REPORT

Investing in Growth: Funding Essential Infrastructure

PREPARED FOR:
MELBOURNE 9

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Glossary and abbreviations

TERM	ABBREVIATION	DEFINITION
Activity Centres Program		The Victorian Government's program to concentrate new housing and employment, and streamline planning approvals, within a defined set of well-connected activity centres, covering 60 Train and Tram Zone Activity Centres in total.
Activity Centre Zone	ACZ	A planning scheme zone applied to land within a designated activity centre to support a concentration of housing, retail and community uses.
Black Spot Program / Roads to Recovery Program		Commonwealth road funding programs providing grants to local government for road maintenance and renewal (Roads to Recovery) and targeted safety upgrades at high-risk locations (Black Spot).
Central Business District	CBD	The primary commercial, retail, administrative and cultural core of a city. In this report, the CBD refers to central Melbourne, home to the highest concentration of office employment, government and civic institutions in Victoria, and a key driver of activity and floorspace growth across the M9 region.
City shaping infrastructure		Strategic infrastructure that changes accessibility, influences where people live and work, and shapes long-term growth patterns. City shaping infrastructure is almost entirely funded and delivered by the State and Commonwealth Governments. It includes metro and rail extensions, rapid transit corridors, major road projects, and strategic transport links.
Comprehensive Development Zone	CDZ	A planning scheme zone that provides for the comprehensive development of a site or precinct in accordance with an approved development plan.
Clause 53.01		The planning scheme clause setting out requirements for public open space contributions at the time land is subdivided.
District *(Facility Scale)*		Refer to the glossary item *Facility Scale Hierarchy*.
Facility Scale Hierarchy		Within local infrastructure, individual facilities are further described by the size of the population they serve. They describe how far a resident typically travels to reach a given facility: • Local: A facility serving an immediate neighbourhood catchment, typically within a five-minute walk or drive. Example: a local community centre or sessional pool. • District: A facility serving a wider catchment spanning several neighbourhoods, typically within a ten-minute drive. Example: a district library or district aquatic facility. • Sub-regional: A facility serving a larger catchment again, typically spanning multiple neighbourhoods or municipalities within a twenty-minute drive. Example: a sub-regional aquatic and leisure centre. • Regional: A facility serving the whole M9 region or a broader metropolitan catchment. Example: a regional performing arts centre.
Housing Choice & Transport Zone	HCTZ	A planning scheme zone applied to land with good access to public transport, intended to support increased housing choice and moderate-density development.
Housing Targets		Dwelling targets set for every Victorian council under Plan for Victoria, contributing to a statewide target of 2.24 million additional homes by 2051.
Infrastructure Contributions Plan	ICP	A charge imposed on new development to help fund the infrastructure needed to support that development. In this report, ICP revenue refers to the Victorian Government's new Infrastructure Contribution, a standardised charge applying to development within Train and Tram Zone Activity Centres from 2027 – distinct from the long-standing Growth Areas Infrastructure Contribution (GAIC), which applies to greenfield growth areas on Melbourne's fringe.
Local Infrastructure		Neighbourhood-scale facilities, services and networks that support everyday community life. Local infrastructure is primarily planned, funded and delivered by local government. It comprises:

TERM	ABBREVIATION	DEFINITION
		• Local community infrastructure: community facilities, early years services, libraries and cultural facilities, youth services and facilities, sport and recreation facilities, and public open space. • Local network infrastructure: local roads, footpaths and pedestrian infrastructure, stormwater drainage, waste management infrastructure, and renewable energy infrastructure.
Local *(Facility Scale)*		Refer to the glossary item *Facility Scale Hierarchy*.
Maternal and Child Health	MCH	A free, universal service for Victorian families providing health checks, immunisation support and parenting guidance from birth to school age.
Melbourne 9	M9	The alliance of Melbourne's nine inner metropolitan councils: Melbourne, Darebin, Hobsons Bay, Maribyrnong, Merri-bek, Moonee Valley, Port Phillip, Stonnington and Yarra.
Melbourne 9 Region	M9 Region	The combined geographic area covered by the nine M9 councils, forming the economic, cultural and institutional heart of Victoria and the subject of this report's growth and infrastructure analysis.
Metropolitan Melbourne		The broader Greater Melbourne urban area, made up of 31 local government areas, of which the M9 region forms the inner core.
Plan for Victoria		The Victorian Government's metropolitan and statewide strategic planning framework, released in February 2025, which replaced Plan Melbourne 2017–2050 and sets out the long-term vision for how Victoria will grow.
Provision benchmark		A ratio used in this report to estimate future infrastructure demand, expressed as a rate of facility provision per head of population (for example, one library per 80,000 people).
Residential Growth Zone	RGZ	A planning scheme zone that provides for moderate housing growth and diversity in appropriate locations.
Section 173 Agreement	S173	A legal agreement between a council and a landowner or developer, made under Section 173 of the *Planning and Environment Act 1987*, which can be used to secure infrastructure contributions or other planning outcomes.
SGS Economics and Planning	SGS	An urban public policy consultancy consisting of economists, planners and spatial analysts engaged by M9 to prepare this report.
Small Area Forecast Model	SAM	SGS Economics & Planning's population, dwelling and employment forecasting model, tailored with localised modelling for the M9 region for this study.
Statistical Area Level 2	SA2	A geographic area defined by the Australian Bureau of Statistics, broadly equivalent in size to a suburb, used as the spatial unit for the population and dwelling forecasts in this report.
Structural Infrastructure		Higher-order networks and facilities that support growth across districts and subregions. Structural infrastructure is generally planned, funded and delivered by the Victorian Government and other statutory agencies. It includes schools, tertiary education facilities, hospitals and health infrastructure, structural public transport and active transport networks, flood management and drainage infrastructure, water supply infrastructure, and sewerage infrastructure.
Sub-regional *(Facility Scale)*		Refer to the glossary item *Facility Scale Hierarchy*.
Transport Accident Commission	TAC	Victoria's provider of compulsory third-party injury insurance, which also funds road safety infrastructure programs delivered through local government.
Technical and Further Education	TAFE	Publicly funded vocational education institutions providing certificate, diploma and trade-based qualifications.
Transformation Index		An index devised by SGS Economics and Planning to reflect the degree of change expected in a locality as growth unfolds, expressed as additional residential and employment floorspace as a proportion of land area.
2026 dollars / real dollars		Cost and revenue figures in this report are presented in constant 2026-dollar terms, meaning they exclude the effects of future inflation and are not directly comparable to figures reported for other years without adjustment.

Executive summary

Executive summary

Background

Melbourne 9 (M9) comprises the 9 inner metropolitan councils of Melbourne: Melbourne, Darebin, Hobsons Bay, Maribyrnong, Merri-bek, Moonee Valley, Port Phillip, Stonnington, and Yarra. Together, the M9 region forms the economic, cultural and institutional heart of Victoria, containing Melbourne's Central Business District, nationally significant education and health precincts, major employment centres and established residential communities.

The Victorian Government's metropolitan planning framework (Plan for Victoria) identifies this region as a key location for accommodating future housing and employment growth. Over the next 25 years, the region is projected to accommodate **approximately 980,000 additional residents, 525,000 additional dwellings and 618,000 additional jobs**.[1] Much of this growth is expected to occur through urban renewal and increased housing density within established suburbs, activity centres and major transport corridors.

980,000 residents

525,000 dwellings

618,000 jobs

Accommodating this level of growth will require more than additional housing. It will require significant investment in the infrastructure that supports communities, businesses and the broader metropolitan economy.

This report assesses the scale of infrastructure required to support the planned growth in M9, the indicative cost of delivering that infrastructure, and whether current funding arrangements are sufficient to meet future demand.

The assessment considers infrastructure across three interconnected levels:

- **Local infrastructure**, including community facilities, early years services, libraries and cultural facilities, youth services and facilities, sport and recreation facilities, public open space, local roads, footpaths and pedestrian infrastructure, stormwater drainage, waste management infrastructure, and renewable energy infrastructure.
- **Structural infrastructure**, including schools, tertiary education facilities, hospitals and health infrastructure, structural public transport and active transport networks, flood management and drainage infrastructure, water supply infrastructure, and sewerage infrastructure.
- **City shaping infrastructure**, comprising major transport investments that influence accessibility, shift locational preferences, unlock development opportunities and shape Melbourne's long-term urban structure.

The Victorian Government's long-term vision for Melbourne places the M9 region at the centre of the future Victorian growth. Delivering that vision will require coordinated planning, timely infrastructure investment and funding arrangements that recognise the challenges of accommodating growth within established urban areas.

[1] Indicative forecasts prepared by SGS based on the State's Housing Targets and localised modelling

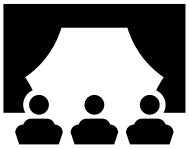
Infrastructure required to enable growth

The analysis demonstrates that the M9 region already benefits from a substantial and well-established infrastructure network. Existing rail, tram and road networks, hospitals, universities, schools, community facilities and cultural assets provide a strong foundation for accommodating future growth. However, there are gaps in this infrastructure provision, and the projected scale of growth over the next 25 years will place increasing pressure on infrastructure across all levels of government.

At the local level, significant additional investment will be required in community centres, early years services, libraries, recreation facilities, local roads, footpaths, drainage and public open space. Delivering this infrastructure within established urban areas presents challenges that differ from those faced in greenfield areas. Limited land availability, high land values, ageing infrastructure that is not always fit for purpose, and established urban form with fragmented land ownership and limited opportunities for large-scale redevelopment mean that future infrastructure delivery will increasingly rely on renewing and expanding existing assets, increasing the capacity of existing facilities, and identifying innovative opportunities for new infrastructure within established communities.

49 community centres / neighbourhood houses

12 district libraries

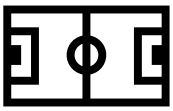


20 district performing art centres

71 Government Kindergarten facilities

62 maternal and child health rooms

16 district aquatic and leisure centre facilities

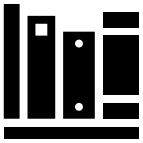


98 individual indoor courts

196 individual sport fields

Structural infrastructure will also require substantial investment and capacity expansion to support planned population growth. Based on current provision benchmarks, forecast population growth is expected to generate demand for additional government primary school, government secondary school, TAFE and university places and additional public hospital beds. Meeting this demand will require a combination of new infrastructure, expansion of existing facilities and more efficient use of existing assets. Continued investment in strategic public transport, active transport networks and major flooding, drainage, water supply and sewerage infrastructure will also be required to support growth and improve resilience. This will require State Government investment in partnership with local government to deliver infrastructure in the right locations in a timely manner.

46 government primary schools



27 government secondary schools

7 TAFE campuses

4 university campuses

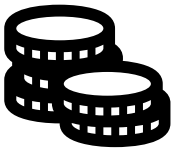
2,350 public hospital beds

At the metropolitan scale, the analysis finds that recently completed and committed city shaping transport projects provide an important foundation for future growth. However, the pipeline of committed city shaping infrastructure is anticipated to have limited impact in enabling the growth required across the M9 region. To achieve the substantial housing and employment growth, additional strategic transport investment to improve accessibility and support long-term urban renewal is required.

Local funding capacity

Based on the essential infrastructure required for planned growth, current local government funding arrangements are unable to support the level of investment required. While councils draw on a combination of rates, developer contributions, grants and other revenue sources, these funding mechanisms are fragmented, constrained and were largely designed for different patterns of urban development.

The analysis estimates that M9 councils will on average require approximately **$923 million of capital investment each year** to provide the local infrastructure needed to support forecast growth. By comparison, their projected capital funding capacity is estimated on average at approximately **$763 million per year**, resulting in an **average annual funding shortfall of approximately $161 million** across the region. This represents an average funding gap on average of approximately **$803 million every five years**, even after allowing for more efficient infrastructure delivery models such as integrated community hubs, shared facilities and expansion of existing assets.[2] This estimated funding gap excludes the potential significant additional investment required in acquisition of land.



$923m average annual capital expenditure requirement across the M9 region

$763m average annual funding capacity across the M9 region

$161m average annual capital budget shortfall across the M9 region

$28,900 average cost for local infrastructure and facilities per dwelling

State and Federal Government will also be required to invest significantly in structural and city shaping infrastructure to unlock growth opportunities in the region.

[2] Estimates are presented in 2026 dollars and represent the annualised infrastructure investment requirement and funding capacity based on current cost assumptions. The analysis accounts for projected growth in council revenue capacity, including rate revenue increases over time, and reflects the continuation of existing funding settings.

Summary of findings

The findings highlight that maintaining the M9 region's liveability, productivity and economic strength will depend on closer alignment between land use planning, infrastructure investment and funding arrangements.

The report identifies three strategic directions to better support the region's future growth:

- **Modernise funding arrangements for established urban growth** through stronger infrastructure contributions, more sustainable funding mechanisms and greater long-term investment from State and Commonwealth governments.
- **Better align infrastructure delivery with growth** by coordinating investment across local, structural and city shaping infrastructure, and prioritising investment in areas experiencing the greatest change.
- **Develop a coordinated spatial framework for the M9 region** that brings together housing, employment and infrastructure planning across municipal boundaries.

The M9 region will play a critical role in supporting Melbourne's long-term housing and economic objectives. The region has many of the foundational assets needed to accommodate future growth; however, maintaining its liveability and productivity will require infrastructure investment and funding arrangements that better reflect the challenges of growth in established urban areas.

By improving the alignment between growth, infrastructure delivery and funding, the M9 region can continue to contribute to Melbourne's future while preserving the qualities that make it a highly liveable and economically important part of the city.

