

# A new plan for Victoria

Submission from Regional Cities Victoria

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RCV  
REGIONAL  
CITIES  
VICTORIA

## About Regional Cities Victoria

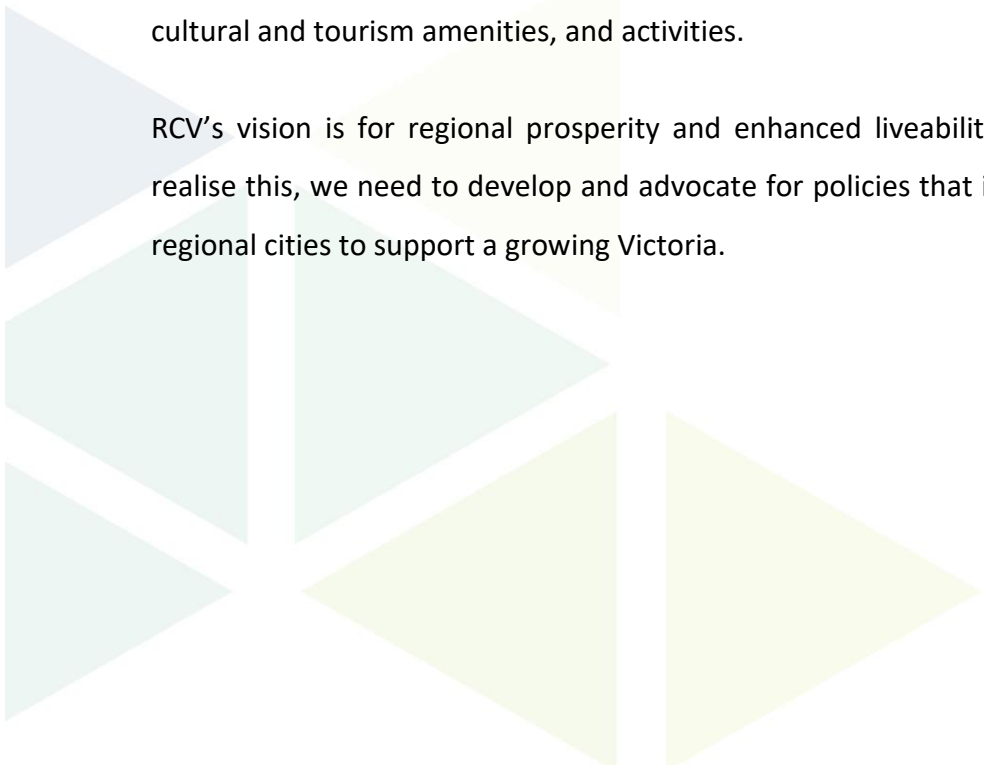
Regional Cities Victoria (RCV) is a regional leadership group dedicated to building a sustainable Victoria by providing strategic advice, coordination, and advocacy to state and federal governments. RCV supports policies which enable Victoria's regional centres to grow and develop by attracting further investment and encouraging the presence of a skilled workforce.

Comprising the Mayors and CEOs of the 10 largest cities in regional Victoria – Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool, and Wodonga – RCV is focused on achieving real change in regional Victoria through policy development and implementation.

RCV is widely recognised as a pre-eminent advocacy organisation for regional Victoria. It is a trusted policy partner for government, working with key ministers and various arms of government, as well as other leadership bodies.

As regional hubs, RCV cities support surrounding towns and districts through the provision of education, health, financial, transport and social services, as well as retail, sport and recreation, cultural and tourism amenities, and activities.

RCV's vision is for regional prosperity and enhanced liveability through sustainable growth. To realise this, we need to develop and advocate for policies that invest equitably and sustainably in regional cities to support a growing Victoria.



## Introduction

Victoria is changing. Over the next 30 years, our population is set to grow by around 320 people every day – to more than 10 million.

One in four people live outside of Melbourne. And around half of all regional Victorians – more than 800,000 people – live in one of our ten regional cities. These ratios haven't changed in decades.

