



ESSENTIAL ECONOMICS

Interface Budget Scorecard 2018

Based on 2018/19 Victorian State Budget

DRAFT REPORT

Prepared for

Interface Councils Group

By

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1 FUNDING SCORECARD

Key Points

Total Funding

- Interface Council areas have been allocated approximately \$5,728 million (over four years) in Total Estimated Investment (TEI) from the 2018/19 State Budget (plus the Growing Suburbs Fund and other annual grants programs) for infrastructure in the following priority service areas:
 - Kindergarten and preschool facilities
 - Schools facilities (primary, secondary, specialist and land acquisition)
 - Further education facilities
 - Hospitals and health facilities
 - Justice facilities
 - Roads
 - Public transport.
- The \$5,728 million Interface allocation (over four years) represents a significant increase in investment compared to the previous four-year budget allocations of \$3,034 million in 2017/18 and \$2,540 million in 2016/17. State funding for priority infrastructure (including unallocated funding) was \$59.2 billion in 2018/19 compared to \$42.6 billion in 2016/17, and it is in this context of increasing statewide investment over recent years that Interface funding improvements should be considered.
- The largest proportion of allocated Interface infrastructure investment over the four-year period is focused on roads (\$2,266 million or 40% of allocated TEI), mainly associated the new Suburban Roads Upgrade Program.
- The next largest allocated Interface infrastructure investment is for public transport roads (\$1,829 million or 32% of allocated TEI) for new and existing projects, including the Cranbourne, Pakenham and Sunbury rail upgrades announced in the 2018/19 budget.
- Schools been allocated approximately \$848 million (or 15% of allocated TEI) over the forward estimates, which includes new and existing projects and proposed land purchases in Interface Council areas.
- Health has received funding of approximately \$405 million over four years (or 7% of allocated TEI) associated with existing projects, with no new projects funded in the 2018/19 budget.

- Justice has been allocated approximately \$297 million (or 5% of allocated TEI) over the forward estimates, which relates to the youth justice facility to be constructed in Werribee.
- The Growing Suburbs Fund has been allocated \$75 million in 2018/19. However, this allocation in effect replenishes the Fund (over a two-year period), noting the Fund was reduced to \$25 million in 2017/18 from the previous level of \$50 million in each of 2015/16 and 2016/17 financial years. The Growing Suburbs Fund will continue to assist in the development of multi-purpose facilities, community centres, playgrounds and other spaces needed by the community.
- The Interface received approximately \$7 million in new kindergarten/preschool infrastructure investment through the Children's Facilities Capital Program (2017).
- The Interface received approximately \$1 million in new library infrastructure funding through the Living Libraries Program 2017.
- As in recent budgets, no specific investment has been made in arts and cultural facilities in Interface Council areas.

Four-year State Budget (2017/18) TEI allocations (which include new and existing funding) for the Interface Council areas are shown in Table 1.1.

Table 1.1: State Capital Investment by Priority Area 2018/19 – Four-Year Budget Cycle Allocation, unless stated (\$'000s).

	Interface Council Areas		Non-Interface Metropolitan Council Areas		Regional Council Areas		State-wide / Unallocated		Victoria	
	Projects	Total Estimated Investment (TEI) (\$'000s)	Projects	Total Estimated Investment (TEI) (\$'000s)	Projects	Total Estimated Investment (TEI) (\$'000s)	Projects	Total Estimated Investment (TEI) (\$'000s)	Projects	Total Estimated Investment (TEI) (\$'000s)
Kindergarten/preschool – <u>Annual</u> ⁽¹⁾	5	6,965	8	3,456	15	7,341	-	-	28	17,762
Primary School	37	262,419	82	285,095	79	137,452	2	95,000	200	779,966
Secondary School	45	313,211	84	623,037	76	345,081	1	10,000	206	1,291,329
Specialist School	3	20,200	9	39,975	8	45,165	-	-	20	105,340
Land Acquisitions for Education	1	252,311	1	19,409	-	-	2	187,450	4	459,170
Further Education	-	-	1	21,900	-	-	2	220,430	3	242,330
Health	4	404,752	25	1,993,218	16	1,360,984	40	701,292	85	4,460,246
Justice	3	297,409	6	162,590	2	742,230	39	1,567,525	50	2,769,754
Arts and Culture	-	-	7	218,643	-	-	2	19,569	9	238,212
Roads ⁽²⁾	10	2,265,717	9	1,458,917	33	2,313,432	29	18,102,668	81	24,140,734
Public Transport ^(3,4)	4	1,829,014	8	610,996	21	2,881,465	38	19,325,838	71	24,647,313
Public Libraries – <u>Annual</u> ⁽⁵⁾	3	1,105	3	1,630	7	1,765	-	-	13	4,500
Growing Suburbs Fund ⁽⁶⁾	1	75,000	-	-	-	-	-	-	-	-
Total	116	5,728,103	243	5,438,866	257	7,834,915	155	40,229,772	770	59,156,656

Source: Victorian Budget Papers 2018/19

Notes: ⁽¹⁾ Children's Facilities Capital Program Major Grant recipients 2017/18, Department of Education and Early Childhood Development.

⁽²⁾ State-wide allocations include capital funding for the West Gate Tunnel Project, CitiLink –Tulla Widening Project, Monash Freeway Upgrade and Level Crossing Removal Program.

⁽³⁾ State-wide allocations include \$11.0 billion TEI for the Melbourne Tunnel (Melbourne Metro Rail) project.

⁽⁴⁾ The Ballarat Rail Upgrade Project (\$517 million TEI) is allocated as an Interface project recognising the major component involves duplication of a 17-kilometre section of single track between Deer Park West and Melton.

⁽⁵⁾ Living Libraries Infrastructure Program 2017, Department of Environment, Land, Water and Planning.

⁽⁶⁾ Growing Suburbs Fund allocation (\$75 million) is allocated for the 2018/19 period only.

Figures rounded to nearest 1,000

2 BUDGET CYCLICAL INTERFACE FUNDING ESTIMATES V ESTIMATED INTERFACE REQUIREMENTS

Key Points

1. Over the current four-year budget period an estimated \$2,858 million in investment is required for critical infrastructure (ie kindergarten/preschool, schools, health, libraries and public transport) in Interface Council areas (refer to “One Melbourne or Two” updated report, Essential Economics 2018). Note that while the majority of funding is a State responsibility, funding support is also required from the Federal Government and Councils, while some infrastructure will be provided by the private sector.
2. State funding allocated in the 2017/18 budget over a four-year period represents approximately \$3,090 million (excluding the Growing Suburbs Fund) for these key infrastructure areas, which is above the required four-year requirement. Note, roads funding requirements are not included as a specific measure in the “One Melbourne or Two” report.
3. Further funding allocations for Interface infrastructure are likely to arise from unallocated State-wide funding programs, such as:
 - \$120 million for TAFE Facilities Modernisation Program across the State.
 - \$70 million allocated to provide relocatable school buildings to meet expanding demand across the State.
 - \$60 million for train station carparking across the State.
 - \$60 million Medical Equipment Replacement Program and Engineering Infrastructure Replacement Program for public hospitals/health services.
 - \$5 million for metropolitan bus service improvements.
4. In this four-year budget cycle, schools and health are adequately funded although this needs to be balanced against under-investment in previous budgets. Areas such as early childhood/kindergarten and libraries are underfunded, and this may result in a shortage of required infrastructure if unallocated State funds and/or private sector funding is not secured.
5. The estimated \$233 million ‘surplus’ in the 2018/19 budget compares to a surplus of \$180 million in the 2017/18 budget and estimated shortfalls in previous budgets of \$920 million (2015/16), \$810 million (2014/15), \$895 million (2013/14) and \$955 million (2012/13). In effect, the four-year funding allocations announced in the 2017/18 and 2018/19 budgets enable Interface Council areas to start ‘closing the gap’ in terms of cumulative funding deficits generated over the past few years.

A summary of budget allocations against identified service requirements is shown in Table 2.1

Table 2.1: Budget Cyclical Interface Funding Estimates v Estimated Interface Requirements

	Estimated Four Year Funding Total Estimated Investment (1)	Estimated Four Year Requirement (All funding sources) (2)	Funding Surplus /Deficit (All funding sources)	Main Funding Sources	Potential Under-Provision (if required funding from all sources is not secured)
Kindergarten/preschool	\$7.0m	\$26.7m	-\$19.7m	State/Federal/Private	1,970 places/20 buildings
Schools (primary, secondary, and land acquisitions)	\$848.1m	\$394.7m	+\$453.4m	State/Private	Adequately funded
Health	\$404.9m	\$313.3m	+\$91.6m	State/Private	Adequately funded
Libraries	\$1.1	\$6.4m			
Public Transport	\$1,829.0m	\$2,116.4m	-\$287.4m	State/Federal	5,750 public transport users
Total (Critical Infrastructure)	\$3,090.1m	\$2,857.5m	+\$232.6m	-	-
Growing Suburbs Fund	\$75.0m	n/a	n/a	State	n/a
Justice	\$297.4m	n/a	n/a	State/Federal	n/a
Other (roads, special education)	\$2,266m	n/a	n/a	Federal/State	n/a
Total	\$5,728.5m	-	-	-	-

Sources: (1) Victorian Budget Papers 2018/19; Children's Facilities Capital Program Major Grant recipients (2017/18); (2) Essential Economics, *One Melbourne or Two – Implications of Population Growth for Infrastructure and Services in Interface Area*, 2018.

