



# Economic Development Strategy Renewal 2022-2032

## Background Report

*Report prepared for*

**Yarra Ranges Council**

**November 2021**

**In conjunction with**



# lucid

*/'lu:sid/*

*adjective*

1. expressed clearly; easy to understand

2. bright or luminous



## Document Control

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# Executive Summary

## Introduction

Together with Alphacrane Intercultural Specialists and Alpha Paraclete, Lucid Economics has been engaged by the Yarra Ranges Council to deliver the Yarra Ranges Economic Development Strategy Renewal 2022-2032 project.

This report represents the economic analysis portion of the project and provides an in-depth analysis of the local economy and foundation for future economic development activities.

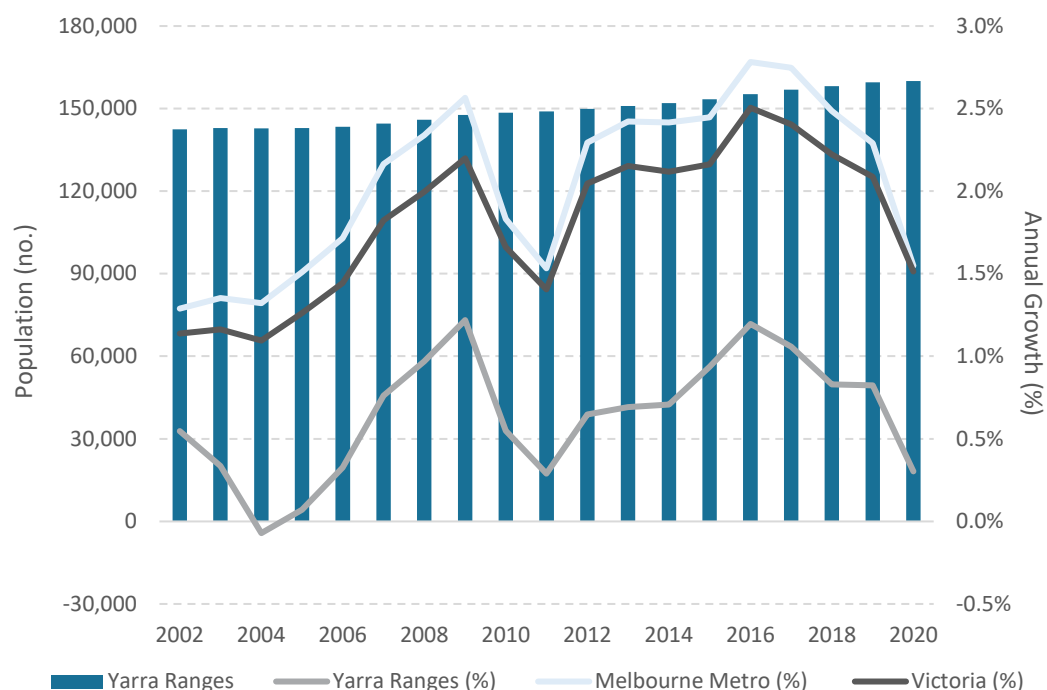
## Population

The Yarra Ranges had an estimated resident population of around 160,000 in 2020. Population growth in the Yarra Ranges recently peaked at 1.2% in 2016, but has since slowed, to be just 0.3% in 2020. Given COVID-19 impacts on population trends across Victoria, it is likely the recent slowdown in population growth extended into 2021.

Yarra Ranges is projected to see an increase in the proportion of residents aged 65 years and over in the next 20 years, rising from 15.0% of the total population in 2016 to 21.2% by 2041.

**Historical analysis has shown that when the economy increase, new jobs are created, which provide a catalyst for population growth.**

Figure E.1. Historical Population



Note: Financial years.  
Source: ABS (2021a).

## Economy

The Yarra Ranges' Gross Regional Product (GRP) was \$6.7 billion in 2020 (June 2018 prices), up 4.9% from the previous year.

The largest industries by Industry Value-Add (IVA) in the Yarra Ranges in 2020 were:

- Construction
- Manufacturing
- Education and training
- Health care and social assistance
- Agriculture, forestry and fishing

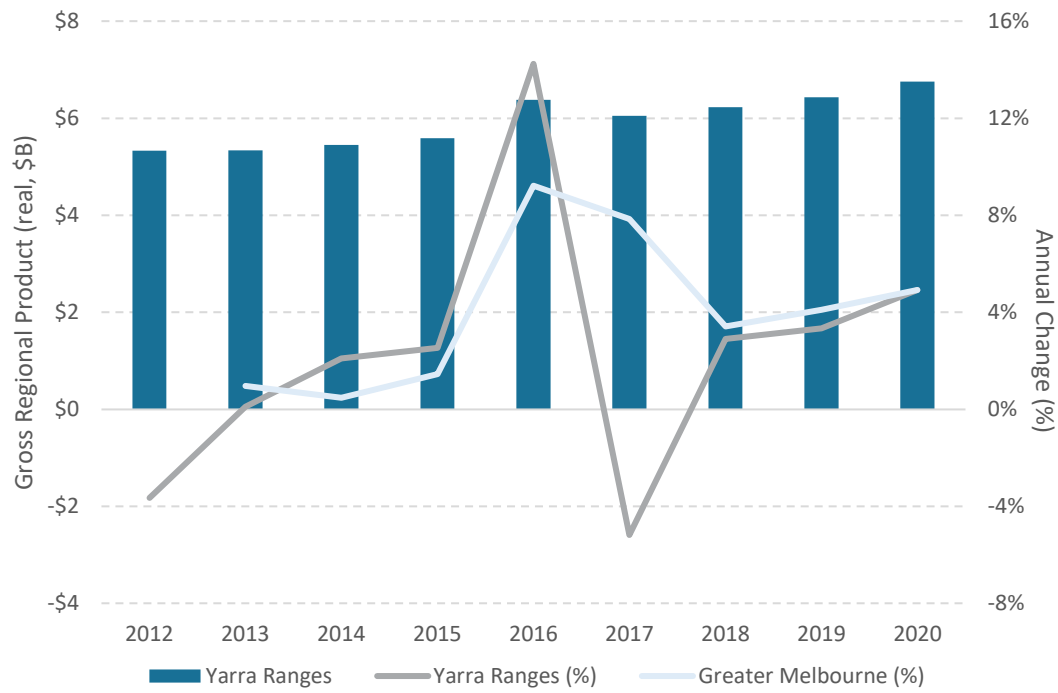
The local strengths in healthcare and education demonstrate that the Yarra Ranges is a strong service hub, providing services that are required by a large population.

The relative strength in retail trade is partly a function of being a service centre but also demonstrates the strength of tourism in the area (together with the strength of the Yarra Ranges' accommodation and food services industry). Before the COVID-19 pandemic, the Shire had been experiencing strong growth in tourism that peaked in the year ending March 2020. The Yarra Ranges is a day trip destination (85% of all visitors), with the majority of visitors being holiday (66% of total) or visiting friends and relatives (VFR) (25% of total). Interestingly, as visitor number grew strongly up until COVID, visitor nights were in decline. The local wine industry is closely associated with the tourism industry and is a major attraction for the area. Overall, tourism represents 4.4% of the economy and 7.3% of jobs.

Construction is the largest sector in the Yarra Ranges, which is not typical, given population growth is well below the state average and has been below 1.0% all three years up to 2020. It is likely that the large construction sector represents a high number of individual tradies that live in the Yarra Ranges and work on projects outside of the area.

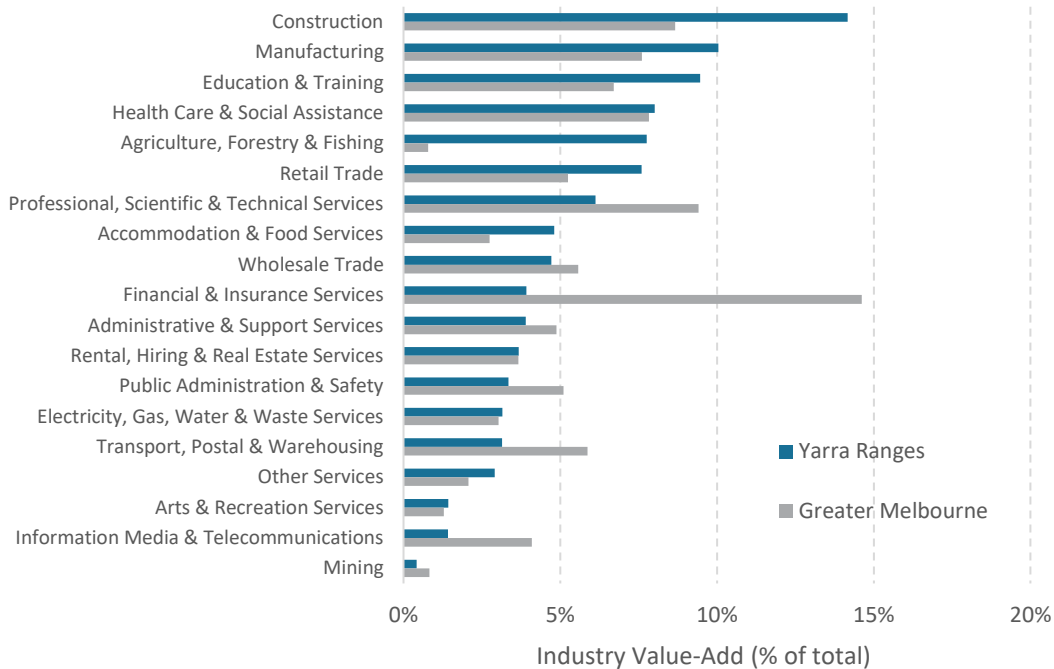
Manufacturing is also a key industry within the region and heavily focused on the western side of the Shire in the Bayswater Business Precinct and to a lesser extent in the more traditional industrial area in Lilydale. In terms of manufacturing, wine production, motor vehicles and parts and other transport equipment manufacturing as well as plastic product manufacturing are the largest manufacturing sub-industries in the Yarra Ranges. Outside of the wineries, major manufacturers in the area include ARB, Cummins Filtration, Henkel, and B&D Garage Doors.

Figure E.2. Gross Regional Product, Yarra Ranges



Note: June 2018 prices.  
Source: REMPLAN (2021).

Figure E.3. Industry Value-Add, 2020



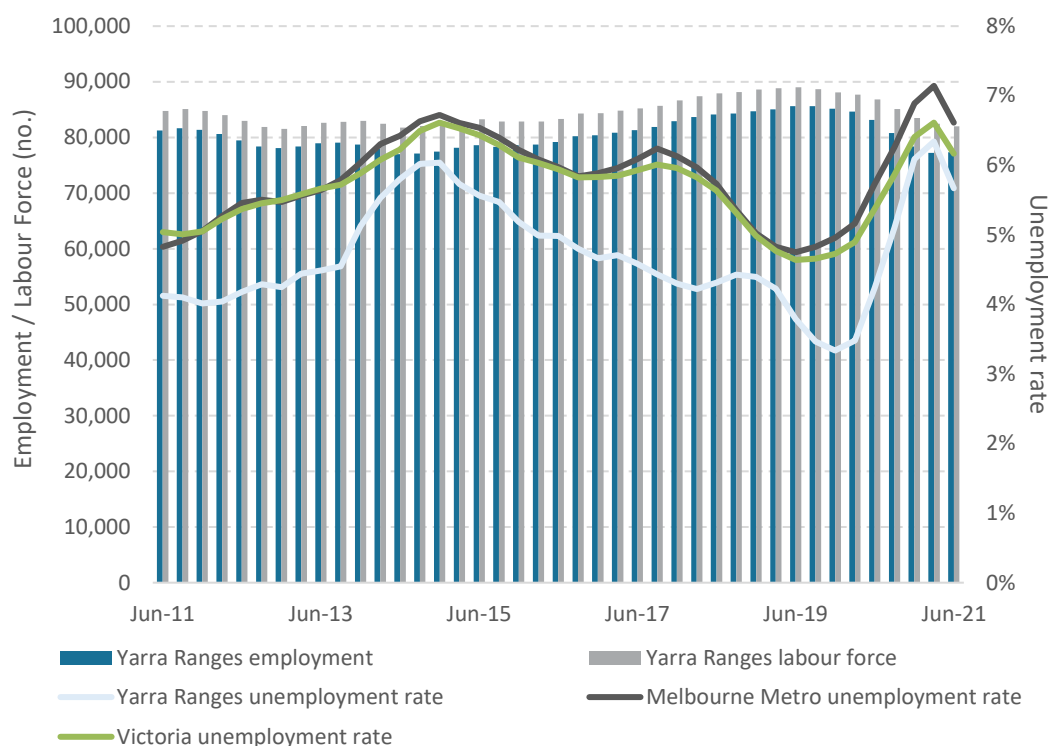
Source: REMPLAN (2021).



## Labour Force

Labour market conditions in the Yarra Ranges have largely moved in line with the Melbourne Metropolitan region and the State. Prior to the COVID-19 pandemic, the Yarra Ranges achieved the lowest unemployment rate (3.3% in the December quarter 2019) over the last decade. The unemployment rate in the Yarra Ranges dropped in the June quarter 2021 as employment reversed its fall and the labour force decreased at a slower rate than over the previous year and a half.

Figure E.4. Labour Force and Unemployment Rates



Source: DESE (2021a).

An estimated 60% of local resident workers in the Yarra Ranges leave every day for work. The analysis shows that there are simply not enough jobs within the Yarra Ranges for the amount of resident workers. This situation is likely due to the high level of amenity in the area as well as the relatively low cost of housing. The majority of local workers are travelling to neighbouring local government areas to access employment and many of these workers are from key local sectors including construction, healthcare, retail and manufacturing.

Table E.1. Journey to Work, Yarra Ranges, 2020

Location	Number	%
<b>Employed residents in the area</b>		
Live and work in the area	29,588	40%
Live in the area, but work outside	43,989	60%
Total employed residents in the area	73,577	100%
<b>Workers in the area</b>		
Live and work in the area	29,588	71%
Work in the area, but live outside	12,112	29%
Total workers in the area	41,700	100%

Source: REMPLAN (2021).

## COVID-19 Impacts

The COVID-19 pandemic and the forced lockdowns and restrictions that it has caused has been crippling for Melbourne and Victoria. Beyond the economic losses, there are a variety of impacts emerging that will continue to impact the Yarra Ranges, however two specific impacts stand out:

- **Interstate migration:** Melbourne has experienced the single largest net loss of population out of any part of Australia. While this may have meant some residents in the Yarra Ranges decided to leave the area, the larger impact is on residents from broader Melbourne leaving. These residents would normally be the day-trip visitor to the Yarra Ranges. At the same time, the exodus means that the overall consumer market has decreased, which has the potential to impact other sectors in the Yarra Ranges such as construction and retail trade.
- **Remote working:** various studies have shown that a portion of the workforce is unlikely to return to the CBD office environment. This presents a potential opportunity for the Yarra Ranges, given the areas high amenity and appeal as a visitor destination. Exploring ways to cater to these potential workers could see new businesses start-up in the Shire and/or professionals moving to the area, greatly augmenting the local workforce.

## Future Growth Opportunities

This analysis has considered a number of economic and industry factors as well as workforce and other related economic indicators in evaluating the local economy. It has identified a range of competitive advantages as well as a range of economic development opportunities. The analysis has indicated that there are a number of future economic development growth opportunities for the Yarra Ranges in the following industries:

- Tourism (retail/accommodation and food services)
- Healthcare
- Education
- Professional, scientific and technical services
- Food and beverage manufacturing.

It will be important for the Yarra Ranges Council to consider how the Council can influence these sectors to grow into the future.

## Next Steps

The Yarra Ranges Council will need to consider this analysis in terms of how it approaches economic development into the future. It is clear that the Shire has a number of challenges as well as a number of distinct opportunities.

This analysis will be discussed with a range of stakeholders as part of the formulation of the Economic Development Strategy for the Yarra Ranges Council and provides a strong evidence base for the development of the Strategy.

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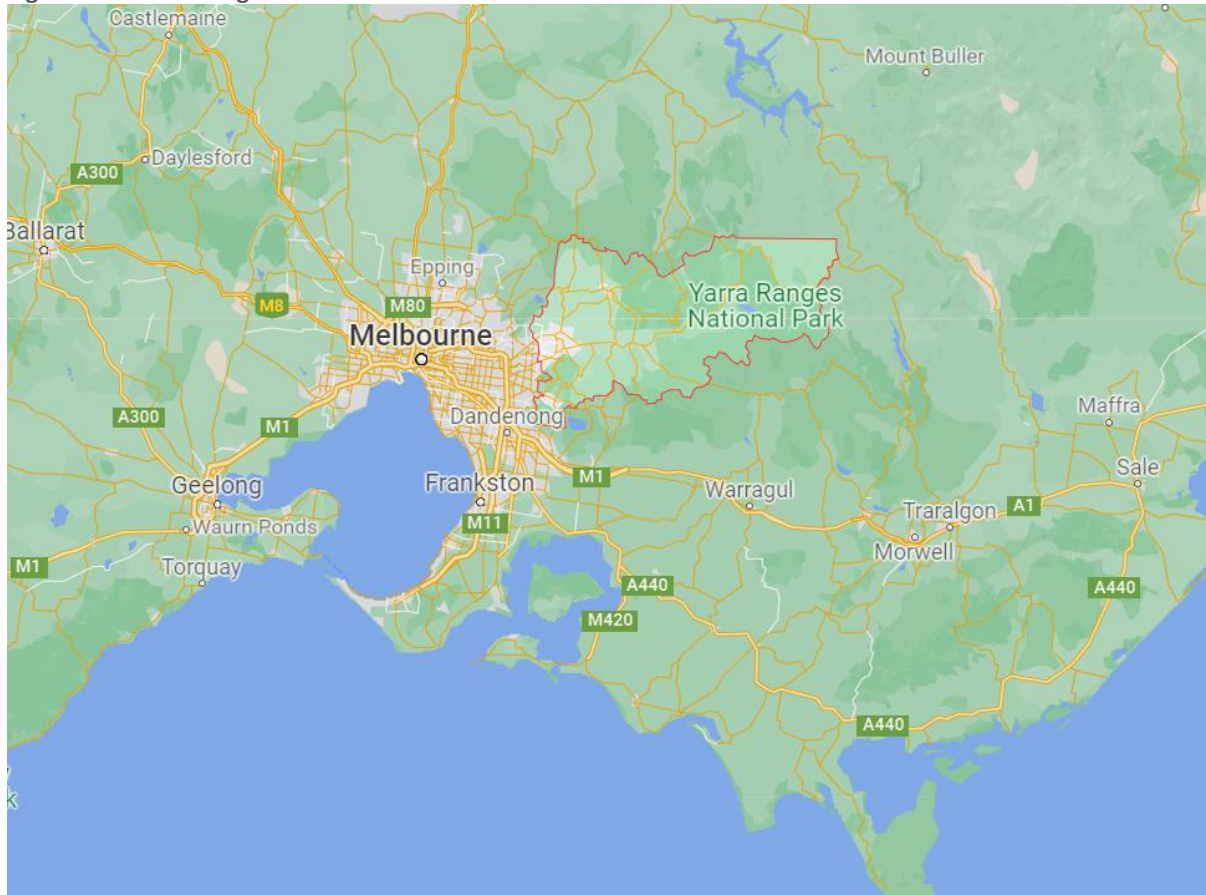


# 1. Introduction

Together with Alphacrane Intercultural Specialists and Alpha Paraclete, Lucid Economics has been engaged by the Yarra Ranges Council to deliver the Yarra Ranges Economic Development Strategy Renewal 2022-2032 project.

