Gippsland

Regional Economic Development Strategy

SUPPORTING ANALYSIS

VICTORIA
State Government

Acknowledgement of Country

The Department of Jobs, Precincts and Regions acknowledge the Traditional Owners of the lands and waters on which we live and work, and pay our respects to their Elders past, present and emerging.

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

We acknowledge the diversity of Aboriginal Victorians, their communities and cultures, the intrinsic connection to Country, the contribution and interest of Aboriginal people and organisations in developing a prosperous region. This Strategy is committed to advancing the principles of Aboriginal self-determination and supporting communities to realise self-determined economic development objectives.

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Economic Insights

1.1
Business and Industry Analysis

The Gippsland region has seen strong growth in employment and GVA across many sectors in the past five years. These strong results reflect the many strengths of the region which should assist in maximising future economic opportunities.

- While the region was historically known for its strong mining and electricity generation activity, the recent growth in Construction and Healthcare and Social Assistance reflects the changing nature of the local economies.
- However, Agriculture, Forestry and Fishing, Mining and Electricity, Gas, Water and Waste Services remain important contributors to economic activity. This is reflected in the relative high levels of employment concentration within the region.
- Across the region, eight (of 19) sectors outperformed the average growth across the state. This suggests there are a significant range of local factors that supported strong economic growth. These strong results were led by sectors such as Mining (+64.5% pts), Financial and Insurance Services (+18.1% pts) and Education and Training (+17.1% pts).

The region's international goods export value has consistently increased over the past decade and now totals $2.5 billion. Tourism has also seen strong growth, however this is primarily driven by domestic tourism.

- While distance to Victoria's main port (Port of Melbourne) is significant for some parts of the region, good freight connections have enabled the region to achieve strong export growth in recent years.
- The region's various natural attractions make tourism a significant contributor to Gippsland's economy. High levels of visitation are particularly important in the Bass Coast and East Gippsland LGAs.

As regions seek to become more competitive in the global marketplace, economies are becoming increasingly specialised to focus production on regional strengths. For governments and local leaders, it has therefore become important to understand regional assets and attributes to better tailor plans and policies to support future economic growth and development.

A simple form of analysis to understand an economy's underlying structure is Location Quotient (LQ) analysis. This form of analysis compares industries' size and growth as a proportion of total economic activity relative to Victorian averages. The higher the LQ, the more significant, and therefore specialised, an industry is to the local economy relative to Victoria. This is also referred to as industry concentration. Scores above 1.25 are typically considered to indicate specialisation.

LQ Analysis, Employment

Figure 1.1.1 (below) identifies the Gippsland Regional Partnership region's (the region) employment specialisations. Industries are divided into four colour groups according to their quadrant position:

Blue sectors are regional concentrations which are experiencing faster (or slower declines) growth than state averages

Green sectors are regional concentrations which are experiencing slower growth (or faster declines) than state averages

Orange sectors are emerging industries which are not regional concentrations but are experiencing faster growth (or slower declines) than state averages

Grey sectors are not regional concentrations and are experiencing slower growth (or faster declines) than state averages

The position on the vertical axis indicates the industry's degree of employment specialisation (location quotient)[1] relative to the Victorian economy. For example, a value of 4.0 means that, as a share of total employment in the local economy, the industry employs four times as many people than the Victorian average[2]. The position on the horizontal axis indicates the difference in each industries' employment growth (2015 to 2020[3]) between the region and the Victorian average. For example, a 5 per cent value indicates that regional employment in the industry has grown 5 percentage points faster (between 2015 and 2020) relative to the industry's average growth rate in Victoria. The size of each bubble indicates the number of people employed in the industry.

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1. The Location Quotient tells us how regions compare to that of the broader economy in terms of size. Where there is variation in size relative to the broader economy LQ can be an indicator of strength and 'importance' to the future of the economy. However, it is only one indicator and further analysis is needed to determine if the industry warrants future investment and attention by government. Furthermore, LQ does not tell us if a high LQ industry is a driver or a consequence of growth. This is important because an industry may only exist as a consequence of government funding (as is the case for correctional facilities/prisons) and not because of the private market's demand for its goods and services. While there may be policy or other reasons to support these industries, these reasons may not be overtly economic in nature.

2. The comparator region used is the Victorian economy excluding the regional partnership to greater reflect the comparison to the region's economy.

3. Estimates of industry employment in 2020 include early impacts of COVID-19. While this may subdue the net growth between 2015-2020, it does not affect the comparative growth metrics used in this analysis.

Figure 1.1.1: Location Quotient — Employment
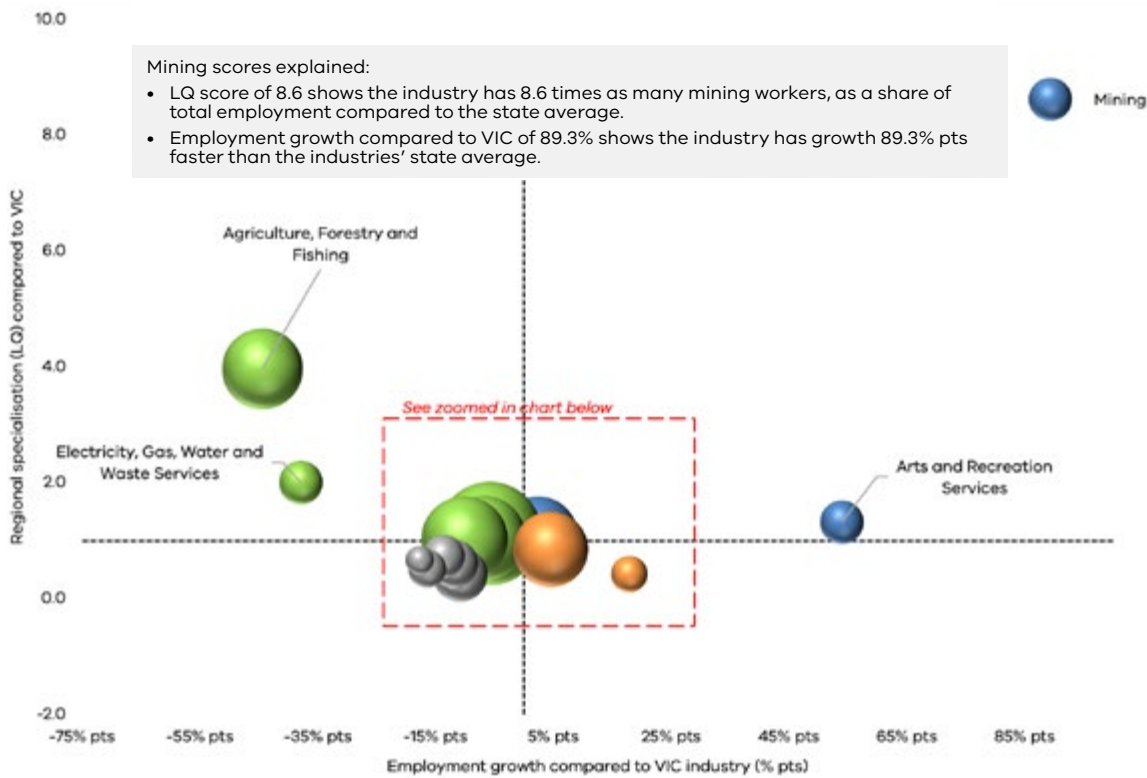
Size of bubble represents employment levels in 2020
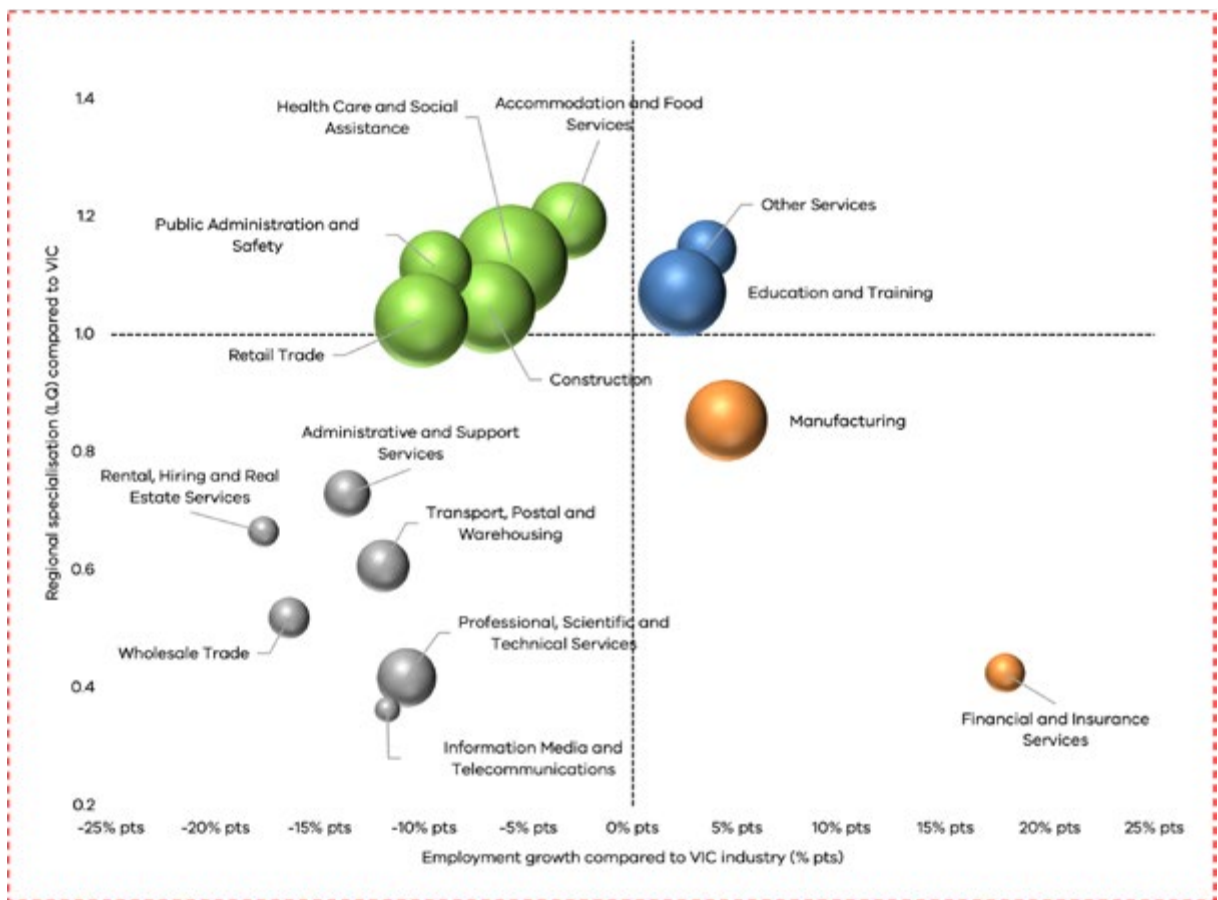
Size of bubble represents employment levels in 2020
(NIEIR, 2020)

As represented in Figure 1.1.1, the region is specialised in Agriculture, Forestry and Fishing, Mining, Electricity, Gas, Water and Waste Services, and Arts and Recreation Services. These industries represent over 16 per cent of the region's employment, with Agriculture, Forestry and Fishing contributing 8.9 per cent of the region's employment alone. Subindustries Agriculture, Electricity Supply, Heavy and Civil Engineering Construction, Accommodation, Preschool and School Education, Medical and Other Health Care Services, Residential Care Services, and Sports and Recreation Activities also demonstrate specialisation.
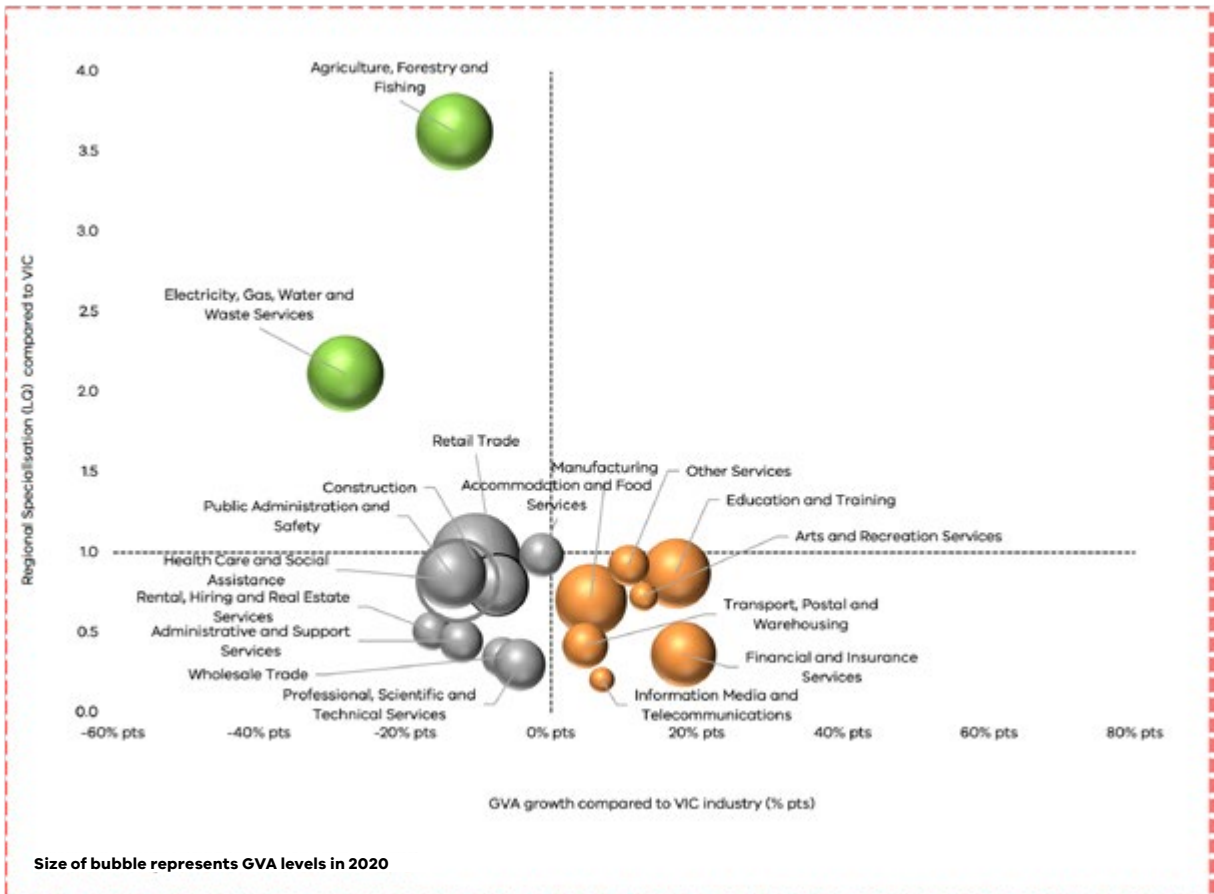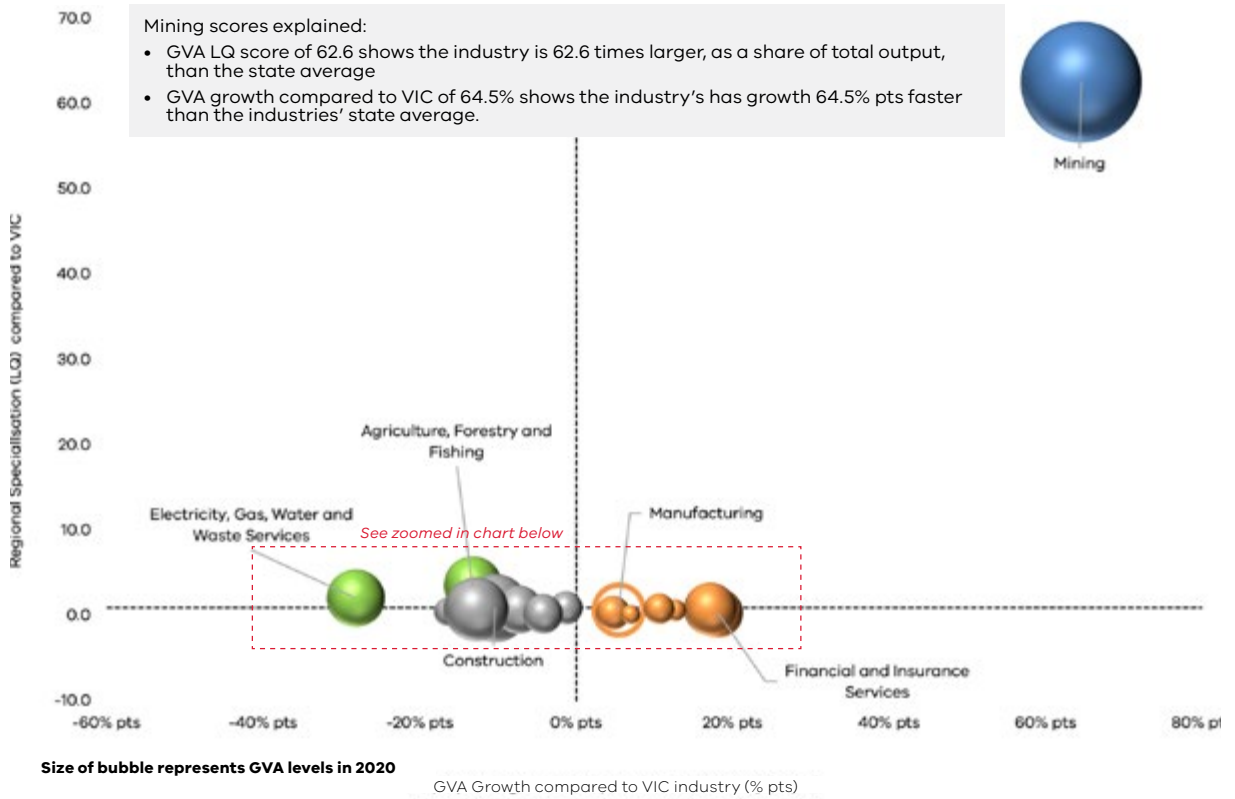
Of the seven industries with a LQ score between 1 and 1.25, which represents employment shares which are above the state average however not strong enough to be defined as specialised, two recorded employment growth stronger than the state average, Education and Training (by 2.4% pts) and Other Services (by 3.5% pts). If this trend was to continue, the region could see further specialisation in the coming years.

When comparing employment specialisation across only regional Victoria, the region shows specialisation in the Mining and Electricity, Gas, Water and Waste Services industries and Arts and Recreation Services. This shows that while Agriculture, Forestry and Fishing is significant in the region it is a specialisation when compared to the state overall, however, it is not a particular specialisation when compared with other regional communities.

