

**MINISTERIAL DIRECTION ON THE PREPARATION AND CONTENT
OF INFRASTRUCTURE CONTRIBUTIONS PLANS**

and

**MINISTERIAL REPORTING REQUIREMENTS FOR
INFRASTRUCTURE CONTRIBUTIONS PLANS**

I, the Minister for Planning, revoke all previous directions made under section 46GJ of the *Planning and Environment Act 1987* (or its predecessors) and make the following direction in Part A of this document in relation to the Preparation and Content of Infrastructure Contributions Plans.

Part A contains the Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans issued by the Minister for Planning under section 46GJ of the *Planning and Environment Act 1987*.

I, the Minister for Planning, revoke all previous directions made under section 46GZI of the *Planning and Environment Act 1987* (or its predecessors) and make the following direction in Part B of this document in relation to the Ministerial Reporting Requirements for Infrastructure Contributions Plans.

Part B contains the Ministerial Reporting Requirements for Infrastructure Contributions Plans issued by the Minister for Planning under section 46GZI of the *Planning and Environment Act 1987*.

PART A: MINISTERIAL DIRECTION ON THE PREPARATION AND CONTENT OF INFRASTRUCTURE CONTRIBUTIONS PLANS

Purpose and Application

1. This Direction applies to planning authorities in relation to the preparation and content of infrastructure contributions plans.
2. A planning authority must comply with this Direction if it prepares an infrastructure contributions plan.

Commencement

3. This Direction comes into effect on 2 July 2018.

Definitions

4. In this Direction:
 - (a) *Act* means the *Planning and Environment Act 1987*;
 - (b) *allowable items* means the plan preparation costs, works, services or facilities specified in this Direction or an Annexure to this Direction that may be funded by an infrastructure contributions plan;
 - (c) *allowable public purposes* means the public purposes specified in this Direction or an Annexure to this Direction;
 - (d) *community and recreation construction* means the construction or provision of community and recreation works, services or facilities;
 - (e) *development setting* means any development setting described in an Annexure to this Direction;
 - (f) *drainage construction* means the construction or provision of drainage works, services or facilities;
 - (g) *GAIC* means growth areas infrastructure contribution;
 - (h) *GAIC contribution area* means a contribution area for the purposes of Part 9B of the Act and has the meaning set out in section 201RC of the Act;
 - (i) *ICP plan area* means the area specified in an infrastructure contributions plan as the area to which the plan applies;
 - (j) *Infrastructure Contributions Plan Guidelines* means the document *Infrastructure Contributions Plan Guidelines* published by the Department of Environment, Land, Water and Planning as amended from time to time;
 - (k) *inner public purpose land* means land in the ICP plan area of an infrastructure contributions plan that is specified in that plan as land to be set aside for public purposes;
 - (l) *non-government school* has the same meaning as in section 1.1.3 of the *Education and Training Reform Act 2006*;

- (m) **outer public purpose land** means land outside of the ICP plan area of an infrastructure contributions plan that is specified in that plan as land to be acquired for public purposes;
 - (n) **public purpose land** means any inner public purpose land or any outer public purpose land specified in the infrastructure contributions plan, or both;
 - (o) **State infrastructure** means those works, services and facilities that are specified in this Direction or an Annexure to this Direction as State infrastructure;
 - (p) **transport construction** means the construction or provision of transport works, services or facilities.
5. If a term relating to the use of land is not defined in this Direction, the term has the same meaning as in the *Victoria Planning Provisions*.
 6. Words and phrases used in this Direction have the meaning provided in the Act, unless the context requires otherwise

Types of land to which an infrastructure contributions plan may apply

7. An infrastructure contributions plan may only be applied to land that is within a development setting specified in an Annexure to this Direction.

Note: Clause 3 of the Ministerial Direction on the Preparation and Content of Development Contributions Plans provides that “A development contributions plan must not be applied to land that is within a development setting to which an infrastructure contributions plan may apply. This does not apply to a development contributions plan for which notice of an amendment to the planning scheme was given under section 19 of the Planning and Environment Act 1987 before 30 June 2017.”

Types of land where an infrastructure contribution may be imposed

8. Under an infrastructure contributions plan, an infrastructure contribution may only be imposed in respect of the development of land that is within a development setting specified in an Annexure to this Direction.

Classes of development exempt from an infrastructure contribution

9. An infrastructure contribution must not be imposed in respect of the development of land for:
 - (a) a government school;
 - (b) a non-government school; or
 - (c) housing provided by or on behalf of the Department of Health and Human Services; or
 - (d) any other class of development approved by the Minister.

MONETARY COMPONENT

Allowable items

10. An infrastructure contributions plan may only specify that allowable items may be funded from a standard levy or a supplementary levy (or a combination of both of those levies), in accordance with this Direction.

11. Unless this Direction or an Annexure to this Direction specifies otherwise, an allowable item does not include those works, services or facilities that a developer of land normally provides on or to the land in order to develop the land for urban purposes.

Note: The *Infrastructure Contributions Plan Guidelines* provide guidance on the works, services and facilities that are normally provided by developers in a development setting.

Requirements for imposing a standard levy

Allowable items

12. A standard levy may only fund the following allowable items:
 - (a) any works, services or facilities that are listed as standard levy allowable items in the applicable Annexure to this Direction;
 - (b) plan preparation costs provided that no more than 1% of the standard levy is used to fund those costs;
 - (c) any works, services or facilities that are listed as supplementary levy allowable items where the total standard levy rate is not required to be used to fund the standard levy allowable items, unless the applicable Annexure to this Direction specifies those supplementary levy allowable items must not be funded from a standard levy.

Note: Under section 46GG of the Act, an infrastructure contributions plan must not fund plan preparation costs incurred by the Victorian Planning Authority as a planning authority.

Standard levy rates

13. Subject to section 46GI(2)(b), if an infrastructure contributions plan imposes a standard levy, the plan must apply:
 - (a) the relevant standard levy rate in the applicable Annexure to this Direction that accords with the class of development of land being levied; or
 - (b) if the standard levy rate specified in the applicable Annexure to this Direction is indexed in accordance with the Annexure, the relevant indexed standard levy rate.

Note: An infrastructure contributions plan may apply a lower rate of standard levy than the standard levy rate if the requirements of section 46GI(2)(b) of the Act are met.

