

Incorporating the DCP into the planning scheme

Introduction

Having completed the preparation of a full cost apportionment development contributions plan (FCA DCP) and obtained council's decision to prepare and exhibit an amendment to the planning scheme to incorporate the DCP into the planning scheme, this section provides information about:

- [What is an approved DCP?]
- [Why is an amendment to the planning scheme required?]
- [Who can prepare an amendment to the planning scheme?]
- [What Victoria Planning Provisions tools should be used to give effect to the DCP?]
- [What amendment documentation is required for a DCP?]

What is an approved DCP?

An approved DCP forms part of a planning scheme. A DCP must be incorporated into a planning scheme before infrastructure levies can be collected from new development through the DCP.

Why is an amendment to the planning scheme required?

The incorporation of a DCP into the planning scheme will involve preparing and processing an amendment to the planning scheme. The amendment will follow the usual steps in the amendment process as set down in the Planning and Environment Act 1987, including public exhibition of the amendment.

Who can prepare an amendment to the planning scheme?

An amendment to a planning scheme must be prepared by a planning authority.

A planning authority will in most cases be the relevant council, but can be any agency that is authorised by the Minister for Planning under the Planning and Environment 1987. A State Government agency that is authorised to prepare a DCP can use these guidelines to prepare a DCP and incorporate it into the planning scheme.

What Victoria Planning Provisions tools should be used to give effect to the DCP?

The following tools in the Victoria Planning Provisions (VPPs) should be applied to give effect to the DCP:

- Clause 45.06 – Development Contributions Plan Overlay (DCPO)
- the schedule to the DCPO (as provided in the Ministerial Direction – The Form and Content of Planning Schemes), and
- the schedule to Clause 81 listing the incorporated documents.

The main benefit of using the DCPO is that properties affected by a DCP are immediately obvious by looking at the planning scheme maps. Prospective purchasers of land affected by the Overlay will be made aware of the requirement during the conveyancing process, as the DCPO appears on the planning scheme certificate.

Developers or prospective purchasers are then in a position to find out from the council what levies must be paid in accordance with a DCP, if they undertake development on the land.

What amendment documentation is required for a DCP?

The amendment documentation must include the explanatory report for the amendment.

The explanatory report should be sufficiently detailed to enable stakeholders to understand the effect of the introduction of the DCP as exhibited. It should include the following information:

- amount of levies
- when the levies will be applied
- the type, timing and location of infrastructure to be provided, and
- the timeframe of the DCP.

In preparing the amendment documentation, please refer to the following publications:

- [Preparing the documentation for a planning scheme amendment (May 2002)]
- [General Practice Note – Strategic assessment guidelines for planning scheme amendments (November 2001)]
- [VPP Practice note on incorporated and reference documents (August 2000)]
- [VPP Practice note on writing schedules (May 2000)]
- [VPP Practice note on using maps in planning schemes (May 2000)]
- [Ministerial Direction - The Form and Content of Planning Schemes (October 2002)]
- [Using Victoria's Planning System], and
- [Planning: A Short Guide].

Establishing an accounting and payment tracking system

The council is responsible for the collection and management of levies through a DCP. This section provides information about:

- [What are the council's financial responsibilities for a DCP?]
- [What does an effective accounting and payment tracking system involve?]
- [When should the accounting and payment tracking system be established?]
- [What should the accounting and payment tracking system deliver?], and
- [What are the council's options for unspent funds?].

What are the council's financial responsibilities for a DCP?

Once the DCP is in the planning scheme, the council is responsible for the financial management of the DCP. Specific requirements are set out in section 46Q of the Planning and Environment Act 1987 (the Act).

This involves:

- administering the accounting and payment tracking systems
- ensuring that due payments are made
- monitoring and reporting on the financial aspects of the DCP on an annual basis in council's annual report
- comparing the expected and actual cash flow
- advising council well in advance about expected expenditure for an infrastructure project in the DCP
- advising council well in advance when additional funds will be necessary from other sources to provide the infrastructure item
- collecting on behalf of and forwarding levies to State Government agencies, where the DCP includes infrastructure provided by the agency
- satisfying financial audit standards, and
- managing unspent funds.