The new plan for Victoria is an opportunity to ensure that regional Victoria is part of the state's growth strategy and home to a greater proportion of the population and economic prosperity.

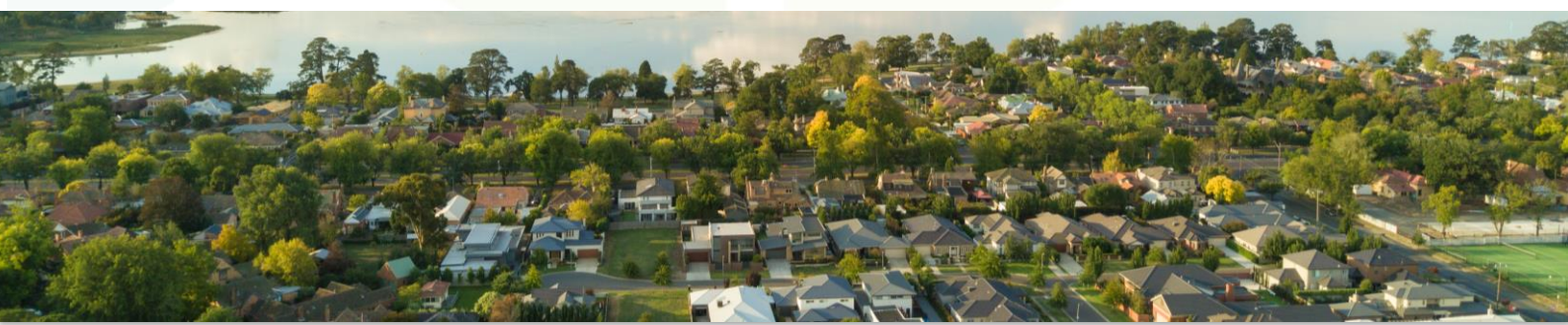
As we imagine the future of our regional cities, the Victorian Government's plan for Victoria must be more than a target for new dwellings. It must be a plan for growth and larger communities that supports the whole of Victoria and its economy. Success will depend on genuine consideration of the rural and regional context.

Each of our regions is unique. Some will house a significant portion of Victoria's new residents. Others must be supported to ensure stable populations that service and underpin rural industries and regional economies.

Councils have invested significant resources and undertaken extensive community consultation and research to develop long-term housing and growth strategies that will better serve current and future residents, businesses, and visitors.

Our vision is a plan for Victoria that reflects these strategies and articulates clear actions that will drive decisions and investment to attract more people to live and work in regional Victoria; better connect our regional cities to Melbourne and each other; coordinate housing growth with infrastructure investment; protect rural amenity and support resilient, healthy communities; increase housing choice and diversity; and address housing affordability.

Transformative investment in regional cities can benefit the whole state.



## Attract more people to live and work in regional Victoria

The majority of Victoria's net population growth is driven by migration.

The Australian Government is moving to a new multi-year planning model for the permanent Migration Program. The size and composition for the Migration Program is to be set for each year at the start of a four-year planning cycle and informed by the infrastructure, housing and services planning and skills priorities of all levels of government.

Tailored State Migration Plans, to support this multi-year planning model, are an opportunity for the Victorian Government to partner with local government to attract skilled and other migrants to regional Victoria; assisting with the management of population growth and limiting the detrimental impact on housing availability and affordability in Melbourne's established suburbs.

## Better connect our regional cities to Melbourne and each other

The way Victorians live, work and connect is changing.

A Victorian Integrated Transport Strategy should be developed to complement the new plan for Victoria. Additional funding for transport services and infrastructure should be made available ahead of, and commensurate with, housing developments and population growth in regional cities.

A state-wide integrated transport strategy should focus on improving real-world travel times on V/Line services, improving major road connections between regional cities, separating road freight from local and residential roads, putting more freight on rail, and boosting active transport and local bus network connectivity within each regional city.



Improving rail journey times and road connections between Melbourne and each of our regional cities will give existing and new regional residents better access to existing jobs markets; specialist

healthcare; and Melbourne's event, sports and cultural venues. This should include separation of freight and regional passenger services from suburban tracks.