14. The standard levy rates specified in an Annexure to this Direction apply until the end of the financial year specified in the Annexure. For each subsequent financial year, the standard levy rates are indexed in accordance with the method specified in the applicable Annexure to this Direction.

Note: The indexed standard levy rates will be published on the Department's Internet site.

Indexation method and timing to be specified in a plan for a standard levy

15. If an infrastructure contributions plan imposes a standard levy, the plan must provide for the indexation of the levy rate on 1 July of each subsequent financial year. The indexation must be in accordance with the method of indexation specified in the applicable Annexure to this Direction. If no method of indexation is specified, the infrastructure contributions plan must specify an appropriate method of indexation.

Requirements for imposing a supplementary levy

Allowable items

16. A supplementary levy may only fund the following:
- (a) any works, services or facilities that are listed as supplementary levy allowable items in the applicable Annexure to this Direction; and
 - (b) plan preparation costs if those costs are incurred in respect of works, services or facilities to be funded by the supplementary levy.

Note: Under section 46GG of the Act, an infrastructure contributions plan must not fund plan preparation costs incurred by the Victorian Planning Authority as a planning authority.

Criteria for applying a supplementary levy

17. When deciding whether to impose a supplementary levy, the planning authority must consider:
- (a) whether the plan preparation costs, works, services or facilities can be wholly or partially funded from a standard levy, unless the applicable Annexure to this Direction specifies those supplementary levy allowable items must not be funded from a standard levy;
 - (b) whether the works, services or facilities are essential to the orderly development of the area;
 - (c) whether the works, services or facilities are identified in a precinct structure plan or equivalent strategic plan applying to the land;
 - (d) whether the land has particular topographical, geographical, environmental or other physical constraints or conditions that significantly affect the estimated cost of allowable items to be funded through the infrastructure contributions plan; and
 - (e) any other criteria specified in the applicable Annexure to this Direction.

Requirements for estimating costs

18. Unless otherwise specified in an Annexure to this Direction, if an infrastructure contributions plan imposes a supplementary levy the plan must specify
- (a) the estimated cost of each of those works, services or facilities that are to be funded from the standard levy;
 - (b) the estimated cost of each of those works, services or facilities that are to be funded from the supplementary levy as required by section 46GI(1)(r)(ii) of the Act;
 - (c) the proportion of the total of the costs referred to in paragraph (b) to be funded from the supplementary levy as required by section 46GI(1)(r)(iv) of the Act.

Indexation method and timing to be specified in a plan for a supplementary levy

19. If an infrastructure contributions plan imposes a supplementary levy, the plan must provide for the indexation of the estimated cost of the works, services or facilities to be funded from the supplementary levy on 1 July of each subsequent financial year. This indexation must be in accordance with the method specified in the applicable Annexure to this Direction. If no method of indexation is specified, the infrastructure contributions plan must specify an appropriate method of indexation.

LAND COMPONENT

Allowable public purposes

20. Public purpose land may only be used or developed for the allowable public purposes specified in the applicable Annexure to this Direction.

Method for calculating the estimated value of inner public purpose land

21. For those parcels of land for which an estimate of value report is to be prepared, the valuer must determine the estimate of value in accordance with the procedure and method specified in the applicable Annexure to this Direction.

Note: If an infrastructure contributions plan imposes an infrastructure contribution that includes a land component, the planning authority must arrange for a valuer to prepare a report containing an estimate of the value of any inner public purpose land for each parcel of land in the ICP plan area where the parcel contribution percentage of the parcel is more than the ICP land contribution percentage for the class of development that may be carried out on that land.

Notice to land owners of estimated value of inner public purpose land

22. A notice provided to a land owner in accordance with section 46GO of the Act must contain any other information specified in the applicable Annexure to this Direction.

Note: The planning authority must give notice to the affected land owners in accordance with section 46GO of the Act when the infrastructure contributions plan is being prepared for approval and incorporation into the planning scheme.

Method for calculating the estimated value of outer public purpose land

23. If an infrastructure contributions plan imposes an infrastructure contribution that includes a land component, a valuer appointed by the planning authority must calculate the estimated value of any outer public purpose land to be acquired by a development agency in accordance with Part 4 of the *Land Acquisition and Compensation Act 1986*, unless a different procedure and method is specified in the applicable Annexure to this Direction.

Method of adjustment of public purpose land values

24. If an infrastructure contributions plan imposes an infrastructure contribution that includes a land component, the following must be adjusted at the time, and in accordance with the procedure and method, specified in the applicable Annexure to this Direction:

- (a) the estimated value of any inner public purpose land; and
- (b) the estimated value of any outer public purpose land to be acquired by a development agency.

25. If no timing, procedure or method of adjustment is specified, the infrastructure contributions plan must specify an appropriate time, procedure and method of adjustment.

Calculation of land credit amounts and land equalisation amounts per parcel

26. If an infrastructure contributions plan imposes an infrastructure contribution that includes a land component, the land credit amount or the land equalisation amount in respect of each

parcel of land in the ICP plan area must be calculated in accordance with the method specified in the applicable Annexure to this Direction.

Note: Section 46GI(1)(i) of the Act provides that an infrastructure contributions plan must specify the land credit amount (where the parcel contribution percentage of the parcel is more than the ICP land contribution percentage) or land equalisation amount (where the parcel contribution percentage of the parcel is less than the ICP land contribution percentage) in respect of each parcel of land in the ICP plan area.

Method of adjustment of land credit amounts and land equalisation amounts per parcel

27. If an infrastructure contributions plan imposes an infrastructure contribution that includes a land component, the land credit amount or the land equalisation amount in respect of each parcel of land in the ICP plan area must be adjusted at the time and in accordance with the method specified in the applicable Annexure to this Direction.

Note: Section 46GI(1)(j) of the Act provides that an infrastructure contributions plans must specify the timing and method of adjustment to be applied to the land credit amounts and land equalisation amounts specified in the plan, including by way of indexation or any other method of adjustment.

28. If no timing or method of adjustment is specified, the infrastructure contributions plan must specify an appropriate time and method of adjustment.

Exemption from compliance with this Direction

29. The Minister may grant an exemption from the need to comply with some or all of this Direction in relation to a particular infrastructure contributions plan. An exemption may be granted subject to conditions.

