



ESSENTIAL ECONOMICS

Interface Scorecard 2014

Based on 2014/15 Victorian State Budget

Prepared for

Interface Councils Group

By

Essential Economics Pty Ltd

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Authorship

Report stage	Author	Date	Review	Date
Draft report	Andrew Rossiter John Noronha	22 May 2014	John Henshall	22 May 2014
Final report	John Noronha			

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Contact details

For further details please contact:

Essential Economics Pty Ltd
96 Pelham Street
Carlton
Victoria 3053
Australia
PH 61 3 9347 5255
FAX 61 3 9347 5355
EMAIL mail@essentialeconomics.com
WEB www.essentialeconomics.com

ABN 92 079 850 427

Our Reference: 14068

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1 FUNDING SCORCARD

Key Points

- Interface Council areas have been allocated \$1,330 million (over 4 years) in Total Estimated Investment (TEI) from the 2014/15 State Budget for infrastructure against the following priority service areas:
 - Early childhood and kindergarten facilities
 - Schools facilities
 - Further education facilities
 - Hospitals and health facilities
 - Justice facilities
 - Arts and cultural facilities
 - Roads
 - Public transport.
- The majority of investment is focused on public transport (\$683 million or 51% of TEI) and this is principally associated with the estimated proportion of funds for Cranbourne-Pakenham Rail Corridor Project attributable to Interface Council areas, although it is noted that no specific funding was allocated for new bus infrastructure to service Interface Council areas.
- The next largest infrastructure investment is for new primary school buildings estimated at \$194 million or 15% of TEI.
- Relatively small investments have been allocated for other priority areas – roads (\$138 million or 10% of TEI), health (\$137 million or 10% of TEI), secondary schools (\$82million or 6% of TEI), justice (\$35 million or 3% of TEI), further education (\$26 million or 2% of TEI), and special education (\$20 million or 2% of TEI).
- Early childhood / kindergarten investment (\$47 million) refers to 2013/14, as Children’s Facilities Capital Program recipients for 2014/15 have yet to be announced.
- For the second consecutive budget, no investment has been made in arts and cultural facilities in Interface Council areas.

Four-year State Budget (2014/15) TEI allocations for the Interface Council areas are shown in Table 1.1

Table 1.1: State Capital Investment by Priority Area 2014/15 (Four-Year Budget Cycle Allocation), (\$'000s).

	Interface Council Areas		Non-Interface Metropolitan Council Areas		Regional Council Areas		Statewide / Unallocated		Victoria	
	Project s	Total Estimated Investment (TEI) ('000s)	Projects	Total Estimated Investment (TEI) ('000s)	Projects	Total Estimated Investment (TEI) ('000s)	Projects	Total Estimated Investment (TEI) ('000s)	Project s	Total Estimated Investment (TEI) ('000s)
Early Childhood / Kindergarten (1)	23	\$14,162	27	\$11,495	42	\$14,418	Grants	\$7,000	92	\$47,076*
Primary School (2)	19	\$194,283	34	\$104,689	17	\$74,361	0	\$0	70	\$373,333
Secondary School	10	\$82,350	19	\$97,643	21	\$118,608	0	\$0	50	\$298,601
Special Education	3	\$20,818	1	\$2,500	2	\$21,336	0	\$0	6	\$44,654
Further Education	1	\$26,000	0	\$0	0	\$0	2	\$348,160	3	\$374,160
Health	7	\$135,971	12	\$1,037,870	22	\$719,378	8	\$283,300	49	\$2,176,519
Justice	3	\$35,217	4	\$97,801	7	\$159,394	24	\$942,319	38	\$1,234,731
Arts and Culture	0	\$0	9	\$113,825	0	\$0	2	\$9,028	11	\$122,853
Roads	4	\$137,792	10	\$1,190,037	18	\$1,604,850	4	\$182,752	36	\$3,115,431
Public Transport (3) (4)	2	\$683,500	10	\$12,085,053	6	\$64,549	9	\$5,181,179	27	\$18,014,281
Total	72	\$1,330,093	126	\$14,740,913	135	\$2,776,894	49	\$6,953,738	382	\$25,801,639

Source: Victorian Budget Papers 2014/15

Notes: (1) Children's Facilities Capital Program recipients are based on 2013/14 funding allocations. 2014/15 program grants recipients to be announced later in 2014.

(2) New primary school building TEI is evenly allocated for the nominated schools (except where a specific TEI allocation been made to a school).

(3) Funding of \$2.25 billion is allocated for Cranbourne Pakenham Rail Corridor project based on the mid-point of the TEI range. This funding is then allocated \$1,155 billion to Non-Interface Council Areas (\$600 million for level crossing removals and 70% of the remaining allocation) and \$495 million to Interface Council Areas (30% of total allocation excluding level crossing removal program).

(4) Funding of \$10 billion is allocated for Melbourne Rail Link based on the mid-point of the TEI range.

Figures rounded

2 BUDGET CYCLICAL INTERFACE FUNDING ESTIMATES V ESTIMATED INTERFACE REQUIREMENTS

Key Points

1. Over the current 4-year budget period an estimated \$1,831 million in investment is required for critical infrastructure (ie early childhood/kindergartens, schools, further education, health and public transport) in Interface Council areas (refer to “One Melbourne or Two” updated report, Essential Economics 2012). 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 2014/15 budget over a 4-yearsperiod represents approximately \$1,021 million or 56% of this requirement; therefore, a further \$810 million in investment is required from either unallocated State funding (such as the \$50 million for arterial road restoration, \$22 million for education facilities upgrades and modernisation, and \$20 million for relieving congestion of suburban roads) or from non-State funding sources in order to meet the identified needs of Interface communities over this period.
3. In this 4-year budget cycle, only new primary school infrastructure is adequately funded (although this needs to be balanced against under-investment in previous budgets), with all other areas of critical infrastructure significantly under-funded over the current budget period.
4. If the estimated funding investment gap of \$810 million is not closed over the 4-year period, this would potentially lead to a significant under-supply (or lag in provision) in local facilities and services such as secondary schools, TAFE campuses, hospitals, etc, as well as in infrastructure required to increase capacity to support higher levels of public transport usage by Interface residents.
5. The estimated \$810 million shortfall in the 2014/15 budget compares to estimated shortfalls of \$895 million in 2013/14, and \$955 million in 2012/13 for these specific infrastructure items.