The Victorian Government should consider a new demand-driven budgetary process for local bus services, to ensure new or amended bus routes and services are automatically planned for and made available to existing housing estates in regional cities as well as any new residential growth precincts.

## **Coordinating growth with infrastructure investment**

Infrastructure demands are placing an increasing burden on local government as population growth in regional cities outpaces all previous forecasts. More than 40 houses need to be built in regional Victoria every single day for the next 10 years to meet the Victorian Government's *Housing Statement* targets.

Whether new houses are in greenfield or brownfield developments, they often necessitate the augmentation of water mains, sewerage plants, and an upgrading of local roads and nearby intersections. Higher populations also place greater demand on council-run facilities and services such as public libraries, community centres, playgrounds, parks and open spaces, maternal and child health services, kindergartens, and early childhood education centres.

Essential Services Commission-regulated Water Plans are failing to provide water authorities with the adequate scope to meet the infrastructure demands of regional Victoria's growing population (partly to protect existing residents/ ratepayers from excessive price increases).

Grant funding from the Victorian Government (distinct from debt facilities) is urgently needed to bring forward and/or make viable infrastructure projects that support new housing. This includes essential services like water, power, and sewage; footpaths; local roads; upgraded and/or signalised intersections; and infrastructure projects that provide amenities to support new housing, including shared facilities like community centres and parks.

The ability of councils to build and manage community or social facilities such as libraries, community halls, neighbourhood houses, senior citizens' centres, public toilets, aquatic centres and sporting facilities is hampered by the Victorian Government's caps on general rates and municipal

charges and its cap on the Community Infrastructure Levy paid by property owners building a new dwelling (capped at \$1,450 per dwelling for 2024/25) amid increasing construction and management costs.

Developers have a responsibility to help pay for this infrastructure. However, they cannot bear this cost alone without the risk of regional Victorians being priced out of owning a home. Additionally, 'pioneer developers' are reluctant to install infrastructure at their own cost to the benefit of future developments. At present, a 'first mover disadvantage' exists in identified growth areas across regional Victoria.

The Commonwealth's *Housing Support Program – Community Enabling Infrastructure Stream* provides funding for state and local governments in response to this need. Regional Cities Victoria has called on the Commonwealth to make this program permanent.

The Victorian Government should establish a complementary scheme, with particular emphasis on the responsibilities of water authorities (e.g. wastewater treatment plant upgrades, pump stations, new water mains and sewerage pipes) and upgrades to highways and arterial roads associated with new housing developments (e.g. duplication, new turning lanes, roundabouts, or signalisation of intersections).

### **CASE STUDIES: unlocking more homes in our regional cities**

#### **Bendigo – Maiden Gully intersection signalisation (\$7m for 2,093 new homes)**

Two residential subdivisions and a new supermarket in Maiden Gully are not able to proceed until the junction of Calder Highway and Maiden Gully Rd is signalised.

#### **Gippsland – Morwell North West Sewer Extension (\$2m for 1,140 new homes)**

A permit was issued for 430 lots in the Morwell North West Development Plan area, however no more than 140 could be delivered due to sewerage infrastructure reaching full capacity. A branch sewer extension will unlock the remaining 290 permitted lots and unlock the remainder of the Development Plan area (approx. 850 additional lots).

#### **Mildura – Drainage and stormwater infrastructure (\$7.4m for 2,500 new homes)**

Long-term strategic land use planning is complete. Investment in stormwater management infrastructure is required to enable housing development. Current permit applications are stalled pending necessary drainage and flood mitigation works.

*See Appendix for further case studies.*



## **Provide housing capacity: supporting councils to make faster decisions**

Presently, councils are required to refer planning decisions for input by various combinations of water authorities; electricity distributors; CFA; the Department of Energy, Environment and Climate Action; EPA Victoria; Resources Victoria; and Heritage Victoria. Presently, councils are responsible for brokering agreement between these private companies and state agencies in their respective capacities as referral authorities. The Victorian Government should establish a mechanism by which unresolved matters, including contradictory positions from state authorities, can be escalated for resolution so that councils can undertake strategic planning and make permitting decisions without unnecessary delays.

