

THE CITY OF
GREATER GEELONG

WRITTEN SUBMISSION TO THE VLGGC ANNUAL ALLOCATION REPORT 2024-2025

—

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Executive summary

The City of Greater Geelong (the City) welcomes the opportunity to provide a written submission in relation to the Victorian Local Government Grants Commission (the Commission) *Annual Allocation 2024-2025*.

We acknowledge that the report shows that the City (and the greater Geelong region) continues to perform relatively well on the allocation through size, especially population, and some sizeable areas of low SEIFA scores.

Given this position the City receives the second highest funding allocation after the City of Casey. We also have the fastest growing local government area in Victoria with the highest projected housing and population growth for Victoria.

It is important that anticipated / projected growth, and the required social infrastructure to support new growth areas, is factored into future funding allocations, particularly the *Population Growth* cost adjustor as Victoria embarks on an unprecedented housing investment plan which will require 139,800 new homes in the greater Geelong region alone. Allocation of funding is required to prepare for population growth not just to respond to experienced growth.

This funding allocation is critical to the City's delivery of services and works, which means that consistency in timing or receipt of funds, value of funding and most importantly, their untied nature, is paramount to the City's capacity to successfully deliver on community needs. Including delivering to some of the lowest SEIFA areas in the country sitting at decile 1 and 2.

We wish to highlight that it is critical to the local government sector, nationally and in Victoria, that the total size of the allocation is increased to 1% or more of Commonwealth Tax Revenue to support the sustainability of local government.

The City while generally satisfied with the methodology used by the Commission and the overall set of cost adjustors to be used, the cost adjustors and cost drivers to be applied to each expenditure function, and the weightings applied to each cost adjustor.

However, we note that tourism and visitor economy create significant service and infrastructure pressures on greater Geelong. This pressure is growing as we see post-pandemic tourism growth growing exponentially.

The City would value the opportunity to work with the Victorian Local Government Grants Commission to explore the role of tourism (*Tourism* cost adjustor) and its impact in the methodology, noting the challenges with accessing objective, reliable and consistent data across all 79 councils.

The City would welcome discussion with the Commission in relation to the two highlighted cost adjustors, ***Population Growth*** and ***Tourism*** and look forward to seeing the outcome of this round of consultations.

Submission

The City welcomes the opportunity to provide a written submission in relation to the Commissions *Annual Allocation Report 2024-2025*.

ABOUT US

Broadly speaking, the report shows that Geelong continues to perform relatively well on the allocation through size, especially population, and some sizeable areas of low socio-economic indexes for area (SEIFA) scores.

As highlighted in City's submission into the *Inquiry into Local Government Funding and Services* each local government area has unique infrastructure needs. Local governments must tailor their investments to address specific challenges, such as transportation, utilities, and public facilities. Alongside the demands that arise based on natural endowments, such as beaches, rivers and lakes, national parks, and forests. This diversity will influence economic opportunities and development strategies.

Victorian local government's emphasise place-based initiatives that address local needs. These initiatives focus on collaboration, tailoring solutions to specific socioeconomic conditions within each locality. Place-based approaches are important at the local government level as it enables sharing of decision-making control with communities who see themselves as equal partners in the success of their community.

Local socioeconomic conditions vary due to factors such as industry and jobs, industry closures, remoteness, impacts of natural disasters, access to services including health and social services and diverse challenges facing community members including youth, family, refugee, and aged care support challenges.

Economic specialisation, infrastructure, and administrative capacity also shape local government's role.

Victoria's local governments are good at adapting to their unique socioeconomic contexts, emphasising collaboration and tailored solutions, however in acknowledging this it is also important to highlight what this means at the local level.

Our growth

The City is the second-largest city in Victoria. Located 75 kilometres south-west of Melbourne, greater Geelong

covers an area of 1,252 square kilometres, comprising suburban, coastal and country areas.

Outside of metropolitan Melbourne, greater Geelong is the most populated region in Victoria, with an estimated resident population of 282,809, with a population density of 225.8 persons per square km (ABS Estimated Resident Population 2023). Over the past decade, the population of greater Geelong has experienced significant growth in the western and eastern corridors. Population is forecast to grow to 396,388 by 2041.

Given this position the City receives the second highest funding allocation after the City of Casey.

The size and demographic profile of the municipality continues to shift and change. The population is aging. Residents over 65 years of age has increased by 22.8% between 2016–2021.

Conversely, over the past 10 years, birth rates have increased significantly, with the population of young children expected to continue to increase.