List of Annexures

30. This Direction includes the following Annexures:

Annexure 1	Metropolitan Greenfield Growth Areas
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Richard Wynne MP

Minister for Planning

Date: 1 July 2018

Annexure 1

METROPOLITAN GREENFIELD GROWTH AREAS

Development setting

1. The development setting to which this Annexure applies is a Metropolitan Greenfield Growth Area.

Definition of a Metropolitan Greenfield Growth Area

2. A Metropolitan Greenfield Growth Area is land in metropolitan Melbourne that is:
 - (a) a growth area declared under section 46AO of the Act; and
 - (b) within an urban growth boundary; and
 - (c) either:
 - zoned under the planning scheme as an Urban Growth Zone and in respect of which a Precinct Structure Plan applies; or
 - subject of an amendment to the planning scheme to be zoned as an Urban Growth Zone and to incorporate a Precinct Structure Plan applicable to the land in the scheme; and
 - (d) within the area marked Metropolitan Greenfield Growth Area on the map contained in **Attachment 1** to this Annexure.

MONETARY COMPONENT

Standard levy rates

3. Table 1 sets out:
 - (a) The standard levy rate that applies to the class of development of land listed in the Table.
 - (b) For each standard levy rate, the amount of the levy that is allocated between the provision of:
 - community and recreation construction; and
 - transport construction.
4. The amount of standard levy payable in respect of a development of land is to be determined by applying the specified standard levy rate in Table 1 (expressed as an amount in \$ per net developable hectare) to the net developable hectares in the parcel of land to be developed.
5. The standard levy rates in Table 1 apply until the end of the 2018/2019 financial year. The standard levy rates for each subsequent year are to be indexed in accordance with this Annexure.
6. For the purposes of Table 1, residential development includes the development of land in a town, neighbourhood or local activity centre for office, commercial, civic or retail development.

Table 1: Standard levy rates for each class of development

Class of development	Class of Infrastructure		Total standard levy rate
	Community and recreation construction	Transport construction	
All amounts in \$ per net developable hectare			
Residential development	\$86,627	\$114,062	\$200,689
Commercial and Industrial development	\$0	\$114,062	\$114,062

Indexation method and timing of standard levy rates

7. The standard levy rates for each class of infrastructure in each class of development specified in this Annexure must be indexed in accordance with clause 8 on:
 - (a) 1 July 2019 for the 2019/2020 financial year; and
 - (b) 1 July of each subsequent financial year.
8. The standard levy rates for each class of infrastructure in each class of development specified in this Annexure must be indexed in accordance with the formula set out in **Attachment 2** to this Annexure, using the following indices:
 - (a) community and recreation construction - the Australian Bureau of Statistics Producer Price Index for Non-Residential Building Construction – Victoria (Catalogue 6427.0, Table 17, Output of the Construction Industries, subdivision and class index numbers); and
 - (b) transport construction - the Australian Bureau of Statistics Producer Price Index for Road and Bridge Construction – Victoria (Catalogue 6427.0, Table 17, Output of the Construction Industries, subdivision and class index numbers).

Note: The amount of the standard levy rate for each class of infrastructure will be rounded to the nearest whole number after indexation.

Indexation of items being funded by a supplementary levy

9. If an infrastructure contributions plan imposes a supplementary levy, the estimated cost of each of the works, services or facilities to be funded from the levy (as appropriate) must be indexed in accordance with the formula set out in **Attachment 3** to this Annexure, using the following indices:
 - (a) transport construction—the Australian Bureau of Statistics Producer Price Index for Road and Bridge Construction – Victoria (Catalogue 6427.0, Table 17, Output of the Construction Industries, subdivision and class index numbers);
 - (b) any other item—the index determined by the planning authority.

Cap on community and recreation construction

10. The amount of the total standard levy rate for residential development that may be used for community and recreation construction must not exceed:
 - (a) in the 2018/2019 financial year—\$86,627 per net developable hectare; and

- (b) in each subsequent financial year—for that financial year, the amount of the standard levy rate indexed in accordance with clauses 7 and 8.
11. Any of the total standard levy rate for residential development that may be used for the community and recreation construction (up to the capped rate referred to in clause 10) that is not used for community and recreation construction may be applied to transport construction .
 12. The Minister may increase the amount specified in clause 10 in relation to a particular infrastructure contributions plan if:
 - (a) the Minister is satisfied that the community and recreation construction to be funded by the increased amount is essential to the orderly development of the land in the ICP plan area; and
 - (b) no supplementary levy is being imposed to fund transport construction; and
 - (c) the total standard levy rate (comprising the amounts allocated to community and recreation and transport construction) is not increased.

Allowable items

13. An infrastructure contributions plan must only fund allowable items specified in this Annexure.

Note: Division 7 of Part 3AB sets out the procedure for dealing with any infrastructure contribution that has not been expended at the date on which an approved infrastructure contributions plan expires.

Community and recreation construction allowable items

14. Table 2 lists the allowable items for community and recreation construction that may be funded by a standard levy.
15. An allowable item listed in Table 2 includes any associated works, services or facilities that are reasonably required to ensure the item is suitable for its intended use.
16. The estimated cost of an allowable item for community and recreation construction may include a contingency amount for construction not exceeding 15% of the estimated project cost.

Table 2: Community and recreation construction standard levy allowable items

Standard levy allowable item	
Community facilities	<p>The following single or multi-purpose community facilities that provide for a range of community activities and services:</p> <ul style="list-style-type: none"> • multi-purpose community facility • kindergarten • childcare and occasional care facility • playgroup facility • maternal and child health centre • library and learning centre • community arts and cultural facility • neighbourhood house • adult day care and activity group facility • youth services facility • delivered meals facility • business accelerator facility.
Sports and recreation facilities	<p>The following multi-purpose or specialist sports and recreation facilities that provide for a range of activities and services:</p> <ul style="list-style-type: none"> • outdoor multi-purpose sports field, court and spaces • multi-purpose and/or specialist pavilion • football oval • soccer pitch • cricket oval • rugby field • tennis court • basketball court • netball court • bowling green • bocce court • baseball field • softball field • hockey field.

Transport construction allowable items

17. A standard levy or a supplementary levy must not be imposed in respect of the development of land within a GAIC contribution area to fund transport construction on an existing declared State road. This does not include the construction of road intersections required to connect a new or upgraded council road to a declared State road, or walking and cycling infrastructure alongside or crossing a declared State road.
18. A standard levy may fund the allowable items for transport construction listed in Table 3. The column in the Table headed 'Standard of provision' describes the standard or scope of construction that a standard levy would normally be expected to fund.