Faster decision making can also be supported through both resourcing and financially contributing to the strategic and statutory planning work required to deliver housing targets, including finding efficiencies in the rezoning of land and preparation of Precinct Structure Plans. This will reduce the duplicate efforts undertaken or commissioned by the Department of Transport and Planning (e.g. flood studies).

## **Provide housing capacity: regional targets cannot be met through predominantly infill**

The new plan for Victoria intends to “set into action” a target for 70 per cent of new homes in Victoria to be built in established areas, with local government targets established for where those homes will be built.

It remains to be seen how local government would enforce these targets given development is primarily industry-led. The State must provide detailed guidelines for how local government is to convert capacity targets into appropriate development controls within local planning schemes. We caution, however, that overly prescriptive or blunt mechanisms risk stalling housing developments – undermining the objective of increasing supply to address housing affordability.

Victoria’s regional cities have the capacity to meet the draft housing targets, but only with continued support for greenfield developments. Unlike Melbourne, the growth areas of regional cities are not prohibitively distant from activity centres and services. They are often, however, poorly serviced by public transport.

Regional Cities Victoria supports the encouragement of higher density developments in ‘inner town’ pockets of regional cities. We note, however, that the economic viability of such projects – due to scale, available builders, and consumer preferences – is much lower compared to those in Melbourne. Additionally, heritage protections and the limitations of ageing infrastructure can add significant additional costs to such projects.

If housing targets are to be implemented, further consultation with councils will be required to ensure equitable and achievable targets are nominated. While some regional cities hold an aspiration for around half of new developments to be in brownfield locations, this is not feasible in other regional cities.

Housing capacity improvements will require reconsideration and balance against current restrictions and covenants (many managed at a state level), including restrictions on native vegetation removal, heritage area protections, bushfire overlays, flood/inundation overlays, and state resource overlays (e.g. the ongoing protection of untapped brown coal reserves).



In regional cities, brownfield subdivisions and a diversity of housing will result in development which is not in keeping with the present character and appearance of adjacent buildings, streetscapes or heritage areas. Policy settings must be amended to reflect this fact. The plan for Victoria must not erode the ability of local planning schemes to achieve both existing community and market expectations concerning new developments and housing density.

## **Provide housing capacity: training more planners to deliver more homes where we need them**

With demand for homes and rentals continuing to rise, fast-tracking approval of well-planned housing projects requires more planners, building surveyors, and civil engineers.

We support efforts to streamline approval pathways. In a regional context, the planning process provides important mitigation of the increasing risk of bushfires and floods, and consideration of Victorian Government regulations concerning native vegetation and heritage protection.

Poor planning in regional areas in the past has trapped Victorians in houses that are at high-risk from natural disasters and are now effectively uninsurable.

The local government sector in regional Victoria is experiencing extreme workforce challenges, especially with respect to statutory planning, building, and engineering staff. While all local governments may struggle to recruit and retain strategic planners, statutory planners, building surveyors, and development engineers, regionally-based councils face additional barriers, including:

- struggling to match salaries offered in metropolitan roles or the private sector
- the need to attract staff not only to a role, but to the region, when seeking to source staff from outside the LGA
- challenges associated with working in smaller teams, including burnout
- challenges of working in small communities, where planners are highly visible to developers and other permit applicants outside their professional life.

RCV acknowledges the Victorian Government's efforts to bolster support to councils, including through the resources of the Department of Transport and Planning and the Victorian Planning

Authority. However, expanding the capacity of these bodies often results in a negligible net impact, as the state recruits from the same small pool as local government – leading some people to leave local government roles rather than adding genuine capacity to the workforce.

More Victorians must train as planners and work in the public sector. Action and incentivisation must be taken now. Internal strategies identified by our member councils include: increasing the use of consultants; fostering career changes from within each organisation; formalising remote working arrangements (including accommodating interstate employees, where necessity of the task demands such flexibility to an applicant); and reimbursement of relocations costs.