The Yarra Ranges is located in Victoria, a little over an hour's drive to the north-east of Melbourne. The region is home to the Yarra Valley, a world-renowned wine region and tourist destination. The Yarra Valley is a key visitor destination within the Dandenong Ranges tourism region.

Figure 1.1. Yarra Ranges Council



Source: Google Maps (2021).

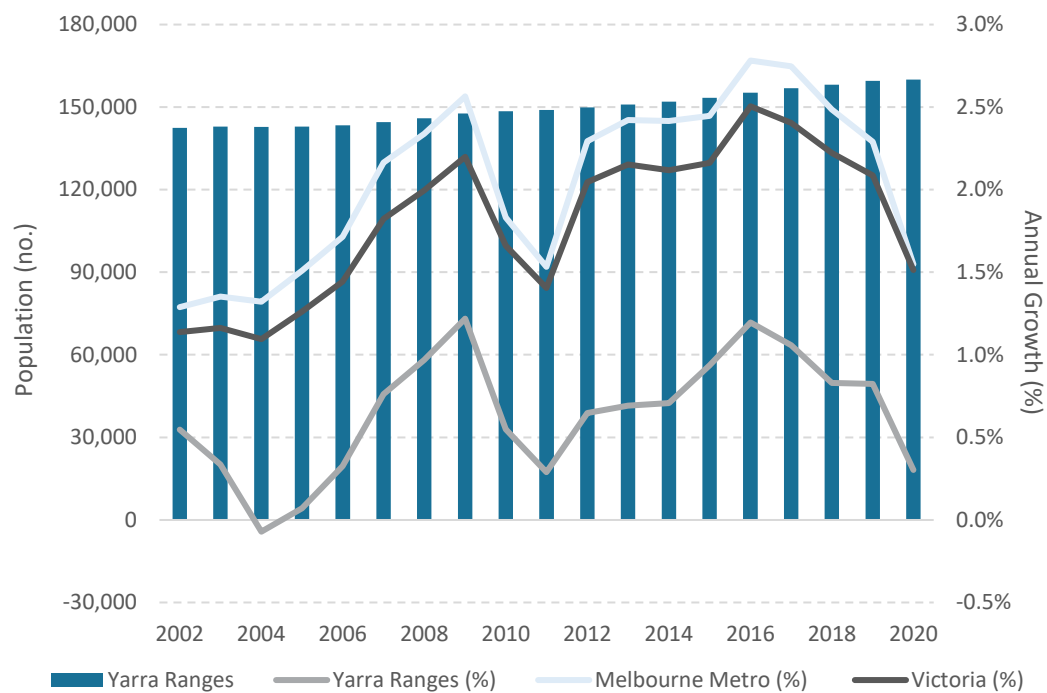
This report represents the economic analysis portion of the project. It provides an in-depth analysis of the local economy and a strong basis for the consultation and strategy development phase of the project. For the purposes of this report, reference to the Yarra Ranges refers to the local government boundary of the Yarra Ranges Council.

## 2. Population and Demographics

### 2.1 Population

- The Yarra Ranges had an estimated resident population of around 160,000 in 2020 (Figure 2.1).
- Population growth in the Yarra Ranges recently peaked at 1.2% in 2016, but has since slowed, to be just 0.3% in 2020.
- Further, population growth in the region has been considerably slower than the Melbourne Metro and Victorian averages over the past two decades.
- While the latest population data is only for 2020, it is likely the recent slowdown in population growth extended into 2021. The latest state level population data showed Victoria’s population declined by 42,900 persons (or -0.6%) over the year ending 31 March 2021 (ABS, 2021b), with this population decline likely to have also impacted the Yarra Ranges.

Figure 2.1. Historical Population

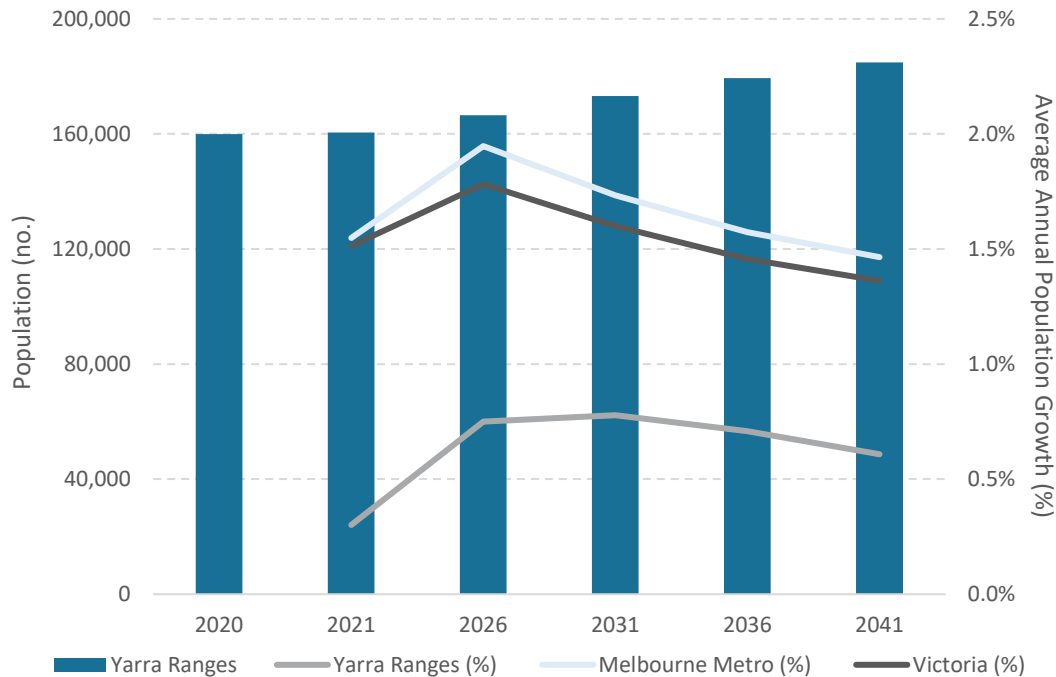


Note: Financial years.

Source: ABS (2021a), ABS (2021b).

- Yarra Ranges’ population growth is expected to remain weak and considerably below the Victorian average through to the year 2041.
- These forecasts were developed prior to the COVID-19 pandemic, and as such are likely to be overestimating near-term population growth.

Figure 2.2. Projected Population



Sources: ABS (2021a), ABS (2021b), VIF (2021), forecast.ID (2021).

## 2.2 Age

- The Yarra Ranges’ population is older than the Melbourne Metro and Victorian averages (Table 2.1)
- Further, the rate of ageing in the Yarra Ranges is faster than that of Melbourne Metro and the state.

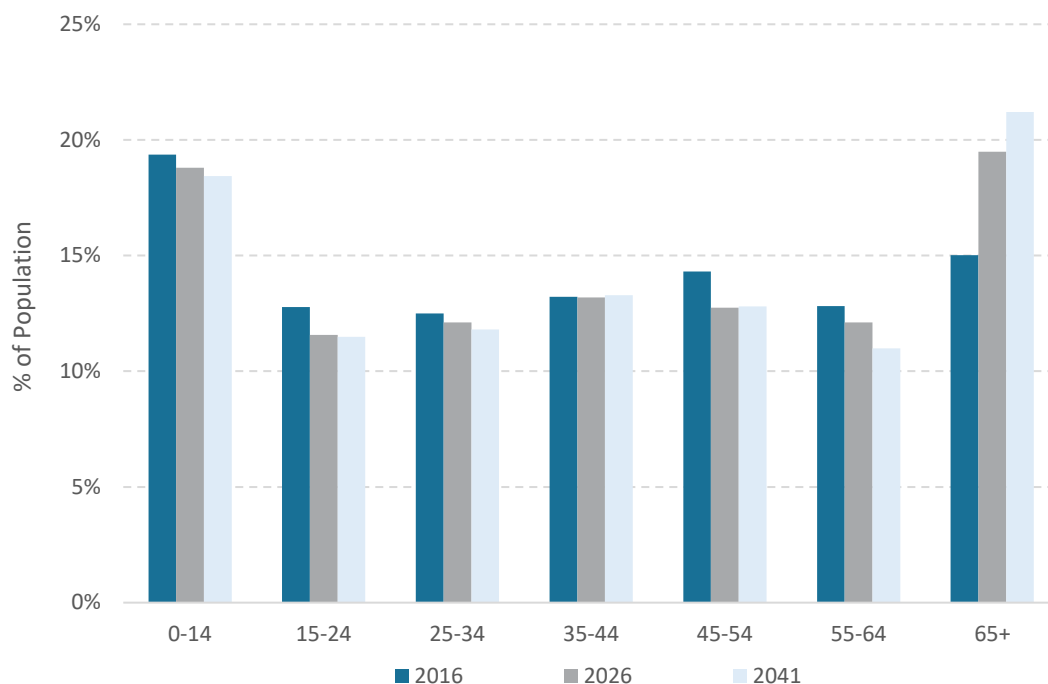
Table 2.1. Average Age

	2010	2015	2020
Yarra Ranges	37.1	38.4	39.3
Melbourne Metro	37.1	37.2	37.6
Victoria	37.7	38.1	38.5

Source: ABS (2020).

- Consistent with the rising average age in the Yarra Ranges over the past 10 years, Yarra Ranges is projected to see an increase in the proportion of residents aged 65 years and over in the next 20 years, rising from 15.0% of the total population in 2016 to 21.2% by 2041 (Figure 2.3).
- This equates to residents aged 65 years and over being expected to increase between 2016 and 2041 by an estimated 16,100 residents, an increase of almost 70% over 2016 levels.

Figure 2.3. Projected Age Structure, Yarra Ranges



Source: forecast.id (2021).

## 2.3 Income

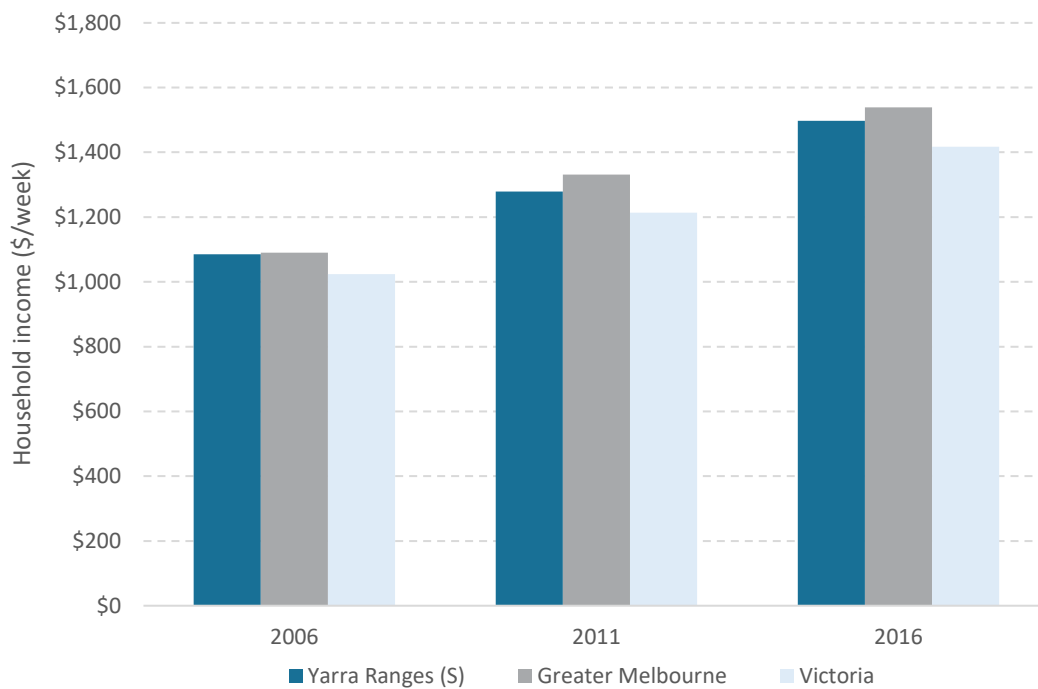
- The Yarra Ranges’ median weekly personal and household income levels were both similar levels to the Melbourne Metro and state medians in 2016 (Table 2.2).
- Median household income is an important measure for standard of living. Household income levels in the Yarra Ranges have increased at an average rate of 3.3% over the decade to 2016, faster rate than inflation, providing real income gains for residents.

Table 2.2. Median Income

	2006	2011	2016
<i>Personal income (\$/week)</i>			
Yarra Ranges	\$474	\$579	\$667
Melbourne Metro	\$481	\$591	\$673
Victoria	\$456	\$561	\$644
<i>Household income (\$/week)</i>			
Yarra Ranges	\$1,085	\$1,279	\$1,497
Melbourne Metro	\$1,090	\$1,331	\$1,539
Victoria	\$1,024	\$1,214	\$1,417

Source: ABS (2017).

Figure 2.4. Median Household Income



Source: ABS (2017).

## 2.4 Socio-Economic Index for Areas (SEIFA)

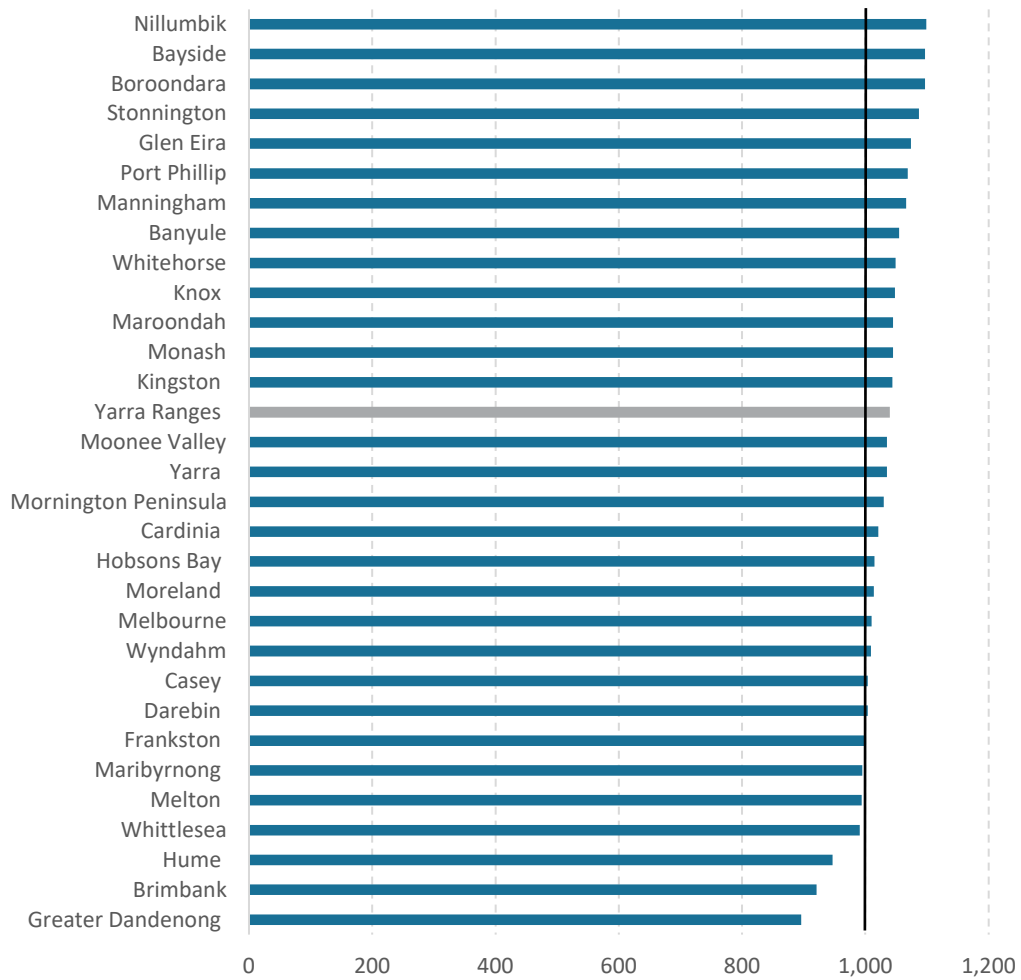
**Socio-Economic Index for Areas (SEIFA)** is a product of the ABS Census that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the Census, including statistics such as income, employment status, qualifications, occupation and many others.

The SEIFA produces a score for various areas (i.e. LGAs, SA2s, SA1s, etc.) across Australia to allow for a relative comparison. A score of 1,000 represents the statistical average, so a deviation above 1,000 indicates a relatively affluent area, where a score below 1,000 represents a relative socio-economic disadvantage. The further away from 1,000 a community scores, the more affluent or disadvantaged the community is.

The SEIFA also produces a rank to show the relative position of one community to another (against a set population, i.e. the nation or the state).

- The figure below (Figure 2.5) shows that the Yarra Ranges Council has a SEIFA score of 1,040, indicating that the community is above average in terms of socio-economic status.
- The figure shows that the majority of LGAs in the Metropolitan Melbourne region are above average.
- A further, more detailed view of the Yarra Ranges Council area (as the SA1 level) shows that the area is diverse, with pockets of affluency as well as pockets of higher socio-economic disadvantage.
- While a number of areas in the region's west (close to Melbourne) experience the highest levels of socio-economic advantage, to the far east of the local government area there are regions experiencing socio-economic disadvantage.
- This means there are mix of communities across the Yarra Ranges (as opposed to one dominant type).

Figure 2.5. SEIFA Scores by LGA (Metropolitan Melbourne), 2016

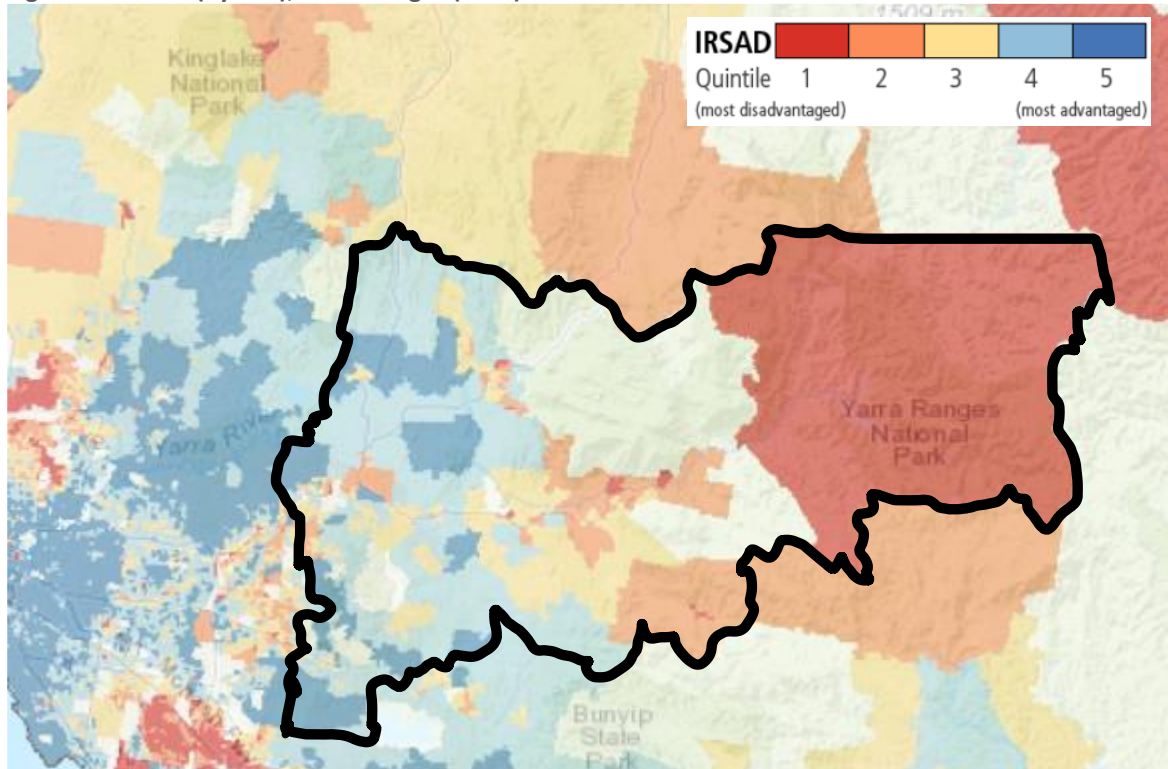


Note: 1,000 represents the Australia average.

