Regional Victoria covers over 218,000 square kilometres, an area more than three times larger than Tasmania. And its population of more than 1.3 million is larger than Adelaide’s. Regional Victoria is physically diverse, with average annual rainfall in parts of the Mallee, for example, being less than one-twelfth the rainfall in the Alps. Its soils, geology and terrain are also highly variable.

As in other parts of Australia, external forces are having a greater influence on towns and rural areas in regional Victoria. National and international economic and social shifts, for example, are increasingly affecting a town’s population, its economic wellbeing and even its community.

Because Melbourne has more 70 per cent of the State’s population, and is the focus for many industries and services, relative proximity to this mass of people and activity has a major impact on regional Victoria. It is hardly surprising, therefore, that regional Victoria has (and will always have) an uneven pattern of settlement.

Figure 2.1 Victoria’s settlement pattern, 2001

Source: Australian Bureau of Statistics, 2001 Census data.
Regional Victoria’s future is also strongly influenced by the legacy of past economies, social structures, cultures and ecologies. The relative wellbeing of towns in regional Victoria reflects their adjustment from a past landscape of economic opportunity to a new one. Historically, this was most sharply demonstrated in the gold rush days, when hordes of people quickly shifted to new ‘finds’. The population in Maryborough, for example, reached 50,000 during the gold rush, but since then, there has been a constant (but slower) shift of people out of the town as new opportunities have been created elsewhere.

Victoria has always been a primate city state. Even in the days of the gold rush, Melbourne was Victoria’s dominant administrative, political and commercial centre. While much wealth was generated on the land in Victoria’s first 150 years, that wealth was transformed and added to in Melbourne.

Despite this fact, regional Victoria was able to keep significant shares of the wealth it generated in wheat, wool and other rural commodities. Regional development initiatives led to soldier settlement schemes and other programs that promoted regional industry and employment. These and other initiatives and schemes allowed most of regional Victoria to experience strong and continuous economic and population growth until recently, even though its share of population was declining.

Increasing capitalisation of agriculture, low commodity prices, a general reduction in manufacturing employment, and changes in demographics (lower fertility rates and an ageing population) are some of the factors that have had significant impacts right across regional Victoria.

The 1990s was a particularly difficult period for regional Victoria, a fact that was recorded in the 1999 edition of *Towns in Time*. Low wool and wheat prices were most severely felt in the western third of Victoria; the collapse of the Pyramid Building Society most affected towns in the Geelong and Ballarat regions and in the Western District; local and State Government restructuring led to the loss of government employment in many smaller centres where it had previously been a mainstay; and towns in the Latrobe Valley bore the consequences of the restructuring and downsizing of principal industries.

Since the mid 1990s, however, regional Victoria has recovered strongly. Population growth has increased in almost all towns, and those with declining populations are losing less people. Further, unemployment is lower and employment growth is stronger. A new economy is emerging in regional Victoria, one that recognises the challenges of volatile and uncertain conditions and one that sees the opportunities emerging from economic globalisation.

Towns in regional Victoria display both a resilience to change and an ability to adapt to new circumstances. While flood, drought, bushfires, world commodity price downturns and changes in trade practices have threatened most towns at some time, they generally bounce back. Towns are also very dynamic, defying the perception that nothing much changes. This is especially evident in the populations of towns in regional Victoria, with many experiencing significant movement into and out of their communities.

Towns have experienced the social and cultural changes being experienced across Australia—changes in family structures, in values, in what people do, and in how they spend their time. They have also seen significant economic changes. Agriculture, for example, was once a labour intensive family business; now it is highly technologically advanced demanding high investment. Such changes inevitably affect the role, size and structure of towns.
Demographic and social change in regional Victoria

Following the first gold discovery in 1851, regional Victoria’s population grew quickly and was home to 80 per cent of the State’s population. This population gradually declined to about 30 per cent by 1970, where it has remained quite constant to date.

The gold rush represents an extreme case of a series of shifting opportunities within regional Victoria. Over the last 150 years, regional Victoria has also experienced:

- strong population growth in rural areas through much of the nineteenth and early twentieth centuries, due to the expansion of agriculture and the many services needed in towns to support large rural populations and businesses
- population growth of regional cities as centres of manufacturing (often with industries allied to local rural production) and as centres for an increasing range of services, including government. Since 1981, regional centres have experienced strong growth in retailing, education, health and business services, which are able to serve a large regional catchment with the aid of modern communications

Figure 2.2 Relative population growth in Melbourne and regional Victoria

Source: Australian Bureau of Statistics, 1841 to 2001 Census data.
growth in coastal areas, in the Murray Valley, and more recently in Alpine areas as holiday resorts, particularly over the last ten years, a phenomenon often referred to as either a ‘seachange’ or a ‘treechange’

• declining rural populations as farms and other rural businesses have grown or merged and become larger, replacing labour with capital or replacing permanent labour with specialist contractors

• growth of peri-urban areas around Melbourne and regional centres, aided by a combination of factors such as greater individual mobility (car ownership in particular), improved transport and communications, employment growth on the edge of Melbourne, and more flexible working regimes.

Figure 2.4 Migration flows of people aged 15–34 years, 1986–2001

Source: Department of Sustainability and Environment, Towns in Time data.