1. Project context

1.1 Background and purpose

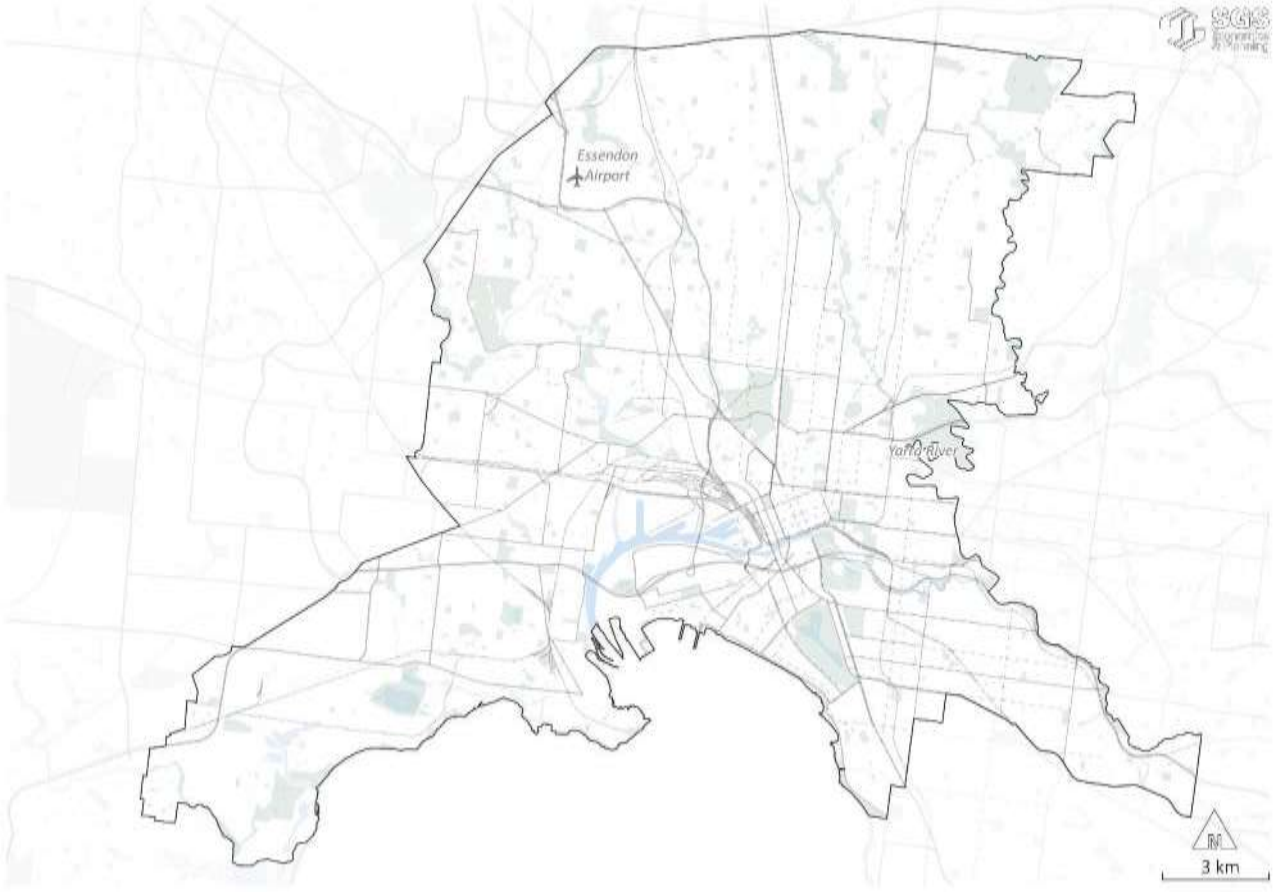
Melbourne 9 (M9) is an alliance that consists of Melbourne's 9 inner metropolitan councils: Melbourne, Darebin, Hobsons Bay, Maribyrnong, Merri-bek, Moonee Valley, Port Phillip, Stonnington and Yarra.

Collectively, the M9 region plays a critical role in accommodating a significant portion of Victoria's current residential population and employment opportunities. This is supported through Melbourne's Central Business District, the Port of Melbourne, major health and knowledge precincts, as well as established residential precincts, and regionally significant cultural and recreational assets.

As Victoria continues to grow, the M9 region is slated to accommodate a substantial share of new housing, employment and economic activity.

While there is a clear strategic direction for growth across metropolitan Melbourne, the vision for the M9 region is dispersed across multiple planning documents, policies and government initiatives, including Plan for Victoria, local planning schemes, the Activity Centres Program and infrastructure programs. Together these documents establish a broad direction for growth but do not provide a single, integrated framework for how the region should evolve.

Figure 1. The M9 region study area



Source: SGS Economics and Planning

To support a coordinated response to future growth, there is a need for a shared understanding of:

- where population and employment growth is expected to occur
- the infrastructure required to support that growth
- the respective roles of state and local government in delivering infrastructure, and
- whether current funding arrangements are sufficient to maintain liveability while accommodating growth.

The scale of growth committed to the M9 region through Plan for Victoria and the State's Housing Targets will create additional demand for infrastructure regardless of whether that infrastructure is delivered alongside growth. The primary issue is whether infrastructure investment keeps pace with the scale of growth. Growth that is not supported by adequate infrastructure will place increasing pressure on existing facilities, services, and networks, with consequences for the region's liveability and productivity. As such, the outcome is binary: infrastructure is delivered in step with growth and the M9 can maintain its liveability and productivity, or it is not, and these qualities will be progressively eroded.

The purpose of this project is to provide a robust assessment of the infrastructure and funding required to support future growth across the M9 region. By bringing together growth projections, infrastructure demand, indicative costs and funding capacity, the study provides a common evidence base to support regional planning, infrastructure investment and government advocacy.

The assessment considers infrastructure across three interconnected levels: local infrastructure, largely provided by councils, structural infrastructure supporting several municipal catchments and usually provided by or through the State Government, and city shaping infrastructure which is critical in unlocking growth opportunities and movement across the region, and which is also provided via the State Government (Table 1).

Table 1. Types of infrastructure

INFRASTRUCTURE TYPE	DESCRIPTION	EXAMPLES
Local infrastructure	Neighbourhood-scale facilities, services and networks that support everyday community life.	Community facilities, early years services, libraries and cultural facilities, youth services and facilities, sport and recreation facilities, public open space, local roads, footpaths and pedestrian infrastructure, stormwater drainage, waste management infrastructure, and renewable energy infrastructure.
Structural infrastructure	Higher-order networks and facilities that support growth across districts and subregions.	Schools, tertiary education facilities, hospitals and health infrastructure, structural public transport and active transport networks, flood management and drainage infrastructure, water supply infrastructure, and sewerage infrastructure.
City shaping infrastructure	Strategic infrastructure that changes accessibility, influences where people live and work, and shapes long-term growth patterns.	Metro and rail extensions, rapid transit corridors, major road projects, strategic transport links.

Source: SGS Economics and Planning

2. Future of the M9 region

The following section summarises the State's strategic direction for future development of the M9 region and considers how forecast growth aligns with this vision.

2.1 The region's role in Victoria's future growth strategy

The Victorian Government has identified key areas across Victoria to support future growth. Through the Plan for Victoria, Housing Targets, Activity Centres Program and other metropolitan planning initiatives, the State is seeking to accommodate a greater share of future housing and employment within existing urban areas rather than through continued expansion at the metropolis's edge.

This approach is intended to build more compact urban areas, reduce travel distances, improve access to employment and services, and make more efficient use of existing infrastructure.

The M9 region has been identified as one of the primary locations for accommodating Victoria's future housing and employment growth.

Housing Targets, the Activity Centres Program and Plan for Victoria all seek to concentrate new housing within established activity centres, urban renewal precincts and in locations with good access to public transport.

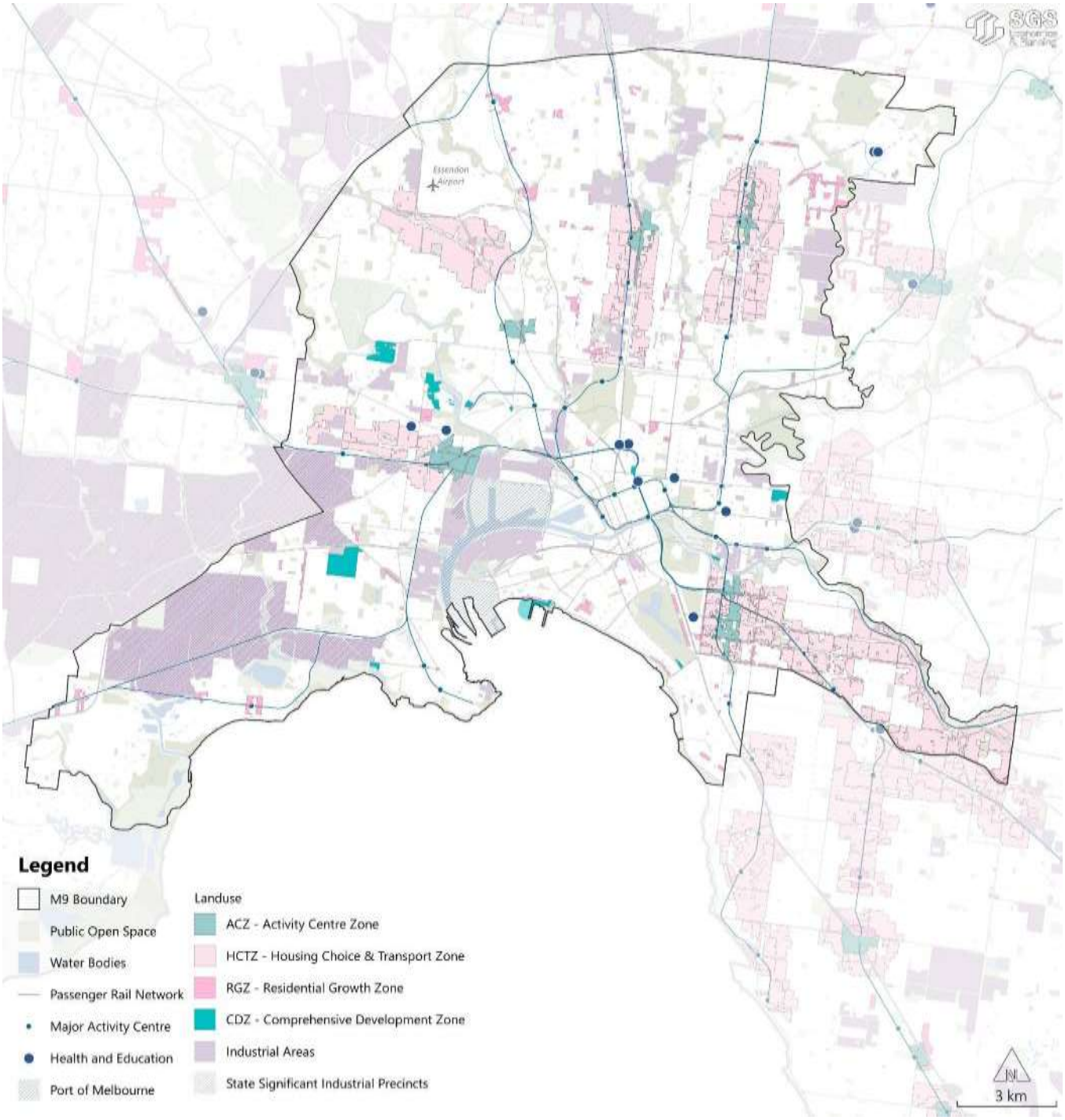
State policy also seeks to strengthen the M9 region's role as Melbourne's principal employment, health, education and innovation hub. This includes building on the strategic employment and health precincts recognised within State planning policy such as the Melbourne CBD, Parkville, Fishermans Bend, Arden, Footscray, the Port of Melbourne and other established metropolitan employment centres (Figure 2).

Based on the State Government housing capacity targets, SGS estimates that the M9 region is expected to accommodate approximately:

- 980,000 additional residents
- 525,000 additional dwellings
- 618,000 additional jobs

The M9 region is well placed to support future growth due to its location, the structure of the region, land uses, and supporting precincts. This level of growth will further embed the strategic role assigned to the region.