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

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

	Estimated 4-Year Funding Total Estimated Investment ⁽¹⁾	Estimated 4-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)
Early Childhood / Kindergarten	\$14.2m	\$17.1m	-2.9m	State/Federal/Private	340 places/3-4 buildings
Primary School	\$194.3m	\$165.1m	+29.2m	State/Private	Adequately funded over this 4 year cycle
Secondary School	\$82.4m	\$132.3m	-\$49.9m	State/Private	5,040 places/10 secondary schools
Further Education	\$20.8m	\$97.1m	-\$76.3m	State	12,870 places/3 TAFE campuses
Health	\$26.0m	\$291.5m	-\$265.5m	State/Private	625 beds/5 hospitals
Public Transport	\$683.5m	\$1,127.7m	-\$444.2m	State/Federal	Unable to cater for 9,010 new public service users
Total	\$1,021.2m	\$1,830.8m	-\$809.6m	-	-

Source: ⁽¹⁾ Victorian Budget Papers 2014/15, Children’s Facilities Capital Program Recipients 2012/13; ⁽²⁾ One Melbourne or Two – Implications of Population Growth for Infrastructure and Services in Interface Area, Essential Economics 2012.

Note: Figures rounded

3 BUDGET FUNDING EQUITY SCORECARD

Key Points

1. Interface Council areas accommodate approximately 25% of Victoria's population and 33% of Metropolitan Melbourne's population (ABS Estimated Resident Population, June 2013 provisional). Over the past decade, 2003 to 2013, Interface Council areas have been responsible for accommodating 46% of all State population growth and 53% of all Metropolitan Melbourne population growth.
2. Overall, Interface Council areas do not receive State funding in proportion to their share of total population numbers or their share of population growth.
3. Interface Council areas received just 7% of total allocated investment in 2014/15 budget (over 4 years) for key infrastructure items, and this compares to 78% funding for Non-Interface Metropolitan Melbourne Council areas and 15% funding for Regional Council areas.
4. Interface Council areas were allocated 52% of primary school funding, 47% of special education funding, 35% of early childhood / kindergarten funding (refers to 2013/14), and 28% of secondary school funding.
5. Just 7% of allocated State health funding was directed towards Interface Council areas, and this contrasts with 55% of funding for Non-Interface Metropolitan Council areas and 38% for Regional Council areas.
6. Interface Council areas also received relatively small shares of allocated State justice funding (12%), roads funding (5%), and public transport funding (5%).
7. When new 2014/15 budget initiatives are considered for these particular infrastructure items (justice, roads and public transport), Interface Council areas received approximately \$700 million (or 5% of funding), compared to \$12,520 million (or 88% of funding) for Non-Interface Metropolitan Council areas, and \$935 million (or 7% of funding) for Regional Council areas.

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

Table 3.1: Budget Funding by Priority Area (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	72	18.8%	\$1,330,093	5.2%	\$1,330,093	7.1%
Non-Interface Metropolitan Council Areas	126	33.0%	\$14,740,913	57.1%	\$14,740,913	78.2%
Regional Council Areas	135	35.3%	\$2,776,894	10.8%	\$2,776,894	14.7%
State-wide / Unallocated / location non-specific	49	12.8%	\$6,953,738	27.0%	-	-
Total	382	100.0%	\$25,801,638	100.0%	\$18,847,900	100.0%

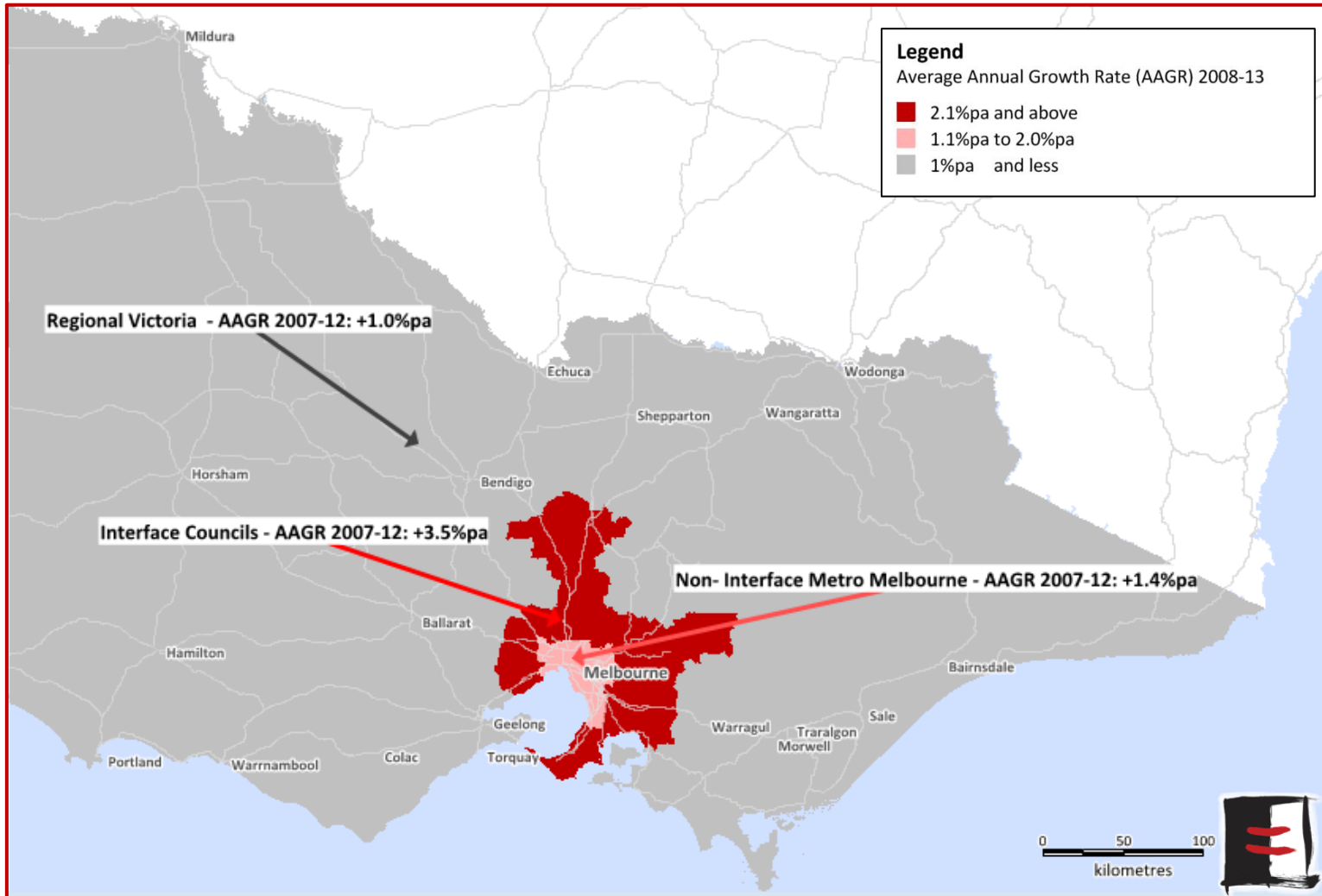
Source: Victorian Budget Papers 2014/15; Children’s Facilities Capital Program Recipients 2012/13 (2014/15 allocations pending).