Source: ABS (2018).



Figure 2.6. SEIFA (by SA1), Yarra Ranges (2016)



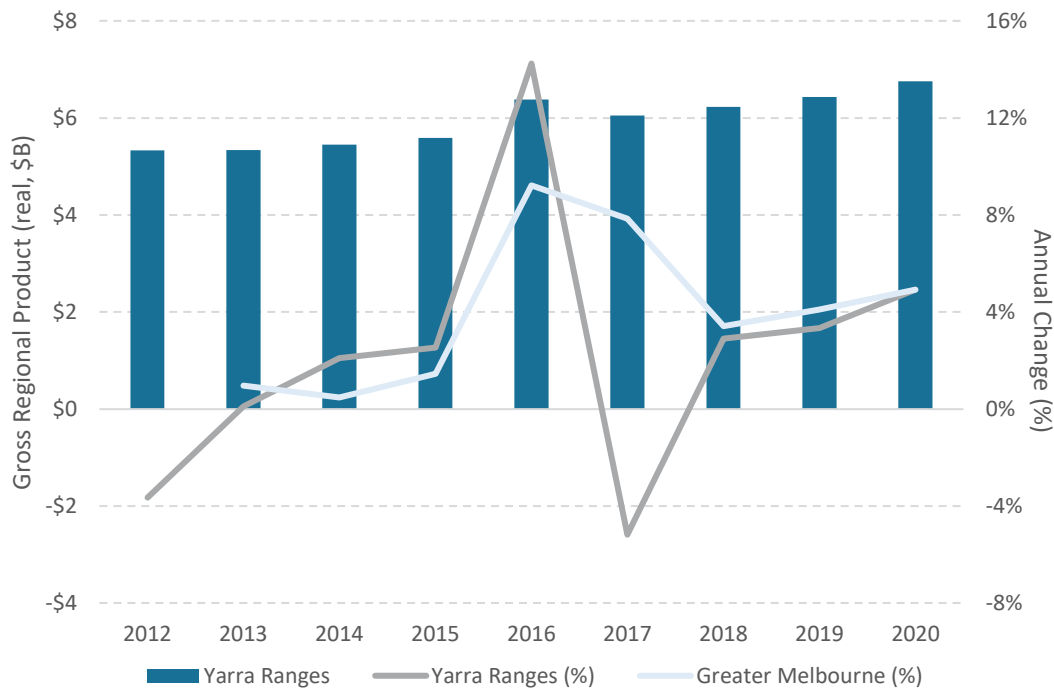
Source: ABS (2018).

### 3. Economy

#### 3.1 Size and Structure of the Economy

- The Yarra Ranges’ Gross Regional Product (GRP) was \$6.7 billion in 2020 (June 2018 prices), up 4.9% from the previous year (Figure 3.1).
- The region’s economy has grown at a slower average annual rate (3.4%) over the past five years than the Greater Melbourne average (5.2%) in addition to having experienced more volatile growth.

Figure 3.1. Gross Regional Product, Yarra Ranges

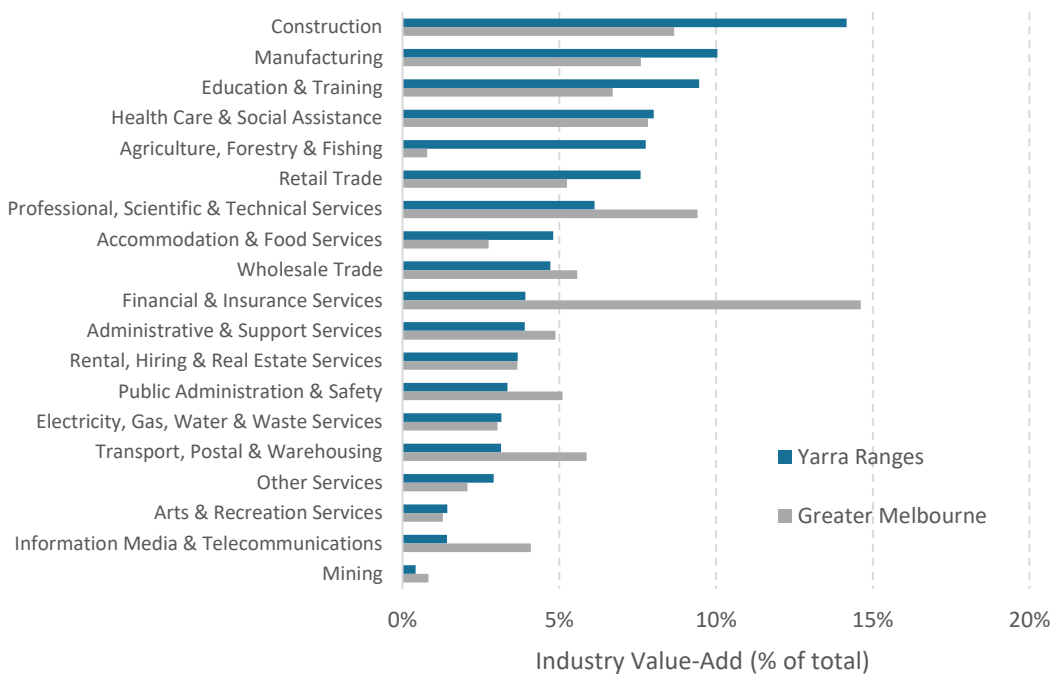


Note: June 2018 prices.  
Source: REMPLAN (2021).

- The largest industries by Industry Value-Add (IVA) in the Yarra Ranges in 2020 were:
  - Construction
  - Manufacturing
  - Education and training
  - Health care and social assistance
  - Agriculture, forestry and fishing
- Relative to Melbourne Metro, the local strengths in healthcare and education demonstrate that the Yarra Ranges is a strong service hub, providing services that are required by a large population (Figure 3.2).
- The relative strength in retail trade is partly a function of being a service centre but also demonstrates the strength of tourism in the area (together with the strength of the Yarra Ranges’ accommodation and food services industry).
- Construction is the largest sector in the Yarra Ranges, which is not typical, given population growth is well below the state average and has been below 1.0% all three years up to 2020 (most growth areas around the country have construction as the largest sector and often experience population growth above 3%).

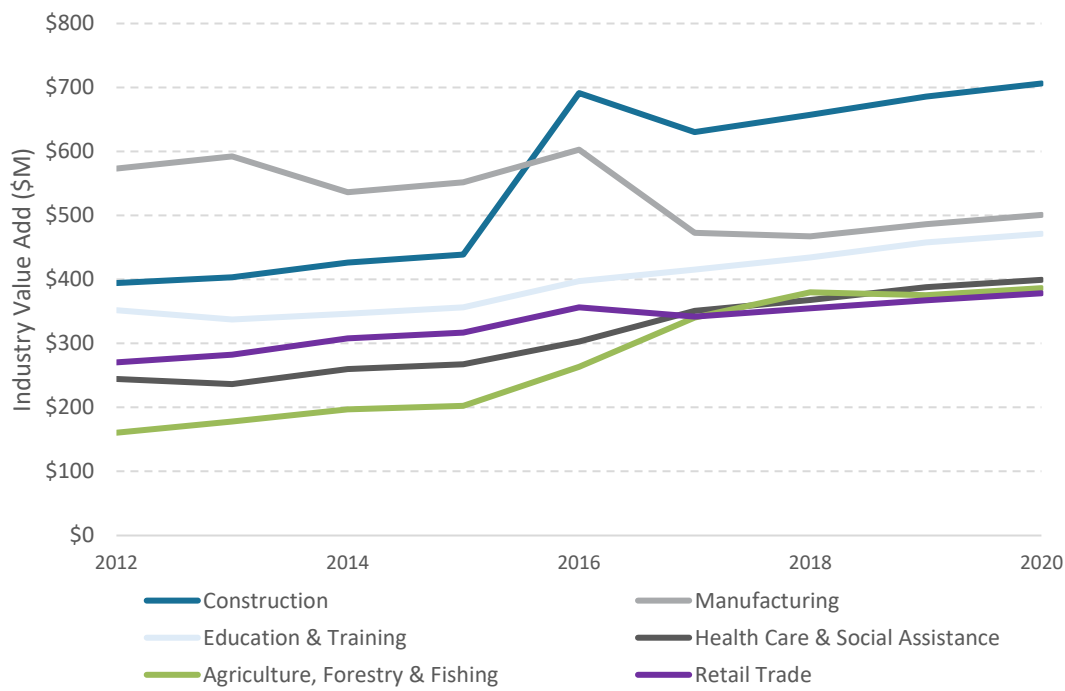
- Analysis of journey to work data reveals that a significant proportion of local residents working in the construction industry travel outside of the Shire, which would indicate that while there is not a significant amount of population-based construction activity locally, the industry is using the Yarra Ranges as a base and working on projects outside of the Shire.
- Manufacturing is also a key industry within the region. Sub-industry data show wine, spirits and tobacco manufacturing (\$52.9 million in industry value-added in 2020), motor vehicles and parts and other transport equipment manufacturing (\$51.8 million) and polymer product manufacturing (\$45.9 million) to be the largest manufacturing sub-industries in the Yarra Ranges. While wine production is a relatively small component of overall manufacturing, the Yarra Valley is a premium wine region with 28% of its production commanding a high price (i.e. over \$20 per bottle), compared to just 5% for the nation (Wine Australia, 2021). Furthermore, the wine industry also plays an important role in the local tourism sector.

Figure 3.2. Industry Value-Add, 2020



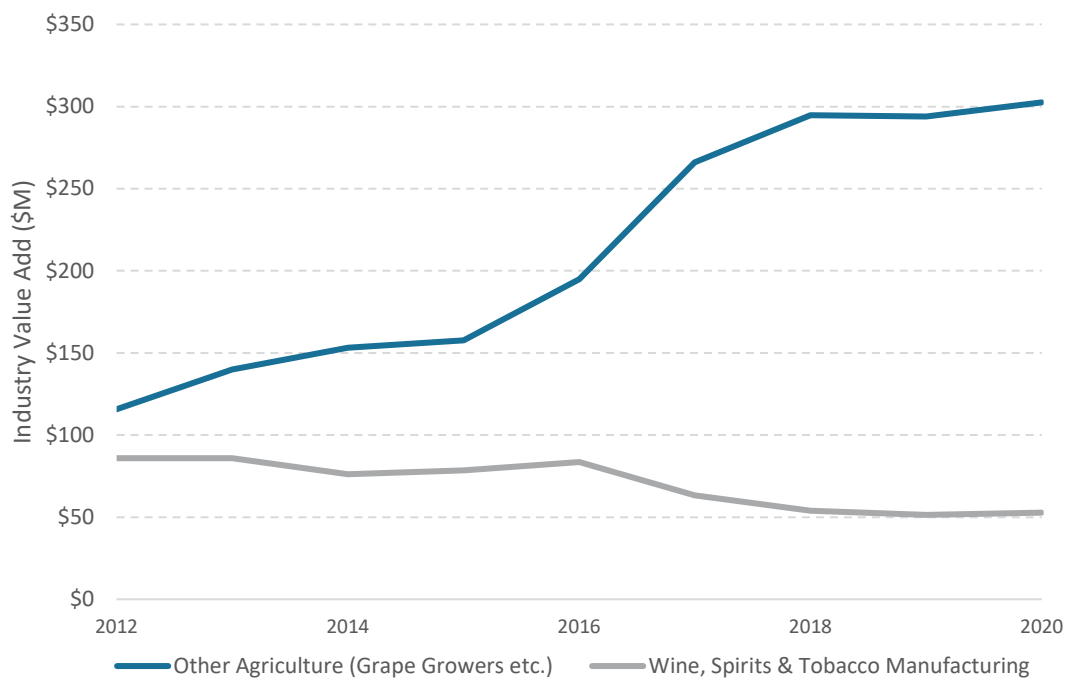
Source: REMPLAN (2021).

Figure 3.3. Industry Value-Add, Yarra Ranges



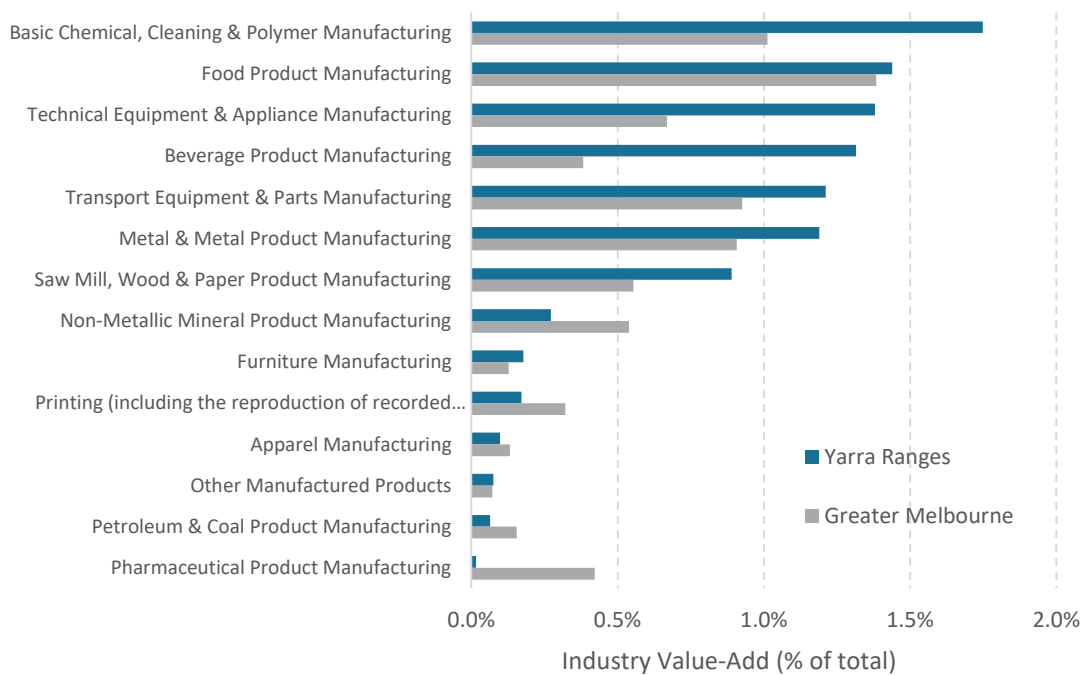
Source: REMPLAN (2021).

Figure 3.4. Sub-Industry Value-Add, Yarra Ranges



Source: REMPLAN (2021).

Figure 3.5. Industry Value-Add by Manufacturing Sub-Industry, 2020



Source: REMPLAN (2021).

Table 3.1. Yarra Valley Wine Statistics, 2020

	Yarra Valley	Australia	% of Australia
Total vineyard area (ha)	2,837	155,442	1.8%
Estimated tonnes crushed	6,859	1,520,608	0.5%
Export volume ('000 litres)	1,502	729,708	0.2%

Source: Wine Australia (2021).

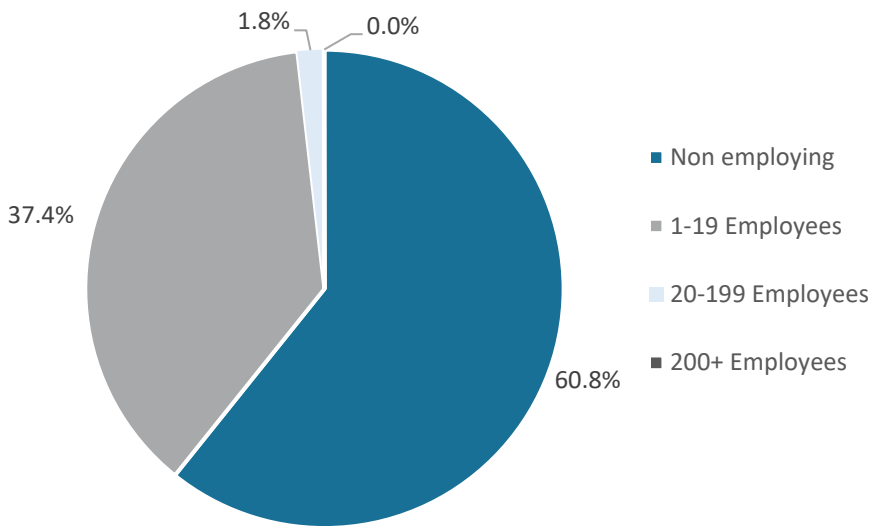
### 3.2 Business Counts

- The Yarra Ranges’ economy is dominated by small businesses (98.2% of all businesses have 19 employees or fewer) (Figure 3.6).
- This structure is similar to most local economies in Australia.
- The top three industries by number of businesses (construction, professional services and rental, hiring and real estate) are typical industries where there is a great number of individual traders and small businesses (Figure 3.7 and Figure 3.8).

#### **Business Counts from the ABS**

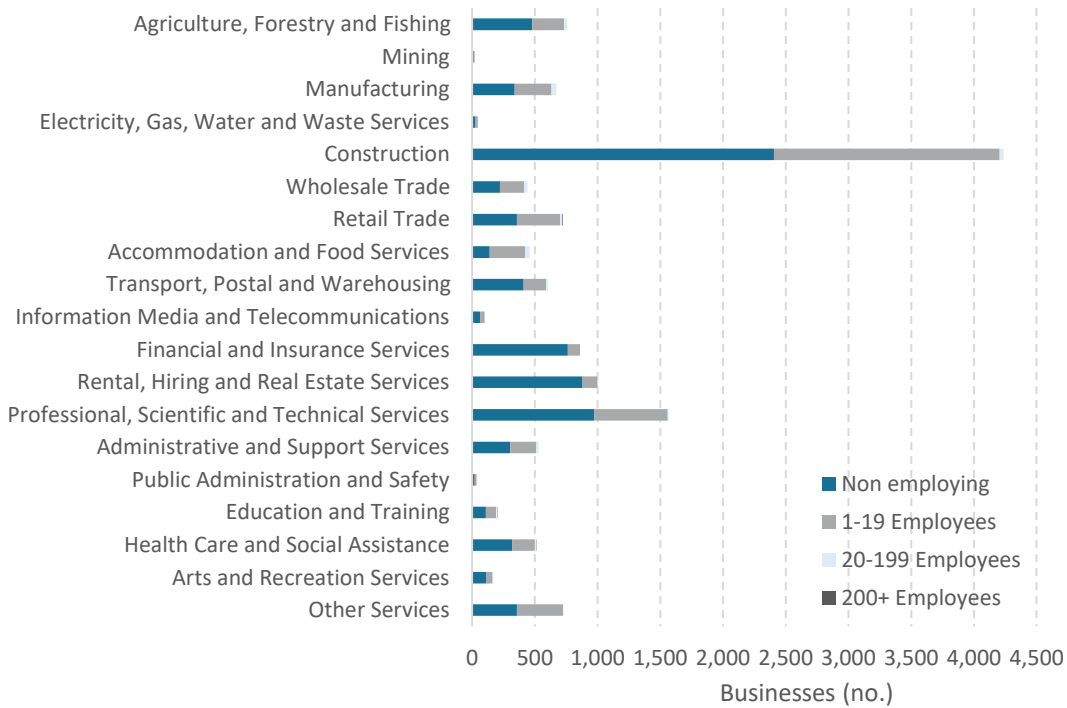
It is important to keep in mind that this data reflects the registered business address of companies (only), so larger businesses such as Coles, Woolworths and other major retail businesses may not be captured in the data. Furthermore, the ABS excludes sole traders and focuses on businesses with active ABNs that are registered for GST. This methodology usually underestimates the total number of businesses in a local economy, specifically many of the sole traders and/or home-based businesses.