Figure 2. Existing and planned spatial structure

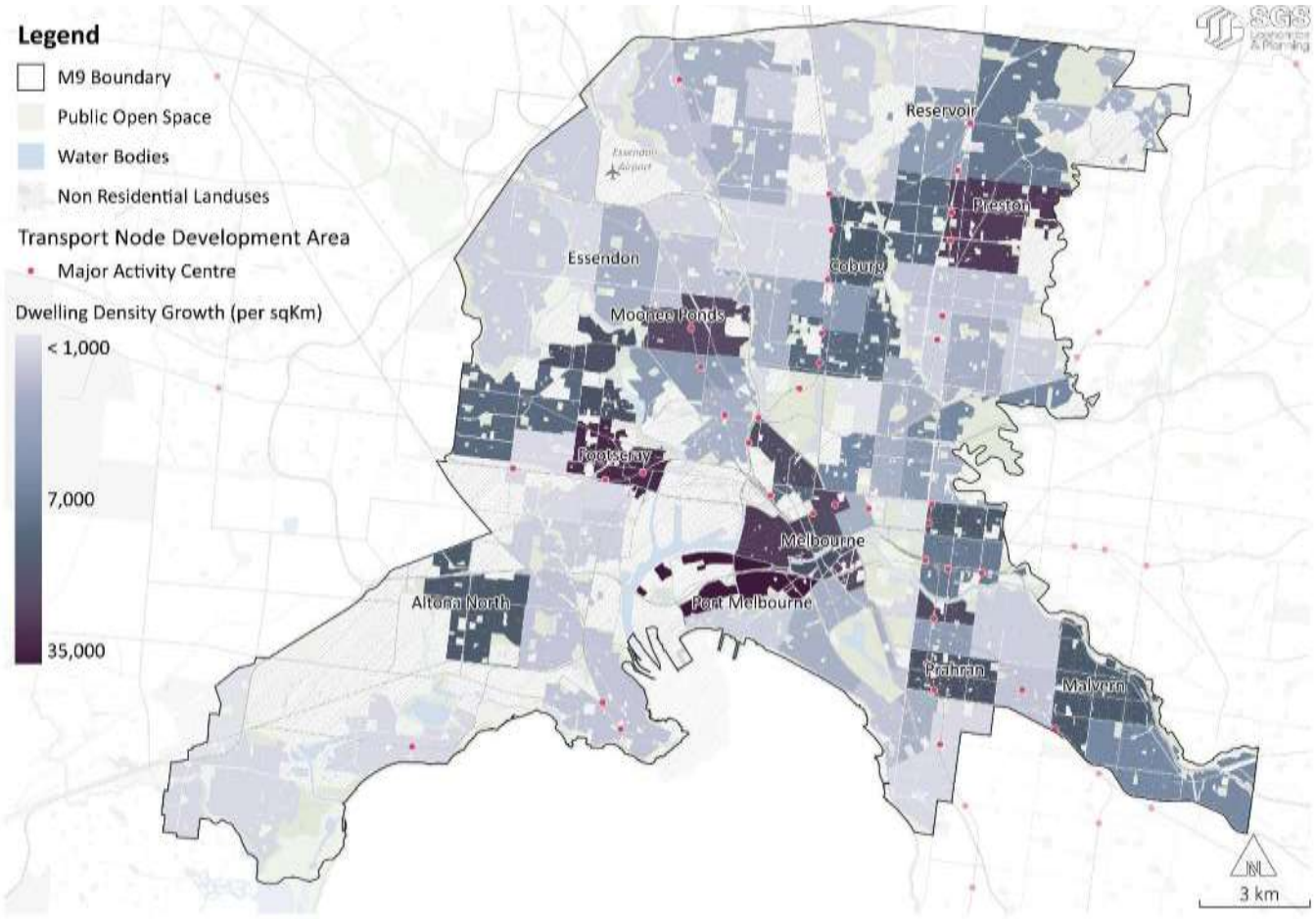


Source: SGS Economics and Planning

2.2 Providing housing in the right location

Based on SGS's assessment of the likely future distribution of development across the M9 region, growth in line with the State Housing Targets is expected to broadly align with the planning directions established by the Victorian Government. As shown in Figure 3, the highest levels of growth are forecast to occur within activity centres and urban renewal precincts. Each of these locations has access to local transport connections and services. However, as this growth intensifies, the capacity of these services and frequency of transport will need to be considered.

Figure 3. Residential dwelling growth by SA2 under the State's Housing Targets

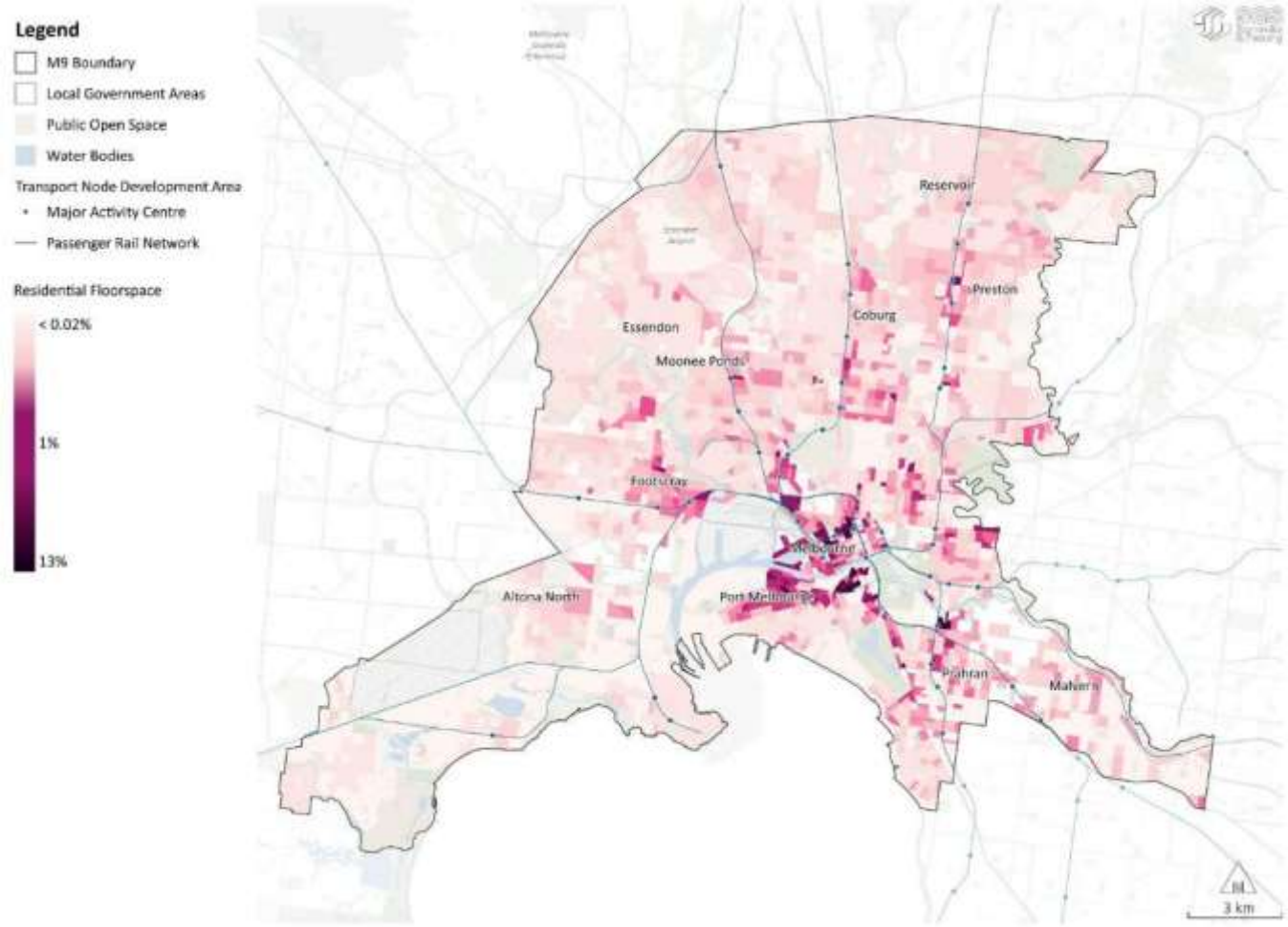


Source: SGS Economics and Planning

Note, dwelling growth is presented here at SA2 level. Readers seeking a more fine-grained view of where growth is concentrated can refer to Figure 4, which, although expressed as residential floorspace rather than a dwelling metric, is mapped at a finer spatial resolution.

Another way of understanding future housing growth is through residential floorspace. While dwelling forecasts show how many additional homes are expected, residential floorspace indicates the scale and intensity of future built form. Mapping floorspace growth highlights where redevelopment and urban intensification are expected to occur most rapidly, helping identify the areas likely to experience the greatest change and associated demand for infrastructure. Figure 4 shows the forecast index of residential floorspace growth across the M9 region.

Figure 4. Residential floorspace index growth



Source: SGS Economics and Planning

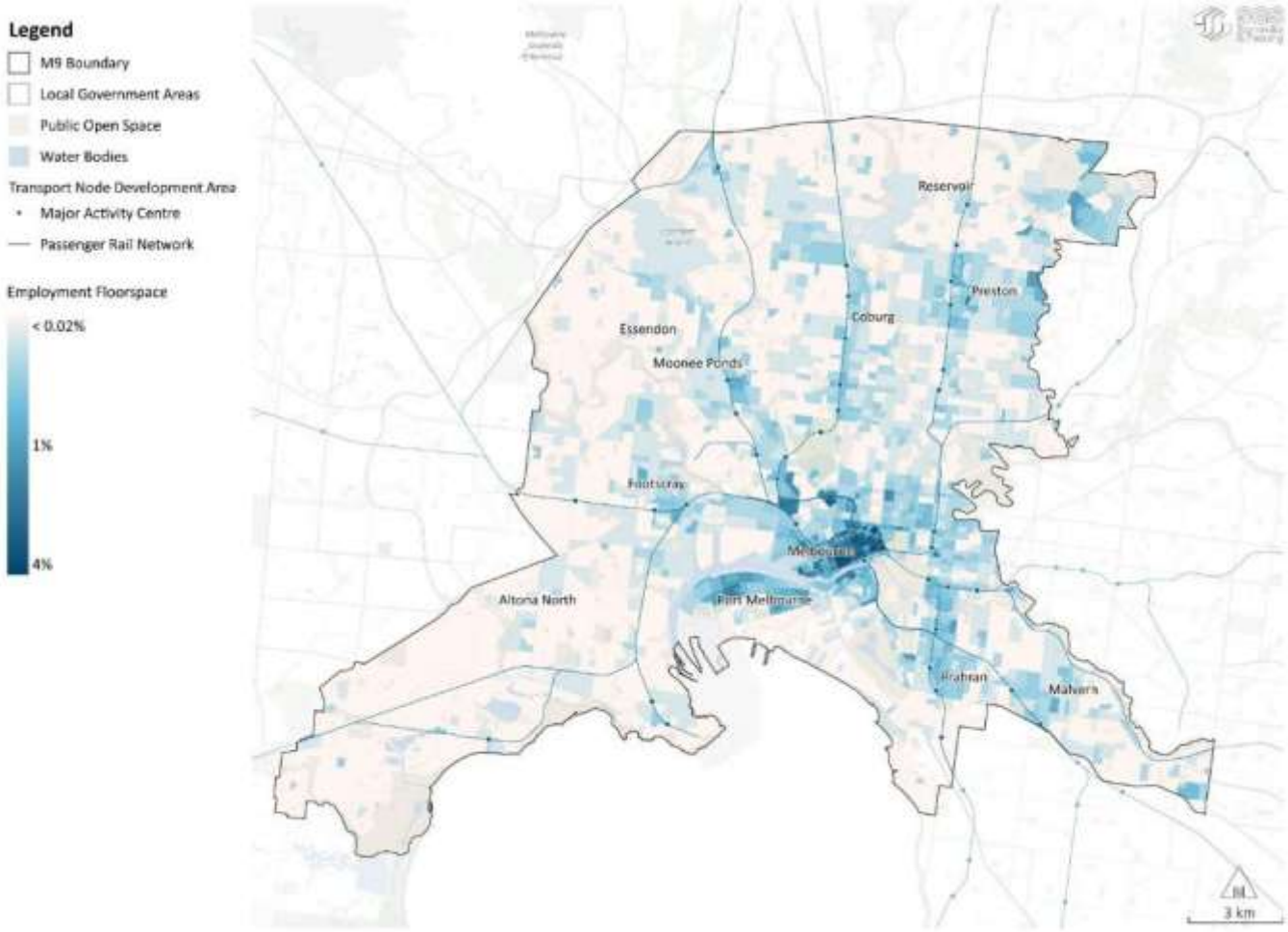
2.3 Strengthening employment and strategic precincts

State policy seeks to strengthen the M9 region's role as Melbourne's principal employment, health, education and innovation hub.

Rather than establishing new strategic precincts, current policy focuses on expanding and intensifying existing employment centres, health precincts, knowledge precincts and activity centres. Continued investment is intended to reinforce these locations as the focus for high-value employment, innovation and metropolitan services. These include the Melbourne CBD, Parkville, Fishermans Bend, Arden, Footscray, the Port of Melbourne and other established metropolitan employment centres.

Based on the State development directions for the M9 region, the forecast employment growth is projected to be largely concentrated within the priority employment precincts as well as following a similar pattern to housing growth and activity centres (Figure 5).

Figure 5. Employment floorspace index growth



Source: SGS Economics and Planning

In relation to growth across the various types of employment, commercial floorspace is expected to remain the dominant employment land use across the M9 region, reflecting the concentration of office, business and professional services within established employment centres.

While commercial floorspace continues to grow over the forecast period, its rate of growth is relatively modest compared with the retail sector. Retail floorspace is forecast to experience the strongest growth, driven by increasing demand from a larger residential population and the continued development of activity centres.

Industrial floorspace is forecast to also continue to expand, although at a slower rate, reflecting the more limited availability of industrial land within the established urban area. Together, these trends indicate that future employment growth will be supported by a combination of commercial, retail and industrial activity, with the greatest change occurring in centres that accommodate a broader mix of jobs and services.

2.4 Summary

The Victorian Government's long-term vision is to accommodate a significant share of Victoria's future growth within established urban areas, with the M9 region taking a substantial portion of this growth.

Rather than creating new metropolitan centres within the M9 region, State policy seeks to strengthen existing activity centres, employment precincts, and health and knowledge precincts through increased housing and employment within established or renewal areas.

Projections of population, housing and employment growth prepared for this study indicate that growth would broadly align with this strategic direction.

The following section will consider if there is adequate city shaping, structural and local infrastructure available to support the future growth of the M9 region.

