

Request for advice on funding infrastructure – terms of reference

Background

Victoria's Housing Statement aims to facilitate building 2.24 million more homes by 2051.¹ The Victorian Government has set targets for each Victorian local government area specifying their share of these homes.²

As Victorians build more homes for a larger population, the Victorian Government and local governments will have to fund the construction of new infrastructure as well as upgrading and maintaining existing infrastructure.

The Victorian Government collects contributions from developers for infrastructure in new suburbs and has other taxes and levies on property and development. It also charges for the use of some infrastructure.

Collectively, these revenue sources directly fund infrastructure or contribute to Victorian general revenue. The government uses these revenue sources to fund infrastructure. Local governments have a mix of funding sources for their infrastructure, including rates and developer contribution schemes in some areas.

Governments must secure sufficient revenue sources to fund infrastructure needed for growing communities in new and established suburbs. This will enable infrastructure provision to keep up with growing populations so Victorians can continue to access employment, education, health services and recreation activities.

Purpose of this advice

The Victorian Government seeks advice on how to fund the infrastructure needed by residents of new housing.

Scope of advice

The Victorian Government seeks advice from Infrastructure Victoria on:

- Options to provide sufficient funding for the infrastructure needed by residents of new homes.
- A better mix of options to fund the infrastructure needed by residents of new homes.
- How to transition to this better mix of revenue options.

In developing the advice, Infrastructure Victoria should consider:

- what infrastructure will be needed by residents of new housing, when and where it will be needed, and how much it will cost.
- the Victorian Government's property-based and user charge options to fund infrastructure.

Attachment A

- local government rates, contribution and charge options to fund infrastructure.
- standard tax principles such as efficiency, equity, adequacy, administrative complexity, and revenue stability and predictability.
- the impact of different infrastructure funding options on the State over the next 30 years, including the benefits of additional infrastructure investment.
- the impact of different funding options on development feasibility for residential housing.
- views of key stakeholders on problems in funding the infrastructure needed by residents of new homes.
- the funding options that are preferred by key stakeholders.

Process

Infrastructure Victoria should undertake engagement with residential development and building industries, relevant government agencies, local governments, peak bodies, and other key stakeholders in developing this advice.

As part of this, Infrastructure Victoria should develop a series of scenarios about the impact of different mix of infrastructure funding options.

Stakeholder engagement should, where possible, promote an understanding of the key opportunities, issues, options, costs and benefits in how infrastructure for new homes is funded.

Infrastructure Victoria should use a multi-disciplinary approach that draws on interstate comparators and Australian and international research. Existing available evidence and modelling should be used.

In developing the advice, Infrastructure Victoria should also consider, complement and build upon existing State, local and Commonwealth government strategy, planning, policy and regulatory documents relating to infrastructure funding.

The advice should set out any findings and evidence, including significant risks or opportunities, and identify priority actions. It should also provide specific options for any additional research or actions that could be undertaken to further develop or implement the advice.

An interim report will be provided to DTF and the final advice is to be provided to me, as Treasurer, by the end of September 2026.

¹ Victorian Government, *Victoria's Housing Statement*, 2023, p 7, accessed 7 October 2025.

² Department of Transport and Planning, *Housing targets*, DTP website, accessed 7 October 2025.