



2026/27 Budget Submission

Outer Melbourne Councils (OMC) is a regional alliance of nine local governments that form a ring around metropolitan Melbourne and who cover nearly 2 million residents.

This includes the shires of Cardinia, Yarra Ranges, Mitchell and Nillumbik, and the cities of Casey, Hume, Melton, Wyndham and Whittlesea.

OMC members believe that our residents should have access to jobs, services and infrastructure no matter where they live. This unites us in our collective approach to improving outcomes for one quarter of Victoria's population.

We remain a region of unrivalled potential. The outer suburbs are where much of Melbourne's population and housing growth will occur, and with the right investment, they can provide the services, industry and livability that sustain the entire greater Melbourne region.

However, with the abolition of the Growing Suburbs Fund (GSF) in the 2025/26 State Budget, OMC members have lost a dedicated capital funding stream which supported the delivery of essential community infrastructure — the very projects that enable this growth to succeed.

Background

Population growth and underinvestment

Our communities have experienced rapid population growth, with OMC local government areas absorbing almost half of Victoria's population growth over the past decade. Despite this, investment by the State and Commonwealth Governments in infrastructure and services has not matched demand.

This imbalance has created significant livability challenges. Critical infrastructure – roads, public transport, health facilities, schools, community facilities – has not kept pace with residential need, resulting in substantial service gaps. The loss of the GSF has further deepened this challenge.

Unless addressed, these shortfalls will worsen as population pressures mount, causing living standards in outer Melbourne to decline. Already, many OMC areas face higher levels of disadvantage (e.g. family violence, financial stress, youth unemployment) and local governments struggle to meet local needs with their constrained financial resources.

Future outlook

The Victorian Government's housing development targets released in June 2024 signal more population growth ahead. By 2051, the number of homes across OMC areas is projected to nearly double, which could push the outer Melbourne population to around 4 million – roughly half of Melbourne's anticipated 8 million residents.

As such, a failure to invest now in infrastructure for outer Melbourne will only create a much larger financial burden for the State in the future, as the infrastructure backlog and social costs compound.

1. Replacement of the Growing Suburbs Fund

Established in 2015, the GSF was a critical State Government investment program that provided dedicated grants for community infrastructure in Melbourne's outer suburbs. It helped deliver libraries, sports facilities, parks, community buildings and other much-needed projects.

Over its life, the GSF proved enormously successful in addressing infrastructure backlogs and improving liveability for local residents.

The 2025/26 State Budget completely abolished the GSF, after it had been steadily reduced over the previous two years. The end of the GSF means outer Melbourne councils have lost a dedicated capital funding stream for critical community assets.

Councils relied on GSF grants to deliver projects that their capped rate base could not fully cover. These important community infrastructure projects are now likely to be delayed or cancelled.

OMC Asks:

OMC calls on the State Government to establish a **new \$50 million Outer Suburban Infrastructure Fund** to replace the GSF. The growth pressures on Melbourne's fringe have not lessened – in fact, they are intensifying given the State Government directive to build more housing.

A dedicated fund ensures that social infrastructure (halls, parks, pools, maternal and child health centres, etc.) demanded by outer Melbourne communities are delivered. Without it, OMC members face an infrastructure deficit that will only widen. Without such a fund, the costs of under-provision (congestion, social issues, health costs, etc.) will ultimately come back to the State budget in other, more expensive forms.

The **Outer Suburban Infrastructure Fund** would involve OMC member councils proactively nominating priority community infrastructure projects for State investment – with the caveat being that only projects which have some Council capital funding already allocated could be nominated. This ensures every proposal has genuine local backing and that councils share responsibility for delivery. The co-funding requirement drives discipline in project selection, prioritising those that meet real community needs and are ready to proceed. Eligible projects could include libraries, recreation facilities, community hubs, maternal and child health centres, and open-space upgrades.

2. Investment in buses

Significant Victorian Government investment in major rail infrastructure — including the Metro Tunnel and level crossing removals — has delivered clear benefits for Melbourne’s outer suburbs. However, the full productivity potential of these projects will only be realised once first-and last-mile connections are strengthened.