What does an effective accounting and payment tracking system involve?

An effective accounting and payment tracking system is essential to support a DCP.

This involves:

- accounting for levies collected separately to differentiate them from other sources of funding
- demonstrating that the levies have been spent on the infrastructure projects they were collected to fund
- recording the payment of levies against property records to ensure levies are not collected twice from the same property, and
- recording the payment of levies against property records to ensure unspent funds can be returned to the current owners of the land, if necessary.

When should the accounting and payment tracking system be established?

As part of its corporate decision to prepare a DCP, a council should take steps to develop an accounting system that provides the information necessary to administer the DCP. Ideally, the system would integrate with council's existing property records and financial information systems. The accounting and payment tracking systems must be operational when the amendment is approved and the DCP becomes part of the planning scheme.

What should the accounting and payment tracking system deliver?

The accounting and payment tracking systems must be capable of:

- establishing one account per DCPO schedule (charge area) as a minimum requirement
- providing details for which individual infrastructure projects levies have been paid
- allocating the payment received against the relevant DCPO schedule
- matching the payment of the levy with the relevant property
- matching the payment to a particular planning or building permit
- recording the amount and date of individual payments
- issuing receipts for payments
- recording when works are provided by the developer in lieu of payment of a levy
- allowing for upfront payment for an infrastructure project by one developer and reimbursement as other payments are made over time
- notifying council if a payment has not been made by the due date, and
- presenting on an annual basis what levies have been collected for the year per DCPO schedule area and what funds have been spent delivering infrastructure projects.

What are the council's options for unspent funds?

Section 46Q(4) of the Act sets out the provisions that apply in the event that the funds collected have not been spent within the period required by the approved DCP.

Within 6 months after the end of that period the council must consider and implement one of the following options:

- pay the amount to the current owners of the land in the area with the consent of the Minister for Planning
- prepare an amendment to the approved DCP that provides for the expenditure of that amount and submit it to the Minister for Planning for approval, or
- expend that amount for the provision of other infrastructure in that area with the consent of the Minister for Planning.

Depending on the delivery date nominated in the approved DCP, the 6 month period may be calculated from the:

- end of the year specified for delivery of the infrastructure project
- date that the threshold nominated in the DCP is reached, or
- end date of the DCP time frame.

Implementing a DCP

Introduction

Once the DCP is part of the planning scheme and the Development Contributions Plan Overlay (DCPO) and schedule is in operation, the responsible authority (usually council) can apply the infrastructure levies to new development in accordance with the schedule. The infrastructure levies are collected through the planning permit and building permit processes.

This section provides information about:

- [Calculating the infrastructure levies payable for a new development]
- [Using the planning permit process to collect development infrastructure levies]
- [Enforcing the payment of levies collected through the planning permit process]
- [Collection of development infrastructure levies when no planning permit is required]
- [Using the building permit process to collect community infrastructure levies], and
- [Enforcing the payment of levies collected through the building permit process].

Calculating the infrastructure levies payable for a new development

This section explains how to calculate the levy payable for a particular development.

The basis for calculating the levy payable is documented in the planning scheme. It is found in the relevant schedule to the Development Contributions Plan Overlay (DCPO) that applies to the land to be developed.

Process

Complete the following tasks.

Task	Description
1	Check the planning scheme maps to confirm that the DCPO applies to the land subject to the planning permit or building permit application, and note the schedule number.
2	Check whether a levy is payable for the proposed development by referring to any exemption identified in the relevant DCPO schedule.
3	Determine whether a development or community infrastructure levy is payable for the proposed development. The schedule will specify the types of development that will be charged for one or both types of levy. This may be related to whether the proposed application involves a residential or a non-residential land use.
4	Determine from the schedule whether indexation applies to the levy and calculate the indexed levy by using the [Formula to adjust levies in accordance with the specified index]. For more information, go to [Guidelines for adjusting infrastructure levies in accordance with the specified index].
5	Check the schedule to determine the demand units used for charging the levy. For example the demand units could be per dwelling, per lot, per square metre of additional site coverage or impervious surface.
6	Consider the development proposal and determine what is proposed relative to the demand units i.e. the number of additional dwellings, the number of additional lots, the additional square metre of site coverage or area of impervious surface.
7	For residential development apply the [Formula to calculate the infrastructure levy payable for the development]. For non-residential development, you may need to apply the applicable equivalence ratio set out in the schedule to calculate the number of demand units proposed by the application. For more information, go to [Formula for using an equivalence ratio to calculate the number demand units for a non-residential development proposal and the levy payable].
8	Repeat Tasks 3-7, if more than one type of infrastructure levy applies.
9	Collect the development infrastructure levy by including the levy payable in a planning permit condition. Collect the community infrastructure levy by ensuring that the applicant for the building permit pays the levy prior to the appointed building surveyor issuing the building permit.

