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FRANKSTON & MORNINGTON PENINSULA BENCHMARKING ANALYSIS

FINAL REPORT

COMMITTEE FOR GREATER FRANKSTON | AUGUST 2022



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1. INTRODUCTION

1.1. BACKGROUND & PURPOSE

Urban Enterprise has been engaged by the Committee for Greater Frankston to prepare benchmarking analysis of Frankston and Mornington Peninsula (aggregating two local government areas) in comparison to Greater Geelong (a singular local government area). The Committee perceives Frankston and Mornington Peninsula to be comparable to Geelong in terms of its proximity to Melbourne, as well as the two areas' population and economic profile.

The Committee has engaged Urban Enterprise to compare the economic and population profile of the two regions, and understand the scale of government investment in each region over the past decade. It is understood the analysis will be used for advocacy purposes.

To the extent that there is a funding disparity, the Committee has made it clear that it is not critical of the funding provided to Geelong, but instead is focussed on remedying the shortfall in funding to Frankston/Mornington Peninsula.

1.2. METHODOLOGY

The following methodology has been adopted for the analysis:

1. **Background Review** – undertake a review of all background materials relevant to the analysis;
2. **Demographic & Economic Profile** – prepare a demographic and economic profile of Frankston/Mornington Peninsula and Geelong; and
3. **Government Funding Analysis** – analyse historical government investment in Frankston/Mornington Peninsula and Geelong.

1.3. INFORMATION SOURCES

The information analysed in this report has been compiled from the following key sources:

- Economic, employment and population data obtained from the Australian Bureau of Statistics Census data;
- Population and economic data obtained from id. Consulting (profile id, economy id and forecast id);
- Grant funding data obtained from Local Government Victoria (Know Your Council); and
- Victorian Government Budget data, primarily sourced from annual state capital programs.

1.4. LIMITATIONS OF THE RESEARCH

This research provides a quantitative analysis of government investment in Frankston/Mornington Peninsula and Geelong over the past 10 years. The analysis is limited in that it makes no assessment on the quality and nature of government funding provided to each region. The analysis does not infer that government investment in Geelong over the past 10 years, or in the future, is unjustified in any way.

It should also be noted that Surf Coast has not been included in the Geelong region. Surf Coast has been excluded from the analysis due to the minor impact this would have on the overall outcomes of the research and the complications associated with comparing a municipality that plays a purely regional economic role to Frankston and Mornington Peninsula.

No government funding related to the upcoming Commonwealth Games has been included in the analysis due to the limited location specific investment information currently available.