The regions culturally and linguistically diverse communities also continue to increase. A total of 17.7% of the total population were born overseas. Migration has been key to the development of the region and today, the City welcomes new arrivals from countries such as Afghanistan, Iran, Iraq, South Sudan, Congo, and Myanmar. International students are also an important part of the rich multicultural fabric of the region.

Community size and expectations on local governments have significantly changed in the last 10 years, this can be seen in the community profile of greater Geelong:

Population growth: 282,809 (ABS Estimated Resident Population 2023) between 2016 and 2021 the population increased by 37,626 people (16.1%). This represents an average annual population change of **3.03%** per year, with 2024 estimates sitting at 289,272. Increasing demands and stress on all aspects of community infrastructure, services, and the environment.

Population density: 225.8 persons per square km (ABS Estimated Resident Population 2023).

SEIFA Index of Disadvantage: In 2017 the municipality sat at a score of 1,007.

For Statistical Areas Level 1 (SA1s) across Australia, the average (population weighted) SEIFA score on the index of disadvantage is 1,000. Comparatively the region sits at a

higher level of disadvantage than the G21 Region at 1,016.4. Increasing demand on social services infrastructure.

Health and Wellbeing: 35.9% of the population identify as having long term health conditions, increasing demands on health and social assistance.

Employment: 23.4% of the population identify as having a household income of less the \$800 (low). 34.3% of the population identifies as not in the labour force, 4.4% unemployment.

Between 2016 and 2021, the number of people employed in the municipality showed an increase of 26,010, and the number unemployed showed a decrease of 1,068. In the same period, the number of people in the labour force showed an increase of 24,942 or 22.5%. Of the 117,834 people who work in the municipality, 96,343 or 81.8% also live in the area. This places increased demand on roads, transport and parking as more people commute to work.

Economic Profile: \$19.57 billion GRP with 144,568 Local jobs and 22,090 Local businesses. Largest Industry – Health Care and Social Assistance (NIEIR *State of the*

Regions dataset May 2024) which talks to the demand for health care and social assistance across the region.

Affordable housing: It is estimated that 5,487 households have an unmet need for affordable housing in the region. This represents 5.3% of all households compared to 4.5% for Regional Victoria. (ABS *Estimating Homelessness 2021* and ABS *Census 2021*).

While the City welcomes this growth this brings with it fiscal challenges during challenging economic times.

Over the twelve months to the September 2024 quarter, all living cost indexes rose between 2.8% and 4.7%.

Costs have been on an upward trend year-on-year placing pressures on local governments to deliver against Precinct Structure Plans and Developer Contribution Provisions that were developed and agreed on during more favourable financial times.

The financial impost on local government to fully carry the financial risk for infrastructure provision when costs escalate, erodes the capital collected years before.



Local government carry substantial risk when supporting infrastructure work to meet this growth.

The greater Geelong region is the fastest growing local government area in Victoria with the highest projected housing and population growth in Victoria.

It is important that anticipated / projected growth and the required social infrastructure to support new growth areas is factored into future funding allocations, particularly the *Population Growth* cost adjustor as Victoria embarks on an unprecedented housing investment plan which will require 139,800 new homes in the greater Geelong region alone. Allocation of funding is required to prepare for population growth not just to respond to experienced growth.

OUR SERVICE NEEDS

This funding allocation is critical to the City's delivery of services and works which means that consistency in timing or receipt of funds, value of funding and, most importantly, their untied nature is paramount to the City's capacity to successfully deliver on community needs. Including delivering to some of the lowest SEIFA areas in the country sitting at decile 1 and 2.

Untied funding

Both components of this funding are untied in the hands of local government, allowing the City to allocate the grants according to local priorities, this is critical for delivery of services and infrastructure works.

Untied funding is a significant form of investment for local governments. It provides the flexibility to allocate funds to areas most needed by the community, whether it is for building new infrastructure, delivering programs that meet community needs, or maintaining essential services and facilities like pools, libraries, sporting grounds, and roads.

The ability to direct this funding strategically is crucial, especially since local governments often face challenges with short-term grants that may not align with the long-term service planning, timelines, and community needs.

Adequate untied funding allows for a more effective and efficient use of resources, enabling local government to address specific local priorities without the constraints of externally imposed conditions.

OUR SERVICE CHALLENGES

We wish to highlight that it is critical to the local government sector, nationally and in Victoria, that the total size of the allocation is increased to 1% or more of Commonwealth Tax Revenue to support the sustainability of local government.

