



City 'may be unliveable' in a decade

CHIP LE GRAND

Melbourne, Australia's fastest-growing city, is at risk of becoming "unliveable" within a decade while regional Victoria will languish in recession unless a comprehensive plan is developed to encourage more people to live and work outside the city, a new report predicts.

The Victorian opposition is considering a range of measures to decentralise the state's city-centric population, including payroll tax concessions for regional businesses, land tax and stamp duty concessions on properties outside Melbourne and establishment of Irish-style special economic zones beyond the urban growth boundary.

The interim report of the opposition's Victorian Population Policy Taskforce also shows rising support for a policy that has been taboo for nearly 20 years: reducing the population intake that has supercharged Melbourne's economy and housing market.

The report's authors acknowledge that state governments have no control over Australia's immigration policies and, particularly, the size of the skilled migration program that drives population growth in Sydney and Melbourne.

Taskforce member Bob Birrell, a population researcher and advocate for reduced immigration, says the record-high permanent migration intake of about 205,000 people is having a "disastrous impact" on Melbourne and Sydney.

The report finds broad support throughout Melbourne and

regional Victoria for decentralisation, a policy last seriously pursued in Victoria by the Hamer government in the 1970s.

It also attaches a significant economic dividend to rebalancing the state's lopsided population growth. It quotes an Essential Economics report that found the

cost of welcoming new arrivals to the city is three times the cost of settling them in regional areas.

According to the Australian Bureau of Statistics, 6.1 million people live in Victoria. Almost

four in five live in Greater Melbourne and 90 per cent of new arrivals settle in Melbourne.

The report warns this degree of centralisation, combined with Victoria's forecast population

growth, is unsustainable. "Without a comprehensive plan, Melbourne is at risk of becoming Australia's most unliveable city within a decade and regional Victoria may not share the prosperity that comes with increased population," it says.

This warning is supported by an SGS Economics analysis showing that in the past two years, the economies of Sydney and Melbourne have grown at more than 4 per cent annually while Victoria's regional economy has shrunk.

The city-country divide is even sharper when measured in GDP growth per capita, with both regional Victoria and regional NSW in the red. Only Queensland, the least centralised of mainland states, bucks the trend.

Victoria and Melbourne were the fastest-growing state and city in the nation, said taskforce chairman and Liberal MP Tim Smith. "This report is a genuine exercise in policy development but the politics are simple: we have got a government that is not planning for this massive intake of people."

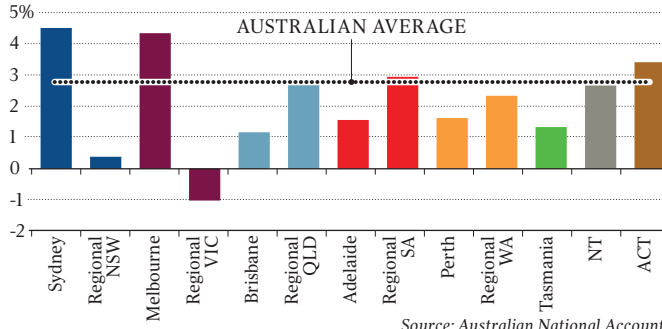
The proposed solutions are chosen from a broad menu of economic incentives, improved regional rail links, relocating government agencies outside Melbourne and better marketing of regional Victoria's lifestyle and housing advantages.

The taskforce will publish the interim report today and invite consultation.

COMMENTARY P12



UPS AND DOWNS OF GDP GROWTH, 2015-16



Source: Australian National Accounts