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	
	Projects	Investment	Projects	Investment	Projects	Investment	Projects	Investment
Early Childhood / Kindergarten	25.0%	35.3%	29.3%	28.7%	45.7%	36.0%	100.0%	100.0%
Primary School	27.1%	52.0%	48.6%	28.0%	24.3%	19.9%	100.0%	100.0%
Secondary School	20.0%	27.6%	38.0%	32.7%	42.0%	39.7%	100.0%	100.0%
Special Education	50.0%	46.6%	16.7%	5.6%	33.3%	47.8%	100.0%	100.0%
Further Education	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Health	17.1%	7.2%	29.3%	54.8%	53.7%	38.0%	100.0%	100.0%
Justice	21.4%	12.0%	28.6%	33.4%	50.0%	54.5%	100.0%	100.0%
Arts and Culture	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Roads	12.5%	4.7%	31.3%	40.6%	56.3%	54.7%	100.0%	100.0%
Public Transport (Rail and Bus)	11.1%	5.3%	55.6%	94.2%	33.3%	0.5%	100.0%	100.0%

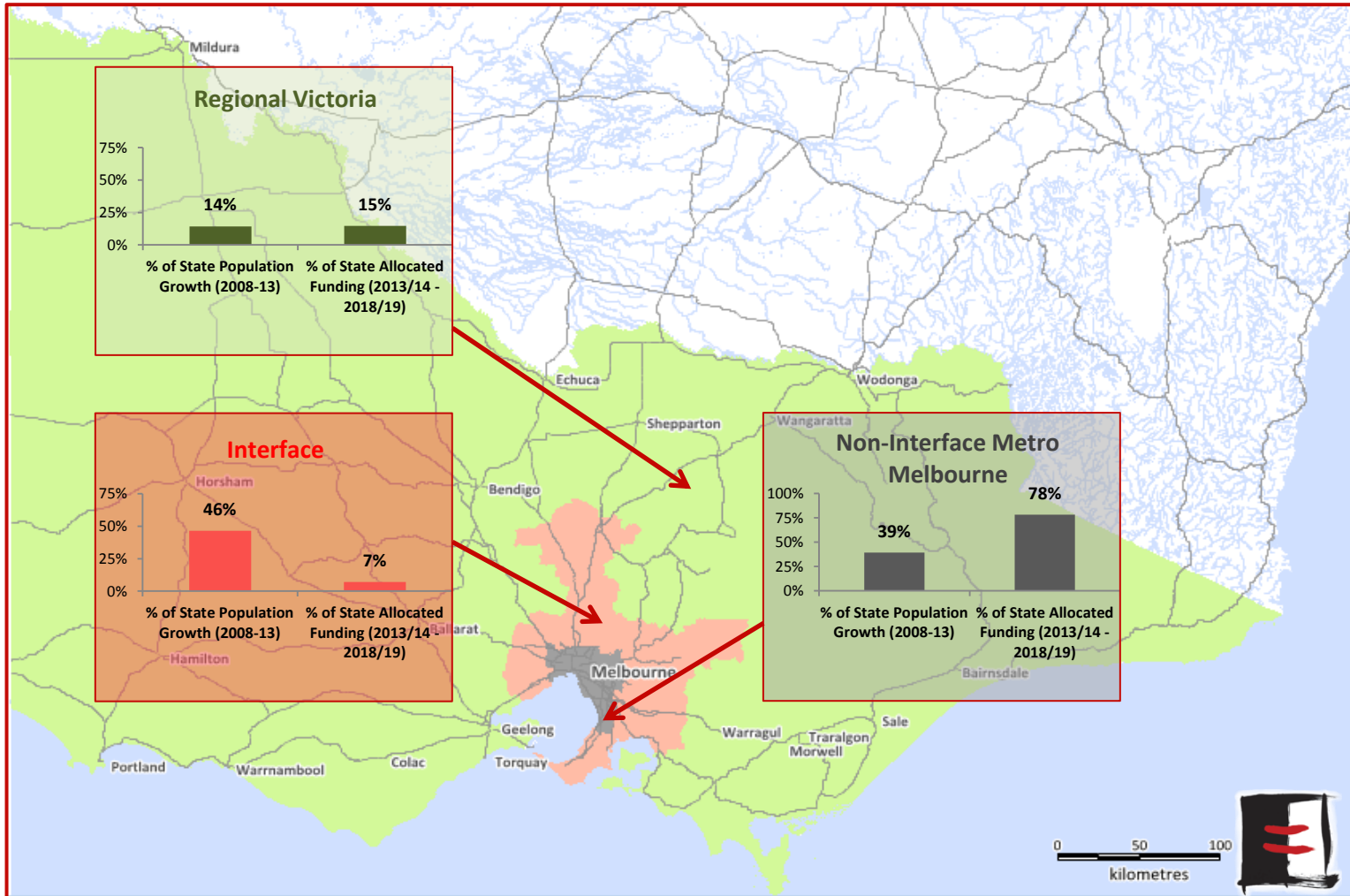
Source: Victorian Budget Papers 2014/15; Children’s Facilities Capital Program Recipients 2012/13 (2014/15 allocations pending).
 Figures rounded

Figure 3.1: Population Growth (Annual Average Growth Rate 2008-2013), by Geographical Area



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

Figure 3.2: Percentage Share of Population Growth (2008-13) v Percentage Allocated Funding (2014/15 to 2018/19), by Area



Source: ABS, 3218.0 Regional Population Growth, Australia

4 EMPLOYMENT SCORECARD

1. The unemployment rate in Interface Council areas was 6.5% as of December 2013. This is higher than rates for both Non-Interface Metropolitan Council areas (5.7%) and Regional Council areas (5.4%). Of note are trends observed over the past 12 months, with the unemployment rate in Interface Council areas increasing from 6.0% to 6.5%, while in comparison the rate for Regional Council areas declined from 5.7% to 5.4%. A differential of 1.1% in the unemployment rate now exists between Interface Council areas and Regional Council areas.
2. ABS Place of Work data (2011) shows local job provision in Interface Council areas is very low at only 0.51 jobs per workforce participant and this represents a decline in provision 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 significantly in recent years, increasing from 0.83 jobs per workforce participant in 2006 to 1.07 jobs per workforce participant in 2011. Note that this information is only updated every 5 years through the ABS Census.