LQ analysis, GVA

Figure 1.1.2 (below) identifies the region's economic output specialisations in terms of Gross Value Added (GVA). Using the same approach as above, this analysis compares industries' size and growth as a proportion of total economic GVA relative to Victorian averages. While the employment LQ captures the industry concentration of the regional workforce, it does not capture the economic contribution of employment in terms of GVA. The GVA LQ analysis provides this insight. The position on the vertical axis indicates the industry's degree of GVA specialisation relative to the Victorian economy. For example, a value of 2.0 means that, as a share of the total GVA in the local economy, the industry is two times larger than the Victorian average. The position on the horizontal axis indicates the difference in each industry's GVA growth (2015 to 2020) between the region and the Victorian average, the size of each bubble indicates the share of the region's GVA produced by the industry.

Figure 1.1.2: Location Quotient - GVA

Mining scores explained:
- GVA LQ score of 62.6 shows the industry is 62.6 times larger, as a share of total output, than the state average
- GVA growth compared to VIC of 64.5% shows the industry's has growth 64.5% pts faster than the industries' state average.

Size of bubble represents GVA levels in 2020

GVA Growth compared to VIC industry (% pts)

Size of bubble represents GVA levels in 2020

GVA growth compared to VIC industry (% pts)

(NIEIR, 2020) Note: For visibility of all sectors some bubbles have been represented as rings, the circumference of the circle is taken as size of the bubble

As shown in Figure 1.1.2, the region has recorded specialisation in Agriculture, Forestry and Fishing, Mining and Electricity, Gas, Water and Waste Services. Of these three sectors, Agriculture, Forestry and Fishing and Electricity, Gas, Water and Waste Services both underperformed state GVA growth averages. However, both sectors remain strong contributors to regional GVA accounting for nearly 13% of the region's total combined. In comparison, Mining recorded the strongest relative growth in GVA over the past 5 years.

When looking across sub-industries, the region was found to have specialisation in Agriculture, Coal Mining, Oil and Gas Extraction, Electricity Supply, Water Supply, Sewerage and Drainage Services, Heavy and Civil Engineering Construction.

Shift-Share Analysis

Shift-Share Analysis is used to better understand the drivers of regional economic growth. The analysis breaks industry growth into two drivers of change: (1) a Victorian state industry effect and (2) a local effect. By decomposing the drivers, the analysis identifies whether an industry's growth reflects its performance across the region or whether its growth is more a result of broader trends.

Depicted in Figure 1.1.3 below, industries are divided into three colour groups:

Blue – industries which are outperforming the average industry growth rate in Victoria

Pink – industries which are underperforming the average industry growth rate in Victoria but are producing greater output over time

Grey – industries which are underperforming the average industry growth rate in Victoria and are declining in output production over time.

Figure 1.1.3: Shift-Share Analysis
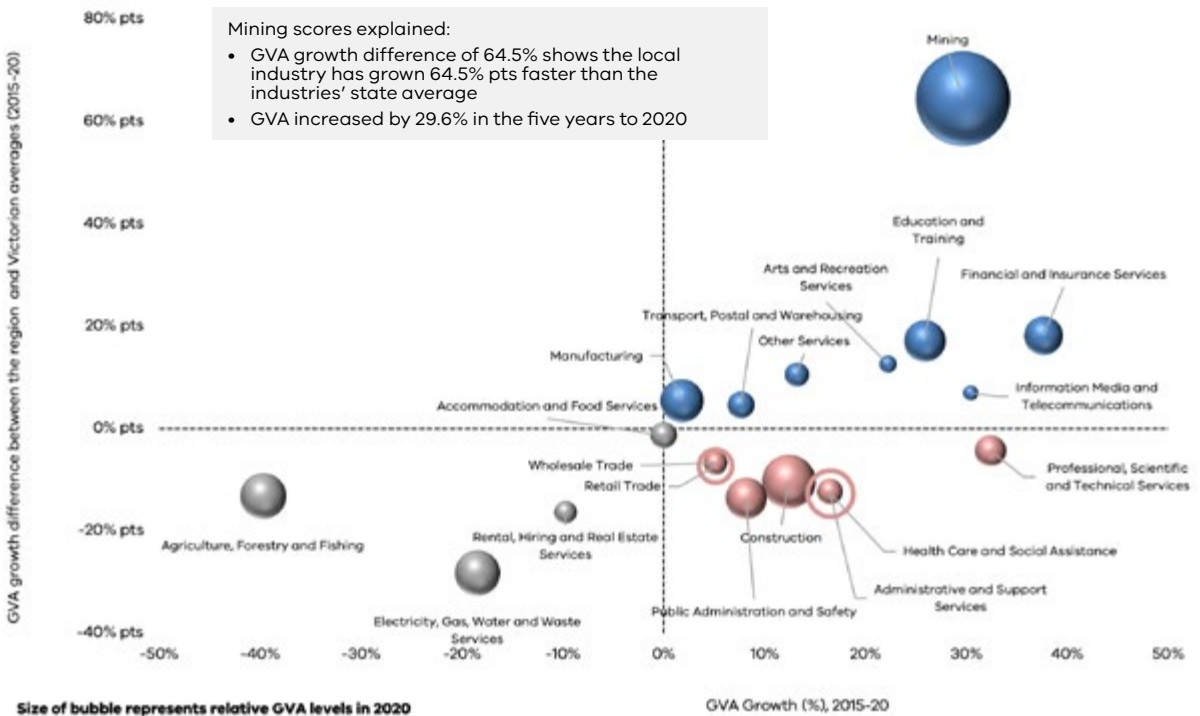
(NIEIR, 2020) Note: For visibility of all sectors some bubbles have been represented as rings, the circumference of the circle is taken as size of the bubble.

In Figure 1.1.3, the position on the vertical axis indicates the difference in each industry's average GVA growth (2015-20) between the region and the Victorian average. The position on the horizontal axis indicates the amount each industry in the region has grown or declined between 2015 and 2020. The size of each bubble indicates the amount of output produced in the industry in 2020.

The results show that relative to the Victorian average, eight (of 19) industries outperformed average growth across the State, all of which recorded a net increase in GVA. This suggests that not only may the sectors have a competitive advantage when comparing with other regions, the industries have also been drivers of growth within the region over the past 5 years.

Seven of the region's other industries recording positive growth in GVA, they all underperformed relative to the state's average.

The region exhibits further strengths among its subindustries. Over the past five years, Coal Mining, Oil and Gas Extraction, Water Supply, Sewerage and Drainage Services, Building Construction, Finance, Administrative Services, Preschool and School Education, Medical and Other Health Care Services, and Personal and Other Services all outperformed the state's average growth rate.

Industry Cluster Analysis

Table 1.1.4: Industry Cluster Analysis

Sector	LQ (Employment)	LQ (Business count)	Clusters
Agriculture, Forestry and Fishing	3.97	4.74	✔
Mining	8.62	2.06	✔
Manufacturing	0.85	0.97	✕
Electricity, Gas, Water and Waste Services	2.01	0.84	?
Construction	1.05	1.08	✕
Wholesale Trade	0.52	0.57	✕
Retail Trade	1.02	1.07	✕
Accommodation and Food Services	1.19	1.08	✕
Transport, Postal and Warehousing	0.61	0.55	✕
Information Media and Telecommunications	0.36	0.38	✕
Financial and Insurance Services	0.43	0.68	✕
Rental, Hiring and Real Estate Services	0.67	0.81	✕
Professional, Scientific and Technical Services	0.42	0.53	✕
Administrative and Support Services	0.73	0.65	✕
Public Administration and Safety	1.11	0.61	✕
Education and Training	1.07	0.65	✕
Health Care and Social Assistance	1.12	0.68	✕
Arts and Recreation Services	1.32	0.71	?
Other Services	1.14	1.16	✕

(ABS, 2021) (NIEIR, 2020)

Cluster Analysis is used to help identify industries which may have a comparative advantage. Understanding the networks of businesses which create wealth in the region assists in determining the factors which makes a region successful and the strengths which can be leveraged to pursue future economic opportunities. Industry clusters can be supported by a range of conditions:

- **Factor conditions:** Businesses located near each other enjoy low-cost transportation of basic factors, such as raw materials and other physical resources. Advanced factors, such as knowledge and 'the business spirit', are also likely to be shared by businesses operating in close proximity.

- **Demand conditions:** Proximity to a sizeable and sophisticated local market can encourage businesses to compete for customers by providing quality and personalised service.

- **Related and supporting industries:** Businesses can focus on reducing costs by efficiently improving their production process if supplementary suppliers are nearby.

- **Company strategy, structure, and rivalry:** Businesses can gain from constructive rivalry if they learn from opportunities i.e. niche information, shared resources, or ideas, and if they can strategically innovate from rival threats.[4]

In Table 1.1.4, the results of LQ analysis for both employment and business counts are presented to help identify such clusters. A score above 1.25 is often noted as the benchmark for an industry cluster. The results show that the region has strong clusters in both Agriculture, Forestry and Fishing and Mining industries, with both having a higher concentration then the state average. Furthermore, while the analysis did not show clusters of businesses within the Electricity, Gas, Water and Waste Services industry, employment within the industries remains disproportionately large.

Figure 1.1.5: Cluster mapping

Agriculture businesses


Mining businesses

(REMPLAN, 2021)

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4. Porter, M. (1998). Clusters and the new economics of competition. Harvard Business Review, 76 (6), 77–90

Gross Value Add

Gippsland's Gross Value Add (GVA) fluctuated between FY2001 and FY2014. Since FY2014 Gippsland has experienced steady growth, from $14 billion to $15 billion (see Figure 1.1.6). At an LGA level, trends vary. Latrobe is the largest contributor to GVA in the region. However, driven by a decline in Coal Mining and Electricity Supply Services, GVA in Latrobe has declined since FY2009. In comparison, Wellington, Bass Coast, Baw Baw and East Gippsland shires have experienced growth, whilst South Gippsland has seen no substantial change in its GVA over the past two decades.

Despite fluctuations over time, Mining is the largest contributor to GVA in the Gippsland region. The Construction sector has similarly experienced expansions and contractions of GVA over the past two decades. Growth in the sector since FY2018 places it as the second largest contributor the region's GVA.

Figure 1.1.6: GVA over time by LGA
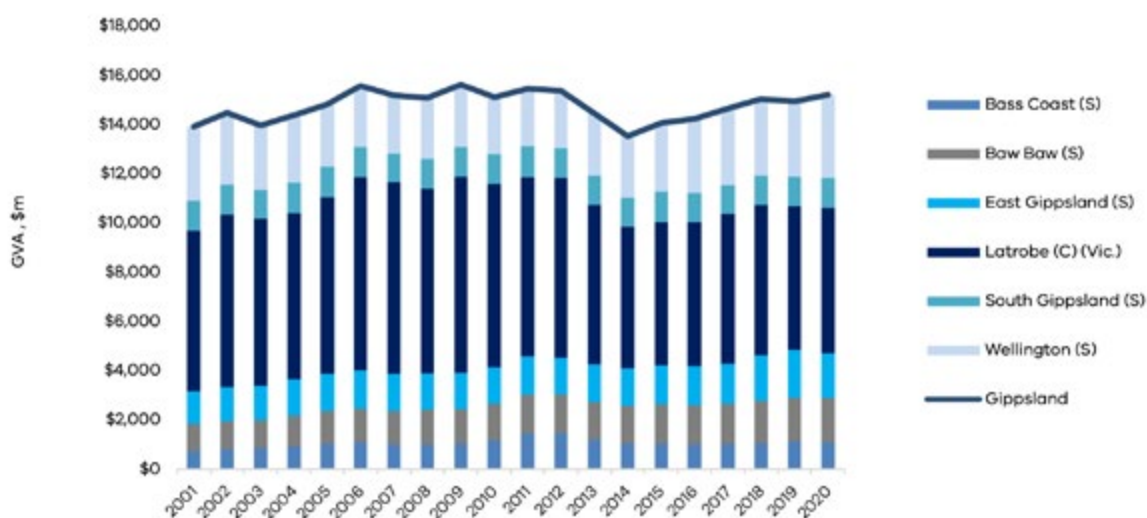
(NIEIR, 2020)

In line with the trend across the country and a growing aging population, Gippsland has seen growth in Health Care and Social Assistance GVA, making it the third largest industry. Agriculture, Forestry and Fishing saw steady growth at the start of the century, however, has been declining since FY2015. It is now the region's fourth largest sector. Notably, Electricity, Gas, Water and Waste Services was the second largest industry in FY2001. Since FY2002 it has seen significant declines and is now the fifth largest sector in the region (see Figure 1.1.7).

Figure 1.1.7: GVA by industry, Gippsland

GVA industry over time, Gippsland
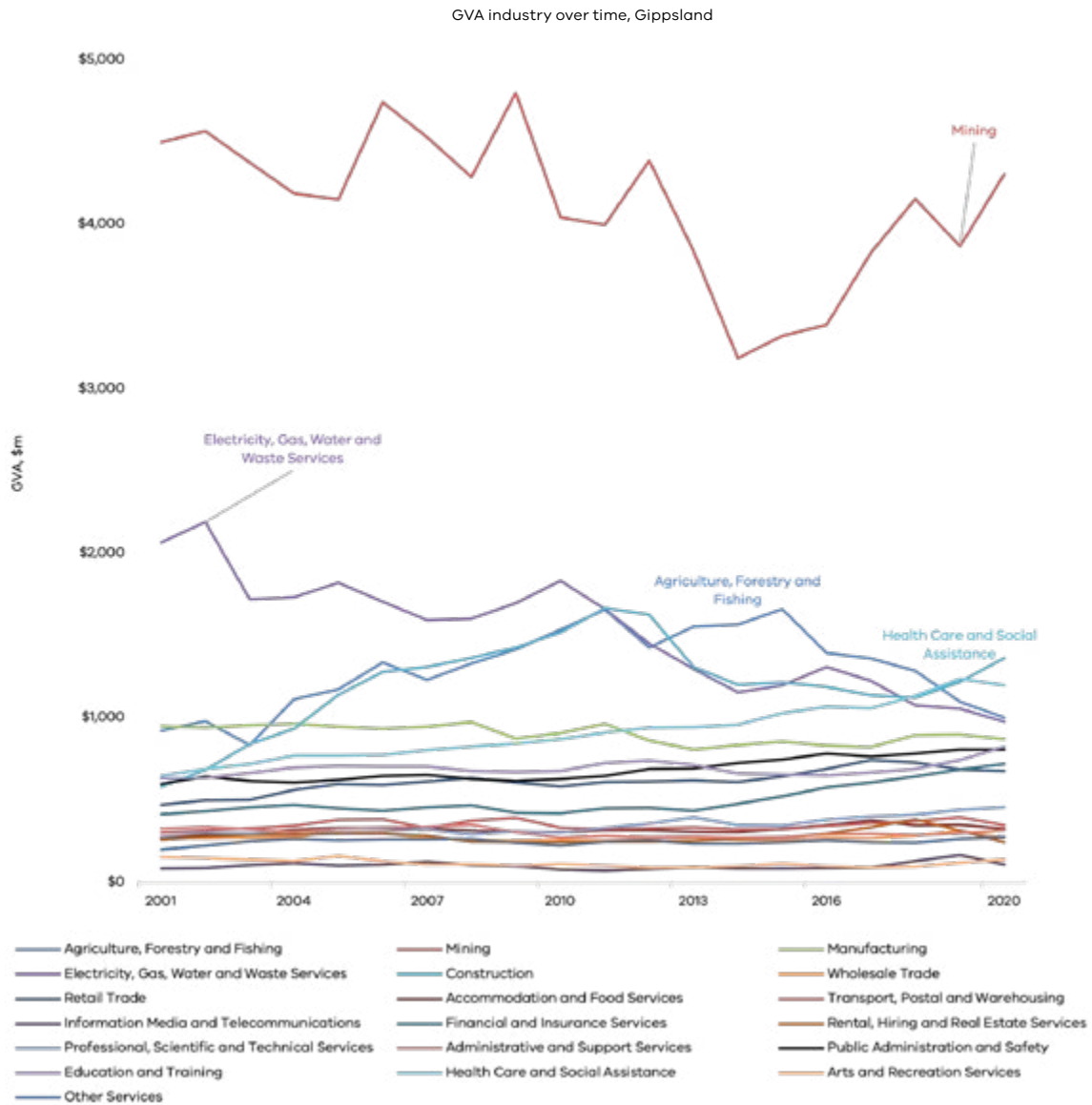
(NIEIR, 2020)