The efforts of local government must be complemented and amplified, including by the Commonwealth and state and territory governments. This may include short-term financial support to sustain urban and regional planning courses where low enrolments currently make them unviable; consideration of scholarships and/or job guarantees; forgiveness of Higher Education Loan Program (HELP) debts for planning practitioners who live in regional Australia and work in local government; and eligibility for the 'Commonwealth Prac Payment' during mandatory placements whilst studying a course accredited by the Planning Institute of Australia.

## **Provide housing capacity: unlocking council-owned land for homes**

Local governments have been encouraged to find innovative ways to facilitate more housing for key workers and for social housing projects. However, the State's windfall gains tax is a major barrier to converting land to housing. Civil works and community infrastructure associated with new housing is a net cost to local government. Liability for the windfall gains tax further increases the cost of rezoning land for residential development in an environment where councils' revenue generation is capped by the State.

For example, Warrnambool City Council is looking to gift its former saleyards to underpin the viability of a social and affordable housing project. However, liability for the windfall gains tax puts an additional financial burden on council and existing ratepayers. It is putting this housing development at risk.

Conversely, universities are exempt from the windfall gains tax, with the only restriction being that revenue (including the proceeds of land sales) is used for the university's charitable objectives. The Victorian Government should consider a similar exemption for local government where the land is rezoned for residential purposes inclusive of a minimum level of social and affordable housing.

## Increase housing choice and diversity

As a commitment of its *Housing Statement*, the Victorian Government expanded the Development Facilitation Program to include medium to high density residential developments worth at least \$15 million in regional Victoria where they deliver at least 10 per cent of the total number of dwellings in the development as affordable housing. However, where those developments include a rezoning component, the "general locality [must have] has less than five years of residential supply". This makes it highly unlikely that higher density projects near activity centres and transport hubs in regional cities would ever be eligible (i.e. where rezoning from 'Commercial 1 Zone' to 'Mixed Use



Zone' is needed) given the generally good residential land availability in the short- to medium-term. No such requirement exists for projects in metropolitan areas.

Additionally, eligibility for the Development Facilitation Program is contingent on "the provision of civil infrastructure and services" being "readily achievable and supported by servicing agencies". The funding and provision of trunk and enabling infrastructure, rather than planning processes, will continue to be the reason developments stall or remain unviable in regional areas.

Plan for Victoria should support building homes in the places where Victorians want to live, so that cheaper housing is available closer to where people work. In regional areas, this may not be in or adjacent to the main activity centres. Workforce needs and housing requirements change as a result of industry fluctuations and seasonality of some industries. A region's largest employers are not

always located within the main township or regional city centre. In these cases, CBD-centric housing will not promote liveability in the manner desired.

Detailed consideration should be given to 'inclusionary zoning', to mandate the inclusion of affordable housing within developments of a certain size. We note evidence that suggests inclusionary zoning is most effective when cost neutral through complementary incentivisation, such as protection from third-party appeals or additional height allowances. The Government should publicly release its assessment of the effectiveness of inclusionary zoning.

Additional support for local councils to negotiate investment in social housing by the private sector would further support the Victorian Government's objectives. This need will be greater in the absence of inclusionary zoning and other incentivisation mechanisms.

## **Infrastructure maintenance and reconstruction**

Essential public assets (e.g. roads and bridges) and community infrastructure such as libraries, community centres, playgrounds, sports and recreation facilities underpin the liveability of regional communities. However, they are often impacted by flood, fire, and severe storms.

As natural disasters become more frequent and intense, every tier of government has a responsibility to ensure that public monies are committed wisely during the recovery phase and with a long-term view, to best support communities and build resilience to future disasters.

Historically, there has been no provision by other tiers of governments for community infrastructure projects to be redesigned to remove or reduce the risk of damage from future natural disasters. For many regional cities, the risk of rebuilding community infrastructure in the same disaster-affected area without extra protective provisions has been deemed too great a risk and – in the absence of additional funding to improve these facilities – they have not been rebuilt.