Cost of living crisis

Cost of services continue to rise through a combination of increased delivery as population grows and increased cost to deliver. The cost of services delivered to the community for the 2024-25 year is expected to be \$386.4m which is an increase of \$27.0m over the 2023-24 forecast.

The key influencing factors are the increased price of materials, external services, and employee costs. In the period 201-2022 to 2027-2028 there has been an increased cost of service delivery of 28.97%.

Because of that, the City relies on this funding allocation for financial sustainability.

METHODOLOGY

The City is broadly satisfied with the methodology used by the Commission and the overall set of cost adjustors to be used, the cost adjustors and cost drivers to be applied to each expenditure function, and the weightings applied to each cost adjustor.

However the City would like to reinforce again the growth impacting the City and the need for the allocation to sit at 1% or more of Commonwealth Tax Revenue to support the sustainability of local government.

The two cost adjustors which could benefit from reflection and consideration include **(1) Population growth** and its impact on social infrastructure and services in high growth areas. Especially in local government areas that are experiencing unprecedented growth as is being seen in the greater Geelong region as highlighted above. Investment is required to prepare for population growth not just to respond to experienced growth after it happens.

Additionally, **(2) Tourism** (and visitor) cost adjustor needs to reflect the true economic impact on infrastructure, services, and the environment that local government must meet. This requires the capacity to forward plan and put in place the infrastructure and services to meet growth in

tourism as it continues to build. Again, this investment is required to prepare for the tourist growth not just to respond to historical growth.

Tourism / Visitor economy

Tourism and visitor numbers have a significant impact on the Greater Geelong and Bellarine regions. As highlighted by Tourism Greater Geelong and the Bellarine, *2024 Fast Facts*:

Economic Contribution: Tourism is a major economic driver for the region. In 2019, the total visitor spend was worth \$1.1 billion. This includes spending on accommodation, food, entertainment, and other services, which supports local businesses and creates jobs.

Visitor Numbers: The region attracted around 6 million visitors in 2019/20, with 1.6 million overnight visitors and 4.4 million daytrip visitors. This influx of visitors helps sustain various sectors of the local economy.

Community and Infrastructure: Increased tourism requires the development of infrastructure such as roads, public transport, and recreational facilities and increased services such as waste removal. While this not only benefits tourists but also improves the quality of life for residents, funding allocations need to consider the local context closely when identifying the additional infrastructure and services required and the cost to service this.

Cultural and Social Impact: Tourism brings cultural exchange and diversity to the region. Events and festivals attract visitors and foster a sense of community and pride among residents.

Environmental Considerations: While tourism boosts the economy, it also requires careful management to protect natural resources and maintain sustainability. Tourism in the greater Geelong (including the Bellarine) regions however also impacts the environment by increasing pressure on natural resources and ecosystems.

Overall, tourism and visitor economy play a crucial role in the prosperity and development of the greater Geelong region.

Tourism in the greater Geelong region has grown significantly over the past decade. Before the pandemic, visitor numbers and spending increased steadily, with total visitor spend reaching \$1.1 billion by 2019. Although the pandemic caused a temporary decline, the region has

shown a strong recovery, with visitor numbers rising by 25% in 2022 and further increasing to 6.2 million by 2023.

Tourism and visitor economy places significant service and infrastructure pressures on the City. This pressure is growing.

The City would value the opportunity to work with the Victorian Local Government Grants Commission to explore the role of tourism and its impact in the methodology, noting the challenges with accessing objective, reliable and consistent data across all 79 councils.

SUMMARY

The City, while generally satisfied with the methodology used by the Commission and the overall set of cost adjusters to be used, the cost adjusters and cost drivers to be applied to each expenditure function, and the weightings applied to each cost adjuster, we have identified in this submission two areas that could benefit from further discussion.

- (1) Population growth
- (2) Tourism

The City would welcome discussion with the Commission in relation to these cost adjusters and how they are calculated and look forward to seeing the outcome of this round of consultation in relation to the *Annual Allocation 2024-2025*.

REFERENCES

- VLGGC - [2024-25-VLGGC-Annual-Allocation-Report-Sept-2024.pdf](#)
- ABS - Estimated Resident Population 2023
- NIEIR - State of the Regions dataset May 2024
- ABS - Estimating Homelessness 2021
- ABS - Census 2021
- .idcommunity - [City of Greater Geelong Community profile](#), 2024
- Tourism Greater Geelong and the Bellarine - [2024 Fast Facts](#)

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