PERIURBAN

Councils Victoria

# Housing Supply Regulation Inquiry

## Submission - June 2026

# Contents

# Executive Summary

Peri Urban Councils Victoria (PUCV) supports reforms that increase housing supply, improve construction productivity and accelerate housing delivery. PUCV also supports the intent of the Productivity Commission inquiry to look beyond single approval processes and examine the systems that determine whether new housing can actually be delivered.

For peri urban councils in Victoria, the core housing supply issue is development readiness. Land can be identified for growth, housing targets can be set and planning frameworks can support expansion, but housing will not be delivered at the scale or pace required unless enabling infrastructure, utility servicing, drainage, transport access, community facilities and growth infrastructure planning and funding are aligned.

PUCV member councils - Bass Coast, Baw Baw, Golden Plains, Moorabool and Surf Coast - are expected to accommodate significant housing growth while managing productive agricultural land, environmental assets, established townships and infrastructure networks that were not designed for metropolitan-scale population growth.

Collectively, PUCV communities cover more than 11,000 square kilometres, are home to more than 220,000 Victorians, are projected to grow to more than 322,000 residents by 2046 and are expected to deliver 85,450 additional homes by 2051. This task is a major contribution to Victoria and the Commonwealth housing agenda.

**PUCV position**

The question is no longer whether peri urban councils will grow. The question is whether the infrastructure, funding and regulatory systems around them will allow that growth to become development-ready housing supply and liveable communities.

This submission has been restructured around four connected propositions.

- Housing supply reform must treat development-ready land as the outcome, not merely zoned or identified land.
- Enabling infrastructure and liveability infrastructure are both housing supply issues. Roads, intersections, water, sewer, drainage and utilities unlock housing; community, recreation, open space, transport and digital infrastructure ensuring well planned and sustainable communities;
- Peri urban councils face a structural funding gap. They are growing in a rate-capped environment, from a small rate base, with limited borrowing capacity, constrained Developer Contribution Plan (DCP) revenue, additional infrastructure responsibilities and high reliance on competitive grants.

Commonwealth and State policy needs to better define peri urban as this is where new growth will continue to occur in Australia.  The creation of peri urban definition, including ABS recognition, a dedicated peri urban component within Financial Assistance Grants and dedicated infrastructure funding streams will also assist councils meet the challenge of growth and assist the nation to grow sustainably.

The submission retains the existing housing supply evidence, infographics and case studies, while strengthening the argument that current regulatory and funding settings are working against the delivery of liveable peri urban communities.

## Recommendations

| No. | Recommendation | Purpose |
|---|---|---|
| 1 | Recognise peri urban councils as a distinct housing growth category within Commonwealth and State housing, infrastructure and planning policy frameworks. | Ensure housing targets, infrastructure funding and policy settings reflect the distinct peri urban growth context. |
| 2 | Support the ABS to adopt Peri urban as a distinct statistical classification and establish a National Peri urban Register reviewed every four years. | Create a clear eligibility basis for policy, funding and planning programs. |
| 3 | Place development-ready land at the centre of housing supply reform, including infrastructure sequencing, utility servicing, drainage, transport access, agency approvals and growth financing. | Shift reform attention from identified land alone to land that can actually deliver homes. |
| 4 | Reform development contribution and growth infrastructure frameworks to improve delivery of enabling and liveability infrastructure in peri urban growth areas. | Address DCP timing, cost escalation, eligibility, sequencing and delivery barriers. |
| 5 | Establish a Development Contributions Plan Loan Fund to enable councils to forward-fund catalyst infrastructure identified in approved DCPs. | Bridge the timing mismatch between infrastructure need and contribution collection. |
| 6 | Establish a Peri urban Capital Infrastructure Fund for growth-enabling and community infrastructure beyond the capacity of DCPs. | Fund liveability and enabling infrastructure that unlocks housing and supports sustainable growth. |
| 7 | Amend the Financial Assistance Grant program to include a dedicated formula-based peri urban component with a growth-cost factor and recognition of seasonal and visitor demand. | Provide predictable non-competitive funding for councils carrying metropolitan-scale growth costs. |
| 8 | Improve coordination and accountability for utility servicing and agency approvals in peri urban growth areas. | Ensure water, sewer, electricity, transport and drainage capacity align with housing targets and growth area sequencing. |

# About Peri Urban Councils Victoria

Peri Urban Councils Victoria (PUCV) represents Victorian council shires that interface metropolitan Melbourne and Victoria's largest regional cities. PUCV is the peak voice and lead advocate on Victorian peri urban issues, working with one voice to design strong future communities and secure economic and social investment from State and Commonwealth partners.

The five PUCV member councils are:

- Bass Coast Shire Council
- Baw Baw Shire Council
- Golden Plains Shire Council
- Moorabool Shire Council
- Surf Coast Shire Council

Peri urban communities are transition zones between urban, metropolitan and rural settings. They are neither established metropolitan suburbs nor traditional regional or rural councils. They are high-growth communities with rural infrastructure characteristics, mixed land uses, visitor and seasonal demand in some locations, and growing expectations for housing, jobs, transport, community facilities and services.

## PUCV communities at a glance

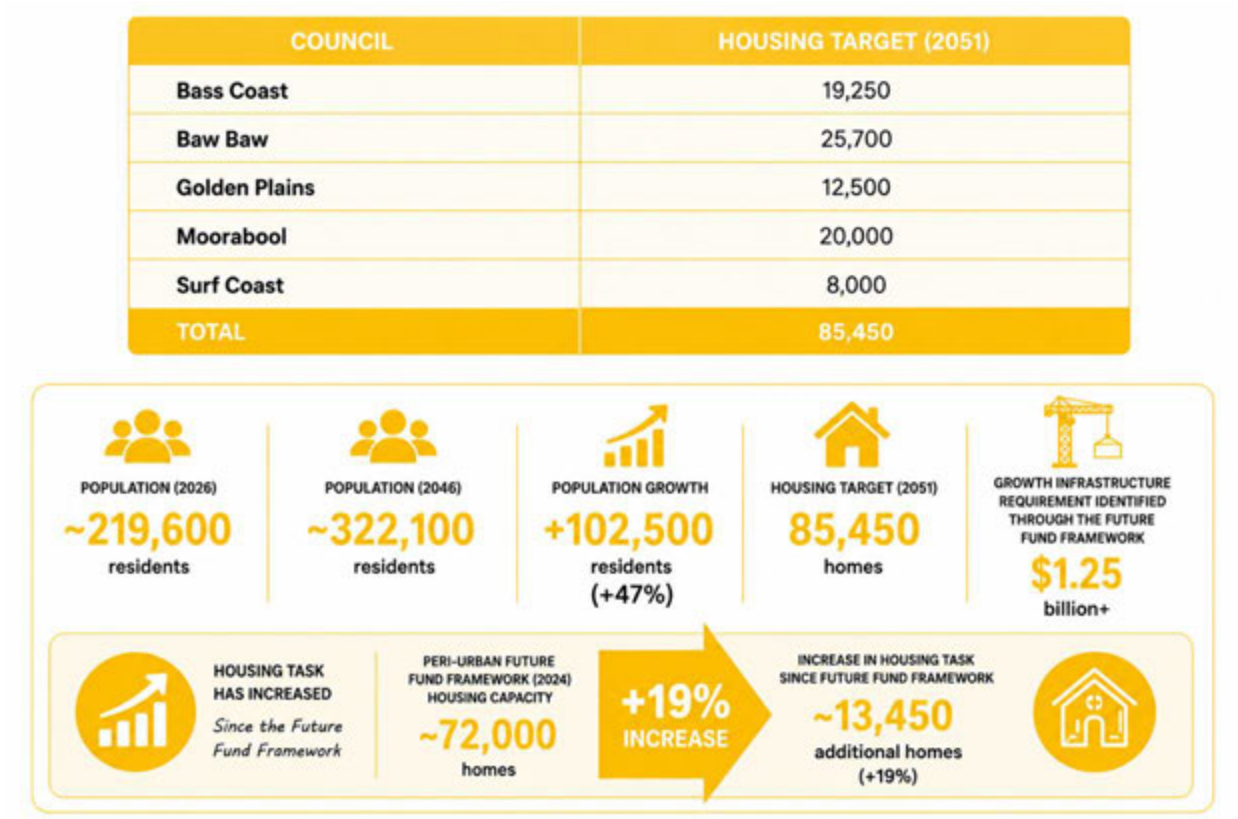
| Measure | PUCV context |
|---|---|
| Land area | More than 11,000 square kilometres |
| Current population | More than 220,000 residents |
| Projected population by 2046 | More than 322,000 residents |
| Population growth | Approximately 47 per cent from 2026 to 2046 |
| Housing target to 2051 | 85,450 additional homes across PUCV member councils |
| Infrastructure task identified in PUCV Future Fund Framework | Approximately 332 growth area infrastructure projects and more than $1.25 billion in requirements to support about 72,000 homes. |