Note: Figures rounded

3 BUDGET FUNDING EQUITY SCORECARD

Key Points

1. Interface Council areas accommodate approximately 24% of Victoria's population and 31% of Metropolitan Melbourne's population (ABS Estimated Resident Population, June 2017 provisional). Over the most recent 5-year period (2012 to 2017), Interface Council areas have been responsible for accommodating 40% of State population growth and 47% of Metropolitan Melbourne population growth.
2. Over the 2012 to 2017 period, the population growth rate across the Interface Council areas of +4.0% pa (representing an increase of +271,000 persons over the 5-year period) far outpaced the population growth rate in non-Interface Metropolitan Council areas of +2.0% pa (an increase of +306,000 persons over 5 years) and in Regional Council areas of +1.3% pa (an increase of +93,000 persons over 5 years).
3. Over recent years Interface Council areas have started to receive State funding more closely aligned to their share of total population numbers and share of population growth. However, cumulative budget deficits over many years have resulted in significant underfunding in the Interface resulting in a growing gap in provision compared to Non-Interface Metropolitan Council areas. Regional Council areas continue to receive a higher level of funding compared to their population levels and growth rates.
4. The 2018/19 Budget allocated 44% of new allocated funding to Interface Council areas, which marks a significant increase from the 24% allocated in the 2017/18 budget, although this level is broadly similar to the 49% allocated for new infrastructure investments in the 2016/17 budget.
5. When new and existing funding is considered over the four-year forward estimates, Interface Council areas received 30% of total allocated investment for key infrastructure items, and this compares to 29% funding for Non-Interface Metropolitan Melbourne Council areas and 41% funding for Regional Council areas.
6. In the 2018/19 Budget, Interface Council areas were allocated 92% of land acquisition funds for schools (estimated), 39% of kindergarten/preschool funding, 38% of allocated primary school funding, 38% of allocated roads funding and 34% of public transport funding.
7. Just 11% of allocated State health funding was directed towards Interface Council areas in the 2018/19 Budget, and this contrasts with 53% of funding for Non-Interface Metropolitan Council areas and 36% for Regional Council areas.
8. Interface Council areas received no direct funding allocations for further education or arts and cultural facilities in the 2018/19 Budget.
9. Interface Council areas received a specific \$75 million allocation through the Growing Suburbs Fund to be spent in 2018/19 for community infrastructure projects.

10. Importantly, the population of Interface Council areas is forecast to continue growing at a faster rate than non-Interface Metropolitan Council areas and Regional Council areas over the next 15 years. The State Government's Victoria in Future 2016 (Department of Environment, Land, Water and Planning) shows that by 2031 Interface Council areas will accommodate 2,335,750 persons (an increase of +765,400 persons compared to 2016 population levels) and the Interface's share of state population will increase from 24% in 2016 to 30% in 2031. In view of these population projections, it is clear that significant and sustained infrastructure funding will be required to support the needs of Interface communities over the coming decades.

State budget allocations by priority area and by geographical location are shown in Tables 3.1 and 3.2, and illustrated in Figures 3.1 and 3.2

Table 3.1: Budget Funding by Infrastructure Priority Areas (existing and new funding)

	Projects		Total Funding (Allocated and Unallocated)		Allocated Funding Only	
	Number of Projects	Share of Projects	TEI (000s)	Share of TEI	TEI (000s)	Share of TEI
Interface Council Areas	116	15.0%	5,728,103	9.7%	5,728,103	30.1%
Non-Interface Metropolitan Council Areas	243	31.5%	5,438,866	9.2%	5,438,866	28.6%
Regional Council Areas	257	33.3%	7,834,915	13.2%	7,834,915	41.2%
State-wide / Unallocated / location non-specific	155	20.1%	40,229,772	68.0%	-	-
Total	771	100.0%	59,156,656	100.0%	19,001,884	100.0%

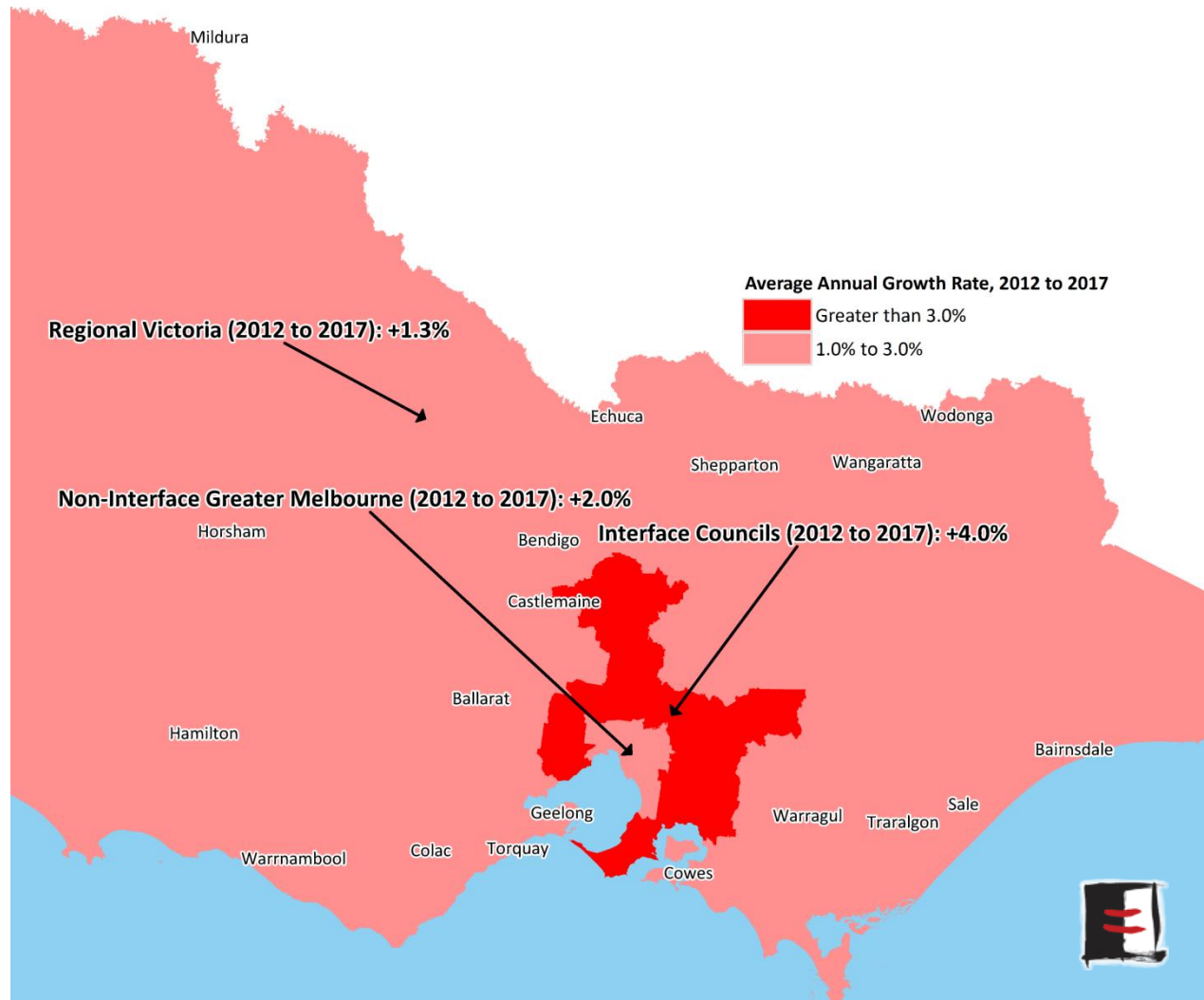
Sources: Victorian Budget Papers 2018/19, Children's Facilities Capital Program Major Grant recipients 2017 and Living Libraries Infrastructure Program 2017.
Figures rounded

Table 3.2: Budget Funding Equity Scorecard (Allocated Funding Only), by Geographical Area

	Interface Council Areas		Non-Interface Metropolitan Council Areas		Regional Council Areas		Total	
	<i>Projects</i>	<i>Investment</i>	<i>Projects</i>	<i>Investment</i>	<i>Projects</i>	<i>Investment</i>	<i>Projects</i>	<i>Investment</i>
Early Childhood/Kindergarten – Annual	17.9%	39.2%	28.6%	19.5%	53.6%	41.3%	100.0%	100.0%
Primary School	18.7%	38.3%	41.4%	41.6%	39.9%	20.1%	100.0%	100.0%
Secondary School	22.0%	24.4%	41.0%	48.6%	37.1%	26.9%	100.0%	100.0%
Specialist School	15.0%	19.2%	45.0%	37.9%	40.0%	42.9%	100.0%	100.0%
Land Acquisitions for Education	50.0%	92.9%	50.0%	7.1%	0.0%	0.0%	100.0%	100.0%
Further Education	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Health	8.9%	10.8%	55.6%	53.0%	35.6%	36.2%	100.0%	100.0%
Justice	27.3%	24.7%	54.5%	13.5%	18.2%	61.7%	100.0%	100.0%
Arts and Culture	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Roads	19.2%	37.5%	17.3%	24.2%	63.5%	38.3%	100.0%	100.0%
Public Transport	12.1%	34.4%	24.2%	11.5%	63.6%	54.1%	100.0%	100.0%
Public Libraries – <u>Annual</u>	23.1%	24.6%	23.1%	36.2%	53.8%	39.2%	100.0%	100.0%
Growing Suburbs Fund	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