Fluctuations in Mining GVA have been driven by changes in the Coal Mining and Oil and Gas Extraction subindustries. Oil and Gas Extraction experienced a decline from FY2001 to FY2011, after which it has begun to grow. Coal Mining has been more volatile, experiencing rapid growth until FY2006 and a rapid decline between FY2012 and FY2014. (see Figure 1.1.8).
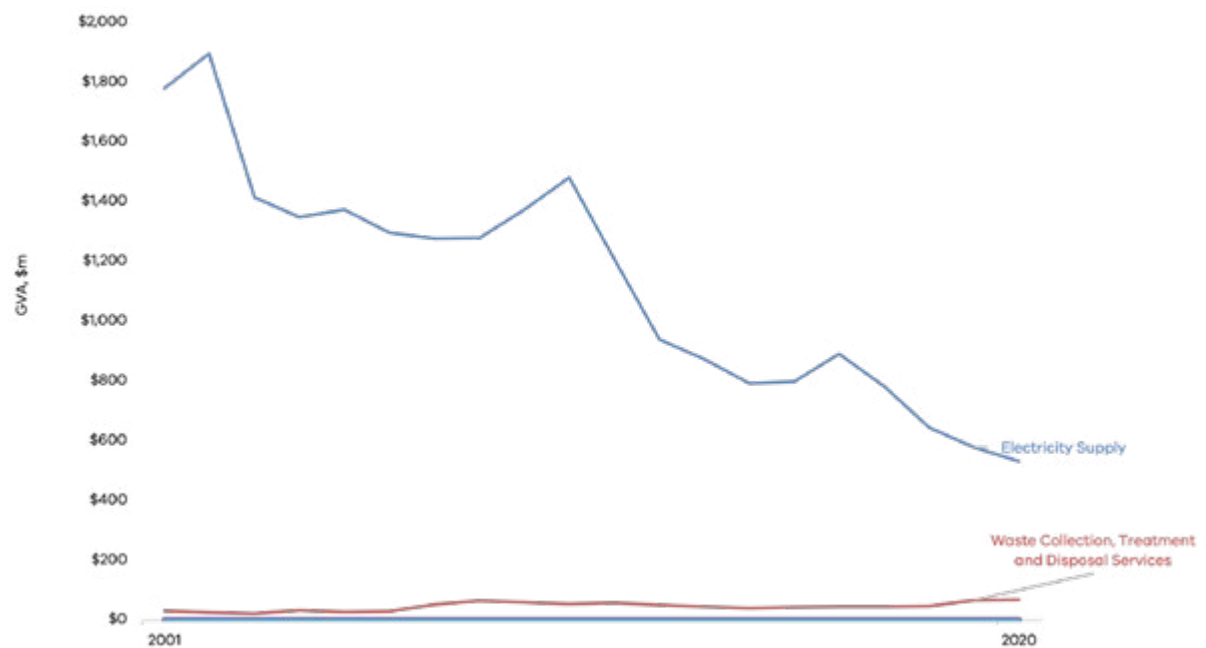
Figure 1.1.8: Mining GVA
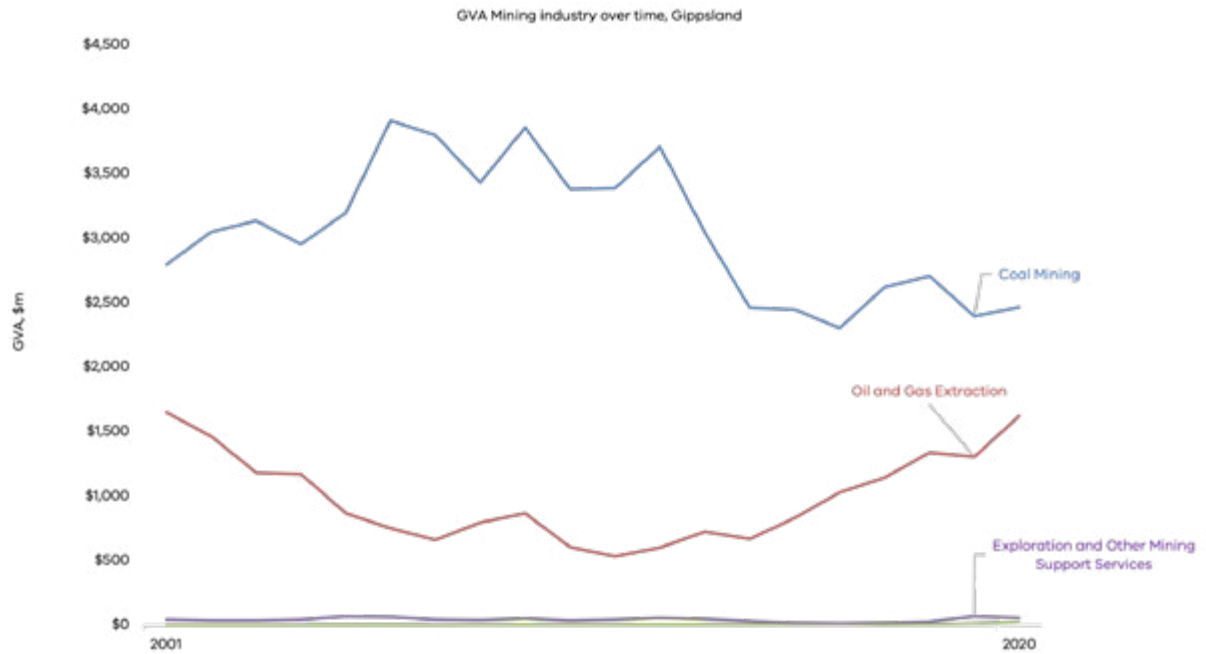
(NIEIR, 2020)

The decline in the Electricity, Gas, Water and Waste Services industry has been driven by the falling GVA within the electricity supply subindustries, with GVA more than halving in Gippsland since 2001. (see Figure 1.1.9).

Figure 1.1.9: Electricity, Gas, Water and Waste GVA

(NIEIR, 2020)

All subindustries of Health Care and Social Assistance have seen consistent growth until FY2018. This is line with the rest of the state. These strong results are partially explained by population and demographic changes and a continued focus on supporting the region). Since FY2018, there has been a slight decline in the Residential Care and Social Assistance subindustries (see Figure 1.1.10).

Figure 1.1.10: Healthcare and Social Assistance GVA
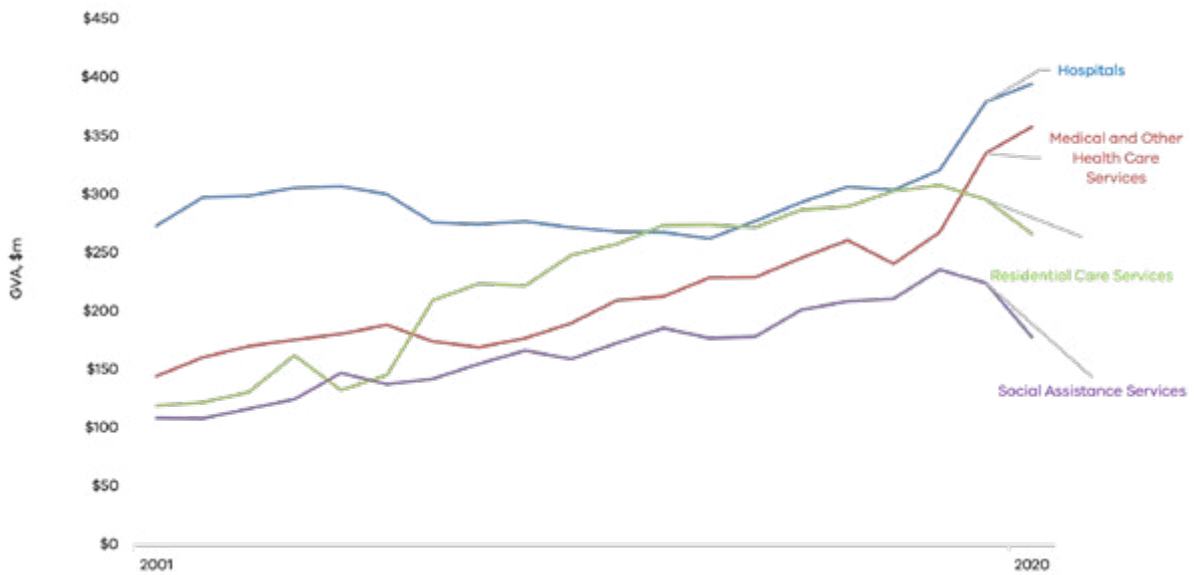
(NIEIR, 2020)

While in the Construction sector, Heavy Building and Civil Engineering Services, Construction Services and Building Services saw steady growth in GVA until FY2011, Building Construction remained stable until FY2018 when it saw growth. Construction Services and Heavy Building and Civil Engineering Services both saw a decline in GVA until FY2018 and FY2019. Since then, there has been growth in these subindustries respectively (see Figure 1.1.11).

Figure 1.1.11: Construction GVA
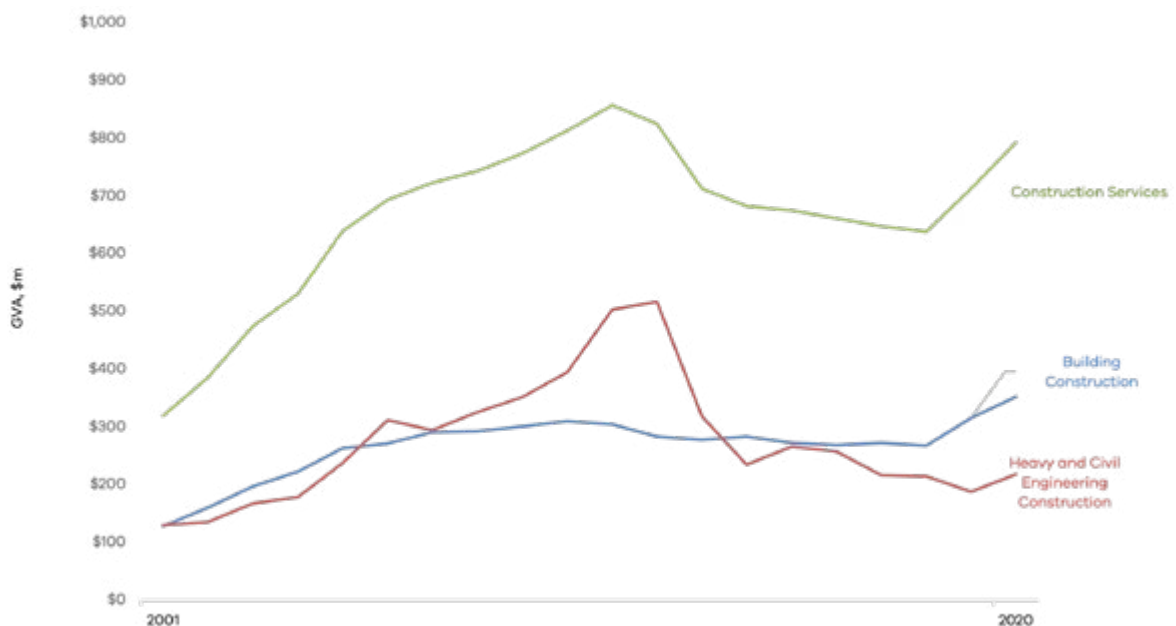
(NIEIR, 2020)

Shifts in Agriculture, Forestry and Fishing are driven by changes in the Agriculture subindustry. The region's reputation for quality, endowed natural advantages and connectivity to Melbourne and beyond have allowed it to remain a significant contributor to the region's GVA (see Figure 1.1.12).

Figure 1.1.12: Agriculture, Forestry and Fishing GVA
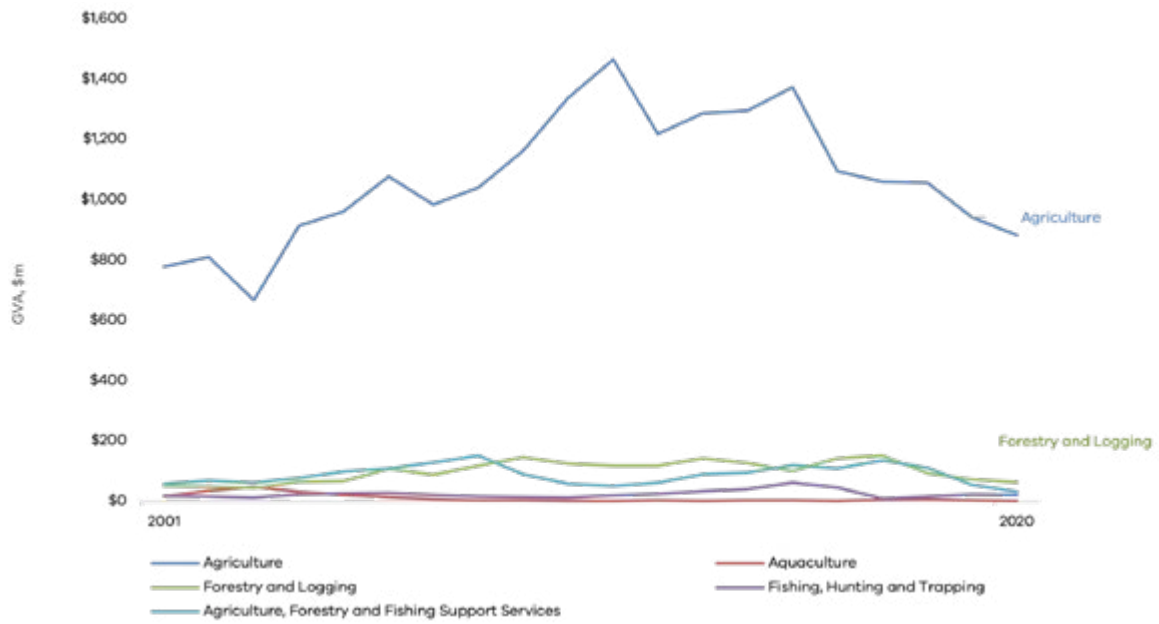

(NIEIR, 2020)

Business growth

Over the past five years, more than 6,000 new businesses have established themselves in the Gippsland region, mostly concentrated in western areas. By industry, the highest proportion are in Construction (21 per cent or 1,271 businesses) and Agriculture, Forestry and Fishing (16 per cent or 956 businesses). At a subindustry level, over 50 per cent of the new Construction businesses are in Residential Construction, Plumbing Services, Electrical Services, Carpentry Services and Site Preparation. These new businesses are likely to reflect the region's population growth. In the case of Agriculture, Forestry and Fishing, over 64 per cent of new businesses were in Beef, Dairy and Sheep Farming subindustries.

Other industries of significant business growth are:

- Professional, Scientific, and Technical Services (490 new businesses),
- Transport, Postal and Warehousing (445 new businesses),
- Other Services (428 new businesses), and
- Retail Trade (192 new businesses).

Note that business growth does not indicate the size of businesses.

Figure 1.1.13: Business Entries (September 2015 to September 2020)
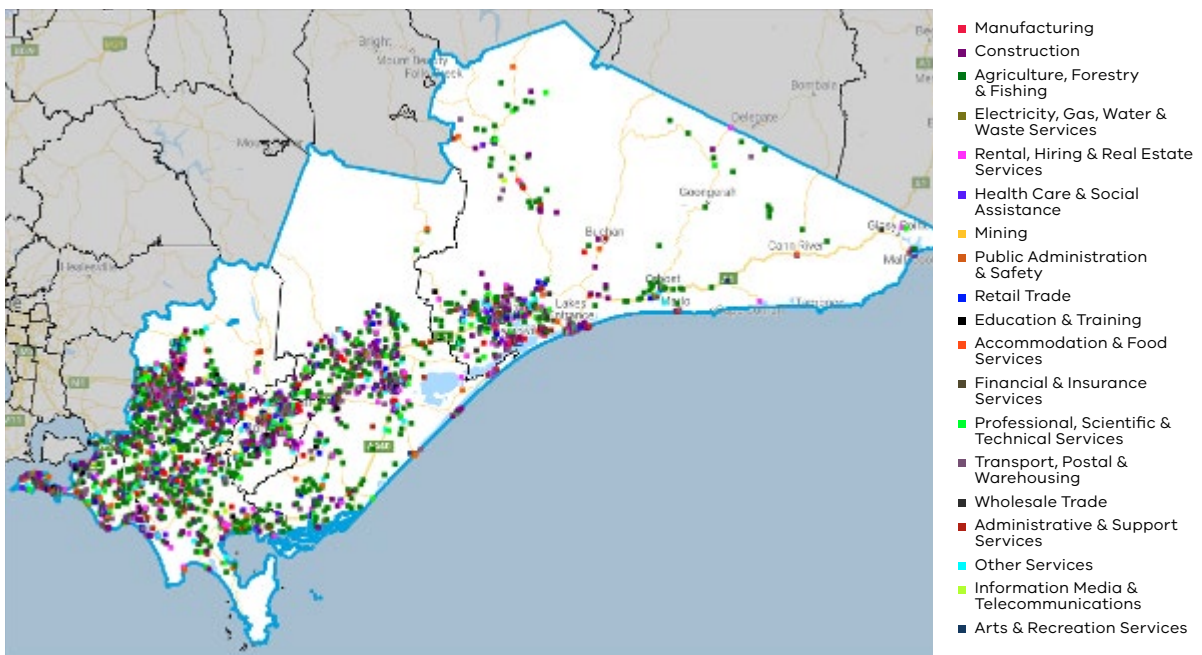
Source: (REMPLAN, 2021)

International Exports[5]

Gippsland is home to significant enabling infrastructure which provides the region's producers with access to international markets. The Princes and South Gippsland Highways are the region's principal freight routes which connect with Melbourne's air- and seaports. Meanwhile, producers in East Gippsland are also proximate to the Port of Eden in New South Wales. International export value has more than doubled over the past decade; from $1.2 billion in 2010 to $2.5 billion in 2020. Exports are driven by traditional Manufacturing, and Agriculture, Forestry and Fishing sectors, and the rapidly growing Mining industry.

Exclusively the product of Oil and Gas Extraction, mining export value has surged from $41.2 million in 2010 to $871.8 million in 2020. Demand, particularly from Japan, China, and South Korea, has caused price surges and local producers have shifted supply from domestic to international markets. Australia has emerged as the world's largest exporter of liquefied gas and the offshore Gippsland Basin is Victoria's most productive petroleum province. The Basin is estimated to contain reserves of 2.7 trillion cubic feet of natural gas and ethane, and 220 million barrels of oil and condensate.

The Agriculture, Forestry and Fishing industry has realised fluctuating growth in international export value from $377.5 million in 2010 to $564.6 million in 2020, down from $703.0 million in 2018. Dairy and beef are the region's most valuable agricultural exports. Asian markets account for over 80 per cent of Victoria's dairy exports and the United States leads China and Japan as most significant beef markets. Agricultural export value has declined since 2018 due largely to the impact of drought, and subsequently exacerbated by COVID-19 and China's imposition of trade restrictions on key Australian commodities and associated challenges re-listing abattoirs following a COVID-19 induced pause on trade. Beyond food, the region exported $87.6 million in forestry and logging products in 2020.

Over the past decade, Manufacturing export value has been relatively stable, with steady increases since 2016 to a value of $551.4 million in 2020. Export value is driven by Food Product Manufacturing, worth $327.5 million in 2020. The region is serviced by centres in Bairnsdale, Drouin and Warragul and activities are centred on dairy, meat and fruit and vegetable processing. Primary Metal and Metal Product Manufacturing (worth $45.9 million in value in 2020) and Pulp, Paper and Converted Paper Product Manufacturing (worth $45.8 million) are other important exporting Manufacturing subindustries.

Beyond the major exporting sectors which contribute 79.2 per cent of international export value, other smaller but relatively significant sectors are Accommodation and Food Services (worth $140.5 million in value in 2020), Transport, Postal and Warehousing (worth $87.4 million) and Education and Training (worth $75.1 million).