This scale of growth means peri urban councils are now managing issues similar to those encountered by Victoria's interface councils during earlier growth cycles, but under a different financial environment, including rate capping and more constrained capital capacity.

# Chapter 1 - The peri urban housing supply challenge

The Victorian Government has assigned housing targets requiring an additional 85,450 homes across PUCV member councils by 2051. PUCV supports the broad objective of increasing housing supply and recognises that peri urban municipalities are part of the solution to Victoria's housing challenge.

The scale of the housing task is significant. It will require coordinated planning, infrastructure investment, utility servicing and regulatory frameworks capable of supporting growth at the pace expected by governments and communities.



| COUNCIL | HOUSING TARGET (2051) |
|---|---|
| Bass Coast | 19,250 |
| Baw Baw | 25,700 |
| Golden Plains | 12,500 |
| Moorabool | 20,000 |
| Surf Coast | 8,000 |
| TOTAL | 85,450 |



*Existing PUCV housing target and growth task infographic retained from the current Housing Supply Regulation submission.*

The key constraint is not simply the availability of land. The more important question is whether land can move through the full delivery chain from strategic identification to serviced, accessible, funded and development-ready land. For peri urban councils, this is where the housing system most often fails.

**Development readiness matters**

Peri urban housing supply is often constrained by the infrastructure and finance systems that sit between land-use planning and construction. The Productivity Commission should assess these systems as part of housing supply regulation.

The Productivity Commission inquiry is therefore an opportunity to examine housing supply as a system. Planning approvals are one component. Housing delivery also depends on transport connections, utility servicing, drainage, community infrastructure, agency approvals, DCPs and growth infrastructure financing arrangements.

# Chapter 2 - Why housing delivery is different in peri urban Victoria

Peri urban councils occupy a unique position within Victoria's settlement pattern. Located between metropolitan Melbourne and major regional centres, they are expected to accommodate substantial housing demand while protecting productive agricultural land, environmental assets, coastal and rural landscapes and the distinct character of established townships.

Unlike many metropolitan greenfield areas, growth in peri urban areas typically involves the expansion and retrofit of existing townships rather than the creation of entirely new suburbs. Growth can therefore leverage existing infrastructure and services, but it also requires upgrades to networks and facilities that were not built for rapid urbanisation.


*Existing infographic retained: characteristics of peri urban housing growth and housing delivery implications.*

This creates a unique housing delivery environment. Peri urban councils frequently experience metropolitan-scale housing demand while operating with regional or rural-standard infrastructure, smaller budgets and less access to growth infrastructure funding tools.

## A Lack of Definition

Current policy and funding systems tend to treat councils as metropolitan, regional or rural. Peri urban councils often fall between these categories due to their historic regional profiles without recognition of the development of significant growth areas . The result is inconsistent eligibility and a lack of targeted funding for councils that are absorbing significant housing growth.

The peri urban classification problem matters for housing supply. A council that is treated as metropolitan for statistical purposes may still have unsealed roads, limited public transport, dispersed settlements, constrained utilities and limited access to community infrastructure. A council that is treated as regional may be delivering metropolitan-scale housing growth that will eventually double or in some cases triple the population size of the LGA.

Recognising peri urban councils as a distinct housing growth category would help align federal and state housing targets through better infrastructure planning, a fairer distribution of Financial Assistance Grants and more targeted infrastructure programs and investment priorities.

# Chapter 3 - Development-ready land: enabling and liveability infrastructure

## Development-ready land is the critical housing supply issue

Identified growth areas do not become housing supply until infrastructure, servicing, approvals and funding arrangements are in place. For peri urban councils, development-ready land is land supported by:

- transport infrastructure and safe access;
- water, sewer, drainage and electricity services;
- utility capacity and sequencing;
- community, recreation and liveability infrastructure;
- planning and agency approvals; and
- funding arrangements that allow infrastructure to be delivered when required.

Where these systems are not aligned, housing delivery can be delayed despite land being identified for growth and despite housing demand existing.


*Existing development-readiness, barriers and case-study summary infographic retained from the current draft.*

## Enabling infrastructure

Enabling infrastructure includes the transport, utility, drainage and servicing works that allow subdivision and development to proceed. In peri urban growth areas, relatively targeted infrastructure projects - such as intersections, roundabouts, access upgrades, drainage upgrades and utility augmentations - can unlock substantial housing outcomes. These projects can still require multi-million dollar commitments that exceed the capacity of councils to fund ahead of development.

The case studies in this submission demonstrate that housing supply can be delayed by a single missing piece of infrastructure. Surf Coast's Messmate Road and Briody Drive example, Bass Coast's Wonthaggi North East Growth Area, Baw Baw's Weebar Road Roundabout and Moorabool's utility servicing constraints all show the importance of timely, sequenced infrastructure delivery.

## Liveability infrastructure

Liveability infrastructure is also a housing supply issue. New housing must be supported by community facilities, open space, recreation, local connectivity, digital access, public transport links and services that make communities work. These investments support social cohesion, reduce resistance to growth, improve access to jobs and services and help prevent growth areas becoming commuter dormitories.

Many liveability projects deliver benefits across the whole community and are not fully recoverable through development contributions. They may sit outside the strict scope of a DCP, be difficult to apportion to individual developments, or become unaffordable if fully charged to new housing. This is particularly challenging in peri urban areas, where growth is typically an expansion of existing towns and new residents rely on both new and legacy infrastructure.

**Core proposition**

Enabling infrastructure unlocks housing lots. Liveability infrastructure turns those lots into functioning communities. Both should be considered part of housing supply reform.

## Chapter 4 - Councils cannot fund the housing task under current settings

A central problem for peri urban councils is that growth is occurring quickly, but councils do not have the revenue tools, borrowing capacity or infrastructure funding sources needed to deliver growth infrastructure in real time. This is not a matter of councils being unwilling to support growth. It is a structural mismatch between the housing task and the financial framework available to councils.

### The rate-capped growth problem

Rates are the primary income source for local government, but peri urban councils start from smaller rate bases than metropolitan growth councils. Growth is also occurring in a rate-capped environment. This means councils cannot simply increase rates to fund the infrastructure required ahead of new development, even where growth pressures are acute.

This differs from the environment faced by Victoria's interface councils during their highest growth periods. Peri urban councils are now expected to deliver a comparable growth task, but with less fiscal flexibility and fewer established infrastructure funding tools.

The timing is also important. Rate revenue from new dwellings arrives after development occurs. Enabling infrastructure is needed before development can proceed. This creates a cash-flow gap that cannot be solved by future rates alone.

### Limited rate base, limited borrowing capacity and limited user fees

The capacity of peri urban councils to self-fund growth infrastructure is constrained by several reinforcing factors.

