined by reference to the First Home Owner Grant Act 2000, meaning Mornington Peninsula is not classified as part of regional Victoria and thus building permits in the municipality are required to pay the levy.

The various cladding rectification levy rates are summarised in Table T11. This levy represents an additional cost for the Mornington Peninsula construction industry due to the metropolitan

designation and reflects an area of economic disadvantage for the municipality.

It should also be noted that as of April 2021, VBA data shows the Mornington Peninsula has 12 buildings with cladding issues, compared to 20 in Greater Geelong, who do not contribute to the program due to their regional classification.

T11. CLADDING LEVY RATE

Construction cost	Cladding rectification levy rate
\$0.8 -1 million	0.128 cents per dollar
\$1 -1.5 million	0.256 cents per dollar
\$1.5 million +	0.82 cents per dollar

Source: Victorian Building Authority

KEY FINDINGS

The Mornington Peninsula's metropolitan status has significant financial implications from a taxation and charges perspective. The additional fees incurred by the local business base due to the current classification are likely to be negatively impacting the municipality's economic outcomes. The financial impacts associated with these taxes are resulting in a reduction in business revenue that could be spent on increased wages, employment, equipment or other business investment opportunities.

These additional costs are also likely to be influencing future business decisions, such as businesses weighing up a decision to establish, shift or expand operations to the Mornington Peninsula or comparable locations with a regional designation and favourable taxation conditions.

From a taxation and charges perspective, a regional designation appears likely to provide a net benefit for Mornington Peninsula businesses and residents

4.4. ECONOMIC DEVELOPMENT

STATE GOVERNMENT

Due to Mornington Peninsula's metropolitan designation, the municipality's local businesses, community organisations and Council are ineligible for regional development funding programs administered by Regional Development Victoria (RDV).

RDV is the state government's lead agency responsible for rural and regional economic development and operates in partnership with businesses and communities, as well as government to deliver positive outcomes for regional areas.

"Our work includes enabling businesses to invest to consolidate and grow jobs, strengthen regional economies and enrich the social fabric of Victoria's regional cities and towns."

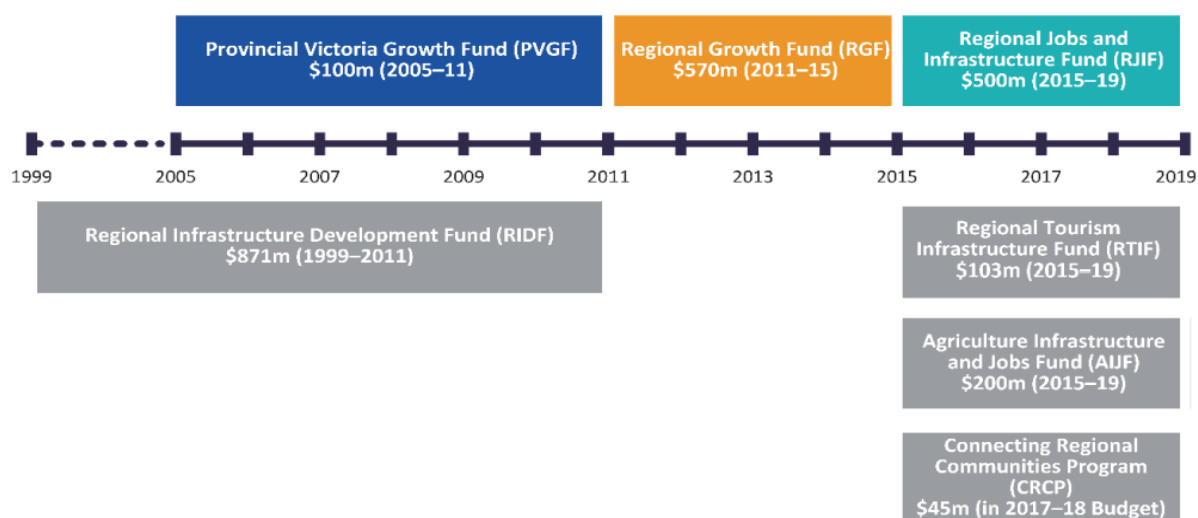
A timeline summary of RDV's major funding programs over the past 20 years is provided in Figure F6, and highlights the significant level of state government investment in regional economic

development. The Peninsula's inability to access these programs (worth a combined \$2.39 billion) is likely to have hindered the growth of the local economy, particularly the region's tourism and agriculture industries, which have strong alignment to a number of the policy objectives for these funding programs.

Current key funding programs facilitated by RDV include:

- \$156 million Regional Jobs and Infrastructure Fund;
- \$103 million Regional Tourism Infrastructure Fund;
- \$10 million Investment Fast Track Fund;
- \$34 million Regional Economic Stimulus & Resilience Grants;
- Regional Recovery Fund;
- \$30 million Regional Car Parks Fund;
- Stronger Regional Communities Program

F6. KEY REGIONAL DEVELOPMENT GRANT PROGRAMS



Source: Victorian Auditor-General's Office, 2019

Mornington Peninsula, as one of the Interface Councils, is eligible for the state government's \$375 million Growing Suburbs Fund (GSF). The program seeks to deliver critical local community infrastructure needs for Melbourne's fast-growing outer suburbs. The program is positioned to quickly respond to the pressures being experienced by interface and peri-urban communities by funding

'shovel ready' projects to support strong population growth.

As highlighted in Section 3, Mornington Peninsula's demographic profile aligns to that of regional Victoria, with relatively slow historical and projected population growth. Aside from the observed increase in local population during the government enforced lockdowns, the Peninsula's population conditions are

in stark contrast to their interface council counterparts, who are experiencing surging population growth. These contrasting conditions are likely to result in the Peninsula having comparatively less alignment to the policy objectives of the GSF and thus placing the municipality at a disadvantage in taking full advantage of the program. Consultation with MPSC supported this notion, with Council

State Budget

Analysis of the state government budget 2021-22 has been undertaken to identify the breakdown of regional and metropolitan funding. Table T12 shows the allocation of budget funding to both regional and metropolitan municipalities. Regional municipalities were the beneficiary of \$7.86 billion worth of funding announcements as part of the budget, while metropolitan municipalities are set to receive \$22.16 billion in government expenditure. Once these figures are translated into per capita figures, regional Victorian LGAs receive approximately \$5,200 compared to \$4,300 for metropolitan municipalities, representing a 16% differential in favour of regional expenditure.