Following a disaster, 'infrastructure betterment' is the restoration or replacement of damaged assets (at a higher cost) to a more disaster resilient standard than its pre-disaster standard. It is a cost-effective opportunity to reduce the risk posed by future disasters and help reduce recovery costs on

governments longer-term. Infrastructure betterment can also bring additional social, economic, and environmental benefits for local communities.

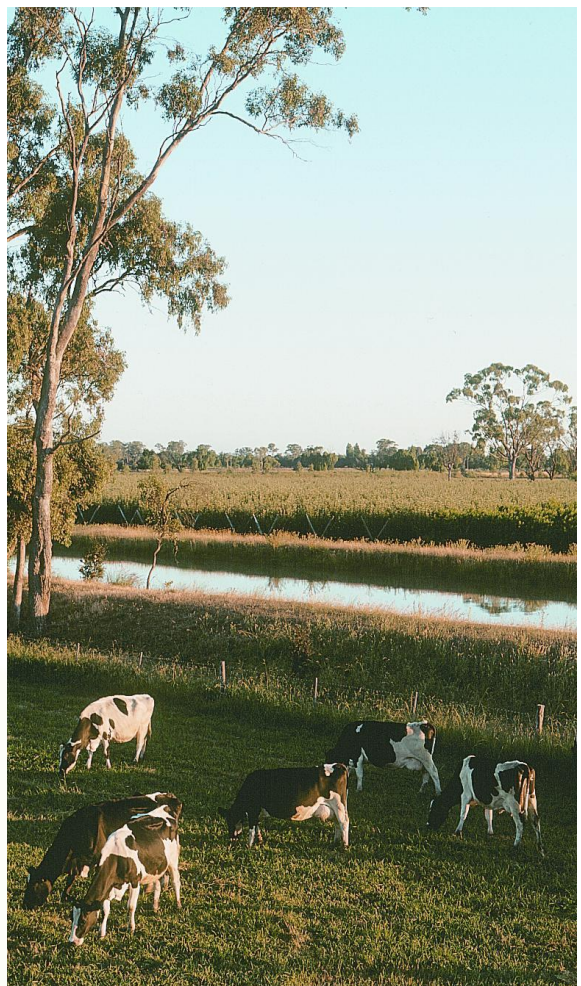
However, infrastructure betterment funding remains available only through Category D (“relief or recovery carried out to alleviate distress or damage in circumstances which are, in the opinion of the Commonwealth, exceptional”) of the Disaster Recovery Funding Arrangements (DRFA). It is not possible, for example, for local governments to access betterment funding through a Community Recovery Fund activated under Category C of the DRFA to support “severely affected” communities.

Regional Cities Victoria has called on state and federal governments to include infrastructure betterment provisions within Category B and Category C of the Disaster Recovery Funding Arrangements, in acknowledgment that building resilience to natural disasters is not an exceptional circumstance nor a burden to be borne by local government alone.

## **Protect rural amenity and support resilient, healthy communities**

Continual and periodic expansion of Urban Growth Boundaries is not a long-term solution to properly managing growth to 2051 and planning for the associated infrastructure and services. Nor does it genuinely protect agricultural land and the rural amenity that remains a desired feature of regional cities.