- Small existing rate bases mean revenue growth starts from a low base.
- Rate capping limits the ability to build capital capacity ahead of growth.
- Councils have limited ability to raise user fees where facilities and services have not yet been delivered.
- Borrowing capacity is constrained because councils cannot borrow against a future rate base that has not yet materialised.
- DCPs are often under-recovered or staged over time, and are not designed to fund all liveability infrastructure.
- Peri urban councils may have additional infrastructure responsibilities compared with metropolitan counterparts, including local drainage responsibilities.
- Competitive grant programs are uncertain and do not provide a stable basis for sequencing housing-enabling infrastructure.

## Implications for housing supply

These financial constraints directly affect housing supply. When a council cannot forward-fund a roundabout, drainage upgrade, utility augmentation, community facility or road connection, development-ready land is delayed. Developers face uncertainty, housing release is staged or deferred, and communities experience a widening infrastructure backlog.

The Productivity Commission should therefore treat the financial capacity of local government as part of the housing supply system. A council that carries housing targets without corresponding fiscal tools is being asked to manage growth without the mechanisms needed to deliver it.

# Chapter 5 - Reforming development contributions and growth infrastructure frameworks

## DCPs are essential but not sufficient

Development Contributions Plans remain an important mechanism for funding growth infrastructure. However, in peri urban areas they are frequently not enough to deliver infrastructure when it is required. The problem is not only the amount collected. It is also timing, cost escalation, eligibility, administrative complexity and councils' capacity to forward-fund works.

Critical infrastructure is often required before sufficient development contributions have been collected. This creates a timing mismatch: infrastructure is needed to enable housing, but housing is needed before contributions accumulate.

The result is a cyclical challenge: infrastructure is needed to support housing growth, but housing growth is often needed before infrastructure can be funded.

## How DCP settings can work against liveable peri urban communities

- Timing mismatch: councils must deliver catalyst infrastructure before DCP revenue is available.
- Cost escalation: DCP project costs can rise faster than contribution revenue or indexation settings.
- Affordability tension: councils may avoid full cost recovery to prevent contributions undermining housing affordability.
- Limited scope: community, recreation, open space and other liveability projects may deliver broad benefits and be difficult to recover through DCPs alone.
- Administrative burden: preparing, approving and amending DCPs can be costly and slow, especially for smaller councils with limited strategic planning staff.

- Cash-flow risk: councils with limited borrowing capacity cannot easily bridge the gap between immediate infrastructure need and future contribution revenue.

## Reform opportunities

PUCV recommends a package of practical reforms that would improve housing supply while maintaining liveability and affordability.

- Streamline preparation, approval and amendment of DCPs in recognised peri urban growth areas.
- Improve mechanisms for cost escalation, indexation and review so DCPs remain aligned with actual delivery costs.
- Allow more flexible sequencing and delivery arrangements where early infrastructure would unlock substantial housing supply.
- Provide technical and planning capacity support for councils preparing growth area infrastructure plans and DCPs.
- Use DCPs for infrastructure that is appropriately apportionable to development, and use capital grants for broader liveability and community infrastructure.
- Establish a revolving loan facility to allow councils to bring forward approved DCP infrastructure where repayment can occur as contributions are received.

## Two delivery funds

PUCV's Future Fund model should be retained and strengthened in this submission as a practical mechanism for accelerating development-ready land and preventing liveability deficits.

| Criteria | Peri urban DCP Loan Fund | Peri urban Capital Infrastructure Fund |
|---|---|---|
| Value | $90 million | $230 million |
| Timeframe | 10 years | 10 years |
| Type | Loan facility against approved DCP agreements | Capital grant program |
| Purpose | Forward-fund catalyst infrastructure identified in approved DCPs so works can be delivered when required. | Fund enabling and liveability infrastructure beyond the capacity of DCP mechanisms. |
| Project examples | Roundabouts, intersections, access roads, drainage works and other DCP-listed infrastructure that unlocks growth fronts. | Community facilities, recreation, transport connections, drainage systems, utilities and local infrastructure that support liveable growth. |
| Housing supply effect | Bridges the timing gap between infrastructure need and DCP contribution collection. | Ensures housing growth is supported by infrastructure that makes communities functional and sustainable. |

These funds should not be treated as discretionary add-ons. They are housing supply mechanisms. Without them, planning approval and land identification will continue to outpace infrastructure delivery.

# Chapter 6 - Commonwealth recognition, Financial Assistance Grants and policy integration

## A peri urban ABS classification

The Peri urban Policy Brief argues that peri urban councils should be formally recognised as a distinct statistical classification. This submission should carry that argument into the housing supply regulation context because classification affects funding eligibility, infrastructure prioritisation and policy design.

The ABS Australian Statistical Geography Standard does not currently contain a peri urban category. Some peri urban councils are classified through metropolitan labour market geography because residents commute to nearby cities. That may be statistically defensible for commuting analysis, but it is misleading when used to guide infrastructure funding or housing policy.

A peri urban classification would create a practical place for these councils in housing, infrastructure and local government funding systems. It would also support more accurate data about where growth is occurring and what infrastructure conditions apply.

| Criterion | Proposed threshold |
|---|---|
| Geographic proximity | Existing township within 100 km of a major metropolitan area or regional city with population above 100,000. |
| Growth rate | Population growth exceeding the state average over the previous five-year period. |
| Land use mix | Documented mix of new residential development, productive agricultural land and conservation or environmental protection zones. |
| Commuting patterns | 20 per cent or more of the working population commuting to a nearby metropolitan area or regional city. |
| Infrastructure gap | Quantifiable infrastructure and service delivery gaps compared with metropolitan standards, including peak and seasonal demand pressures. |
| Established towns | Growth occurring through expansion and retrofit of existing settlements rather than only through new greenfield suburbs. |

PUCV recommends that a council should be classified as peri urban where it meets at least three of the criteria. A National Peri urban Register maintained by the ABS and reviewed every four years would provide a transparent eligibility list for Commonwealth and State programs.

## Financial Assistance Grant reform

The Financial Assistance Grant program is the Commonwealth's primary untied funding mechanism for local government. It should better recognise councils carrying growth costs that are not captured by simple resident population formulas or existing disadvantage measures.

PUCV recommends a dedicated peri urban component within Financial Assistance Grants. This should be formula-based and non-competitive, providing predictable funding that allows councils to plan and sequence infrastructure investment. The formula should include a growth-cost factor, infrastructure backlog indicators, land-use complexity and peak/seasonal population pressure where relevant.

This reform would not replace DCPs or project-specific infrastructure funds. It would provide a stable base that recognises the additional cost of managing rapid growth in councils that do not have metropolitan growth funding tools and do not receive the same treatment as traditional regional or rural councils.

## Policy integration

The peri urban classification should be embedded in relevant Commonwealth and State frameworks, including the National Urban Policy, the Regional Investment Framework, Infrastructure Australia's priority-setting processes, housing infrastructure programs and state planning and infrastructure investment frameworks.

This is necessary because housing supply relies on cross-government systems. If peri urban growth is recognised in one policy but ignored in another, councils will continue to fall between metropolitan, regional and rural funding categories.

Chapter 7 - Case studies: infrastructure as housing supply

# Chapter 7 - Case studies: infrastructure as housing supply

The following case studies from the current Housing Supply Regulation draft have been retained. They demonstrate the practical relationship between infrastructure delivery and housing supply in peri urban growth areas.

## Surf Coast Shire - enabling infrastructure and housing delivery

The Messmate Road and Briody Drive upgrade in Torquay illustrates how targeted transport infrastructure can unlock residential growth, retirement living and aged care delivery. The case study reinforces that housing supply can be delayed by the absence of a specific access or intersection upgrade.


## Bass Coast Shire - Wonthaggi North East Growth Area

Wonthaggi North East is Bass Coast Shire's primary future residential growth area. Its development depends on safe and efficient access, including transport infrastructure that supports staged growth and enables the precinct to move from identified land to development-ready housing supply.


## Moorabool Shire - utility servicing and housing delivery

Moorabool's Merrimu and Parwan Station growth fronts demonstrate that water, sewer, electricity and drainage capacity are fundamental components of development readiness. Utility constraints can delay entire growth precincts even where strategic planning supports housing growth.