Table 3: Transport construction standard levy allowable items

Standard levy allowable item		Standard of provision
<p>Arterial roads This includes:</p> <ul style="list-style-type: none"> • upgrades to existing local roads to arterial road standards; and • new arterial roads. 	Arterial road spacing	<p>Based on a typical 1.6 km arterial road grid network with alternating:</p> <ul style="list-style-type: none"> • primary (six lane) arterial roads comprising a 41 metre wide reservation; and • secondary (four lane) arterial roads comprising a 34 metre wide reservation.
	Arterial road design	Designed to generally accommodate the forecast ultimate traffic volumes generated by the new development.
	Arterial road lanes	Construction of one through lane in each direction.
	Walking and cycling infrastructure	On both sides of the arterial road as specified in the Precinct Structure Plan or equivalent structure plan.
	Signalised pedestrian crossings	As specified in the Precinct Structure Plan or equivalent structure plan.
<p>Intersections (traffic signals or roundabouts) with council or declared State arterial roads This includes:</p> <ul style="list-style-type: none"> • arterial and arterial road intersections; and • arterial and connector road intersections. 	Intersection spacing	Based on a typical 800 metre spacing within the standard 1.6 km arterial road grid network.
	Through lanes at intersection approach	One through lane plus one short through lane in each direction.
	Left turn lane/slip lane	One left turn lane/slip lane where required in ultimate design.
	Right turn lane	As specified in the Precinct Structure Plan or equivalent structure plan.
	Traffic signals	Signals to be located at the ultimate intersection position.
	Walking and cycling infrastructure	As specified in the Precinct Structure Plan or equivalent structure plan.
Minor culverts		<p>Based on an internal cross-sectional area which is less than that of a major culvert described in Table 4.</p> <p>As specified in the Precinct Structure Plan or equivalent structure plan.</p>

19. Table 4 lists the allowable items for transport construction that may be funded by a supplementary levy. Any criteria in the Table for applying a supplementary levy to fund the relevant allowable item must be met.

Table 4: Transport construction supplementary levy allowable items

Supplementary levy allowable item	Criteria for applying a supplementary levy
<p>Arterial roads This includes:</p> <ul style="list-style-type: none"> • upgrades to existing local roads to arterial road standards; and • new arterial roads. 	<p>At least one of the following apply:</p> <ul style="list-style-type: none"> • The Precinct Structure Plan or equivalent strategic plan requires: <ul style="list-style-type: none"> • arterial road spacing above the standard set out in Table 3; or • the interim construction of two through lanes in each direction. • Construction costs of the council arterial road cannot be wholly or partially funded from the standard levy because: <ul style="list-style-type: none"> • of the topographical, geographical, environmental or other physical conditions of the land; or • the road is designed to primarily service industrial development; or • the area of the precinct in net developable hectares is limited.
<p>Intersections with council and declared State arterial roads This includes:</p> <ul style="list-style-type: none"> • arterial and arterial road intersections; and • arterial and connector road intersections. 	<p>At least one of the following apply:</p> <ul style="list-style-type: none"> • The Precinct Structure Plan or equivalent strategic plan requires: <ul style="list-style-type: none"> • additional number of intersections above the standard set out in Table 3; or • intersection design requirements above the standard set out in Table 3. • Construction costs of the intersections cannot be wholly or partially funded from the standard levy because: <ul style="list-style-type: none"> • of the topographical, geographical, environmental or other physical conditions of the land; or • the road is designed to primarily service industrial development; or • the area of the precinct in net developable hectares is limited.
<p>Road bridges (including rail overpasses)</p>	<p>The constructions costs of the bridge cannot be wholly or partially funded from the standard levy. The bridge forms part of the council arterial road network.</p>
<p>Pedestrian bridges and accessways</p>	<p>The constructions costs of the pedestrian bridge or accessway cannot be wholly or partially funded from the standard levy. The pedestrian bridge or accessway is required to provide access across a railway, arterial road, waterway corridor, major easement or other major obstacle.</p>
<p>Major culverts</p>	<p>The constructions costs of the major culvert cannot be wholly or partially funded from the standard levy. The internal cross-sectional area of the culvert is at least 1.75 square metres.</p>

20. An allowable item listed in Table 3 or 4 includes any works, services or facilities that are reasonably required to provide that item, including:
- (a) the design, preparation, supervision and inspection of works, services or facilities, including relevant fees;
 - (b) site preparation;
 - (c) services relocations, installations and adjustments;
 - (d) construction of pavement and kerb and channel;

- (e) drainage;
- (f) foundations, abutments and structures;
- (g) landscaping;
- (h) bus priority measures;
- (i) fencing, including guard fencing;
- (j) traffic control signs, line marking and street lighting;
- (k) temporary works, access restoration and ‘making good’ works;
- (l) maintenance of:
 - landscaping for one year or two summers;
 - traffic signals on arterial roads for up to ten years; and
 - all other works for one year.

21. The estimated cost of a transport construction allowable item in tables 3 and 4 may include a contingency amount for construction. If the allowable item is a road or a road intersection or culvert, the contingency amount must not exceed 15% of the estimated cost of constructing the road or road intersection. If the allowable item is a bridge, the contingency amount must not exceed 20% of the estimated cost of constructing the bridge.

Other supplementary levy allowable items

22. Table 5 lists other allowable items that may be funded from a supplementary levy. Any criteria in the Table for applying a supplementary levy must be met.

Table 5: Other supplementary levy allowable items

Supplementary levy allowable item	Criteria for applying a supplementary levy
Other local works, services or facilities	<ul style="list-style-type: none"> • The item is essential to the development of the area; • The item is not listed as a standard levy allowable item; and • The Minister agrees to the item being funded from a supplementary levy.
Early delivery of works, services or facilities	<ul style="list-style-type: none"> • The early delivery of the item is essential to the orderly development of the area; and • The financing costs are: <ul style="list-style-type: none"> • incurred by the development agency responsible for providing the item; and • associated with the early delivery of the item which is listed as a standard levy allowable item or a supplementary levy allowable item; or • associated with the early acquisition of public purpose land referred to in section 46GV(8) of the Act which is required for the early delivery of the item.
Intersections with council local roads	The intersection is on or adjoins land in fragmented ownership.