Figure 3.6. Business Counts, Yarra Ranges, 2020



Note: Location based on registered address of businesses.  
Source: ABS (2021c)

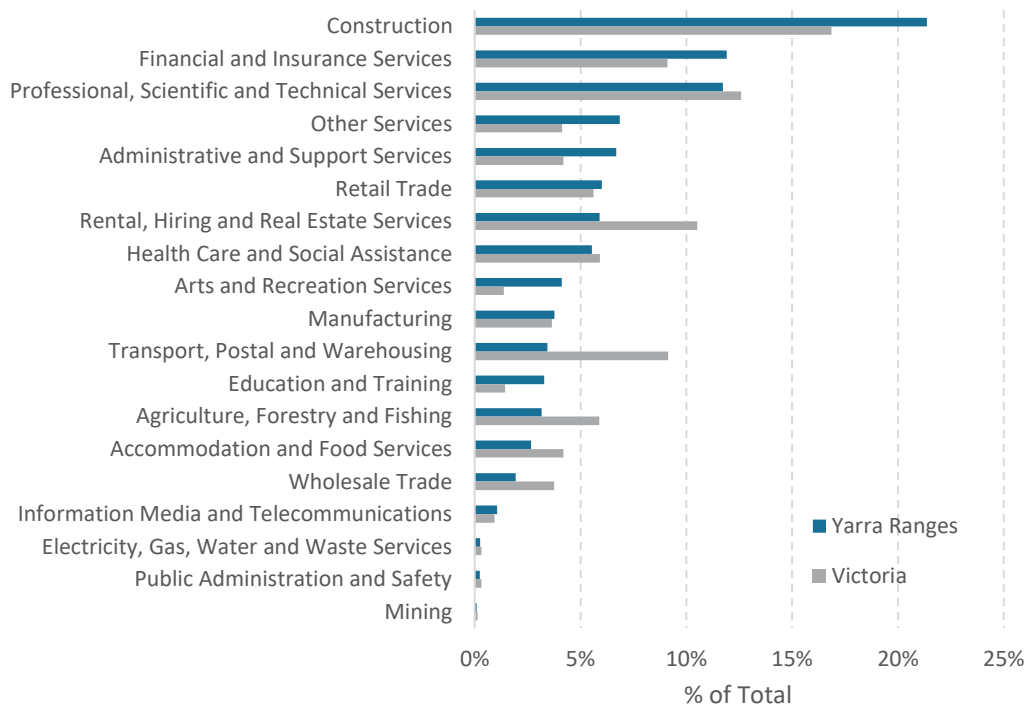
Figure 3.7. Business Counts, by Industry, Yarra Ranges, 2020



Source: ABS (2021c)



Figure 3.8. Business Counts, by Industry, 2020



Sources: REMPLAN (2021), ABS (2021c).

## 4. Employment and Skills

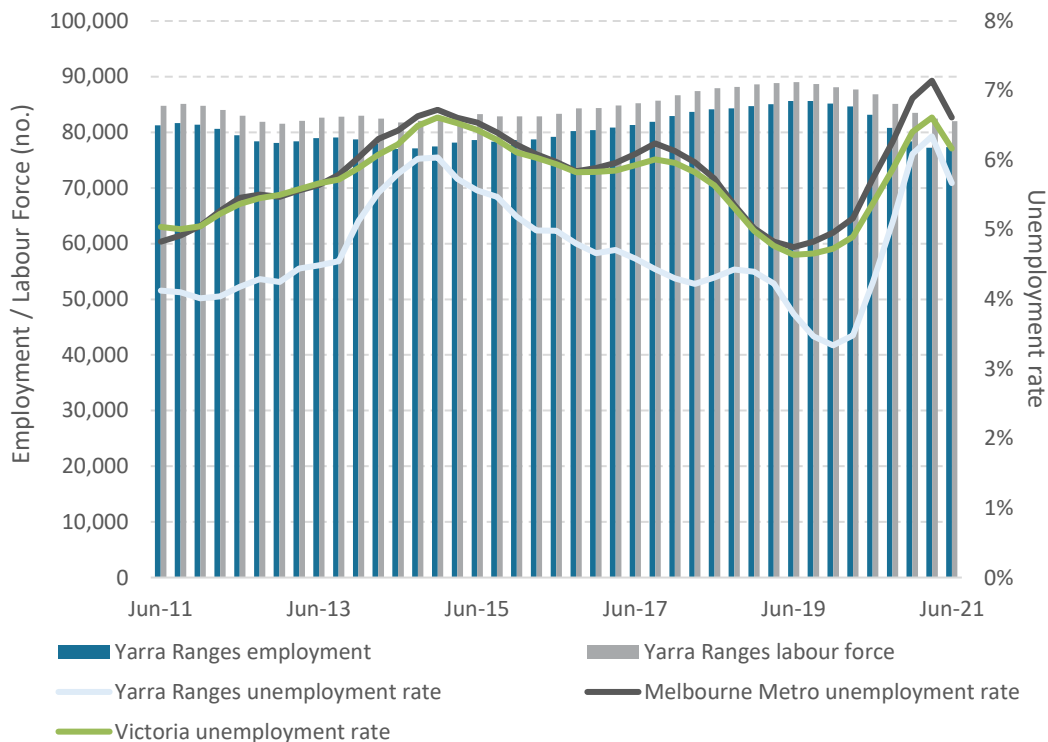
### 4.1 Labour Force and Unemployment

- Labour market conditions in the Yarra Ranges were performing well until the onset of the COVID 19 pandemic, with unemployment reaching 3.3% in the December 2019 quarter, the lowest level for the decade.
- Historically, the local unemployment rate has followed movements in the Melbourne Metropolitan region and the State, however, it has always been noticeably lower than these benchmarks.
- Since the COVID-19 pandemic hit the Australian economy in March quarter 2020, labour force and employment in the Yarra Ranges has been in decline, shedding 7,785 workers (i.e. people in the labour force) or 9.1% and over 6,000 employed persons 6.9% by the June quarter 2021.
- In a positive note, employment in the June 2021 quarter saw a slight increase. At the same time, the decline in the labour force appears to have slowed dramatically, both potentially signalling that a recovery may be underway.

#### Labour Force and Unemployment Data

These data sets are from the Department of Education, Skills and Employment (DESE) and track the number of people in the labour force (total), employed and unemployed. This data is based on place of residence, which differs from the analysis above regarding Gross Regional Product/Industry Value Add as well as the analysis below regarding employment, which focuses on data based on place of work. For the labour force survey, the definition of ‘employed’ includes all persons aged 15 years and over who worked for one hour or more during the reference week.

Figure 4.1. Labour Force and Unemployment Rates

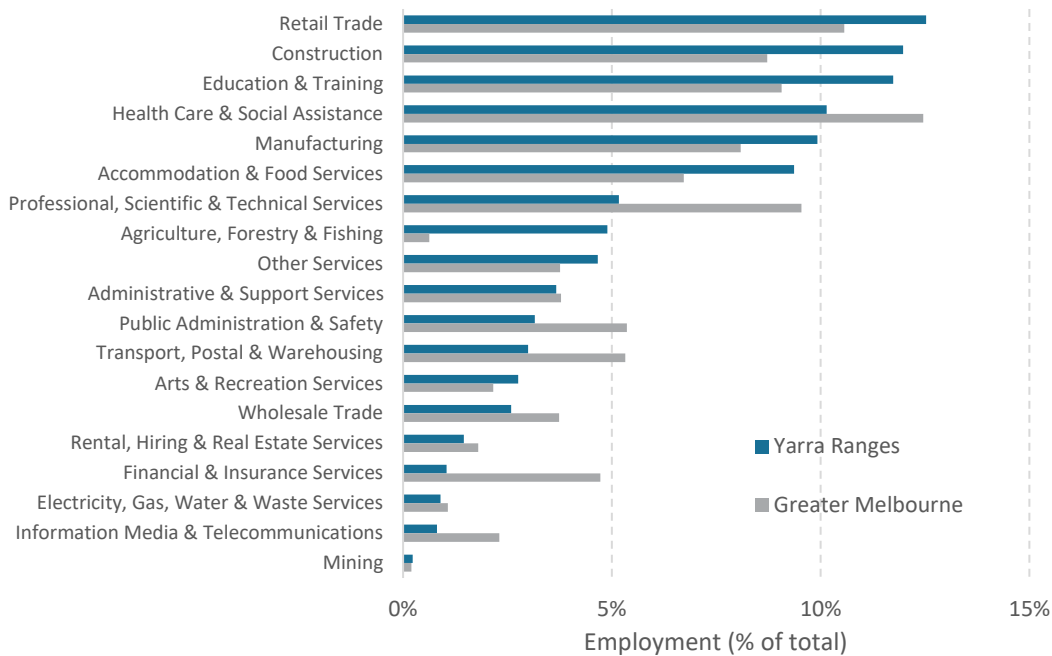


Source: DESE (2021a).

## 4.2 Employment

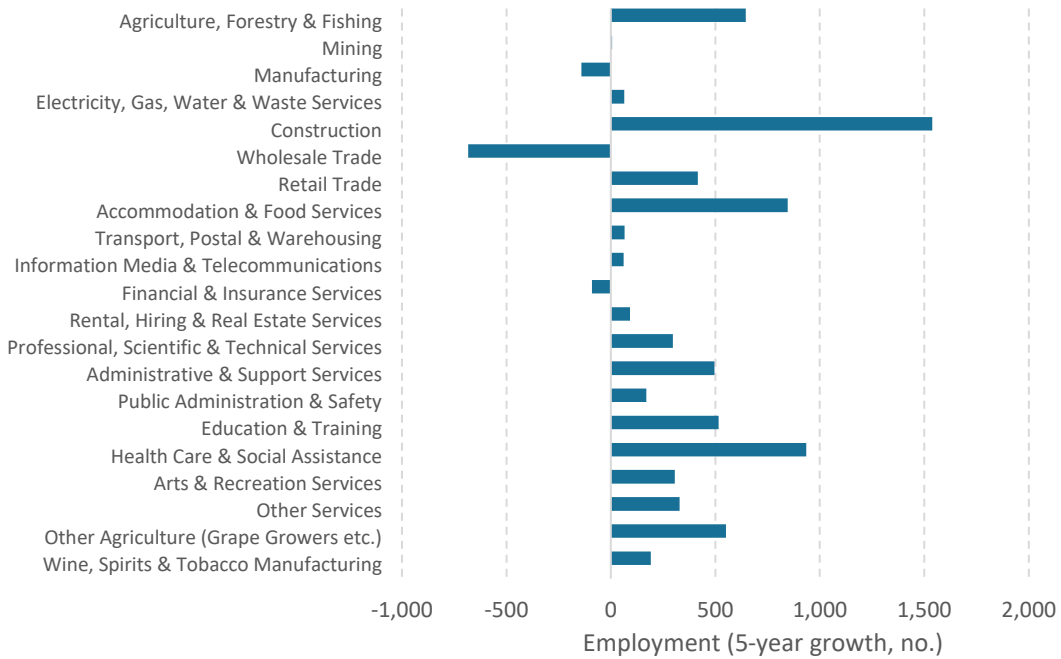
- The public sector is a key employer within the Yarra Ranges, employing more than a quarter (26%) of the region’s total workforce. Specifically, key public sector employing industries include education (12%) and healthcare and social assistance (10%) (Figure 4.2).
- Retail trade (13%) and construction (12%) are also key employers within the region.
- However, the region’s wholesale trade and manufacturing industries have seen a decline in employment in recent times.
- The decline in the local manufacturing workforce is consistent with broader trends within the industry nationally.

Figure 4.2. Employment by Industry, Yarra Ranges, 2020



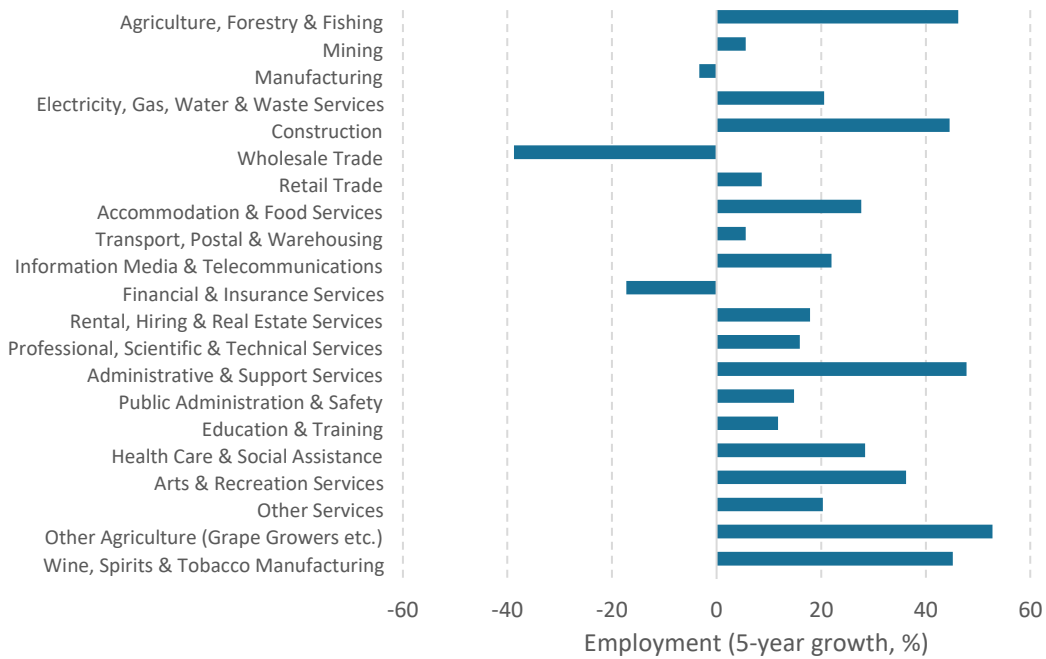
Note: Place of work data.  
Source: REMPLAN (2021).

Figure 4.3. Employment Growth 2015-2020 (no.), Yarra Ranges



Source: REMPLAN (2021).

Figure 4.4. Employment Growth 2015-2020 (%), Yarra Ranges



Source: REMPLAN (2021).

### 4.3 Journey to Work

- Analysis of journey to work data shows that 60% of local residents (43,989) leave the Yarra Ranges every day to go to work.
- This proportion demonstrates the attractiveness of the area for residents, as many have decided to incur a longer commute in order to live in the Yarra Ranges.
- At the same time, the analysis also shows that for the jobs available inside the Shire, 71% of them (29,588) are filled by local residents (Table 4.1).
- This level of local employment is relatively high and demonstrates that there are simply not enough jobs within the Yarra Ranges for all the local resident workers, which means that most have to look outside the Shire for work.
- While there is a large number of resident workers who travel to Melbourne for employment, there is also a strong contingent of resident workers employed in surrounding local government areas.
- Additionally, most of the local jobs in the Yarra Ranges that are not filled by resident workers are occupied by residents from adjoining local government areas (Table 4.2).
- In terms of industry, there is a significant migration of workers out of the Yarra Ranges every day for work.
- Healthcare, construction and manufacturing all have a relatively high number of local resident workers who work outside of the Yarra Ranges, although residents are in general forced to leave the region for work in virtually all industries outside of agriculture.

Table 4.1. Journey to Work, Yarra Ranges, 2020

Location	Number	%
<b>Employed residents in the area</b>		
Live and work in the area	29,588	40%
Live in the area, but work outside	43,989	60%
Total employed residents in the area	73,577	100%
<b>Workers in the area</b>		
Live and work in the area	29,588	71%
Work in the area, but live outside	12,112	29%
Total workers in the area	41,700	100%

Source: REMPLAN (2021).

Table 4.2. Journey to Work, by LGA, Yarra Ranges, 2020

Top 10 employment locations of resident workers by Council			Top 10 residential location of local workers by Council		
Council	No.	%	Council	No.	%
Yarra Ranges (S)	29,588	40.2%	Yarra Ranges (S)	29,588	71.0%
Maroondah (C)	9,720	13.2%	Maroondah (C)	4,057	9.7%
Knox (C)	8,718	11.8%	Knox (C)	2,524	6.1%
Melbourne (C)	4,950	6.7%	Cardinia (S)	929	2.2%
Whitehorse (C)	4,526	6.2%	Whitehorse (C)	779	1.9%
Monash (C)	3,263	4.4%	Casey (C)	760	1.8%
Greater Dandenong (C)	2,213	3.0%	Manningham (C)	651	1.6%
Boroondara (C)	1,869	2.5%	Monash (C)	330	0.8%
Manningham (C)	1,198	1.6%	Murrindindi (S)	296	0.7%
Casey (C)	1,087	1.5%	Greater Dandenong (C)	227	0.5%

Source: REMPLAN (2021).

Table 4.3. Journey to Work by Industry of Employment, 2020

Top 10 employment industries of those residing in Yarra Ranges			Top 10 employment industries of those working in Yarra Ranges		
Industry	No.	%	Industry	No.	%
Construction	9,700	13.2%	Retail Trade	5,223	12.5%
Health Care & Social Assistance	9,196	12.5%	Construction	4,994	12.0%
Retail Trade	7,909	10.7%	Education & Training	4,894	11.7%
Manufacturing	7,600	10.3%	Health Care & Social Assistance	4,230	10.1%
Education & Training	6,920	9.4%	Manufacturing	4,138	9.9%
Professional, Scientific & Technical Services	4,742	6.4%	Accommodation & Food Services	3,906	9.4%
Accommodation & Food Services	4,114	5.6%	Professional, Scientific & Technical Services	2,156	5.2%
Public Administration & Safety	3,669	5.0%	Agriculture, Forestry & Fishing	2,040	4.9%
Other Services	3,606	4.9%	Other Services	1,943	4.7%
Wholesale Trade	2,915	4.0%	Administrative & Support Services	1,530	3.7%

Source: REMPLAN (2021).

#### 4.4 Value of Employment

- Different industries contribute varying degrees of value to the local economy based on a variety of factors including supply chains, price of goods sold and overall position in the economy.
- As highlighted below, financial services, utility services and rental, hiring and real estate services are amongst the highest value-adding industries in the local economy.
- Accommodation and food services, arts and recreation and retail trade are amongst the lowest value-adding sectors in the local economy.
- It should be noted that retail trade, and accommodation and food services are most closely linked with the tourism sector.