Guidelines for adjusting infrastructure levies in accordance with the specified index

The infrastructure levies in the DCPO schedule should be adjusted according to the specified index on an annual basis at the beginning of each new financial year within the timeframe of the DCP.

The specified index in the schedule may be:

- set at a particular annual rate
- reference the consumer price index (CPI) All Groups table as set out in the Australian Bureau of Statistics publication 'Consumer Price Index Australia 6401.0', or
- reference another relevant annual index such as a construction cost index or building materials cost index.

If using the CPI or another annual index, select the June quarter index figure for Melbourne in the financial year that the DCP was approved, and the June quarter index figure for the financial year for which you are calculating.

Formula to adjust levies in accordance with the specified index

To calculate the indexed levy for any year after the first financial year the DCP is approved use the following formula:

(Original levy calculated in the DCP x by the index figure for the year you are calculating) divided by the index figure for year 1 of the DCP = Indexed DCP levy for year n of the DCP.

Example:

Calculate the year 4 indexed charge for development infrastructure in charge area 1.

Original development infrastructure levy in charge area 1	\$1,406.77 per demand unit
Specified index in year 1 of DCP operation	119.9
Specified index in year 4 of DCP operation	133.0

$$(\$1,406.77 \times 133) / 119.9 = \$1,560.47$$

The levy payable for development infrastructure in charge area 1 in year 4 of the DCP is \$1,560.47 per demand unit.

Formula to calculate the infrastructure levy payable for the development

Indexed infrastructure levy per demand unit x Number of demand units proposed in the application = Levy payable for the development

Example:

In year 1 of the DCP, a medium density housing development involving the construction of 5 dwellings requires a planning permit on land that is subject to a DCPO requiring payment of a development infrastructure levy for a retarding basin (i.e. it falls into charge area 1). In this case, the demand unit is an equivalent dwelling.

Indexed infrastructure levy per demand unit in charge area 1 for year 1	\$1,406.77 (i.e. year 1 charge)
Number of demand units proposed in the application	5 dwellings

$\$1,406.77 \times 5 = \$7,033.85$.

The levy payable for the development is \$7,033.85.

Formula for using an equivalence ratio to calculate the number demand units for a non-residential development proposal and the levy payable

(Amount of development divided by the applicable equivalence ratio) x indexed infrastructure levy payable per demand unit = Levy payable for the non-residential development proposal

Example:

In year 4 of the DCP (2005), a retail development is proposed on a 698m² site that falls into charge area 1. Due to the DCPO that applies to this land, a condition of the planning permit will be that the development proponent pays the applicable development infrastructure levy for the retarding basin that is to be constructed in the creek line (i.e. D001).

To calculate the levy payable, it is necessary to convert the 698 square metres of retail site area into the relevant demand unit (in this example 'equivalent dwellings' are the demand units being used). This conversion is achieved by applying the relevant equivalence ratio specified in the schedule to the DCPO. In this example, the [standard equivalence ratios] apply.

Retail site area in square metres	698
Equivalence ratio for retail development	300 m ² of site area = 1 demand unit
Indexed development infrastructure levy per demand unit for year 4 (Refer to Step 4)	\$1,560.47 (i.e. the permit application occurs in year 4 of the DCP)

$(698 \text{ divided by } 300) \times \$1,560.47 = \$3,630.69$

\$3,630.69 is the levy payable for the 698 square metres of retail site area.

Using the planning permit process to collect development infrastructure levies

The Planning and Environment Act 1987 provides that the requirement to pay a development infrastructure levy in accordance with a DCP must be specified in a condition on the planning permit.