5. International Exports regional insights sources: (NIEIR, 2020), (Geelong Port, 2021), (Agriculture Victoria, 2018a), (Agriculture Victoria, 2018b) and (Agriculture Victoria, 2018c)

Figure 1.1.14: International Export Value, Key Industries
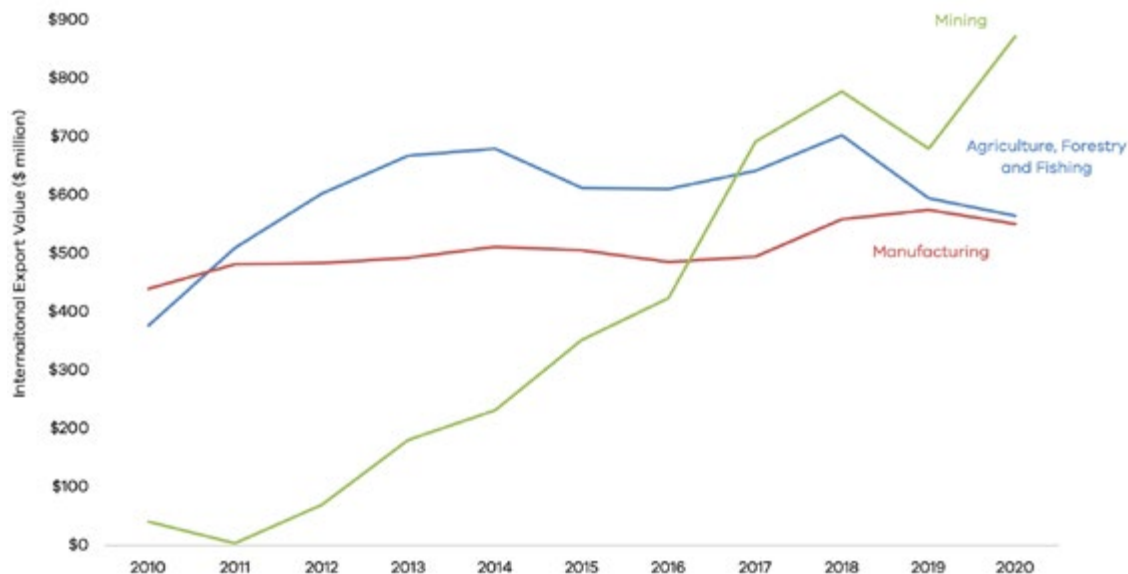
(NIEIR, 2020)

Visitor Economy

Home to various natural attractions including Phillip Island, Wilsons Promontory and Lakes Entrance, tourism is a significant contributor to Gippsland's economy, particularly for Bass Coast and East Gippsland LGAs. Prior to COVID-19, visitor numbers and expenditure were slowly growing year-on-year (see Figure 1.1.15). Domestic daytrips visitors have been the most common category of visitation, followed by domestic intrastate overnight visitors. However, restrictions associated with COVID-19 including international and state border closures, stay-at-home orders and density limits have significantly impacted the region's visitor economy. The total number of domestic daytrip, and domestic and international overnight visitors fell from 8.7 million in 2019 to 5.7 million in 2020. This decline led to a fall in total visitor expenditure; from $1.6 billion in 2019 to $1.2 billion in 2020. Despite the easing of restrictions and vaccine rollout, the pandemic is likely to have lasting effects on visitation patterns to the region.

Figure 1.1.15: Visitation Overview (2015 – 2020)[6]

Source: (Tourism Research Australia, 2021a)

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6. Note: from 2021, tourism data for Regional Partnership regions is defined based on SA2 boundaries while prior data is based on LGA boundaries therefore estimates may slightly differ

The number of international overnight and domestic interstate visitors has fallen by 78.9 per cent and 65.0 per cent respectively, substantially more than the declines in domestic day-trippers (36.4 per cent) and domestic intrastate visitors (24.1 per cent). However, since these visitors only represented 5.2 per cent of visitors in 2019, the impact of these declines have been mitigated. The region's popularity among domestic day-trippers and domestic intrastate overnight visitors has made it more resilient to the pandemic than other parts of regional Victoria.

As Australia's vaccine rollout progresses and international travel is more limited, the region has the opportunity to capture tourism demand from those seeking to substitute overseas holidays. The region is already realising these benefits; average visitor spend was substantially higher in 2020 than 2019 among domestic day-trippers and domestic intrastate overnight visitors, in part due to increases in the average length of time overnight visitors are staying in the region. Since the region is proximate to metropolitan Melbourne, it is well positioned to attract higher spending and longer staying overnight visitors.

Table 1.1.16 Visitation & Average Spend (2019–2020)

	Number of Visitors		Average Visitor Spend	
	2019	2020	2019	2020
Domestic Daytrip	5,405,000	3,437,000	$100	$106
Domestic Intrastate Overnight	2,841,000	2,157,000	$307	$343
Domestic Interstate Overnight	327,000	114,000	$534	$504
International Overnight	128,000	27,000	$488	$618

Source: (Tourism Research Australia, 2021a)

Beyond the four major categories of visitation, the region also previously received substantial international day-trippers to Phillip Island. An estimated 469,900 international day-trippers visited the destination in 2019. With 56,600 international tourists to the destination staying a night, day-tripping has been the more popular form of visitation. Total international visitation to the destination fell to 62,800 visitors in 2020 and it is unlikely that these types of visitors are going to return in the short- to medium-term. To replace the international visitation shortfall, efforts are required to encourage first-time domestic tourists and/or create incentives for past tourists to return.

Most tourism businesses are small enterprises. In 2019, there were 3,097 tourism businesses in the region. Of these, 75.2 per cent have four employees or fewer, with 38.9 per cent sole proprietors. Just 3.9 per cent of businesses have 20 or more employees.

Table 1.1.17: Average Number of Tourism Businesses (2016–2019)[7]

Local Government Area	Tourism Businesses
Bass Coast	442
Baw Baw	523
East Gippsland	658
Latrobe	656
South Gippsland	333
Wellington	485
Total	3,097

Source: (Tourism Research Australia, 2020)

7. Note: from 2021, tourism data for Regional Partnership regions is defined based on SA2 boundaries while prior data is based on LGA boundaries therefore estimates may slightly differ

1.2
Demographic Profile

Over the past 20 years, Gippsland has experienced moderate population growth. Notwithstanding the impacts of COVID-19, this trend is expected to continue.

- Population growth within the region has been driven by a net influx of people moving to the region from other parts of Victoria and Australia.
- All LGAs have been growing but rates vary across the region. Baw Baw and Bass Coast LGAs have been the fastest growing while Wellington and South Gippsland are the slowest.
- Economic growth, proximity to Melbourne, diverse natural environments and regional appeal has made the region an attractive destination for both families and people moving towards the end of their working careers.
- However, while overall population growth is strong, there is significant outward migration of young people (aged 15 to 24 years) across all LGAs in the region, excluding Baw Baw.
- The enduring nature of population changes due to COVID-19 are yet to be determined and as such, the impact on economic activity yet to be fully understood.
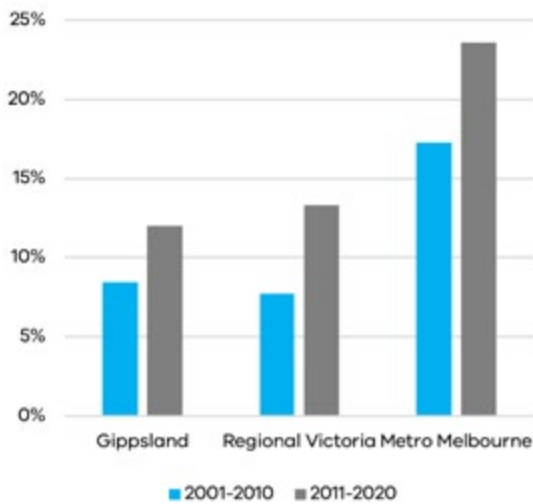
Population and population growth

In 2020, Gippsland was home to an estimated resident population of 290,987 people. 75,915 (26 per cent) of these lived in the City of Latrobe, 54,884 (19 per cent) in Baw Baw Shire, 47,725 (16 per cent) in East Gippsland Shire, 44,770 (15 per cent) in Wellington Shire, 37,445 (13 per cent) in Bass Coast Shire and 30,248 (10 per cent) in South Gippsland Shire.

Gippsland's population increased by 8.4 per cent between 2001 and 2010 and by 12.0 per cent between 2011 and 2020. In the first ten years, the region outpaced average population growth in regional Victoria however, it fell behind in the latter decade. In both cases, growth significantly lagged metropolitan Melbourne (see Figure 1.2.1).

While Gippsland's population was forecast to grow slightly slower than the regional Victorian average, the impacts of COVID-19 on domestic and international migration is likely to alter previous forecasts (see Figure 1.2.2).
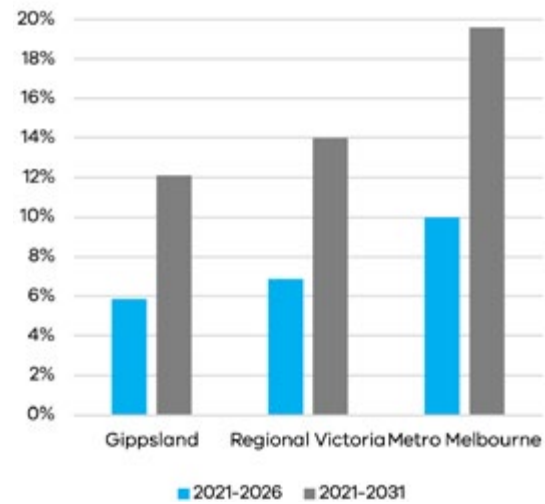
Likely due to proximity to metropolitan Melbourne and the impacts of urban sprawl and long-distance commuting, population growth has been driven by Baw Baw and Bass Coast LGA. These trends are projected to continue (see Figure 1.2.3).
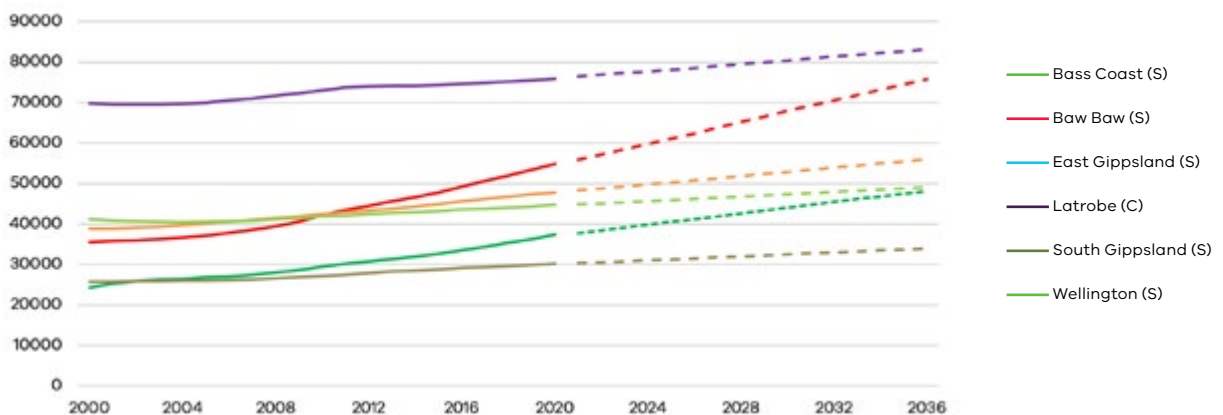
Figure 1.2.1: Population Growth

Source: (Australian Bureau of Statistics (ABS), 2020a)

Figure 1.2.2: Population Forecast

Source: (Department of Environment, Land, Water and Planning (DELWP), 2019)

Figure 1.2.3: Population Growth by LGA (2000–2036)

Source: (Australian Bureau of Statistics (ABS), 2020a) (Department of Environment, Land, Water and Planning (DELWP), 2019)

Components of population change

Between 2019 and 2020, population growth in Gippsland was realised via positive net internal migration (NIM), natural increases and net overseas migration (NOM) (see Figure 1.2.4).

In all LGAs excluding Latrobe this growth has been driven by the inflow of residents from other parts of Australia. In contrast, the most significant contributor to Latrobe's growth was overseas migration. All LGAs experienced net migration gains but only half (Baw Baw, Latrobe and Wellington) realised natural increases (more births than deaths).

Population change across the region is varied. As government and local leaders plan for growth, it is important to recognise that the magnitude and drivers substantially differ across the region's LGAs, and therefore policy responses should vary. Furthermore, the impacts of COVID-19 are likely to be differentially experienced across regional communities.

Figure 1.2.4: Population Change by Components (2019–2020)
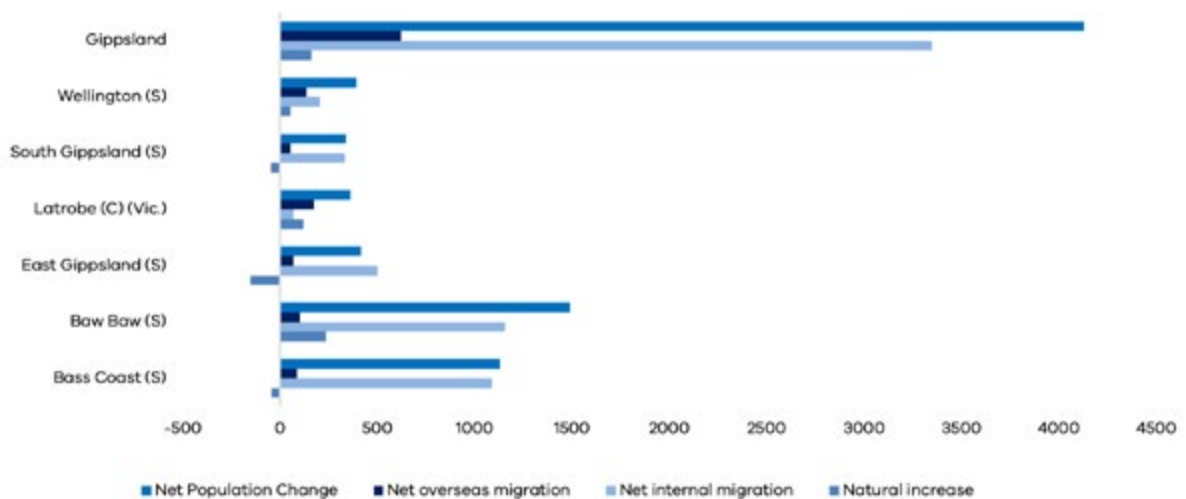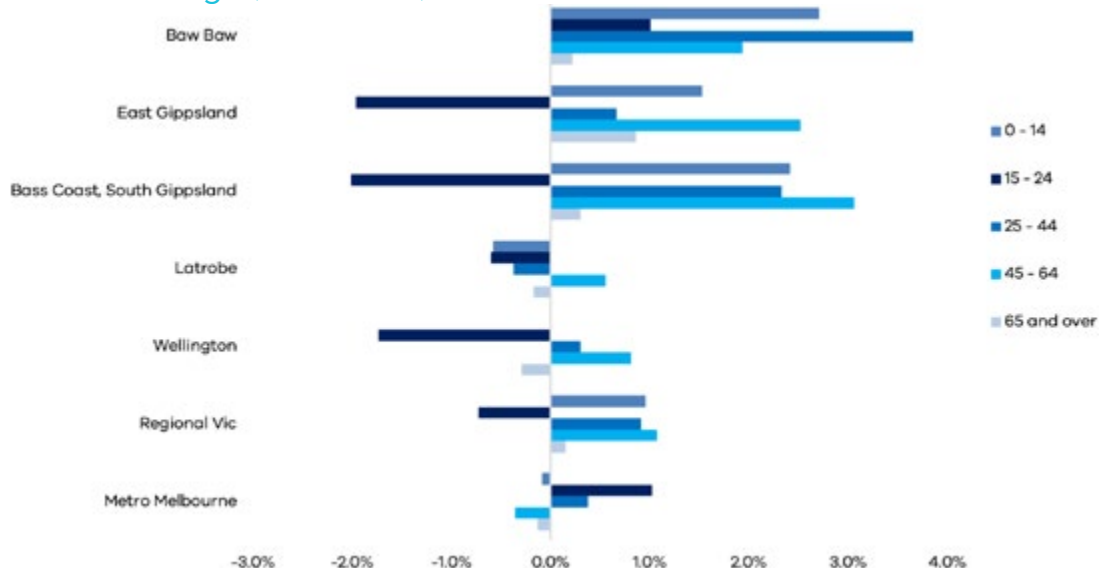

Source: (ABS, 2021)

Regional internal migration

Net internal migration by age data indicates the significant differences between areas and cohorts in the region (see Figure 1.2.5).

Likely supported by its peri-urban location, Baw Baw is the only area to have experienced net inflows across all age cohorts. Consistent with trends across regional Victoria, most areas experienced a significant outflow of those aged 15 to 24 years. This movement is likely to be due to young people leaving the region for education and employment opportunities.

Meanwhile, excluding Latrobe, the region experienced net inflows among other working age cohorts (25 to 44 years and 45 to 64 years). This suggests the region has strong appeal for families and/or those in the latter part of their careers.

Figure 1.2.5: Net Internal Migration (Proportion by Age Group) Annual Average (2016–2019)

Source: (ABS, 2020b)

Note: data indicates average migration as a proportion of 2016 population by age group. Data refers to domestic / internal migration in Australia.

Note: the ABS time series of internal migration is broken at 2016 to align with new statistical regions. 2016-18 insights are consistent with the movements represented in previous statistical regions where alignment is possible.

Note: where relevant, LGAs have been grouped to most closely match the 2016 ABS statistical region (at SA3 level) for this measure of regional internal migration.

Population cohort analysis

Gippsland's population is 50.5 per cent female and 49.5 per cent male. With a median age of 45 years, Gippsland is older than medians in regional Victoria (42 years) and metropolitan Melbourne (36 years). The working aged population (15 to 65 years) comprise 59.4 per cent of the population and 22.7 per cent of the population are aged 65 years or older.
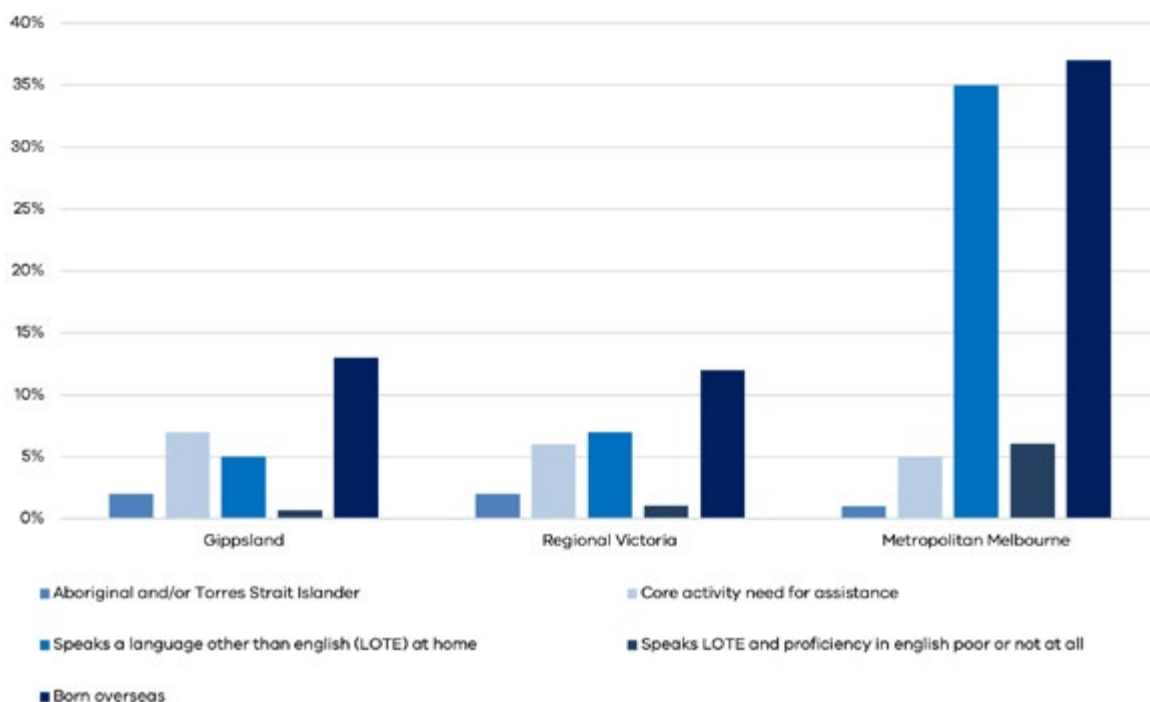
Figure 1.2.6: Population by Age
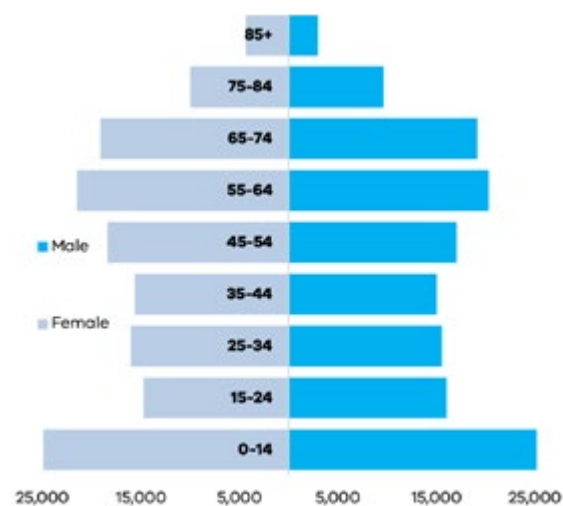
Source: (ABS, 2020c)

1.5 per cent of the region's population is Aboriginal and Torres Strait Islander while 6.9 per cent live with a disability. These are both consistent with regional averages but higher than proportions across metropolitan Melbourne. Gippsland has a relatively low proportion of culturally and linguistically diverse (CALD) people; 5.0 per cent of the population speak a language other than English at home, 0.7 per cent of people speak a second language and have low to no proficiency in English, and 12.8 per cent are born overseas. The proportion of people born overseas exceeds regional Victorian averages, but the former two measures underperform regional averages and are significantly lower than metropolitan Melbourne averages (see Figure 1.2.7).