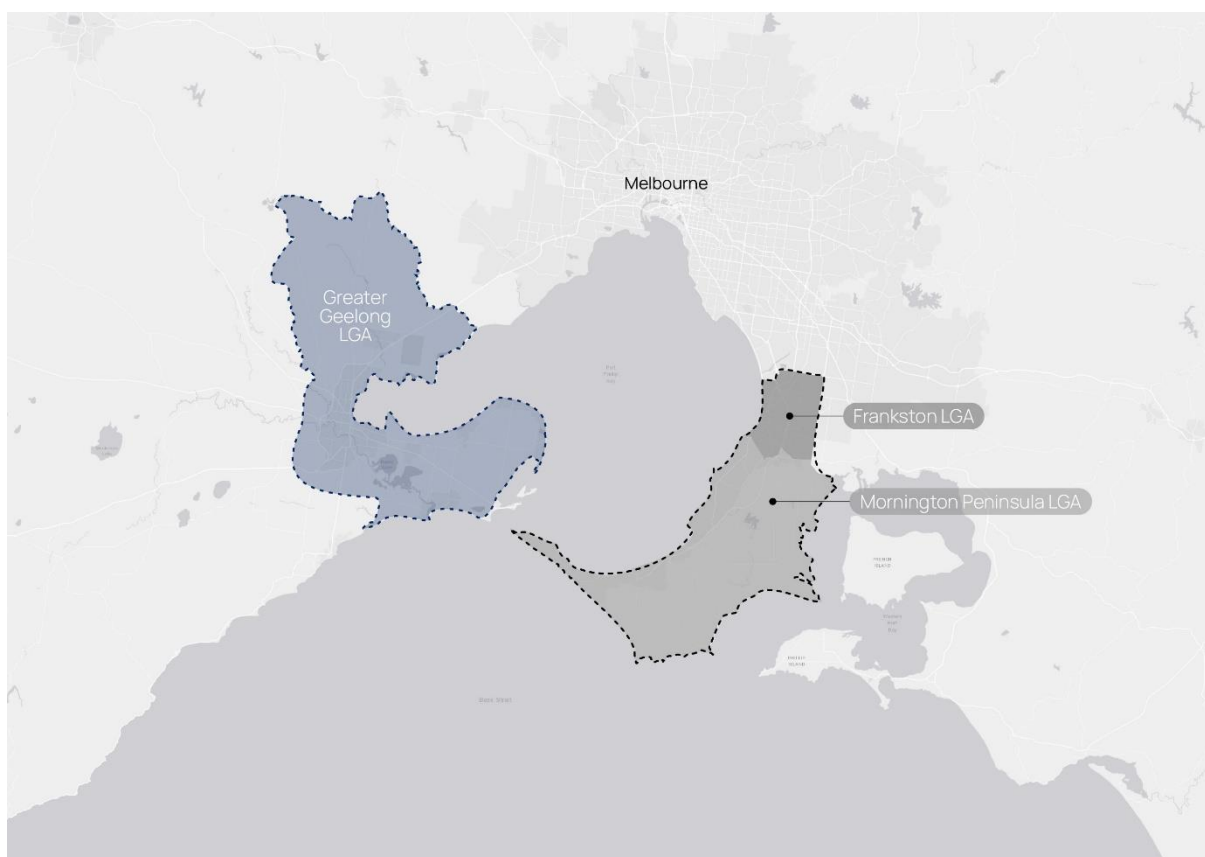
2. BENCHMARKING & CASE STUDY ANALYSIS

2.1. REGIONAL BENCHMARKING

This section provides a regional benchmarking analysis, comparing Frankston and Mornington Peninsula to Geelong. Throughout the analysis, the municipalities of Frankston and the Mornington Peninsula (referred to in the analysis as Frankston/Mornington Peninsula) have been aggregated to create a population of similar scale to Geelong (i.e. Greater Geelong LGA).

A range of economic and demographic data for the two regions has been collected to allow for a comparison to be undertaken across various indicators. This is followed by analysis of historical government funding to explore the type and scale of government investment in Frankston/Mornington Peninsula in comparison to Geelong.

F1. REGIONAL BENCHMARKING BOUNDARIES



Source: Urban Enterprise, 2022

2.2. DEMOGRAPHIC PROFILE

Table 1 provides a summary of the demographic profile of Frankston, Mornington Peninsula and Geelong. The following key findings related to the demographic profile have been observed:

- Frankston/Mornington Peninsula have a larger combined population than Geelong, but have grown at a much slower rate over the past 10 years;
- Geelong's population is expected to gain nearly 90,000 residents over the next 15 years, while Frankston /Mornington Peninsula combined are forecast to add 55,000 residents;
- Geelong and Frankston's population both have median age of 39 years, however, Mornington Peninsula has an older age profile with a median age of 48 years; and
- Geelong and Frankston have a similar Socio-Economic Indexes for Areas (SEIFA) score, while the Peninsula has a higher level of advantage.

T1. DEMOGRAPHIC PROFILE

Indicator	Frankston	Mornington Peninsula	Frankston/Mornington Peninsula	Geelong
Population (2021) ¹	140,809	170,390	311,199	270,776
AAGR (2011-2021) ¹	0.8%	1.3%	1.1%	2.3%
Forecast Population (2036) ²	165,786	200,365	366,151	360,245
AAGR* (2021-2036) ²	0.9%	1.1%	1.1%	1.9%
Median Age (2021) ¹	39	48	NA	39
SEIFA* (2016) ¹	1,001	1,030	NA	994

Source: 1. Census of Population and Housing, Australian Bureau of Statistics. 2. Forecast id. * Note AAGR = Average Annual Growth Rate, SEIFA = Socio-Economic Indexes for Areas.