The planning permit condition may require the applicant to either:

- pay the levy by a certain date
- pay the levy prior to being issued a building permit under the Building Act 1993 or Statement of Compliance under the Subdivision Act 1988, or
- enter into an agreement regarding the timing and staging of payments, or provide works-in-kind to meet requirements.

The planning permit conditions must be complied with if the development is to proceed, otherwise the responsible authority can take steps to enforce the conditions.

When a planning permit has been issued with a condition requiring payment of a development infrastructure levy, the requirement for a payment should be registered on council's accounting and payment tracking system.

Enforcing the payment of levies collected through the planning permit process

If the council becomes aware that a payment in accordance with a planning permit condition has not been made, the council may send a letter to the owner and occupier of the land requesting compliance with the condition within a certain timeframe (for example 14 days).

If the levy remains unpaid, the council may take steps that are necessary to secure payment and compliance with the planning permit condition.

The options available are to:

- serve a planning infringement notice (section 130 of the Act)
- apply to the Victorian Civil and Administrative Tribunal (VCAT) for an enforcement order (section 114 of the Act)
- start prosecution proceedings through the Magistrates Court (sections 26 and 27 of the Magistrates' Court Act 1989), or
- commence council's established debt collection procedures (section 46Q(5) of the Act).

To obtain more information about general planning permit enforcement procedures under the Act, refer to the Department of Infrastructure's publication [Using Victoria's Planning System].

Further assistance can be found in the VCAT publication, Practice Note Planning List (No.4) – Enforcement Orders and Interim Enforcement Orders.

Collection of development infrastructure levies when no planning permit is required

In some cases, a planning permit will not be required for new development that is subject to the DCP. In this case an alternative method of collection will be provided for in the approved DCP. The council will have addressed this circumstance as part of the preparation of the DCP.

Refer to the approved DCP to confirm and apply the required collection method when a development infrastructure levy applies, but a planning permit for the new development is not required.

One alternative method that may be used and documented in the approved DCP is the collection of the development infrastructure levy through the building permit process. There may be other options documented in the approved DCP.

Using the building permit process to collect community infrastructure levies

The Planning and Environment Act 1987 requires the building permit applicant to pay the community infrastructure levy prior to the building permit being issued.

Before issuing a building permit, the building surveyor must check whether the building permit applicant has:

- paid the community infrastructure levy, or
- entered into an agreement with the council to pay the levy at a later date.

A developer may, by agreement with the council, either pay or provide works-in-lieu to meet the community infrastructure levy at the planning permit stage.

In order for the building surveyor to ensure that the payment has been made, it is necessary to check:

- whether a community infrastructure levy is payable
- the amount of the levy due, and
- the receipt provided to the applicant by council that shows that the correct levy has been paid.

The building surveyor should obtain this information in writing from the council. The building surveyor can proceed to issue the building permit if satisfied that the levy has been paid.

When a building surveyor seeks information from the council about the community infrastructure levy payable in relation to a particular building permit application, the requirement for a payment should be registered on council's accounting and payment tracking system.

Enforcing the payment of levies collected through the building permit process

If the council becomes aware that the building permit was issued and the payment has not been made, the council may send a letter to the owner of the land and the applicant for the building permit requesting payment within a certain timeframe (for example 14 days).

If the infrastructure levy remains unpaid, the council may take steps to secure payment through council's established debt collection procedures, and if necessary start prosecution proceedings through the Magistrates Court or court of competent jurisdiction (section 46Q(5) of the Planning and Environment Act 1987).

The council may advise a building surveyor who issued a building permit without first ensuring the payment of the levy of their responsibilities under section 24(5) of the Building Act 1993.

Reviewing a DCP

This section provides information about:

- [Monitoring and reviewing a DCP]
- [Unspent funds], and
- [Altering a DCP].

Monitoring and reviewing a DCP

The council has a responsibility to monitor the DCP on annual basis and to review the DCP every three years as part of the review of the planning scheme.