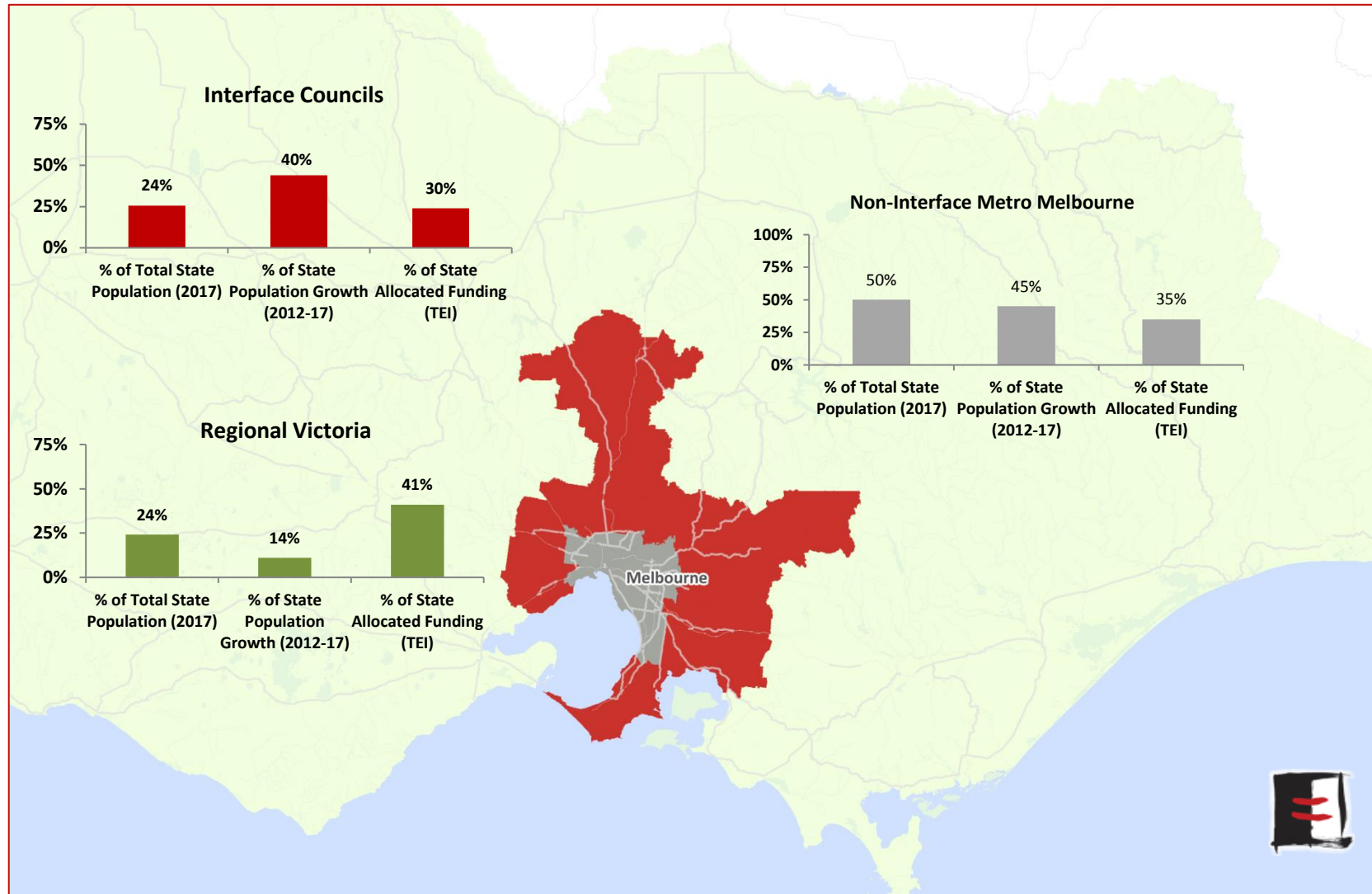
Source: Victorian Budget Papers 2018/19, Children's Facilities Capital Program Major Grant recipients 2017/18 and Living Libraries Infrastructure Program 2017
 Figures rounded

Figure 3.1: Population Growth (Annual Average Growth Rate 2012 to 2017), by Region



Source: ABS, 3218.0 Regional Population Growth, Australia and Table 3.1.

Figure 3.2: Percentage Share of Total Population (2017), Population Growth (2012-2017) and Percentage Allocated Funding (TEI), by Geographical Region



Source: ABS, 3218.0 Regional Population Growth, Australia

4 EMPLOYMENT SCORECARD

1. The unemployment rate in Interface Council areas was 7.0% as of December 2017. This is significantly higher than rates for both Non-Interface Metropolitan Council areas (5.7%) and Regional Council areas (5.4%). As of December 2017, 38% of all unemployed persons in Metropolitan Melbourne were labour force participants from Interface Council areas (approximately 62,000 persons), which is higher than the 33% labour force contribution these Interface areas make to Metropolitan Melbourne's overall labour force.
2. ABS Place of Work data (2016) shows local job provision in Interface Council areas is very low at only 0.57 jobs per workforce participant. The 2016 figure represents only a slight improvement in provision over the past decade from 0.55 jobs per workforce participant in 2006. In contrast, Non-Interface Metropolitan Council areas continue to provide approximately 1 job per workforce participant, while job provision in Regional Council areas has improved over the past decade from 0.83 jobs per workforce participant in 2006 to 0.90 jobs per workforce participant in 2016.

Employment data is shown in Table 4.1

Table 4.1: Economic Development Scorecard – Employment and Unemployment

	Interface Council Areas	Non-Interface Metropolitan Council Areas	Regional Council Areas
Unemployment Rate (December 2017) ⁽¹⁾	7.0%	5.7%	5.4%
Unemployment Rate (December 2016) ⁽¹⁾	6.6%	5.5%	5.7%
Unemployment Rate (December 2015) ⁽¹⁾	6.9%	5.8%	5.8%
Unemployment Rate (December 2014) ⁽¹⁾	7.1%	6.5%	6.3%
Unemployment Rate (December 2013) ⁽²⁾	6.5%	5.7%	5.4%
Unemployment Rate (December 2012) ⁽²⁾	6.0%	5.2%	5.7%
Unemployment Rate (December 2011) ⁽²⁾	5.6%	4.7%	5.2%
Employment Self-Sufficiency Rate (2016) ⁽³⁾	0.57 jobs provided per labour force participant	1.07 jobs provided per labour force participant	0.90 jobs provided per labour force participant
Employment Self-Sufficiency Rate (2011) ⁽³⁾	0.51 jobs provided per labour force participant	0.98 jobs provided per labour force participant	1.07 jobs provided per labour force participant
Employment Self-Sufficiency Rate (2006) ⁽⁴⁾	0.55 jobs provided per labour force participant	1.00 jobs provided per labour force participant	0.83 jobs provided per labour force participant

Sources: ⁽¹⁾ Australian Government Department of Employment – Small Area Labour Markets (December 2014, 2015, 2016, 2017) ⁽²⁾ DEEWR – Small Area Labour Markets (December 2011, 2012, and 2013); ⁽³⁾ ABS Place of Work (2011 and 2016); ⁽⁴⁾ ABS Journey to Work (2006).

5 NEW BUILDING INVESTMENT SCORECARD

1. In 2017, Interface Council areas secured 26% of all new building investment (measured by the value of approved building permits) across the State which is down from 27% in 2016, and the same as the 2012 proportion. New building investment equated to \$9.2 billion over the year, up from \$8.6 billion the previous year and \$4.4 billion in 2012. The 2017 figure represents an expansion in new building investment in the Interface of approximately +\$0.6 billion (or +7%) over the 12 months, which is well below the uplift experienced in Non-Interface Metropolitan Council areas (+12%) and Regional Council areas (+21%) over the year.
2. New building investment tends to vary by year due to the ‘bulkiness’ of certain major investments, and such variations therefore need not necessarily relate to macro-economic conditions. In this regard an assessment of the longer-term trend is more useful. Five-year investment trends for Interface Council areas show an increase in new building investment from \$4.4 billion in 2012 to \$9.2 billion in 2017, which equates to an average annual growth rate of +16% in investment over the period. This is below the five-year investment trend for Non-Interface Metropolitan Council areas (+18% pa), but well above the investment trend for Regional Council areas (+12% pa) over the 2012-2017 period.
3. The main focus of investment in Interface Council areas in 2017 remains domestic dwelling construction (\$7.0 billion or 76% of all investment), which represents an increase of +\$1.0 billion (or +17%) over the 12 months. Over the same period the Interface’s share of state-wide domestic dwelling investment increased from 36% in 2016 to 37% in 2017, highlighting the ongoing importance of Interface Council areas in providing new dwelling supply to support Victoria’s expanding population.
4. In 2017 Interface Council areas secured a smaller proportion of new State building investment in hospital/healthcare (21%, down from 37% in 2016), while the proportion of State investment in new public buildings declined from 21% in 2016 to 18% in 2017 (although the actual value of building investment increased from \$473 million to \$554 million over the 12-month period). The five-year trend for these key areas of community infrastructure investment shows Interface Council areas securing 18% of hospital/healthcare building investment (compared to 54% for Non-Interface Council areas and 28% for Regional Council areas) and 23% of public building investment over the period (compared to 56% for Non-Interface Council areas and 21% for Regional Council areas).
5. Between 2016 and 2017, Interface Council areas recorded decreases in commercial building investment from \$867 million to \$787 million, industrial building investment from \$234 million to \$160 million, and retail building investment from \$345 million to \$307 million. The five-year trend for these sectors shows Interface Council areas securing 18% of State commercial building investment compared to 69% for Non-Interface Council areas and 13% for Regional Council areas; 27% of industrial building investment compared to 40% for Non-Interface Council areas and 33% for Regional Council areas; and 21% of retail building investment compared to 62% for Non-Interface Council areas and 16% for Regional Council areas.