2.3. ECONOMIC PROFILE

Table 2 provides a summary of the economic profile of Frankston, Mornington Peninsula and Geelong. The following key findings related to the demographic profile have been observed:

- Geelong has a slightly larger economy than Frankston/Mornington Peninsula from an output and employment perspective;
- Geelong and Mornington Peninsula have low unemployment rates, while Frankston has a relatively high level of unemployment; and
- All three municipalities have a relatively similar employment profile, with health, retail, education and accommodation and food services all providing a significant share of jobs in all municipalities.

T2. ECONOMIC PROFILE

Indicator	Frankston	Mornington Peninsula	Frankston/Mornington Peninsula	Geelong
Output (2022)¹	\$14.2B	\$17B	\$31.2B	\$34.8B
Unemployment (2022)²	5%	3.4%	NA	3%
Employment (2016)³	40,571	47,314	87,885	91,489
Top Employing Industries (2016)³	Health care & social assistance (21%) Retail trade (14%) Construction (10%) Education & training (10%) Manufacturing (8%)	Health care & social assistance (15%) Retail trade (15%) Construction (11%) Accommodation & food services (10%) Education & training (9%)	Health care & social assistance (18%) Retail trade (14%) Construction (11%) Education & training (9%) Accommodation & food services (9%)	Health care & social assistance (18%) Retail trade (14%) Education & training (11%) Manufacturing (8%) Accommodation & food services (8%)

Source: 1. Remplan. Note Output represents the gross revenue generated by businesses / organisations in each of the industry sectors

2. Small Area Labour Markets Estimates, National Skills Commission. 3. Census of Place of Work, ABS

2.4. GOVERNMENT FUNDING

The following provides quantitative analysis of historical government funding data to understand the type and scale of public investment in Frankston/Mornington Peninsula in comparison to Geelong over the past 10 years.¹

The analysis is limited in that it makes no assessment on the quality and nature of government funding provided to each region. As such, this assessment should not be interpreted as providing any form of qualitative assessment on government investment in either region. As previously mentioned, Surf Coast has been excluded from the analysis due to the minor impact this would have on the overall outcomes of the research. No funding related to the upcoming Commonwealth Games has been included in the analysis due to the limited location specific investment information currently available.

Please note that differences in funding for specific projects across the different sections (2.4.2 to 2.4.4) relate to the source and nature of the funding.

2.4.1. GRANT FUNDING TO LOCAL GOVERNMENT

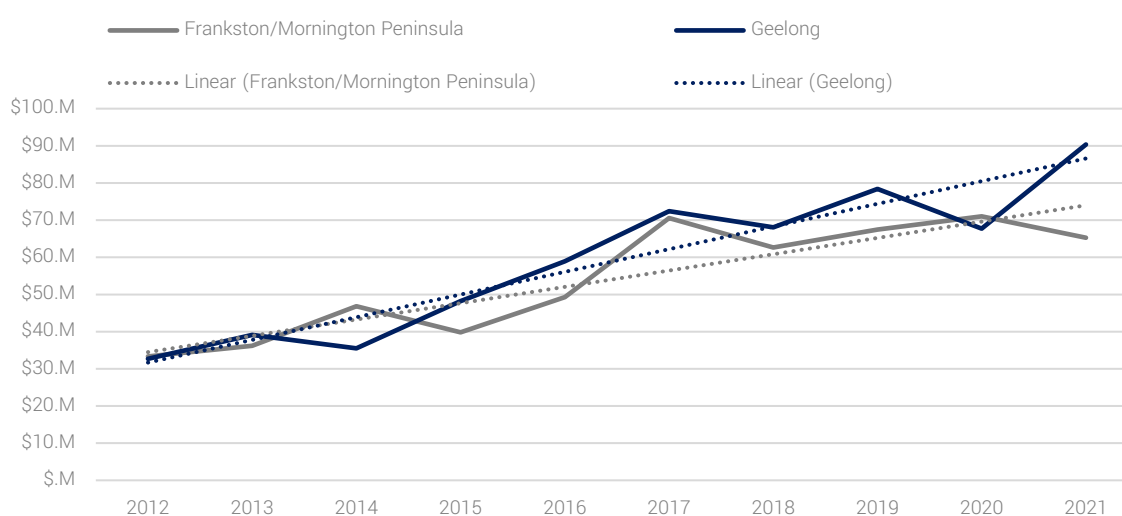
State and federal government provide funding to local governments to assist in the delivery of local services, provide business support and facilitate infrastructure investment at the municipal level. The Victorian Grants Commission collects data on one-off and ongoing funding received by local councils from both the federal and state governments.