Table T13 compares the budget expenditure across the case study municipalities with Mornington Peninsula. Interestingly, the budget included no specific funding for the Peninsula, with only state-wide projects impacting the municipality, while in contrast all the case studies received significant funding as part of the state budget. Further analysis

indicating it has struggled to receive funding for key infrastructure needs from the GSF since its creation.

It should also be noted that a number of regional municipalities were awarded access to the GSF in 2020, thus a transition to a regional designation for the Peninsula is unlikely to result in the region losing access to the fund.

has also been undertaken of previous state budgets to determine whether the lack of funding is a one-off event or a trend for the Peninsula. The state budget infographics for the previous two state budgets (2018/19 and 2019/20) are shown in Appendix E and show an identical trend to that in Figure F7, whereby no specific investment is made in the Mornington Peninsula.

This budget analysis highlights the state government’s focus on providing adequate economic support for regional areas, and indicates potential funding opportunities exist for Mornington Peninsula if a regional designation was achieved. Although there are undoubtedly numerous factors influencing budget expenditure, a regional designation is likely to improve the current state government investment climate for Mornington Peninsula.

The current lack of state government expenditure for the region is likely to be at least partially driven by a misalignment to the objectives of the metropolitan funding programs available to Mornington Peninsula.

T12. STATE BUDGET ANALYSIS – REGIONAL/METROPOLITAN

Designation	Budget Expenditure*	Population	Per Capita
Regional	\$7.86 billion	1,500,000	\$5,242
Metropolitan	\$22.16 billion	5,200,000	\$4,262

Source: Victorian Government analysed by Urban Enterprise, 2021

T13. STATE BUDGET- CASE STUDY ANALYSIS

Designation	Municipality	Budget Expenditure*
Regional	Geelong	\$588 million
	Macedon Ranges	\$40.6 million
Metropolitan	Nillumbik	\$580.3 million
	Yarra Ranges	\$200.7 million
	Mornington Peninsula	No funding

Source: Victorian Government analysed by Urban Enterprise, 2021

*Note: some investment announcements include funding across multiple municipalities

F7. STATE BUDGET METROPOLITAN FUNDING



FEDERAL GOVERNMENT

The federal government primarily uses the UCL boundaries to determine eligibility for its regional funding programs, which classifies the majority of the Mornington Peninsula as metropolitan (see Section 2 for indicative boundaries). Table T14 summarises the key regional development funding programs run by the federal government and shows a total funding pool in excess of \$2.5 billion.

It should be noted that a regional designation for the Mornington Peninsula at the state government level would not result in eligibility to these programs, however, the legitimacy of using UCLs as a regional funding boundary could be considered questionable. The ABS specifies that these boundaries should be used for statistical analysis and there appears to be no justification or recommendation that UCL boundaries should determine funding eligibility for regional funding programs.

The federal government appears to have no metropolitan-specific funding programs that lock out regional areas from funding, although programs such as the \$4 billion Urban Congestion Fund naturally have a metropolitan focus.

Mornington Peninsula is ineligible for the federal government's Working Holiday Maker program due to its classification under the remoteness area boundary. This program allows participants to extend their stay in Australia after completing a prescribed period of work in a regional or remote location. The

program is seen as useful in addressing labour shortages, particularly in industries such as tourism, hospitality and agriculture.

Also worth noting was the federal government's decision in 2019 to include the Mornington Peninsula within its designated regional areas under its regional migration definition. This gives businesses and organisations on the Peninsula access to the following visas:

- Skilled Work Regional visa
- Skilled Employer Sponsored Regional visa
- Skilled Regional visa
- Skilled Independent visa (additional benefits for participants if location is regional)
- Skilled Nominated visa (additional benefits for participants if location is regional)
- Regional Sponsored Migration Scheme visa
- Employer Nomination Scheme visa (nomination fee waived for regional positions)
- Temporary Skill Shortage visa
- Business Innovation and Investment visa
- State/Territory Sponsored Business Owner visa

This example demonstrates the ability of the federal government to adjust policy eligibility to address economic and social disadvantages on the Peninsula, and provides a precedent for further adjustments to occur in the future as deemed necessary.

T14. FEDERAL GOVERNMENT REGIONAL DEVELOPMENT FUNDING PROGRAMS

Fund	Description	Eligibility
Building Better Regions Fund	\$1.29 billion fund to create jobs, drive economic growth and build stronger regional communities into the future.	UCL boundary
COVID-19 Relief and Recovery Fund	\$1 billion fund to support regions, communities and industry sectors that have been disproportionately affected by the Coronavirus crisis.	UCL Boundary
Regional Growth Fund	This fund provides grants of \$10 million or more for major transformational projects which support long-term economic growth and create jobs in regions, including those undergoing structural adjustment.	UCL boundary
Regional Jobs and Investment Packages	\$222.3 million to help regions in Australia diversify their economies, stimulate long-term economic growth and deliver sustainable employment.	UCL Boundary
Community Development Grants	This fund supports needed infrastructure that promotes stable, secure and viable local and regional economies.	UCL Boundary
National Stronger Regions Fund	The fund invests in infrastructure projects which deliver economic benefit and address disadvantage.	UCL boundary
Regionalisation and decentralisation fund	This program supports regional projects that decentralise economic activity from metropolitan areas to stimulate growth in regional locations.	UCL Boundary
Mobile Blackspot Program*	\$380 million to invest in telecommunications infrastructure to improve mobile coverage and competition across Australia.	Remoteness Area

Source: Department of Infrastructure, Transport, Regional Development and Communications, 2021 *Note the federal government has recently announced the \$16.4 million Peri-Urban Mobile Program which is likely to be accessible for the Peninsula

KEY FINDINGS

Mornington Peninsula's metropolitan status renders it ineligible for a significant pool of state government funding targeting regional economic development. A regional designation would provide access to RDV funding programs that have the potential to significantly benefit the Peninsula's tourism and agriculture industries.