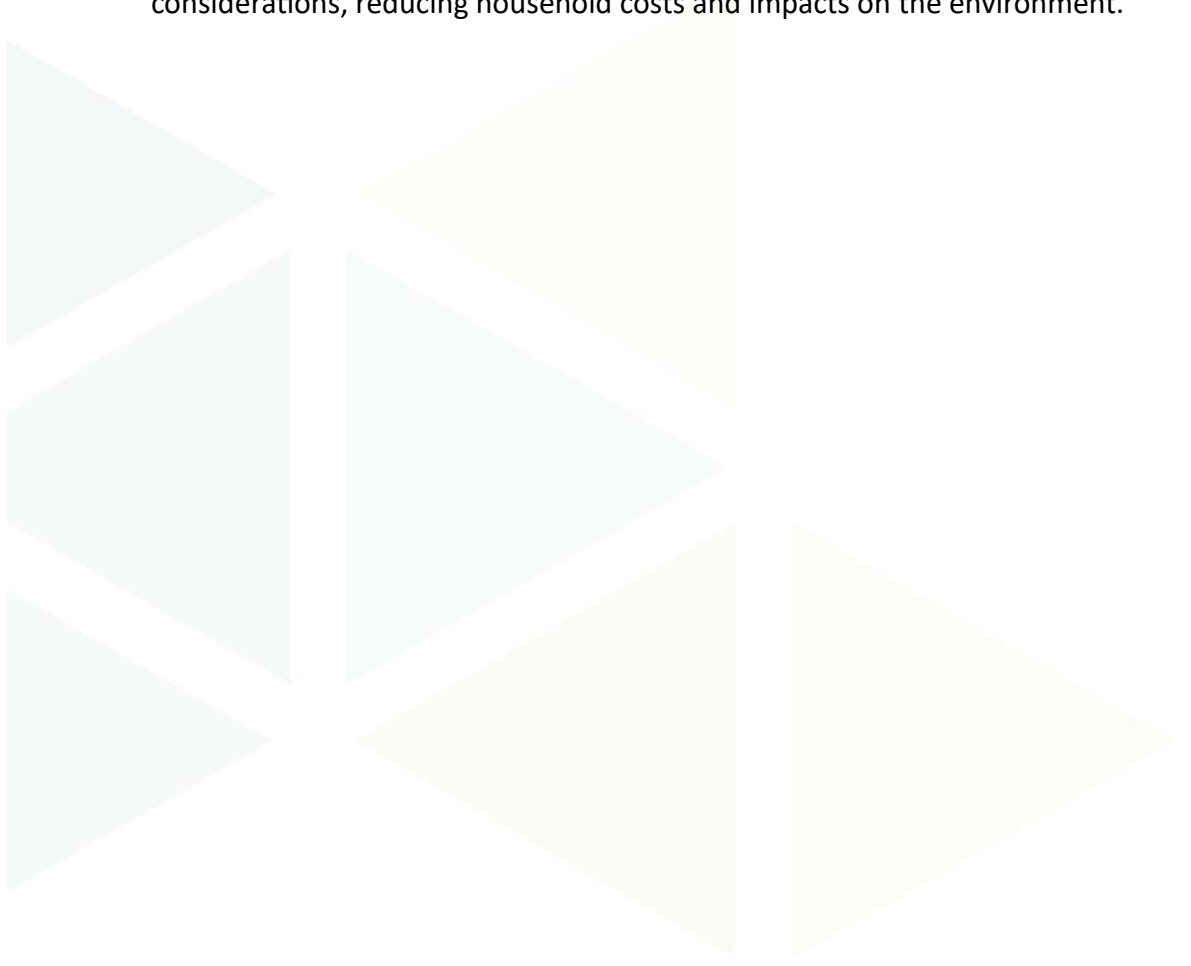
The new plan for Victoria should enforce green wedges and reassess Urban Growth Boundaries based on an ‘as at 2051’ basis, to manage sprawl and protect biodiversity and land for agricultural and industrial uses. This must factor the impacts of climate change and consider the higher risk of floods and other natural disasters in the decades to come.



Contrary to narrow considerations that see heritage as a development constraint, heritage places are an asset for regional communities that provide a point of difference and underpin tourism essential to our regional economies. The new plan for Victoria must consider heritage and ensure the unique qualities and intrinsic points of difference that regional cities have compared to suburban Melbourne can be maintained.

Housing targets should not erode the ability of local planning schemes to achieve community expectations associated with new development densities. A barrier to infill development is community opposition to the developments due to the negative impact on desired character and experience of neighbourhood. The challenge is to ensure that new development is objectively beautiful, integrates with the desired character of its urban context and overall contributes to the local amenity of the street. The reality is that most development is perceived to fall short of these ideals which flows into community concern and opposition to change.

The Victorian Government should consider setting design standards for new developments that will assist with gaining the social licence for change. These design standards can also play a role in ensuring new development is responsive to local character expectations, climate and sustainability considerations, reducing household costs and impacts on the environment.