The data shown in Figure 2 provides a summary of the funding received by Geelong (Greater Geelong City Council) and 'Frankston/Mornington Peninsula' (Frankston City Council and Mornington Peninsula Shire Council) from state and federal government over the past 10 years.

The following observations have been noted regarding Figure 2:

- In 2012, the two regions both received approximately \$33 million of funding;
- In 2021, Geelong received approximately \$90 million while Frankston/Mornington Peninsula received \$65 million, a \$25 million differential;
- Geelong has received a higher level of funding in seven of the past 10 years; and
- Over the 10 year period, Geelong has received \$591.4 million in comparison to \$542.5 million received by Frankston and Mornington Peninsula.

F2. STATE & FEDERAL GOVERNMENT GRANT FUNDING RECEIVED BY LOCAL GOVERNMENT



Source: Victoria Grants Commission (via Know Your Council), 2021 analysed by Urban Enterprise

¹ Unless otherwise specified, years refer to corresponding financial years e.g. 2012 refers to the 2011-12 financial year

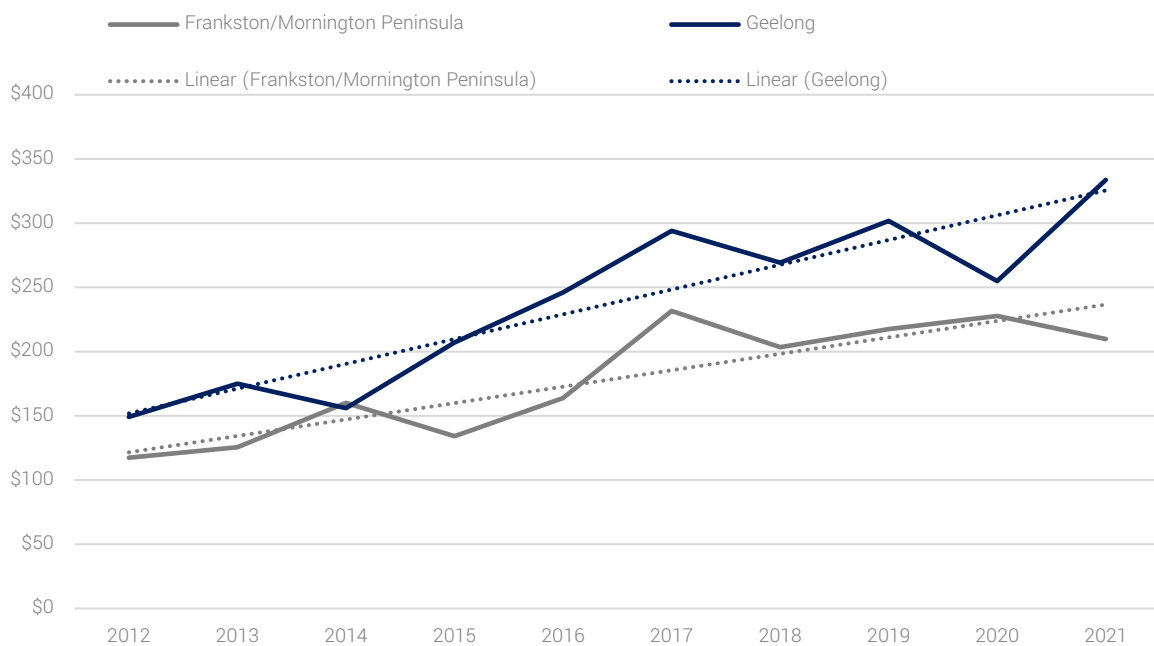
POPULATION-BASED ANALYSIS

To ensure the analysis accounts for population variance across the two regions, Figure 3 shows the state and federal funding levels on a per capita basis.

The following observations have been noted regarding Figure 3:

- Frankston /Mornington Peninsula's per capita grant funding has increased from \$117 in 2012 to \$210 in 2021.
- Geelong's per capita grant funding increased from \$149 in 2012 to \$334 in 2021.
- In 2021, Geelong received nearly 60% more grant funding on a per capita basis than Frankston/Mornington Peninsula.