The existing metropolitan funding programs available to the municipality lack alignment to the economic and low population growth conditions on the Peninsula, which has led to difficulty in securing funding through these programs. Additional public sector investment across key economic industries also has the potential to catalyse private sector investment within the municipality.

A regional designation at the state level would not allow the Peninsula to access federal government funding for regional development, however, it has the potential to provide the basis to initiate discussion with government representatives on the merit of using ABS statistical measures to decide regional funding eligibility.

The regional migration definition modification discussed demonstrates the ability of the federal government to adjust policy eligibility to address economic and social disadvantages on the Peninsula, and provides a precedent for further adjustments to occur in the future as deemed necessary.

4.6. TRANSPORT & INFRASTRUCTURE

INFRASTRUCTURE

A comparative analysis of planned infrastructure expenditure in Victoria has been undertaken to understand the extent of any differential that exists between regional Victoria and metropolitan Melbourne. Urban Enterprise has analysed the state government's *Victoria Infrastructure Plan Projects Pipeline*, which highlights the progress that has been made on delivering the state's long term infrastructure agenda, and identifies new major projects and initiatives required in the future. The latest release (2019) details proposed infrastructure expenditure from 2017 onwards in Victoria, and makes a clear delineation between regional Victoria and metropolitan Melbourne projects.

As part of the analysis, location-specific projects have been removed from the aggregated expenditure total shown in Table T15 so as to show the proposed expenditure in each region that could, in essence, benefit any location. The analysis shows that \$115 billion of infrastructure projects are either commenced or planned for metropolitan Melbourne, compared to \$45 billion in regional Victoria.

Once these expenditure estimates are translated into a per capita figure, the analysis identifies a significant difference between regional and metropolitan infrastructure expenditure. Regional Victoria is projected to receive infrastructure spending of \$30,300 per capita, compared to \$22,100 in metropolitan Melbourne. Expenditure in regional Victoria on a per capita basis is higher across each of the sectors, except transport.

To crystallise the intended interpretation of the analysis, an example is provided: the assessment shows that planned infrastructure expenditure for health and human services, which has the potential to benefit any area in regional Victoria, is \$5,100 per capita compared to \$1,400 in metropolitan Melbourne.

Given the higher per capita infrastructure expenditure slated for regional Victoria across most sectors, it is worth considering whether the Mornington Peninsula has alignment to the infrastructure challenges faced in regional Victoria.

Consistent and recurring themes for regional Victoria identified in the *Victoria Infrastructure Strategy 2021-2051* include inadequate digital connectivity, improvements needed for freight, public transport and the condition of roads, gaps in basic infrastructure, inadequate access to affordable housing, and the need for fit for purpose health and community facilities. Mornington Peninsula experiences most, if not all, of the issues highlighted in the strategy, suggesting a regional designation may be more appropriate from an infrastructure perspective.

It should be noted that this analysis does not infer that a regional designation would directly result in an uplift in infrastructure expenditure on the Mornington Peninsula, rather it highlights the larger planned infrastructure expenditure (on a per capita basis) in regional Victoria and the potential benefits that could be realised for the Peninsula, particularly due to its strong alignment with regional infrastructure challenges.

T15. PLANNED VICTORIAN INFRASTRUCTURE EXPENDITURE PER CAPITA

Sector	Metropolitan	Regional
Transport	\$15,000	\$5,500
Culture, Sport & Community	\$240	\$720
Digital Connectivity	\$80	\$300
Education & Training	\$3,700	\$13,000
Energy	\$320	\$1,100
Environment	\$150	\$660
Health and Human Services	\$1,400	\$5,100
Justice & Emergency Services	\$1,100	\$3,600
Water	\$70	\$270
Total	\$22,100	\$30,300
Aggregate Total	\$115B	\$45B

Source: Victoria Infrastructure Project Pipeline 2019 analysed by Urban Enterprise

TRANSPORT

A perceived benefit of being part of a metropolitan region is access to a quality transport network. The infrastructure expenditure analysis above supported this notion, with metropolitan Melbourne receiving nearly three times the regional Victorian per capita expenditure rate for transport.

Unfortunately, despite being classified as part of metropolitan Melbourne within the transport sector, Mornington Peninsula's transport network is significantly underdeveloped. Public transport options are few, infrequent, and distant from people's homes. Figure F8 is an infographic prepared by MPSC to advocate for improved transport on the Peninsula and highlights the existing issues.

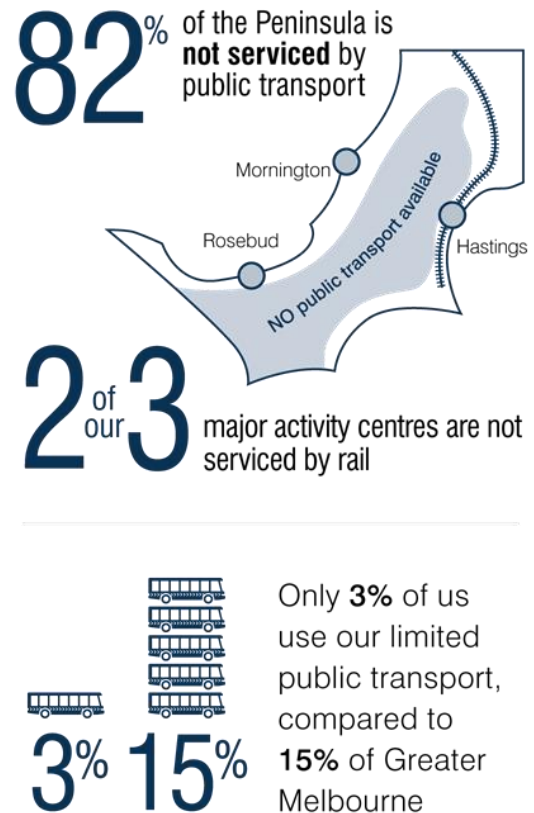
Limited transport choices force commuters to rely on cars, causing more congestion, and compromising access to jobs, education, services and social connections. Limited access to good jobs may result in people settling for lower paid, lower skill work.