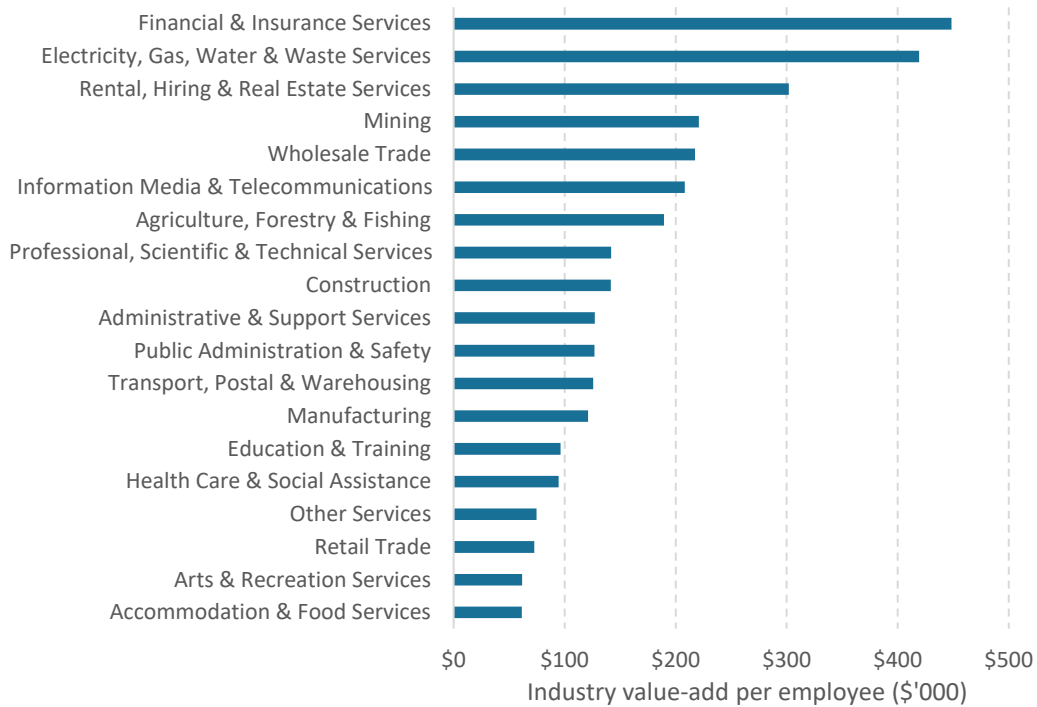
##### **High Value-Adding Jobs**

In terms of economic development, growing high value-adding jobs will have greater benefits to the overall economy than increases in low value-adding jobs. The core difference is related to the relevant supply chains of these industries as well as the wages that are often paid across those industries. High value-adding jobs will provide a greater ability to spend more in the local economy, which will create a greater flow-on benefit locally. Additionally, businesses that have more local supply chains (or the opportunity for them) will have the ability to support additional businesses, creating more value in the local economy.

Because one job may offer greater value than another, this does not mean that lower value-adding jobs are not important. These jobs often provide employment for youth and offer an entry point into the workforce for many residents. Rather, understanding the value of employment should guide the balance of effort and resources in terms of various industry development and investment attraction activities.



Figure 4.5. Industry Value-Add per Employee, Yarra Ranges, 2020



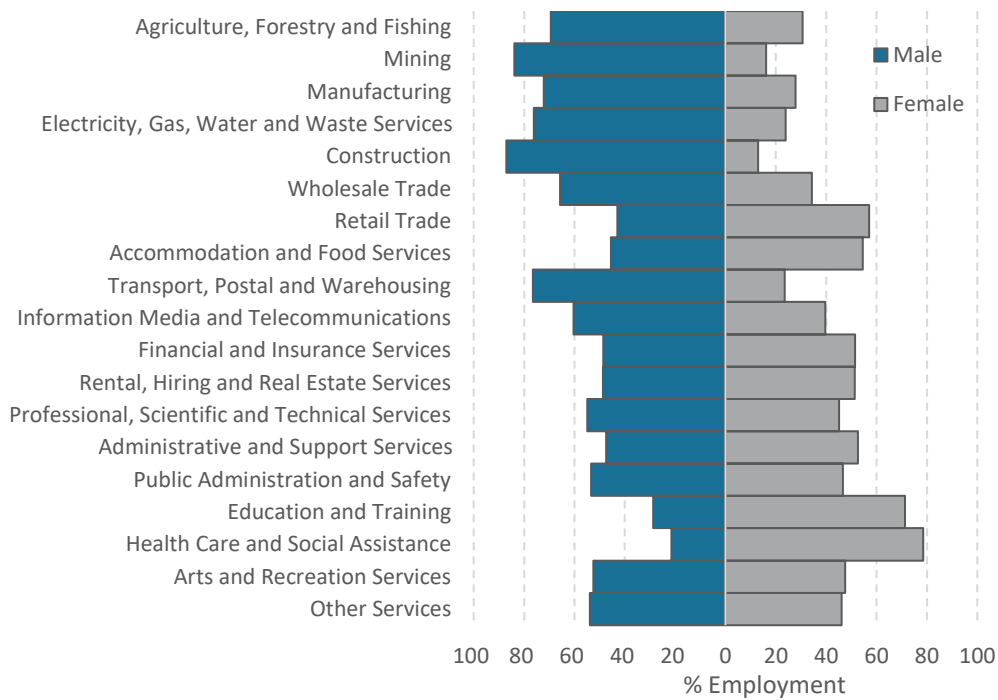
Source: REMPLAN (2021).

## 4.5 Gender Equality

The Workplace Gender Equality Agency (WGEA) is an Australian Government Agency and was created in 1986. While much progress has been made over the last three decades, a significant gender gap persists. Women make up 50.4% of the Australian population. In terms of employment, females make up only 38% of full-time jobs but 75% of part-time jobs. Females make 20% less than men in terms of total remuneration and make up only 18% of CEO roles across Australia (WGEA, 2021).

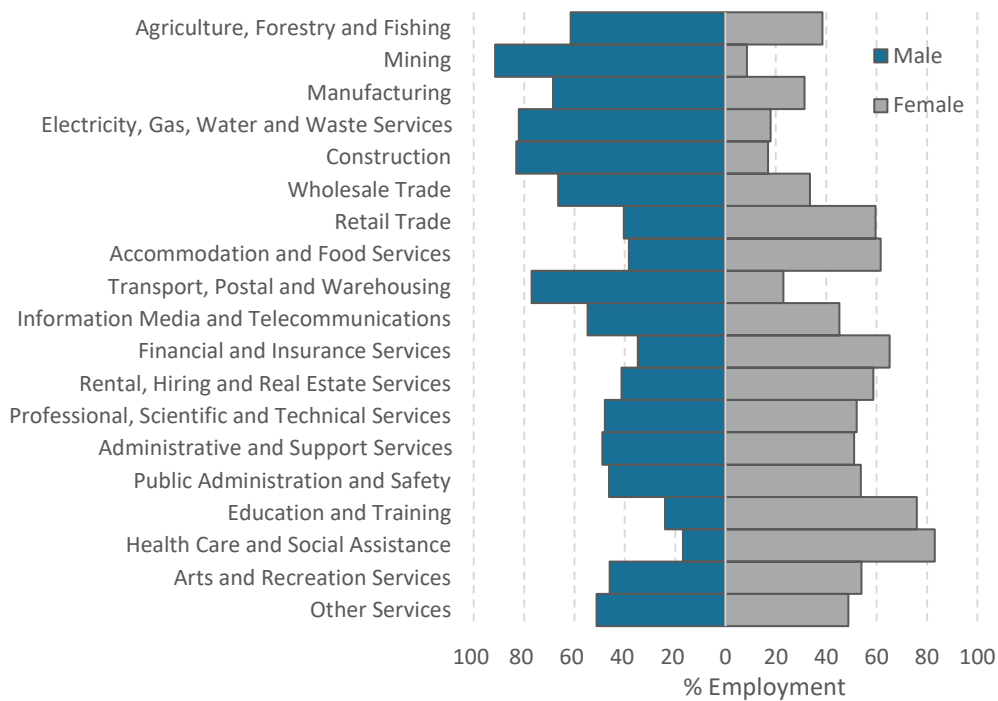
Figure 4.6 shows the percentage of male versus female employment by industry across Australia. Figure 4.7 shows the same information for Yarra Ranges and appears to replicate a similar structure. However, Figure 4.8 shows that Yarra Ranges has a much higher proportion of female employment across a number of industries. Across almost all industries, there are more women employed (proportionally) compared to the Australian average.

Figure 4.6. Employment by Industry, by Sex (%), Australia, 2016



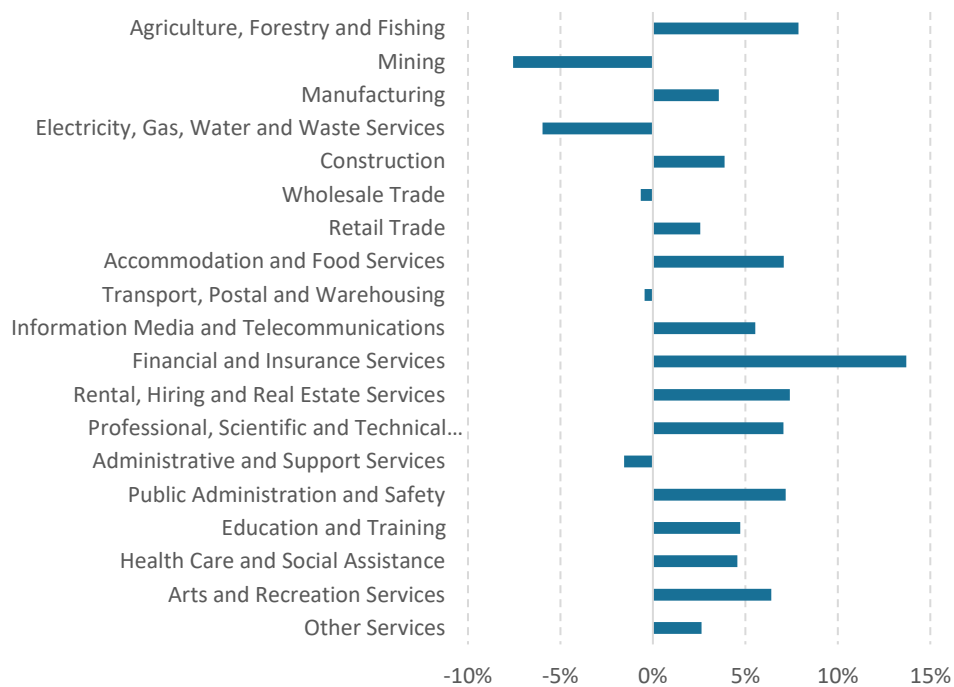
Source: ABS (2017).

Figure 4.7. Employment by Industry, by Sex (%), Yarra Ranges, 2016



Source: ABS (2017).

Figure 4.8. Deviation of Female Employment (Yarra Ranges vs Australia), 2016



Note: Deviation measures the difference (in percentage points) between the proportion of female employment (by industry) in Yarra Ranges compared to Australia.

Source: ABS (2017).

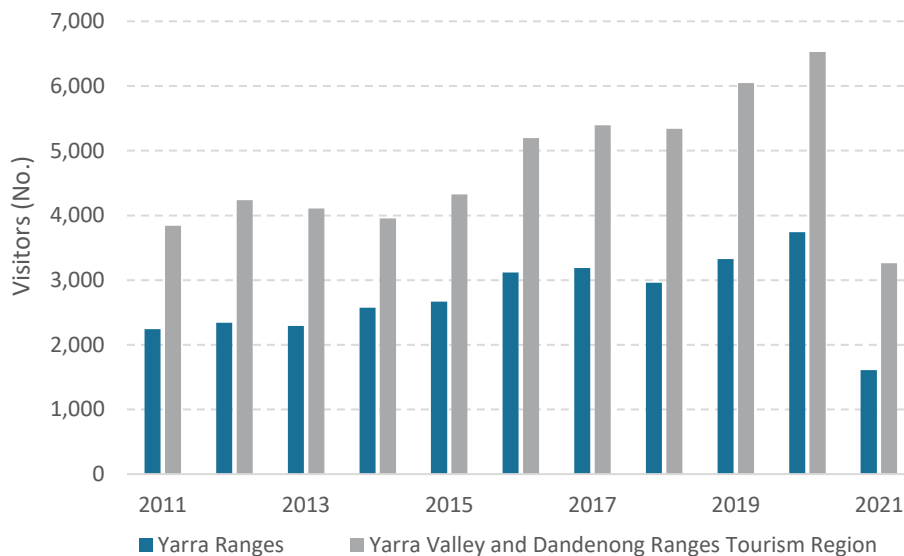
**The Gender Equality Act 2020** came into effect on 31 March 2021. It seeks to improve workplace gender equality in the Victorian public sector, universities and local councils. The Act promotes gender equality by:

- Requiring the Victorian public sector, local councils and universities to take positive action towards achieving workplace gender equality.
- Requiring these organisations to consider and promote gender equality in their policies, programs and services.
- Establishing the Public Sector Gender Equality Commissioner to provide education, support implementation and enforce compliance.

## 5. Tourism Visitation

- The Yarra Ranges makes up a significant portion of visitation to the Yarra Valley and Dandenong Ranges Tourism Region
- The Yarra Valley and Dandenong Ranges Tourism Region (as defined by the Victorian Government) is a very large region with the Yarra Ranges making up a relatively small portion of the total area.
- Tourism visitation to the Yarra Ranges was rising strongly before the COVID-19 pandemic.
- In the year ending March 2020 the Yarra Ranges had 3.7 million visitors, up 12.5% from the previous year. Visitation to the region increased by an average rate of 7.0% per annum over the preceding five years.
- By type of visitor, the region is dominated by day-trip visitors (which is unsurprising given the region’s proximity to Melbourne), which accounted for 85% of total visitors in the year ending March 2020. Attracting a higher proportion of overnight visitation (domestic or international) to the region is a source of opportunity for the local tourism industry, as overnight visitors tend to have a higher per trip expenditure than day-trip visitors.
- In fact, data shows visitor nights to the region totalled 1.4 million in the year ending March 2020, the second consecutive annual decline in visitor nights.
- By purpose of visit, in the year ending March 2020 66% visited the region for a holiday, while 25% visited friends and relatives.
- Given the region’s popularity amongst day-trip visitors, it is unsurprising that 76% of visitors in the year ending March 2021 were from Melbourne, with a further 21% from other parts of Victoria.
- Tourism is estimated to have contributed \$265 million (or 4.4% of total IVA) to the local economy during the COVID-19 impacted 2020 year. This is higher than the tourism industry’s contribution of 3.4% of IVA to the Greater Melbourne region and 3.5% to the State economy. Further, the tourism industry directly employed an estimated 3,056 persons in 2020 (or 7.3% of total employment), higher than the Greater Melbourne (5.4%) and Victoria (5.7%) averages.

Figure 5.1. Visitors Yarra Ranges and the Yarra Valley and Dandenong Ranges Tourism Region



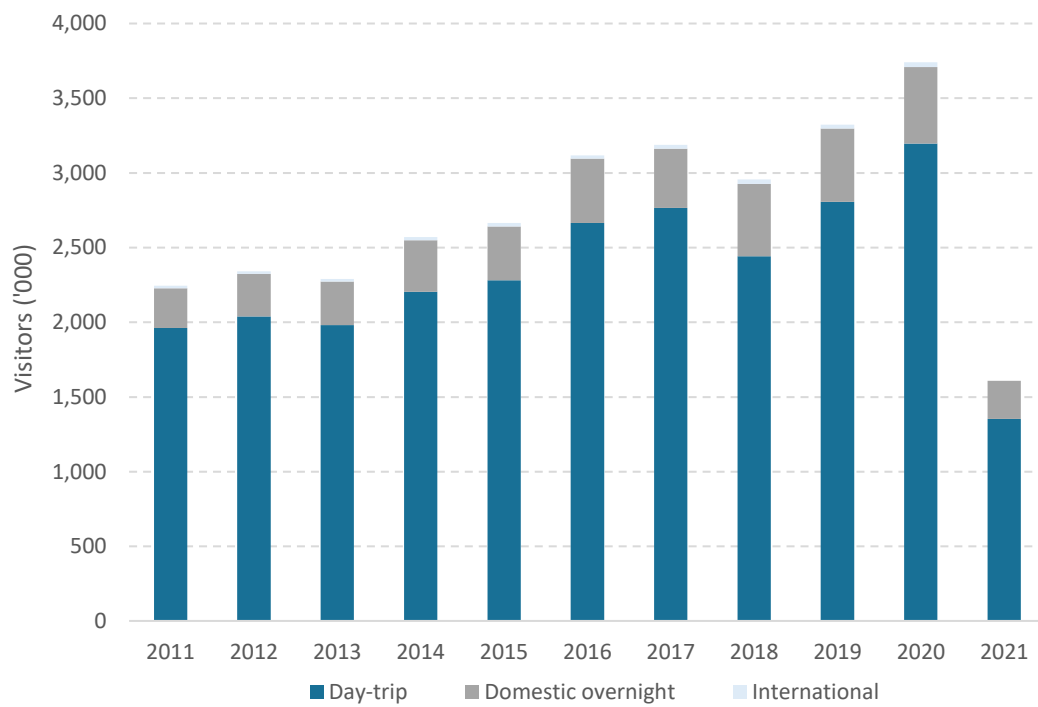
Note: year-ending March data. Tourism region includes figures from Yarra Ranges.  
Source: TRA (2021).

Figure 5.2. Geographic Boundaries



Source: ABS Maps

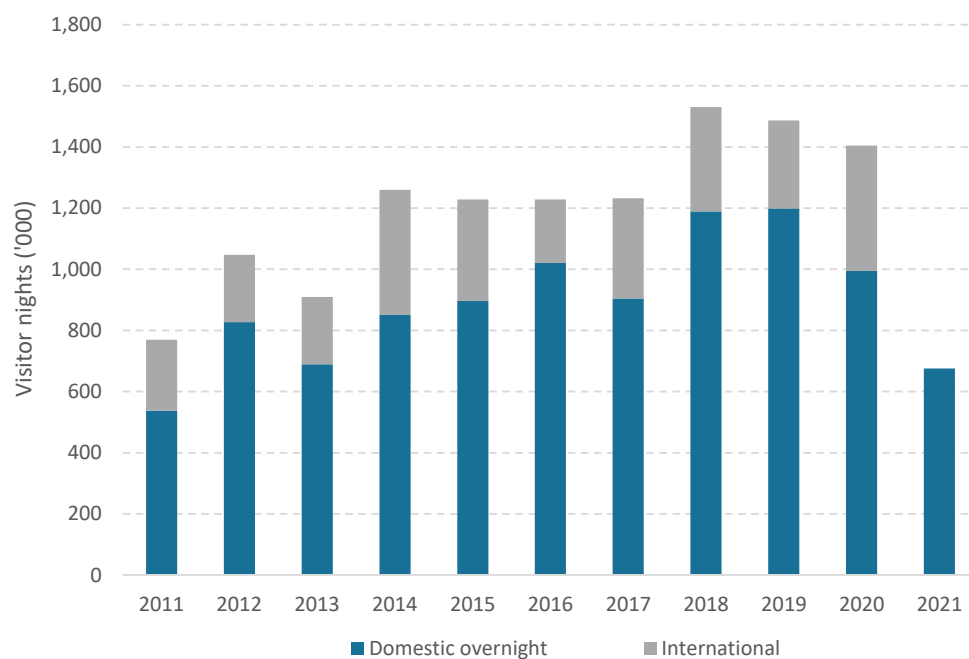
Figure 5.3. Visitors by Type, Yarra Ranges



Note: year-ending March data.

Source: TRA (2021).