F3. PER CAPITA STATE & FEDERAL GOVERNMENT GRANT FUNDING RECEIVED BY LOCAL GOVERNMENT



Source: Victoria Grants Commission (via Know Your Council), 2021 analysed by Urban Enterprise

2.4.2. STATE BUDGET ANALYSIS

Analysis has also been undertaken on state government budgets between 2013 and 2023 to explore the funding differences between the two regions over the past 11 years. The data presented in Table 3 and Figure 4 has been derived using the following methodology²:

1. Extract funding details related to all relevant regions from each State Capital Program between 2013 and 2023, noting key details including total estimated investment (TEI) and investment type;
2. Remove all duplicate budget items in subsequent years, for example a \$2 million school upgrade in 2014 is only included in the 2014 figures and has been removed if the item was included in subsequent years' budgets.
3. Where possible, projects have been allocated the TEI used in the most recent budget.

Key findings from this analysis are listed below:

- Over the past 11 years, Frankston/Mornington Peninsula have accumulated in the order of \$2.04 billion in state government budget funding, compared to \$4.95 billion for Geelong.
- This represents additional spending in Geelong by a factor of 2.4 times that of Frankston/Mornington Peninsula, and a funding differential of approximately \$2.91 billion;
- On a per capita basis, this represents approximately \$6,557 state government funding per capita for Frankston/Mornington Peninsula compared to \$18,268 in Geelong.
- Frankston/Mornington Peninsula have received a substantially lower level of state government investment in transport (-\$1.46 billion) than Geelong, which is primarily explained by major transport projects in Geelong such as the Waurm Ponds Track Duplication, the Barwon Heads Road upgrade and the Geelong Ring Road;
- Geelong has received a substantially higher level of economic development and community and justice funding over the past decade, primarily due to the Geelong City Deals and the Chisolm Road Prison; and
- Frankston/Mornington Peninsula have received a higher level of state government investment in health than Geelong, which is mainly due to the planned redevelopment of Frankston Hospital.

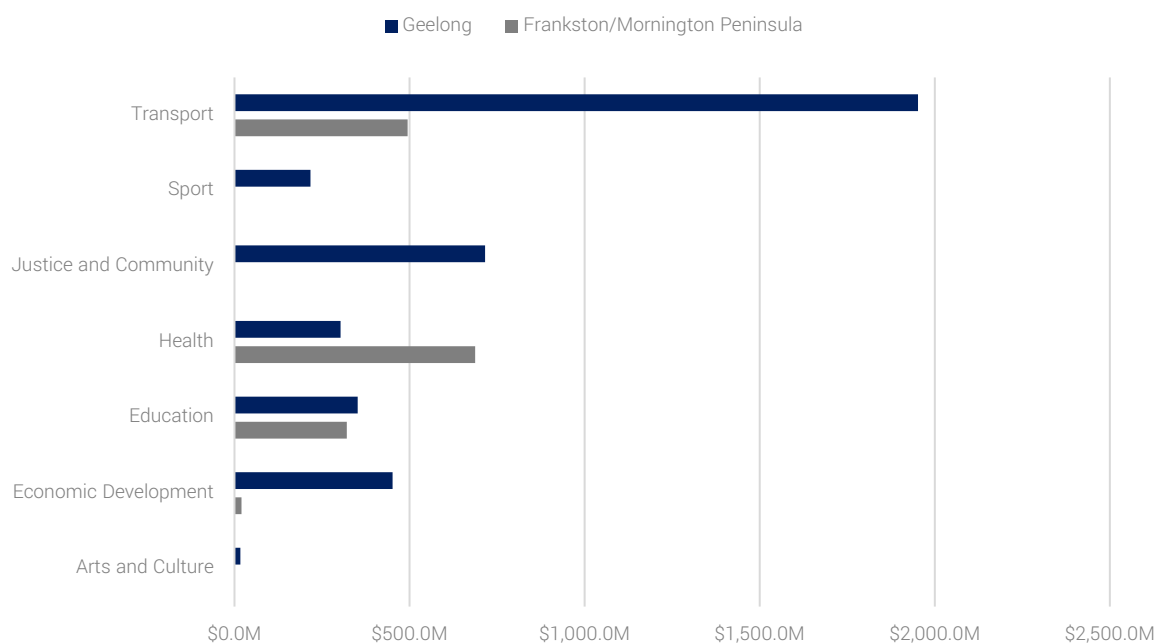
T3. VICTORIAN BUDGET ANALYSIS – FRANKSTON/MORNINGTON PENINSULA & GREATER GEELONG