Given the significant shortcomings of the Peninsula's transport system, there appears to be stronger alignment to the transport issues faced in regional areas. Although planned transport infrastructure expenditure in metropolitan Melbourne is higher than regional Victoria, the Peninsula's stronger alignment to regional Victorian transport issues indicates that a regional designation has the potential to yield more targeted infrastructure projects that address the municipality's existing issues.

KEY FINDINGS

The Mornington Peninsula's current metropolitan status is likely to be impacting on the region's transport and infrastructure. The Peninsula's metropolitan status contrasts with the fact that the municipality has strong alignment to the infrastructure challenges experienced in regional Victoria. Our analysis also indicates that regional Victoria receives a higher level of infrastructure expenditure on a per capita basis than metropolitan Melbourne. These two pieces of information suggest

F8. MORNINGTON PENINSULA TRANSPORT



Source: Mornington Peninsula Shire Council, 2021

a regional designation is likely to be more appropriate and has the potential to deliver increased infrastructure expenditure on the Peninsula. The region is also suffering from a poor transport system which has significant economic and social flow-on impacts throughout the local economy and community. This indicates that the Peninsula is not realising one of the perceived benefits of being part of a metropolitan area, a quality transport network.

4.8. HEALTH & EDUCATION

HEALTH

The Mornington Peninsula is grouped in the Southeast Metropolitan region under the state government's health service partnerships, which were established in July 2021 to support collaboration in the Victorian health system beyond the pandemic. Under the system, three partnerships will continue to cover metropolitan Melbourne with five across rural and regional Victoria.

The analysis presented in Table T15 indicates that proposed health infrastructure expenditure in regional Victoria is more than three times higher than metropolitan Melbourne on a per capita basis. It should be noted that this analysis does not suggest a regional designation would automatically result in an uplift in health infrastructure expenditure, it simply highlights the potential health infrastructure benefits that could be realised from being part of regional Victoria.

Further to this point, health services and agencies across metropolitan Melbourne have access to the \$200 million Metropolitan Health Infrastructure Fund, which seeks to improve service capacity, service efficiency and deliver contemporary models of care. In comparison, regional health operators are eligible for the \$490 million Regional Health Infrastructure Fund to achieve similar objectives to that of the metropolitan fund.

EDUCATION

The Peninsula is classified as part of metropolitan Melbourne within the state government's education system as shown in Figure F9.

This designation results in the region being ineligible for the state government's \$83 million funding package to improve educational outcomes for rural and regional students. The package includes \$45 million to address teacher supply issues, \$13 million for VCE revision lectures for regional students and \$8 million for expand professional development for teachers and leaders in regional schools.

These examples highlight the funding differentials that exist in the health industry based on a municipality's designation. Consultation with health operators on the Peninsula also identified challenges accessing metropolitan funding programs. Mornington Peninsula health organisations highlighted the difficulties in competing for funding against larger metropolitan operators, who are typically well resourced and experienced in grant application processes.

It is difficult to benchmark the quality of health service provision in Mornington Peninsula against regional Victoria or metropolitan Melbourne, however, health industry operators in the region provided anecdotal evidence to suggest closer alignment to a regional profile.

It should also be noted that the only public hospital situated within the Mornington Peninsula is Rosebud Hospital, which currently has a capacity of approximately 70 beds. The most frequently attended public hospital by Peninsula residents is the Frankston Hospital². Although Frankston Hospital has a 454-bed capacity, the hospital has a large population catchment of approximately 300,000 which can increase by around 100,000 in peak tourism season. This indicates that the hospital is unlikely to be providing sufficient public health resources to Mornington Peninsula, particularly in a post-COVID environment.

There appear to be no metropolitan-specific funding programs available to education operators on the Peninsula, indicating a regional designation would be unlikely to have any negative education funding implications for the municipality.

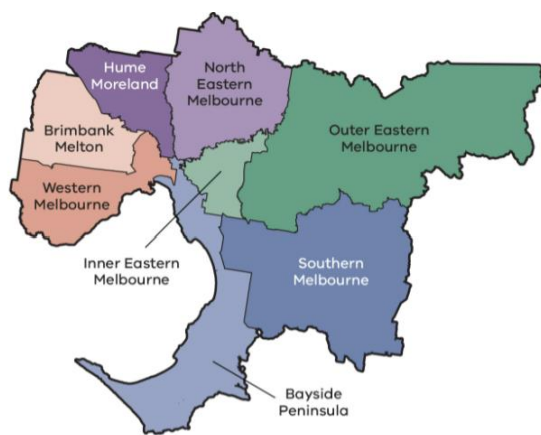
It should be noted that government schools in Victoria are funded through a program called the student resource package (SRP). One component of the SRP is school specific programs, which provides additional funding to schools based on a location index. The purpose of that funding line is to offset the costs of non-teaching services in rural schools by

² Department of Health and Human Services LGA Profile, 2015

supplementing the added costs that rural schools incur for goods and services associated with freight and communications. Schools located outside the ABS' 'Major Cities' Remoteness Area category are eligible for additional funding based on a calculation that accounts for a school's distance from Melbourne, nearest provincial centre (population more than 20,000) and nearest campus above the rural school size adjustment factor threshold.

No disaggregated data is available on SRP funding, however, this additional funding available based on the Remoteness Area index highlights another point of disadvantage for Mornington Peninsula.

F9. METROPOLITAN MELBOURNE



Tertiary Education

Chisholm TAFE is the only vocational education provider on the Mornington Peninsula and indicated that the current metropolitan designation had limited impact on its existing operations. The key benefit to a regional designation would be the provision of a regional loading subsidy. The 0.11% subsidy

KEY FINDINGS

The Mornington Peninsula's metropolitan designation results in reduced funding opportunities for its health and education organisations compared to if it was regionally designated. This is likely to result in worse health and education outcomes for the local community due to lower levels of service and infrastructure. It is difficult to benchmark the education and health services offered on the Mornington Peninsula against regional Victoria or

supplements funding rates to acknowledge the challenges associated with operating in a smaller market.