3. Infrastructure needs

Local infrastructure

3.1 The role of local infrastructure

Local infrastructure comprises the facilities, services and local networks that support everyday life. Unlike city shaping and structural infrastructure, which serve regional and metropolitan functions, local infrastructure directly supports neighbourhoods and is primarily planned, delivered and maintained by local government.

For this assessment, local infrastructure has been grouped into two categories:

Local community infrastructure, including community centres, early years services, libraries and cultural facilities, youth centres, sport and recreation facilities, and public open space.

Local network infrastructure, including local roads, footpaths and pedestrian infrastructure, stormwater drainage, waste management infrastructure, and renewable energy infrastructure.

As established communities grow, councils play a critical role in ensuring local infrastructure keeps pace with increasing demand.

Based on the State Housing Targets, the additional residents forecast to move into the M9 region will require a significant amount of local community infrastructure (as presented on the right) and local network infrastructure, which cannot be met through existing networks.

Infrastructure required to accommodate future growth based on the Housing Targets.

49
Neighbourhood houses/ community centres

12
Libraries

20
District performing arts centres

71
Government kindergarten facilities

62
Maternal and child health rooms

16
District aquatic & leisure centre facilities

98
Individual indoor courts

196
Individual sport fields

3.2 Delivering local community infrastructure

Community facilities

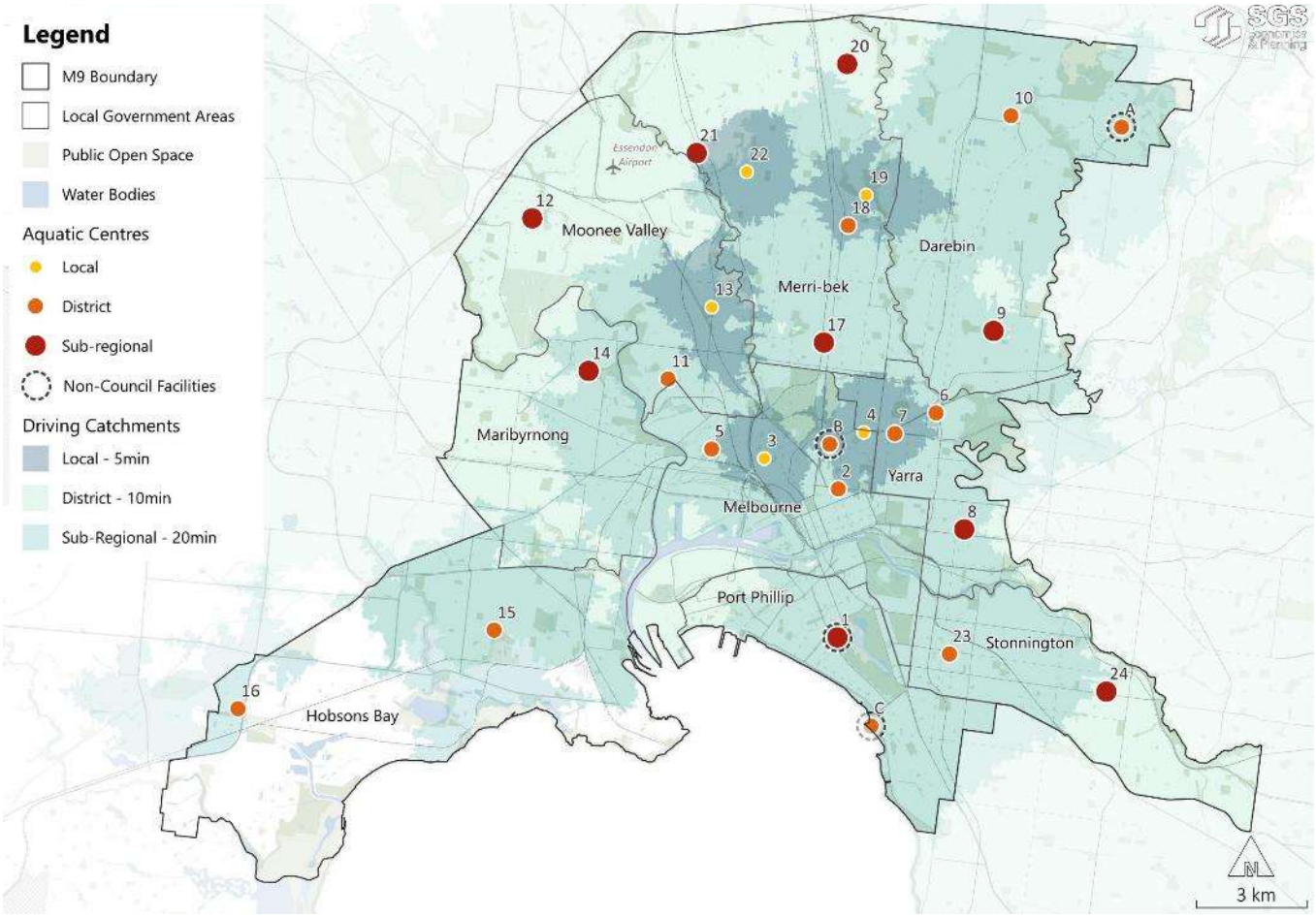
Delivering local infrastructure within established suburbs is fundamentally different from servicing Melbourne's greenfield areas. Across the M9 region, land is scarce, and property values are high. While the region already has a high proportion of community infrastructure, many of these assets are ageing, not fit for purpose, or unable to increase capacity.

As a result, future infrastructure delivery will increasingly rely on the redevelopment and expansion of existing facilities, co-locating complementary services, and sharing of assets across services. While this approach will increase the utilisation of infrastructure, it is also costly.

Aquatic facilities illustrate these challenges well. The M9 region has an extensive network of aquatic and leisure centres. This network includes several larger facilities, supported by district-level infrastructure and local sessional pools (Figure 6).

The forecast growth in population will require access to an additional 16 district-level aquatic facilities. Given the spatial distribution of existing assets is generally accessible for most residential areas, the focus to meet these needs should be on expanding existing centres, increasing capacity and, where needed, strategically building additional facilities. Many of the existing facilities are ageing. Given this, to accommodate planned growth, significant investment will be required.

Figure 6. Existing aquatic facilities in the M9 region



Source: SGS Economics and Planning

Furthermore, for some infrastructure types such as sports fields, the capacity of the existing spaces can only be increased to a certain extent, through interventions such as synthetic surface upgrades, lighting for extended-hours of use, and multi-purpose line-marking. Once this capacity has been reached, additional land will be required. This strategic identification of this land should be done alongside density considerations and urban renewal opportunities.

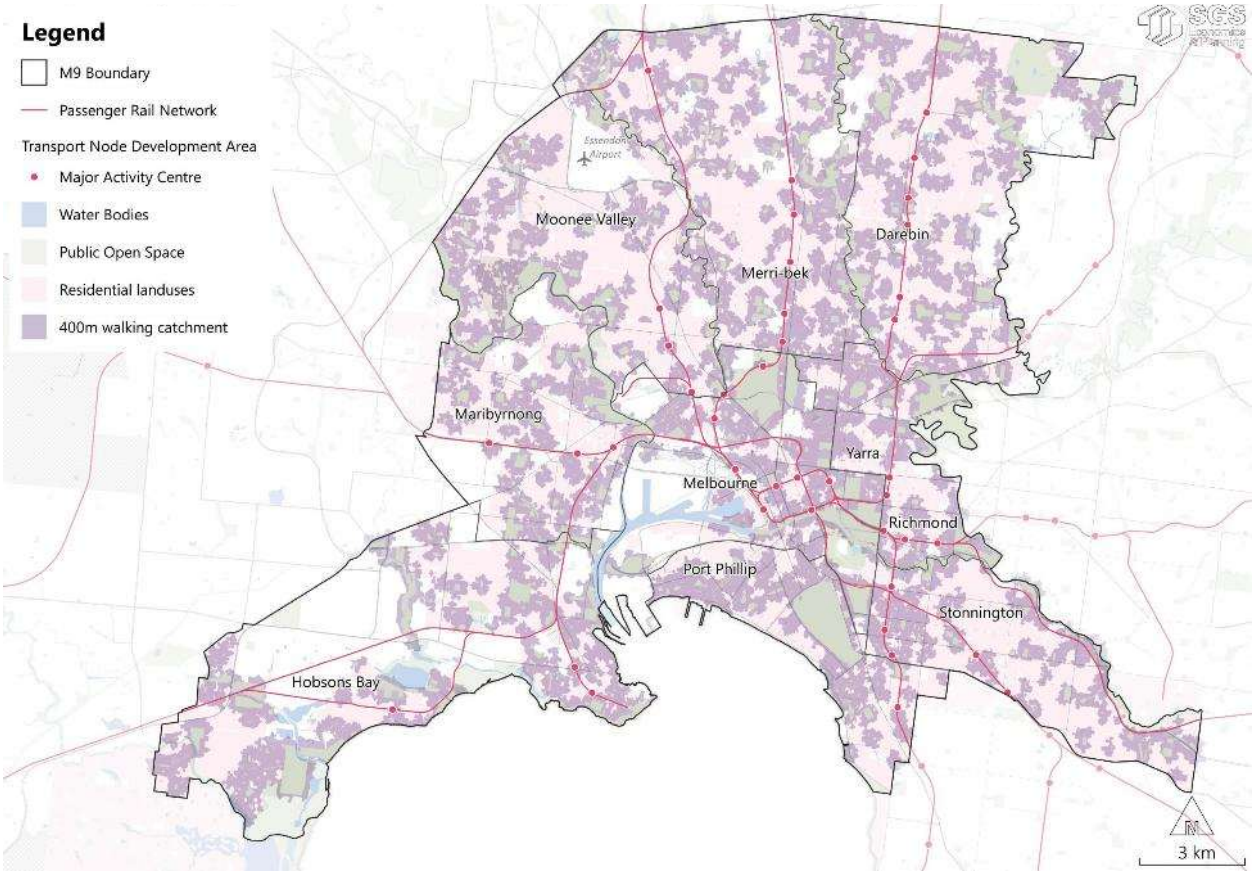
Open space

In addition to buildings, public open space is expected to be one of the most significant local community infrastructure challenges facing the M9 region. Open space provides important mental and physical health benefits, environmental cooling, and opportunities for community connection.

While the region benefits from an extensive network of parks and reserves, there are accessibility gaps within existing residential areas (Figure 7). Opportunities to acquire additional land for sporting reserves and passive open space are becoming increasingly limited as established suburbs continue to intensify.

Currently the region has access to 33.9m^2 of public open space per resident. If no additional open space is provided, this will decline to 18.8m^2 given planned future growth. Identification of strategic land opportunities, along with coordinated planning and delivery, will be required to continue providing adequate open-space outcomes for all residents.

Figure 7. Existing public open space in the M9 region



Source: SGS Economics and Planning

3.3 Delivering local network infrastructure

Local network infrastructure enables neighbourhoods to function efficiently and safely.

The infrastructure assessment indicates that upgrades to local roads, footpaths and drainage will account for a substantial proportion of future local infrastructure investment required across the M9 region. Much of the existing network infrastructure was built many decades ago and will require ongoing renewal and expansion as established suburbs accommodate more people, jobs and higher-density development.

Most M9 neighbourhoods already have established road and footpath networks. Future investment will therefore focus on renewing ageing assets, improving capacity where growth is concentrated, and providing new local connections in areas undergoing significant redevelopment. Growth and urban renewal will also increase the importance of safe and connected walking and cycling routes between homes, activity centres, public transport and community facilities. Stormwater drainage will become increasingly important as urban intensification increases impervious surfaces, and climate change contributes to more frequent and intense rainfall events.

Upgrading local drainage infrastructure within established suburbs is often complex, requiring works to be undertaken within constrained road reserves and connecting to broader structural network infrastructure. Collaboration across state and local government is essential, along with integrated water management solutions within the urban environment.

Waste management also presents an emerging challenge. The M9 region relies on Melbourne's broader metropolitan landfill network, transporting waste outside of the region. The Victorian Government estimates that metropolitan Melbourne has enough licensed landfill capacity to meet current needs for around 30 years. However, if waste generation continues at current rates, the remaining available landfill capacity is expected to decrease by approximately 45% by 2040. This reinforces the importance of continued investment in resource recovery, recycling and alternative waste treatment infrastructure to reduce reliance on landfill over the longer term.

Structural infrastructure

3.4 The role of structural infrastructure

Structural infrastructure comprises the district and regional facilities and networks that support metropolitan Melbourne. Unlike local infrastructure, which primarily serves neighbourhoods, structural infrastructure serves larger catchments, with many assets providing services across multiple municipalities.

For the purposes of this study, structural infrastructure includes schools, tertiary education facilities, hospitals and health infrastructure, structural public transport and active transport networks, flood management and structural drainage infrastructure, water supply infrastructure, and sewerage infrastructure.

Much of this infrastructure is planned, funded and delivered by the Victorian Government and other statutory agencies. It typically requires long-term planning, significant capital investment and coordination across multiple levels of government.

The structural infrastructure demand assessment results presented on the right summarise the equivalent additional capacity required to support forecast population growth across government schools, tertiary education and public hospitals.

In established urban areas such as the M9 region, future demand is expected to be met through a combination of expanding existing facilities, redeveloping ageing assets and, where required, developing new sites.

Infrastructure required to accommodate future growth based on the Housing Targets.