Employment data is shown in Table 4.1

Table 4.1: Economic Development Scorecard – Employment

	Interface Council Areas	Non-Interface Metropolitan Council Areas	Regional Council Areas
Employment			
Unemployment Rate (December 2013) ⁽¹⁾	6.5%	5.7%	5.4%
Unemployment Rate (December 2012) ⁽¹⁾	6.0%	5.2%	5.7%
Unemployment Rate (December 2011) ⁽¹⁾	5.6%	4.7%	5.2%
Employment Self-Sufficiency Rate (2011) ⁽²⁾	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) ⁽³⁾	0.55 jobs provided per labour force participant	1.00 jobs provided per labour force participant	0.83 jobs provided per labour force participant

Source: ⁽¹⁾ DEEWR Small Area Labour Markets (December 2013); ⁽²⁾ ABS Place of Work (2011); ⁽³⁾ ABS Journey to Work (2006)

5 NEW BUILDING INVESTMENT SCORECARD

1. In 2013, Interface Council areas secured 26% of all new building investment across the State (the same proportion as for 2012, but down from 30% in 2011) which equates to \$3.5 billion in new investment (down from \$4.4 billion in 2012) over the year. The 2013 figure represents a contraction in new building investment of approximately -\$0.9 billion (or -20%) over the 12 months.
2. Note that 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. Three-year investment trends for Interface Council areas show a decline in new building investment from \$5.4 billion in 2011 to \$3.5 billion in 2013 (which equates to a -35% contraction over the period). In comparative terms this decline is larger than the investment contraction observed for Non-Interface Metropolitan Council areas (-18%) and Regional Council areas (-27%) over this period.
3. The main focus of investment in Interface Council areas in 2013 remains domestic dwelling construction (\$2.5 billion or 71% of all investment); however, this investment was down from \$3.4 billion in 2012, and the Interface's statewide share of investment in the sector fell slightly from 36% in 2012 to 35% in 2013.
4. In 2013 the Interface Council areas again secured a relatively small proportion of new building investment in the area of hospital/healthcare (14%, slightly up from 13% in 2012); however, investment in new public buildings was much stronger, increasing from 23% in 2011 to 33% in 2013. The three-year trend for these key areas of community infrastructure investment shows Interface Council areas securing 14% of hospital/healthcare building investment (compared to 66% for Non-Interface Council areas and 20% for Regional Council areas) and 24% of public building investment over the period (compared to 52% for Non-Interface Council areas and 24% for Regional Council areas).
5. Between 2012 and 2013, Interface Council areas recorded an increase in both commercial building investment (from \$245 million to \$345 million) and industrial building investment (from \$90 million to \$110 million), but a decline in retail building investment (from \$270 million to \$185 million). The three-year trend for these sectors shows Interface Council areas securing 22% of commercial building investment (compared to 66% for Non-Interface Council areas and 11% for Regional Council areas), 26% of industrial building investment (compared to 49% for Non-Interface Council areas and 25% for Regional Council areas) and 32% of retail building investment (compared to 53% for Non-Interface Council areas and 16% for Regional Council areas).

New building investment data is included in Table 5.1 and Figure 5.1

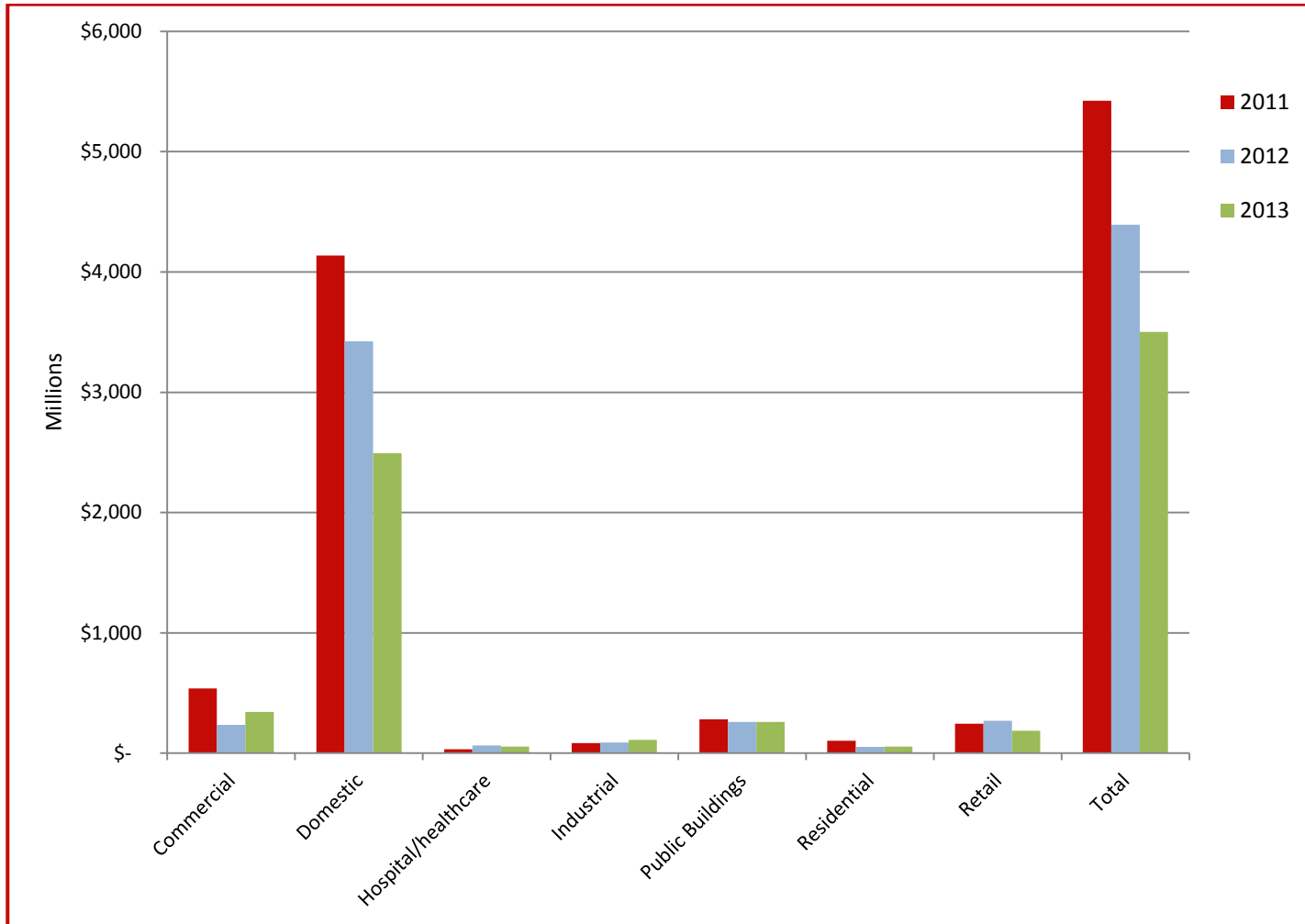
Table 5.1: Economic Development Scorecard – Building Investment