Supplementary levy allowable item	Criteria for applying a supplementary levy
<ul style="list-style-type: none"> Local or collector roads; Local road or pedestrian bridges; or Local pedestrian accessways. 	<ul style="list-style-type: none"> The item, normally provided by a developer to develop the land for urban purposes, is on or adjoins land in fragmented ownership; The fragmented land ownership makes the delivery of the item by the developer difficult; The item is essential to the orderly development of the area; The relevant municipal council has agreed to be the development agency for the item; and The cost of the item can be fairly levied amongst the developers who will benefit from the delivery of the item.

State infrastructure allowable items

- State infrastructure must not be funded from a standard levy.
- Table 6 lists the allowable items for State infrastructure that may be funded by a supplementary levy. Any criteria in the Table for applying a supplementary levy must be met.

Table 6: State infrastructure supplementary levy allowable items

Supplementary levy allowable item		Criteria for applying a supplementary levy
Transport infrastructure	Construction of declared State roads, including intersections and bridges, and public transport infrastructure	<ul style="list-style-type: none"> The infrastructure is identified in a growth corridor plan or equivalent State or local strategic plan adopted by a Minister, government department or a planning authority; The development generates a need for the State infrastructure; The provision of State infrastructure through the infrastructure contributions plan complies with section 46GH of the Act; and The State or State government agency has agreed to be the development agency for the infrastructure item.
Community facilities	Construction of state education, health or emergency facilities	
Other State works, services or facilities	Construction of infrastructure that is essential to the development of the area	

Note:

Under section 46GH of the Act, an infrastructure contributions plan must not impose an infrastructure contribution in relation to the development of land in the GAIC contribution area unless the development agency responsible for carrying out the works, services or facilities or for the plan preparation costs being funded by the levy is a municipal council.

Requirements for estimating costs for State infrastructure allowable items

- If an infrastructure contributions plan imposes a supplementary levy for any State infrastructure, in addition to the matters set out in section 46GI(1)(r) of the Act, the plan must only specify the estimated cost of the State infrastructure allowable item to be funded from the supplementary levy if no other supplementary levy allowable item listed in Tables 4 or 5 is to be funded.

LAND COMPONENT

Allowable public purposes

26. If an infrastructure contributions plan specifies any inner public purpose land to be provided under the plan or outer public purpose land to be funded through the plan, the public purpose land and the purposes for which it may be developed must:

- (a) be in accordance with the relevant Precinct Structure Plan or equivalent strategic plan applying to the land; and
- (b) be consistent with this Direction.

Note: Division 7 of Part 3AB sets out the procedure for dealing with any infrastructure contribution that has not been expended at the date on which an approved infrastructure contributions plan expires.

27. Table 7 lists the allowable public purposes for which public purpose land may be used or developed.

Table 7: Allowable Public purposes

Allowable Public Purpose	Permitted use or development of public purpose land
Public open space	Local open space including playgrounds, lighting, car parking, internal roads, bicycle paths, pedestrian paths, seating, landscaping, BBQ and picnic facilities.
Community and recreation facilities	Construction of any community facilities or sports and recreation facilities as set out in Table 2.
Transport infrastructure	
Council arterial road reservations	The construction of an arterial road in accordance with the ultimate design for the construction of an arterial road as set out: <ul style="list-style-type: none"> • in Table 3 if a standard levy applies to the construction; or • in Table 4 if a supplementary levy applies to the construction.
Intersections with council arterial roads	The construction of an intersection in accordance with the ultimate design for the construction of an intersection to accommodate all intersection works as set out: <ul style="list-style-type: none"> • in Table 3 if a standard levy applies to the construction; or • in Table 4 if a supplementary levy applies to the construction. <p>This may include land within a Public Acquisition Overlay if the land is required for a connection between the development and a council arterial road.</p>
Intersections with declared State arterial roads	The construction of an intersection in accordance with the ultimate design for the construction of an intersection to accommodate all intersection works as set out: <ul style="list-style-type: none"> • in Table 3 if a standard levy applies; or • in Table 4 if a relevant supplementary levy applies. <p>This may include land within a Public Acquisition Overlay if the land is required for a connection between the development and a State arterial road.</p>
Bridges and culverts	The construction of a bridge or culvert (and associated works)

Allowable Public Purpose	Permitted use or development of public purpose land
	referred to in Table 3 or 4.
Developer provided: <ul style="list-style-type: none"> • local or collector roads • road or pedestrian bridges • pedestrian accessways. 	The construction of a road, bridge or accessway, normally provided by a developer to develop the land for urban purposes, where the item is on or adjoining land in fragmented land ownership and the construction of the road, bridge or accessway is being funded by a supplementary levy.
Other infrastructure that is essential to the development of the ICP plan area	The construction of other infrastructure that is being funded by a supplementary levy.

28. Table 8 lists the allowable public purposes for which public purpose land may be used or developed for State infrastructure.

Table 8: State infrastructure allowable public purposes

Allowable public purpose	Permitted use or development of public purpose land
Land outside a GAIC contribution area	
Transport infrastructure	Declared State roads, including intersections and bridges, and public transport infrastructure
Community and recreation facilities	State education, health or emergency facilities Regional open space
Other State infrastructure that is essential to the development of the ICP plan area	Construction of other State infrastructure that is essential to the development of the ICP plan area.
Land inside a GAIC contribution area	
Intersections with State roads	Construction of an intersection if the land is required for connection between the development and a State road. This includes land within a Public Acquisition Overlay.

Method for calculating estimated value of inner public purpose land

31. For each parcel of land for which an estimate of inner public purpose land value report is to be prepared, the valuer engaged by the planning authority must:
- (a) determine the estimate of value of all the inner public purpose land identified in the parcel using the following assumptions:
 - (i) the subject land is zoned for an urban purpose and valued at its unencumbered, highest-and-best use within this context;
 - (ii) land in and around town centres identified in the relevant Precinct Structure Plan or equivalent strategic plan will be assumed to be zoned for residential purposes;
 - (iii) the subject land is readily serviceable and accessible by road;
 - (iv) the subject land is regular in shape with two existing road frontages and any GAIC (if within the GAIC area) has been paid and any infrastructure contribution has been provided; and

(v) the subject land is at the development front and market demand exists.

(b) calculate a \$/hectare rate for all the inner public purpose land identified in the parcel.