46
Government primary schools

27
Government secondary schools

7
TAFE campuses

4
University campuses

2,350
Public hospital beds

3.5 Delivering structural infrastructure

Structural infrastructure supports both the liveability and productivity of the M9 region. Schools, hospitals and tertiary education institutions provide essential services while supporting workforce participation, innovation and economic growth.

Education and health facilities

The state policy direction is to further invest in the existing health and education precincts in the M9 region, including Latrobe/Bundoora, Parkville, Footscray, Alfred, Austin and St Vincent's/ACU, which are recognised as important concentrations of health, education, research and employment.

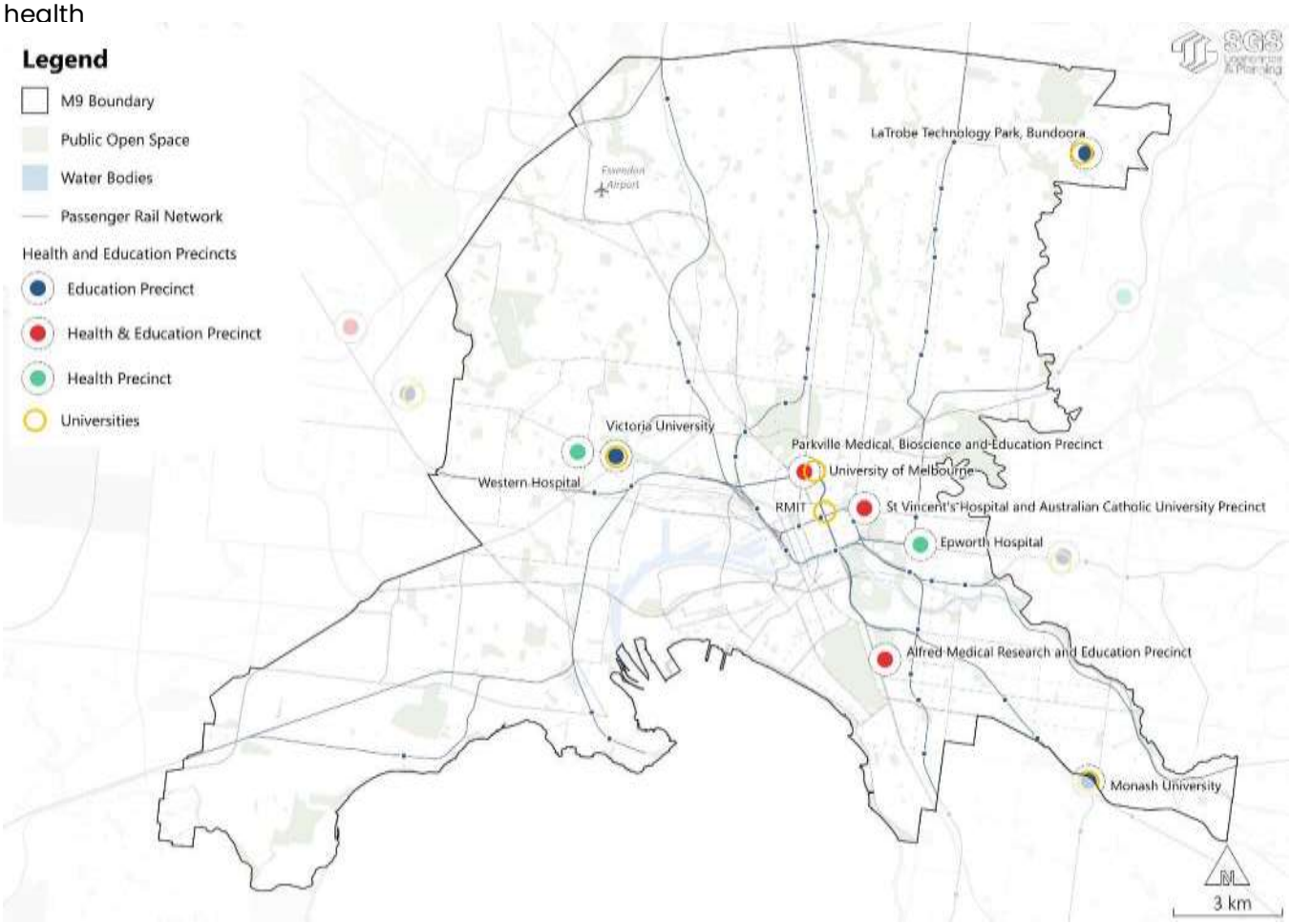
To meet future needs for these services, additional capacity will need to be secured through the expansion of existing hospitals and university sites, while ensuring the existing infrastructure is fit for purpose. Given no additional sites have been prioritised in the M9 region, the transport infrastructure to access this infrastructure will also be critical. This includes effective transport to the Latrobe precinct as well as across M9 to the centralised sites.

In relation to government school infrastructure, accommodating forecast enrolment growth will require significant additional school capacity across the region. Within established metropolitan areas, this will increasingly need to be delivered through expansion of existing campuses and the strategic delivery of additional schools, including vertical school models.

Figure 8 shows the existing structural infrastructure network across M9, highlighting the concentration of major health and education precincts.

Figure 8. Existing health and education precincts across the M9 region

health



Source: SGS Economics and Planning

Flooding and drainage infrastructure

Major drainage infrastructure protects communities from flooding, manages stormwater across metropolitan catchments and enables ongoing urban development.

Given the age of much of the M9 region's drainage network, together with its downstream location within the metropolitan catchment, the continued investment in trunk drainage infrastructure will be essential to support future growth, respond to increasing flood risk and improve climate resilience.

The investment in trunk infrastructure needs to be coordinated alongside local drainage networks, taking a catchment-wide approach. Based on Melbourne Water's plans to invest around $1.8 billion[3] on drainage infrastructure to support development across the entire metropolitan area, structural drainage investment within the M9 region could exceed $1 billion over the next 25 years, although this should be regarded as indicative.

Water supply and sewerage

Water supply and sewerage infrastructure are also essential to supporting population and employment growth across the M9 region. Reliable water, wastewater and recycled water services are fundamental to accommodating new housing, employment precincts and urban renewal.

These networks are planned, funded and delivered by the relevant water authorities through established long-term infrastructure planning and investment programs. However, future capacity cannot be assumed, with population growth, climate change and increasing demand placing additional pressure on Melbourne's water system. Future growth will therefore need to be considered alongside water security, network capacity and the ongoing investment required to maintain reliable water and wastewater services.

3 https://www.esc.vic.gov.au/sites/default/files/documents/Melbourne-Water-price-review-2026-submission-20251001_0.pdf

City shaping infrastructure

3.6 The role of city shaping infrastructure

City shaping infrastructure comprises the strategic transport investments that influence how metropolitan areas grow. By improving accessibility, reducing travel times and connecting major destinations, these investments unlock development opportunities and shape where people choose to live, where businesses invest, and where higher-density development can occur.

Within the M9 region, city shaping infrastructure includes major rail projects, rapid transit corridors, strategic road investments and other metropolitan-scale transport initiatives. Unlike local or structural infrastructure, these projects are intended to influence growth across multiple municipalities and support Melbourne's long-term metropolitan structure.

As the M9 region accommodates significant population and employment growth, the delivery of city shaping infrastructure will be critical to maintaining accessibility, supporting productivity and enabling the continued intensification of established urban areas.

The following assessment considers city shaping infrastructure in three categories:

- recently completed or under construction
- committed, and
- future opportunities.

The purpose of this assessment is to understand how the metropolitan transport network is evolving and if the committed and future opportunities are going to unlock growth in the required locations.

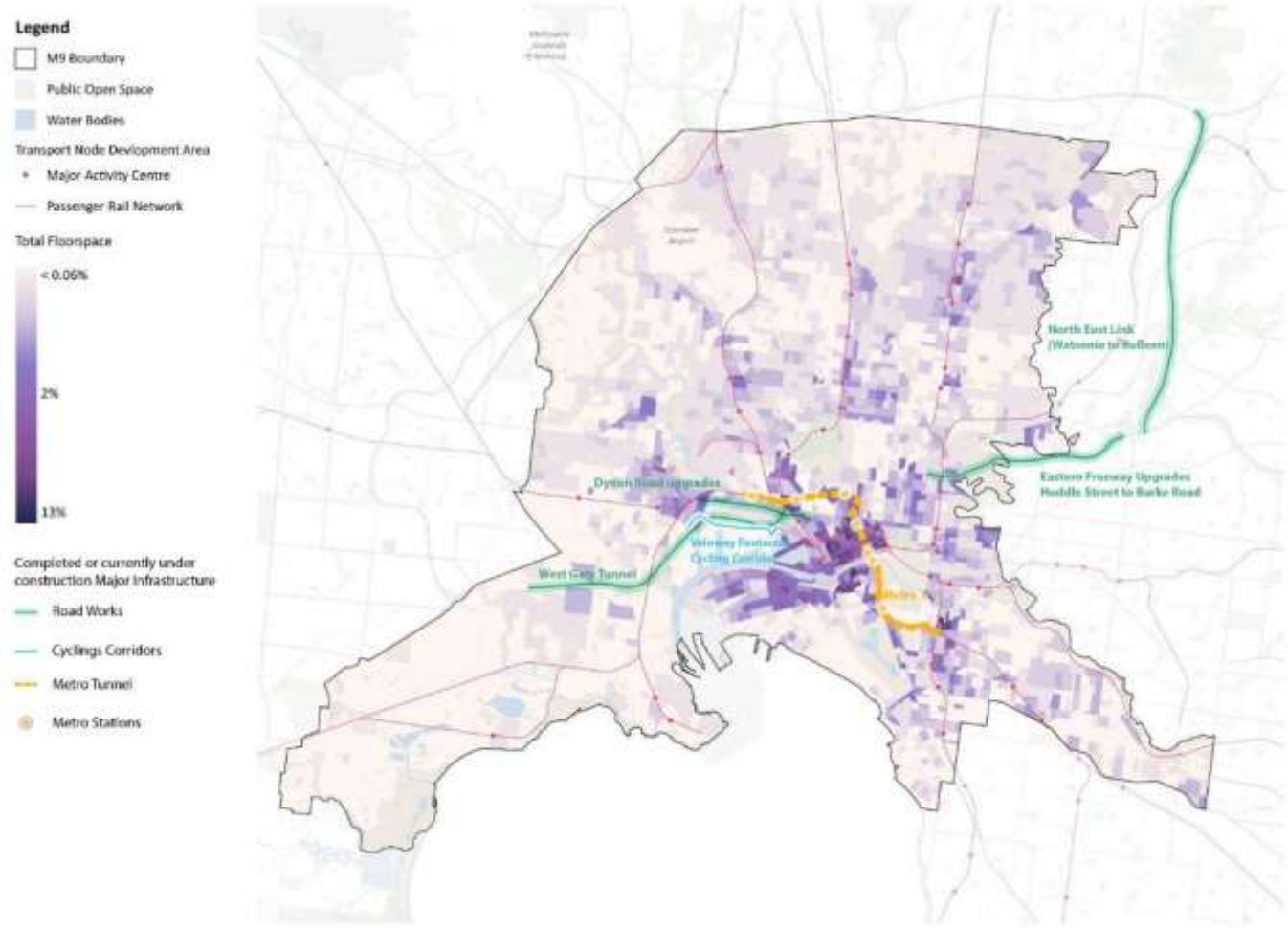
Recently completed or under construction infrastructure

Recent investment in infrastructure such as the Metro Tunnel, West Gate Tunnel and associated rail and road upgrades has improved some capacity on existing transport corridors, movement across the city and into the city.

These projects largely enhance the performance of the existing metropolitan network rather than fundamentally changing the distribution of growth across the M9 region. Their benefits are concentrated around established employment precincts, renewal areas and central Melbourne where demand is already highest.

While these investments provide an important foundation for accommodating future growth, on their own they will not address the next generation of accessibility challenges associated with significant housing and employment growth across the broader M9 region.

Figure 9. Recently completed or under construction infrastructure overlaid on Transformation Index[4]



Source: SGS Economics and Planning

[4] The Transformation Index has been devised by SGS to reflect the degree of change expected in an area as growth unfolds in the M9 region. The Index expresses projected additional new floorspace for both residential and employment uses as fraction of the land area in the locality in question.