	2011		2012		2013		2011-13	
	Value	%	Value	%	Value	%	Value	%
Interface Council Areas								
Commercial	\$538m	31%	\$237m	14%	\$344m	21%	\$1,118m	22%
Domestic	\$4,137m	40%	\$3,423m	36%	\$2,494m	35%	\$10,053m	37%
Hospital/healthcare	\$32m	17%	\$65m	13%	\$54m	14%	\$151m	14%
Industrial	\$85m	23%	\$88m	21%	\$110m	39%	\$284m	26%
Public Buildings	\$283m	20%	\$259m	23%	\$259m	33%	\$801m	24%
Residential	\$103m	3%	\$53m	2%	\$54m	2%	\$210m	2%
Retail	\$246m	36%	\$269m	36%	\$186m	24%	\$701	32%
Total	\$5,423m	30%	\$4,394m	26%	\$3,502m	26%	\$13,318	27%
Non-Interface Metropolitan Council Areas								
Commercial	\$972m	56%	\$1,221m	74%	\$1,154m	69%	\$3,347m	66%
Domestic	\$3,380m	33%	\$3,313m	35%	\$2,739m	38%	\$9,432m	35%
Hospital/healthcare	\$106m	57%	\$311m	62%	\$284m	75%	\$701m	66%
Industrial	\$179m	47%	\$232m	55%	\$117m	41%	\$527m	49%
Public Buildings	\$804m	56%	\$606m	53%	\$342m	43%	\$1,751m	52%
Residential	\$3,204m	94%	\$2,800m	94%	\$2,297m	88%	\$8,301m	92%
Retail	\$332m	49%	\$359m	47%	\$479m	62%	\$1,170m	53%
Total	\$8,976m	49%	\$8,842m	52%	\$7,412	54%	\$25,230m	52%
Regional Council Areas								
Commercial	\$229m	13%	\$184m	11%	\$163m	10%	\$575m	11%
Domestic	\$2,803m	27%	\$2,731m	29%	\$1,899m	27%	\$7,432m	28%
Hospital/healthcare	\$47m	25%	\$122m	24%	\$43m	11%	\$212m	20%
Industrial	\$113m	30%	\$102m	24%	\$59m	21%	\$273m	25%
Public Buildings	\$348m	24%	\$285m	25%	\$187m	24%	\$821m	24%
Residential	\$106m	3%	\$128m	4%	\$273m	10%	\$507m	6%
Retail	\$106m	16%	\$129m	17%	\$112m	14%	\$347m	16%
Total	\$3,751m	21%	\$3,680m	22%	\$2,736m	20%	\$10,167m	21%

Source: Building Commission of Victoria

Note: Figures rounded

Figure 5.1: New Building Investment Trends, Interface Council Areas, 2011, 2012 and 2013



Source: Building Commission of Victoria
 Note: Figures rounded

6 EARLY CHILDHOOD / KINDERGARTEN SCORECARD

Table 6.1: Early Childhood / Kindergarten Scorecard

	Projects	Share of Total	TEI*	Share of TEI
Interface Council Areas	23	25.0%	\$14,162,238	30.1%
Non-Interface Metropolitan Council Areas	27	29.3%	\$11,495,362	24.4%
Regional Council Areas	42	45.7%	\$14,418,381	30.6%
State-wide / unallocated / location non-specific	0	0.0%	\$7,000,000	14.9%
Total	92	100.0%	\$47,075,981	100.0%

Sources: Children's Facilities Capital Program recipients 2012/13, Department of Education and Early Childhood Development

*Children's Facilities Capital Program recipients are based on 2012/13 funding allocations. 2013/14 program grant recipients to be announced later in 2014

Funded Interface Projects (2012/13)

- Chirnside Park Integrated Children's Centre (Chirnside Park) \$1,383,060 (new funding)
- Doreen South Primary School and Early Learning Centre (Doreen) \$1,500,000 (new funding)
- Lyndarum Family and Children's Centre (Epping North) \$1,500,000 (new funding)
- Atherstone Children's and Community Centre (Melton South) \$1,500,000 (new funding)
- Saltwater Promenade- Community Centre (Point Cook) \$1,500,000 (new funding)
- Rivercrest Early Learning Centre (Clyde North) \$600,000 (new funding)
- Aurora Community Centre (Epping North) \$600,000 (new funding)
- Bethal Primary School and Kindergarten (Meadow Heights) \$530,000 (new funding)
- Renaissance Rise Family and Community Centre (Mernda) \$600,000 (new funding)
- Bentons Square Community Centre (Morningson) \$600,000 (new funding)
- St Clare's Early Learning Centre (Officer) \$600,000 (new funding)

• Attwood Child Care Centre & Kindergarten (Attwood)	\$297,000 (new funding)
• Malcolm Creek Children’s Centre (Craigieburn)	\$300,000 (new funding)
• Upfield Kindergarten (Dallas)	\$300,000 (new funding)
• Coniston Street Family Centre – Diamond Creek East Preschool (Diamond Creek)	\$150,000 (new funding)
• Dromana Early Learning Centre & Kindergarten (Dromana)	\$300,000 (new funding)
• Meruka Child Care (Eltham)	\$175,000 (new funding)
• Bradford Avenue Preschool (Greenvale)	\$300,000 (new funding)
• Westbourne Education Services Early Learning Centre (Truganina)	\$300,000 (new funding)
• Wallan Kindergarten (Wallan)	\$300,000 (new funding)
• Wellington St Kindergarten (Wallan)	\$227,178 (new funding)
• Wandong Kindergarten (Wandong)	\$300,000 (new funding)
• Yarrambat /Plenty Preschool (Yarrambat)	\$300,000 (new funding)

7 PRIMARY SCHOOL FUNDING SCORECARD

Table 7.1: Primary School Funding Scorecard

	Projects	Share of Total	TEI* (000s)	Share of TEI
Interface Council Areas	19	27.14%	\$194,283	52.04%
Non-Interface Metropolitan Council Areas	34	48.57%	\$104,689	28.04%
Regional Council Areas	17	24.29%	\$74,361	19.92%
State-wide / unallocated / location non-specific				
Total	70	100.00%	\$373,333	100.00%