For the nearly two million residents across the OMC municipalities, improving these links is essential to ensure equitable access to jobs, education and services, and to prevent population growth from outpacing infrastructure delivery.

In a briefing provided by senior Department of Transport & Planning Executives, the following insights were shared:

- 89% of consulted Victorians said that frequency was the most important factor for buses
- Changes to Yarra Valley bus routes (684, 685, 686 & 687) in 2023 which simplified the network resulted in significant patronage growth: weekday (10%), weekend (75%)
- Only 19% of consulted Victorians are confident that a bus will come when scheduled.

Currently, too many residents rely on cars because bus routes are outdated, infrequent, unreliable, or simply not available. The OMC has identified several key bus projects that, through targeted state investment, will uplift patronage and better connect those living and working in outer Melbourne.

OMC Asks:

- Invest in an orbital, high frequency bus route connecting Werribee to Melbourne Airport and finishing in Box Hill. This route would follow the proposed alignment of the Suburban Rail Loop (SRL) North, Airport and West segments. Strategic intermediate stops would include Campbellfield (providing access to Sydney Road and offering a new connection to the Upfield Line) and Keon Park (enabling transfers to and from the Mernda Line).
- Invest in frequency improvements to achieve a 20-minute weekend services on Route 828 from Berwick to Hampton. The service currently runs every 20 minutes on weekdays, but drops to hourly on Sundays.
- Fund a 12-month trial of a rural bus service connecting rural residents living in areas like St Andrew’s and Arthurs Creek in Nillumbik, to Mernda Station and possibly Hurstbridge Station.

- Improve Route 511 so that it provides regular Beveridge to Craigieburn Station bus services throughout the day, and on weekends.
- Fund a new route between Thornhill Park to Cobblebank Station which would reduce car dependency and cut congestion around new housing estates in Melbourne's West.
- Fund a 12-month trial of Mount Dandenong bus services for the Belgrave, Tecoma, Upwey, and Belgrave South communities.
- Fund an increase to the frequency of key bus routes in Melbourne's West, such as routes connecting Tarneit, Werribee, Point Cook, and Williams Landing.
- Extend existing and recently announced bus routes in growth areas in the City of Whittlesea. This would build on recent progress – including the introduction of Route 524 in Donnybrook and upgrades to multiple Wollert routes.
- Fund a new high-frequency SmartBus route along Princes Highway from Pakenham to Fountain Gate, supported by collector and local loop services

3. Action against illegal waste dumping

Illegal waste dumping has become a major environmental and equity issue across Melbourne's outer suburbs. Too often, people load up trailers with rubbish (old furniture, construction waste, etc.) and drive a few suburbs out to dump it on roadsides, vacant blocks, and public reserves. The result is piles of rubbish, toxic materials, and a massive clean-up bill left to local Councils.

OMC welcomes the State Government's recent announcement of \$21.5 million to bolster the Illegal Dumping Taskforce and deliver extra financial support for councils to clean-up illegally dumped waste.

Over the last three years, **just five OMC Councils alone spent more than \$18 million** cleaning up illegally dumped rubbish. This diverts resources from essential community services like libraries, maternal and child health, and local infrastructure maintenance.

High landfill levies (set by the State Government) can also unintentionally encourage illegal dumping by making legal disposal more expensive.

Outer Melbourne should not be treated as Melbourne's dumping ground. Strong action is required to reduce illegal dumping through targeted enforcement, education campaigns, and fairer waste management policies.

OMC Asks:

- Expand membership of the Illegal Dumping Taskforce to include a formal role for OMC on behalf of our Councils and the broader local government sector.
 - Councils are best placed to provide guidance on prioritisation of efforts to ensure resourcing goes to clean up activities that will result in superior cost to outcome results and respond to the most acute areas of community concern.
- Establish a dedicated funding line for rubbish clean-up on state-owned arterial roads, separate from the existing road maintenance budget.
 - Currently, litter and waste removal compete with higher-priority maintenance tasks, meaning clean-ups are often delayed or unfunded. A distinct and separate funding allocation would ensure that roadside rubbish is consistently removed - improving safety, amenity, and environmental outcomes across outer suburban corridors.