Budget Year	Frankston/Mornington Peninsula	Geelong	Difference
2013	\$86.2M	\$336.8M	-\$250.6M
2014	\$13.8M	\$50.2M	-\$36.3M
2015	\$28.5M	\$198.3M	-\$169.8M
2016	\$43.0M	\$131.3M	-\$88.3M
2017	\$60.8M	\$159.3M	-\$98.5M
2018	\$10.6M	\$40.5M	-\$29.9M
2019	\$19.7M	\$46.1M	-\$26.4M
2020	\$17.7M	\$2,176.0M	-\$2,158.2M
2021	\$1,279.3M	\$1,178.2M	+\$101.1M
2022	\$475.9M	\$96.6M	+\$379.3M
2023	\$5.1M	\$533.5M	-\$528.4M
Total	\$2,040.7M	\$4,946.6M	-\$2,905.9M

Source: Victorian Budget State Capital Program (2013-2022), Department of Treasury and Finance, analysed by Urban Enterprise, 2022

² This analysis is to some extent a subjective process and there is the possibility of inaccuracies, however, Urban Enterprise has used its best judgement and regional knowledge to minimise the possibility of this occurring.

F4. VICTORIAN BUDGET ANALYSIS BY FUNDING TYPE – 2013-2023



Source: Victorian Budget State Capital Program (2013-2022), Department of Treasury and Finance, analysed by Urban Enterprise, 2022

T4. MAJOR PROJECTS – BUDGET ANALYSIS

	Frankston/Mornington Peninsula	Geelong
Transport	<ul style="list-style-type: none"> Hall Road Upgrade (\$283m) Western Port Highway (\$114m) Frankston Station (\$50m) 	<ul style="list-style-type: none"> Waurm Ponds Track Duplication Stage 2 (\$1B) Barwon Heads Road Upgrade (\$365m) Geelong Ring Road (\$155m) Drysdale Bypass (\$117m) Breakwater Road (\$66m)
Sport	NA	<ul style="list-style-type: none"> Kardinia Park redevelopment (\$217m)
Justice & Community	NA	<ul style="list-style-type: none"> Chisolm Road Prison (\$1.1B)
Health	<ul style="list-style-type: none"> Frankston Hospital redevelopment (\$1.1B) 	<ul style="list-style-type: none"> Barwon Women’s and Children’s Hospital (\$525m) Geelong Hospital upgrade (\$118m) Waurm Ponds Community Hospital (\$50m)
Education	<ul style="list-style-type: none"> Chisolm Institute redevelopment (\$85m) 	NA
Economic Development	NA	<ul style="list-style-type: none"> Geelong City Deals (\$414m)

Source: Victorian Budget State Capital Program (2013-2022), Department of Treasury and Finance, analysed by Urban Enterprise, 2022

2.4.3. PLANNED INFRASTRUCTURE INVESTMENT

A review of the recently released Victorian Infrastructure Plan 2021 has also been undertaken to assess planned infrastructure investment in Frankston/Mornington Peninsula and Geelong over the next five years. A summary of planned investment for Frankston/Mornington Peninsula and Geelong is provided in Table 5.

It should be noted that this plan does not include investment announcements from the 2022-23 state budget due to the timing of the release of the plan. The estimates in this section relate to the total project value and can in some instances include both state and federal government funding. This explains differences in project values in Table 4 and 6.

The analysis shows more than \$6 billion worth of projects slated for Geelong, while Frankston/Mornington Peninsula has a pipeline of infrastructure projects worth only \$721 million.

On a per capita basis, this represents approximately \$2,317 infrastructure projects planned in Frankston/Mornington Peninsula, compared to \$22,823 in Geelong.