Source: Victorian Budget Papers 2014/15

*New primary school building TEI is evenly allocated for the nominated schools (except where a specific TEI allocation been made to a school)

Funded Interface Projects

New funding

- Casey Central East Primary School (Cranbourne North) TEI \$17.3 million (estimated)
- Cranbourne South West Primary School (Cranbourne West) TEI \$17.3 million (estimated)
- Epping North Primary School (Epping North) TEI \$17.3 million (estimated)
- Heather Grove Primary School (Clyde North) TEI \$17.3 million (estimated)
- Mernda South Primary School (Mernda South) TEI \$17.3 million (estimated)
- Mill Park Lakes East Primary School (South Morang) TEI \$17.3 million (estimated)
- Pakenham South West Primary School (Pakenham) TEI \$17.3 million (estimated)
- Point Cook South P-9 (Point Cook) TEI \$17.3 million (estimated)

- Cranbourne West Primary School (Cranbourne) TEI \$0.9 million
- Manchester Primary School (Mooroolbark) TEI \$1.3 million
- Moorooduc Primary School (Moorooduc) TEI \$0.8 million
- Pembroke Primary School (Mooroolbark) TEI \$2.2 million
- Truganina P–9 School – new school (stage 2) (Truganina) TEI \$7.0 million
- Wallan Primary School (Wallan) TEI \$1.6 million

Existing funding

- Emerald Primary School – modernisation (Emerald) TEI: \$6.0 million
- Melton North West Primary School – new school (Melton West) TEI: \$11.5 million
- Rosebud Primary School – modernisation (Rosebud) TEI: \$2.8 million
- Truganina P–9 (stage 1) – new school (Truganina) TEI: \$10.0 million
- Wyndham Vale South Primary School – new school (Wyndham Vale) TEI: \$11.5 million

8 SECONDARY SCHOOL FUNDING SCORECARD

Table 8.1: Secondary School Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	10	20.0%	\$82,350	27.6%
Non-Interface Metropolitan Council Areas	19	38.0%	\$97,643	32.7%
Regional Council Areas	21	42.0%	\$118,608	39.7%
State-wide / unallocated / location non-specific	-	-	-	-
Total	50	100.0%	\$298,601	100.0%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

New funding

- Doreen Secondary College – new school (stage 2) (Doreen) TEI: \$12.0 million
- Mount Ridley P–12 College (stage 5 of new school) (Craigieburn) TEI: \$5.0 million
- Officer Secondary College – new school (stage 2) (Officer) TEI: \$13.0 million
- Whittlesea Secondary College (Whittlesea) TEI: \$4.7 million

Existing funding

- Doreen Secondary College (stage 1) – new school (Doreen) TEI: \$11.5 million
- Galvin Park Secondary College – modernisation – refurbishment and enhancement of school facilities (Werribee) TEI \$14.0 million
- Koo Wee Rup Secondary College – modernisation (Koo Wee Rup) TEI: \$6.5 million

- Officer Secondary College (Stage 1) – new school (Officer) TEI: \$11.5 million
- Somerville Secondary College – new facilities (Somerville) TEI: \$4.0 million
- Timbarra Secondary College year 10–12 Planning (Berwick) TEI \$0.2 million

9 SPECIAL EDUCATION FUNDING SCORECARD

Table 9.1: Special Education Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	3	50.0%	\$20,818	46.6%
Non-Interface Metropolitan Council Areas	1	16.7%	\$2,500	5.6%
Regional Council Areas	2	33.3%	\$21,336	47.8%
State-wide / unallocated / location non-specific	0	0.0%	\$0	0.0%
Total	6	100.0%	\$44,654	100.0%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

Existing funding

- Hume Valley School – regeneration – completion of redevelopment of facilities including performing arts (Broadmeadows) ^(b) TEI: \$8.8 million
- Western Autistic School – new facilities (Laverton) TEI: \$8.0 million
- Western region autistic facility – new facility – commence construction of P–12 autistic school, co-located at Laverton P–12 College site (Laverton) TEI: \$4.0 million

10 FURTHER EDUCATION FUNDING SCORECARD

Table 10.1: Further Education Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	1	33.3%	\$26,000	6.9%
Non-Interface Metropolitan Council Areas	0	0.0%	\$0	0.0%
Regional Council Areas	0	0.0%	\$0	0.0%
State-wide / unallocated / location non-specific	2	66.7%	\$348,160	93.1%
Total	3	100.0%	\$374,160	100.0%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

Existing funding

- Chisholm Institute of TAFE – new facility – Berwick Trade Careers Centre (Berwick) TEI: \$26.0 million

11 HEALTH FUNDING SCORECARD

Table 11.1: Health Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	7	14.3%	\$135,971	6.2%
Non-Interface Metropolitan Council Areas	12	24.5%	\$1,037,870	47.7%
Regional Council Areas	22	44.9%	\$719,378	33.1%
State-wide / unallocated / location non-specific	8	16.3%	\$283,300	13.0%
Total	49	100.0%	\$2,176,519	100.0%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

New funding

- Major expansion for Healesville Hospital TEI: \$4.6 million

Existing funding

- Improving ambulance service delivery – outer metropolitan Melbourne (metro) TEI: \$21.2 million
- Kilmore and District Hospital – redevelopment (Kilmore) TEI: \$20.0 million
- Northern Hospital inpatient capacity expansion (Epping) TEI: \$29.0 million
- Northern Hospital emergency department expansion (Epping) TEI: \$24.5 million
- Seymour Hospital chemotherapy chairs (Seymour) TEI: \$2.0 million
- Werribee Mercy Hospital mental health expansion (Werribee) TEI: \$34.7 million

12 JUSTICE FUNDING SCORECARD

Table 12.1: Justice Funding Scorecard

	Projects	Share of Total	TEI (000)	Share of TEI
Interface Council Areas	3	7.9%	\$35,217	2.9%
Non-Interface Metropolitan Council Areas	4	10.5%	\$97,801	7.9%
Regional Council Areas	7	18.4%	\$159,394	12.9%
State-wide / unallocated / location non-specific	24	63.2%	\$942,319	76.3%
Total	38	100.0%	\$1,234,730	100.0%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

New funding

- Victoria Police Mounted Branch relocation project (Attwood) TEI: \$11.9 million
- Emerald Police Station Upgrade TEI: \$11.9 million (estimated)

Existing funding

- New Children's Court at Broadmeadows (Broadmeadows): TEI: \$11.4 million (existing funding)

13 ARTS AND CULTURAL FACILITIES

Table 13.1: Arts and Cultural Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	0	0.0%	\$0	0.0%
Non-Interface Metropolitan Council Areas	9	81.8%	\$113,825	92.7%
Regional Council Areas	0	0.0%	\$0	0.0%
State-wide / unallocated / location non-specific	2	18.2%	\$9,028	7.3%
Total	11	100.0%	\$122,853	100.0%

Source: Victorian Budget Papers 2014/15

Notes: Non-Interface Metropolitan Melbourne infrastructure funding includes capital allocations for major State assets such as the Melbourne Arts Centre, Melbourne Museum and Melbourne Exhibition Centre.