## Baw Baw Shire - DCP timing and infrastructure financing

Baw Baw's Weebar Road Roundabout demonstrates the DCP timing problem. The infrastructure is required to provide access to future residential development, but available DCP funding can lag behind the point at which infrastructure is needed. This is precisely the type of gap a peri urban DCP loan fund is designed to address.

The Baw Baw case study is included in the retained system summary infographic earlier in this submission.

## Golden Plains Shire - community infrastructure and liveability

Bannockburn demonstrates that housing supply is not only about roads and utilities. Community facilities, recreation infrastructure and local services are required to support rapid growth and maintain liveability. These projects often extend beyond what can be funded through development contributions alone.


**Case study conclusion**

Across the case studies, the common issue is not community opposition to housing or a lack of strategic growth planning. It is the capacity of infrastructure, servicing and funding systems to keep pace with the housing task.

## Conclusion

PUCV supports reforms that increase housing supply and improve construction productivity. However, peri urban housing delivery will not be accelerated by focusing on planning approvals alone. Housing targets must be matched with the infrastructure, servicing and funding systems required to convert identified growth areas into development-ready land and liveable communities.

The Productivity Commission should recognise that local government financial capacity is part of the housing supply system. Rate capping, limited rate bases, restricted borrowing capacity, DCP timing gaps, underfunded liveability infrastructure and inconsistent grant eligibility all directly influence whether housing can be delivered on time.

The Commission should also recognise that peri urban councils require a distinct policy and funding response. ABS classification, Financial Assistance Grant reform and dedicated infrastructure funding would give peri urban councils a clearer place in national housing, infrastructure and local government frameworks.

The housing task assigned to PUCV councils is significant. With the right reforms, peri urban Victoria can make a substantial contribution to housing supply while protecting the attributes that make these communities liveable, productive and distinctive.

## Consolidated recommendations

| No. | Recommendation | Purpose |
|---|---|---|
| 1 | Recognise peri urban councils as a distinct housing growth category within Commonwealth and State housing, infrastructure and planning policy frameworks. | Ensure housing targets, infrastructure funding and policy settings reflect the distinct peri urban growth context. |
| 2 | Support the ABS to adopt Peri urban as a distinct statistical classification and establish a National Peri urban Register reviewed every four years. | Create a clear eligibility basis for policy, funding and planning programs. |
| 3 | Place development-ready land at the centre of housing supply reform, including infrastructure sequencing, utility servicing, drainage, transport access, agency approvals and growth financing. | Shift reform attention from identified land alone to land that can actually deliver homes. |
| 4 | Reform development contribution and growth infrastructure frameworks to improve delivery of enabling and liveability infrastructure in peri urban growth areas. | Address DCP timing, cost escalation, eligibility, sequencing and delivery barriers. |
| 5 | Establish a $90 million Peri urban Development Contributions Plan Loan Fund to enable councils to forward-fund catalyst infrastructure identified in approved DCPs. | Bridge the timing mismatch between infrastructure need and contribution collection. |

| No. | Recommendation | Purpose |
|---|---|---|
| 6 | Establish a $230 million Peri urban Capital Infrastructure Fund for growth-enabling and community infrastructure beyond the capacity of DCPs. | Fund liveability and enabling infrastructure that unlocks housing and supports sustainable growth. |
| 7 | Amend the Financial Assistance Grant program to include a dedicated formula-based peri urban component with a growth-cost factor and recognition of seasonal and visitor demand. | Provide predictable non-competitive funding for councils carrying metropolitan-scale growth costs. |
| 8 | Improve coordination and accountability for utility servicing and agency approvals in peri urban growth areas. | Ensure water, sewer, electricity, transport and drainage capacity align with housing targets and growth area sequencing. |

## For further information

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## Australia's Peri-Urban Councils:

Falling Behind and Growing Fast

| 9* | ~2× | ~40%+ | $0 |
|---|---|---|---|
| Peri-Urban Councils in Victoria | Growing faster than regional cities | Workforce commuting to metro areas | Dedicated growth infrastructure funding |

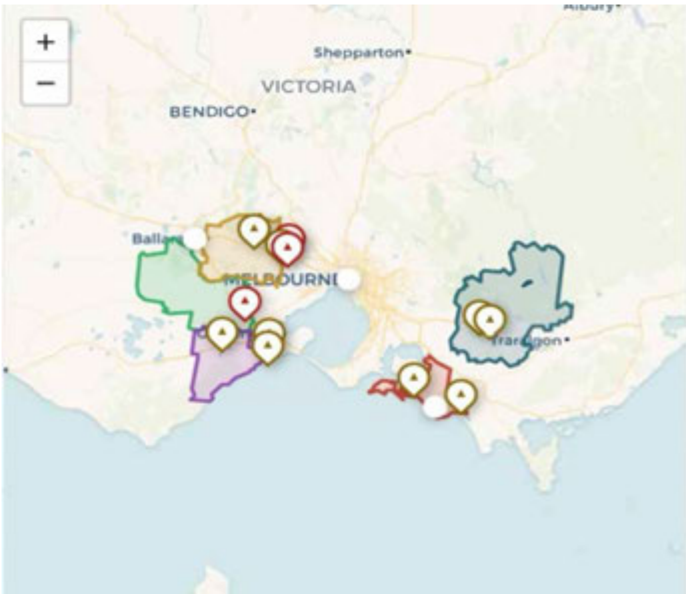
** Five are members of the peri-urban group of councils.*

**GROWTH RATE BENCHMARKS (2026–2046 forecast)**

| ~23.6% | ~29.6% | ~37.4% |
|---|---|---|
| Australia | Victoria | Greater Melbourne |

Key peri-urban townships consistently exceed all three benchmarks.

### Figure 1: Population Growth — Peri-Urban Victoria Townships (2026–2046)




Shire Growth 2026–2046

Click any row to fly to that location

| SHIRE / TOWN | 2026 | 2046 | % |
|---|---|---|---|
| **BASS COAST** | **44.9K** | **57.0K** | **+27%** |
| ↳ San Remo | 1,983 | 3,110 | +57% |
| ↳ Inverloch | 7,657 | 10.4k | +36% |
| **MOORABOOL** | **41.1K** | **73.7K** | **+79%** |
| ↳ Merrimu | 1,709 | 19.6k | +1044% |
| ↳ Ballan | 2,822 | 6,902 | +145% |
| ↳ Maddingley | 6,867 | 9,048 | +32% |
| ↳ Parwan Station | 77 | 4,828 | +6170% |
| **BAW BAW** | **65.2K** | **93.7K** | **+44%** |
| ↳ Drouin | 18.2k | 29.1k | +60% |
| ↳ Warragul | 23.3k | 39.1k | +68% |
| **SURF COAST** | **41.3K** | **55.1K** | **+33%** |
| ↳ Torquay | 20.8k | 25.1k | +20% |
| ↳ Winchelsea | 3462 | 11,841 | +242% |
| **GOLDEN PLAINS** | **27.1K** | **42.6K** | **+58%** |
| ↳ Bannockburn | 6,228 | 21.1k | +239% |

**Key finding:** *The fastest-growing peri-urban localities directly abut interface Councils and Melbourne/Geelong's metropolitan boundaries – creating a continuous band of high-growth communities poorly served by either metropolitan or regional policy frameworks.*

## What We Are Asking the Commonwealth to do

1. **ABS Classification:** Support the work of peri-urban councils for the ABS to adopt 'Peri-Urban' as a distinct fourth category in the Australian Statistical Geography Standard (ASGS), separate from metropolitan, regional and remote.