Figure 5.4. Visitor Nights by Type, Yarra Ranges

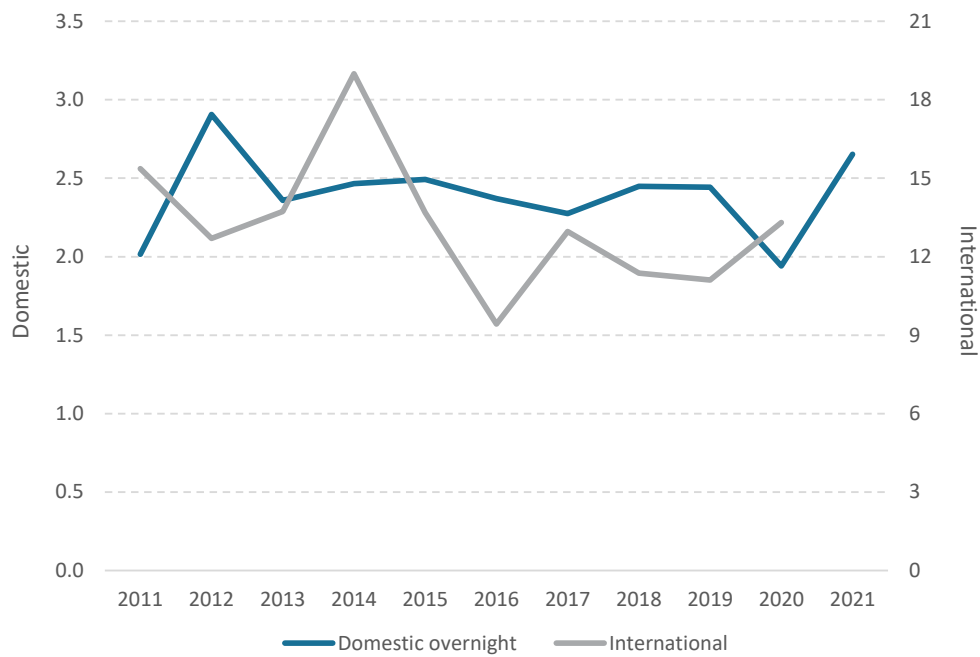


Note: year-ending March data.

Source: TRA (2021).

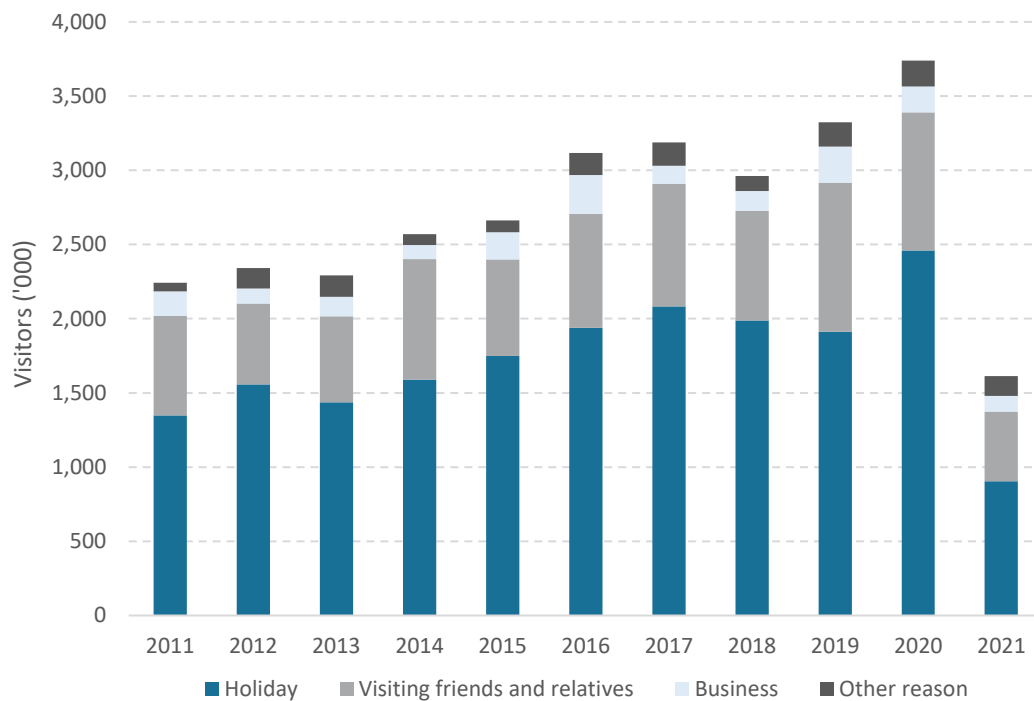


Figure 5.5. Average Length of Stay (Nights), Yarra Ranges



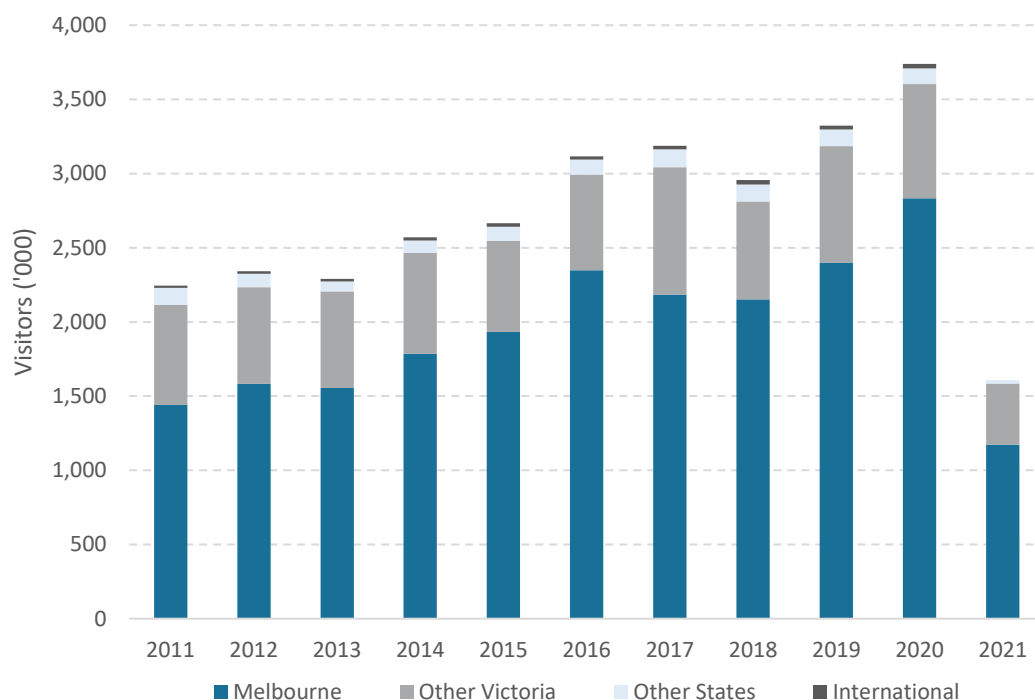
Note: year-ending March data.  
Source: TRA (2021).

Figure 5.6. Visitors by Purpose of Visit, Yarra Ranges



Note: year-ending March data.  
Source: TRA (2021).

Figure 5.7. Visitors by Source Market, Yarra Ranges



Note: year-ending March data.

Source: TRA (2021).

Table 5.1. Tourism Expenditure, 2020

	Average Spend per Trip			Average Spend per Night	
	Day-Trip	Domestic		Domestic	
		Overnight	International	Overnight	International
Yarra Ranges	\$88	\$390	\$849	\$167	\$70
Greater Melbourne	\$95	\$742	\$2,930	\$267	\$126
Australia	\$108	\$685	\$5,379	\$185	\$164

Source: REMPLAN (2021).

Table 5.2. Economic Contribution of Tourism, 2020

	Yarra Ranges		Greater Melbourne		Victoria	
	No.	% of total	No.	% of total	No.	% of total
Value-added	\$265.3	4.4%	\$11,635.5	3.4%	\$15,204.7	3.5%
Employment	3,056	7.3%	114,114	5.4%	154,688	5.7%

Source: REMPLAN (2021).

## 6. Property

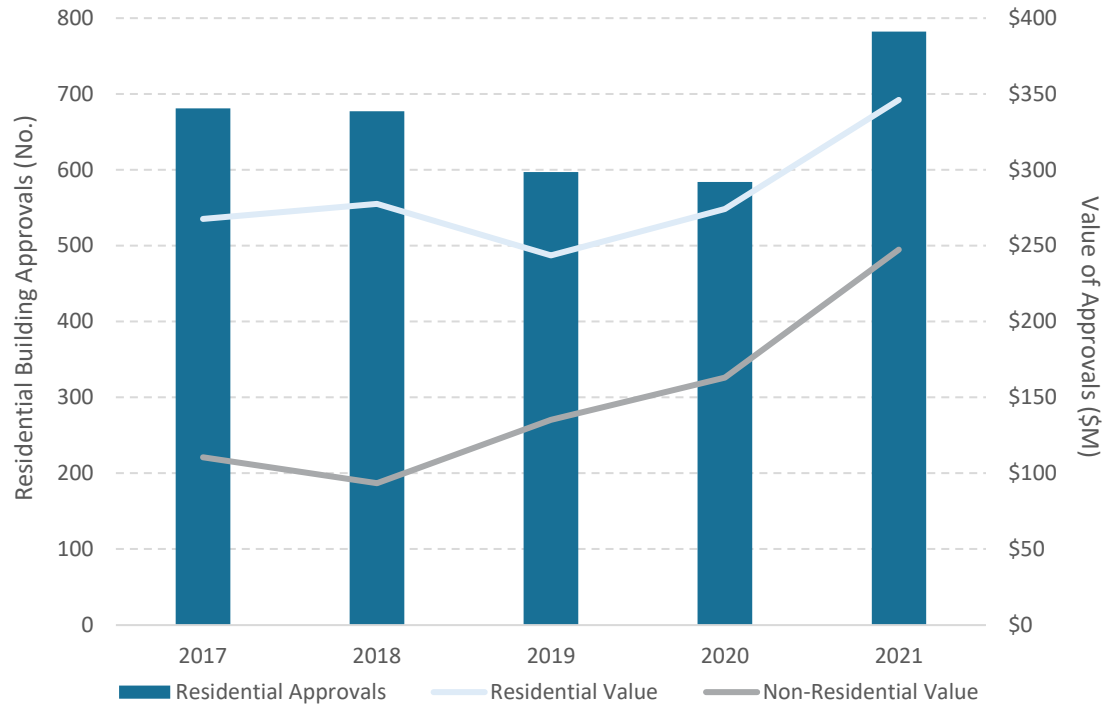
- The Yarra Ranges’ median house price was estimated to be \$688,750 in 2020, up 7.5% from the 2019 median.
- This estimated growth was broadly in line with Melbourne, with ABS (2021e) data showing Melbourne house prices rising 8.9% over the 12 months to June quarter 2020. However, the median house price in Melbourne was \$736,800 in June quarter 2020, considerably higher than the Yarra Ranges’ median.
- While data is not yet available at the regional level, historically low interest rates and government incentives resulted in housing prices surging in 2021 nationally.
- The latest ABS data show Melbourne house prices rising 17.6% over the year to June quarter 2021. It is likely housing prices in the Yarra Ranges region have risen by a similar amount, particularly given the increased popularity of ‘work from home’ arrangements has resulted in strong migration from city centres to the regions since the onset of the COVID-19 pandemic.
- Over the last year, Yarra Ranges has experienced a residential vacancy rate of below 0.5%, demonstrating a severe shortage of residential properties.
- This surge in price growth has subsequently led to a pick-up in residential dwelling construction, with the value of dwelling approvals in the Yarra Ranges up 26% in the year.
- This increased construction activity will support the local construction industry in the near-term, with flow-on benefits to the wider Yarra Ranges economy.

Table 6.1. Median House Price by Suburb (Yarra Ranges)

Suburb	Median House Price				Avg Ann % Growth		
	2010	2015	2019	2020	1-yr	5-yr	10-yr
Belgrave South	\$490,000	\$555,500	\$665,500	\$845,000	27.0%	8.8%	5.6%
Mount Dandenong	\$476,000	\$612,500	\$690,000	\$791,000	14.6%	5.2%	5.2%
Sassafras	\$507,000	\$562,000	\$805,000	\$770,000	-4.3%	6.5%	4.3%
The Patch	\$444,500	\$505,000	\$755,000	\$760,000	0.7%	8.5%	5.5%
Olinda	\$452,500	\$553,500	\$746,500	\$757,500	1.5%	6.5%	5.3%
Belgrave Heights	\$425,000	\$590,500	\$685,000	\$737,500	7.7%	4.5%	5.7%
Montrose	\$440,000	\$559,000	\$707,500	\$728,000	2.9%	5.4%	5.2%
Yarra Glen	\$415,000	\$530,000	\$670,000	\$724,000	8.1%	6.4%	5.7%
Mooroolbark	\$445,000	\$558,500	\$670,000	\$720,500	7.5%	5.2%	4.9%
Lilydale	\$438,500	\$534,000	\$676,000	\$720,000	6.5%	6.2%	5.1%
Mount Evelyn	\$390,500	\$493,500	\$636,000	\$710,000	11.6%	7.5%	6.2%
Kalorama	\$440,000	\$496,000	\$645,000	\$697,500	8.1%	7.1%	4.7%
Belgrave	\$380,000	\$482,500	\$636,000	\$680,000	6.9%	7.1%	6.0%
Kilsyth	\$432,500	\$548,500	\$645,000	\$680,000	5.4%	4.4%	4.6%
Monbulk	\$420,000	\$471,500	\$630,000	\$650,000	3.2%	6.6%	4.5%
Coldstream	\$395,000	\$441,000	\$635,000	\$648,000	2.0%	8.0%	5.1%
Seville	\$387,500	\$450,000	\$620,000	\$626,000	1.0%	6.8%	4.9%
Healesville	\$361,500	\$447,500	\$580,000	\$600,000	3.4%	6.0%	5.2%
Yarra Junction	\$352,500	\$417,500	\$582,500	\$595,000	2.1%	7.3%	5.4%
Woori Yallock	\$300,000	\$358,000	\$510,000	\$552,000	8.2%	9.0%	6.3%
Badger Creek	\$295,000	\$345,000	\$498,000	\$550,000	10.4%	9.8%	6.4%
Warburton	\$300,000	\$325,000	\$512,500	\$543,000	6.0%	10.8%	6.1%
East Warburton	\$285,000	\$305,000	\$458,000	\$509,000	11.1%	10.8%	6.0%
Millgrove	\$234,000	\$275,000	\$415,000	\$425,000	2.4%	9.1%	6.1%
<b>Yarra Ranges LGA</b>	<b>\$417,500</b>	<b>\$494,750</b>	<b>\$640,500</b>	<b>\$688,750</b>	<b>7.5%</b>	<b>6.8%</b>	<b>5.1%</b>

Source: DELWP (2021).

Figure 6.1. Building Approvals, Yarra Ranges



Note: year-ending July data.  
Source: ABS (2021d).

## 7. Competitive Advantages and Opportunities

### Identifying Competitive Advantages

Identifying and leveraging competitive advantages is important for successful economic development efforts at the local level. Competitive advantages can exist in many forms including location, natural resources, industry specialisation and/or infrastructure. This section seeks to identify the unique competitive advantages of the Yarra Ranges using various analytical techniques, including:

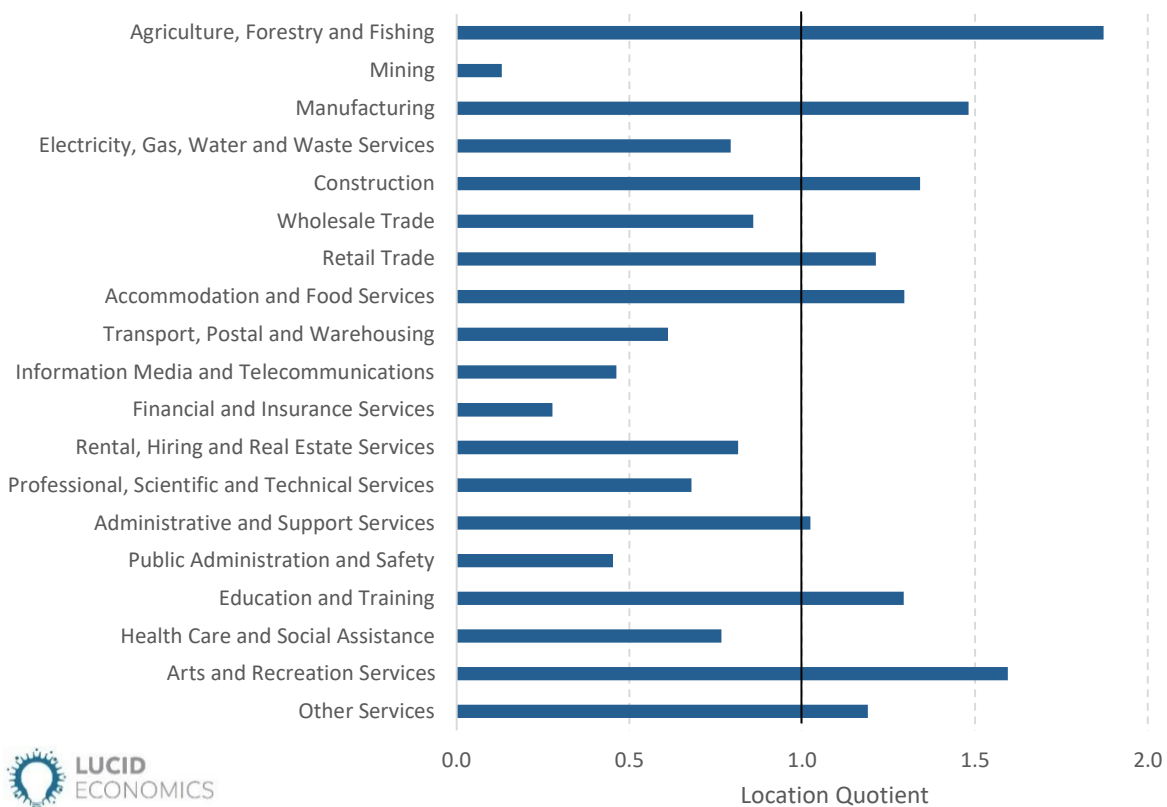
- Location quotient analysis
- Cluster mapping

This analysis will identify various industry opportunities for the Yarra Ranges to be tested and verified through consultation.

The following graph shows the Yarra Ranges’ competitive advantages by industry due to local employment specialisation. Essentially, the location quotients show the proportion of workers in individual industries with the ‘1’ line representing parity with Australia. Industries showing a specialisation above the ‘1’ line indicate areas of natural competitive advantage.

The analysis shows the natural competitive advantages for the Yarra Ranges in agriculture, arts & recreation, manufacturing (particularly beverage and tobacco product manufacturing), construction, and tourism (retail/accommodation and food services).

Figure 7.1. Employment Location Quotients, Yarra Ranges (benchmarked to Australia), 2020



Note: Place of work data.  
Source: REMPLAN (2021).

It is important to understand that the agricultural industry is highly volatile, susceptible to changing global economic conditions, government (both domestic and international) policy and weather events. Further, the manufacturing industry has been in long-term decline across Australia in recent decades.

The following cluster maps help us to understand the relative competitive advantage against a backdrop of future expected employment growth, as well as existing local employment strengths.

### Cluster Mapping

Cluster mapping is an analytical tool to consider future economic growth opportunities and to show the importance and growth opportunities for various clusters or industries within the economy. The cluster maps (Figure 7.2 and Figure 7.3) show the growth potential of various clusters such as the accommodation and food services, health care, education and professional, scientific and technical services industries.