Example: If there are 10 hectares of inner public purpose land on a parcel and the landowner is 'overproviding' 2 hectares of public purpose land. The valuer determines that the 10 hectares of inner public purpose land has an estimated value of \$1 million, which establishes a rate of \$100,000 per hectare. The rate is then applied to determine the estimated value of the 2 hectares of 'overprovided' land. The estimated value of the overprovided public purpose land is \$200,000 (2 hectares x \$100,000 per hectare). The landowner will receive a land credit amount of \$200,000 to account for the overprovision of public purpose land.

Note: If there are multiple areas of inner public purpose land in a parcel, the value of each area of inner public purpose land is estimated according to the methodology in this clause. The sum of the estimates of value is averaged to calculate a \$/hectare rate for the inner public purpose land identified in that parcel.

Example: Parcel A includes 2.0 hectares for road widening (estimated at \$600,000), 0.4 hectares for a community facility (estimated at \$150,000) and 8.0 hectares for a sports field (estimated at \$1,200,000). The total inner public purpose land (10.4 hectares) is divided by the total estimate of value of all inner public purpose land on that parcel (\$1,950,000). For the purposes of this clause, the rate for the inner public purpose land identified in that parcel is \$187,500 per hectare.

Method for calculating land equalisation amounts

32. For each parcel of land for which a land equalisation amount must be provided, the amount is to be calculated based on a rate per hectare applied to the area (in hectares) of inner public purpose land in that parcel that is less than the ICP land contribution percentage.

Example: If the land equalisation amount rate is \$50,000 per hectare and a landowner underprovides inner public purpose land by 4 ha, the land equalisation amount payable by that landowner is \$200,000.

33. The rate referred to in clause 32 is calculated by:

- (a) adding the sum of all land credit amounts payable in the ICP plan area and the estimated value of any outer public purpose land; and
- (b) dividing the amount calculated for the purposes of paragraph (a) by the sum of the area of inner public purpose land (in hectares) for each parcel of land in the ICP plan area for which a land equalisation amount is payable that is less than the ICP land contribution percentage.

Note: The base rate of the land equalisation amount is based on the following formula:

$$\text{LEA rate} = \frac{\text{Sum of Land Credit Amounts} + \text{estimated value of outer public purpose land}}{\text{Total area in hectares of 'under provided' inner public purpose land across the ICP}}$$

Example:

Where:

- the sum of the land credit amounts payable under the ICP is \$800,000
- the estimated value of outer public purpose land is \$200,000
- the total area of inner public purpose land that is underprovided is 20 hectares

$$\text{LEA rate} = \frac{\$800,000 + \$200,000}{20 \text{ ha}} = \$50,000/\text{ha}$$

Method for calculating land credit amounts

34. For each parcel of land for which a land credit amount must be paid the amount is calculated by applying the \$/hectare rate for that parcel determined by clause 31 to the area (in hectares) of inner public purpose land within the parcel that is above the ICP land contribution percentage.

Method of adjustment of estimated inner public purpose land values

35. For those parcels of land for which an estimate of inner public purpose land value report has been prepared, a revised report must be prepared on 1 July of each subsequent third financial year after the commencement date of the infrastructure contributions plan.
36. For the purposes of clause 35, an estimate of inner public purpose land value report must be prepared in accordance with Division 4 of Part 3AB of the Act, using the methodology set out in clause 31 of this Annexure.
37. Clause 35 does not apply to any inner public purpose land has been provided by a land owner in accordance with section 46GV of the Act.

Method of adjustment of land equalisation amounts per parcel

Adjustment of land equalisation amount in the years when the estimated value of inner public purpose land is re-estimated

38. For each financial year in which a revised estimate of inner public purpose land value report has been prepared for the purposes of clause 35, for each parcel of land for which a land equalisation amount must be provided, the amount must be adjusted using the methodology set out in clauses 32 and 33 using:
 - (a) the land credit amounts adjusted in accordance with clauses 41 of this Annexure; and
 - (b) the adjusted estimate of value of outer public purpose land in accordance with clauses 46 and 47 of this Annexure.

Indexation of land equalisation amount in the years when the estimated value of inner public purpose land is not re-estimated

39. For each parcel of land in the ICP plan area for which a land equalisation amount must be provided, the land equalisation amount must be indexed on 1 July of each financial year in which a revised estimate of inner public purpose land value report is not prepared for the purposes of clause 35.
40. For the purposes of clause 39, the land equalisation amount for each parcel of land must be indexed using the relevant public land index prepared by Valuer-General Victoria for the Minister for the 12 month period occurring immediately before the beginning of the financial year in respect of which the indexed rate is being determined.

Note: The relevant public land index rate prepared the Valuer-General Victoria will published on the Department's Internet site.

Method of adjustment of land credit amounts per parcel

Adjustment of land credit amount in the years when the estimated value of inner public purpose land is re-estimated

41. For each financial year in which a revised estimate of inner public purpose land value report has been prepared for the purposes of clause 35, for each parcel of land for which a land credit amount is payable, the amount must be adjusted by applying the \$/hectare rate for that parcel determined in accordance with clause 35 to the area (in hectares) of inner public purpose land within the parcel that is above the ICP land contribution percentage.

Indexation of land credit amount in the years when the estimated value of inner public purpose land is not re-estimated

42. For each parcel of land in the ICP plan area for which a land credit amount must be paid, the land credit amount must be indexed on 1 July of each financial year in which a revised estimate of inner public purpose land value report is not for the purposes of clause 35.
43. Clauses 41 and 42 do not apply to any land credit amount that has been paid in accordance with section 46GW(2) of the Act. Where a land credit amount has been paid, the amount paid is used in the calculation of the adjusted land equalisation amounts for the purposes of clause 38.
44. For the purposes of clause 42 the land credit amount for each parcel of land must be indexed using the relevant public land index prepared by Valuer-General Victoria for the Minister for the 12 month period occurring immediately before the beginning of the financial year in respect of which the indexed rate is being determined.

Note: The relevant public land index rate prepared the Valuer-General Victoria will published on the Department's Internet site.

Method for calculating estimated value of outer public purpose land

45. For outer public purpose land that is located within an existing approved development contributions plan, the estimated value of the outer public purpose land is taken to be the value of that land identified in that development contributions plan for that financial year.

Note: Clause 23 of Part A of this Direction applies to outer public purpose land that is not located within an existing approved development contributions plan.