Figure 1.2.7: Population Cohorts

■ Aboriginal and/or Torres Strait Islander

■ Core activity need for assistance

■ Speaks a language other than english (LOTE) at home

■ Speaks LOTE and proficiency in english poor or not at all

■ Born overseas

Source: (ABS, 2016a)

1.3
Socio-economic Profile

Despite overall growth in employment and economic output over the past five years, successes have not been equally realised across geographies and cohorts.

- As it relates to household incomes, socio-economic disadvantage and educational attainment, Gippsland tends to underperform regional Victorian averages.
- Baw Baw is the only LGA to consistently overperform regional Victorian averages, while East Gippsland tends to underperform.
- Relative to the general population rates in Gippsland, local Aboriginal and Torres Strait Islanders have poorer outcomes across labour force engagement and income measures.

Variable performance across LGAs indicates that there remain significant opportunities to improve educational attainment, engage disadvantaged cohorts and lift wages.

Income

Relative to the rest of regional Victoria, Gippsland has lower average household incomes and the region significantly underperforms metropolitan Melbourne. Underperformance is occurring at both ends of the income scale; 30 per cent of households earn over $1,000 per week and 48 per cent earn below $650 per week, while 32 per cent of households earn over $1,000 per week and 45 per cent earn less than $650 per week across regional Victoria.

Relative to the region, Baw Baw, Latrobe and Wellington have a larger proportion of households earning higher incomes while Bass Coast and East Gippsland have a larger proportion earning lower incomes (see Figure 1.3.1).

Figure 1.3.1: Household Income Distribution (Weekly)
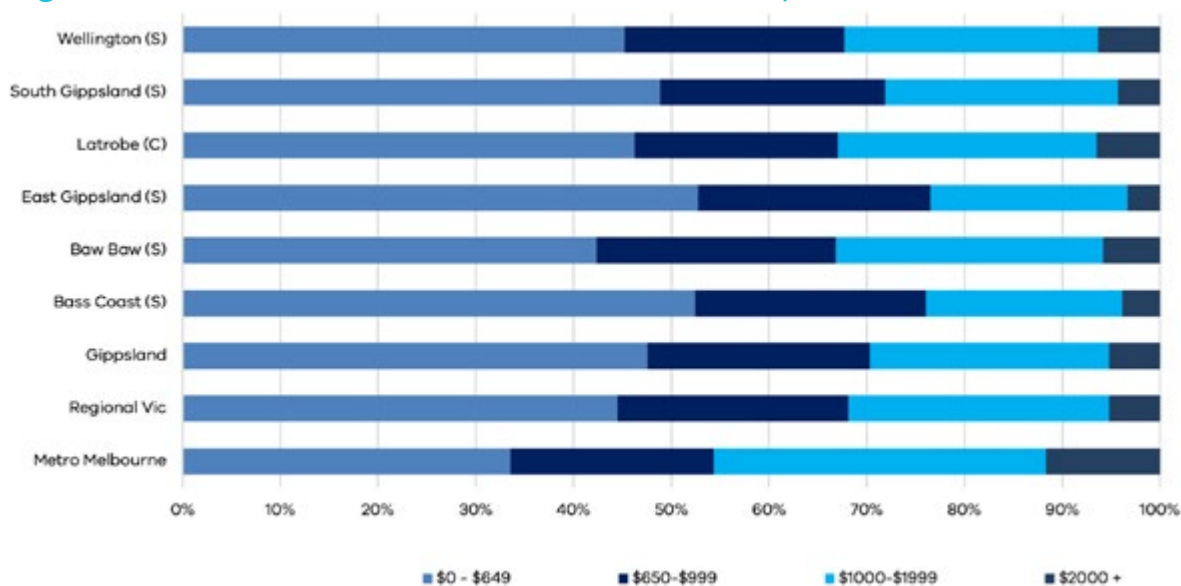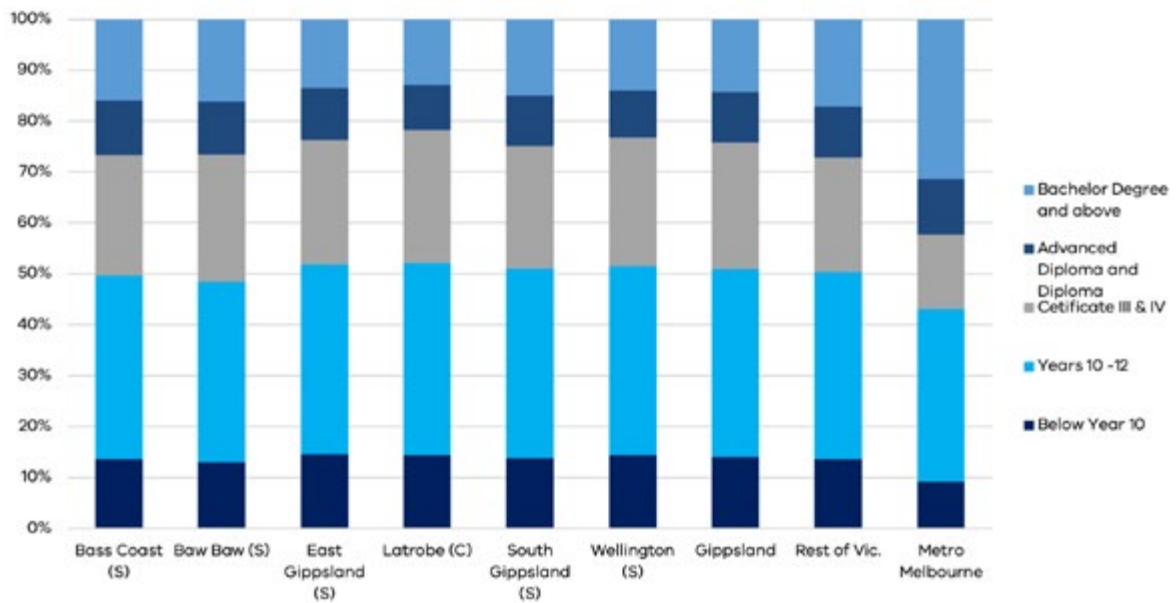

Source: (ABS, 2016b)

Education attainment

Broadly speaking, educational attainment in Gippsland is consistent with regional averages. However, there are slightly fewer people which have achieved a bachelor's degree or higher qualification, and slightly more with certificates as their highest level of attainment (see Figure 1.3.2).

Over half (51 per cent) of Gippsland residents have not progressed past high school and only 14 per cent have a bachelor's degree or higher. Meanwhile, 35 per cent have a diploma or certificate as their highest level of educational attainment. This spread is likely to be partly explained by the qualification levels required for major employment industries in the region, as well as the region's older demographic profile.

At an LGA level, Bass Coast and Baw Baw have slightly higher educational attainment than the rest of the rest however, the discrepancy is small.
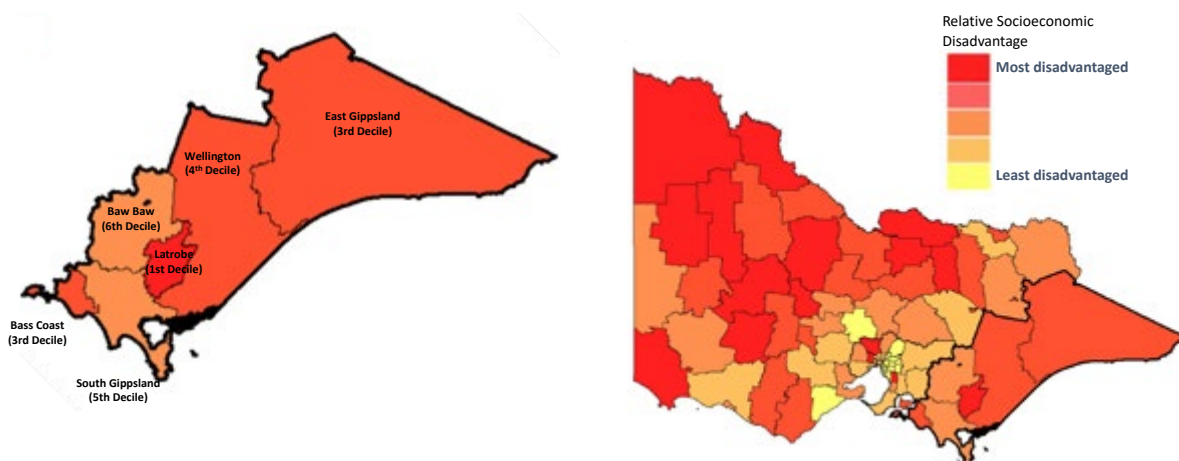
Figure 1.3.2: Educational Attainment (Highest Level)

Source: (ABS, 2016c)

Socio-economic Disadvantage

Map 1.3.3: Index of Relative Socio-economic Disadvantage (IRSD) Rankings (2016)

Source: (ABS, 2016d)

The Index of Relative Socio-economic Disadvantage (IRSD) is a general socio-economic index that summarises a range of information about the economic and social conditions of people and households within an area. The index provides an overall measure of the degree to which circumstances are unfavourable to socio-economic wellbeing and prosperity. It is calculated as part of the ABS Socio-economic Indexes for Areas (SEIFA) released with each Census.

Levels of socio-economic disadvantage differ across Gippsland. Baw Baw and South Gippsland Shires are the least disadvantaged LGAs in the region, and rank around the state median. Conversely, Latrobe is the one of the most disadvantaged LGAs in Victoria; ranked 4th out of 80 in 2016, and Bass Coast, East Gippsland and Wellington also have relatively high disadvantage rankings.

Between 2011 and 2016, only East Gippsland realised an improvement in its relative level of disadvantage. All other LGAs deteriorated or, in the case of Wellington, maintained its position (see Table 1.3.4).

Table 1.3.4: LGA Relative IRSD Rankings (2011 and 2016)

Local Government Area	2016 Rank (of 80)	2016 Decile	2011 Rank (of 80)	
East Gippsland (S)	19	3	17	▼
Bass Coast (S)	22	3	27	▲
Wellington (S)	25	4	25	=
South Gippsland (S)	35	5	48	▲
Baw Baw (S)	46	6	47	▲
Latrobe (C) (Vic.)	4	1	7	▲

Sources: (ABS, 2016d) (ABS, 2011)

Aboriginal Local Communities and Traditional Owners

Figure 1.3.5 illustrates the Traditional Owner groups present in the region.

Figure 1.3.5: Traditional Owner Groups

Gunaikurnai People
Bunurong People
Wurundjeri People
Taungurung People

Map produced by First Peoples — State Relations June 2021

(First Peoples State Relations, June 2021)

Aboriginal and Torres Strait Islanders[8]

Table 1.3.6 (below) indicates a range of measures which compares socio-economic outcomes for the Victorian population and for Aboriginal and Torres Strait Islanders. It shows that in each of the categories, the local Aboriginal and Torres Strait Islander population is more disadvantaged.

In the Gippsland region, Aboriginal and Torres Strait Islanders are almost three times more likely to be unemployed, with a 20.5 unemployment rate.

The labour force participation rate among Aboriginal and Torres Strait Islanders (51.1 per cent) is more than six percentage points lower than the average rate across the regional population. Aboriginal and Torres Strait Islander households are more likely to earn less than $650 per week (58.9 per cent of homes) than average (46.7 per cent of homes).

Furthermore, 28.4 per cent of Aboriginal and Torres Strait Islander young people in Gippsland are not engaged in work or study. This is significantly higher than the average rate of 13.5 per cent.

8. Cohort analysis includes all persons who identified as Aboriginal and/or Torres Strait Islander in the region on Census night 2016.

Table 1.3.6: Aboriginal and Torres Strait Islander Analysis

Category	Measure	Victoria	Regional Victoria	Metro Melbourne	Gippsland
Economic performance	Labour force participation rate (%)	64.5% ■	60.9% ■	65.8% ■	57.7% ■
	Aboriginal and Torres Strait Islander Victorians	*57.8%* ■	*52.8%* ■	*62.4%* ■	*51.1%* ■
	Unemployment rate (%)	6.6% ▲	5.9% ▲	6.8% ▲	6.9% ▲
	Aboriginal and Torres Strait Islander Victorians	*13.9%* ■	*16.5%* ■	*11.8%* ■	*20.5%* ▲
Disadvantage and shared prosperity	Households earning less than $650 per week (2016 dollars) (%)	34.8% ▼	43.1% ▼	31.8% ▼	46.7% ■
	Aboriginal and Torres Strait Islander households	*47.7%* ▼	*56.6%* ▼	*39.2%* ▼	*58.9%* ▼
	Children in jobless households (%)	16.4% ■	16.5% ■	16.3% ■	18.3% ■
	Aboriginal and Torres Strait Islander children in households	*36.3%* ▼	*40.9%* ▼	*31.4%* ▼	
Cohesive and liveable communities	People aged 15+ who volunteer (%)	20.9% ▲	26.7% ▲	18.9% ▲	26.1% ■
	Aboriginal and Torres Strait Islander Victorians	*19.9%* ▲	*19.5%* ▲	*20.3%* ▲	*19.1%* ▲
Skills and education	People aged 15–24 not engaged in work or study (%)	8.6% *	11.3% *	7.9% *	13.5% *
	Aboriginal and Torres Strait Islander Victorians	*21.7%* *	*25.0%* *	*18.6%* *	*28.4%* *

Notes: All Figures were calculated by aggregating Regional Partnership level data, to allow for comparison between each Figure. Accordingly, Figures for Victoria, Regional Victoria and Metro Melbourne may differ from headline Figures used by the Victorian Government.

Trend
(over five years, unless noted otherwise in the Data Dictionary):

▲ or ▼ **Favourable trend** – average annual movement of 1.0% or more

■ **Stable trend** – average annual movement of less than 1.0%

▲ or ▼ **Unfavourable trend** – average annual movement of 1.0% or more

* Trend not calculated as comparable time series data was unavailable.

(ABS Census, 2016)

Shading
(not applied where comparison between regions is uninstructive):

More favourable than the corresponding regional Vic average – by 5.0% or more

Similar to the corresponding regional Vic average – difference is less than 5.0%

Less favourable than the corresponding regional Vic average – by 5.0% or more

01 Economic Insights

1.4
Labour Market

Gippsland's workforce is relatively diversified with 70 per cent of employment spread across seven industries. However, there is employment specialisation across Agriculture, Forestry and Fishing, Mining, Electricity, Gas, Water and Waste Services and Arts and Recreation Services.

- Over the past 10 years, Arts and Recreation Services, Mining, Professional, Scientific and Technical Services sectors have experienced the strongest growth.

The region's unemployment rate is relatively low, however there remains some local government areas with stubbornly high unemployment rates. Therefore, the region is likely to have latent labour capacity, despite a comparatively low unemployment rate.

- Growth opportunities may exist by addressing the comparatively low participation rates (especially for female workers) and tackling pockets of high unemployment rates within some local government areas.

The labour market in the Gippsland region is relatively self-contained. However due to their proximity to metropolitan Melbourne, some councils see many workers commuting into the city. Employment and training opportunities must therefore maximise the benefits of being located close to metropolitan service providers.

Employment[9]

In 2020 there were 127,781 employed persons (see Figure 1.4.1) within Gippsland. Health Care and Social Assistance (16,264 workers) was the largest employing sector, followed by Construction (14,666 workers) and Education and Training (11,907 workers). The top seven employing industries account for almost 65 per cent of the region's workforce.

Construction Services is the largest employing sub-sector, accounting for almost 7 per cent of all workers in the Gippsland region and 60 per cent of all workers within the Construction sector (see Figure 1.4.2).