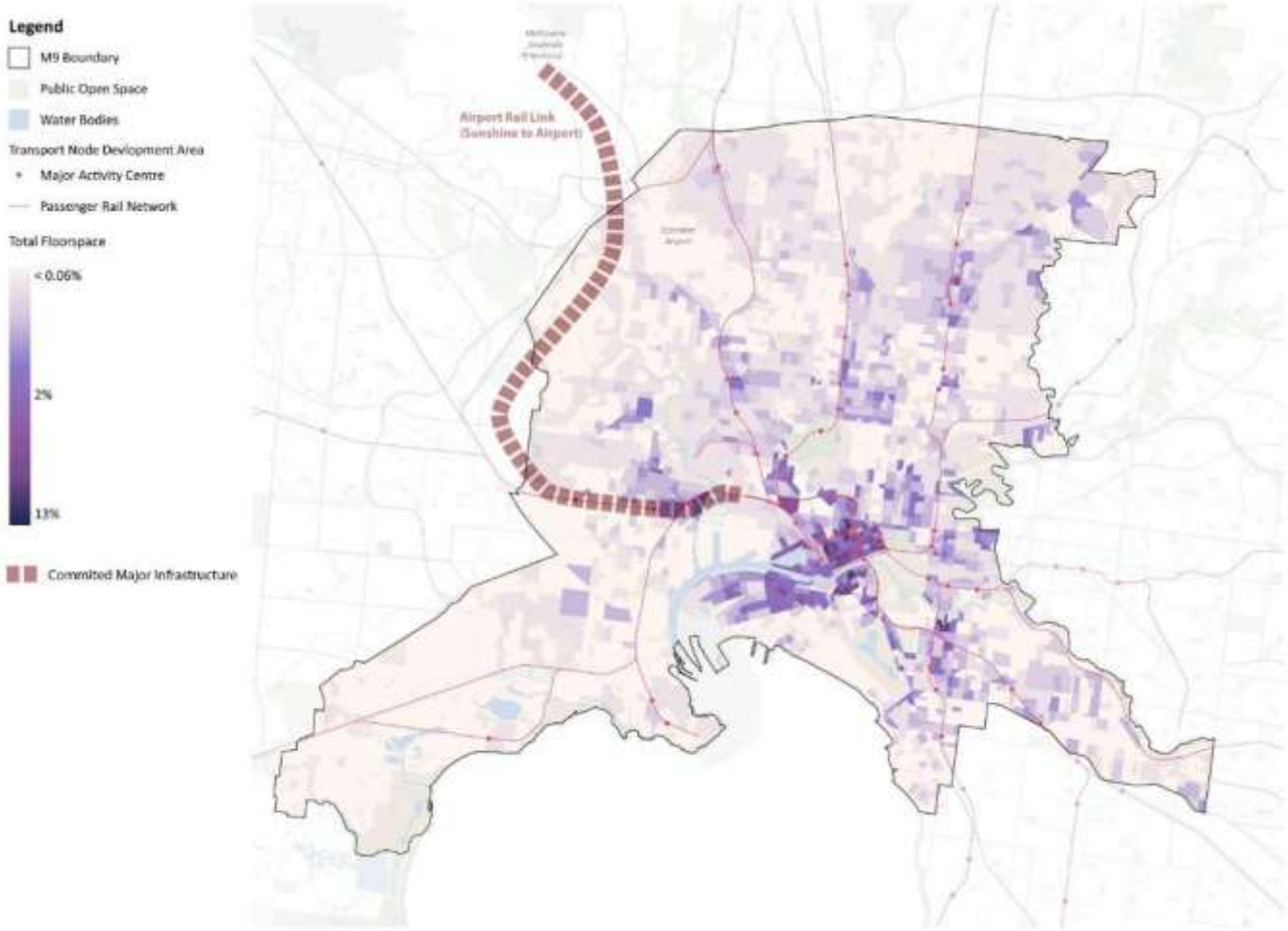
Committed infrastructure

The only major committed city shaping project affecting the M9 region is the Melbourne Airport Rail Link.

While this project will substantially improve access between Melbourne Airport, the CBD and the wider metropolitan rail network, its local influence is geographically focused to the western edge of the M9 region.

With a limited committed investment in city shaping infrastructure, there is an insufficient pipeline of future metropolitan transport investment to support the scale of growth expected across the M9 region over the coming decades.

Figure 10. Committed infrastructure overlaid on Transformation Index



Source: SGS Economics and Planning

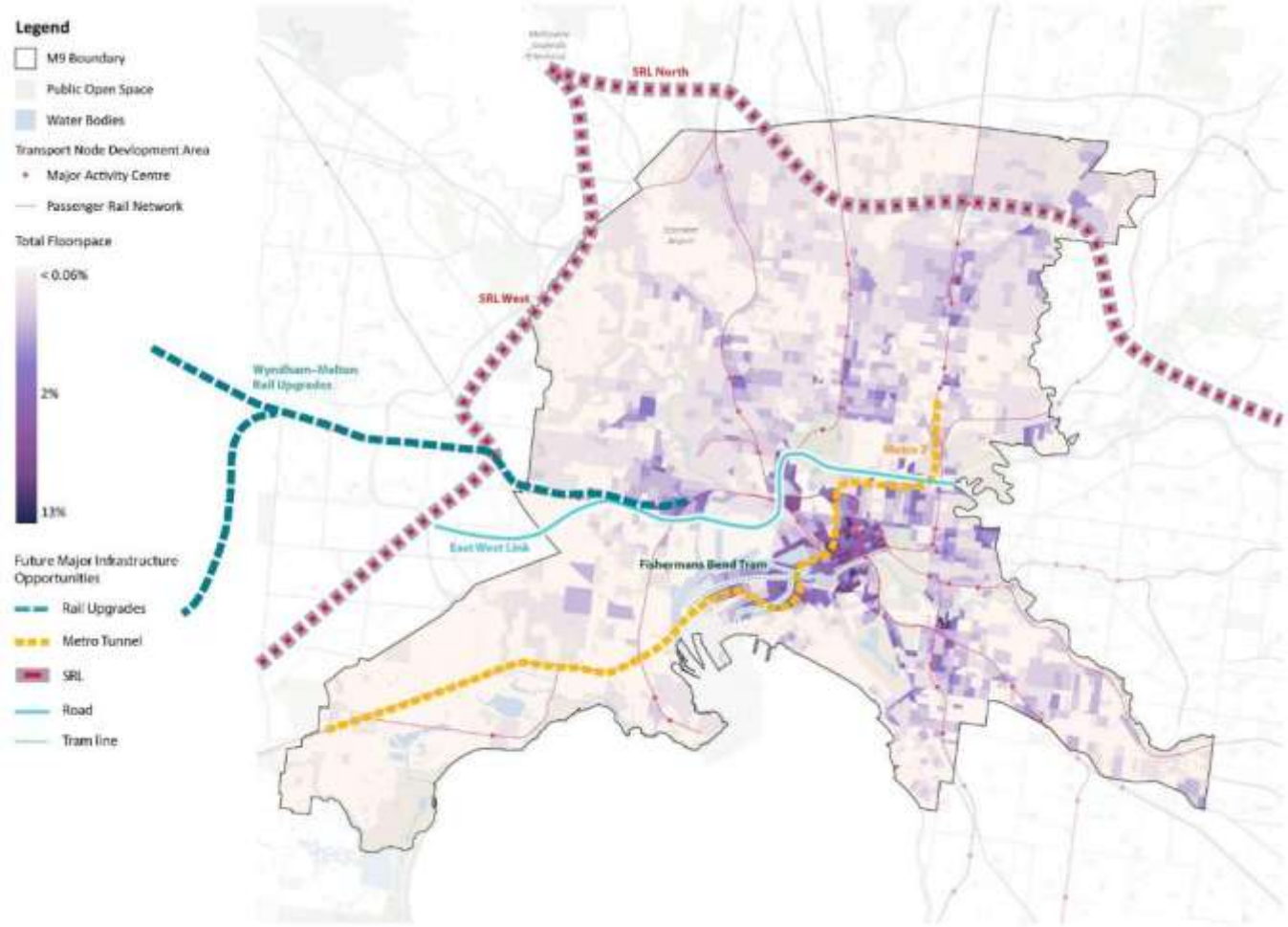
Future city shaping infrastructure opportunities

Several future city shaping projects have been identified through previous metropolitan planning projects. However, these remain unfunded or without a committed delivery pathway. These include projects such as Melbourne Metro 2, additional orbital public transport connections such as Suburban Rail Loop North and West and enhanced cross-city rail links such as the Fishermans Bend Tram.

Some of these projects would improve connectivity between major employment centres, activity centres and renewal precincts (Melbourne Metro 2 and Fishermans Bend Tram). Others would provide less of an impact on enabling the growth of M9, rather supporting movement through or around the M9 region.

As shown in Figure 11 there are also transport gaps across the network, with the north and southeast having ongoing reliance on heavy rail and tram networks. City shaping infrastructure projects that can unlock growth along with improving access to jobs and services should be prioritised for the State to reach the desired growth targets.

Figure 11. Future city shaping infrastructure opportunities overlaid on Transformation Index



Source: SGS Economics and Planning

3.7 Delivering city shaping infrastructure

Delivering city shaping infrastructure within an established metropolitan area is often more difficult than in greenfield areas. Projects need to work around existing transport networks, businesses and communities, while also managing higher land costs and longer delivery timeframes.

Unlike local infrastructure, city shaping infrastructure is almost entirely dependent on State and Commonwealth Government investment. Delivery therefore competes with priorities across metropolitan Melbourne, Victoria, and Australia, requiring sustained government commitment over many years. As infrastructure projects become larger and more complex, construction costs continue to rise, increasing the challenge of delivering new transport capacity.

The M9 region also faces a strategic challenge. Much of the existing metropolitan transport network was designed to provide radial access to the Melbourne CBD, reflecting historic travel patterns. Forecast growth, however, will increasingly occur across multiple activity centres, employment precincts and renewal areas. Supporting this pattern of growth will require investment that strengthens cross-city and orbital connections, improves network resilience, and provides greater accessibility beyond traditional CBD-focused routes.

Given the long lead times associated with planning and constructing major transport infrastructure, future city shaping investment must be identified and committed well ahead of demand. Without timely investment, transport constraints could make it harder to deliver new housing, limit access to jobs and reduce the M9 region's ability to accommodate future growth while maintaining its productivity and liveability.

3.8 Infrastructure needs summary

Across local, structural and city shaping infrastructure, the analysis demonstrates that the M9 region already possesses a strong infrastructure foundation. However, accommodating forecast growth will require significant additional investment, much of it within established urban areas where delivery is more complex and costly than in greenfield locations.

The next chapter considers whether existing funding arrangements are sufficient to support this investment.

4. Funding infrastructure

4.1 Local funding mechanisms

Unlike structural and city shaping infrastructure, local infrastructure is largely the responsibility of local government.

To deliver this infrastructure, capital funding is drawn from a range of sources, each designed for different purposes and infrastructure types. While this creates multiple opportunities to secure funding, it can also result in a fragmented system that can be difficult to coordinate.

The principal funding mechanisms currently available to M9 councils to deliver capital projects include:

- **General revenue:** rates, fees and charges
- **Recurrent untied grants:** Financial Assistance Grants
- **Recurrent tied grants**, such as Roads to Recovery funding
- **Development contributions:** Development Contribution Plans (DCPs), Infrastructure Contributions Plans (ICPs), and public open space contributions
- **Competitive and ad hoc grants:** Commonwealth and State grant programs

General revenue, and rates in particular, is the largest of these sources. However, rate capping constrains how much this revenue can grow each year, limiting councils' capacity to fund infrastructure as populations increase and construction costs rise faster than the cap allows.

This project has focused on the capital costs to deliver infrastructure. However, ongoing operational costs should be considered in relation to broader financial sustainability.

Local governments use a range of funding mechanisms to deliver infrastructure, including:

General revenue
(Rates, fees, charges)

Constrained by rate capping and cost of living

Government funding
(Untied & tied grants i.e., Financial Assistance Grants, Roads to Recovery)

Reliable, however not keeping pace with costs

Development contributions
(DCPs, ICPs, open space)

Limitations on how much is collected and where

Competitive funding
Ad-hoc Commonwealth/ State grant programs

Short-term, competitive and subject to change

4.2 Challenges with current funding arrangements

The current funding framework is not well suited to supporting the scale of infrastructure investment required to accommodate planned growth across the M9 region.

M9 councils largely accommodate growth through urban renewal and incremental redevelopment. Existing funding mechanisms were not designed for this pattern of development. This results in a range of challenges as outlined in Table 2.

Table 2. Current funding arrangement challenges

FUNDING CHALLENGE	DESCRIPTION
Decreasing funding pool	The overall funding available to local government is becoming increasingly constrained. Financial resources available to build, renew and operate infrastructure are not keeping pace with population growth, increasing service expectations and rising construction costs.
Fragmented funding landscape	Infrastructure funding comes from a range of Commonwealth, State and local government programs. Different requirements, timeframes and priorities can make it difficult for councils to piece together the funding needed for major projects.
Limited funding certainty	Many funding programs are competitive, short-term or subject to change. This makes it difficult for councils to plan with confidence and commit to longer-term infrastructure projects.
Constrained council revenue	Council rates are a key source of local government revenue. Rate capping limits the capacity of this revenue. This creates challenges as populations increase and the cost of delivering infrastructure rises at a faster rate than the cap.
Uneven funding capacity across the M9 region	Councils across the M9 region do not have the same capacity to fund growth-related infrastructure. This reflects differences in development activity, planning controls and the revenue available through tools such as development contributions and open space contributions.
A growing infrastructure funding gap	Existing funding sources are unlikely to keep pace with the level of infrastructure required to support future growth. Without changes to current funding arrangements, this gap is likely to become larger over time.

Source: SGS Economics and Planning

Together, these challenges show that current capital funding arrangements have not kept pace with how growth is occurring across inner metropolitan areas. The system remains fragmented, constrained and poorly suited to supporting the scale of infrastructure investment required within established urban areas. This creates an increasing mismatch between where growth is occurring and councils' capacity to fund the infrastructure needed to support it.

4.3 Local funding gap

To understand whether existing funding arrangements can support planned growth, the estimated capital investment required to deliver local infrastructure has been compared with the projected capital funding capacity of the M9 councils.

Capital expenditure includes the investment required to deliver local community infrastructure (such as community centres, libraries, early years facilities, sport and recreation facilities and arts infrastructure) together with local network infrastructure, including roads, footpaths and drainage. This expenditure does not include open space and recreation reserves. These costs have been included as part of an open space contribution and discussed in the cost per dwelling section. In addition, the costs do not include waste management facilities, as most of these are located outside of the M9 region.

Importantly, the expenditure estimates assume that councils continue to adopt more efficient infrastructure delivery models. This includes expanding existing facilities in preference to constructing new standalone assets, delivering multi-purpose community hubs, co-locating services, and increasing the utilisation of existing infrastructure. In doing so, this expenditure does not include funds to acquire additional land.