2. **Financial Assistance Grant Reform:** Amend the Local Government (Financial Assistance) Act 1995 to establish a dedicated, formula-based peri-urban component within the Financial Assistance Grant program – one that accounts for growth costs.
3. **New Infrastructure Fund:** Establish a new Peri-Urban Infrastructure and Growth Fund to fund roads, drainage, community facilities, public transport links and planning capacity in recognised peri-urban councils nationally.
4. **Policy Integration:** Embed the peri-urban classification in the National Urban Policy, the Regional Investment Framework and Infrastructure Australia's national priority-setting process.
5. **National Peri-Urban Register:** Establish a National Peri-Urban Register maintained by the ABS, reviewed every four years, with transitional provisions for councils entering or exiting peri-urban status.

## Peri-Urban Victoria: Growing Faster Than Any Benchmark

**The Problem**

Australia's peri-urban councils sit on the edges of our major cities, absorbing metropolitan-scale population growth while managing rural-standard infrastructure. The Commonwealth has no mechanism to formally recognise peri-urban councils for separate funding purposes.

The ABS classifies many peri-urban councils as 'Greater Metropolitan' simply because residents commute to the city. That single label means that these councils are:

- Too 'metropolitan' to qualify for regional funding;
- Too rural for metropolitan infrastructure tools;
- Growing faster than anyone planned for, **without resources to match.**

This mismatch between classification and reality is not confined to a single council or state, it is a national structural issue affecting peri-urban communities across Australia.

Across multiple jurisdictions, peri-urban councils are being classified in ways that do not reflect their infrastructure capacity, growth pressures or service demands.

As a result, they are consistently required to manage metropolitan-scale population growth, complex land-use dynamics and, in many cases, significant visitor and seasonal population pressures within funding and policy frameworks that do not recognise these realities.

| A National Issue – Not Just Victoria |
| --- |
| **Victoria:** Moorabool, Mitchell, Baw Baw, Macedon Ranges, Golden Plains, Surf Coast |
| **NSW:** Wingecarribee, Camden fringe areas |
| **Queensland:** Lockyer Valley, Somerset |
| **South Australia:** Adelaide Hills |
| **Western Australia:** Serpentine-Jarrahdale |
| **Tasmania:** Huon Valley |

| Who Qualifies as Peri-Urban? |
| --- |
| **Geographic Proximity:** Within 100km of a major city (pop. >100,000) |
| **Growth Rate:** Exceeds state average over 5 years |
| **Land Use Mix:** Urban, agricultural and conservation zones |
| **Commuting Patterns:** 20%+ workforce commuting to a metro area |
| **Infrastructure Gap:** Measurable gaps vs metropolitan standards |
| **Established towns:** which needs to be retrofitted to accommodate for growth. |

*A Council qualifies by meeting 3 of the 5 criteria above.*

**Moorabool Shire, Victoria:** Classified as metropolitan on paper, yet it has unsealed roads, limited public transport and patchy health services.

Similar patterns are emerging in coastal peri-urban councils such as Surf Coast and Bass Coast Shires, where rapid population growth is coupled with substantial seasonal and visitor-driven demand. The gap between label and reality is playing out in every state.

### What's at Stake

Without action, these communities face consequences that are often irreversible:

- Loss of **productive agricultural land** to unplanned residential sprawl;
- Permanent **degradation of biodiversity corridors**;
- Towns becoming **commuter dormitories** with no local employment base;
- **Infrastructure backlogs** that compound year after year; and
- Communities **overwhelmed by growth** they were never funded to manage.

### The Evidence Base

This brief draws on three key sources:

- Hansen Partnership (2023) – **Managing Urban Growth in the Peri-Urban Area**, commissioned by PUCV;
- Final **definition of peri-urban councils in Australia** - a framework developed in consultation with peri-urban councils;
- PUCV's draft **submission to the ABS** on statistical reclassification.

*Together these establish a compelling, evidence-backed case for immediate federal action.*

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*Peri-Urban Councils Victoria (PUCV). This brief accompanies the formal Commonwealth Submission, February 2026.*
*Evidence: Hansen Partnership (2023), PUCV Definitional Framework, ABS Submission.*

SUBMISSION TO THE

# AUSTRALIAN BUREAU OF STATISTICS

# Recognition of Peri-Urban Councils as a Distinct Statistical Category

**Submitted by:**

**Peri-Urban Councils Victoria (PUCV)**

and affiliated peri-urban councils across Australia

February 2026

## Executive Summary

This submission seeks formal recognition by the Australian Bureau of Statistics (ABS) of 'Peri-Urban Councils' as a distinct statistical classification. Peri-urban councils operate at the interface between metropolitan and rural Australia, experience sustained population growth above state averages and manage complex land-use patterns and infrastructure gaps not adequately captured by existing metropolitan or regional categories.

In many cases, these pressures are further compounded by significant visitor and day-trip populations, creating additional demand on infrastructure and local services that is not reflected in current funding models.

## 1. Purpose

To propose the establishment of a dedicated peri-urban statistical classification within the ABS framework to enable equitable federal funding treatment and accurate national data representation.

## 2. Background

Peri-urban councils are located on the periphery of metropolitan centres such as Melbourne and Geelong. This pattern is consistent across Australia's major cities and regional centres. They function as transitional zones between urban and rural systems, experiencing rapid growth while retaining dispersed settlement patterns, rural infrastructure and mixed land-use characteristics.

## 3. Population Growth Evidence

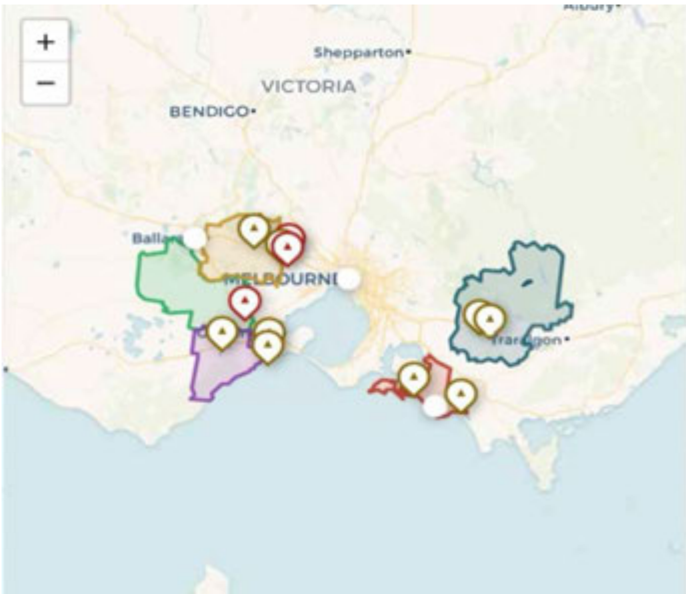
Projected growth between 2026 and 2046 demonstrates that peri-urban councils are growing at rates exceeding state averages, including in Victoria (+29.6%). Several townships within these councils exhibit growth significantly above metropolitan benchmarks, creating metropolitan-scale demand pressures within non-metropolitan infrastructure environments.

**GROWTH RATE BENCHMARKS (2026–2046 forecast)**

| ~23.6% | ~29.6% | ~37.4% |
|---|---|---|
| Australia | Victoria | Greater Melbourne |

Key peri-urban townships consistently exceed all three benchmarks. The map below shows where growth is most concentrated.