Figure 1.4.1: Employment by industry — Gippsland (NIEIR 2020)
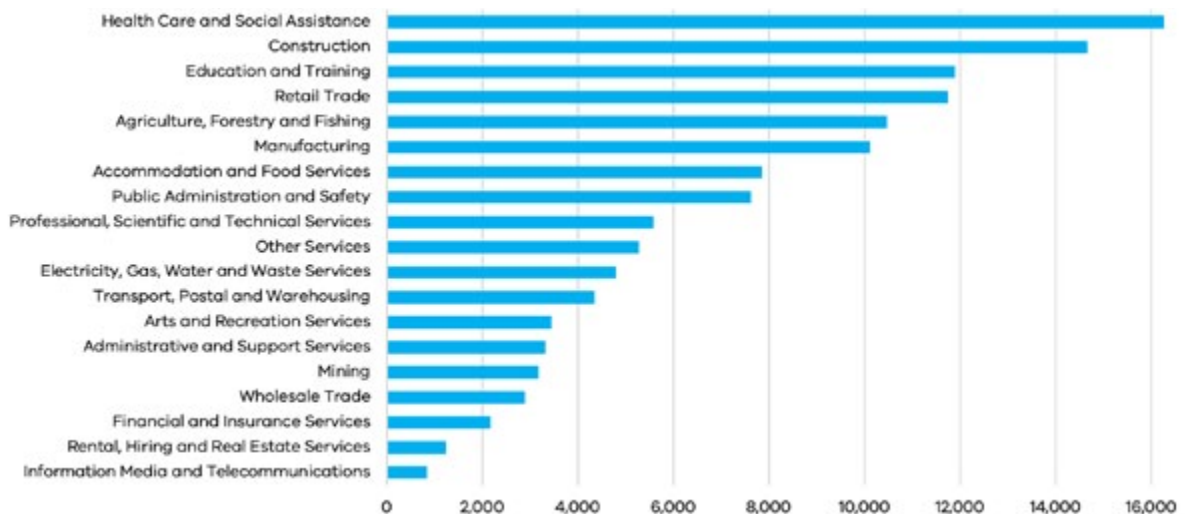
Source: (NIEIR, 2020)

9. Labour Market insights have used employment data by place of Usual Residence. Usual Residence refers to the area where a person usually lives regardless of where they were on Census night. This has been done to capture insights in the workforce who reside in the region. Journey to Work employment data has been used elsewhere in the supporting analysis and strategies as a measure of industry presence in a region. There will be small discrepancies between the two particularly in peri-urban regions where commuter patterns into Melbourne are higher.

Figure 1.4.2: Gippsland Sub-industry employment as a proportion total top 5 industry employment
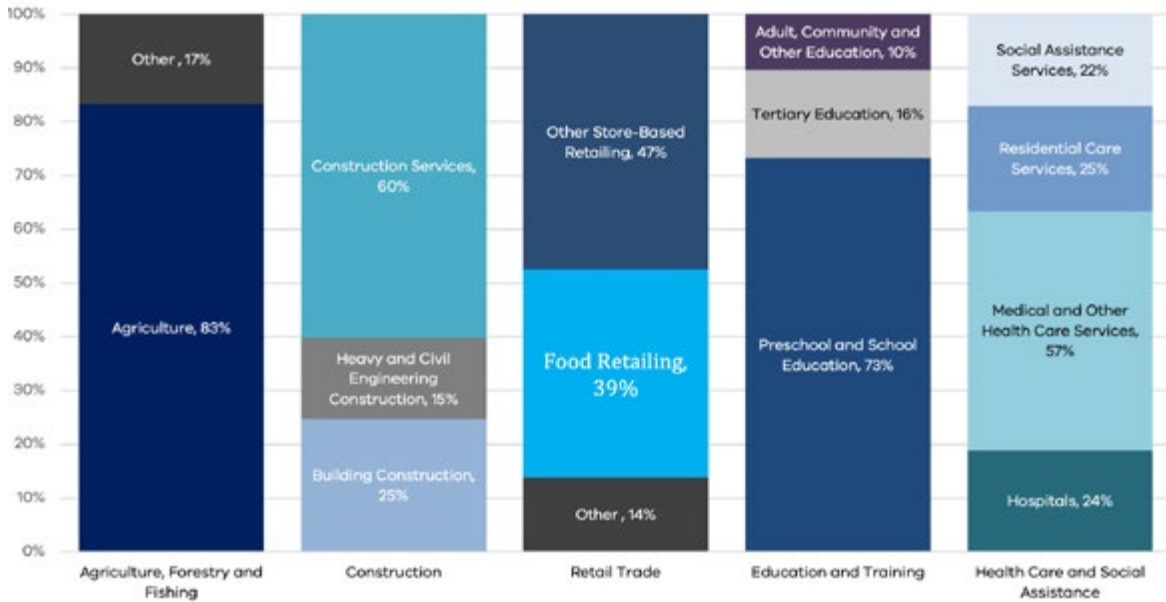
Source: (NIEIR, 2020)

The 10-year annual average annual growth rate for employment in Gippsland was 0.8 per cent. This result has had a large influence from the pandemic, with average annual employment growth being 1.5 per cent per annum between 2010–2019. The latest employment growth Figures are lower than regional Victoria (1.0 per cent) and metropolitan Melbourne (2.1 per cent). Among industries, 11 of the 19 industries in the region experienced an increase in employment over the last 10 years (see Figure 1.4.3).

**Figure 1.4.3:** 10-year average annual growth rate — Gippsland 2011-2020
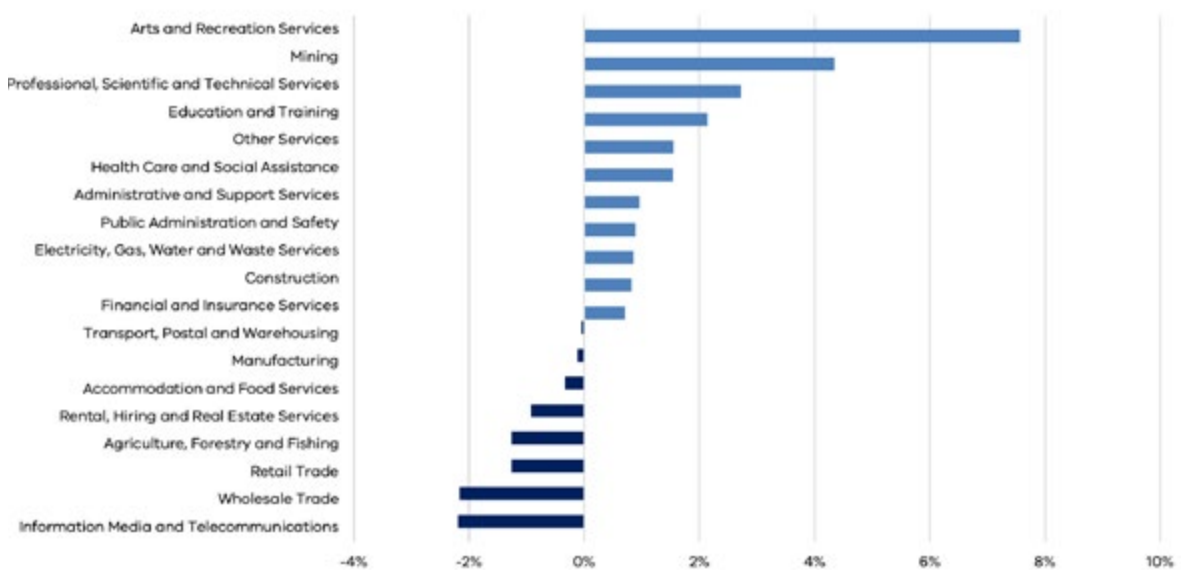
Source: (NIEIR, 2020)

Pre-COVID projections of employment (see Figure 1.4.4) forecast employment to increase by 6.0 per cent from 2019 to 2024, driven by employment in Health Care and Social Assistance and Education and Training. Four industries were expected to see a decline in employment, with Agriculture, Forestry and Fishing forecast to experience the largest. However, due to the significant disruptions caused by COVID-19, employment outcomes will now be significantly different from those expected.
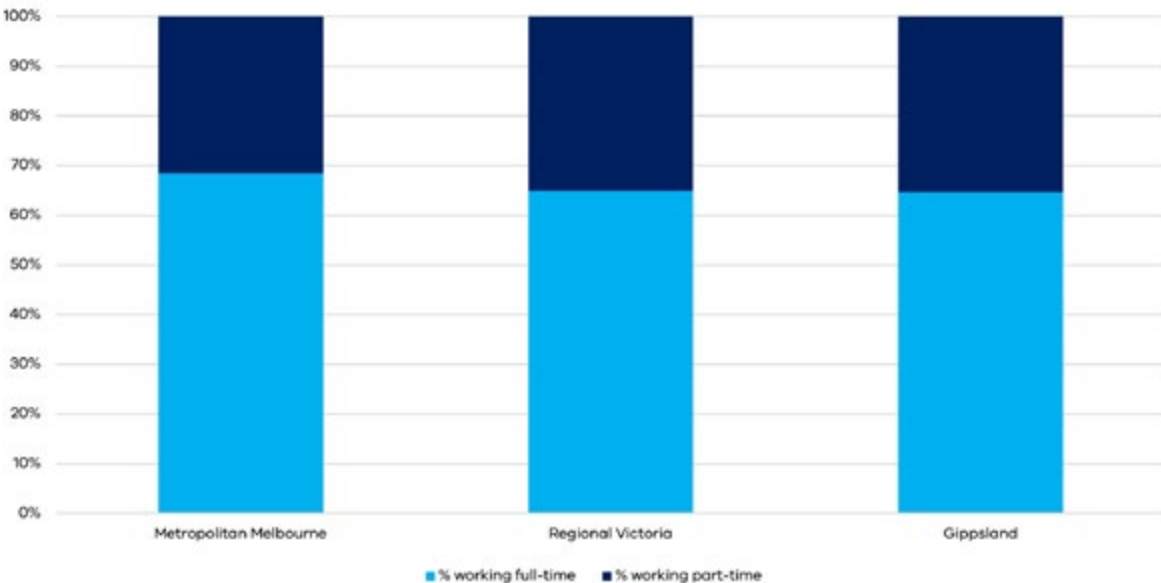
Figure 1.4.4: Projected change in employment, Gippsland SA4, 2019–2024
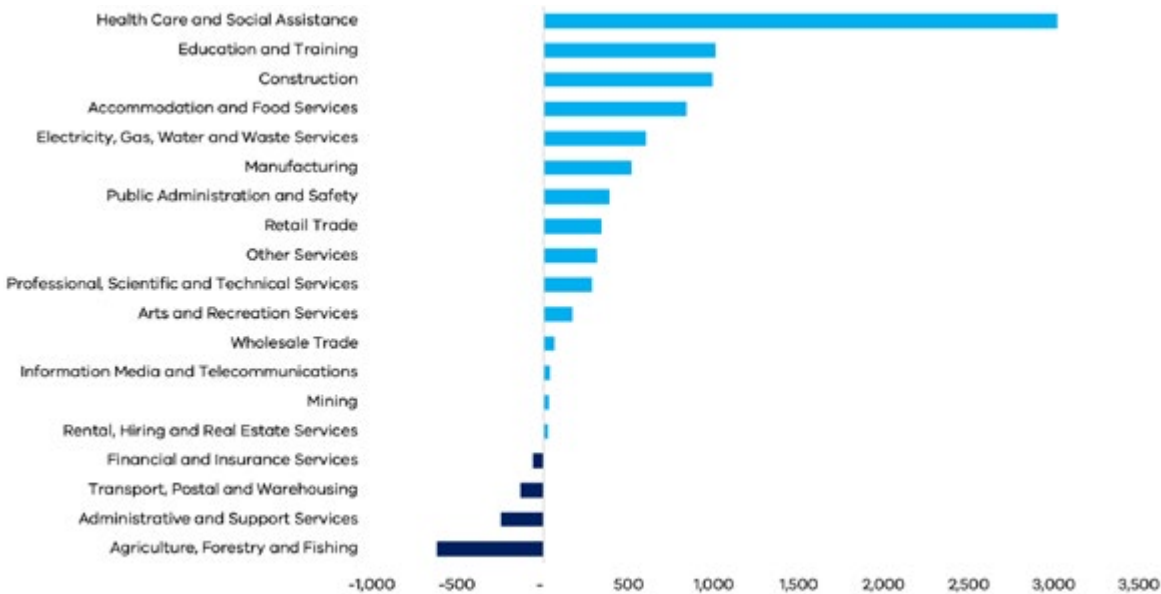
Source: (National Skills Commission, 2020)

Within the Gippsland region, 35 per cent of the workforce works part time. This is the same composition to regional Victoria however significantly higher metropolitan Melbourne (32 per cent) (see Figure 1.4.5).

Figure 1.4.5: Composition of employment 2020

Source: (NIEIR, 2020)

Unemployment rate

Over the past ten years, the unemployment rate in Gippsland has been considerably more volatile than that of regional Victoria and metropolitan Melbourne (see Figure 1.4.6).

Prior to the onset of the COVID pandemic (March quarter 2020), the unemployment rate in the region was 3.9 per cent. This was equal to the unemployment rate in regional Victoria (3.9 per cent), however below metropolitan Melbourne (5.2 per cent).

The region's long-term unemployment rate (December Qtr 2010 to March Qtr 2021) is 5.7 per cent; higher than that of regional Victoria (5.3 per cent) and just below metropolitan Melbourne (5.8 per cent).

Unemployment rate estimates since COVID has seen the unemployment rate in the region rise to 5.8 per cent, well above the regional Victorian average.

The downward trend in unemployment between 2016 and 2019, followed by an increase since the COVID pandemic has been relatively consistent across municipalities. Latrobe has maintained the region's highest level of unemployment over the past decade. (see Figure 1.4.7).

Figure 1.4.6: Unemployment rate by region
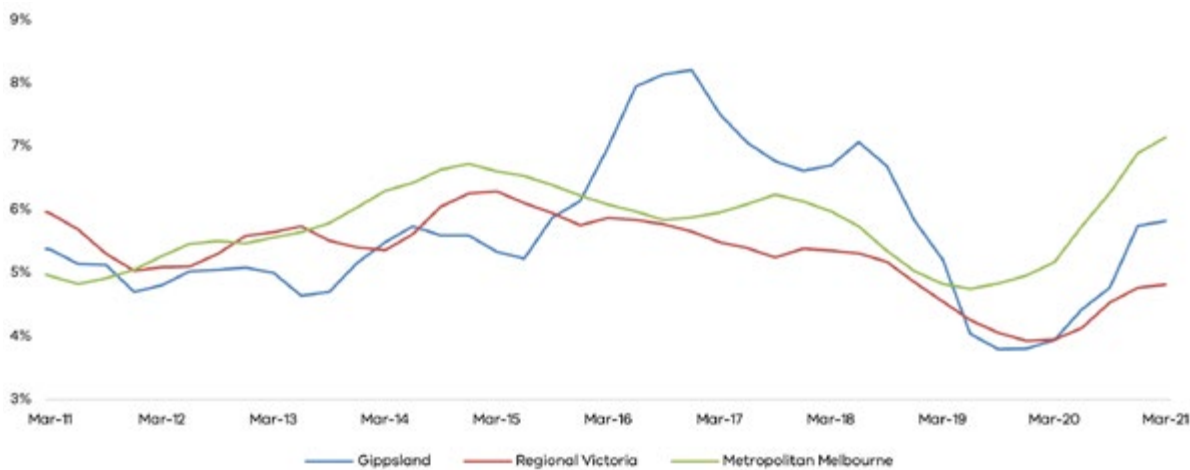
(National Skills Commission, 2021)

**Figure 1.4.7:** Unemployment rate, Gippsland LGAs
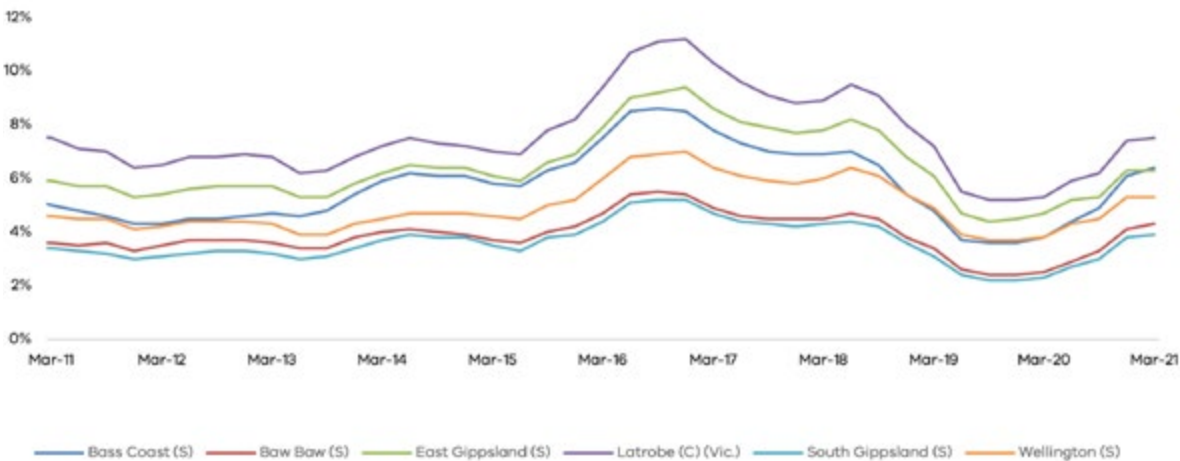
(National Skills Commission, 2021)

Participation rate

The labour force participation metropolitan rate in Gippsland (57.7 per cent) is significantly lower than regional Victoria (60.9 per cent) and Metropolitan Melbourne (65.8 per cent) (see Figure 1.4.8).
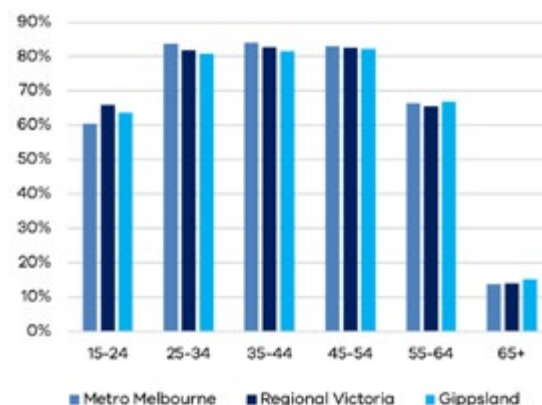
This is driven by lower participation rates across most age groups (see Figure 1.4.9), except for those aged over 55 years.

Figure 1.4.8: Participation Rate (2016)
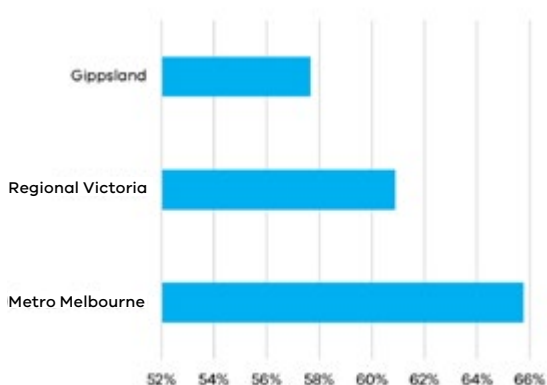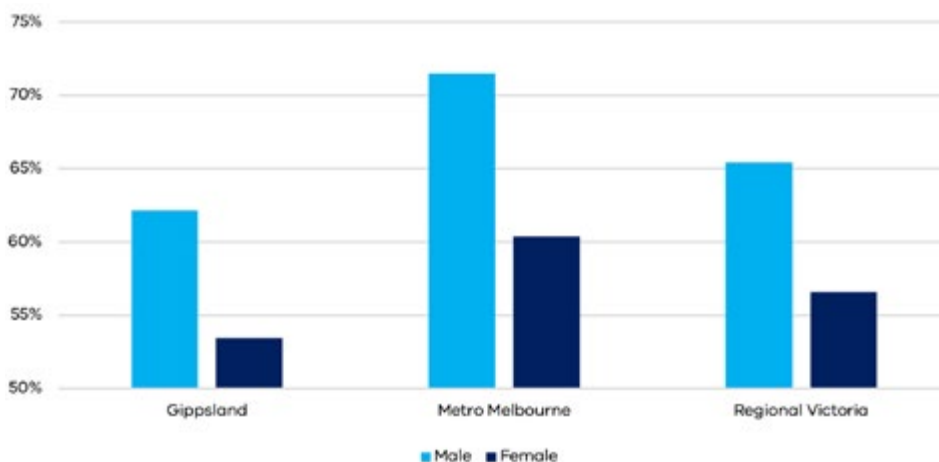

Source: (ABS Census, 2016)

Figure 1.4.9: Participation Rate Age Comparison (2016)

Source: (ABS Census, 2016)

Consistent with patterns across the state, the female labour force participation rate in Gippsland (53.5 per cent) is significantly lower than the male participation rate (62.1 per cent). Additionally, both the male and female participation rate are well below their respective participation rates in both metropolitan Melbourne and regional Victoria. This presents
an opportunity to boost future economic growth if participation rates among woman is lifted.
(see Figure 1.4.10).