Projected funding capacity has been estimated using council financial information and incorporates capital expenditure funded through council budgets. The analysis assumes that approximately 20% of total council revenue is available for capital investment, broadly reflecting current expenditure patterns across the M9 councils.

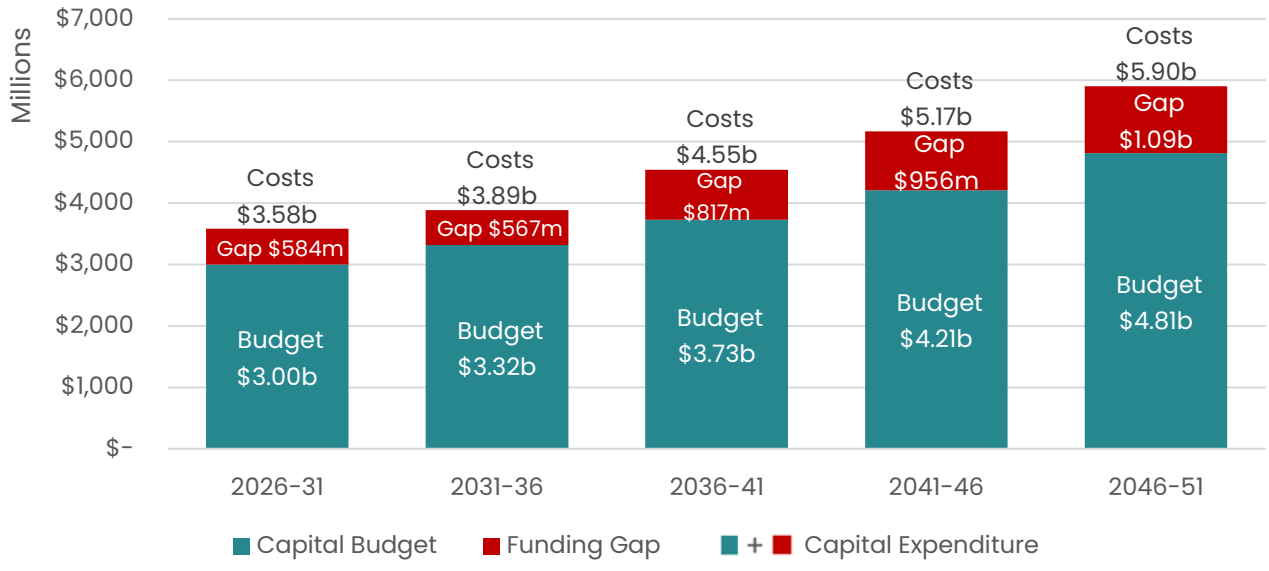
In addition to this, for those councils that include areas subject to the future Infrastructure Contribution Rate, this forecast revenue has been included.

Funding gap

Despite these assumptions, the analysis, as shown in Figure 12, indicates a significant and persistent funding gap.

Between 2026 and 2051, on average approximately **$923 million per year** will be required to deliver the local infrastructure needed to accommodate forecast growth, compared with an estimated annual capital funding capacity of on average around **$763 million**. This represents an average annual funding shortfall of approximately **$161 million** across the M9 region.

Figure 12. Projected capital funding capacity versus required capital expenditure



Source: SGS Economics and Planning

Infrastructure cost per dwelling

Based on the essential infrastructure required to service the State Housing Targets, on a per-dwelling basis, approximately **$28,900** in capital investment in local community infrastructure and local network infrastructure, excluding public open space, will be required **per additional dwelling**.

In considering public open space, new and the redevelopment of existing open space can be funded through public open space contributions. The industry standard for provision of public open space is 30m^2 per capita. It is noted that this may be difficult to achieve in the M9 region due to limited availability of land and cost. However, funding to invest in the existing network and strategically expand the network will be critical.

To achieve 30m^2 per capita to service the State Housing Targets, an average public open space contribution rate under Clause 53.01 would need to be 20%. This is impractical in the current climate. Given this, for the purposes of this infrastructure assessment, we have adopted an open space contribution rate of 10%. This contribution rate would equate to a regional provision rate of 15m^2 per capita.

As noted earlier in the report, the current level of open space enjoyed by residents, tourists, and workers across the M9 region is 33.9m^2 per capita (residents). If the additional contributions were strictly allocated to acquiring additional land, this would decrease to 25.5m^2 per capita. If no more additional land were acquired, the provision rate would fall to 18.8m^2 per capita.

The current average contribution rate in Planning Schemes across the region is approximately 5.8%

The financial analysis demonstrates that, under current funding arrangements, councils will be unable to fund all the local infrastructure required to support projected growth. Without additional funding sources or changes to existing funding mechanisms, infrastructure delivery risks falling behind population growth, placing increasing pressure on existing facilities, services, and liveability.

This challenge is compounded by gaps in the contributions system itself. Build to Rent developments, for example, are currently exempt from paying open space contributions, despite adding population and demand for local services, facilities and infrastructure across the M9 region. This is particularly relevant in the M9 region, where Build to Rent is becoming an increasingly important form of higher density living.

Average cost for local infrastructure and facilities per dwelling

Includes local community infrastructure (excluding open space) and local network infrastructure (includes footpaths, roads and drains) for housing development only.

$28,900

Average annual capital expenditure requirement across the M9 region

To accommodate planned growth. This excludes capital expenditure on asset renewal to support existing populations.

$923m

Average annual local government capital budget across M9 region

Refers only to additional funding capacity associated with the increase in rates, development contributions and other funding sources brought by planned growth in the region.

$763m

Average annual capital budget shortfall across the M9 region

This equates to on average around $18m per council per year from 2026 to 2051

$161m

4.4 Opportunities to strengthen funding arrangements

Addressing the projected funding gap will require a combination of funding reform, increased investment, and more efficient infrastructure delivery. While no single funding mechanism can close the gap identified in this study, several opportunities exist to strengthen the current funding framework.

Increase infrastructure contributions

Development contributions remain one of the few funding mechanisms directly linked to population growth. However, contribution rates across the M9 region vary considerably between municipalities and are generally well below the level required to fund the infrastructure generated by additional development.

For example, high-level modelling undertaken as part of this study indicates that an average public open space contribution of approximately 20% would be required to fund the future open space needs generated by forecast growth across the M9 region. Current contribution rates average approximately 5.8%.

In addition, the recently announced Infrastructure Contribution Plans are only applied to the Train and Tram Zone Activity Centres across the M9 region. While these centres will accommodate a high level of growth, increases in resident, worker and visitor populations outside of these centres will also require access to local infrastructure and are not subject to the infrastructure contribution charge.

Reform funding mechanisms for established metropolitan areas

Many existing infrastructure funding mechanisms, including Development Contributions Plans (DCPs), are well suited to greenfield or brownfield areas where infrastructure can be planned and delivered ahead of development.

Growth within established urban areas presents different challenges. Infrastructure is typically delivered incrementally, land values are substantially higher, and investment is often directed towards upgrading or expanding existing assets rather than constructing entirely new facilities. Current funding arrangements are not well aligned to these delivery conditions.

Provide greater funding certainty

Infrastructure planning requires long-term certainty. Greater certainty and continuity in State and Commonwealth funding programs would allow councils to coordinate infrastructure delivery with forecast growth better and reduce reliance on competitive grant programs, which are often short-term and project specific.

Long-term funding commitments would also improve councils' ability to undertake strategic land acquisition, plan major capital works and coordinate investment across multiple infrastructure sectors.

Strengthen delivery through partnerships

The constraints associated with land availability and funding create opportunities for greater collaboration between local government, State Government, educational institutions, health providers, developers and the private sector.

Many infrastructure types assessed in this study, including early years facilities, community centres, libraries and sport and recreation facilities, can increasingly be delivered through co-location, shared use agreements or integrated developments. These approaches improve utilisation of existing assets while reducing land requirements and capital costs.

While innovative delivery models will form an important part of improving infrastructure delivery, the modelling presented in this report already assumes widespread adoption of many of these approaches across the M9 region. Consequently, delivery innovation alone is unlikely to eliminate the projected funding gap, highlighting the need for broader funding reform.

4.5 Summary

The funding assessment indicates that current arrangements are unlikely to provide councils with sufficient capacity to deliver the local infrastructure required to support planned growth. Closing this gap will require a coordinated package of funding reform, stronger intergovernmental investment and continued improvements in infrastructure delivery.

5. Strategic directions

5.1 Delivering the State's vision for the M9 region

The Victorian Government has identified the M9 region as a key location for accommodating Melbourne's future housing and employment growth. Delivering this vision will require more than additional housing. It will depend on coordinated land use planning, timely infrastructure investment and funding arrangements that reflect the infrastructure needs and challenges of delivery in established urban areas.

This report identifies three strategic directions that would better position the M9 region to support the State's growth objectives and maintain the liveability, productivity and economic strengths that make the region one of Melbourne's most important places.

Modernise funding for established metropolitan growth

Closing the funding gap will require a combination of stronger developer contributions, more sustainable and reliable funding arrangements for local government and continued investment by the Victorian and Commonwealth Governments. There is also an opportunity to review mechanisms such as public open space contributions and other value capture approaches, so they better reflect the infrastructure demands generated by urban renewal and higher-density development.

Without reform, councils will not have sufficient financial capacity to provide the local infrastructure needed to support future growth.

Align infrastructure delivery with growth

The existing city shaping, structural and local infrastructure network provides a strong foundation for future growth. However, accommodating the scale of growth planned for the M9 region will require sustained investment across all levels of infrastructure.

Infrastructure investment should be aligned with the locations identified for future housing and employment growth so that transport, education, health, community facilities and open space are delivered alongside development rather than after it. A coordinated infrastructure pipeline across State and local government will be critical to achieving this outcome.

Develop a coordinated spatial framework for the M9 region

The State has identified activity centres, urban renewal precincts and well-connected established areas as the focus for future growth. While this direction is reflected across Plan for Victoria, municipal planning schemes and other strategic planning initiatives, there is no single spatial framework that brings these priorities together across the M9 region.

A coordinated regional spatial framework would provide greater certainty about where future housing, employment and infrastructure should be concentrated. It would also provide guidance on the broad timing or sequencing of development across the region. This would strengthen coordination between the Victorian Government and the nine M9 councils, helping to align planning, infrastructure investment and delivery across municipal boundaries.

5.2 Concluding remarks

The Victorian Government's long-term vision for Melbourne places the M9 region at the centre of the future Victorian growth. Delivering that vision will require coordinated planning, timely infrastructure investment and funding arrangements that recognise the challenges of accommodating growth within established urban areas.

This report demonstrates that the M9 region already has many of the foundations needed to support future growth, including major transport connections, employment precincts, education and health institutions, and established communities. However, significant additional investment will be required across city shaping, structural and local infrastructure to ensure these assets continue to meet the needs of a growing population.

The analysis also highlights that existing local government funding arrangements are unlikely to be sufficient to deliver the scale of infrastructure required. Addressing this challenge will require stronger partnerships between local government, the Victorian Government and the Commonwealth, together with funding mechanisms that better reflect the realities of urban renewal and established area growth.

By aligning land use planning, infrastructure investment and sustainable funding arrangements, the M9 region can play its intended role in delivering the State's housing and employment objectives while continuing to support Melbourne's liveability, productivity and long-term economic success.

Appendix A: Infrastructure demand and costing methodology

Purpose

This appendix outlines the methodology used to estimate future demand for both structural and local infrastructure across the M9 region, together with the approach used to estimate the local infrastructure capital investment required to accommodate forecast population, housing and employment growth.

The assessment combines population, dwelling and employment forecasts with infrastructure provision benchmarks, facility delivery assumptions and indicative capital costs. Structural infrastructure benchmarks are presented to illustrate the scale of additional capacity likely to be required to support future growth, while detailed capital costing and funding gap analysis focuses on local infrastructure.

The modelling provides an order-of-magnitude estimate of future infrastructure requirements rather than a detailed infrastructure delivery program. Individual agencies and councils will ultimately determine infrastructure priorities based on service planning, asset condition, land availability, funding and policy.

Methodology overview

Infrastructure demand was estimated using a benchmark-based approach that combines population, dwelling and employment forecasts with indicative service provision standards.

For **local infrastructure**, benchmark demand was refined to reflect contemporary delivery models, including integrated community hubs and multipurpose facilities. Indicative capital costs were then applied to estimate the scale of future investment required. Finally, projected infrastructure costs were compared with estimated council funding capacity to identify the future funding gap.

For **structural infrastructure**, benchmarks were used to estimate the equivalent additional capacity required to support forecast growth. These benchmarks provide a strategic indication of future demand and do not assume that new facilities will necessarily be delivered, as future capacity may also be provided through expansion, redevelopment and more intensive use of existing assets.

The methodology is intended to provide a strategic, order-of-magnitude assessment rather than detailed infrastructure planning for individual councils or State agencies.

Population growth

Demand has been estimated using the SGS's Small Area Forecast Model (SAM) tailored with localised modelling for the M9 region, which projects population, dwelling and employment growth to 2051. This modelling includes the State Government Housing Targets. The State's objective is to reach these targets by 2051. While this may or may not be achieved within that timeframe, the M9 region should be planning for infrastructure to support the capacity of dwellings set by the State.

Appendix Table 1 summarises planned population growth across the nine municipalities.

Collectively, the M9 region is expected to accommodate approximately 980,000 additional residents based on the State capacity targets.