The annual monitoring of a DCP will involve:

- tracking the financial aspects of the DCP including levies collected and spent, cash flow, unspent funds, etc
- identifying the need for additional funding from other sources if the funds collected through the DCP are not enough to provide an expected infrastructure project in the DCP
- requesting budget for capital expenditure in the upcoming 12 month period
- comparing the actual cost of infrastructure projects compared to the expected cost specified in the DCP.

The three year review will involve identifying any changes to the DCP resulting from:

- a review of the municipality's strategic planning framework
- an unexpected change in planning circumstances related to development or policy
- a mismatch between the actual/emerging needs of the community compared to the expected needs outlined in the DCP, and
- a change in the expected timing and quantum of new development that formed the basis of the approved DCP.

Towards the end of the DCP timeframe, the council should consider whether it is appropriate to prepare a new DCP:

- with all new infrastructure projects for the area
- that includes infrastructure projects part-funded through a previous DCP, or
- that includes infrastructure projects to be funded from unspent funds collected from the current approved DCP.

As a result of the regular monitoring and review of an approved DCP over its life, a council may decide that a change to the DCP is required and could be justified. Any change to an approved DCP will require an amendment to the planning scheme.

Unspent funds

Section 46Q(4) of the Act sets out the provisions that apply in the event that the funds collected have not been spent within the period required by the approved DCP.

Within 6 months after the end of that period the council must consider and implement one of the following options:

- pay the amount to the current owners of the land in the area with the consent of the Minister for Planning
- prepare an amendment to the approved DCP that provides for the expenditure of that amount and submit it to the Minister for Planning for approval, or
- expend that amount for the provision of other infrastructure in that area with the consent of the Minister for Planning.

Altering a DCP

Once the DCP is incorporated into the planning scheme, any change to the content of the DCP will require a new amendment to the planning scheme.

Guidelines for altering a DCP

For an existing approved DCP that a council wants to change, there is scope for the council to make limited adjustments to the calculations without having to prepare a completely new DCP. In these cases, changes can be made on the basis of the calculation process and apportionment principles that applied at the time the DCP was originally prepared and approved.

This opportunity is limited to small scale changes to the DCP, such as the:

- deletion of infrastructure projects, or
- increase of estimated costs for the infrastructure projects that are already in the DCP, and
- resulting change in infrastructure levies.

Existing approved DCPs prepared by principles different to those in the guidelines should not be extended once the DCP timeframe expires. Extensions to the timeframe for an approved DCP should be assessed in accordance with the principles contained in these guidelines.

If an amendment to an existing DCP is proposed, it is necessary to set out in the Explanatory Report for the amendment:

- what change to the DCP is proposed
- the reasons why the change is necessary including its strategic justification, and
- the implications of the change in terms of the type of infrastructure, the cost and timing of its provision and any change to the levy.

The amendment will follow the usual amendment processes.

Glossary

This glossary contains commonly used development contribution terms and their meaning.

Click on any of the following to browse the glossary by letter.

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Term	Explanation
analysis area	An analysis area is a small geographic unit that is used as the basis for collecting and quantifying information about existing and future development.
approved DCP	See [approved development contributions plan]
approved development contributions plan	An approved DCP means a DCP that forms part of a planning scheme. The Minister for Planning has to approve an amendment to the planning scheme in order to incorporate a DCP. In approving the amendment to incorporate a DCP in the planning scheme, the Minister approves the DCP.
building	The Planning and Environment Act 1987 defines the term building to include: <ul style="list-style-type: none"> • a structure and part of a building or a structure; and • fences, walls, out-buildings, service installations and other appurtenances of a building; and • a boat or a pontoon which is permanently moored or fixed to land.
capital cost	The capital costs for an infrastructure project means expenditure incurred by: <ul style="list-style-type: none"> • constructing new infrastructure, and • extending the economic life of an existing asset, where the cost required would be equal to or greater than the cost that was required to provide the asset in the first instance.
CCD	See [census collector districts]
census collector districts (CCDs)	Census collector districts (CCDs) are defined by the Australian Bureau of Statistics for the purpose of collecting and analysing census information. They are the smallest geographical area for which statistics such as dwelling numbers are available (most CCDs consist of around 200-300 dwellings). They can be used as the basis for defining analysis areas.
charge area	A charge area is an area where the same infrastructure levies apply to all demand units. The purpose of creating charge areas is to simplify how infrastructure levies are applied within the planning scheme. Defining charge areas relates directly to the requirements of the Development Contributions Plan Overlay in the Victoria Planning Provisions. Charge areas are created by aggregating analysis areas with common levies for common infrastructure projects.