**Figure 1.4.10:** Participation Rate By Gender (2016)

Source: (ABS Census, 2016)

Labour Productivity (Gross Regional Product (GRP) per worker)

Since 2001, labour productivity in the Gippsland region has fallen as the reliance on traditionally high paying industries, such as mining and electricity supply, have declined. In 2001 GDP per worker was above the regional and metropolitan averages. Following the same downward trend as regional Victoria, GDP per worker is now converging towards the metropolitan Melbourne average, which has been increasing. (see Figure 1.4.11).

While most local government areas have seen minor movements in GDP per worker over the past 20 years, Latrobe and Wellington have experienced large changes. Latrobe has seen declines, largely on account of a fall in coal mining and electricity supply. Wellington experienced a decline for the first decade of the century, but growth in the second. This is in part due to growth within the gas supply industry.
(see Figure 1.4.12).

Figure 1.4.11: Labour Productivity by Region
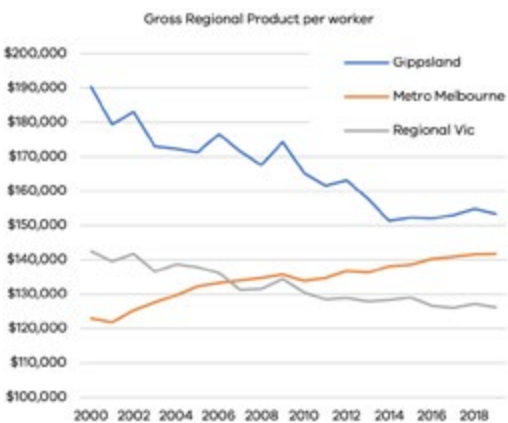
Source: (NIEIR, 2020)

Figure 1.4.12: Labour Productivity by LGA
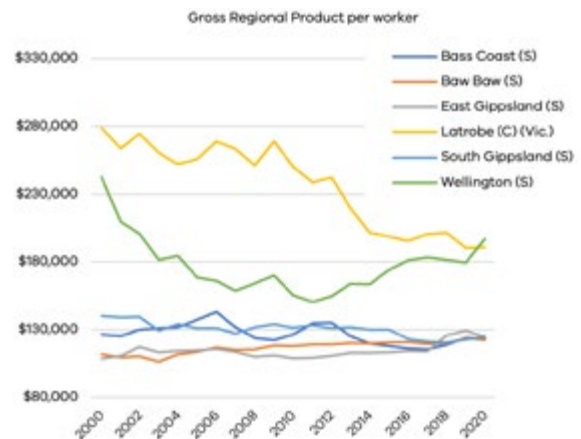
Source: (NIEIR, 2020)

Worker mobility and commuting across regions

The LGAs within the Gippsland region are largely self-sufficient in their labour markets, with most local jobs filled by local residents. The LGAs differ slightly in their self-sufficiency of their labour markets, ranging from 80 per cent in Baw Baw to 96 per cent in East Gippsland (see Table 1.4.13).

Consequently, most employed residents are also employed within the LGA they live
(also known as self-containment).

Within East Gippsland, 93 per cent of working residents are employed in the LGA, the highest level of employment self-containment in the region. This is likely due to the relative size and remoteness of the region and therefore the distance to external large employing centres. In comparison, only 63 per cent of workers who live in Baw Baw Shire also work within the shire. Given the LGA's proximity to metropolitan Melbourne, there is significantly more workers commuting outside the region (see Table 1.4.14).

Table 1.4.13: Labour Mobility

	Bass Coast (S)	Baw Baw (S)	East Gippsland (S)	Latrobe (C)	South Gippsland (S)	Wellington (S)
Total local workers (working anywhere) (UR)	12,538	21,253	17,006	29,493	12,185	17,944
Number of jobs in local area (POW)	10,260	15,787	15,690	30,606	10,666	17,068
Number of local jobs held by locals	8,784	12,655	15,027	24,831	8,658	14,761
Number of locals employed outside LGA	3,754	8,598	1,979	4,662	3,527	3,183
Employment Self containment	76%	63%	93%	87%	75%	86%
Employment Self Sufficiency	86%	80%	96%	81%	81%	87%

Source (ABS Census, 2016)

Table 1.4.14: Labour Mobility Across LGAs

Place of work ➜ / Place of residence ↓	Bass Coast (S)	Baw Baw (S)	East Gippsland (S)	Latrobe (C)	South Gippsland (S)	Wellington (S)	Outside Gippsland
Bass Coast (S)	8,784	67	3	97	888	21	1,761
Baw Baw (S)	56	12,655	11	2,800	239	95	4,237
East Gippsland (S)	8	12	15,027	83	3	337	602
Latrobe (C)	32	1,070	42	24,831	228	1,038	1,219
South Gippsland (S)	703	246	0	476	8,658	107	1,341
Wellington (S)	3	44	298	1,304	91	14,761	612
Outside Gippsland	668	1,671	294	1,005	546	697	

Source: (ABS Census, 2016)

Note: The Employment Self-Containment describes the percentage of employed residents who are employed within the boundaries of the LGA.

The Employment Self-Sufficiency describes the percentage of local jobs that are filled by local residents for an LGA.

Highlighted cells represent workers living and working within the same LGA.

1.5
Skills

Rising employment in skilled occupations is expected to support reductions in the region's level of disadvantage.

This increase in skills demand reflects the changing nature of the region's industry structure as demand for health care, education and professional services workers grow.

- Occupation skill levels are closely associated with measures of disadvantage such as educational attainment and income levels. Therefore, rising demand for skills workers will assist in tackling entrenched pockets of disadvantage.

Occupation

In 2021, there were approximately 78,900 workers in skilled occupations in Gippsland, representing 62.3 per cent of the local workforce. As a share of total workforce, Gippsland has a comparable share of skilled workers with regional Victoria (62.2 per cent), however the region still lags metropolitan Melbourne (67.3 per cent). In the five years to 2021, the number of skilled workers increased by approximately 6,900 workers (9.6 per cent), while the number of low skilled workers decreased by approximately 1,400 workers (2.8 per cent). The rising number of skilled workers is consistent with trends across regional Victoria and metropolitan Melbourne, where employment among skilled workers grew by 8.8 per cent and 22.1 per cent respectively.

Sales Assistants (General) were the largest employing occupation in Gippsland. Livestock Farmers and Registered Nurses rounded out the top three. Eight of the top ten employing occupations experienced an increase in employment. Livestock Farmers and Retail Managers were the only skilled occupations to record a fall in employment among the top 10. Furthermore, six of the top 10 employing industries were skilled occupations.

Table 1.5.1: Top 10 Employing Occupations

Gippsland	2021	2016	Change	Skill level*[10]
Sales Assistants (General)	7,100	7,400	- 300	Low Skilled
Livestock Farmers	6,800	8,600	–1,800	Skilled
Registered Nurses	3,500	3,000	500	Skilled
Retail Managers	3,300	2,700	600	Skilled
Primary School Teachers	3,000	2,300	700	Skilled
General Clerks	2,800	2,700	100	Low Skilled
Truck Drivers	2,800	2,700	100	Low Skilled
Secondary School Teachers	2,600	2,000	600	Skilled
Receptionists	2,400	2,300	100	Low Skilled
Motor Mechanics	2,000	1,700	300	Skilled

(Department of Education and Training, 2021) * skill level is defined as a function of the range and complexity of the set of tasks performed in a particular occupation. The greater the range and complexity of the set of tasks, the greater the skill level of an occupation. Skilled workers are defined as being classed between an ANZSCO Skill level of 1-3, while low skilled is classed as 4 or 5.

10. Skill level is defined as a function of the range and complexity of the set of tasks performed in a particular occupation. The greater the range and complexity of the set of tasks, the greater the skill level of an occupation. Skill level is measured operationally by the level or amount of formal education and training; the amount of previous experience in a related occupation, and the amount of on-the-job training required to competently perform the set of tasks required for that occupation.

02.
Comparative Advantage

The historical economic performance of a region serves as a good indicator of the industries which have a comparative advantage.

LQ analysis provides useful insights into the region's employment specialisation and business clustering. While insightful, they are only partial measures for understanding regional economies and comparative advantage. Comparative advantages can shift as a result of changes in government policies, new trade agreements and changes in the global economy, such as changing consumption patterns or increasing trade barriers. This analysis should therefore be considered alongside qualitative evaluations to help identify sectors with untapped and growing potential and support those industries to acquire a comparative advantage in the future.

Nonetheless, the analysis in this report provides a consistent picture of the region's revealed comparative advantage. As indicated by high levels of employment and GVA specialisation, and business clustering, the region has a strong advantage in the Agriculture, Forestry and Fishing, Mining and Electricity, Gas, Water and Waste Services, as represented by both high levels of employment specialisation, GVA specialisation, and business clustering alongside strength across a breadth of industries. This suggests the region has many local factors which may lead to additional economic opportunities.

The drivers behind the comparative advantages of the region are varied and will include local infrastructure, natural resources and proximity to inputs or key markets. A point in time snapshot undertaken by Infrastructure Victoria in 2019 (Gippsland Industry Profile 2019) found the region has considerable endowments across a range of attributes:

02 Comparative Advantage

2.1
Transport Infrastructure

Gippsland is well connected is to the East of Melbourne through an extensive road and rail network (see Figure 2.2.1) These networks connect the region to the ports at Hastings, Melbourne and Geelong and Eden in New South Wales. This connectivity is important to support economic activity with both interstate and international markets for the Gippsland region.

A regional profile of Gippsland completed in 2019 for Infrastructure Victoria identified that key transport infrastructure is centred around the road network, including:

- the Princes Highway which connects Melbourne, Latrobe, Bairnsdale and Sydney,
- the Great Alpine road which connects Bairnsdale, Omeo to Wangaratta
- the South Gippsland Highway connecting Longford to Melbourne
- the Strzelecki Highway linking Leongatha and Morwell
- the Bass Highway connecting Lang Lang — Wonthaggi and Leongatha
- the Monaro Highway linking Cann river to Cooma and Canberra,
- the Phillip Island Road linking Cowes and Anderson.

The region also has both direct passenger and freight rail routes which run from Bairnsdale to Melbourne through Latrobe and Warragul.

The coast of Gippsland has a number of small fishing ports including the state's largest commercial fishing fleet at Lakes Entrance. The far East of Gippsland has access to New South Wales towns of Bega and Eden, via the Princes Highway and this provides access to the Port of Eden.

The region does not have a major airport however is has a number of smaller regional airports, as well as the East Sale Royal Australian Air Force Base. The region has access through road freight to Tullamarine and Avalon airports which provides access to international markets.

Figure 2.2.1: Transport Connections, Gippsland

Source: (Infrastructure Victoria, 2019)

2.2
Digital Infrastructure[11]

There are significant discrepancies in the levels of digital inclusion between regional areas and metropolitan areas. The Australian Digital Inclusion Index (ADII) is a composite index used to measure digital inclusion across three dimensions of Access, Affordability and Digital Ability. In 2021, all LGAs in the region scored below the state average (71.0) on the index, with East Gippsland and Bass Coast scoring lowest, while Latrobe and Baw Baw scored highest.

Table 2.2.1: ADII Score Comparison 2021, VIC

Local Government Area	Score
Bass Coast	62.0
Baw Baw	66.0
East Gippsland	62.0
Latrobe	66.0
South Gippsland	64.0
Wellington	65.0
Vic Average	71.0

(Thomas, 2021)

Within population centres, mobile coverage appears to be adequate based on public coverage maps, however regional stakeholders often report the lived experience differs from what public coverage maps suggest. Mobile coverage quality also tends to be less reliable outside of regional population centres. The NBN Co rollout map (as at September 2020) indicates areas served by NBN Co fixed-line and fixed wireless services (purple) and those served by lower quality NBN Co Satellite services (white areas). The higher-quality fixed-line services (like FTTN and FTTP) are largely limited to town centres, with lower quality fixed wireless services serving the more sparsely populated surrounding areas (See Figure 2.2.2). In addition, coverage should not be taken to indicate connection quality.

Figure 2.2.2: NBN Rollout Map, Gippsland
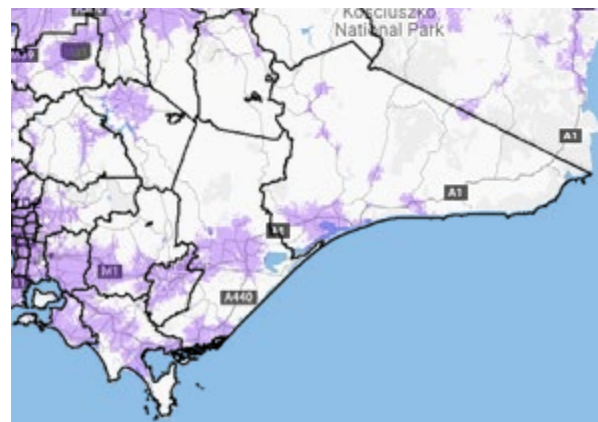
(NBNco, 2020)

2021 Connecting Victoria roundtable discussions identified a number of key digital issues for the region;

- Increased need for better home connectivity to support remote work, learning and tele health.

- Need for connectivity during natural disasters and emergencies — especially during Bushfire season in East and South Gippsland

- Need to address digital literacy in lower socio-economic and elderly demographics for connectivity during natural disasters and emergencies

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11. Fixed Broadband access terminology includes National Broadband Network (NBN) fixed-line broadband services including Fibre to the Premises (FTTP), Fibre to the Node (FTTN), Fibre to the Curb (FTTC), Fixed Wireless and Satellite service. Digital mobile networks capable of supporting voice telephony and data applications such as through 4G networks, with emerging Internet of Things capability.

Tourist attractions in cities and towns (such as Phillip Island and Ninety Mile Beach) are in general well served with mobile coverage, however the fixed broadband coverage has supply shortfalls. For more rural tourism locations, including alpine national parks and coastal walks, both the mobile coverage and fixed access broadband suffers supply shortfalls. (RDV, 2019).

The Victorian Government's $550 million Connecting Victoria program is designed to give more Victorians across the state access to business-grade broadband and high-quality mobile services. This includes improving 4G mobile coverage, helping more places become 5G ready, and improving public safety during emergencies through more resilient and accessible services.

The program will enable more businesses to take advantage of digital opportunities with more reliable, better value broadband in more places, including popular shopping streets and business parks.

The quality of digital infrastructure across the region is highly variable. General information about the pattern of digital infrastructure availability across regional locations is summarised in Table 2.2.3 below.

Table 2.2.3 General findings for the supply of digital infrastructure in regional Victoria.

	Fixed broadband access	**Mobile access**
Cities and large towns, such as Traralgon and Morwell	Generally comparable to metropolitan Melbourne with some access to FTTP and widespread provision of FTTN within town centres, but fixed wireless and satellite serving the town fringe and beyond	Generally comparable to metropolitan Melbourne with multiple carriers operating 4G networks, but quality and reliability of access can fade beyond town centre
Small towns and localities, such as Wurruk and Venus Bay	Generally provisioned with fixed wireless services in the town centre with the fringe and surrounding areas receiving satellite. Some small towns receive higher-speed FTTN or FTTC services	Less capacity and reliability than in larger towns. Better quality within the town centre than when moving into surrounding areas and between towns
Primary production areas, such as beef and dairy grazing around Warragul	Lower capacity fixed broadband technologies like fixed wireless and satellite available due to remoteness of these farms / businesses. Fixed wireless more available closer to population centres	Variable service quality across primary production areas. Better when closer to population centres and unimpeded by local topography
Tourist locations, such as Wilsons Promontory	Most relevant to tourist operators and businesses. Higher capacity technologies like FTTN available to operators in town centres, but lower capacity services like fixed wireless and satellite in more remote tourist locations	Often weak coverage in remote locations such as trail walks and national parks and network limitations in accommodating large influxes of visitors such as periodic events
Transport corridors, such as major highways and rail lines	N/A	Stronger and more reliable coverage on large highways and rail lines, with service quality and reliability compromised on smaller roads and in more remote areas

(Infrastructure Victoria, 2019)

2.3
Natural Endowments

Figure 2.3.1 shows the land use for Gippsland and its LGAs. The primary use land within the region is split between primary production and parkland use (36 per cent and 59 per cent respectively), however LGAs have different dispersions. For example, Bass Coast has 87% of is used for primary production, while 75 per cent of land in East Gippsland is parklands.

This split can be better understood spatially with the north and eastern regions having substantially more public parkland, while the central and south western regions is utilised more for grazing beef and sheep, and dairy.

Furthermore, the regional centres around Latrobe and closer to the urban fringe show significantly more land used for urban purposes (see Figure 2.3.2). The western border has more urban area which is expected to grow as the Melbourne urban fringe extends, which is likely to cause contested land use between agricultural uses and residential and industrial use.