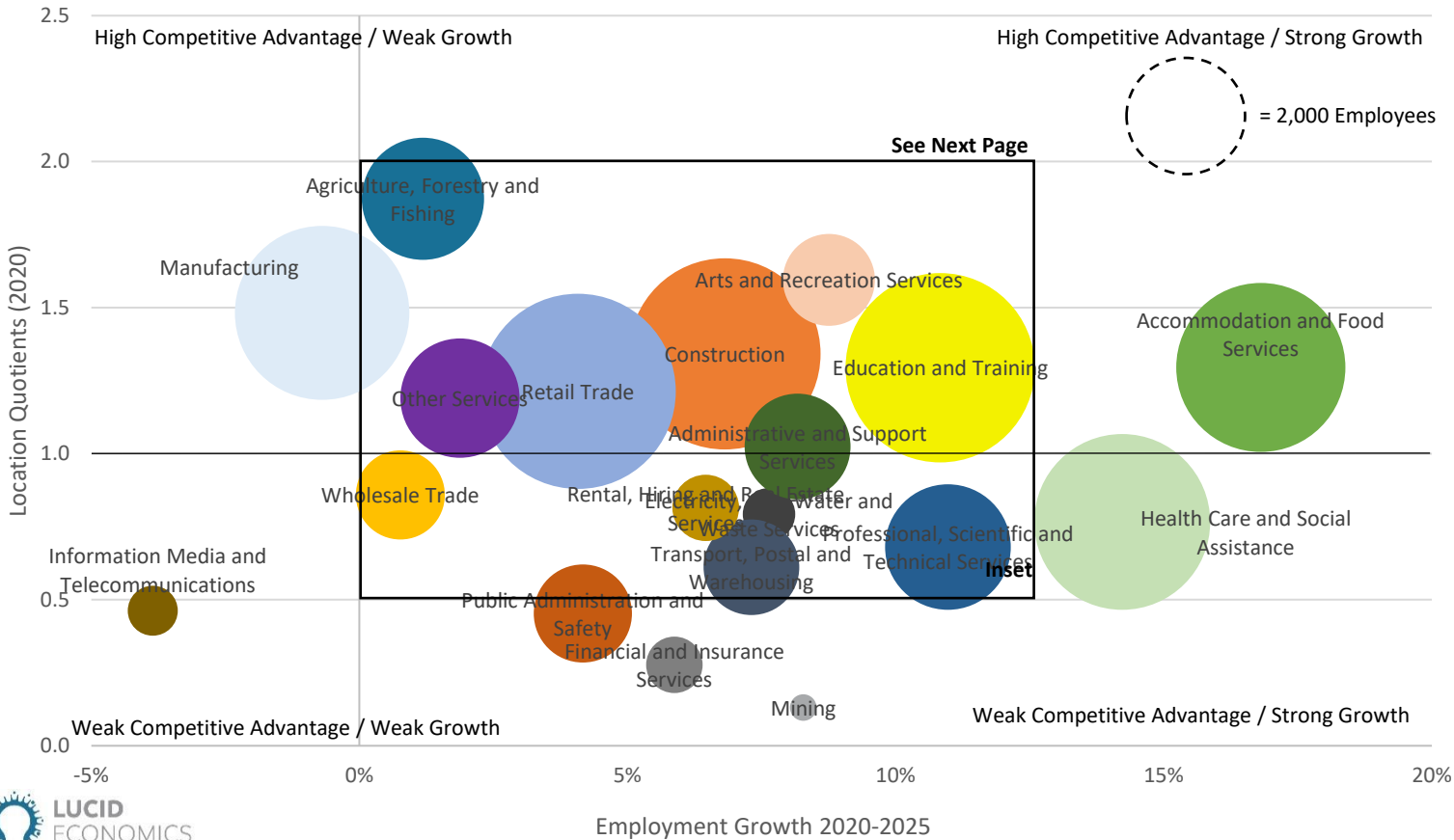
### Interpreting the Cluster Map

Cluster mapping is an analytical tool that can simultaneously present the size and scale of a location's competitive advantages with future anticipated growth trends by industry. In cluster mapping, a location's competitive advantage is viewed through labour specialisation (i.e. the relative scale of employment in specific industries). There are three main components to the cluster map:

- **Location quotient:** the community's location quotients are presented along the vertical axis and these points represent the proportional employment in the community versus a comparison, in this instance Australia (i.e. compared with Australia, how many people are employed in the sector; 1 = the same, 1.2 = 20% more than the national average, etc.).
- **Employment Growth:** future employment growth expectations per industry, from 2020 to 2025, form the horizontal axis and tell us the percentage growth expected for a sector. In this instance, projections from the Department of Education, Skills and Employment for the Australia region have been used.
- **The Cluster:** or the 'bubble' represents the size of local employment in that given sector, which shows the significance of the sector locally.

Overall, cluster mapping helps to identify industry areas of focus for further development in the future.

Figure 7.2. Cluster Map (1-digit), Yarra Ranges



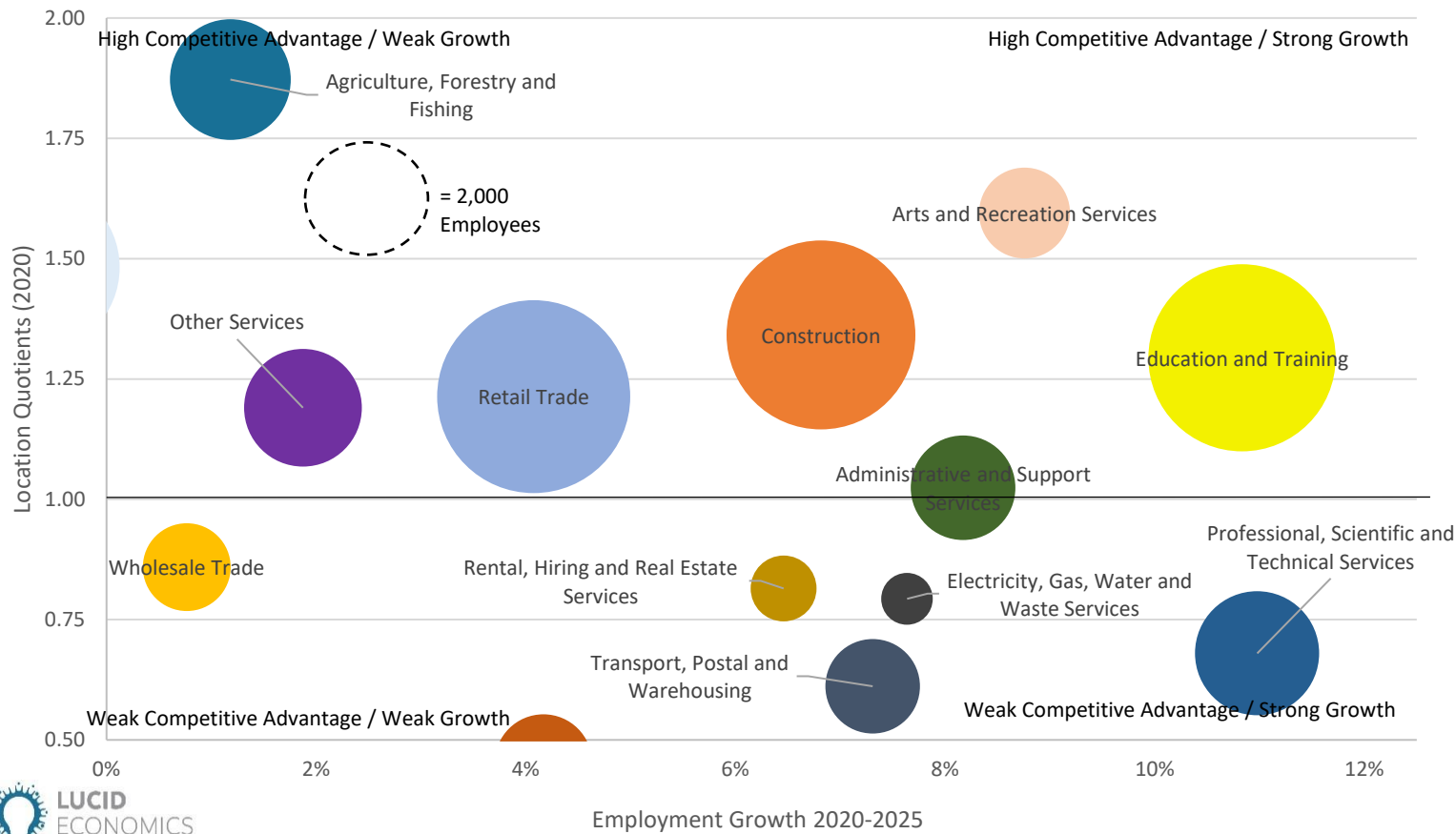
Note: Location quotient calculated by proportion of Yarra Ranges employment divided by proportion of Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Yarra Ranges employment than it does across Australia.

Note: Place of work data.

Sources: REMPLAN (2021), DESE (2021b).



Figure 7.3. Cluster Map (1-digit) Inset, Yarra Ranges

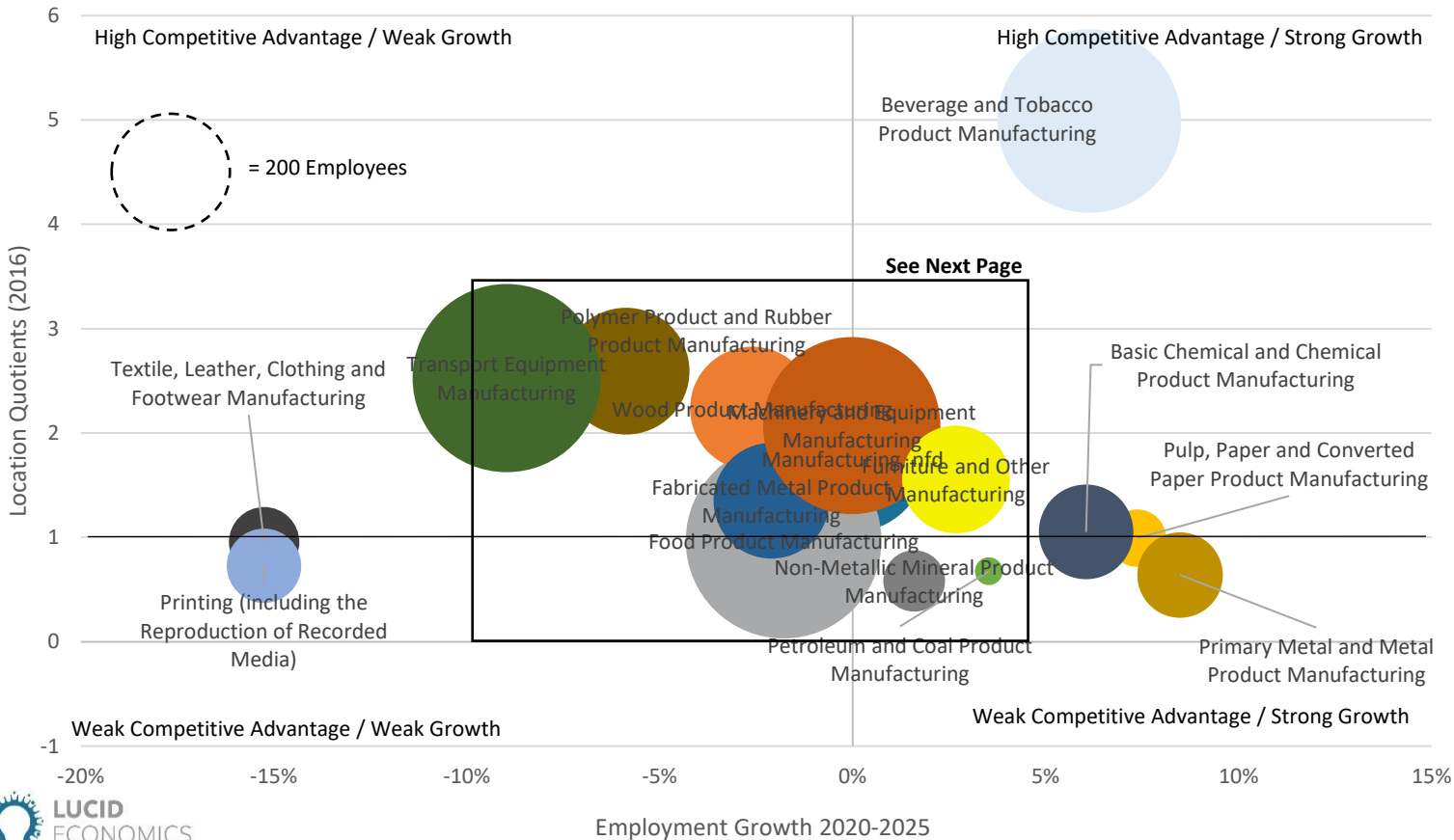


Note: Location quotient calculated by proportion of Yarra Ranges employment divided by proportion of Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Yarra Ranges employment than it does across Australia.

Note: Place of work data.

Sources: REMPLAN (2021), DESE (2021b).

Figure 7.4. Manufacturing Cluster Map (2-digit), Yarra Ranges

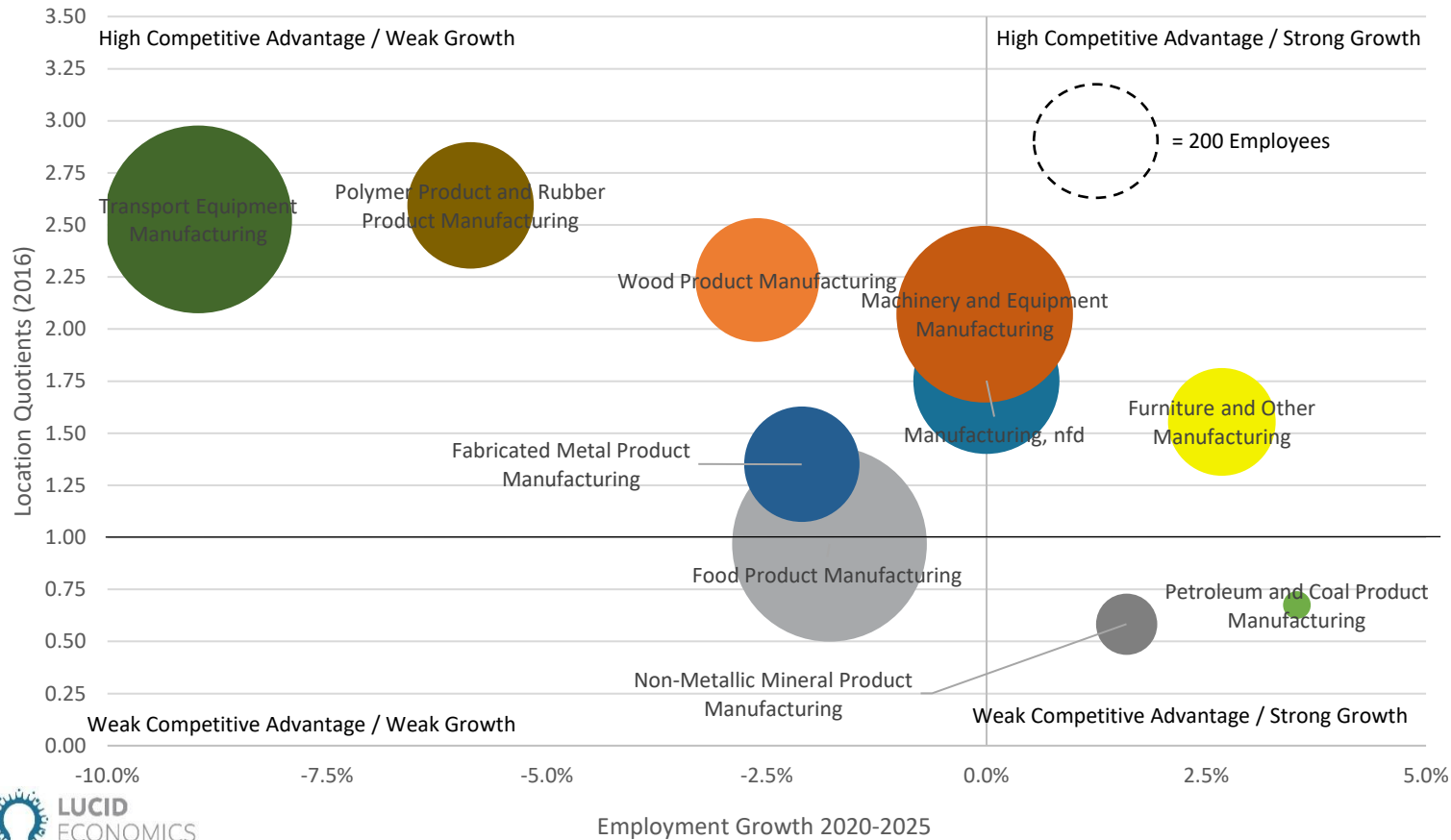


Note: Location quotient calculated by proportion of Yarra Ranges employment divided by proportion of Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Yarra Ranges employment than it does across Australia.

Note: Place of work data.

Sources: ABS (201721), DESE (2021b).

Figure 7.5. Manufacturing Cluster Map (2-digit) Inset, Yarra Ranges



Note: Location quotient calculated by proportion of Yarra Ranges employment divided by proportion of Australia employment. Location quotient of greater than 1 indicates industry makes up larger proportion of Yarra Ranges employment than it does across Australia.

Note: Place of work data.

Sources: ABS (2017), DESE (2021b).



The analysis above indicates that there are future economic development growth opportunities in the following industries:

- Tourism (retail/accommodation and food services)
- Healthcare
- Education
- Professional, scientific and technical services
- Food and beverage manufacturing
- Creative industries (arts and recreation as well as parts of professional services)

It will be important for the Yarra Ranges to consider how the Council can influence these sectors to grow into the future.

## 8. COVID-19 Impacts and Trends

### 8.1 Global Trends

#### Post COVID-19 Global Trends

In January 2021, McKinsey published a report highlighting the key trends that will emerge following the COVID-19 pandemic. A summary of the key future trends, includes:

- **Part 1:** How the COVID-19 crisis and the recovery are shaping the global economy
  - The return of confidence unleashes a consumer rebound (given the constraints put on to the economy through the COVID-19 crisis, consumers will spend heavily)
  - Leisure travel bounces back but business travel lags
  - The crisis sparks a wave of innovation and launches a generation of entrepreneurs
  - Digitally enabled productivity gains accelerate the Fourth Industrial Revolution
- **Part 2:** How businesses are adjusting to the changes prompted by the COVID-19 crisis
  - Pandemic-induced changes in shopping behaviour forever alter consumer businesses
  - Supply chains rebalance and shift (with many multi-national corporations seeking to shorten their supply chains and produce more products closer to their key markets)
  - The future of work arrives ahead of schedule (with an acceleration of working remotely and other technological solutions in the workplace)
  - The biopharma revolution takes a hold (with a generation of new drugs unfolding)
  - Portfolio restructuring accelerates (with capital flowing from some traditional industries into others, based on the risks and experiences from the COVID-19 crisis)
  - Green, with a touch of brown, is the colour of recovery (that expects sustainability to become as pervasive throughout the economy as technology has been over the last decade)
- **Part 3:** How the COVID-19 crisis could change society
  - Healthcare systems take stock – and make changes (with most governments seeking to prepare for future pandemics and ensure that the healthcare system is stronger)
  - The hangovers begin as governments tackle rising debt (so much stimulus has been provided that governments will need to consider how to effectively deal with the ensuing debt)
  - Stakeholder capitalism comes of age (the requirement for businesses to ensure they are acting in a morally responsible manner will become more important)

All of these trends will have impact on the Australian, Victorian and Yarra Ranges' economies.