It should also be noted that the only higher education facility in proximity to the Peninsula is Monash Peninsula, which is situated in Frankston (ie outside the Mornington Peninsula) and has only a limited number of courses available. This provides few opportunities for students seeking higher education to undertake studies in proximity to their local residence, resulting in a significant travel burden for these students.

Federal Government Assistance

The federal government offers relocation scholarships to regional students who need to live away from home to undertake full-time study. In 2021, this scholarship provided students from regional and remote areas with a lump-sum payment of \$4,626 when they first moved away from home to commence study, \$2,313 in the second and third years of study, and \$1,156 in the fourth and subsequent years.

This funding provides valuable financial assistance for students making the transition to higher education and has the potential to influence the ultimate decision to undertake higher education

The ABS' remoteness area statistical measure is used for determining recipients of this scholarship, which considers the majority of Mornington Peninsula's population as metropolitan. It should be noted that a regional designation at the state government level would not impact students' eligibility for the relocation scholarship, however, the ineligibility adds further context to the assessment of the current economic disadvantage faced by Mornington Peninsula residents.

metropolitan Melbourne, thus making it challenging to determine whether a regional designation in these industries is justified. Although a state level designation would not impact students on the Peninsula's eligibility for the relocation scholarship, the ineligibility adds further context to the assessment of the current economic disadvantage faced by Mornington Peninsula residents.

4.10. CULTURE, COMMUNITY & RECREATION

ARTS & CULTURE

A perceived benefit of being connected to a metropolitan city is access to a significant population base. Musicians and artists with five million people in relative proximity are better positioned to succeed than those located in a regional area with only a small population base to draw on. To reflect the unique challenges faced by regional arts and culture industries, additional government support exists for these operators.

The 2020-21 state government budget included \$35 million for regional creative infrastructure projects, while a further \$9 million was provided to support, among others, the regional touring industry.

In contrast there are no metropolitan-specific funding streams in the arts sector, while the big ticket item for metropolitan Melbourne in the budget was the \$1.46 billion upgrade of the Melbourne Arts Precinct. Given the significant distance between the Mornington Peninsula and the Melbourne Arts Precinct it is unlikely that Peninsula residents would generate any tangible benefits from such a project, despite being considered part of metropolitan Melbourne.

COMMUNITY & RECREATION

State government support for sport and recreation organisations is primarily allocated on a state-wide basis, thus a council's designation has minimal impact on access to funding.

The analysis presented in Table T15 shows planned expenditure on culture, sport and community infrastructure is more than 2.5 times higher for regional Victoria than metropolitan Melbourne on a per capita basis. Given the higher infrastructure expenditure for regional Victoria, a regional designation has the potential to deliver improved infrastructure outcomes for the Peninsula.

KEY FINDINGS

Despite Mornington Peninsula's metropolitan status in the arts and culture industry, the region is unlikely to be realising a number of key benefits typically associated with a metropolitan area. A regional designation would unlock funding opportunities to improve cultural services and infrastructure and provide stronger alignment to reflect the challenges faced in the region by the local arts industry. A

Similarly, the distance between Melbourne and the Peninsula is also likely to result in artists and musicians in the municipality only having access to a much smaller population catchment than a typical metropolitan location. Due to the location of the municipality, it is only able to draw on residential population to the north, and once the poor transport network is considered, the local arts and culture industry is likely to be drawing on a relatively local population base.

A regional designation would provide the Peninsula's arts and culture industry with access to additional funding and provide stronger alignment to reflect the challenges faced by other regional municipalities.

At the federal level, the Regional Arts Fund provides approximately \$3.6 million per year to support artists and communities in regional and remote areas. This program uses the ABS' remoteness area boundary to determine eligibility, which rules out the majority of the Peninsula. It should be noted that a regional designation would not impact access to this fund.

Mornington Peninsula is also ineligible for the state government's Stronger Regional Communities Program, which provides financial support to community-led initiatives that improve social and economic participation in regional areas. One of the key policy objectives of the program is to improve the liveability of regional and rural towns in order to attract and retain families and young people.

Given the Peninsula's alignment to regional Victoria's age demographic, access to this program has the potential to generate positive social and economic outcomes for the region.

regional designation would also likely increase access to funding for community infrastructure and services, particularly due to the Peninsula's alignment to regional Victoria's demographic profile.

These additional funding opportunities have the potential to generate positive social and economic outcomes for the region.

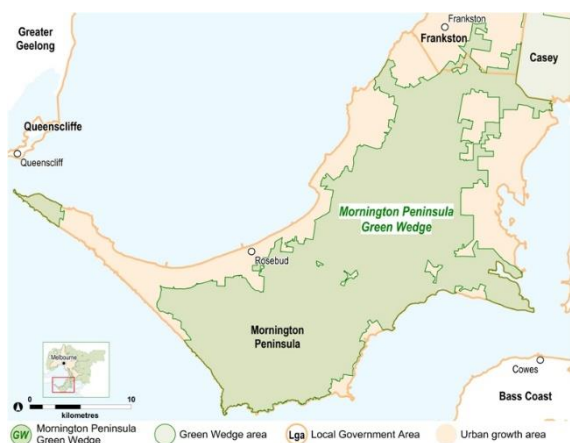
4.11. PLANNING & REGULATIONS

LAND USE PLANNING

The rural area of the Mornington Peninsula is one of Victoria's most important long-term assets. It is a key element in the sustainability and liveability of the region, as well as being critical to the Peninsula's character and the amenity of its residents.

The municipality's green wedge land, which is defined as the non-urban areas of metropolitan Melbourne, is currently protected by the Green Wedge Zone (GWZ). The GWZ is considered appropriate to recognise and protect non-urban land outside the UGB in the metropolitan area for its agricultural, environmental, historic, landscape or recreational values, or mineral and stone resources.

F10. MORNINGTON PENINSULA GREEN WEDGE



Source: DELWP, 2021

The zone provides opportunity for all agricultural uses and limits non-rural uses to those that either support agriculture or tourism, or that are essential for urban development but cannot locate in urban areas for amenity and other reasons (such as airports, schools, waste treatment plants, land fills and reservoirs). A dwelling requires a permit and is restricted to one dwelling per lot.

Given the unique landscape on the Peninsula and the strong protections provided by the GWZ, this zone provides the appropriate balance of permitted uses and protections for Mornington Peninsula's setting. Currently, the GWZ is only applied in metropolitan municipalities.

The Committee for Mornington Peninsula sought senior legal counsel from Stuart Morris QC and Joanne Lardner to determine whether all protections for the Mornington Peninsula Green Wedge Zone could be maintained under Victorian law, should the Mornington Peninsula be reclassified to become part of regional Victoria. Both barristers have granted permission for the following summary of their advice to be published in this report.

"The Committee for Mornington Peninsula Incorporated seeks to understand the implications of the Shire no longer included within metropolitan Melbourne as defined in the Planning and Environment Act 1987; and is seeking State government support to make such a change.

The Committee believes that the metropolitan status of the Shire fails to reflect the nature of its local economy and its spatial role within the State; and operates to its disadvantage when it comes to the funding of infrastructure.

Nevertheless, the Committee wishes to ensure that any change to the metropolitan status of the Shire retains the protection afforded to green wedge land in the Shire. Currently such land is protected by the controls in the planning scheme and by provisions in the PE Act.

Having reviewed the relevant materials, we have formed the view that it is possible to retain the existing protection afforded to green wedge land in the Shire."

REGULATIONS – COVID-19

Since the pandemic began, the Mornington Peninsula has been included within the metropolitan Melbourne boundary used by the state government to enforce health restrictions. Regulations for metropolitan residents and businesses have been significantly more stringent than those placed on regional Victoria, primarily due to the fast spreading nature of the virus in heavily populated areas.

The inclusion of the Mornington Peninsula in metropolitan Melbourne persisted despite the municipality having experienced case numbers that aligned to those seen in regional Victoria. The Peninsula’s economy has also been significantly impacted by the pandemic, as summarised in Figure F11, with a loss of nearly 2,000 jobs at the peak of the pandemic in 2020. Economic output also suffered a loss of \$549 million between April 2020 and February 2021.³

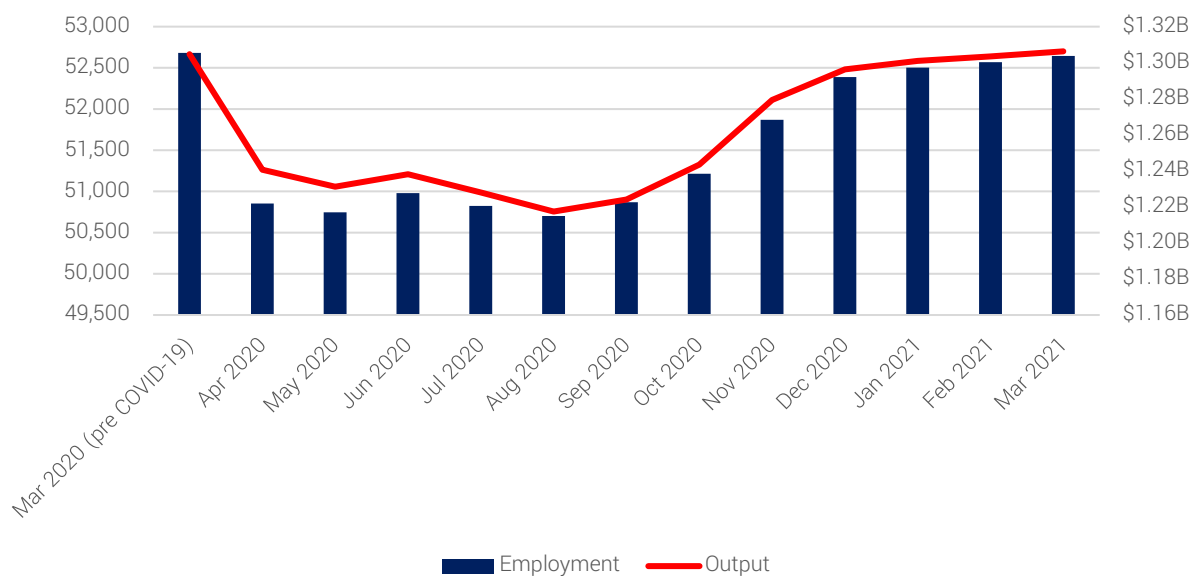
The prevalence of the federal JobKeeper and JobSeeker schemes demonstrated the impact of the metropolitan Melbourne movement restrictions on both employers and employees. In terms of

JobKeeper payments, which provided affected businesses with the funds to keep people employed, the percentage of local businesses with JobKeeper applications peaked in September 2020 (60% of businesses). This placed the Mornington Peninsula as the third most affected municipality in Australia, demonstrating the significant impact of COVID-19 and the economy’s reliance on tourism.

It is difficult to isolate the economic impact of the Peninsula’s metropolitan designation throughout the pandemic, however, the additional movement and business restrictions are likely to have worsened the economic conditions for the Peninsula compared to a scenario where the municipality was considered regional. **Modelling has not been prepared for 2021, however, the impacts are likely to be of a similar magnitude and nature to those experienced in 2020.**

The additional restrictions imposed on metropolitan Melbourne also have a negative social impact due to the effects of increased isolation on residents. Given the older age demographic on the Peninsula this has likely taken a considerable toll on the local population.

F11. MORNINGTON PENINSULA - COVID IMPACT – MONTHLY EMPLOYMENT & OUTPUT



Source: ABS 2016 Census, REMPLAN ABEIS Survey, ABS Weekly Payroll Jobs & Wages, O*NET U.S Department of Labour and Grattan Institute.

³ Note this impact assumes monthly output would have reached its pre-covid March 2020 level of \$1.30 billion if not for the pandemic

KEY FINDINGS

Given the importance of the Mornington Peninsula's natural landscape, particularly its rural areas, any implications for land use planning associated with a regional designation need to be fully considered. The Peninsula's metropolitan status allows it to apply the GWZ across a significant portion of the municipality. The GWZ provides a suitable balance for permitted uses and protection given the municipality's economic and environmental profile. Legal advice sought by the Committee indicates that a regional designation could be achieved whilst retaining existing protection afforded to green wedge land in the Shire.

It is difficult to isolate the economic impact of the Peninsula's metropolitan designation throughout the pandemic, however, the additional movement and business restrictions are certain to have worsened the economic conditions for the Peninsula compared to a scenario where the municipality was considered regional. Given the municipality's reliance on tourism, the impact of the metropolitan Melbourne restrictions were devastating for the local economy in 2021 and 2022.

5. CONCLUSIONS

5.1. OVERVIEW

This section provides an assessment of the economic and social impacts associated with the Mornington Peninsula's current designation, and whether a regional designation would derive a net benefit for the local community and economy.

Conclusions are provided regarding the optimal classification for the Shire, as well as the Mornington Peninsula's alignment to the characteristics of a regional or metropolitan municipality.

5.2. DESIGNATION IMPACT ASSESSMENT

Table T16 provides a framework which summarises the impacts identified in this study regarding either a metropolitan or regional designation for the Mornington Peninsula. Discussion is provided for

each designation, with an ultimate decision made for the optimal classification for each impact area that is shown in **green**. Impact areas which are neutral or expected to be negligible are shown in **grey**.

T16. DESIGNATION IMPACT ASSESSMENT

Impact Area	Metropolitan	Regional
Taxation & Charges	Businesses, landowners and residents on the Mornington Peninsula face a suite of specific taxes and charges due to the metropolitan designation. These payments are higher than those faced in regional Victoria and are directly impacting existing businesses, as well as potentially influencing future business operational decisions.	A regional designation would provide a financial boost to existing businesses through a reduction in taxes and charges, as well as improving the financial attractiveness for businesses considering operating on the Peninsula. A regional designation has no obvious negative impacts from a taxation and charges perspective.
Economic Development	The Mornington Peninsula is currently ineligible for a significant pool of state government regional development funding due to its metropolitan designation. There appears to be no metropolitan specific funding programs from which the municipality receives significant funding.	Regional classification would unlock access to a significant pool of state government funding with no obvious losses. Although some of these programs have limited alignment to the Peninsula's economic strengths and objectives, the region's tourism and agriculture industries are likely to be the major beneficiaries from access to this funding. There is also potential for any additional public investment to catalyse further private sector investment within the local economy.
Transport & Infrastructure	Although there is no directly quantifiable relationship between metropolitan status and transport and infrastructure investment, analysis in this report has shown metropolitan Melbourne has a lower per capita level of planned infrastructure expenditure than regional Victoria. The Peninsula is suffering from a poor transport system, which has significant economic and social flow-on impacts, and thus is not receiving a key perceived benefit of being part of a metropolitan area.	A regional designation has the potential to deliver additional expenditure for the Peninsula's transport and infrastructure, particularly due to its strong alignment with key infrastructure challenges in regional Victoria.

Impact Area	Metropolitan	Regional
Health & Education	The Mornington Peninsula's metropolitan designation results in reduced services and infrastructure funding opportunities for its health and education organisations which is likely to result in lower health and education outcomes. Health organisations have also expressed challenges competing with larger metropolitan operators for funding.	A regional designation would improve services and infrastructure funding opportunities for health and education providers on the Peninsula which has the potential to yield positive social and economic benefits.
Culture, Community & Recreation	Artists and musicians on the Peninsula are unlikely to be drawing on a large population base, which is a key perceived benefit of being part of a metropolitan location. The local community is also unlikely to receive any tangible benefits from major cultural projects in Melbourne due to its distance from the city. The metropolitan designation precludes the Mornington Peninsula from regional cultural and community funding programs, however, most sport and recreation grant programs are state-wide and thus not impacted by designation.	Regional classification would unlock funding opportunities for local arts and cultural as well as community organisations to improve services and infrastructure which is likely to deliver positive social and economic outcomes within the municipality. A regional designation also appears to have no tangible negative impacts.
Regulations & Planning	The Peninsula's metropolitan status allows it to apply the GWZ across a significant portion of the municipality. The GWZ provides a suitable balance for permitted uses and protection given the municipality's economic and environmental profile. The metropolitan status has intensified the economic and social impact associated with the pandemic on the Peninsula due to the additional movement and business restrictions.	Senior legal counsel obtained by the Committee for Mornington Peninsula indicates that a regional designation could be achieved whilst retaining the existing protection afforded to green wedge land in the Shire. A regional classification would also deliver significantly improved economic and social outcomes in relation to the health regulations associated with the pandemic.

Source: Urban Enterprise, 2021

5.3. CONCLUSIONS

The economic and social impacts identified in this study suggest that the current metropolitan classification for the Mornington Peninsula results in significant disadvantage for the local economy and community. The impact framework that has been developed highlights the broad-ranging impacts that are currently being felt as a result of the metropolitan classification.

Local businesses, organisations and residents face higher taxes and have access to lower levels of government funding due to the current designation, despite possessing a number of regional characteristics. When benchmarked against regional Victoria and metropolitan Melbourne, the Peninsula appears to share more similarity to regional Victoria, particularly with respect to the demographic and socio-economic profile. The impact assessment also identified the Mornington Peninsula's alignment to a range of the challenges associated with regional areas, and subsequently, alignment to government funding programs designed to address issues typical of regional areas

As well, the Peninsula does not realise a number of key benefits typically associated with being part of a metropolitan area, primarily due to its location. These factors compound on to one another to create tangible economic and social disadvantages for residents and businesses alike on the Peninsula.

Reclassifying the Mornington Peninsula from a metropolitan to regional municipality through Victorian legislation is one option to address the Peninsula's economic disadvantage. Other options include:

- The creation of new state government funding programs accessible to the Peninsula;

- Granting the Peninsula access to select existing regional funding programs;
- Changing particular policy settings on taxation and charges to enable business growth; and
- Collaborative community and council advocacy to government on key local project funding

The Peninsula's metropolitan status allows it to apply the GWZ across a significant portion of the municipality. The GWZ provides a suitable balance for permitted uses and protection given the municipality's economic and environmental profile. Legal advice sought by the Committee indicates that a regional designation could be achieved whilst retaining existing protection afforded to green wedge land in the Shire.