Frankston/Mornington Peninsula has no planned transport projects in the pipeline, whereas Geelong has a number of major transport infrastructure developments, including the Geelong Fast Rail and the Waurn Ponds Duplication.

Frankston/Mornington Peninsula has a higher level of education and health infrastructure investment planned in the region than Geelong, primarily due to the Frankston Hospital redevelopment and the Chisolm TAFE redevelopment.

T5. PLANNED INFRASTRUCTURE INVESTMENT

Region	Project	Description	Type	Value
Frankston/ Mornington Peninsula	Chisolm Institute redevelopment	Significant redevelopment of Chisolm TAFE	Education	\$68M
	Frankston Hospital children's emergency department	Construct a dedicated children's emergency department	Health	\$20M*
	Frankston Hospital redevelopment and expansion	Additional capacity for 120 beds, more operating theatres, enhanced mental health and oncology services along with expanded maternity and paediatric services	Health	\$605M
	Early Parenting Centre	Construct an early parenting centre	Education	\$18M*
	Youth prevention and recovery care unit upgrade	Three existing youth prevention and recovery care units will be upgraded in Bendigo, Dandenong and Frankston	Health	NA
	Frankston Fire Station upgrade	Construct eight fire stations across Victoria to be managed by Fire Rescue Victoria	Emergency	\$10M*
	Total	NA	NA	\$721M
Geelong	Geelong Fast Rail	Upgrade of the rail network to deliver faster travel times between Geelong and Melbourne	Transport	\$4.00B
	South Geelong to Warrnambool Duplication	South Geelong to Warrnambool Duplication, the Bendigo and Echuca Line Upgrade, Gippsland Line Upgrade, North East Line Upgrade, Shepparton Line Upgrade and Warrnambool Line Upgrade	Transport	\$1.00B*
	Western Rail Plan	Delivery of a rail network servicing Melbourne's growing outer suburbs in the west and regional cities, Geelong and Ballarat	Transport	\$130M
	Barwon Heads Road Upgrade	Extensive road upgrades for Barwon Heads Road	Transport	\$365M
	Kardinia Park Stadium redevelopment Stage 5	Build new 14,000 capacity two-tier northern stand and increase the stadium capacity to 40,000.	Sport	\$142M
	University Hospital children's emergency department	Construct a dedicated children's emergency department	Health	\$20M*
	McKellar Centre upgrades	Deliver 120 new acute mental health beds at The Royal Melbourne Hospital, Northern Hospital, Sunshine Hospital and the McKellar Centre	Health	\$492M
	Corio Fire Station upgrade	Construct eight fire stations across Victoria to be managed by Fire Rescue Victoria	Emergency	\$10M*
	Early Parenting Centre	Construct an early parenting centre	Education	\$18M*
	Total	NA	NA	\$6.18B

Source: Victorian Infrastructure Plan 2021 1. Project will benefit multiple regions *funding relates to more than one project and a pro rata estimate has been derived

2.4.4. MAJOR FEDERAL GOVERNMENT INVESTMENT

Table 6 provides an overview of recent major federal government investment in Frankston/Mornington Peninsula and Geelong. For the purposes of this assessment, an investment with a value of more than \$100 million has been classified as major.

This analysis highlights the limited federal government investment in Frankston/Mornington Peninsula in recent years, with the only major investment being the \$225 million announced to support the delivery of the Frankston rail line extension. The state government has indicated it is unwilling to provide the remaining funding required for this project based on the findings of a business case released in 2020.

In contrast, Geelong has received a substantial level of major federal government investment in recent years, including a number of major transport projects that are either underway or scheduled for commencement.

T6. RECENT MAJOR FEDERAL GOVERNMENT INVESTMENT

Region	Project	Federal Government Investment	Status
Frankston/Mornington Peninsula	Frankston rail line extension to Baxter	\$225M	State government unwilling to fund project
Geelong	Geelong Fast Rail	\$2.00B	Construction expected to commence 2023
	South Geelong to Waurin Ponds Duplication	\$750m	Underway
	Geelong City Deal	\$502M	Ongoing
	Victorian Big Battery	\$160M*	Construction completed 2021

Source: various online. *note this project has been financed through a loan provided by the Clean Energy Finance Corporation