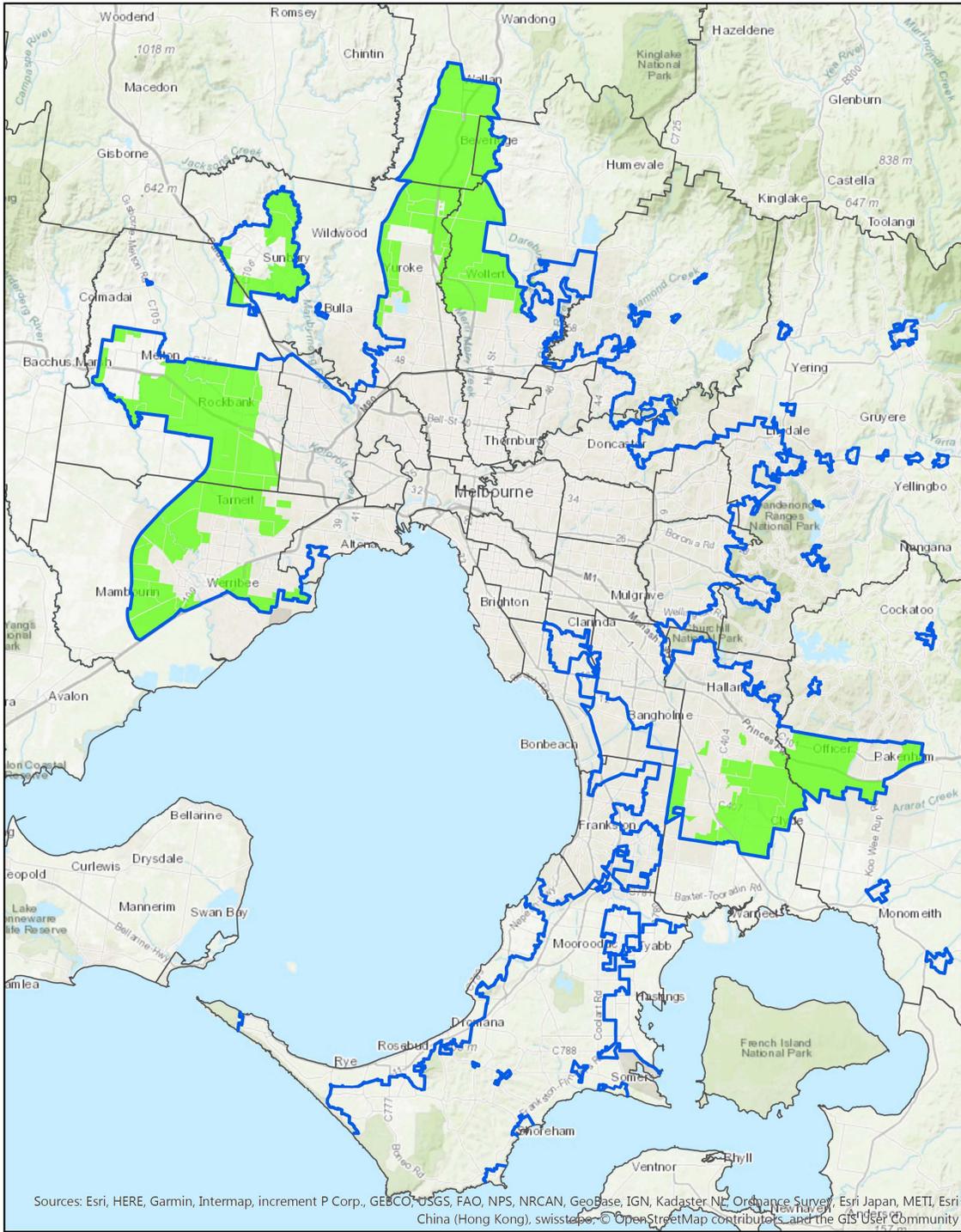
Method of adjustment of estimated outer public purpose land values

46. If an estimate of value of outer public purpose land has been prepared, the estimate of value must be adjusted based on the methodology specified in Part 4 of the *Land Acquisition and Compensation Act 1986* on:
 - (a) 1 July 2019 for the 2019/2020 financial year; and
 - (b) 1 July of each subsequent financial year.
47. For outer public purpose land that is located within an existing approved development contributions plan, the adjusted estimated value of the outer public purpose land is taken to be the value of that land identified in that development contributions plan for that financial year.

Section 18(1AB) of the Subdivision Act

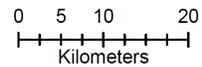
48. Section 18(1AB) of the *Subdivision Act 1988* applies to all land in an ICP plan area within the Metropolitan Greenfield Growth Area development setting.

Annexure 1 - Attachment 1



- Legend**
- URBAN GROWTH BOUNDARY
 - METROPOLITAN GREENFIELD GROWTH AREAS
 - LGA BOUNDARY

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Annexure 1 - Attachment 2

Indexation of Standard Levy Rate

For the purposes of clause 8, the indexation of the standard levy rate for a financial year is to be calculated in accordance with the following formula:

$$\text{ASLR} = \text{PSLR} \times \text{A/B}$$

Where:

ASLR is the adjusted standard levy rate being indexed.

PSLR is the standard levy rate for the previous financial year.

Example

For the purposes of indexing the standard levy rate:

- for the financial year beginning on 1 July 2019, "PSLR" is the standard levy rate for the financial year beginning on 1 July 2018, which is \$200,689; and
- for the financial year beginning on 1 July 2020, "PSLR" is the standard levy rate for the financial year beginning on 1 July 2019, which is the adjusted standard levy rate calculated in accordance with this formula for that financial year.

A is the average of the index numbers specified for the relevant infrastructure category for the latest full year available:

- (a) each of the September, December and March quarters occurring immediately before the beginning of the financial year in respect of which the rate is being indexed; and
- (b) the last June quarter in the financial year one year earlier than the financial year in respect of which the standard levy rate is being indexed.

B is the average of the producer price index numbers for the previous year available:

- (a) each of the September, December and March quarters occurring in the financial year one year earlier than the financial year in respect of which the standard levy rate is being indexed; and
- (b) the last June quarter in the financial year two years earlier than the financial year in respect of which the standard levy rate is being indexed.

Example

In the case that the reference periods are the quarterly periods of a financial year, the variables "A" and "B" for the indexation of the standard levy rate for the financial year beginning on 1 July 2020 are as follows:

- "A" is the average of the relevant index numbers for the June quarter in the financial year beginning on 1 July 2018 and the September, December and March quarters in the financial year beginning on 1 July 2019;
- "B" is the average of the relevant index numbers for the June quarter in the financial year beginning on 1 July 2017 and the September, December and March quarters in the financial year beginning on 1 July 2018.