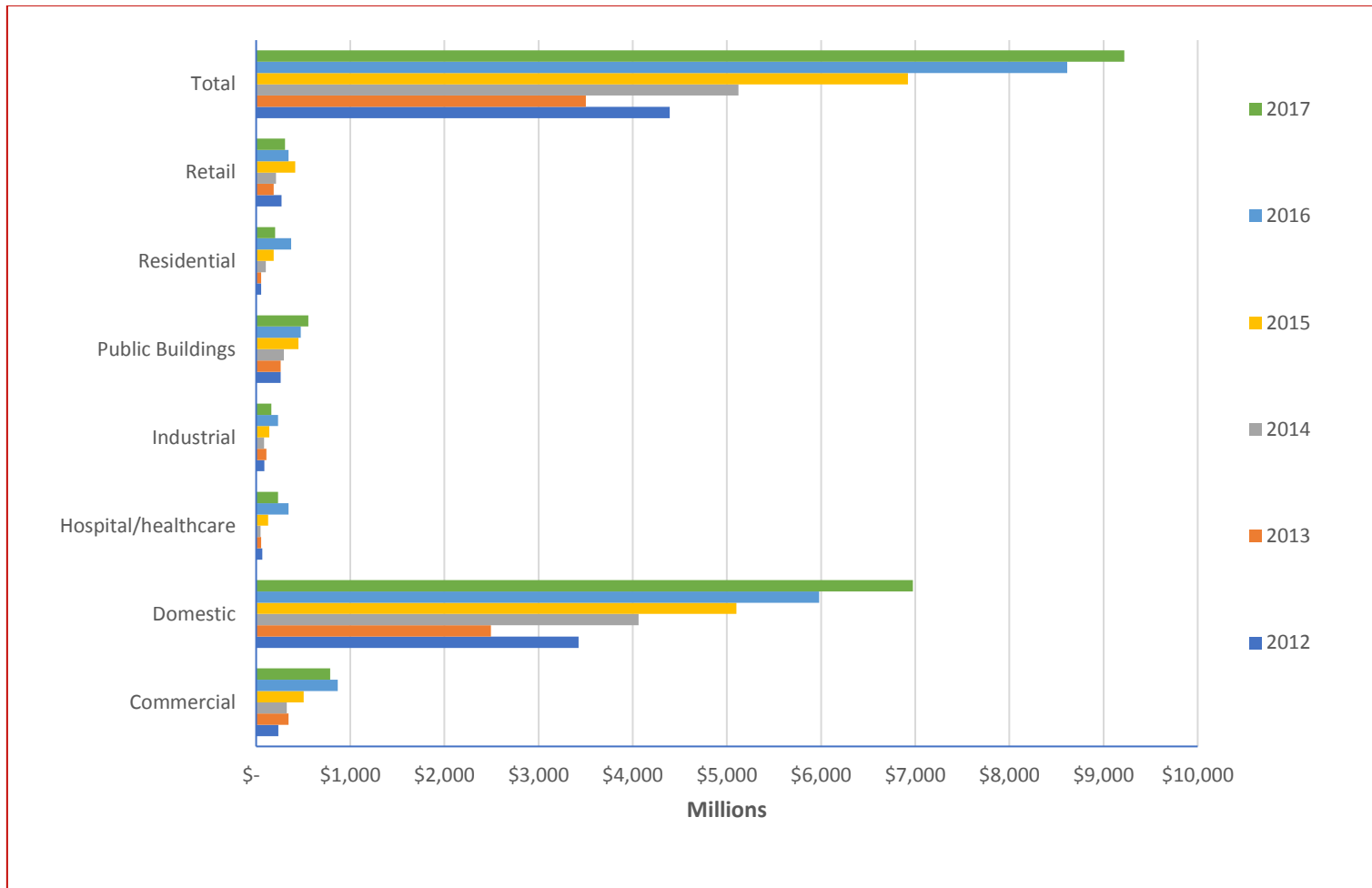
New building investment data is shown in Table 5.1 and Figures 5.1 and 5.2. Note, values are expressed in current prices, unadjusted for inflation.

Table 5.1: Economic Development Scorecard – Building Investment, 2012-2017

	2012		2013		2014		2015		2016		2017		2012-2017	
	Value	State Share	Value	State Share	Value	State Share	Value	State Share	Value	State Share	Value	State Share	Value	State Share
Interface Council Areas														
Commercial	\$237m	14%	\$344m	21%	\$326m	18%	\$506m	16%	\$867m	21%	\$787m	18%	\$3,067m	18%
Domestic	\$3,423m	36%	\$2,494m	35%	\$4,061m	35%	\$5,101m	34%	\$5,978m	36%	\$6,975m	37%	\$28,032m	36%
Hospital/healthcare	\$65m	13%	\$54m	14%	\$46m	5%	\$126m	12%	\$343m	37%	\$234m	21%	\$868m	18%
Industrial	\$88m	21%	\$110m	39%	\$83m	16%	\$140m	25%	\$234m	38%	\$160m	26%	\$815m	27%
Public Buildings	\$259m	23%	\$259m	33%	\$293m	32%	\$449m	25%	\$473m	21%	\$554m	18%	\$2,287m	23%
Residential	\$53m	2%	\$54m	2%	\$102m	3%	\$185m	3%	\$373m	7%	\$203m	3%	\$970m	4%
Retail	\$269m	36%	\$186m	24%	\$212m	23%	\$415m	19%	\$345m	21%	\$307m	17%	\$1,734m	21%
Total	\$4,394m	26%	\$3,501m	26%	\$5,123m	25%	\$6,922m	23%	\$8,613m	27%	\$9,220m	26%	\$37,773m	25%
Non-Interface Metropolitan Council Areas														
Commercial	\$1,221m	74%	\$1,154m	69%	\$1,110m	62%	\$2,240m	70%	\$2,921m	70%	\$3,047m	68%	\$11,693	69%
Domestic	\$3,313m	35%	\$2,739m	38%	\$4,453m	39%	\$6,485m	43%	\$7,155m	43%	\$7,636m	41%	\$31,781	40%
Hospital/healthcare	\$311m	62%	\$284m	75%	\$591m	61%	\$442m	44%	\$438m	47%	\$586m	54%	\$2,652	54%
Industrial	\$232m	55%	\$117m	41%	\$149m	28%	\$241m	42%	\$223m	36%	\$261m	42%	\$1,223	40%
Public Buildings	\$606m	53%	\$342m	43%	\$374m	41%	\$1,107m	61%	\$1,326m	58%	\$1,863	61%	\$5,618	56%
Residential	\$2,800m	94%	\$2,297m	88%	\$3,576m	94%	\$5,271m	94%	\$5,035m	92%	\$5,819	94%	\$24,798	93%
Retail	\$359m	47%	\$479m	62%	\$525m	56%	\$1,468m	69%	\$1,025m	61%	\$1,170	65%	\$5,026	62%
Total	\$8,842m	52%	\$7,412m	54%	\$10,778m	53%	\$17,254m	59%	\$18,123m	57%	\$20,382	57%	\$82,791	56%
Regional Council Areas														
Commercial	\$184m	11%	\$163m	10%	\$359m	20%	\$445m	14%	\$397m	9%	\$632m	14%	\$2,180	13%
Domestic	\$2,731m	29%	\$1,899m	27%	\$3,003m	26%	\$3517m	23%	\$3,690m	22%	\$4,159m	22%	\$18,999	24%
Hospital/healthcare	\$122m	24%	\$43m	11%	\$334m	34%	\$445m	44%	\$145m	16%	\$275m	25%	\$1,364	28%
Industrial	\$102m	24%	\$59m	21%	\$295m	56%	\$187m	33%	\$166m	27%	\$195m	32%	\$1,004	33%
Public Buildings	\$285m	25%	\$187m	24%	\$237m	26%	\$258m	14%	\$490m	21%	\$640m	21%	\$2,097	21%
Residential	\$128m	4%	\$273m	10%	\$141m	4%	\$177m	3%	\$92m	2%	\$173m	3%	\$984	4%
Retail	\$129m	17%	\$112m	14%	\$193m	21%	\$254m	12%	\$310m	18%	\$311m	17%	\$1,309	16%
Total	\$3,681m	22%	\$2,736m	20%	\$4,562m	22%	\$5,283m	18%	\$5,290m	17%	\$6,385m	18%	\$27,937	19%

Source: Victorian Building Authority (unpublished data); Values expressed in current prices, unadjusted for inflation. Figures rounded

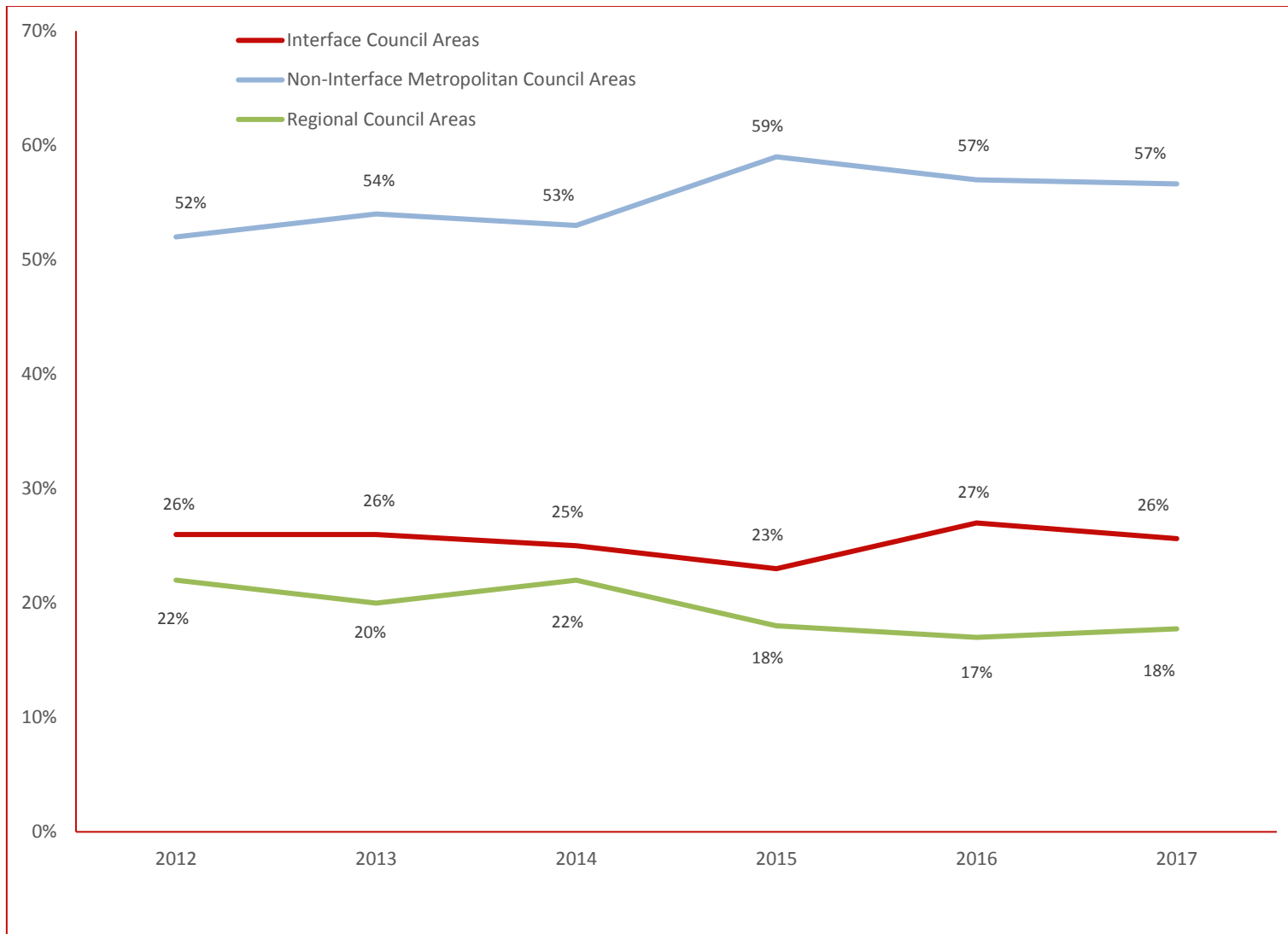
Figure 5.1: New Building Investment Trends by Building Type, Interface Council Areas, 2012 to 2017



Source: Victorian Building Authority (unpublished data)

Note: Figures rounded

Figure 5.2: Trends in the Share (%) of Total Victorian New Building Investment by Region, 2012 to 2017



Source: Victorian Building Authority (unpublished data)

Note: Figures rounded

6 ECONOMIC OUTPUT SCORECARD

1. Economic output data for 2015/16 (latest available from id National Indicators data), as measured in Gross State Product (GSP), highlights the relative lack of economic infrastructure, capital investment, established industry sectors, supply chains and employment in Interface Council areas. Interface Council areas contributed just \$56 billion (or 15%) to Victoria's GSP of \$370 billion for the 2015/16 financial year.
2. The proportional contribution of Interface Council areas to Victoria's GSP in 2015/16 of 15% represents an increase from 14% in 2014/15, while GSP growth of 14% over the past 12 months (from \$48.8 billion to \$55.5 billion) is twice the state average (7%) over this period.
3. However, the GSP contribution of Interface Council areas (15% in 2015/16) remains well below those of Non-Interface Metropolitan Council areas (66%) and Regional Council areas (19%), with these ratios only shifting marginally between 2010/11 and 2015/16, as shown in Table 6.1.
4. This data highlights the fact that many Interface labour force participants are involved in economic-generating activities outside the Interface (predominantly in other metropolitan areas), as Interface Council areas contribute 25% of the total State labour force, but only generate 15% of Victoria's GSP, as noted above.
5. In contrast, Non-Interface Metropolitan Council areas provide 52% of total State labour force and generate 66% of Victoria's GSP, while Regional Council areas provide 23% of the State's total labour force and generate 19% of Victoria's GSP.

Table 6.1: Economic Output Scorecard – Gross State Product (GSP) 2010/11 to 2015/16

	2010/11		2013/14		2014/15		2015/16	
	GSP Value	Proportion of State GSP	GSP Value	Proportion of State GSP	GSP Value	Proportion of State GSP	GSP Value	Proportion of State GSP
Interface Council Areas	\$42.2b	13%	\$46.7b	14%	\$48.8b	14%	\$55.5b	15%
Non-Interface Metropolitan Council Areas	\$210.2b	67%	\$223.6b	67%	\$230.3b	67%	\$245.6b	66%
Regional Council Areas	\$61.2b	20%	\$62.9b	19%	\$65.6b	19%	\$68.8b	19%
Victoria	\$313.6b	100%	\$333.2b	100%	\$344.7b	100.0%	\$369.9b	100.0%

Source: id National Economic Indicators Series – id Consulting and National Institute of Economic and Industry Research

Note: Figures rounded

7 EARLY CHILDHOOD/KINDERGARTEN SCORECARD

Table 7.1: Early Childhood/Kindergarten Scorecard

	Projects	Share of Total	2017/18 Allocation (000s)	Share of 2017/18 Investment
Interface Council Areas	5	17.9%	\$6,965	39.2%
Non-Interface Metropolitan Council Areas	8	28.6%	\$3,456	19.5%
Regional Council Areas	15	53.6%	\$7,341	41.3%
State-wide / unallocated / location non-specific	-	-	-	-
Total	28	100.0%	\$17,762	100.0%

Source: Children's Facilities Capital Program Major Grant recipients 2017/18, Department of Education and Early Childhood Development

Note: Figures rounded

Funded Interface Projects 2017/18 (\$ millions - figures rounded)

Fraser Rise Children's and Community Hub, (City of Melton)	1,600
Greenvale West Integrated Community Centre, (City of Hume)	1,600
Little Beacons Learning Centre, Pakenham, (Cardinia Shire)	1,600
Kilora Park Family and Community Centre, (City of Casey)	1,600
Truganina South New Early Learning Centre, (City of Wyndham):	565

8 PRIMARY SCHOOL FUNDING SCORECARD

Table 8.1: Primary School Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	37	18.5%	\$262,419	33.6%
Non-Interface Metropolitan Council Areas	82	41.0%	\$285,095	36.6%
Regional Council Areas	79	39.5%	\$137,452	17.6%
Statewide / unallocated / location non-specific	2	1.0%	\$95,000	12.2%
Total	200	100.0%	\$779,966	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

Aitken Hill Primary School – new school – (Stage 2) funding for a new primary school in Craigieburn (Craigieburn)	6,776
Beveridge West P6 – new school – funding for a new primary school in Beveridge (Beveridge)	19,700
Botanic Ridge P6 – new early learning facility – funding for a new early learning facility in Botanic Ridge (Botanic Ridge)	3,000
Botanic Ridge P6 – new school – funding for a new primary school in Cranbourne (Botanic Ridge)	16,500
Burnside Primary School – new school – (Stage 2) funding for a new primary school in Burnside (Burnside)	5,635
Casey Fields (Five Ways) P6 – new school – funding for a new primary school in Cranbourne (Cranbourne East)	20,100
Clyde North East P6 – new school – funding for a new primary school in Clyde (Clyde North)	20,800
Davis Creek P6 – new early learning facility – funding for a new early learning facility in Davis Creek (Tarneit)	3,000
Davis Creek P6 – new school – funding for a new primary school in Tarneit (Tarneit)	20,100
Don Valley Primary School – modernisation – upgrade existing school facilities (Don Valley)	170
Gladstone Park Primary School – modernisation – upgrade existing school facilities (Gladstone Park)	1,500
Hoddles Creek Primary School – modernisation – upgrade existing school facilities (Hoddles Creek)	90
Lalor Gardens Primary School – modernisation – funding to deliver previously planned works (Lalor)	3,800
Launching Place Primary School – modernisation – upgrade existing school facilities (Launching Place)	500
Melton West Primary School – modernisation – funding to deliver previously planned works (Melton)	6,400

Montrose Primary School – modernisation – upgrade existing school facilities (Montrose)	3,820
Pakenham North East Primary School – new school – (Stage 2) funding for a new primary school in Pakenham (Pakenham)	9,909
Sunbury Heights Primary School – modernisation – upgrade existing school facilities (Sunbury)	700
Sunbury Primary School – modernisation – upgrade existing school facilities (Sunbury)	3,500
Tallarook Primary School – modernisation – upgrade existing school facilities (Tallarook)	150
The Alpine School – new school – funding to deliver previously planned works for a new outdoor campus in Don Valley (Launching Place)	6,500
Wyndham South (Riverwalk) P6 – new early learning facility – funding for a new early learning facility in Wyndham South Riverwalk (Werribee)	3,000
Wyndham South (Riverwalk) P6 – new school – funding for a new primary school in Werribee (Werribee)	23,700
Yarrambat Park Primary School – new school – (Stage 2) funding for a new primary school in Doreen (Doreen)	5,277

Existing TEI funding (\$ millions - figures rounded)

Aitken Hill Primary School (Yuroke)	13,806
Berwick Fields Primary School (Berwick)	251
Bimbadeen Heights Primary School (Mooroolbark)	5,300
Burnside Primary School (Burnside)	13,806
Campbellfield Heights Primary School (Campbellfield)	402
Kurunjang Primary School (Melton)	1,005
Lilydale Primary School (Lilydale)	804
Lilydale West Primary School (Lilydale)	2,110
Manor Lakes College (Stage 5) (Wyndham Vale)	10,900
Pakenham North East Primary School (Pakenham)	13,806
Wandong Primary School (Wandong)	1,296
Yarra Ranges Special Developmental School (Mount Evelyn)	500
Yarrambat Park Primary School (Yarrambat)	13,806

9 SECONDARY SCHOOL FUNDING SCORECARD

Table 9.1: Secondary School Funding Scorecard (Includes P-9 and P-12 Schools)

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	45	21.8%	\$313,211	24.3%
Non-Interface Metropolitan Council Areas	84	40.8%	\$623,037	48.2%
Regional Council Areas	76	36.9%	\$345,081	26.7%
Statewide / unallocated / location non-specific	1	0.5%	\$10,000	0.8%
Total	206	100.0%	1,291,329	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

Berwick Secondary College – modernisation – upgrade existing school facilities (Berwick)	1,300
Craigieburn South 7-12 – new school – (Stage 1) funding for a new 7-12 school in Craigieburn (Craigieburn)	24,000
Diamond Valley College – modernisation – (Stage 2) upgrade existing school facilities (Diamond Creek)	1,800
Epping Secondary College – modernisation – upgrade existing school facilities (Epping)	3,000
Hampton Park Secondary College – modernisation – upgrade existing school facilities (Hampton Park)	2,620
Koo Wee Rup Secondary College – modernisation – upgrade existing school facilities (Koo Wee Rup)	850
Lilydale and Upper Yarra Secondary Schools Plan – education plan – (Stage 1) funding to deliver previously planned works in the education plan (Lilydale)	20,000
Monbulk College – modernisation – (Stage 3) upgrade existing school facilities (Monbulk)	8,510
Mooroolbark College – modernisation – upgrade existing school facilities (Mooroolbark)	7,000
Narre Warren South P-12 College – modernisation – (Stage 2) upgrade existing school facilities (Narre Warren South)	400
Point Cook South Senior Secondary School – new school – funding for a new 7-12 school in Point Cook (Point Cook)	53,000
Roxburgh College – modernisation – upgrade existing school facilities (Roxburgh Park)	3,000
Sanctuary Lakes P9 – new school – (Stage 2) funding for a new P-9 school in Point Cook (Point Cook)	3,129
Seymour College – modernisation – funding to deliver previously planned works (Seymour)	6,881

St Helena Secondary College – modernisation – upgrade existing school facilities (Eltham North)	3,820
Truganina East P9 – new school – (Stage 2) funding for a new P-9 school in Truganina (Truganina)	4,747
Upwey High School – modernisation – next stage funding to deliver previously planned works (Upwey)	13,900

Existing TEI funding (\$ millions - figures rounded)

Broadford Secondary College (Broadford)	4,000
Cranbourne Secondary College 2016-17 (Cranbourne)	9,000
Diamond Valley College (Diamond Creek)	2,000
Eltham High School (Eltham)	1,507
Fountain Gate Secondary College (Narre Warren)	4,500
Gleneagles Secondary College (Endeavour Hills)	502
Kambrya College (Berwick)	3,000
Melton Secondary College (Melton)	2,500
Monbulk College 2017-18 (Monbulk)	7,578
Narre Warren South P-12 College (Narre Warren South)	5,020
Sanctuary Lakes South P9 (Point Cook)	13,806
Sunbury College 2016-17 (Sunbury) (a)	4,800
Sunbury Downs Secondary College (Sunbury)	3,920
Tarneit Senior Secondary College (Stage 2) (Tarneit) (a)	11,600
Taylors Hill Secondary College 2017-18 (Taylors Hill)	23,296
Truganina East P9 (Tarneit)	13,806
Upwey High School (Upwey)	10,000
Werribee Secondary College (Werribee)	7,000
Baltara School (Thomastown)	400
Cranbourne Secondary College 2015-16 (Cranbourne) (a)	1,000
Dallas Brooks Community Primary School (Dallas)	500
Emerald Secondary College (Emerald)	1,502
Hallam Senior Secondary College (Hallam)	500
Monbulk College 2015-16 (Monbulk) (a)	3,000
Sunbury College 2015-16 (Sunbury) (a)	3,000
Whittlesea Secondary College (Whittlesea)	4,700
Hazel Glen College (Stages 3 & 4) (Doreen)	7,800
Wallan Secondary College (Wallan)	5,017

10 SPECIALIST SCHOOL FUNDING SCORECARD

Table 10.1: Special Education Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	3	15.0%	\$20,200	19.2%
Non-Interface Metropolitan Council Areas	9	45.0%	\$39,975	37.9%
Regional Council Areas	8	40.0%	\$45,165	42.9%
Statewide / unallocated / location non-specific	-	-	-	-
Total	20	100.0%	\$105,340	100.0%

Source: Victorian Budget Papers 2018/98

Note: Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

Sunbury and Macedon Ranges Specialist School – Sunbury Campus – modernisation – upgrade existing school facilities at Sunbury Campus (Sunbury) 10,800

Existing TEI funding (\$ millions - figures rounded)

Melton Specialist School (Melton) 5,400
Sunbury and Macedon Ranges Specialist School (Sunbury) 4,000

11 LAND ACQUISITION FOR EDUCATION SCORECARD

Table 12.1: Land Acquisition for Education Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	1	25.0%	252,311	54.9%
Non-Interface Metropolitan Council Areas	1	25.0%	19,409	4.2%
Regional Council Areas	-	-	-	-
Statewide / unallocated / location non-specific	2	50.0%	187,450	40.8%
Total	4	100.0%	459,170	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding (figures rounded)

Land acquisition for new schools in interface areas estimated at

252,311

Existing TEI funding

Nil

12 FURTHER EDUCATION FUNDING SCORECARD

Table 13.1: Further Education Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	-	-	-	-
Non-Interface Metropolitan Council Areas	1	33.3%	\$21,900	9.0%
Regional Council Areas	-	-	-	-
Statewide / unallocated / location non-specific	2	66.6%	\$220,430	91.0%
Total	3	100.0%	\$242,330	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding

Nil

Existing TEI funding

Nil

13 HEALTH FUNDING SCORECARD

Table 14.1: Health Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	4	4.7%	\$404,752	9.1%
Non-Interface Metropolitan Council Areas	25	29.4%	\$1,993,218	44.7%
Regional Council Areas	16	18.8%	\$1,360,984	30.5%
Statewide / unallocated / location non-specific	40	47.1%	\$701,292	15.7%
Total	85	100.0%	\$4,460,246	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

Nil

Existing TEI funding (\$ millions - figures rounded)

Casey Hospital Expansion (Berwick)	139,780
Northern Hospital inpatient expansion - Stage 2 (Epping)	162,672
Werribee Mercy Hospital - acute expansion (Werribee)	85,000
Broadmeadows Surgery Centre (Jacana)	17,300

14 JUSTICE AND REGULATION FUNDING SCORECARD

Table 15.1: Justice Funding Scorecard

	Projects	Share of Total	TEI (000)	Share of TEI
Interface Council Areas	3	6.0%	\$297,409	10.7%
Non-Interface Metropolitan Council Areas	6	12.0%	\$162,590	5.9%
Regional Council Areas	2	4.0%	\$742,230	26.8%
Statewide / unallocated / location non-specific	39	78.0%	\$1,567,525	56.6%
Total	50	100.0%	\$2,769,754	100.0%

Source: Victorian Budget Papers 2018/19

Note: Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

New youth justice facility (Cherry Creek) 278,409

Existing TEI funding (\$ millions - figures rounded)

Mernda Police Station (Mernda) 15,000

Multi-Disciplinary Centres – new centre (Wyndham) 4,000

15 ARTS AND CULTURAL FACILITIES

Table 16.1: Arts and Cultural Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	-	-	-	-
Non-Interface Metropolitan Council Areas	7	77.8%	\$218,643	91.8%
Regional Council Areas	-	-	-	-
Statewide / unallocated / location non-specific	2	22.2%	\$19,569	8.2%
Total	9	100.0%	\$238,212	100.0%

Source: Victorian Budget Papers 2018/19

Notes: Figures rounded

Non-Interface Metropolitan Melbourne infrastructure funding includes capital allocations for major State cultural assets such as the State Library of Victoria, Melbourne Arts Centre, Royal Exhibition Building, Melbourne Exhibition Centre and Australian Centre for the Moving Image.

Funded Interface Projects

New TEI funding

Nil

Existing TEI funding

Nil

16 ROADS FUNDING SCORECARD

Table 17.1: Roads Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	10	12.3%	\$2,265,717	9.4%
Non-Interface Metropolitan Council Areas	9	11.1%	\$1,458,917	6.0%
Regional Council Areas	33	40.7%	\$2,313,432	9.6%
Statewide / unallocated / location non-specific	29	35.8%	\$18,102,668	75.0%
Total	81	100.0%	\$24,140,734	100.0%

Source: Victorian Budget Papers 2018/19

Notes: Statewide allocations include capital funding for the West Gate Tunnel Project, CitiLink –Tulla Widening Project, Western Roads upgrade, M80 Ring Road upgrade, Monash Freeway upgrade and the Level Crossing Removal Program.
Figures rounded

Funded Interface Projects

New TEI funding (\$ millions - figures rounded)

Suburban Roads Upgrade (estimated based on interface council areas receiving 75% of the total fund) 1,701,600

Projects include:

- Duplicating Healesville-Koo Wee Rup Road in Pakenham from 2 to 4 lanes between Princes Freeway and Manks Road
- Duplicating Narre Warren-Cranbourne Road in Cranbourne from 2 to 4 lanes between Thompsons Road and South Gippsland Highway
- Duplicating Hallam North Road in Endeavour Hills from 2 to 4 lanes between Heatherton Road and James Cook Drive
- Intersection and road safety upgrades on Golf Links Road from Peninsula Link to Baxter-Tooradin Road and Grant Road from Baxter-Tooradin Road to Frankston-Flinders Road in Langwarrin South
- Upgrading 2 intersections with traffic lights on Thompsons Road in Cranbourne
- Duplicate Craigieburn Road in Craigieburn from 2 to 4 lanes between Mickleham Road and Hume Freeway
- Widening Sunbury Road in Sunbury from 2 lanes to 4 between Powlett Street and Bulla-Diggers Rest Road
- Duplicating Bridge Inn Road between Plenty Road and Yan Yean Road and Yan Yean Road between Bridge Inn Road and Jorgensen Avenue in Doreen from 2 to 4 lanes

- Duplicating Yan Yean Road in Yarrambat from 2 to 4 lanes between Kurrak Road and Jorgensen Avenue
- Duplicating Epping Road in Epping from 2 to 4 lanes between Craigieburn Road and Memorial Avenue
- Upgrading three intersections at Main Road, Porter Street and Foote Street on Fitzsimons Lane in Eltham
- Duplicating Childs Road in Mill Park from 2 to 4 lanes between Beaumont Crescent and Prince of Wales Avenue, with a new bridge over Darebin Creek

Existing TEI funding (\$ millions - figures rounded)

Hallam Road upgrade (Hampton Park)	45,014
Kilmore Bypass (Kilmore)	33,270
Plenty Road upgrade - Stage 1 (Mill Park)	35,194
Plenty Road upgrade - Stage 2 (South Morang)	103,409
Thompsons Road duplication (Lyndhurst)	123,243
- Nepean Highway - Forest Drive intersection upgrade (Mount Martha)	192
- O'Herns Road upgrade (Epping)	77,803
Yan Yean Road duplication - Stage 1 (Plenty)	125,958
Thompsons Road duplication - planning and early works (Lyndhurst)	20,034

17 PUBLIC TRANSPORT FUNDING SCORECARD (RAIL AND BUS)

Table 18.1: Public Transport Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	4	2.8%	\$1,829,014	4.6%
Non-Interface Metropolitan Council Areas	8	11.3%	\$610,996	2.5%
Regional Council Areas	21	31.0%	\$2,881,465	13.9%
Statewide / unallocated / location non-specific	38	54.9%	\$19,325,838	79.0%
Total	71	100.0%	\$24,647,313	100.0%

Source: Victorian Budget Papers 2017/18

Notes: Statewide allocations include \$11.0 billion for the Melbourne Tunnel (Melbourne Metro Rail) project
Figures rounded

Funded Interface Projects

New TEI (\$ millions - figures rounded)

Cranbourne Pakenham and Sunbury Line upgrades 539,540

Existing TEI funding (\$ millions - figures rounded)

Mernda Rail Project 604,114
Ballarat Rail Upgrade - major component duplication of 17km section of single track b/w Deer Park West and Melton: 549,455
Hurstbridge Rall Line duplication 135,905

18 PUBLIC LIBRARIES FUNDING SCORECARD

Living Libraries Infrastructure Program 2017 – Department of Environment, Land Water and Planning (DELWP)

The Living Libraries Infrastructure 2016 Program provided grants of up to \$750,000, providing the following co-contributions were met:

- Libraries for metropolitan communities
 - DELWP \$1 : \$1 Local (all metropolitan councils)
- Libraries for interface councils
 - DELWP \$1.5: \$1 Local (Cardinia, Casey, Hume, Melton, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham, Yarra Ranges)
- Libraries for regional cities
 - DELWP \$2: \$1 Local (Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool, Wodonga)
- Libraries for regional and rural councils
 - DELWP \$3: \$1 Local (remaining regional and rural councils – includes Mitchell)
- Libraries for small rural councils
 - No contribution required

The Living Libraries Infrastructure Program 2017 – Successful Major Grant Recipients

The Living Libraries Infrastructure Program 2017 delivered \$1,105,270 to Interface Councils (3 projects) out of a grant pool of \$4,500,000, which represented 25% of funding, with the remaining funding split between Non-Interface Metropolitan areas (\$1,630,000 or 36% of funding) and Regional Victoria (\$1,764,730 or 39% of funding). Interface recipients were:

- | | |
|---|-----------|
| • Cardinia Shire’s mobile library trailer replacement | \$327,000 |
| • Whittlesea City Council’s Mill Park library refurbishment | \$559,490 |
| • Mornington Peninsula Shire’s See Change at Mornington Library project | \$218,775 |

19 COUNCIL SCORECARD

Table 20.1: Interface Councils – Local Government Area Scorecard for Allocated Budget Funding 2018/19 and other Grants (TEI)

	No. of Projects	TEI (\$000s)	Share of Interface Projects	Share of Interface TEI
Cardinia (C)	7	43,612	5.3%	1.1%
Casey (C)	23	429,693	17.6%	10.9%
Hume (C)	18	110,804	13.7%	2.8%
Melton (C)	10	609,248	7.6%	15.5%
Mitchell (S)	6	50,614	4.6%	1.3%
Mornington Peninsula (S)	3	5,411	2.3%	0.1%
Nillumbik (S)	9	297,873	6.9%	7.6%
Whittlesea (C)	15	1,652,465	11.5%	42.1%
Wyndham (C)	19	556,308	14.5%	14.2%
Yarra Ranges (S)	20	97,671	15.3%	2.5%
Growing Suburbs Fund	1	75,000	0.8%	1.9%
Total	131	3,928,699	100.0%	100.0%

Source: Victorian Budget Papers 2018/19, Children's Facilities Capital Program Major Grant recipients 2017 and Living Libraries Infrastructure Program 2017.

Note: Figures rounded.

20 KEY FINDINGS AND CONCLUSIONS

State Budget 2018/19 Funding Overview

1. Interface Council areas have been allocated approximately \$5,728 million (over four years) in Total Estimated Investment (TEI) from the 2018/19 State Budget (plus the Growing Suburbs Fund and other annual grants programs) for infrastructure in the following priority service areas:
 - Kindergarten and preschool facilities
 - Schools facilities (primary, secondary, specialist and land acquisition)
 - Further education facilities
 - Hospitals and health facilities
 - Justice facilities
 - Roads
 - Public transport.
2. The \$5,728 million Interface allocation (over our years) represents a significant increase in investment compared to the previous four-year budget allocations of \$3,034 in 2017/18 and \$2,540 million in 2016/17. State funding (TEI) for priority infrastructure (including unallocated funding) was \$59.2 billion in 2018/19 compared to \$42.6 billion in 2016/17, and it is in this context of increasing statewide investment over recent years that Interface funding improvements should be considered.
3. The largest proportion of allocated Interface infrastructure investment over the four-year period is focused on roads (\$2,266 million or 40% of allocated TEI), mainly associated the new Suburban Roads Upgrade Program.
4. The next largest allocated Interface infrastructure investment is for public transport roads (\$1,829 million or 32% of allocated TEI) for new and existing projects, including the Cranbourne, Pakenham and Sunbury rail upgrades announced in the 2018/19 budget.
5. Schools been allocated approximately \$848 million (or 15% of allocated TEI) over the forward estimates, which includes new and existing projects and proposed land purchases in Interface Council areas.
6. Health has received funding of approximately \$405 million over four years (or 7% of allocated TEI) associated with existing projects, with no new projects funded in the 2018/19 budget.
7. Justice has been allocated approximately \$297 million (or 5% of allocated TEI) over the forward estimates, which relates to the existing youth justice facility to be constructed in Werribee.
8. The Growing Suburbs Fund has been allocated \$75 million in 2018/19. However, this allocation in effect replenishes the Fund (over a two-year period), noting the Fund was reduced to \$25 million in 2017/18 from the previous level of \$50 million in each of 2015/16 and 2016/17 financial years. The Growing Suburbs Fund will continue to assist in the development of multipurpose facilities, community centres, playgrounds or other spaces needed by the community.

9. The Interface received approximately \$7 million in new kindergarten/preschool infrastructure investment through the Children's Facilities Capital Program (2017).
10. The Interface received approximately \$1 million in new library infrastructure funding through the Living Libraries Program 2017.
11. As in recent budgets, no specific investment has been made in arts and cultural facilities in Interface Council areas.

Funding for Critical Infrastructure

12. Over the current four-year budget period an estimated \$2,858 million in investment is required for critical infrastructure (i.e. kindergarten/preschool, schools, health, libraries and public transport) in Interface Council areas (refer to "One Melbourne or Two" updated report, Essential Economics 2018). Note that while the majority of funding is a State responsibility, funding support is also required from the Federal Government and Councils, while some infrastructure will be provided by the private sector.
13. State funding allocated in the 2017/18 budget over a four-year period represents approximately \$3,090 million (excluding the Growing Suburbs Fund) for these key infrastructure areas, which is above the required four-year requirement. Note, roads funding requirements are not included as a specific measure in the "One Melbourne or Two" report.
14. Further funding allocations for Interface infrastructure are likely to arise from unallocated Statewide funding programs, such as:
 - \$120 million for TAFE Facilities Modernisation Program across the State.
 - \$70 million allocated to provide relocatable school buildings to meet expanding demand across the State.
 - \$60 million for train station carparking across the State.
 - \$60 million Medical Equipment Replacement Program and Engineering Infrastructure Replacement Program for public hospitals/health services
 - \$5 million for metropolitan bus service improvements.
15. In this four-year budget cycle, schools and health are adequately funded (although this needs to be balanced against under-investment in previous budgets); however, areas such as early childhood/kindergarten and libraries are underfunded and this may result in a shortage of required infrastructure if unallocated State funds and/or private sector funding is not secured.
16. The estimated \$233 million 'surplus' in the 2018/19 budget compares to a surplus of \$180 million in the 2017/18 budget and estimated shortfalls in previous budgets of \$920 million (2015/16), \$810 million (2014/15), \$895 million (2013/14) and \$955 million (2012/13). In effect, the four-year funding allocations announced in the 2017/18 and 2018/19 budgets enable Interface Council areas to start 'closing the gap' in terms of cumulative funding deficits generated over the past few years.

Funding Equity

17. Interface Council areas accommodate approximately 24% of Victoria's population and 31% of Metropolitan Melbourne's population (ABS Estimated Resident Population, June 2017 provisional). Over the most recent 5-year period (2012 to 2017), Interface Council areas have been responsible for accommodating 40% of State population growth and 47% of Metropolitan Melbourne population growth.
18. Over the 2012 to 2017 period, the population growth rate across the Interface Council areas of +4.0% pa (representing an increase of +271,000 persons over the 5-year period) far outstripped the population growth rate in non-Interface Metropolitan Council areas of +2.0% pa (an increase of +306,000 persons over 5 years) and in Regional Council areas of +1.3% pa (an increase of +93,000 persons over 5 years).
19. Over recent years Interface Council areas have started to receive State funding more closely aligned to their share of total population numbers and share of population growth. However, cumulative budget deficits over many years have resulted in significant underfunding in the Interface resulting in a growing gap in provision compared to Non-Interface Metropolitan Council areas. Regional Council areas continue to receive a higher level of funding compared to population their levels and growth rates.
20. The 2018/19 Budget allocated 44% of new allocated funding to Interface Council areas, which marks a significant increase from the 24% allocated in the 2017/18 budget, although this level is broadly similar to the 49% allocated for new infrastructure investments in the 2016/17 budget.
21. When new and existing funding is considered over the four-year forward estimates, Interface Council areas received 30% of total allocated investment for key infrastructure items, and this compares to 29% funding for Non-Interface Metropolitan Melbourne Council areas and 41% funding for Regional Council areas.
22. In the 2018/19 Budget, Interface Council areas were allocated 92% of land acquisition funds for schools (estimated), 39% of kindergarten/preschool funding, 38% of allocated primary school funding, 38% of allocated roads funding and 34% of public transport funding.
23. Just 11% of allocated State health funding was directed towards Interface Council areas in the 2018/19 Budget, and this contrasts with 53% of funding for Non-Interface Metropolitan Council areas and 36% for Regional Council areas.
24. Interface Council areas received no direct funding allocations for further education or arts and cultural facilities in the 2018/19 Budget.
25. Interface Council areas received a specific \$75 million allocation through the Growing Suburbs Fund to be spent in 2018/19 for community infrastructure projects.
26. Importantly, the population of Interface Council areas is forecast to continue growing at a faster rate than non-Interface Metropolitan Council areas and Regional Council areas over the coming 15 years. The State Government's Victoria in Future 2016 (Department of Environment, Land, Water and Planning) shows that by 2031 Interface Council areas will accommodate 2,335,750 persons (an increase of +765,400 persons compared to 2016 population levels) and the Interface's share of state population will increase from

24% in 2016 to 30% in 2031. In view of these population projections, significant and sustained infrastructure funding will be required to support the needs of Interface communities over the coming decades.

Interface Economic Development and Investment and Output Trends

Employment

27. The unemployment rate in Interface Council areas was 7.0% as of December 2017. This is significantly higher than rates for both Non-Interface Metropolitan Council areas (5.7%) and Regional Council areas (5.4%). As of December 2017, 38% of all unemployed persons in Metropolitan Melbourne were labour force participants from Interface Council areas (approximately 62,000 persons), which is higher than the 33% labour force contribution these Interface areas make to Metropolitan Melbourne's overall labour force.
28. ABS Place of Work data (2016) shows local job provision in Interface Council areas is very low at only 0.57 jobs per workforce participant. The 2016 figure represents only a slight improvement in provision over the past decade from 0.55 jobs per workforce participant in 2016. In contrast, Non-Interface Metropolitan Council areas continue to provide approximately 1 job per workforce participant, while job provision in Regional Council areas has improved over the past decade from 0.83 jobs per workforce participant in 2006 to 0.90 jobs per workforce participant in 2016.

Investment

29. In 2017, Interface Council areas secured 26% of all new building investment (measured by the value of approved building permits) across the State (down from 27% in 2016, and the same as the 2012 proportion) which equates to \$9.2 billion in new investment over the year (up from \$8.6 billion the previous year and \$4.4 billion in 2012). The 2017 figure represents an expansion in new building investment in the Interface of approximately +\$0.6 billion (or +7%) over the 12 months, which is well below the uplift experienced in Non-Interface Metropolitan Council areas (+12%) and Regional Council areas (+21%) over the year.
30. New building investment tends to vary by year due to the 'bulkiness' of certain major investments, and such variations therefore need not necessarily relate to macro-economic conditions. In this regard an assessment of the longer-term trend is more useful. Five-year investment trends for Interface Council areas show an increase in new building investment from \$4.4 billion in 2012 to \$9.2 billion in 2017, which equates to an average annual growth rate of +16% in investment over the period. This is below the five-year investment trend for Non-Interface Metropolitan Council areas (+18% pa), but well above the investment trend for Regional Council areas (+12% pa) over the 2012-2017 period.
31. The focus of investment in Interface Council areas in 2017 remains domestic dwelling construction (\$7.0 billion or 76% of all investment), which represents an increase of +\$1.0 billion (or +17%) over the 12 months. Over the same period the Interface's share of state-wide domestic dwelling investment increased from 36% in 2016 to 37% in 2017, highlighting the ongoing importance of Interface Council areas in providing new dwelling supply to support Victoria's expanding population.

32. In 2017 Interface Council areas secured a smaller proportion of new State building investment in hospital/healthcare (21%, down from 37% in 2016), while the proportion of State investment in new public buildings declined from 21% in 2016 to 18% in 2017 (although the actual value of building investment increased from \$473 million to \$554 million over the 12-month period). The five-year trend for these key areas of community infrastructure investment shows Interface Council areas securing 18% of hospital/healthcare building investment (compared to 54% for Non-Interface Council areas and 28% for Regional Council areas) and 23% of public building investment over the period (compared to 56% for Non-Interface Council areas and 21% for Regional Council areas).
33. Between 2016 and 2017, Interface Council areas recorded decreases in commercial building investment (from \$867 million to \$787 million), industrial building investment (from \$234 million to \$160 million), and retail building investment (from \$345 million to \$307 million) over the 12 months. The five-year trend for these sectors shows Interface Council areas securing 18% of State commercial building investment (compared to 69% for Non-Interface Council areas and 13% for Regional Council areas), 27% of industrial building investment (compared to 40% for Non-Interface Council areas and 33% for Regional Council areas), and 21% of retail building investment (compared to 62% for Non-Interface Council areas and 16% for Regional Council areas).

Economic Output

34. Economic output data for 2015/16 (latest available from id National Indicators data), as measured in Gross State Product (GSP), highlights the relative lack of economic infrastructure, capital investment, established industry sectors, supply chains and employment in Interface Council areas. Interface Council areas contributed just \$56 billion (or 15%) to Victoria's GSP of (\$370 billion) for the 2015/16 financial year.
35. The proportional contribution of Interface Council areas to Victoria's GSP in 2015/16 of 15% represents an increase from 14% in 2014/15, while GSP growth over the past 12 months of 14% (from \$48.8 billion to \$55.5 billion) is twice the state average (7%) over this period.
36. However, the GSP contributions of Interface Council areas (15%) remain well below those of Non-Interface Metropolitan Council areas (66%) and Regional Council areas (19%), with these ratios only shifting marginally between 2010/11 and 2015/16.
37. This data highlights the fact that many Interface labour force participants are involved in economic-generating activities outside the Interface (predominantly in other metropolitan areas), as Interface Council areas contribute 25% of the total State labour force, but only generate 15% of Victoria's GSP, as noted above.
38. In contrast, Non-Interface Metropolitan Council areas provide 52% of total State labour force and generate 66% of Victoria's GSP, while Regional Council areas provide 23% of the State's total labour force and generate 19% of Victoria's GSP.

Conclusions

- The 2018/19 Interface Scorecard highlights an improved funding position for Interface Council areas, which in this budget received adequate four year capital investment in schools and justice, as well as significant funding allocations for public transport (rail)

and roads funding. However, these increased funding levels need to be considered in the context of long-term underfunding in these key infrastructure areas across the Interface and the broader uplift in infrastructure spending observed under the current State Government.

- Insufficient allocated infrastructure funding continues to be prevalent in the areas of further education, early childhood education/kindergarten, and arts and cultural facilities.
- The \$75 million fund for Interface community infrastructure (Growing Suburbs Fund) has been increased from \$25 million in the 2016/17 Budget and represents a total investment of \$200 million over four-years.
- While notable State funding improvements are now occurring regarding infrastructure in Interface Council areas, the impact of long-term underfunding for critical infrastructure in these areas is highlighted by economic indicators which show high unemployment rates, low levels of non-domestic building investment (commercial, industrial, hospital/healthcare, public buildings etc), and low economic output (GSP) appear to be entrenched in Interface Council areas.
- It is therefore important that improved funding levels observed in the 2016/17, 2017/18 and 2018/19 budgets are sustained and expanded across all critical infrastructure areas to ensure Interface Council areas continue to close the gap in economic performance with non-Interface Metropolitan Areas.