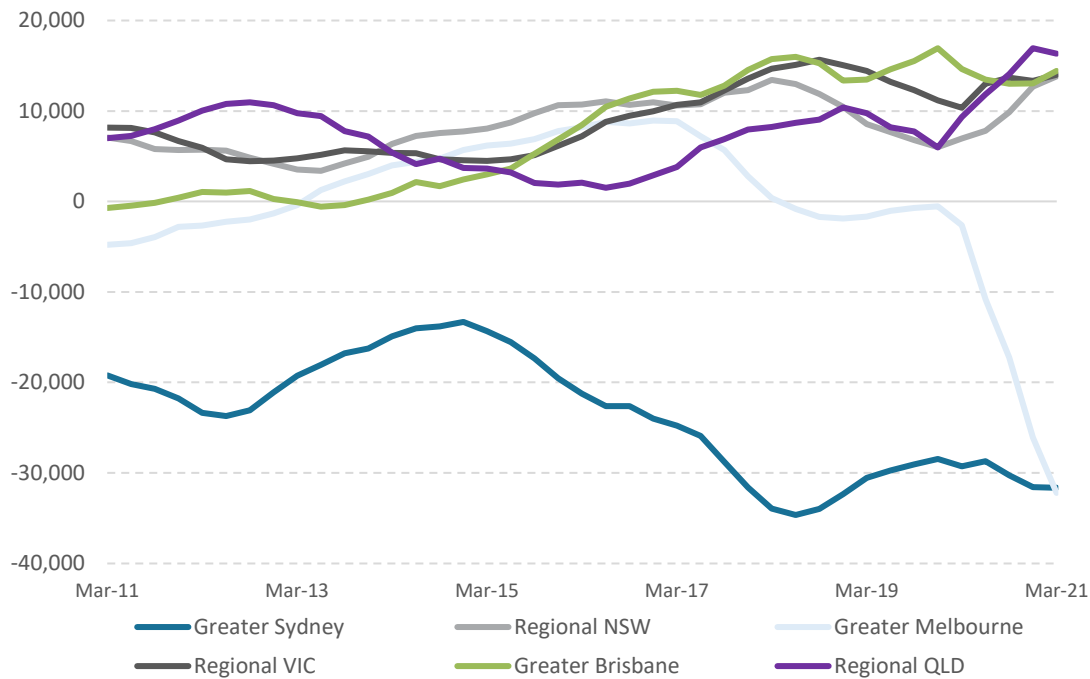
### 8.2 National Trends

#### COVID-19 Population Movements

Figure 8.1 below shows various population trends linked to the effects of COVID-19. As highlighted, there has been a net internal migration away from Sydney and Melbourne in favour of regional areas.

Many parts of regional Australia are adjacent to capital cities, offering people the option of still travelling into the capital city, when required, but enjoying the local lifestyle and working remotely. Many regional areas have seen strong increases in house prices, which may be linked to these recent migration trends.

Figure 8.1. Net Internal Migration



Note: 4-quarter rolling sum.

Source: ABS (2021f).

PWC has recently released an article discussing the future role of Australian CBDs (PWC, 2021). The article discusses a number of important trends, including:

- Historically, CBDs have been strong economic destinations, producing a considerable amount of Gross Domestic Product (GDP)
- The COVID-19 pandemic significantly impacted various industries that were based in CBDs, including:
  - Professional services, finance and insurance, which easily shifted to a remote working / work from home environment
  - Accommodation and food services, education and training, retail trade, administrative and support services, which are not easily transferred to a remote working environment
- As occupancy rates in major CBDs have remained well below their pre-COVID-19 levels, many of these other businesses continue to suffer from a lack of patronage
- Many traditional office workers may not return to the CBD for work (a Roy Morgan poll conducted for the City of Melbourne showed 75% of workers are reluctant to go back to their workplace full-time).
- The reduced demand for CBD office space will force a lowering of prices and attract new entrepreneurs and smaller, innovative companies who were previously prevented from entering the CBD based on price and availability.
- Workplace design will dramatically change to accommodate for COVID-19 and social distancing measures as well as to ensure they are attractive, functional places for workers and businesses.

Further, a separate report from the Property Council of Australia (PCA, 2021) showed the office vacancy rate in the Melbourne CBD hit a 20-year high of 10.4% in July 2021, up from an already elevated 8.4% in January 2021. The report also stated that ‘demand in Melbourne’s CBD was at its lowest level on record, eclipsing the 1990s recession.’

### **Digital Disruption**

In 2017, Deloitte Access Economics published a report '*Digital Disruption – Short future, big bang?*'. The report highlighted the great disruptive capability of digital technology and analysed its potential impact across various industries. Since the publication of the report, digital technology has become pervasive across all industries in Australia (and the world). Every business in every industry in Australia has been impacted and is leveraging digital technology to generate greater productivity, cost savings, creating access to new market and creating new products or services.

In the current economic landscape, it is impossible to remain competitive without leveraging digital technologies. Today, mobile devices have far eclipsed desktop computers and have become critical for consumers to access information and for businesses to reach consumers.



**Parts of the Yarra Ranges suffer from poor mobile connectivity.**

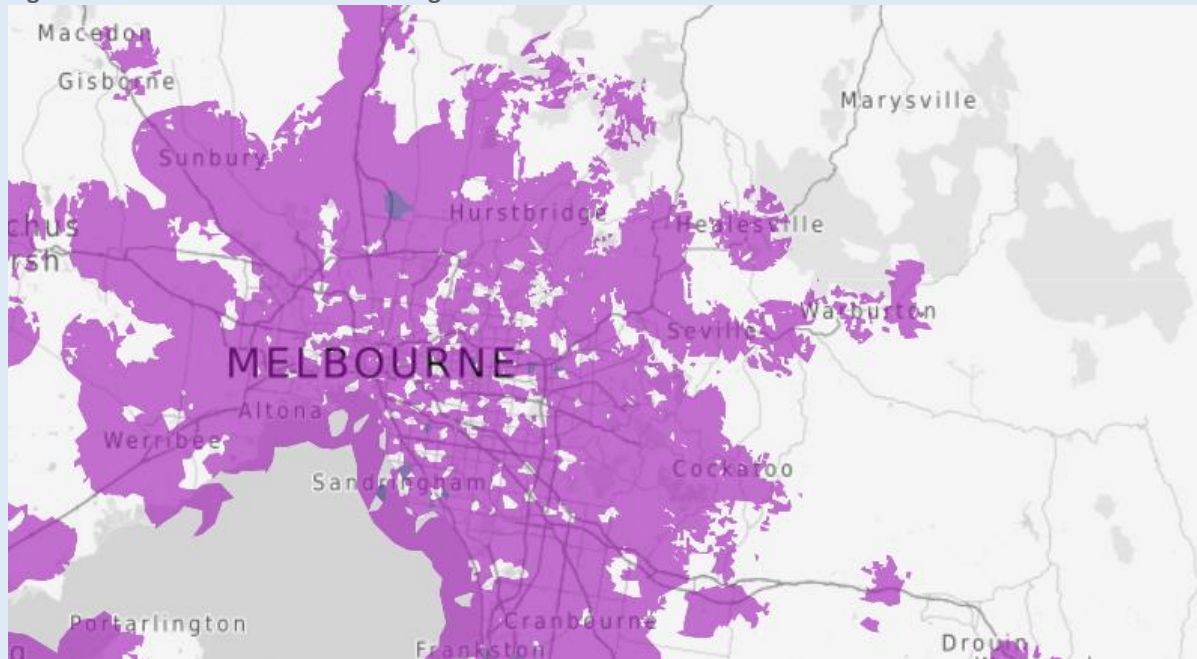
The following coverage map from Telstra shows that there are pockets within the Yarra Ranges that have poor connectivity.

Figure 8.2. Telstra 4G Network Coverage



Source: Telstra (2021).

Figure 8.3. Telstra 5G Network Coverage



Source: Telstra (2021).

Ensuring mobile coverage and strong internet connectivity will be important for the Yarra Ranges economy to remain competitive and grow.

### **National and State Strategic Priorities**

Both the Commonwealth Government and Victorian Government have identified a range of specific industry priorities.

Through the Modern Manufacturing Initiative, the Australian Government has identified specific manufacturing priorities, including:

- Resources Technology & Critical Minerals Processing
- Food & Beverage
- Medical Products
- Recycling & Clean Energy
- Defence
- Space

These sectors have been identified through analysing Australia's competitiveness in the manufacturing sector.

The Victorian Government has identified a number of priority industries, including:

- Construction Technologies
- Creative Industries
- Defence Technologies
- Digital Technologies
- Food and Fibre
- International Education
- Medical Technologies and Pharmaceuticals
- Medical Research
- Professional Services
- Retail, transport distribution and logistics and postal
- Space Technologies
- Visitor Economy
- Victoria's Racing Industry

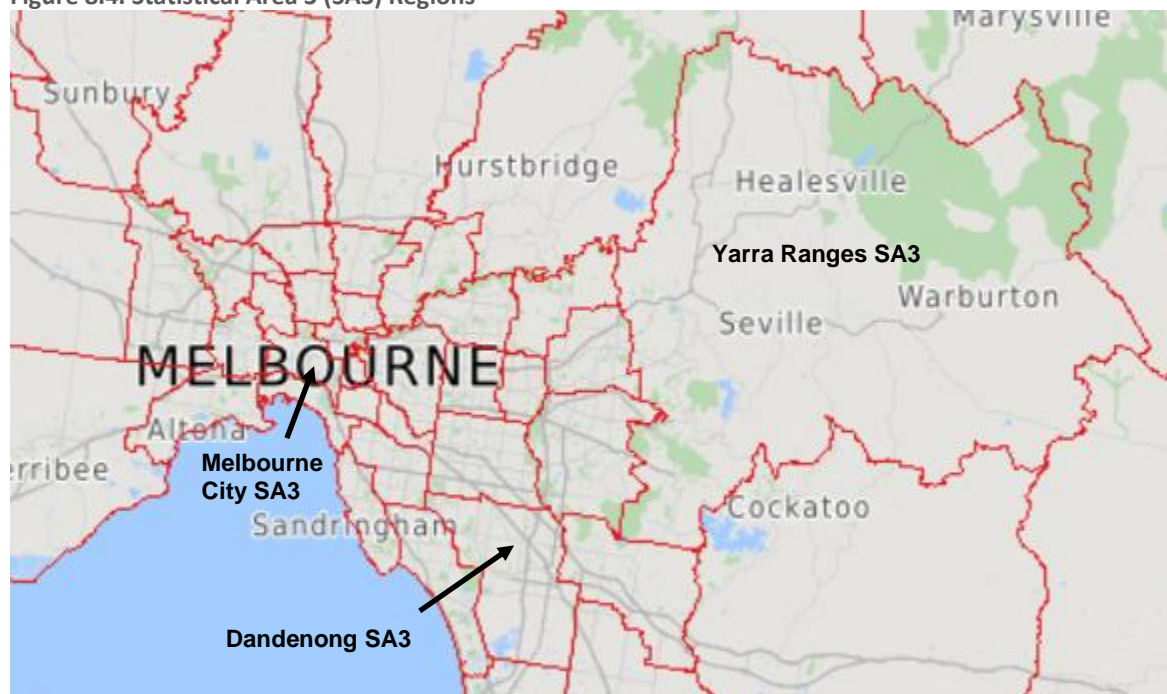
**Many of Yarra Ranges key industry sectors and future potential align well to National and State industry priorities.** In terms of State priorities, there is strong alignment between identified future potential of industries in the Yarra Ranges, including:

- Professional services
- Medical technologies
- Creative industries
- Food and fibre
- The visitor economy

### 8.3 Local Trends

The charts below (Figure 8.5 and Figure 8.6) show an index of payroll jobs growth over time by region and / or industry with the week ending 14 March 2020 equal to 100. Unfortunately, this data is not available at the LGA level, but rather the Statistical Area 3 (SA3)<sup>1</sup>. The relevant SA3 regions are highlighted in the map below (Figure 8.4).

Figure 8.4. Statistical Area 3 (SA3) Regions



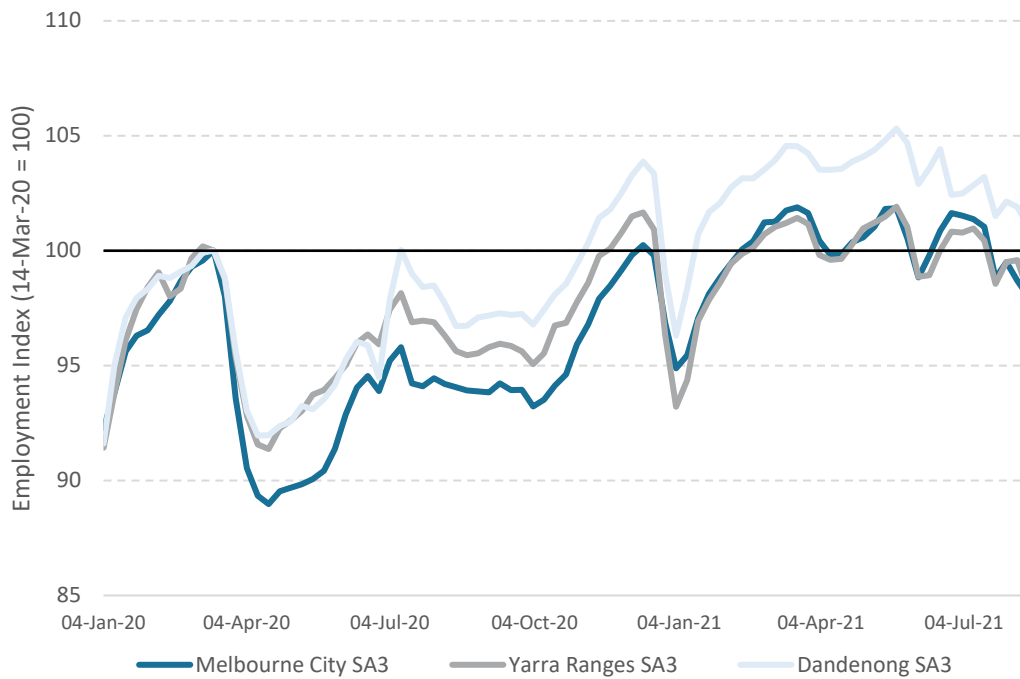
Source: ABS Maps.

Figure 8.5 shows total payroll jobs by SA3 region. While the Yarra Ranges SA3 outperformed the Melbourne City SA3 during the first few months of the pandemic in terms of retaining local jobs, the Yarra Ranges SA3 has tracked broadly in line with the Melbourne City SA3 throughout 2021, with both having fewer payroll jobs as of the week ending 14 August 2021 (latest data available) than in the week ending 14 March 2020. Further, the Dandenong SA3 has outperformed the Yarra Ranges SA3 since mid-2020, with the Dandenong SA3 having more payroll jobs in the week ending 14 August 2021 than in the week ending 14 March 2020.

The analysis further demonstrates how the structure of the Yarra Ranges economy differs from others, like Dandenong. With the industrial (and logistics) focus of the Dandenong economy, it was able to experience stronger growth than that of Melbourne and the Yarra Ranges. The tourism industry remains very susceptible to COVID related lockdowns and restrictions. The data shows the future risks associated with the tourism industry in particular (relative to COVID like disruptions).

<sup>1</sup> Australian Statistical Geography Standard (ASGS) is a classification of Australia into a hierarchy of statistical areas used by the ABS, which includes Statistical Area 1 (SA1), which represents the small geographic area for data, through to Statistical Area 4 (SA4), which are large regions that make up a State.

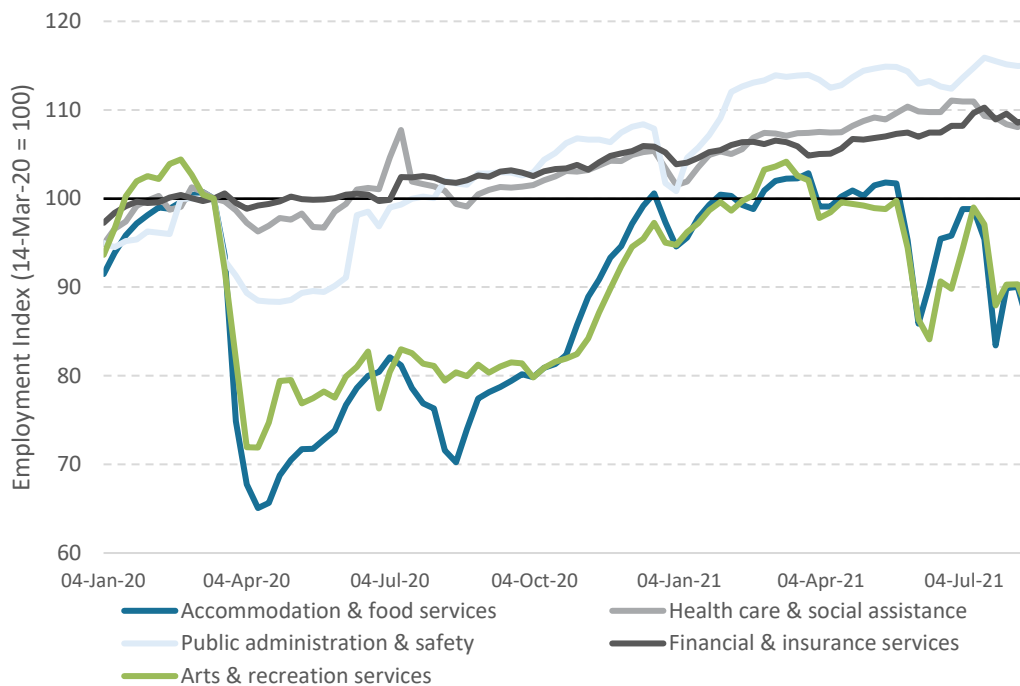
Figure 8.5. Payroll Job Index by Region



Source: ABS (2021g).

Figure 8.6 shows an index of total payroll jobs by industry in Victoria over time (regional data does not exist by industry). The chart clearly demonstrates the disparity in how the COVID-19 pandemic has impacted certain industries more than others, with accommodation and food services and arts a recreation the most impacted by government lockdown measures and border closures. Meanwhile, the healthcare, public administration and financial and insurance services industries have been relatively unaffected by the pandemic in terms of job losses.

Figure 8.6. Payroll Job Index by Industry, Victoria



Source: ABS (2021g).

## 9. Summary

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This analysis has revealed numerous elements of the local economy as well as various areas for future growth.

The Yarra Ranges is unique in many ways. It is diversified, which aids in boosting sustainability over time as the economy is not reliant upon any one sector. At the same time, the Yarra Ranges' economy is large and evolving. Tourism and wine are important elements, but they only make up a relatively small proportion of the economy. Manufacturing is an evolving industry (that includes wine manufacture, but other sectors locally such as metal products, motor vehicle related, machinery and equipment manufacturing, among others) that is declining in terms of employment and its overall contribution to the economy. Healthcare, education and numerous other sectors are growing (as the population ages and grows).

The analysis has highlighted that while there are many positive movements in the local economy, there are also other concerns in terms of the relatively low growth rate of the economy and population.

The Yarra Ranges Council must consider the best avenues to encourage broad-based, valuable economic development. Based on this analysis, these efforts must consider existing businesses, small businesses, trade opportunities, and the opportunity to attract investment from outside investors and businesses. Additionally, entrepreneurial initiatives as well as other workforce development initiatives should be considered.

This evidence base provides the foundation for future strategic considerations as well as for the consultation phase of the project.



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