community infrastructure	<p>Community infrastructure describes a classification of infrastructure projects for the purposes of calculating and charging the community infrastructure levy.</p> <p>It includes the construction of a building or facility used for a community or social purpose, but does not include the land on which the facility or building is constructed. The land acquisition is classified as development infrastructure.</p> <p>It does not include:</p> <ul style="list-style-type: none"> • the acquisition of land for community facilities, or • the construction of maternal and child health care centres, child care centres, preschools, and multi-purpose community meeting facilities. <p>These are classified as development infrastructure.</p>
community infrastructure levy	<p>Community infrastructure levies are charged through an approved DCP for community infrastructure. They are collected at the building permit stage and are capped at:</p> <ul style="list-style-type: none"> • \$450 per dwelling, and • 0.25 cents in the dollar of the cost of the building work in any other case.
CPI	See [consumer price index]
consumer price index (CPI)	<p>The weighted average cost of a standard basket of retail goods expressed in relation to a base period. This is usually expressed as a figure above a base of a 100 percent. For example, in June 2002 the CPI was 136.9 percent. The figures for each year are available in the Australian Bureau of Statistics publication 'Consumer Price Index Australia 6401.0'.</p>
cross-subsidy	<p>A cross-subsidy occurs when developments are charged for infrastructure that they will not use.</p>
DCP	See [development contributions plan]
DCPO	See [Development Contributions Plan Overlay]
demand unit	<p>A demand unit is an individual unit that provides the basis on which infrastructure levies are calculated.</p> <p>Converting the development into demand units enables common units to be used to calculate the total demand for infrastructure generated by all land uses.</p>
developable land	<p>A hectare of developable land is one type of demand unit that can be selected when preparing a DCP.</p> <p>Developable land is land that can be converted to urban purposes, and includes those uses that are usually associated with the establishment of an urban community such as all aspects of residential, commercial and public use.</p> <p>It does not include land subject to some form of development control such as an easement or an Environmental Significance Overlay, which would not be charged infrastructure levies.</p>

<p>development</p>	<p>The term development is used in two ways in the guidelines depending on the context.</p> <p>Development is defined in the Planning and Environment Act 1987, as including the:</p> <ul style="list-style-type: none"> (a) construction or exterior alteration or exterior decoration of a building, and (b) demolition or removal of a building or works, and (c) construction or carrying out of works, and (d) subdivision or consolidation of land, including buildings and airspace, and (e) placing or relocation of a building or works on land, and (f) construction or putting up for display of signs and hoardings. <p>Development is also used to describe the amount of area that:</p> <ul style="list-style-type: none"> • has been already developed for a particular land use (i.e. existing development), • is likely to experience future growth or expansion in certain types of land use (future, new or projected development).
<p>development contributions plan (DCP)</p>	<p>A development contributions plan (DCP) is a mechanism used to levy new development for contributions to fund planned infrastructure that will be needed by the future community.</p>
<p>Development Contributions Plan Overlay and schedule</p>	<p>An approved DCP should be implemented through the Development Contributions Plan Overlay (DCPO) and schedule, as provided for in the Victoria Planning Provisions.</p> <p>The Development Contributions Plan Overlay indicates the area covered by the DCP. The schedule indicates the infrastructure levies that apply in a particular area.</p>
<p>development infrastructure</p>	<p>Development infrastructure describes a classification of infrastructure projects for the purposes of calculating and charging the development infrastructure levy.</p> <p>The following works, services or facilities may be funded from a development infrastructure levy:</p> <ul style="list-style-type: none"> • acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list • construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices • construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops • basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment • drainage works, and • buildings and works for or associated with the construction of maternal and child health centers, child care centers, kindergartens, or any center which provides these facilities in combination. <p>Levies for development infrastructure projects are generally collected through the planning permit process.</p>