**Figure 1: Projected Population Growth in Victorian Peri-Urban Councils (2026–2046)**




Shire Growth 2026–2046

Click any row to fly to that location

| SHIRE / TOWN | 2026 | 2046 | % |
|---|---|---|---|
| **BASS COAST** | **44.9K** | **57.0K** | **+27%** |
| ↳ San Remo | 1,983 | 3,110 | +57% |
| ↳ Inverloch | 7,657 | 10.4k | +36% |
| **MOORABOOL** | **41.1K** | **73.7K** | **+79%** |
| ↳ Merrimu | 1,709 | 19.6k | +1044% |
| ↳ Ballan | 2,822 | 6,902 | +145% |
| ↳ Maddingley | 6,867 | 9,048 | +32% |
| ↳ Parwan Station | 77 | 4,828 | +6170% |
| **BAW BAW** | **65.2K** | **93.7K** | **+44%** |
| ↳ Drouin | 18.2k | 29.1k | +60% |
| ↳ Warragul | 23.3k | 39.1k | +68% |
| **SURF COAST** | **41.3K** | **55.1K** | **+33%** |
| ↳ Torquay | 20.8k | 25.1k | +20% |
| ↳ Winchelsea | 3462 | 11,841 | +242% |
| **GOLDEN PLAINS** | **27.1K** | **42.6K** | **+58%** |
| ↳ Bannockburn | 6,228 | 21.1k | +239% |

*Source: Peri-Urban Township Growth, Victoria, Australia · 2026–2046 Population Projections*

## 4. Land-Use and Infrastructure Characteristics

Peri-urban councils manage a mosaic of residential growth fronts, productive agricultural land, conservation zones and established townships. This land-use mix increases planning complexity and creates infrastructure and service delivery gaps relative to population growth. These challenges are often intensified by seasonal and peak population fluctuations in peri-urban areas experiencing high visitor and day-trip demand.

## 5. Proposed ABS Classification Criteria

A Council should be classified as peri-urban where it meets at least three of the following criteria:

- Located within 100km of a metropolitan or major regional centre.
- Established townships.
- Population growth exceeding the state average over the previous five-year period.
- Documented mix of residential, agricultural and conservation land uses.
- At least 20% of workers commuting to a metropolitan or major regional centre.
- Demonstrated infrastructure and service delivery gaps relative to growth, including peak and seasonal demand pressures.

## 6. Federal Policy Implications

Recognition of peri-urban councils as a distinct ABS category would enable differentiated funding streams, improved infrastructure prioritisation and more accurate national planning frameworks. It would resolve the structural funding gap currently experienced by councils operating between metropolitan and regional systems.

## 7. Conclusion

Peri-urban councils represent a distinct and growing category within Australia's local government system. ABS recognition is necessary to ensure equitable funding allocation, accurate statistical reporting and sustainable long-term growth management.

SUBMISSION TO THE

# COMMONWEALTH GOVERNMENT OF AUSTRALIA

# Formal Recognition of Peri-Urban Councils as a Distinct Local Government Classification and the Establishment of Dedicated Federal Funding Streams

**Submitted by:**

**Peri-Urban Councils Victoria (PUCV)**

and affiliated peri-urban councils across Australia

February 2026

# Foreword

Australia's settlement geography is changing. The great demographic shift of the twenty-first century is not simply from country to city – it is to the spaces in between. Hundreds of thousands of Australians are choosing to live in communities that sit at the edge of our major cities: places that offer the lifestyle of the country and the economic opportunities of the city. These are peri-urban communities, and the councils that serve them are among the fastest-growing in the nation.

Yet these councils are invisible to the Commonwealth. They are not metropolitan enough to access the infrastructure tools of the city. They are not regional or rural enough to access the support programs of the country. They exist in a policy blind spot – growing rapidly, serving more Australians every year, and in many cases supporting significant visitor and day-trip populations, without the recognition or resources they need.

This submission makes a straightforward case: Peri-urban councils should be formally recognised as a distinct class of local government, separate from urban, regional and rural classifications. They must receive direct Commonwealth funding commensurate with the scale and complexity of the challenges they face.

# Executive Summary

This submission requests that the Commonwealth Government take three concrete actions to address the systemic disadvantage experienced by peri-urban councils:

1. **Formal Classification:** Support the Australian Bureau of Statistics (ABS) in adopting 'Peri-Urban' as a distinct fourth category within the Australian Statistical Geography Standard (ASGS), separate from metropolitan, regional and remote classifications.
2. **Dedicated Funding:** Establish non-competitive, formula-based direct funding streams for recognised peri-urban councils, including a dedicated peri-urban component within the Financial Assistance Grant (FAG) program and a new Peri-Urban Infrastructure and Growth Fund.
3. **Policy Integration:** Embed the peri-urban classification within the National Urban Policy, the Regional Investment Framework and Infrastructure Australia's national priority-setting process.

Peri-urban councils are experiencing metropolitan-scale population growth while managing rural-standard infrastructure, without access to the funding tools available to either metropolitan growth areas or regional Councils. In many areas, these pressures are compounded by seasonal and visitor-driven demand that places additional strain on infrastructure and services.

Without intervention, this structural inequity risks irreversible damage to communities, productive agricultural land, biodiversity corridors and the long-term liveability of Australia's fastest-growing areas.

The evidence base for this submission draws on research by Hansen Partnership (2023) [1], a detailed definitional framework developed in consultation with peri-urban councils [2], and the existing draft submission to the ABS prepared by peri-urban councils [3].

# 1. What is a Peri-Urban Council?

## 1.1 Definition

A peri-urban council is a local government area that occupies the transitional zone between a major metropolitan area and the surrounding rural hinterland. It is neither a suburb of the city nor a remote country town. It is a distinct type of place, with a distinct set of challenges, that requires a distinct policy response.

For the purposes of this submission, a peri-urban council is formally defined as a local government area that:

- Is geographically situated on the periphery of a major metropolitan area or a significant regional city;
- Experiences significant population growth rates exceeding state averages, driven by metropolitan spillover and lifestyle migration;
- Contains a distinctive mix of established townships, residential growth areas, productive agricultural land and conservation areas, with population growth typically occurring through the expansion and retrofit of existing communities and service centres rather than through singularly greenfield development; and
- Maintains infrastructure and service delivery characteristics that differ substantially from both established metropolitan suburbs and rural or remote councils, and may experience additional demand driven by non-resident populations, including visitors and day-trip movements. [2].

## 1.2 Classification Criteria

To provide a consistent and measurable basis for classification, a council should be formally designated as peri-urban where it satisfies at least three of the following five criteria:

| Criterion | Threshold |
|---|---|
| **Geographic Proximity** | Existing township located within 100 km of a major metropolitan area or a regional city with a population exceeding 100,000. |
| **Growth Rate** | Population growth exceeding the state average over the previous five-year period. |
| **Land Use Mix** | Documented mix of new residential development, agricultural/productive land and conservation or environmental protection zones. |
| **Commuting Patterns** | 20% or more of the working population commuting to a nearby metropolitan area or regional city. |
| **Infrastructure Gap** | Quantifiable infrastructure and service delivery gaps compared to metropolitan standards including peak and seasonal demand pressures (e.g. proportion of unsealed roads, absence of public transport, gaps in health and education services). |

*Table 1: Proposed Peri-Urban Classification Criteria [2] [3]*

## 1.3 National Examples

The peri-urban challenge is not confined to Victoria. Peri-urban councils exist in every state and territory, operating within different planning systems but facing a consistent set of structural challenges.

The following examples illustrate the national scale of the problem:

| State / Territory | Example Peri-Urban Councils |
|---|---|
| **Victoria** | Moorabool, Mitchell, Baw Baw, Macedon Ranges, Golden Plains, Surf Coast |
| **New South Wales** | Wingecarribee, Camden fringe areas |
| **Queensland** | Lockyer Valley, Somerset |
| **South Australia** | Adelaide Hills |
| **Western Australia** | Serpentine-Jarrahdale |
| **Tasmania** | Huon Valley |

*Table 2: National Examples of Peri-Urban Councils [1]*

Each of these councils faces similar pressures despite being in different states and territories. This consistent pattern across the country is compelling evidence that the peri-urban challenge is a national structural issue requiring a national structural solution.

# 2. The Scale of the Challenge

## 2.1 Population Growth

The growth occurring in peri-urban areas is not incremental – it is transformative. Population projections for Victorian peri-urban councils demonstrate growth between 2026 and 2046 that exceeds the Victorian state average of 29.6%, with several individual townships recording growth rates significantly above metropolitan benchmarks [3]. This pattern is reflected across peri-urban areas nationally.