Funded Interface Projects

New funding

Nil

Existing funding

Nil

14 ROADS FUNDING SCORECARD

Table 14.1: Roads Funding Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	4	11.11%	\$137,792	4.42%
Non-Interface Metropolitan Council Areas	10	27.78%	\$1,190,037	38.20%
Regional Council Areas	18	50.00%	\$1,604,850	51.51%
State-wide / unallocated / location non-specific	4	11.11%	\$182,752	5.87%
Total	36	100.00%	\$3,115,431	100.00%

Source: Victorian Budget Papers 2014/15

Funded Interface Projects

New funding

Nil

Existing funding

- Sneydes Road Interchange (Point Cook) TEI: \$39.9 million
- Kilmore Wallan bypass (Kilmore) TEI: \$13.4 million
- Koo Wee Rup Bypass (Koo Wee Rup) TEI: \$66.0 million
- Cardinia Road upgrade (Cardinia) TEI: \$18.5 million

15 PUBLIC TRANSPORT FUNDING SCORECARD (RAIL AND BUS)

Table 15.1: Public Transport Scorecard

	Projects	Share of Total	TEI (000s)	Share of TEI
Interface Council Areas	2	2	7.41%	\$683,500
Non-Interface Metropolitan Council Areas	9	10	37.04%	\$12,085,053
Regional Council Areas	6	6	22.22%	\$64,549
State-wide / unallocated / location non-specific	9	9	33.33%	\$5,181,179
Total	26	27	100.00%	\$18,014,281

Source: Victorian Budget Papers 2014/15

Notes:

Funding of \$2.25 billion is allocated for Cranbourne Pakenham Rail Corridor project based on the mid-point of the TEI range. This funding is then allocated \$1,155 billion to Non-Interface Council Areas (\$600 million for level crossing removals and 70% of the remaining allocation) and \$495 million to Interface Council Areas (30% of total allocation excluding level crossing removal program).

Funding of \$10 billion is allocated for Melbourne Rail Link based on the mid-point of the TEI range

Funded Interface Projects

New funding

- Cranbourne – Pakenham Rail Corridor Project TEI: \$495.0 million (estimated)

Existing funding

- New stations in growth areas (metro various) TEI: \$188.5 million

16 PUBLIC LIBRARIES FUNDING SCORECARD

Living Libraries Infrastructure Program 2014 – Department of Transport, Planning and Local Infrastructure (DTPLI)

The Living Libraries Infrastructure 2014 will provide grants (\$750,000), providing the following co-contributions are met:

- Libraries for Metropolitan Communities
 - DTPLI \$1 : \$1 Local (all metropolitan councils)
- Libraries for Interface Councils
 - DTPLI \$1.5 : \$1 Local (Cardinia, Casey, Hume, Melton, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham, Yarra Ranges)
- Libraries for Regional Cities
 - DTPLI \$2 : \$1 Local (Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool, Wodonga)
- Libraries for Regional and Rural Councils
 - DTPLI \$3 : \$1 Local (remaining regional and rural councils – includes Mitchell)

Applications opened on 3 February 2014 and closed on 28 March 2014. Successful grant recipients will be notified later in 2014.

The Living Libraries Infrastructure Program 2013

The Living Libraries Infrastructure Program 2013 delivered \$1,175,000 to Interface Councils (3 projects) out of a grant pool of \$3,451,000, which represented 34% of funding, with the remaining funding split between Non-Interface Metropolitan areas (\$45,000 or 1% of funding) and Regional Victoria (\$2,231,000 or 65% of funding).

17 COUNCIL SCORECARD

Table 17.1: Interface Councils – Local Government Area Scorecard (excluding Libraries Funding)

	No. of Projects	TEI (000s)	Share of Interface Projects	Share of Interface TEI
Cardinia (C)	9	\$151,343	13%	11%
Casey (C)	7	\$79,748	10%	6%
Hume (C)	9	\$38,835	13%	3%
Melton (C)	2	\$13,000	3%	1%
Mitchell (S)	7	\$37,827	10%	3%
Mornington Peninsula (S)	5	\$8,469	7%	1%
Nillumbik (S)	3	\$625	4%	0%
Whittlesea (C)	12	\$137,888	17%	10%
Wyndam (C)	11	\$148,198	15%	11%
Yarra Ranges (S)	4	\$9,429	6%	1%
Cranbourne-Pakenham Rail Corridor	1	\$495,000	1%	37%
Improving ambulance service delivery – outer metropolitan Melbourne	1	\$21,231	1%	2%
New Stations in Growth Areas	1	\$188,500	1%	14%
Total	72	\$1,330,093	100%	100%

Source: Victorian Budget Papers 2014/15

18 KEY FINDINGS AND CONCLUSIONS

State Budget 2013/14 Funding Overview

1. Interface Council areas have been allocated \$1,330 million (over 4 years) in Total Estimated Investment (TEI) from the 2014/15 State Budget for infrastructure against the following priority service areas:
 - Early childhood and kindergarten facilities
 - Schools facilities
 - Further education facilities
 - Hospitals and health facilities
 - Justice facilities
 - Arts and cultural facilities
 - Roads
 - Public transport.
2. The majority of investment is focused on public transport (\$683 million or 51% of TEI) and this is principally associated with the estimated proportion of funds for Cranbourne-Pakenham Rail Corridor Project attributable to Interface Council areas, although it is noted that no specific funding was allocated for new bus infrastructure to service Interface Council areas.
3. The next largest infrastructure investment is for new primary school buildings estimated at \$194 million or 15% of TEI.
4. Relatively small investments have been allocated for other priority areas – roads (\$138 million or 10% of TEI), health (\$137 million or 10% of TEI), secondary schools (\$82million or 6% of TEI), justice (\$35 million or 3% of TEI), further education (\$26 million or 2% of TEI), and special education (\$20 million or 2% of TEI).
5. Early childhood / kindergarten investment (\$47 million) refers to 2013/14, as Children’s Facilities Capital Program recipients for 2014/15 have yet to be announced.
6. For the second consecutive budget, no investment has been made in arts and cultural facilities in Interface Council areas.