The alternative option being sought by MPSC of a peri-regional designation has the potential to be a viable option, however, given this classification does not currently exist, it is difficult to accurately assess its feasibility, the political appetite to create a unique classification of this nature, and whether a novel peri-regional designation would result in immediate eligibility and alignment of the Mornington Peninsula to both metropolitan and regional government funding programs.

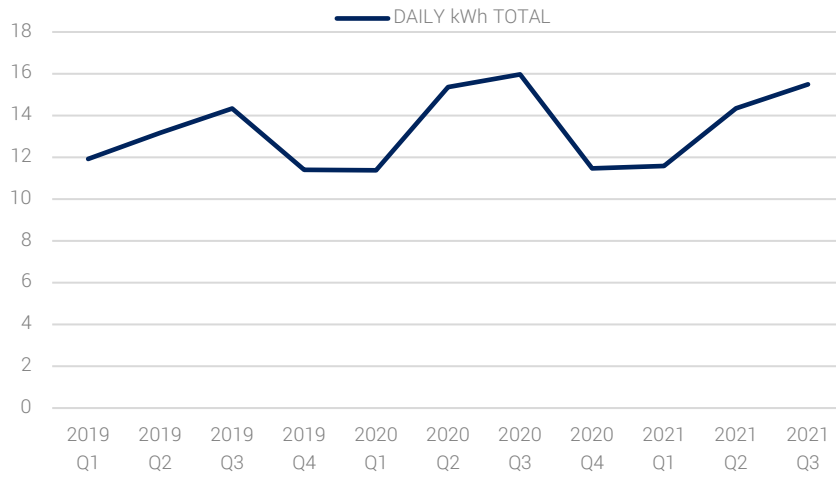
In conclusion, the current economic and social disadvantage linked to the Peninsula's metropolitan designation is significant. Across a wide range of impact areas, its metropolitan status provides a hinderance for economic growth and prosperity for local businesses and the community. Government intervention is required to address this disadvantage, and begin unwinding the inequities that exist for the Mornington Peninsula.

APPENDICES

APPENDIX A CASE STUDY SOURCE INFORMATION

	Indicator	Source
Population	Population (2020)	Estimated Residential Population, ABS
	Population AAGR 2010-2020	Estimated Residential Population, ABS
	Median Age (2016)	Census of Population and Housing, ABS
	Forecast Population (2036)	Forecast id
	Forecast Population AAGR (2021-36)	Forecast id
	Land area (ha)	Profile id
	Population Density (per ha)	Profile id
Dwellings	Dwellings (2016)	Census of Population and Housing, ABS
	Dwellings AAGR 2011-2016	Census of Population and Housing, ABS
	Forecast Dwellings (2036)	Forecast id
	Forecast Dwelling AAGR (2021-36)	Forecast id
Educational Attainment	Bachelor or Higher degree	Census of Population and Housing, ABS
	Advanced Diploma/Diploma	Census of Population and Housing, ABS
	Vocational	Census of Population and Housing, ABS
	No qualification	Census of Population and Housing, ABS
Socio-economic	Job Containment (2016)	Census of Population and Housing, ABS
	Distance to Major City (km)	Google Maps
	SEIFA (2016)	Census of Population and Housing, ABS
	Unemployment (2021)	Small Area Labour Markets, National Skills Commission
	Median Weekly Income (2016)	Census of Population and Housing, ABS
Economic	Output (19/20)	Economy id
	Total Jobs (2016)	Census of Population and Housing, ABS

APPENDIX B MORNINGTON PENINSULA ENERGY USE DATA



Source: Mornington Peninsula Residential Household Energy Usage (Kwh) United Energy, 2021

APPENDIX C BENCHMARKING INDICATOR VARIABLES

Indicator	Variables
Demographics	Median Age (2016) Age Profile (2016) Historical and Projected Population Growth Rate (2010-2020 & 2021-2036) Historical and Projected Dwelling Growth Rate (2011-2016 & 2021-2036)
Socio-economic profile	Job Containment (2016) Unemployment (2021) Median Income (2016) SEIFA (2016)
Education	Educational Attainment (2016)
Employment	Employment by Industry (2016)
Population Density	Population Density (2021)

APPENDIX D PAYROLL TAX IMPACT ESTIMATE METHODOLOGY & ASSUMPTIONS

The ABS payroll data used in the assessment is provided below in Table T17. The following methodology and assumptions were used to estimate the payroll tax impact for Mornington Peninsula businesses:

- Remove all businesses earning less than \$2 million from the analysis to reflect the tax-free wage bill threshold of \$700,000.
- Assume all businesses earn the mid-point of their respective turnover range eg. 566 businesses earned \$3.5 million in 2020. Assume businesses in the more than \$10 million range earn exactly \$10 million (note this is a conservative estimate)
- Aggregate the turnover for all businesses that have been included in the assessment.
- To estimate the payroll tax bill in the metropolitan scenario, apply the metropolitan payroll tax rate of 4.85% to the aggregated turnover estimate.
- To estimate the payroll tax bill in the regional scenario, apply the regional payroll tax rate of 1.2125% to the aggregated turnover estimate.
- Two scenarios are provided which apply the following assumptions:
 - Low scenario: inflation rate of 1.7% applied to reflect historical inflation
 - High scenario: inflation rate of 1.7% + 3% applied to reflect historical inflation and annual employment growth.

T17. ABS PAYROLL DATA – MORNINGTON PENINSULA - 2020

	Zero to less than \$50k	\$50k to less than \$200k	\$200k to less than \$2m	\$2m to less than \$5m	\$5m to less than \$10m	\$10m or more
No. of MP businesses (2020)	4,036	5,739	5,603	566	137	97

Businesses by Local Government Area by Industry Division by Turnover Size Ranges, June 2020

APPENDIX E STATE BUDGET METROPOLITAN FUNDING

F12. 2019-20 STATE BUDGET METROPOLITAN FUNDING



F13. 2018-19 STATE BUDGET METROPOLITAN FUNDING