This growth is significant. In Surf Coast Shire, for example, updated projections show continued growth in Torquay (+20%), alongside very substantial growth in Winchelsea (+242%). Similar growth is evident in Bannockburn in Golden Plains Shire (239%) and key townships within Moorabool Shire; including Merrimu (1044%) and Parwan Station (6170%), demonstrating that high growth is occurring across multiple peri-urban contexts.

In Victoria, this growth is concentrated in councils that abut the boundaries of Melbourne and Geelong, creating metropolitan-scale demand pressures within non-metropolitan infrastructure environments [1].

This trend has been accelerated by the COVID-19 pandemic. The shift to remote and hybrid working arrangements enabled a significant cohort of metropolitan residents to relocate to peri-urban areas, seeking more space, lower housing costs and a different lifestyle. This structural shift in residential preferences means that peri-urban growth is not a temporary phenomenon but a sustained feature of Australia's demographic landscape [1].

Peri-urban municipalities are growing faster than regional cities – a finding that fundamentally challenges the assumption embedded in current policy that regional cities are the primary recipients of metropolitan overflow [1].

## 2.2 Infrastructure and Service Deficits

The infrastructure and service deficits in peri-urban areas are both deep and wide. The following challenges, identified through extensive consultation with peri-urban council staff and state government agencies, illustrate the scale of the problem [1]:

**Roads and Transport**

Peri-urban councils manage extensive networks of unsealed roads that are inadequate for growing residential populations. Unlike metropolitan growth areas, they do not have access to a metropolitan planning levy or growth areas infrastructure contribution to fund road upgrades.

Unlike regional councils, they do not receive the higher per-capita road funding that recognises the cost of maintaining rural road networks. Inter-town and intra-town public transport is largely absent, creating an almost total reliance on private vehicles and generating significant long-distance commuting.

**Healthcare and Education**

Higher-order medical facilities and tertiary education institutions are concentrated in metropolitan areas and major regional cities. As peri-urban populations grow, the absence of these services creates significant quality-of-life deficits and forces residents to travel long distances for essential services.

**Planning and Staffing Capacity**

Peri-urban councils face acute difficulty in attracting and retaining experienced planning staff. They compete directly with metropolitan councils, state government agencies such as the Victorian Planning Authority (VPA) and the Department of Transport and Planning, and large metropolitan growth area councils – all of which offer superior salaries and career opportunities. This staffing deficit directly undermines the capacity of peri-urban councils to manage growth effectively.

**Visitor and Peak Population Pressures**

In many peri-urban areas, particularly coastal and lifestyle regions, infrastructure and services must also accommodate significant visitor and day-trip populations. These non-resident populations create substantial peak-period demand that is not reflected in population-based funding models. This places additional pressure on local road networks, emergency management systems, waste services and community infrastructure.

**Productive Agricultural Land and Biodiversity**

Inadequate planning and funding for peri-urban areas leads to the uncontrolled sprawl of residential development across prime agricultural land and biodiversity corridors. This loss is often irreversible, with long-term consequences for food security, environmental values and the character of peri-urban communities [1].

## 2.3 The Implications of Inaction

The consequences of continuing to ignore peri-urban councils are severe and long-lasting. Without targeted policy and funding reform, current growth patterns will continue to outpace infrastructure provision and service capacity.

As identified in the Hansen Partnership report (2023), inadequate planning and funding in peri-urban areas leads to [1]:

- The permanent loss of productive agricultural land to unplanned residential sprawl;
- The degradation of natural resources and biodiversity corridors;
- The erosion of the distinctive character and amenity of peri-urban settlements;
- A decline in the quality of community services unless new services are provided to accommodate significant population growth;
- Increased populations in towns without adequate local employment, resulting in long-distance commuting;
- The transfer of urban expansion pressures from Melbourne and Geelong to surrounding settlements; and
- Increased congestion in the transport corridors between regional cities and metropolitan centres.

# 3. The Classification Problem: Why the Current System Fails

## 3.1 The ABS Australian Statistical Geography Standard (ASGS)

The ABS Australian Statistical Geography Standard (ASGS) Edition 3 is the primary framework used to classify geographic areas in Australia for statistical and policy purposes [5]. The ASGS does not contain a peri-urban category. Its primary classification structure relies on Greater Capital City Statistical Areas (GCCSAs), defined as geographic areas built from Statistical Areas Level 4 (SA4s) and designed to represent the functional extent of each capital city, including its labour market [5].

The critical flaw in this approach is that GCCSAs are defined by commuting patterns, not by infrastructure characteristics or service delivery capacity. Because a significant proportion of peri-urban residents commute to the adjacent capital city for work, the ABS classifies their councils as part of the metropolitan GCCSA. This is statistically defensible but practically misleading.

## 3.2 The Impact of Misclassification

The consequences of this classification approach are significant. Peri-urban councils are effectively mischaracterised within the policy system:

- They are treated as metropolitan for statistical purposes;
- They lack access to metropolitan infrastructure funding tools;
- They are ineligible for regional funding programs; and
- They are required to manage rapid population growth without a classification that reflects their actual infrastructure and service conditions.

In practice, this results in a structural mismatch between how peri-urban councils are classified and how they function. This mismatch directly contributes to the infrastructure deficits and service pressures outlined in Section 2, including where demand is further increased by non-resident and peak population pressures.

### 3.3 The Moorabool Shire Case Study

The consequences of this classification error are best illustrated by the experience of Moorabool Shire in Victoria. Moorabool is partly classified as metropolitan by the ABS because many residents commute to Melbourne or Geelong. Yet the physical reality of Moorabool is starkly different from metropolitan Melbourne.

> **Case Study:** *Moorabool Shire has unsealed roads, limited public transport, and patchy health services – hardly metropolitan conditions. This classification mismatch means Moorabool falls through the cracks: too 'metropolitan' for regional funding, too rural for metropolitan support programs, and expected to handle urban growth without urban resources [2].*

This is not an isolated case. It is the defining experience of peri-urban councils across Australia. The ABS classification system, designed to reflect labour market geography, is being used as the basis for infrastructure funding decisions.

### 3.4 The Broader Classification Landscape

The problem extends beyond the ABS ASGS. Across the spectrum of Commonwealth and state government programs, peri-urban councils find themselves consistently misclassified or excluded:

**Regional Investment Framework:** Focused on regional Australia, with peri-urban areas falling outside its scope due to their metropolitan classification.

**Regional Growth Plans (Victoria):** Prepared in 2012 and now significantly out of date, these plans are more focused on distant rural areas than on the metropolitan fringe, and they fragment the peri-urban area across five disparate policy documents [1].

**National Housing Accord:** Places significant housing growth targets on peri-urban areas without providing the infrastructure funding needed to support that growth.

## 4. The Structural Funding Gap

### 4.1 The Financial Assistance Grant Program

The Commonwealth's primary funding mechanism for local government is the Financial Assistance Grant (FAG) program, which will distribute over $3.4 billion to local governments nationally in 2025–26 [6]. The general-purpose component of the FAG is distributed primarily on a per-capita basis, with state Local Government Grants Commissions applying principles of horizontal fiscal equalisation to account for varying levels of disadvantage.

However, because some peri-urban councils are classified as 'metropolitan' by the ABS, they could be assessed as having a lower level of disadvantage than their regional counterparts. This assessment fails entirely to account for the immense cost pressures associated with rapid population growth – the need to construct new roads, schools, community facilities and drainage infrastructure at pace. A council managing rapid growth has fundamentally different fiscal needs from a stable metropolitan suburb, yet the FAG methodology treats them as equivalent.