Figure 2.3.1: Spatial Map Of Land Use

| Urban | Croppong | Dairy | Private forestry | Grazing sheep & beef | Horticulture | Other livestock | Public |

(Agriculture Victoria , 2020)

Figure 2.3.2: Land Use by LGA, Gippsland

Commercial Land Use · Industrial Land Use · Parkland Land Use · Primary Production Land Use
Residential Land Use · Water Land Use · Other Land Use
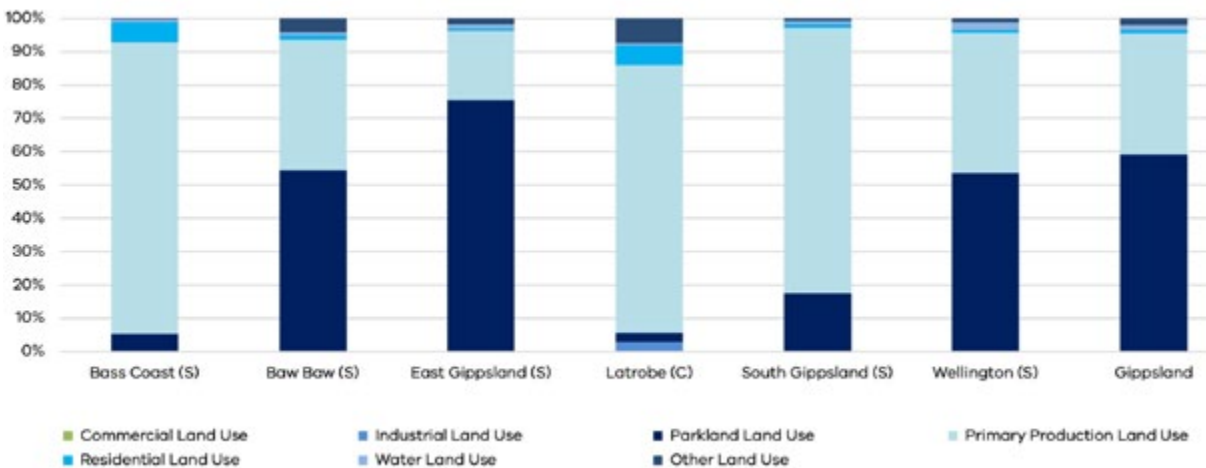
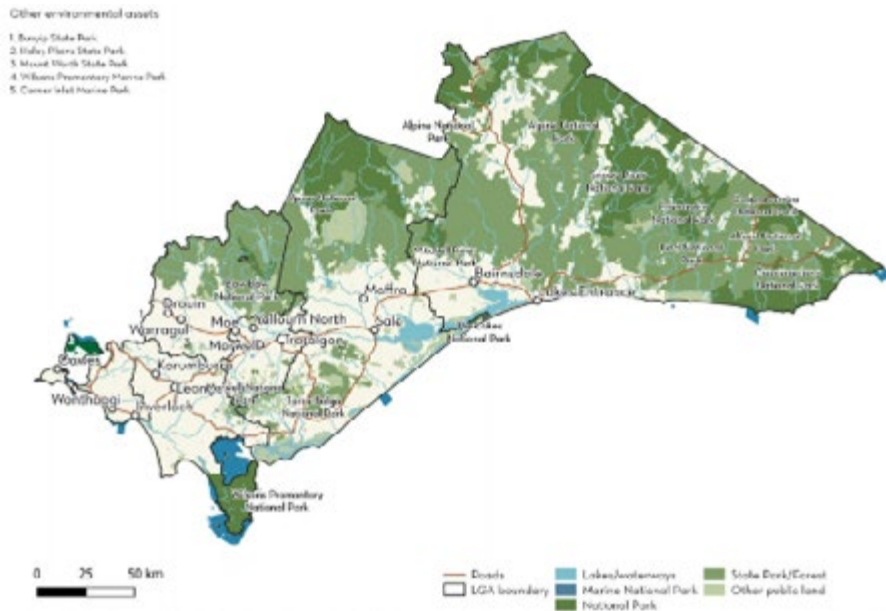(Infrastructure Victoria, 2019)

Environmental assets

The region has a rich range of natural assets including coastal regions, woodlands, forests and alpine landscapes. 59 per cent of land is taken by parkland, the most of any Victorian partnership region. East Gippsland, Wellington and Baw Baw have significant amounts of public land from areas such as Alpine National Park and Snowy River National Park. While all of the coastal facing LGAs in the region have a range of coastal, estuary and marine assets. This includes ecosystems for native plants and animals such as saltmarshes, mangroves and wetlands. This land provides value environmentally, socially and economically to the region, which is summarised in Table 2.3.3 and displayed in Figure 2.3.4. Many of these sites are associated with Aboriginal Cultural heritage as well as providing amenity to all local communities and attracting regional tourism. These environmental assets are at high risk of natural hazards such as flood and bushfires, as most recently experienced in the 2019/2020 summer bushfires which burnt significant parts of the region, particularly in the alpine regions and East Gippsland (Infrastructure Victoria, 2019).

Table 2.3.3: Key Environmental Assets, Gippsland

National Parks	Marine and Coastal parks
• Wilsons Promontory National Park	• Churchill Island Marine National Park
• Snowy River National Park	• French Island Marine National Park
• Tarra-Bulga National Park	• Bunurong Marine National Park
• Croajingolong National Park	• Wilsons Promontory Marine National Park
• Baw Baw National Park	• Corner Inlet Marine National Park
• Mitchell River National Park	• Nooramunga Marine and Coastal Park
• Errinundra National Park	• 90 Mile Beach Marine National Park
• The Lakes National Park	• Gippsland Lakes Coastal Park
• Morwell National Park	• Point Hicks Marine National Park
• Lind National Park	• Cape Howe Marine National Park
• Alfred National Park	• Cape Conran Coastal Park.
• Coopracambra National Park.	

State Forest and State Parks	Other
• Bunyip State Park	• The Victorian Alps
• Mount Worth State Park	• Conservation reserves such as Buchan Caves
• Holey Plains State Park.	• Walhalla Historic Area.

(Infrastructure Victoria, 2019)

Figure 2.3.4: Gippsland Region — Key Environmental Assets

Source: (Infrastructure Victoria, 2019)

Mineral resources and forestry

The Gippsland region has significant association with coal mining and electricity generation, which has been and remains a large part of the region's economy and employment, although the industry has been in transition. The Latrobe Valley contains almost all of Victoria's coal reserves, including open cut mines at Yallourn and Loy Yang which support local electricity generation. The region also supplies much of the state's natural gas through Off-shore oil and gas extraction in the Bass Strait (Infrastructure Victoria, 2019).

Gippsland also has vast timber resources which has supported a large and vibrant timber industry for over a century.

The timber industry in Gippsland employs over 2,500 people, in growing, managing, harvesting, hauling and primary processing.

The extensive area of native forest to the north of Warragul and the Latrobe Valley contain high-quality Mountain Ash, Alpine Ash and mixed species eucalypt stands that provide sawlogs for over 11 mills across Gippsland and the Yarra Valley that employ over 450 people. The high-quality logs are processed into appearance-grade timber products including furniture, flooring, staircases and window frames. Lower quality logs are used for the production of high-quality paper products at the Maryvale mill in the Latrobe Valley. The mill is one of regional Victoria's largest private employers, providing work for approximately 900 employees.

The extensive mixed species eucalypt forests in East Gippsland provide sawlogs to five sawmills in that part of the region that employ over 100 people. The timber is processed into high value appearance-grade products including furniture and flooring as well as for structural uses. Lower grade timber is used for applications such as production of pallets.

The harvest and haulage of native forest timber in Gippsland and East Gippsland employs over 300 people.

Gippsland also supports an extensive Radiata Pine plantation estate, mainly to the south of the Latrobe Valley. The timber from these plantations is used in the production of packaging products, and products for the outdoor market. As the estate recovers from fire it is expected that softwood sawlog supply from the region will increase.

The Victorian Government is undertaking work to incentivise new plantation investment in Gippsland via the Gippsland Plantations Investment Program. This program is using government's $110 million commitment to new plantation development to leverage and accelerate private investment and boost new plantation development in Gippsland to generate wood supply where there is market demand and willing buyers; particularly focusing on Radiata Pine. Competitive market processes to identify a suitable proponent to undertake this plantation estate expansion are approaching finalisation, expected to bring considerable plantation development activity to the region over the next 5-10 years. In November 2019 the Victorian Government announced the Victorian Forestry Plan which plans for a transition from native forest harvesting to a wholly plantation-based supply from 2030.

The Plan aims to maintain productive and sustainable communities and includes support for workers, businesses and communities throughout the transition period. These include grants for businesses to transition to plantation timber, support for large-scale plantation development and funds to grow other businesses and create jobs.

The region also has been an important gold mining industry with goldfields at Walhalla, Grant, Dargo and Swifts Creek. There may be opportunities in gold mining as well as extraction of other minerals including lead, iron, silver and platinum. (State Government of Victoria, 2014).

The Grantville — Nyora area is an important supplier of sand resources to the construction industry, the proximity to which in the region allows advantages in cost effective construction, as well as exports into Melbourne. (State Government of Victoria, 2014)

Renewable energy

Energy generation in Gippsland has been closely linked to coal historically and remains the case currently. However there has been a growing focus on renewable energy, in particular the role is could play as the region transitions away from coal-fired electricity generation. A renewable energy roadmap for Southern Gippsland identified the region has significant potential due to world class wind resources and strong solar resources. The region's high levels of agriculture would support potential for bioenergy, and other natural assets in the region could support small scale hydro and marine wave power (Latrobe Valley Authority, 2018).

The Gippsland region is also host to a number of large proposed renewable and emissions reduction projects such the CarbonNet project, for carbon capture and storage in the offshore Gippsland Basin which is in the project development phase (Earth Resources Vic, 2020)..

There is opportunity to generate significant amounts of renewable power in the region. The renewable energy roadmap for Southern Gippsland identified that the high voltage transmission infrastructure in the Latrobe Valley is an endowment that supports the regions capacity to export renewable energy. However other parts of the region have limited capacity to take on new connections, especially for large scale projects. Growth in renewable generation in these regions would therefore require improved transmission infrastructure and storage capacity (DELWP, 2019).

03
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04
Strategic context

Gippsland Regional Economic Development Strategy

The following table describes the local strategies, plans and frameworks that shaped the Gippsland REDS, including to define an economic narrative for the region and ensure the strategic directions in the REDS are aligned with local priorities. It forms part of the Supporting Analysis — Gippsland REDS.

The following groups did not have an up-to-date strategy or plan focused on regional economic development outcomes at the time of drafting: South Gippsland Shire Council, East Gippsland Shire Council, Bunurong Land Council Aboriginal Corporation and Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation

Table 4.1.1: Strategic context

Gippsland Regional Plan 2020-25 Gippsland Regional Plan Leadership Group 2020	
Purpose	Gippsland's long-term strategic plan for improving the economic, social, cultural and environmental outcomes for the Gippsland region and community
Identified priorities	• Collaborators and partners • Carers of our Country, environment and natural assets • Creators of a new economy • A connected Gippsland • Highly educated and skilled people, life-long learners • Healthy, happy and inclusive community
Influence on the REDS strategic directions	✔ **Food and fibre**
	✔ **Energy transition**
	✔ **Visitor economy**
	✔ **Health care**
	✔ **Advanced manufacturing**

Towards 2030 – Gippsland Destination Management Plan Destination Gippsland 2019	
Purpose	Identifies opportunities to strengthen the tourism offering, lift visitor numbers and improve the resilience and adaptive capacity of Gippsland
Identified priorities	• Collaborative and effective leadership and governance across industry and community • Strengthen Gippsland's appeal as a destination through brand awareness and co-ordinated marketing • Develop Gippsland's experiences that encourage new and existing markets to visit, stay and spend • Invest in diverse and exciting regional events • Invest in place-making to support the visitor economy • Revitalise visitor servicing across the region
Influence on the REDS strategic directions	✔ **Food and fibre**
	✔ **Visitor economy**

Accelerating growth of the Gippsland food and fibre industry
Gippsland Regional Partnership
2019

Purpose	Sets an aspirations growth target for the regional food and fibre industry that will contribute to the economic prosperity of the Gippsland region
Identified priorities	• Positioning food and fibre as the backbone of Gippsland's economy • Transforming food and fibre's innovation ecosystems • Developing future industries • Connecting Gippsland • Sustainable energy, land use and water • Attracting and cultivating talent and leadership for the industry
Influence on the REDS strategic directions	✔ **Food and fibre**
	✔ **Energy transition**
	✔ **Visitor economy**
	✔ **Advanced manufacturing**

Gippsland Regional Digital Plan
Gippsland Regional Partnership
2019

Purpose	Provides the evidence base of the supply and demand for digital services to provide forward looking guidance for digital priorities and inform government policy and program development
Identified priorities	• Access • Ability • Affordability
Influence on the REDS strategic directions	✔ **Food and fibre**
	✔ **Visitor economy**
	✔ **Health care**
	✔ **Advanced manufacturing**

Gippsland's Future Health and Community Services Workforce
Latrobe City, Latrobe Regional Hospital and the Latrobe Valley Authority

Purpose	Identifies key trends in the growth of the health and community services sector and recommends actions to develop the health and community services workforce
Identified priorities	• Promote career and work opportunities in the health care and social assistance sector • Grow Gippsland's own workforce • Population attraction into Gippsland for key roles
Influence on the REDS strategic directions	✔ **Health care**

Investment Roadmap; 2030 and beyond
Latrobe City
2021

Purpose	Outlines the roadmap for Latrobe's City to be a regional hub of innovation
Identified priorities	• Industry-led education, skills and training • Advanced manufacturing • Regional and rural health innovation hub • Circular economy

Influence on the REDS strategic directions	✔	**Food and fibre**
	✔	**Energy transition**
	✔	**Health care**
	✔	**Advanced manufacturing**

Southern Gippsland Renewable Energy Roadmap
Department of Environment, Land, Water and Planning
2019

Purpose	Outlines the local context as it relates to renewable energy generation and transmission infrastructure and articulates a vision and pathway for the future of renewable energy in Southern Gippsland
Identified priorities	• Town-scale renewable energy and storage • Bioenergy opportunities from waste products • Sharing the benefits through partnerships with large-scale renewable energy developers • Local government collaborative investments • Mid-scale solar farms

Influence on the REDS strategic directions	✔	**Energy transition**

Gippsland Regional Growth Plan
Department of Environment, Land, Water and Planning
2014

Purpose	Provides directions for land use and development in Gippsland and detailed planning framework for key regional centres
Identified priorities	• Strengthen economic resilience by growing a more diverse economy that is supported by new investment, innovation and value-adding in traditional strengths • Promote a health environment by valuing Gippsland's environmental and heritage assets, and by minimising the region's exposure to natural hazards and risks • Develop sustainable communities through a settlement framework comprising major urban centres that ensures residents have convenient access to jobs, services, infrastructure and community facilities • Deliver timely and accessibly infrastructure to meet regional needs for transport, utilities and community facilities
Influence on the REDS strategic directions	✔ Food and fibre ✔ Energy transition ✔ Visitor economy ✔ Health care ✔ Advanced manufacturing

Bass Coast Economic Development Strategy 2016-21

Purpose	Outlines the Council's economic aims for the region
Identified priorities	• Economic vibrancy facilitates and supports existing business growth • Community wellbeing through quality of life is achieved by the provision of facilities and services to support prosperity • Visitors are welcomed and the community benefits from their presence • Environmental sustainability is well planned and included in all infrastructure development and service delivery
Influence on the REDS strategic directions	✔ Food and fibre ✔ Energy transition ✔ Visitor economy

04 Strategic context

Wellington Shire Council Economic Development Strategy 2016-22

Purpose	Sets out key issues and strategic objectives for the region and provides an action plan to support Wellington's economy to stay strong, to continue to diversify and to align with the aspirations of the Shire's community
Identified priorities	• Leverage existing industries and assets to diversify the economy through value-adding activity • Invest in critical infrastructure to support current activity, attract new investment and attract service residents • Reliable, up-to-date information and the right formal and informal structure, partnerships and people in place working together to help develop the economy • Improve response to changing market needs • Promote and celebrate Wellington's strengths
Influence on the REDS strategic directions	✔ Food and fibre ✔ Energy transition ✔ Visitor economy

Baw Baw Economic Development Strategy 2018-21

Purpose	Seeks to enhance Council's objectives to create vibrant communities, a thriving economy and safe and sustainable environments
Identified priorities	• Business engagement • Business attraction • Business advocacy • Tourism
Influence on the REDS strategic directions	✔ Food and fibre ✔ Visitor economy

Aboriginal Economic Development Strategy; Building on the legacy
Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC)
2021

Purpose	To facilitate and progress the economic development aspirations of the Gippsland Aboriginal Community and to support established businesses to grow and flourish
Identified priorities	• Getting on with business • Relationships and connections • Business support • Business innovation and growth
Influence on the REDS strategic directions	✔ Food and fibre ✔ Visitor economy

Gunaikurnai Whole of Country Plan
GLaWAC
2015

Purpose	Sets the foundation for how the Gunaikurnai people will move forward, manage Country and participate in society and contains decision-making principles
Identified priorities	• To have a strong, healthy and happy mob • To heal our Country • To protect and practice our culture • To be respected as the Traditional Owners of our Country • To have the right to use, manage, and control our Country • To be economically independent • To have a strong focus on learning Note: Broad focus is on participation and creating opportunities for Aboriginal people rather than sector specific directions
Influence on the REDS strategic directions	✔ **Food and fibre** ✔ **Visitor economy**

Economic Development Strategy 2017-22
Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC)

Purpose	Sets out GLaWAC's role in economic and business development across commercial enterprise development, investment attraction and facilitation and small and medium sized business support
Identified priorities	• Economic opportunities • Grow our business • Support small to medium-sized enterprise • Jobs for our people • Note: Focus on business capabilities and job creation across sectors, rather than being industry or sector specific

Taungurung Land and Waters Council Aboriginal Corporation Strategic Plan 2016-20

Purpose	One-pager laying out the vision, values, objectives, key strategies and indicators of success for the Taungurung Traditional Owners
Identified priorities	• **Vision:** Protecting our rights, building our future • **Values:** Celebrating Taungurung identity, engaging with respect, influencing with integrity, driving change through leadership • **Objectives:** Supporting our mob, progressing our interests, growing our business, implementing our agreement
Influence on the REDS strategic directions	✔ **Food and fibre** ✔ **Energy transition** ✔ **Visitor economy**

Taungurung Land and Waters Council Aboriginal Corporation Country Plan

Purpose	The Country Plan provides an outline of Taungurung Country, Culture and People, and communicates Taungurung vision and aspirations
Identified priorities	• Identity, recognition and rights • Health and wellbeing • Cultural heritage • Taungurung traditional knowledge • Caring for our Country • Economic independence (focus on self-determination, business growth in areas of expertise, securing rights to natural resources)
Influence on the REDS strategic directions	✔ **Visitor economy**

Latrobe Valley New Energy; Jobs and Investment Prospectus
Latrobe Valley Authority
2018

Purpose	Highlights opportunities for international and local businesses to invest in Victoria's new energy transition in the Latrobe Valley
Identified priorities	• Clean energy potential • Energy supply chain and workforce capabilities • New energy products and services
Influence on the REDS strategic directions	✔ **Energy transition**

CarbonNet: CCS Regional Economic Benefit Assessment – Gippsland
EY Australia for CarbonNet
2021

Purpose	Provides a detailed economic assessment of the direct and indirect economic benefits relates to the construction of the CarbonNet program
Identified priorities	• NA — Assessment rather than priority setting document

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