## Appendix: Trunk and enabling infrastructure funding will unlock more homes across our regional cities

### CASE STUDIES:

#### **Bendigo – City Centre infrastructure**

Strategic residential and commercial development (e.g. hotels) in and around the Bendigo City Centre cannot proceed, due to ageing and insufficient infrastructure (particularly water and power). Over the past 12 months, approximately \$250 million worth of projects have been investigated but subsequently put on hold due to a lack of adequate trunk infrastructure.

#### **Bendigo – Calder Hwy Maiden Gully signalised intersection (\$7m for 2,093 new homes)**

Two residential subdivisions and a new supermarket in Maiden Gully are not able to proceed until the junction of Calder Highway and Maiden Gully Rd is signalised – estimated at \$7m.

Signalisation of this intersection will immediately unlock land for 141 new homes in a key growth area in Bendigo and enable a further 1,952 new homes thereafter.

#### **Bendigo Creek & Racecourse Creek Levies**

Epsom and Huntly are prime growth fronts for Greater Bendigo but are currently bounded by creeks which frequently flood – posing a substantial risk to any homes built nearby. Construction of strategic levies would enable additional and more intense development in those areas, creating more homes.

#### **Latrobe – Lake Narracan Intersections Project (\$7m for 3,500 new homes)**

Two intersections are required to support the development of land within the Lake Narracan Precinct Structure Plan area in Moe/Newborough. Council is currently seeking funding of \$7m to support the cost of commissioning traffic modelling, detailed design, and approval of the intersections, to unlock 3,500 new homes (1,000 lots already permitted). This upgrade will also help unlock the development of a lakeside village activity centre and holiday park.

#### **Latrobe – Morwell North West Sewer Extension (\$2m for 1,140 new homes)**

A permit was issued for 430 lots in the Morwell North West Development Plan area, however no more than 140 could be delivered due to sewerage infrastructure reaching full capacity. A branch sewer extension will unlock the remaining 290 permitted lots and open the remainder of the Development Plan area (approx. 850 additional lots) together with associated environmental, social, and retail opportunities.

#### **Mildura – Drainage and stormwater infrastructure (\$7.4m for 2,500 new homes)**

Long-term strategic land use planning is complete. Investment in stormwater management infrastructure is required to enable housing development. Current permit applications are stalled pending necessary drainage, flood mitigation, and integrated public open space.

**Northern and Western Geelong Growth Area (\$TBD for >160 new homes)**

Unlocking more developable land in NWGGA if an online system lifecycle management analysis is done for the City to support an online drainage system. The current Creamery Road PSP demonstrates that this could deliver an increase in net developable of 16 Hectares of land.

**Shepparton – Water mains in Kialla and Kialla West growth areas (\$3.9m for 7,000+ new homes)**

Development within the Kialla North and Kialla West precincts (>700 ha) depends on new water infrastructure along the Goulburn Valley Highway corridor. Unless dedicated additional funding is made available, the 5km of new water pipes needed will not be built until 2032 – at least 4 years after population projections indicate new homes in this area are needed.

**Wodonga Trunk Sewer Upgrade project (\$50m to accommodate growth to 2040)**

Based on current growth rates the capacity of Wodonga's 'No.1 Sewer Pumping Station' will be met in the very near future. Without 5.4km of large diameter gravity sewer along with a new pumping station, opportunities for future development and economic growth in the city and surrounds will be significantly restricted.

**Wangaratta – Clarks Lane housing development (\$7m for 350 new homes)**

A \$7m investment in sewerage treatment infrastructure will unlock 350 residential lots.

**Wangaratta – South Growth Area (\$9.1m for 700 new homes)**

Trunk drainage infrastructure to the value of \$4.4m together with main road infrastructure to the value of \$4.7 with unlock 700 new residential lots.

**Wangaratta – North West Growth Area (\$5m for 2,000 new homes)**

Trunk drainage infrastructure to the value of \$5m with help unlock 2000 new residential lots.

**Wangaratta – Former Ovens College site (\$2.6m for 200 new homes)**

A \$2.6m investment in sewerage treatment infrastructure will unlock 200 new dwellings.