development infrastructure levy	Infrastructure levies calculated and charged for development infrastructure projects generally collected through the planning permit process.
DU	See [demand unit]
equivalence ratio	<p>Equivalence ratios are used to convert estimates of existing and future development into common units (demand units) to enable the total demand for an infrastructure project to be added up. They also enable the appropriate infrastructure levy payable for an individual development proposal to be calculated once the DCP has been incorporated into the planning scheme.</p> <p>Equivalence ratios are expressed as the quantum of land use that generates the equivalent amount of usage as one demand unit. For example, for road infrastructure, 19m² of retail floor space = 1 dwelling = 1 demand unit.</p> <p>These ratios will differ depending on the infrastructure item.</p>
ER	See [equivalence ratio]
external usage	The proportion of usage drawn from outside the main catchment area.
facilities	Facilities are buildings constructed for a specific public purpose(s) and the land which is needed to accommodate the buildings. Services are generally carried out from facilities.
FCA DCP	See [full cost apportionment development contributions plan]
full cost apportionment development contributions plan (FCA DCP)	An FCA DCP is a DCP prepared using the full cost apportionment method of calculating levies. The full cost apportionment method is explained in detail in [Preparing a DCP].
future community	The total population or development that is expected to live or occur in an area within the timeframe of the DCP. It includes both existing and projected new development.
future usage	The proportion of usage generated by future development expected beyond the timeframe of the DCP from inside and outside the main catchment area.
infrastructure project	<p>An infrastructure project is a description of activities or outputs required to provide an item of infrastructure that is needed by the community.</p> <p>DCPs are prepared in order to charge new development for the provision of one or more infrastructure projects.</p> <p>An infrastructure project can involve:</p> <ul style="list-style-type: none"> • the acquisition of land • the construction of a building or works, and/or • land forming and landscaping. <p>The Planning and Environment Act 1987 uses the terms works, services and facilities to describe infrastructure projects.</p>
MCA	See [main catchment area]
main catchment area	The main catchment area (MCA) is the area from which an infrastructure project will draw all or most of its usage. The MCA must be identified for each infrastructure project.
nexus	The reasonable connection between the development and infrastructure that will be provided. This connection is demonstrated by the likelihood that new development will use the infrastructure to be provided.

Planning and Environment Act, 1987	The [Planning and Environment Act, 1987] establishes a framework for planning the use, development and protection of land in Victoria in the present and long-term interest of all Victorians.
planning authority	Any person or body that is given power under section 8 of the Planning and Environment Act 1987 to prepare a planning scheme or an amendment to a planning scheme.
Printer friendly version	Displays the content area of the webpage in a new browser window with all website navigation tools removed, for example section tabs, left menu and breadcrumb trail. This means the content area will print on A4-sized paper.
RA	See [responsible authority]
recurrent cost	Recurrent costs are those costs which occur repeatedly or periodically, such as maintenance costs or operational costs.
responsible authority (RA)	The person who is responsible for the administration or enforcement of a planning scheme or provision of a planning scheme under the Planning and Environment Act 1987.
services	Services are activities carried out from facilities for the care and benefit of residents.
standard equivalence ratios	Standard equivalence ratios are generic [equivalence ratios] provided in the guidelines for the purposes of calculating and charging infrastructure levies. These ratios can be varied to more accurately reflect local circumstances and patterns of infrastructure usage.
voluntary agreements	<p>A voluntary agreement is an agreement between landowners, the council and other parties for the provision of infrastructure, at the time a development proposal is considered.</p> <p>An agreement can be used to place an obligation on the parties to:</p> <ul style="list-style-type: none"> • provide infrastructure, and/or • pay for infrastructure. <p>Entering into an agreement for development contributions requires all parties to freely and voluntarily agree to commit to their obligations, as set out in the agreement. Therefore, the establishment of a voluntary agreement cannot be a requirement of a planning scheme amendment or planning permit.</p> <p>Voluntary agreements provide an alternative mechanism to a DCP for obtaining development contributions towards infrastructure provision.</p>
works	The Planning and Environment Act 1987 defines the term works to include any change to the natural or existing condition or topography of land including the removal, destruction or lopping of trees and the removal of vegetation or topsoil.