Funding for Critical Infrastructure

7. Over the current 4-year budget period an estimated \$1,831 million in investment is required for critical infrastructure (ie early childhood/kindergartens, schools, further education, health and public transport) in Interface Council areas (refer to “One Melbourne or Two’ updated report, Essential Economics 2012). 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.

8. State funding allocated in the 2014/15 budget over a 4-year period represents approximately \$1,021 million or 56% of this requirement; therefore, a further \$810 million in investment is required from either unallocated State funding (such as the \$50 million for arterial road restoration, \$22 million for education facilities upgrades and modernisation and \$20 million for relieving congestion of suburban roads) or from non-State funding sources in order to meet the identified needs of Interface communities over this period.
9. In this 4-year budget cycle, only new primary school infrastructure is adequately funded (although this needs to be balanced against under-investment in previous budgets), with all other areas of critical infrastructure significantly under-funded over the current budget period.
10. If the estimated funding investment gap of \$810 million is not closed over the 4-year period, this would potentially lead to a significant undersupply (or lag in provision) in local facilities and services such as secondary schools, TAFE campuses, hospitals, etc, as well as in infrastructure required to increase capacity to support higher levels of public transport usage by interface residents.
11. The estimated \$810 million shortfall in the 2014/15 budget compares to estimated shortfalls of \$895 million in 2013/14, and \$955 million in 2012/13 for these specific infrastructure items.

Funding Equity

12. Interface Council areas accommodate approximately 25% of Victoria's population and 33% of Metropolitan Melbourne's population (ABS Estimated Resident Population, June 2013 provisional). Over the past decade, 2003 to 2013, Interface Council areas have been responsible for accommodating 46% of all State population growth and 53% of all Metropolitan Melbourne population growth.
13. Overall, Interface Council areas do not receive State funding in proportion to their share of total population numbers or their share of population growth.
14. Interface Council areas received just 7% of total allocated investment in 2014/15 budget (over 4 years) for key infrastructure items, and this compares to 78% funding for Non-Interface Metropolitan Melbourne Council areas and 15% funding for Regional Council areas.
15. Interface Council areas were allocated 52% of primary school funding, 47% of special education funding, 35% of early childhood / kindergarten funding (refers to 2013/14), and 28% of secondary school funding.
16. Just 7% of allocated State health funding was directed towards Interface Council areas, and this contrasts to 55% of funding for Non -Interface Metropolitan Council areas and 38% for Regional Council areas.

17. Interface Council areas also received relatively small shares of allocated State justice funding (12%) roads funding (5%) and public transport funding (5%).
18. When new 2014/15 budget initiatives are considered for these particular infrastructure items (justice, roads and public transport), Interface Council areas received approximately \$700 million (or 5% of funding), compared to \$12,520 million (or 88% of funding) for Non-Interface Metropolitan Council areas, and \$935 million (or 7% of funding) for Regional Council areas.

Interface Economic Development and Investment Trends

19. The unemployment rate in Interface Council areas was 6.5% as of December 2013. This is higher than rates for both Non-Interface Metropolitan Council areas (5.7%) and Regional Council areas (5.4%). Of note are trends observed over the past 12 months, with the unemployment rate in Interface Council areas increasing from 6.0% to 6.5%, while in comparison the rate for Regional Council areas declined from 5.7% to 5.4%. A differential of 1.1% in the unemployment rate now exists between Interface Council areas and Regional Council areas.
20. ABS Place of Work data (2011) shows local job provision in Interface Council areas is very low at only 0.51 jobs per workforce participant and this represents a decline in provision 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 significantly in recent years, increasing from 0.83 jobs per workforce participant in 2006 to 1.07 jobs per workforce participant in 2011.
21. In 2013, Interface Council areas secured 26% of all new building investment across the State (the same proportion as for 2012, but down from 30% in 2011) which equates to \$3.5 billion in new investment (down from \$4.4 billion in 2012) over the year. The 2013 figure represents a contraction in new building investment of approximately -\$0.9 billion (or -20%) over the 12 months.
22. Note that 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. Three-year investment trends for Interface Council areas show a decline in new building investment from \$5.4 billion in 2011 to \$3.5 billion in 2013 (which equates to a -35% contraction over the period). In comparative terms this decline is larger than the investment contraction observed for Non-Interface Metropolitan Council areas (-18%) and Regional Council areas (-27%) over this period.
23. The main focus of investment in Interface Council areas in 2013 remains domestic dwelling construction (\$2.5 billion or 71% of all investment); however, this investment was down from \$3.4 billion in 2012, and the Interface's statewide share of investment in the sector fell slightly from 36% in 2012 to 35% in 2013.

24. In 2013 the Interface Council areas again secured a relatively small proportion of new building investment in the area of hospital/healthcare (14%, slightly up from 13% in 2012); however, investment in new public buildings was much stronger, increasing from 23% in 2011 to 33% in 2013. The three-year trend for these key areas of community infrastructure investment shows Interface Council areas securing 14% of hospital/healthcare building investment (compared to 66% for Non-Interface Council areas and 20% for Regional Council areas) and 24% of public building investment over the period (compared to 52% for Non-Interface Council areas and 24% for Regional Council areas).
25. Between 2012 and 2013, Interface Council areas recorded an increase in both commercial building investment (from \$245 million to \$345 million) and industrial building investment (from \$90 million to \$110 million), but a decline in retail building investment (from \$270 million to \$185 million). The three-year trend for these sectors shows Interface Council areas securing 22% of commercial building investment (compared to 66% for Non-Interface Council areas and 11% for Regional Council areas), 26% of industrial building investment (compared to 49% for Non-Interface Council areas and 25% for Regional Council areas) and 32% of retail building investment (compared to 53% for Non-Interface Council areas and 16% for Regional Council areas).

Conclusions

26. The 2014/15 Interface Scorecard confirms ongoing under-funding for critical infrastructure in Interface Council areas. While primary school funding received a boost in this 4-year budget cycle and Interface Councils received a greater share of grants from the Living Libraries Fund (in the 2013 allocation) than in previous rounds, significant infrastructure underfunding remains in the areas of public transport (notwithstanding rail investment associated with the Cranbourne and Pakenham lines), roads, health, secondary schools and further education.
27. Additionally, economic indicators show relatively high unemployment rates and relatively low levels of non-domestic building investment (commercial, industrial, hospital/healthcare public buildings) over a three-year building cycle remain entrenched in Interface Council areas.