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## REGIONAL CITIES VICTORIA – 2025-26 PRE-BUDGET SUBMISSION

Regional Cities Victoria (RCV) is a leadership group dedicated to building a sustainable regional Australia by providing strategic advice, coordination, and advocacy to state and federal governments. We are pleased to submit our ideas and priorities for the 2025–26 Budget.

Comprising the Mayors and CEOs of the ten 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. We represent the more than 800,000 Australians that live in these municipalities.

Victoria's regional cities underpin region-scale economies, liveability, and support the state's economic growth. People living across regional Australia also rely on regional cities as 'hubs' for access to education, health, financial, transport and social services, as well as retail, sport and recreation, and cultural amenities.

Every single day, an extra 35 people call one of our regional cities home. Local governments are at the forefront of responding to this net population growth – in a tight fiscal environment coupled with cost-shifting and revenue caps – while maintaining the liveability for which regional Victoria is renowned.

Regional Cities Victoria's vision is to develop and advocate for policies that invest equitably and sustainably in our regional cities to support a growing and prosperous Australia.

### COMMUNITY INFRASTRUCTURE

**Victorian Government to invest in a new grants-based community infrastructure fund to establish partnerships with federal government for large-scale projects such as arts or aquatics centres, interchanges etc.**

Infrastructure demands are placing an increasing burden on local government as population growth in regional cities outpaces all previous forecasts.

Higher populations place greater demand on council-run facilities and services such as aquatic centres and sporting facilities, public libraries, community halls and senior citizens' centres, playgrounds, parks and open spaces, maternal and child health services, kindergartens, and early childhood education centres.

The ability of councils to build and manage these facilities is limited by the caps on general rates and municipal charges and a state-level cap on the Community Infrastructure Levy paid by property owners building a new dwelling.



## HOUSING

**Victorian Government to establish a new enabling infrastructure fund to unlock housing supply in regional Victoria, boosting affordable and diverse housing types by directly funding the design and construction of water, utilities, and sewerage upgrades, upgrading local roads and intersections, and other housing-related infrastructure through grants.**

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.

Grant funding (distinct from debt facilities) is 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.

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).

## WORKFORCE

**Expand Victoria's Regional Planner Cadetship Program to also support new building surveyors and civic engineers to enter the rural and regional local government workforce, directly addressing shortages that are slowing building approvals.**

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.

The local government sector in regional Victoria is experiencing extreme workforce challenges, especially with respect to the workers we need to ensure homes are built properly, are safe and insurable, and have the services and utilities people need.

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 by the State and Commonwealth governments.

## ROADS

**Victorian Government investment of \$1 billion over four years for local road blitz in 10 regional and 39 rural local governments.**

Councils manage 87% of Victoria's road network and many important community facilities. They are the backbone of regional communities connecting residents, businesses, and essential services.

Delayed maintenance and ageing infrastructure result in higher costs, increased vehicle wear and tear, and reduced productivity. For regional businesses, poor roads hinder market access and impact on their competitiveness and growth.

Additionally, potholes, uneven surfaces, inadequate signage or lighting, narrow lanes, a lack of pedestrian crossings, and increasingly busy intersections in need of signalisation all create hazards for road users and pedestrians.

Greater co-investment in local roads by State and Federal governments will improve safety and reduce accidents and road trauma and giving councils more autonomy – such as a through non-competitive grant programs – will allow tailored solutions to suit local conditions, improving liveability and leading to better protection of vulnerable road users, and reducing fatalities and injuries.

## ECONOMIC DEVELOPMENT

**Victorian Government to extend the Regional Events Fund beyond June 2027, with a \$50 million investment over four years.**

Since 2016, the Regional Events Fund has supported more than 350 festivals, culinary, sporting and cultural events across regional Victoria.

These events have profiled regional cities and brought thousands of visitors – delivering economic impact, creating jobs, and supporting local businesses. They also play a key role in bringing community together, boosting the liveability of our regional cities for local residents too.



Extending the Regional Events Fund with a \$50 million investment over four years from 2027/28 will ensure regional cities can grow the benefits of visitation and boost local businesses.

**Immediate investment in more 5G towers to eradicate new mobile black spots created by the 3G network shutdown.**

Regional Victorians depend on good mobile connectivity to do business, to access healthcare, education and flexible working. Mobile coverage is critical in emergencies, including on-farm incidents.

In 2020, the Victorian and Federal governments started a six-year \$300+ million program to co-fund new mobile towers to “eradicate mobile black spots in populated areas of regional Victoria” and support digital agriculture technologies.

But the 3G network shutdown last year has created new mobile black spots in rural and regional areas, especially for those on the fringes of official coverage maps.

The network operators called this “fortuitous coverage” – but people relied on it. In the future, satellite-to-mobile text messaging technology may help. But it is yet to come to market.

With increasing threats of natural disasters, regional Victorians need and deserve good quality and reliable connectivity, now. That’s why we are calling for additional investment in Connecting Victoria – to eliminate the new black spots created by the 3G shutdown.

**FINANCIAL SUSTAINABILITY IMPACTS**

While all tiers of government must be responsible for raising revenue to fund operations and service delivery, the capacity of regional local governments to do so is constrained by relatively smaller populations, the capacity of community to pay, and legislative impediments.

In an environment where councils’ expenses are persistently growing well above inflation (9.3 per cent in 2022-23) and general rates and municipal charges are capped by the Victorian Government at an amount based on the forecast Consumer Price Index (CPI); the revenue base of local government is not sustainable and further cost shifting deteriorates councils’ financial position.

This directly impacts our ability to provide the services our communities need and the liveability regional cities deserve.

Further, local government is responsible for a wide range of regulatory, economic, social, environmental and infrastructure services. This includes enforcing or administering State legislation, acting under delegated powers, and delivering Victorian Government initiatives or projects.

Consequentially, RCV objects to the Victorian Government’s plans to replace the Fire Services Property Levy (FSPL) with the Emergency Services and Volunteers Fund (ESVF).

Not only will this increase add to cost-of-living pressure for our residents, the ESVF levy represents an ongoing and increased cost to local government – both as landowners and in administering a significantly more complex program of revenue collection on behalf of the State.



Councils will incur costs to alter rates notices and to implement administration of changed land classifications and proposed exemptions, as well as a likely increase in hardship applications and unpaid monies. All costs are ultimately and unfairly borne by our ratepayers.

RCV firmly believes the Victorian Government should assume responsibility for collecting the ESVF levy through the State Revenue Office (SRO), which employs more than 900 people and generally administers Victoria's taxation legislation.

The SRO already collects several taxes and manages a range of grants, waivers, exemptions and concessions. Under the Government's COVID Debt Repayment Plan, the SRO has expanded to issue an additional 860,000 land tax assessments compared to previous years. It also administers the absentee owner surcharge, foreign purchaser additional duty, and vacant residential land tax.

This capacity and capability means the SRO is best placed to administer and collect the ESVF levy – not councils.

We note the SRO already resources its legislated function to monitor the performance of councils (as collection agencies under the current Fire Services Property Levy Act 2012). These resources should be reallocated towards the direct administration of the ESVF.

### **More information**

For more information, please contact the Secretariat: [rcv@cprcomm.com.au](mailto:rcv@cprcomm.com.au).