Appendix Table 1. The M9 region population forecasts

TOTAL POPULATION	2026	2031	2036	2041	2046	2051	GROWTH 2026 -2051
Darebin	164,100	176,800	192,500	217,200	258,800	313,400	149,300
Hobsons Bay	97,100	101,700	108,100	116,400	125,500	142,500	45,400
Maribyrnong	99,100	111,000	124,700	141,900	160,700	196,800	97,700
Melbourne	205,700	234,100	260,600	296,700	339,800	386,300	180,600
Merri-bek	132,300	141,600	154,100	171,600	195,300	226,300	94,000
Moonee Valley	191,600	206,800	225,800	251,000	285,400	331,300	139,800
Port Phillip	116,600	131,500	150,400	171,000	191,600	216,800	100,200
Stonnington	117,500	126,800	138,300	154,700	177,700	207,200	89,700
Yarra	105,600	117,600	130,900	147,700	166,900	188,900	83,300
The M9 region	**1,229,700**	**1,347,900**	**1,485,500**	**1,668,200**	**1,901,700**	**2,209,500**	**979,800**

Source: SGS Economics and Planning

Infrastructure demand benchmarks

Future infrastructure demand has been estimated by applying indicative service provision benchmarks to forecast population growth.

The benchmarks were derived from Victorian Government guidance, Infrastructure Victoria publications, metropolitan local government strategies and accepted planning standards. They provide strategic planning assumptions suitable for estimating the scale of future infrastructure demand and are not intended to prescribe infrastructure provision for individual councils or government agencies.

The benchmarks comprise both and **local community infrastructure** (generally planned and funded by local government) and **structural infrastructure** (generally planned and funded by the Victorian Government).

Appendix Table 2. Local community infrastructure provision benchmarks and equivalent future demand

SERVICE CATEGORY	FACILITY/SERVICE	PROVISION BENCHMARK	ADDITIONAL REQUIREMENT
Community venues	Neighbourhood houses/ community centres	1 centre per 20,000 people	49
Libraries	Library: district	1 facility per 80,000 people	12
Arts and culture	Studio/ workshop	1 space per 25,000 people	39
	Rehearsal space	1 space per 30,000 people	33
	Gallery/ exhibition space	1 space per 100,000 people	10
	Performing arts: district	1 centre per 50,000 people	20
	Performing arts: regional	1 centre per 250,000 people	4
Early years	Maternal and Child Health	1 room per 140 births	62
	Government kindergarten	1 sessional room per 78 participating 3- and 4-year-olds	214
Youth	Youth centre	1 centre per 250,000 people	4
Recreation	Aquatic and leisure centre: district	1 centre per 60,000 people	16
	Aquatic and leisure centre: sub-regional	1 centre per 120,000 people	8
	Athletics track (synthetic)	1 facility per 250,000 people	4
	Indoor courts	1 court per 10,000 people	98
	Lawn bowls	1 facility per 40,000 people	24
	Outdoor courts	1 court per 3,500 people	280
	Specialist courts	1 court per 16,500 people	59
	Sports fields	1 field per 5,000 people	196

Source: SGS Economics and Planning

Appendix Table 3. Structural infrastructure provision benchmarks and equivalent future demand

SERVICE CATEGORY	FACILITY	PROVISION BENCHMARK	ADDITIONAL REQUIREMENT
Schools	Government primary schools	1 per 821 primary school-aged residents*	46
	Government secondary schools	1 per 1,161 secondary school-aged residents*	27
Higher education	TAFE campuses	1 per 150,000 residents	7
	University campuses	1 per 250,000 residents	4
Health	Public hospital beds	2.4 per 1,000 residents	2,350

Source: SGS Economics and Planning **This benchmark accounts for participation rates in government schools*

These benchmarks provide an indication of the equivalent additional structural and local infrastructure capacity required to accommodate planned growth. In practice, future demand is expected to be met through a combination of new facilities, expansion of existing assets and more intensive utilisation of existing infrastructure.

Local infrastructure - from facility-based planning to hub-based delivery

Applying traditional service benchmarks produces substantial demand for additional facilities across the M9 region. However, contemporary infrastructure planning increasingly favours integrated community hubs rather than stand-alone facilities.

This reflects three key objectives:

- improving access through co-located services
- increasing utilisation of community assets
- making more efficient use of limited urban land

Accordingly, this study has translated benchmark demand into a more realistic delivery model based on integrated facilities.

Appendix Table 4 summarises the adjusted infrastructure requirements adopted throughout this report.

Appendix Table 4. Adjusted local community infrastructure demand and delivery assumptions

FACILITY OR HUB TYPE	ADJUSTED DEMAND	ASSUMPTION
Community Hub/Centre	12	Larger community hub with co-located facilities such as a district library, district performing arts (inc. rehearsal and operable spaces), neighbourhood house/ community centre service
Regional Performing Arts Centres	4	Regional level performing arts centres include a range of different arts offers including local and district spaces. However, they also include purpose-built, dedicated and high specification arts spaces.
Early Years Hubs	71	Early years hubs include at least a 3-room kindergarten along with supporting spaces for MCH services, allied health, and playgroups.
District aquatic facilities	16	District aquatic facilities can include either a 25m or 50m indoor pool; however, they include infrastructure to support core programs such as lap swimming, learn to swim, and water socialisation. They can also include gym and spaces to support allied health and other wellbeing programs.
Local community centres	37	Smaller local facilities that support a range of programs and activities that respond to local needs. This can include arts spaces and small library offerings.

Source: SGS Economics and Planning

Note: Sports fields and outdoor courts are not costed separately in this table as delivery will greatly vary given challenges with access to land.

This report notes that in order to meet the required open space standard (30m² per capita) a 20% open space contribution rate would be required. The current M9 region average open space contribution rate is approximately 5.8%. In the current climate, a 10% open space contribution rate may be plausible, which would still result in a 50% funding gap.

These adjusted facility assumptions form the basis of the capital costing assessment used throughout the report.

Local infrastructure - indicative capital costs

Indicative capital costs have been developed for local infrastructure using recently completed Victorian projects together with publicly available business cases and construction costs.

The figures are intended for strategic planning and should not be interpreted as project budgets.

Appendix Table 5 summarises the assumed capital costs.

Appendix Table 5. Average per facility capital cost

FACILITY OR HUB TYPE	AVERAGE APPROXIMATE COST
Community Hub/Centre	$35,000,000
Regional Performing Arts Centres	$100,000,000
Early Years Hubs	$5,000,000
District aquatic facilities	$78,000,000
Local community centres	$5,000,000

Source: SGS Economics and Planning

Note: sports fields, outdoor courts and other open-space-based sporting infrastructure are not costed in this table; see note on previous page.

Applying these assumptions results in an estimated capital requirement of approximately **$2.7 billion over the next 25 years,** or approximately **$106.7 million per year,** for local community infrastructure across the M9 region. If we assume that these costs are equally spread across each of the nine municipalities, there is an **$11.9 million cost to each council each year**. This equates to a council funding requirement of **$5,100 per additional dwelling**. It should also be noted that these costs are based on 2026 costings. These costs will escalate each year.

Local network infrastructure

In addition to community facilities, population growth requires substantial investment in local network infrastructure.

This includes:

- local roads
- footpaths
- stormwater drainage

The assessment uses Infrastructure Victoria's estimated infrastructure costs for infill development settings, expressed in 2026 dollars.

Projected dwelling growth is shown below.

Appendix Table 6. The M9 region dwelling forecasts

TOTAL DWELLINGS	2026	2031	2036	2041	2046	2051	GROWTH 2026 -2051
Darebin	73,300	79,300	87,400	99,100	118,000	142,300	69,000
Hobsons Bay	42,700	45,400	49,100	53,100	57,400	65,200	22,500
Maribyrnong	46,100	52,300	59,800	68,300	77,200	94,100	48,000
Melbourne	128,400	147,800	165,700	189,900	217,500	247,900	119,500
Merri-bek	60,100	64,900	71,900	80,900	92,600	107,600	47,500
Moonee Valley	86,200	94,200	104,200	117,000	133,600	155,200	69,000
Port Phillip	69,900	77,300	88,700	100,000	111,500	124,900	55,000
Stonnington	64,400	69,700	76,300	85,800	98,500	114,400	50,000
Yarra	56,400	62,800	70,000	79,100	89,100	100,400	44,000
The M9 region	**627,500**	**693,800**	**773,000**	**873,300**	**995,500**	**1,152,000**	**524,500**

Source: SGS Economics and Planning

The modelling estimates an underlying local network infrastructure cost of approximately $31,700 per additional dwelling, based on Infrastructure Victoria benchmarks for upgrading roads and drainage in an established urban setting[5]. This represents the estimated average cost of accommodating additional dwellings by upgrading local roads and stormwater infrastructure.

However, not all this cost is expected to be funded directly by councils. In practice, councils may require developers to address stormwater requirements through on-site retention and water management measures or contribute to off-site integrated water management schemes. For the funding gap assessment, it is assumed that these mechanisms can meet approximately 25% of the underlying infrastructure cost, with the remaining 75% required to be funded by councils – this is approximately $23,800 per dwelling.

This results in a total local network infrastructure investment requirement of approximately **$12.5 billion** between 2026 and 2051[6].

[5] Infrastructure Victoria (2019) Infrastructure Provision in Different Development Settings Metropolitan Melbourne, Volume 1 Technical Paper

[6] This finding is sensitive to assumptions made regarding the percentage of IV sourced estimates of roading and drainage costs associated with infill housing development which will be borne by Councils. If 100% of the IV derived estimates will need to be funded by Councils, the total investment required of these municipalities would be of the order $16.6 billion over the 2026 to 2051 period. If only 50% of these costs were to be borne by Councils, their investment task would reduce to $8.3 billion over this period.

Commercial, retail and industrial growth

Employment growth also generates demand for local transport networks, drainage, public realm improvements and supporting infrastructure. Infrastructure demand generated by employment development has been estimated using projected workers on the assumption of equivalency between one worker and one resident for networked infrastructure such as roads, drains and footpaths.

Appendix Table 7. The M9 region additional workers forecasts

	2026-31	2031-36	2036-41	2041-46	2046-51	GROWTH 2026 -2051
The M9 region	110,700	107,500	124,500	139,000	136,300	618,000

Source: SGS Economics and Planning

This results in approximately **$7.9 billion** of additional local network infrastructure required to support future employment growth across the M9 region[7].

Funding capacity

To assess whether councils will have sufficient resources to deliver this infrastructure, future capital funding capacity has been estimated taking into account:

- Council capital works programs funded through general revenue and bundled additional sources such as Financial Assistance Grants
- Future Infrastructure Contributions Plan (ICP) revenue in the Train and Tram Zone Activity Centre zones

Future capital funding capacity was estimated using council financial information together with projected growth in municipal revenue and infrastructure contribution income. The assessment assumes that councils continue to allocate capital expenditure broadly consistent with current investment patterns while incorporating additional revenue generated through Infrastructure Contributions Plans (ICPs). The approach provides an indication of future funding capacity under existing funding arrangements rather than assuming significant changes to council funding models.

ICP revenue has been estimated based on forecast development within declared contribution areas. ICP collection grows over the forecast period due to increasing development volume within declared Train and Tram Zone Activity Centres, rather than price escalation. Figures are presented in real 2026 dollars, consistent with the cost estimates in this report.

Appendix Table 8 and Appendix Table 9 summarise projected funding capacity.

Appendix Table 8. The M9 region projected capital budget per 5-year period

	2026-31	2031-36	2036-41	2041-46	2046-51
The M9 region	$2,823,979,000	$3,109,359,000	$3,463,652,000	$3,891,790,000	$4,427,562,000

Source: SGS Economics and Planning

[7] This finding is also sensitive to assumption regarding the % of roading and drainage costs associated with employment land development which will need to be funded by Councils from development contribution and other sources.

Appendix Table 9. The M9 region projected total ICP funding per 5-year period

	2026-31	2031-36	2036-41	2041-46	2046-51
The M9 region	$175,767,000	$209,620,000	$264,288,000	$319,409,000	$386,175,000

Source: SGS Economics and Planning

Funding gap

Comparison of projected infrastructure costs with estimated funding capacity indicates a substantial and persistent funding gap across the M9 region. Even after allowing for integrated facility delivery and existing funding mechanisms, available funding is insufficient to meet the capital investment required to support planned growth.

Appendix Table 10 presents the estimated funding gap.

Appendix Table 10. The M9 region local infrastructure funding gap ($m, 2026)

	2026-31	2031-36	2036-41	2041-46	2046-51
Capital costs	**$3,584**	**$3,886**	**$4,545**	**$5,167**	**$5,904**
Community infrastructure	$533	$533	$533	$533	$533
Residential network infrastructure *Drains, roads and footpaths*	$1,575	$1,882	$2,386	$2,904	$3,722
Commercial network infrastructure *Drains, roads and footpaths*	$1,475	$1,470	$1,626	$1,730	$1,649
Capital budget capacity	**$3,000**	**$3,319**	**$3,728**	**$4,211**	**$4,814**
Capital budget	$2,824	$3,109	$3,464	$3,892	$4,428
ICP collection	$176	$210	$264	$319	$386
Funding gap	**$(584)**	**$(567)**	**$(817)**	**$(956)**	**$(1,091)**

Source: SGS Economics and Planning

The analysis indicates that current funding arrangements are insufficient to support the level of infrastructure investment required over the next 25 years by **$803 million in every 5-year period**, on average. This equates to approximately **$89 million per council**, on average, for the same period, assuming that infrastructure is equally distributed across municipalities.

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