## 4.2 The Missing Infrastructure Tools

The inequity is compounded by the absence of the infrastructure funding tools that metropolitan growth areas take for granted. The following table illustrates the stark disparity:

| Funding Tool | Metropolitan Growth Areas | Regional / Rural Councils | Peri-Urban Councils |
|---|---|---|---|
| Growth Areas Infrastructure Contribution (GAIC) | Yes | No | No |
| Metropolitan Planning Levy | Yes | No | No |
| Infrastructure Contributions Plans (ICPs) | Yes | No | No |
| Growth Areas Infrastructure Fund | Yes | No | No |
| Higher per-capita FAG weighting (disability factors) | No | Yes | No |
| Regional Investment Framework funding | No | Yes | No |
| Standard Developer Contributions Plans (DCPs) | Yes | Yes | Yes (costly and complex) |

*Table 3: Infrastructure Funding Tool Availability by Council Type [1] [6]*

As this table makes clear, peri-urban councils are the only council type with no access to dedicated growth infrastructure funding. They are expected to fund metropolitan-scale infrastructure from a combination of rates revenue, complex developer contributions plans and competitive grant applications – a model wholly inadequate for the scale of growth they are managing.

## 4.3 The Cost of Developer Contributions Plans

Developer contributions plans (DCPs) are the primary mechanism available to peri-urban councils for funding growth infrastructure. However, as identified in the Hansen Partnership report, DCPs are extremely complex, time-consuming and costly to prepare and implement [1]. Metropolitan growth areas have access to the Victorian Planning Authority (VPA) and a suite of state-funded support mechanisms. Peri-urban councils do not.

Furthermore, DCPs can only recover costs from future development – they cannot address the existing infrastructure backlog that has accumulated in areas that have already experienced significant growth without adequate funding.

## 5. Recommendations

The following recommendations are presented in order of priority. They are interdependent: classification reform provides the foundation for funding reform, and funding reform enables the planning and infrastructure investment that peri-urban communities need.

### Recommendation 1: Formal ABS Classification

The Commonwealth Government support the peri-urban councils in getting the Australian Bureau of Statistics to adopt 'Peri-Urban' as a distinct fourth category within the Australian Statistical Geography Standard (ASGS), separate from the existing metropolitan (GCCSA), regional and remote classifications.

The classification criteria outlined in Section 1.2 provide a clear, measurable and nationally applicable framework. Classification should be reviewed every four years, aligned with council planning cycles, with transitional provisions for councils moving into or out of peri-urban status [2].

This reform is the essential precondition for all other recommendations. Without accurate classification it is impossible to design equitable funding programs, collect meaningful data or develop appropriate policy responses.

### Recommendation 2: A Dedicated Peri-Urban Component in the Financial Assistance Grant Program

The Commonwealth Government should amend the Local Government (Financial Assistance) Act 1995 to establish a dedicated peri-urban component within the Financial Assistance Grant program. This component should:

- Be formula-based and non-competitive, providing a reliable and predictable funding stream for recognised peri-urban councils;
- Move beyond a simple per-capita model to incorporate a growth-cost factor that accounts for the infrastructure investment required to service rapidly growing populations;
- Account for demand pressures that extend beyond resident populations, including peak and seasonal demand; and
- Be administered through State Local Government Grants Commissions in a consistent and transparent manner.

### Recommendation 3: A Peri-Urban Infrastructure and Growth Fund

The Commonwealth Government should establish a dedicated Peri-Urban Infrastructure and Growth Fund, to support essential infrastructure delivery in peri-urban areas. It could be modelled on the Growth Areas Infrastructure Fund that supports metropolitan growth areas in Victoria.

This fund should:

- Provide capital funding for the construction and upgrade of essential infrastructure, including roads, drainage, community facilities and public transport connections;
- Be accessible to all recognised peri-urban councils nationally;

- Prioritise projects that address existing infrastructure backlogs, support the delivery of housing under the National Housing Accord and protect productive agricultural land and biodiversity corridors; and
- Include a dedicated stream for planning capacity support.

### Recommendation 4: Integration into National Policy Frameworks

The Commonwealth Government should embed the peri-urban classification into all relevant national policy frameworks, including:

- **The National Urban Policy (2024):** The policy already acknowledges 'peri-urban realms' [9]. This acknowledgement must be supported by a tangible implementation plan, specific goals, targets and dedicated funding mechanism.

- **The Regional Investment Framework:** The Framework should be expanded to include peri-urban areas as a distinct investment category.

- **Infrastructure Australia:** Should be directed to include peri-urban growth as a specific focus area in its national priority-setting process.

This integration is necessary to ensure that peri-urban growth is recognised and addressed consistently across Commonwealth policy settings.

### Recommendation 5: A National Peri-Urban Register and Review Mechanism

The Commonwealth Government, in partnership with the ABS and state and territory governments, should establish a National Peri-Urban Register – an authoritative list of councils meeting the peri-urban classification criteria. This register should:

- Be maintained by the ABS and reviewed every four years.
- Be the definitive eligibility list for all Commonwealth peri-urban funding programs.
- Include transitional provisions for councils entering or exiting peri-urban status.

## 6. Implementation Framework

The following table provides a summary of the proposed implementation pathway:

| | Lead Agency | Timeframe |
|---|---|---|
| ABS adopts peri-urban ASGS classification | ABS, with direction from the Minister | Within 12 months |
| National Peri-Urban Register established | ABS, in partnership with states/territories | Within 18 months |
| FAG Act amended to include peri-urban component | Department of Infrastructure; Treasury | Within 2 years |

| | Lead Agency | Timeframe |
|---|---|---|
| Peri-Urban Infrastructure and Growth Fund established | Department of Infrastructure | Within 2 years |
| National Urban Policy updated to include peri-urban actions | Department of Infrastructure | Within 12 months |
| Infrastructure Australia peri-urban audit completed | Infrastructure Australia | Within 18 months |
| First four-yearly review of peri-urban register | ABS | 4 years after establishment |

*Table 4: Proposed Implementation Timeline*

## 7. Conclusion

Australia's peri-urban councils are not asking for special treatment. They are asking for fair treatment. They are asking to be seen, to be counted accurately, classified correctly and funded appropriately for the work they do and the communities they serve.

The evidence is clear: peri-urban councils are growing faster than regional cities, managing more complex land-use challenges than established metropolitan suburbs, and doing so with fewer resources than either. The current classification system is inaccurate and may be directing funding away from the communities that need it most.

The Commonwealth Government has an opportunity to act decisively and correct a long-standing structural inequity. The National Housing Accord commits Australia to building 1.2 million new homes over five years. A significant proportion of those homes will be built in peri-urban areas. Peri-urban councils will be a key partner in the delivery of this housing and are seeking the classification, tools and funding they need to manage it.

We urge the Commonwealth Government to adopt the recommendations in this submission. The time for recognition is now, before the infrastructure deficits become irreversible, before the agricultural land is lost, and before the communities that make peri-urban Australia so distinctive are overwhelmed by growth they were never equipped to manage.

## Appendix A: Summary of Recommendations

| No. | Recommendation | Priority |
|---|---|---|
| **1** | Direct the ABS to adopt 'Peri-Urban' as a distinct fourth category in the ASGS. | Immediate |
| **2** | Amend the Local Government (Financial Assistance) Act 1995 to include a dedicated peri-urban FAG component. | High |
| **3** | Establish a new Peri-Urban Infrastructure and Growth Fund. | High |
| **4** | Embed the peri-urban classification in the National Urban Policy, Regional Investment Framework, and Infrastructure Australia processes. | High |
| **5** | Establish a National Peri-Urban Register with four-yearly review. | Medium |

## Appendix B: Proposed Peri-Urban Classification Criteria

A council is classified as peri-urban where it meets at least three of the following five criteria:

| Criterion | Threshold | Data Source |
|---|---|---|
| **Geographic Proximity** | Existing township within 100 km of a major metropolitan area or regional city (pop. >100,000). | ABS, state mapping agencies |
| **Growth Rate** | Population growth exceeding state average over previous 5 years. | ABS Census; state population projections |
| **Land Use Mix** | Documented mix of residential, agricultural, and conservation land uses. | State planning authority records |
| **Commuting Patterns** | ≥20% of working population commuting to a metropolitan or regional centre. | ABS Census journey-to-work data |
| **Infrastructure Gap** | Quantifiable gaps vs metropolitan standards (roads, transport, health, education). | Council data; state agency records |

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