In the early 1990s, regional Victoria’s population growth slowed as a direct result of the economic downturn, while Melbourne was less affected by the recession. Regional Victoria lost more people, particularly its youth, to Melbourne and interstate. Because it was also gaining fewer new people, population growth slowed in almost every town.

Since the mid to late 1990s, however, the economic and population growth in regional Victoria has recovered strongly. While Melbourne came out of the recession earlier and more strongly, regional Victoria has now returned to strong growth.

Higher population growth rates in the period 1996–2001 were attributable to higher levels of net movements out of Melbourne and lower net losses interstate. While census deficiencies prevent a balance sheet of the different components of population change being undertaken, we know that higher levels of overseas migration to Australia and Victoria have little impact because less than 10 per cent of these migrants settle in regional Victoria. Furthermore, the impact of low fertility rates is long term. In other words, as the population ages, there are lower levels of natural increase to compensate for the number of deaths. It is, however, likely that net flows from Melbourne to regional Victoria will increase as Victoria’s population continues to age.

### Table 2.1 Population growth, regional Victoria, 1981–2005

<table>
<thead>
<tr>
<th>Period</th>
<th>Population growth</th>
<th>Average annual population growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981–86</td>
<td>80,220</td>
<td>1.4</td>
</tr>
<tr>
<td>1986–91</td>
<td>71,867</td>
<td>1.2</td>
</tr>
<tr>
<td>1991–96</td>
<td>12,079</td>
<td>0.2</td>
</tr>
<tr>
<td>1996–2001</td>
<td>56,225</td>
<td>0.9</td>
</tr>
<tr>
<td>2001–05*</td>
<td>54,436</td>
<td>1.0</td>
</tr>
</tbody>
</table>

*This figure is a preliminary population estimate and will be revised by the Australian Bureau of Statistics in March 2007.


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**Figure 2.5 Net migration by age, regional Victoria, 1996–2001**

![Net migration by age, regional Victoria, 1996–2001](source)

*Source: Australian Bureau of Statistics, 1996 to 2001*
The ageing of regional Victoria’s population has already begun and is expected to accelerate in the next few years. Regional Victoria (like elsewhere) also has a ‘bulge’ of baby boomers—people born in 1946 will celebrate their 60th birthday during 2006, and there are large cohorts of baby boomers born through the late 1940s, 1950s and 1960s who will join them over time—who are nearing retirement age. In regional Victoria, the baby boomer bulge is enhanced by people moving out of Melbourne and into regional Victoria to enjoy their retirement. Comparisons with Melbourne show that regional Victoria has higher proportions of young and older people, but a notable deficiency of young adults who are attracted to Melbourne by tertiary education, employment and cultural opportunities.

Significant social and cultural changes have also been occurring, with social institutions such as the family, religion and community being in various stages of change. Over the 1981–2001 period, for example, regional Victoria experienced strong growth in one and two person households. These smaller households are now the majority of all households, reflecting the changing relationship between the number of people the number of households and dwellings. Areas of high population growth have seen the number of households and dwellings also grow more quickly, reflecting both the declining average household size and the increasing numbers of second holiday homes. Even in western areas of the State, which have been experiencing population decline mostly through the out-migration of young adults, the number of households and dwellings has increased, a strong indication that our changing social organisation requires more dwellings to house the same number, or even less, people.

**Figure 2.6 Differences in age structures between Melbourne and regional Victoria, 2001**

![Histogram showing differences in age structures between Melbourne and Regional Victoria, 2001](image)

Source: Australian Bureau of Statistics, 2001 Census data.
Economic change

Regional Victoria has always been part of the global economy, exporting agricultural produce and more recently, increasingly adding value to it. A generation ago, the textile, clothing and footwear industries were prominent features in regional centres such as Warrnambool, Ballarat, Bendigo and Wangaratta. Those industries have largely shifted to low cost developing countries, and in their place, food processing and allied industries have grown.

Regional Victoria, like elsewhere, has experienced a shift of employment out of agriculture. More than 20,000 jobs were lost in this sector between 1981 and 2001, almost entirely in the 1980s. In 2001 only 11.5 per cent of regional Victoria’s workforce was directly employed in agriculture compared with more than 19 per cent in 1981. During this twenty-year period, however, employment opportunities have opened up in value-adding industries as agriculture has become increasingly capital intensive.

While manufacturing employment declined by 70,000 in Melbourne during the period 1981–2001, manufacturing employment in regional Victoria actually grew. After declining slightly in the 1980s, more than 11,000 extra manufacturing jobs were created between 1991 and 2001. During the same period, however, regional Victoria experienced losses of employment in the 1990s in government administration and defence (4,000) and electricity gas and water (10,000).

Figure 2.7 Change in employment by industry sector, regional Victoria, 1981–91 and 1991–2001

A general restructuring of employment in government, particularly in the early 1990s, as well as one-off changes in defence establishments, have had a critical impact on reducing employment in these sectors. Yet this pattern of employment change is consistent with a changing industry structure in Victoria and beyond. Many tasks that were carried out by government and former public enterprises such as the State Electricity Commission of Victoria, for example, have been outsourced or contracted to specialist firms that provide a range of professional and technical services.