- Expand existing statewide recycling and waste recovery programs to specifically target high-volume dumped items, such as tyres, mattresses and whitegoods.
- Improve coordination and data sharing between state agencies and local councils to streamline enforcement, strengthen deterrence, and enhance the effectiveness of compliance activity.
- Fund a review of Victoria's landfill levy structure to ensure waste disposal charges do not inadvertently incentivise illegal dumping, particularly in outer Melbourne communities.

4. Reform of Windfall Gains Tax for Councils

Introduced in Victoria from 1 July 2023, the Windfall Gains Tax (WGT) imposes a tax of up to 50% on the uplift in land value resulting from certain rezonings. The intent is to allow the State to capture a portion of the profit gained when land – for example, farmland – is rezoned for residential or commercial use.

However, the WGT has created unintended consequences for local government and housing supply. Unlike tertiary education and other non-profit providers, local councils are not exempt from WGT. When councils rezone and sell surplus land – such as disused depots or former offices – they are taxed, with proceeds directed to State Treasury rather than reinvested locally.

The WGT has made asset recycling far less viable for OMC councils. Under the rate-capping regime, selling / rezoning surplus land is one of the few ways councils can raise significant capital to fund community infrastructure or enable housing.

This is at odds with the Victorian Government's *Housing Statement*, which sets a target to build 800,000 new homes by 2034 – with a substantial share expected to come from growth areas such as Casey, Melton, Wyndham and Whittlesea. OMC councils have already absorbed nearly half of Victoria's population growth over the past decade and are projected to nearly double their housing stock by 2051.

Without reform, the WGT will continue to act as a drag on housing supply and liveability outcomes, particularly across outer Melbourne.

OMC Asks:

To ensure the WGT supports rather than hinders Victoria's housing and infrastructure objectives, the Victorian Government should explore targeted reforms to its design and application to local government, such as:

- **\$1 million** for the Department of Treasury and Finance and the Municipal Association of Victoria to undertake a joint study into the interaction between the WGT and local government land transactions - with a focus on housing supply, infrastructure investment, and financial sustainability.
- Amending the *Windfall Gains Tax Act 2021* to exempt local councils from WGT where Council-owned land is rezoned and sold exclusively for residential use.
 - This would unlock additional land for housing supply and enable councils to reinvest proceeds in local infrastructure and community facilities that support population growth.
- Capping the WGT rate applied to local government land rezoned for residential purposes.

Conclusion

Victoria's outer suburbs are growing faster than any other part of the state – absorbing nearly half of all population growth over the past decade and projected to reach around four million residents by 2051.

OMC members are on the frontline of this growth, working every day to provide the services, infrastructure, and opportunities that make these communities thrive.

Without targeted and sustained State investment, the gap between the supply of community services / infrastructure and community demand will continue to widen - placing significant strain on local governments and diminishing the living standards of millions of Victorians.

Previously, this investment was provided under the Growing Suburbs Fund (GSF). The abolition of the Fund has left a major gap in capital funding for outer Melbourne. Without a replacement, the pipeline of critical local projects that underpin liveability and social connection will stall, leaving families and businesses without the facilities they need and entrenching long-term disadvantage.

The priorities outlined in this submission – replacing the GSF, investing in modern bus networks, taking decisive action against illegal waste dumping, and reforming the Windfall Gains Tax – are practical measures that will deliver long-term benefits for residents, businesses, and the State.

Together, these actions would unlock housing supply, improve transport access, protect the environment, and strengthen the financial sustainability of local government.

By partnering with OMC to deliver these reforms, the Victorian Government can help ensure that Melbourne's outer suburbs are not left behind, but rather become the foundation of a more connected, productive, and equitable Victoria.