Annexure 1 - Attachment 3

Indexation of items being funded by a supplementary levy

For the purposes of clause 9, the estimated cost of an item being funded from the supplementary levy for a financial year is to be indexed in accordance with the following formula:

$$\text{ASLIC} = \text{PSLIC} \times \text{A/B}$$

Where:

ASLIC	is the adjusted supplementary levy item cost being indexed.
PSLIC	<p>is the supplementary levy item cost for the previous financial year.</p> <p>Example</p> <p>For the purposes of indexing the supplementary levy item cost:</p> <ul style="list-style-type: none"> • for the financial year beginning on 1 July 2019, "PSLIC" is the supplementary levy item cost for the financial year beginning on 1 July 2018, which is \$5,000,000; and • for the financial year beginning on 1 July 2020, "PSLIC" is the supplementary levy item cost for the financial year beginning on 1 July 2019, which is the adjusted supplementary levy item cost calculated in accordance with this formula for that financial year.
A	<p>is the average of the index numbers specified for the relevant infrastructure category for the latest full year available:</p> <ul style="list-style-type: none"> (a) each of the September, December and March quarters occurring immediately before the beginning of the financial year in respect of which the item cost is being indexed; and (b) the last June quarter in the financial year one year earlier than the financial year in respect of which the item cost is being indexed.
B	<p>is the average of the producer price index numbers for the previous year available:</p> <ul style="list-style-type: none"> (a) each of the September, December and March quarters occurring in the financial year one year earlier than the financial year in respect of which the item cost is being indexed; and (b) the last June quarter in the financial year two years earlier than the financial year in respect of which the item cost is being indexed. <p>Example</p> <p>In the case that the reference periods are the quarterly periods of a financial year, the variables "A" and "B" for the indexation of the supplementary levy item cost for the financial year beginning on 1 July 2020 are as follows:</p> <ul style="list-style-type: none"> • "A" is the average of the relevant index numbers for the June quarter in the financial year beginning on 1 July 2018 and the September, December and March quarters in the financial year beginning on 1 July 2019; • "B" is the average of the relevant index numbers for the June quarter in the financial year beginning on 1 July 2017 and the September, December and March quarters in the financial year beginning on 1 July 2018.

PART B: MINISTERIAL REPORTING REQUIREMENTS FOR INFRASTRUCTURE CONTRIBUTIONS PLANS

Purpose

1. The purpose of this document is to set out the requirements of the Minister in relation to reports prepared by collecting agencies and development agencies in respect of infrastructure contributions plans.

Application

2. These requirements apply to the preparation of a report by a collecting agency or development agency under section 46GZI of the *Planning and Environment Act 1987* (the Act).

Requirements

3. A report must be prepared each financial year and given to the Minister for Planning within 3 months after the end of the financial year reported on.
4. If the collecting agency or development agency is a municipal council, the report must be included in the report of operations contained in the council's annual report prepared under the *Local Government Act 1989*.

Collecting agencies

5. A collecting agency must report on:
 - (a) any infrastructure contribution provided to it in a financial year in accordance with Tables 1, 2 and 3 in the Annexure;
 - (b) any works, services or facilities accepted by it in part or full satisfaction of the monetary components in a financial year in accordance with Table 4 in the Annexure; and
 - (c) any land credit amounts paid to persons in a financial year in accordance with Table 3 in the Annexure.

Development agencies

6. A development agency must report on:
 - (a) the expenditure of any monetary components of infrastructure contributions received by the development agency in a financial year in accordance with Table 5 in the Annexure;
 - (b) the use and development of any inner public purpose land that is part of the land component of any infrastructure contribution, which has vested in, been acquired by or been transferred to, the development agency in a financial year in accordance with Table 6 in the Annexure;
 - (c) the use made of any works, services or facilities in a financial year in accordance with Table 7 in the Annexure;
 - (d) the expenditure of any land equalisation amounts received by the development agency in a financial year in accordance with Table 8 in the Annexure; and

- (e) the use and development of any other public purpose land acquired by the development agency in a financial year in accordance with Table 6 in the Annexure.

Richard Wynne MP
Minister for Planning
Date: 1 July 2018

Annexure

MINISTERIAL REPORTING REQUIREMENTS FOR INFRASTRUCTURE CONTRIBUTIONS PLANS

Table 1 – Total ICP monetary component received in [*Insert Financial Year*]

Name of collecting agency	Name of ICP	Monetary component in levies received in [<i>Insert Year</i>] financial year (\$)	Value of works in kind received in satisfaction of monetary component in [<i>Insert Year</i>] financial year (\$)	Total monetary contribution received in [<i>Insert Year</i>] financial year (\$)
Total				

Table 2 – Inner public purpose land received in [*Insert Financial Year*]

Name of collecting agency	Name of ICP	Land (or project ID)	Land (or project) description
Total			

Table 3 – Total Land Equalisation Amount (LEA) received and Land Credit Amount (LCA) paid in [*Insert Financial Year*]

Name of collecting agency	Name of ICP	Total of any LEAs received in [<i>Insert Year</i>] financial year (\$)	Total of any LCAs paid in [<i>Insert Year</i>] financial year (\$)
Total			

Table 4 – ICP works, services or facilities accepted as works-in-kind in [*Insert Financial Year*]

Name of collecting agency	Name of ICP	Project ID	Project description	Item purpose	Project value (\$)
Total					

Table 5 – Total ICP monetary contributions expended by development agency in [*Insert Financial Year*]

Name of development agency	Name of ICP	Project ID	Project description	ICP money expended (\$)	Percentage of project delivered
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Total:

Table 6 – Use and development of inner public purpose land or outer public purpose land which has vested in, been acquired by or been transferred to, the development agency in [*Insert Financial Year*]

Name of development agency	Name of ICP	Project ID	Project description	Use and development of land
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Table 7 – Use of works, services or facilities accepted as works-in-kind in [*Insert Financial Year*]

Name of development agency	Name of ICP	Project ID	Project description	Use of land
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Table 8 –Expenditure of ICP land equalisation amounts in [*Insert Financial Year*]

Name of development agency	Name of ICP	Project ID	Project description	Land equalisation amounts expended (\$)
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Total: