Guidance document

Infrastructure Contributions Plan Guidelines



October 2026

Metropolitan Greenfield Growth Areas

VICTORIA State Government | Department of Transport and Planning

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Acronyms and abbreviations

DTP	Department of Transport and Planning
ICP	Infrastructure contributions plan
IPPL	Inner public purpose land
LAC Act	*Land Acquisition and Compensation Act 1986*
LCA	Land credit amount
LG Act	*Local Government Act 2020*
LCP	Land contribution percentage
LEA	Land equalisation amount
OPPL	Outer public purpose land
PCP	Parcel contribution percentage
PE Act	*Planning and Environment Act 1987*
TCL	Total area of contribution land
TIPPL	Total area of inner public purpose land
TPPL	Total area of public purpose land
VGV	Valuer-General Victoria
WIK	Works-in-kind

Introduction

The purpose of the guidelines is to provide information and guidance about the operation of the ICP system in Metropolitan Greenfield Growth Areas, and the preparation, implementation and administration of an infrastructure contributions plan. The guidelines are not a statutory document and should be read together with the applicable legislation and Ministerial Direction.

These guidelines do not apply to other Annexures to the ICP Ministerial Direction which have separate guidelines documents for their respective development settings.

The guidelines are in three parts:

Part A – The ICP system	Outlines the key elements and operation of the ICP system.
Part B – Implementing an ICP	Provides advice to planning authorities on how to prepare, implement and administer an ICP.
Part C – Specified development setting	Explains how elements of the ICP system operate in the specified development setting.

The guidelines include two appendices:

Appendix A	A checklist of the information required to be included in an ICP under section 46GI of the PE Act.
Appendix B	A 'quick guide' that provides brief explanation of key elements of the ICP system, including references to relevant sections of the PE Act.

Part A – The ICP system

Overview of the ICP system

When land is developed for urban purposes, new or upgraded essential infrastructure is needed to support the new development and its future communities.

Infrastructure contributions help fund basic and essential infrastructure for new and growing communities, such as local roads, community centres, kindergartens, maternal and child health facilities, local parks and sporting facilities, which are vital for creating sustainable communities. They help to ensure that new communities have the essential infrastructure to meet their needs.

The ICP system has been designed to:

- ensure the provision of basic and essential infrastructure needed by new and growing communities by requiring developers to contribute towards the infrastructure costs and to provide land for infrastructure construction
- ensure that the planning and provision of infrastructure is equitable, efficient and cost effective.
- provide a consistent and transparent approach to the imposition of infrastructure contributions
- apply a standard levy rate so that a planning authority does not need to calculate and justify the levy each time it proposes to fund the provision of essential infrastructure through an infrastructure contribution
- secure the direct provision of land required for infrastructure
- provide certainty for planning authorities, infrastructure providers and the development industry about the infrastructure contributions payable which allows them to factor this into their forward planning.

Principles of the ICP system

Infrastructure is basic and essential

The provision of community, recreation, transport and drainage infrastructure and associated public purpose land is necessary for creating liveable, sustainable and affordable new communities. Just as residents need access to water and electricity, they also need access to roads, parks, kindergartens, sporting fields and other essential infrastructure.

Infrastructure contributions should fund infrastructure that is basic and essential to the health, wellbeing and safety of the community, and secure public purpose land required for construction of that infrastructure.

Infrastructure should be planned and designed to be fit for purpose ('basic') to ensure it does not result in unnecessary additional costs ('gold plating') that could impact the provision of other essential infrastructure.

Timely and orderly provision of infrastructure

Planning authorities should plan for the timely provision of new infrastructure that they can reasonably foresee will be needed by new communities. Development should be planned in an orderly sequence. Out of sequence development must be by negotiation and agreement between

a developer and the impacted infrastructure providers and not impose unreasonable additional burden on infrastructure providers.

Need and nexus

The need for the infrastructure to be funded through the ICP to serve or otherwise support or facilitate the development of land in the ICP plan area. That is, planning authorities must demonstrate that the development will likely use the infrastructure to be provided.

The need for infrastructure should be considered in the context of the wider planning framework. That context may include existing and proposed development that may also use that infrastructure, as well as existing infrastructure that may have spare capacity.

Equity

Development which contributes to the need for new infrastructure should pay a fair and reasonable contribution towards its provision.

Developers, local government, state agencies and other stakeholders all share the responsibility for funding infrastructure and the contribution made by development should be proportionate to the need it is projected to generate. Accordingly, infrastructure contributions will not necessarily fund the full cost of infrastructure to be provided through an ICP.

Certainty

There is certainty about the infrastructure contributions imposed, the infrastructure that can be funded, indexation methods, the level of strategic justification required and the contents of an ICP.

Accountability and transparency

There is accountability and transparency in the collection and expenditure of contributions and the provision of infrastructure. Collecting and development agencies report on this using the Victorian Government's digital platform twice a year.

Infrastructure contributions must only be used for the purpose for which they were collected and proper financial accounts should be kept to demonstrate this.

The method for calculating and applying the contributions is clear and simple to understand and the collection and use of the contributions is reported on regularly.

The ICP legal framework

The legal framework for the ICP system is primarily set out in the PE Act. The main component of the ICP legislation is contained in Part 3AB of the PE Act. It includes requirements for ICPs and enables:

- the Minister to issue written directions on the preparation, content and administration of ICPs
- the implementation of ICPs through planning schemes
- the imposition, collection and use of infrastructure contributions.

The Ministerial Direction contains requirements for all ICPs and specific requirements for different development settings.

An ICP commences when it is incorporated into a planning scheme and the Infrastructure Contributions Overlay is applied to the ICP plan area.

The Ministerial Reporting Requirements for Infrastructure Contributions Plans sets out the requirements for reporting on the collection and expenditure of infrastructure contributions.

The *Building Act 1993* and the *Subdivision Act 1988* also include provisions for the implementation and administration of the ICPs.

The key elements of the ICP legal framework are summarised in the following table.

		Planning scheme	
Planning and Environment Act 1987	**Ministerial Direction**	**ICP**	**Infrastructure Contributions Overlay**
Sets the legal framework and requirements of the ICP system: – Defines key terms. – Specifies the matters that must be included in an ICP. – Specifies the matters that the Minister may issue written directions about. – Sets out the process for the valuation of inner public purpose land and resolving disputes about valuations. – Specifies how infrastructure contributions are imposed and collected. – Specifies the responsibilities of collecting agencies and development agencies, including the use of levies and public purpose land, and reporting requirements	The Ministerial Direction specifies: – The type of land where an ICP may be applied ('development setting'). – Development that is exempt from an infrastructure contribution. – Requirements for imposing a standard levy, including standard levy rates. – Requirements for imposing a supplementary levy. – Infrastructure items that can be funded from the monetary component ('allowable items') – Types of public purposes that land can be set aside for ('allowable public purposes'). – Methods for calculating the estimated value of public purpose land. – Methods for calculating land credit amounts and land equalisation amounts. – Methods for indexing levies and infrastructure costs. – The timing and method for indexing land credit amounts and land equalisation amounts.	An ICP specifies: – The area the ICP applies to ('ICP plan area'). – Contribution land. – Infrastructure projects funded through the ICP. – Land to be set aside for public purposes. – The ICP land contribution percentage for each class of development. – The monetary component of the infrastructure contribution (standard and/or supplementary levies). – The strategic justification for the infrastructure contributions. – Land credit amounts and land equalisation amounts. – Method for indexing the levies, land credit amounts and land equalisation amounts.	The overlay: – Identifies where an ICP applies. – Sets out the requirements for the granting of permits to give effect to an ICP. – Summarises the monetary component (levies) and land component (public purpose land) of the infrastructure contribution to be imposed under the ICP.

What are the key elements of the ICP system?

The key elements of the ICP system are:

- a **Ministerial Direction** which specifies requirements for all ICPs and for individual development settings
- **development settings** that define the land where an ICP may be applied
- an **ICP** which is a statutory document for imposing infrastructure contributions
- an **infrastructure contribution** (which comprises a **monetary component** and/or a **land component**) which is imposed through an approved ICP
- a **monetary component** which funds the provision of infrastructure and plan preparation costs (the monetary component comprises a **standard levy** and/or a **supplementary levy**)
- a **standard levy** which is a pre-set levy rate specified in the Ministerial Direction
- a **supplementary levy** which is an additional levy which may be imposed, where justified, for 'nonstandard' infrastructure
- a **land component** which consists of inner public purpose land and any land equalisation amount (which funds land credit amounts and the acquisition of outer public purpose land)
- a **land contributions model** which ensures all landowners affected by an ICP contribute equally to the provision of land for public purposes (through the payment of **land equalisation amounts** and **land credit amounts**)
- a **valuation and dispute resolution process** to estimate the value of inner public purpose land being provided above the ICP land contribution percentage
- **allowable items** which are the types of infrastructure able to be funded, including plan preparation costs but not plan administration costs
- **allowable public purposes** which are the public purposes for which the public purpose land secured through an ICP may be used and developed
- the **reporting of infrastructure contributions** by collecting agencies and development agencies to account for the collection and use of contributions (more information about reporting is provided in Part B).

Ministerial Direction

Under section 46GJ of the PE Act, the Minister for Planning may issue written directions to planning authorities in relation to the preparation, content and administration of ICPs.

Under section 46GI(1)(w) of the PE Act, an ICP must include any matter required by a Minister's direction to be included in the plan.

The Ministerial Direction on the Preparation, Content and Administration of Infrastructure Contributions Plans (Ministerial Direction) contains general requirements that apply to all ICPs and annexures that specify requirements for individual development settings. Currently, the Ministerial Direction includes three annexures for three separate development settings, the Metropolitan Greenfield Growth Areas, the State-Led Infill Precincts and SRL East Planning Area.

Section 46GJ(2) sets out matters that may be specified in a Minister's direction. That section does not limit the power of the Minister to issue written directions specifying other matters relating to the preparation, content and administration of ICPs.

The Ministerial Direction specifies:

- the type of land to which an ICP may be applied (development settings)
- the types of public purposes that public purpose land can be used and developed for ('allowable public purposes')
- the methods for calculating the estimated value of public purpose land
- the methods for calculating land credit amounts and land equalisation amounts
- the timings and methods for indexing or adjusting estimated public purpose land values, land credit amounts and land equalisation amounts
- when a standard or supplementary levy may be imposed
- the classes of development to which a standard levy or supplementary levy may be imposed
- the plan preparation costs, works, services or facilities that may be funded through an ICP ('allowable items'). Plan administration costs and priority categories of works, services or facilities are not permitted in this development setting.
- the standard levy rates
- the methods for determining the amount of standard levy and supplementary levy
- the method and timing of annual indexation to be applied to standard levy rates
- requirements for imposing a supplementary levy
- the method and timing of annual indexation to be applied to the estimated cost of the infrastructure funded from a supplementary levy
- the proportion of the standard levy that may be used to fund plan preparation costs.

A copy of the Ministerial Direction is available at planning.vic.gov.au.

Development settings

An ICP can only be applied to land in a development setting specified in the Ministerial Direction.

A development setting refers to a type of land where an ICP may be applied. A development setting may be defined by zoning, geographic area or some other means.

A development setting is specified in an annexure to the Ministerial Direction. Currently three development settings have been specified across three Annexures – Annexure 1 Metropolitan Greenfield Growth Areas, Annexure 2 State-Led Infill Precincts and Annexure 3 SRL East Planning Area.

If land is in the Metropolitan Greenfield Growth Areas development setting and the planning authority wishes to levy contributions, the planning authority must prepare an ICP instead of a development contributions plan.

Infrastructure Contributions Plans

What is an ICP?

An ICP is a statutory document incorporated in a planning scheme for the purposes of imposing infrastructure contributions to fund the provision of works, services or facilities (infrastructure) and securing land for public purposes. An ICP must be strategically justified and linked to the planning policy framework in the planning scheme. Before an ICP is prepared, a planning authority will need to have established a planning vision for the area, determine the type, amount and layout of new development, and identify future infrastructure required for that development. In most cases, this information will be included in a precinct structure plan or strategic plan.

The planning authority then needs to decide how infrastructure will be funded. There are also other mechanisms available under the PE Act to secure contributions from developers, such as voluntary agreements.

An ICP must be incorporated in a planning scheme via a planning scheme amendment and must be prepared by a planning authority. The planning authority will usually be a municipal council or the Minister for Planning, but it can also be a public authority that has been authorised by the Minister to prepare the amendment. The planning authority that prepares the ICP does not need to be the same planning authority that prepares the planning scheme amendment to incorporate the ICP.

An ICP must be prepared in accordance with the requirements of the PE Act and the Ministerial Direction.

What can an ICP do?

An ICP can impose infrastructure contributions on the development of land to:

- fund the provision of infrastructure:
    - in the ICP plan area
    - outside of the plan area, if:
        - the infrastructure is essential to, and the need for it is generated by, the development of land in the ICP plan area
        - the infrastructure is significant and intended or expected, at least in part, to facilitate development opportunities in the ICP plan area, or

- the infrastructure cannot reasonably be provided in the ICP plan area but is related to development in the ICP plan area.

– require the provision of land for public purposes in the ICP plan area (inner public purpose land)

– fund the acquisition of land for public purposes outside of the ICP plan area if it is essential to, and the need for which is generated by, the development of land in the ICP plan area (outer public purpose land)

– fund the reasonable costs and expenses incurred by the planning authority in preparing the ICP and the related precinct structure plan or strategic plan.

Funding of plan administration costs and use of priority categories of works, services or facilities are not permitted in this development setting.

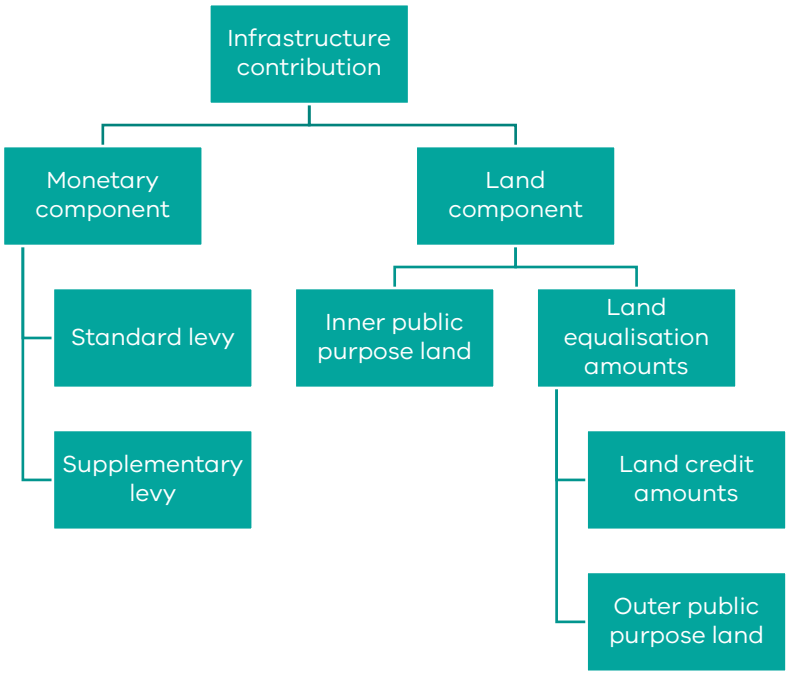
What is an infrastructure contribution?

An infrastructure contribution may consist of either or both of the following two components:

– A **monetary component** – This is a monetary amount that may be used to fund plan preparation costs and the provision of works, services or facilities (infrastructure) identified in an approved ICP plan. The levy may consist of a standard levy, a supplementary levy or both levies.

– A **land component** – This is any public purpose land that forms part of a parcel of land in the ICP plan area ('inner public purpose land') and any land equalisation amount that applies to the parcel. Land equalisation amounts are used to fund payment of 'land credit amounts' and may also be used to fund the acquisition of public purpose land outside the ICP plan area ('outer public purpose land'). Inner public purpose land may be used and developed for public open space, community and recreation facilities, transport infrastructure (including roads) or other infrastructure that is essential to the development of the land in the ICP plan area.

More information about the monetary component and land component of an infrastructure contribution is provided below.



Monetary component

The monetary component of an infrastructure contribution is a monetary levy that is used to fund the provision of basic and essential infrastructure that is needed to support new and growing communities (such as roads, community centres, kindergartens, maternal and child health facilities, parks and sporting facilities). It may also fund plan preparation costs. Plan administration costs are not covered in this development setting.

The monetary component may consist of:

- a standard levy only
- a supplementary levy only
- a standard levy and a supplementary levy.

The infrastructure funded from a levy may be located outside the ICP plan area if:

- the infrastructure is essential to, and the need for which is generated by, the development of land in the ICP plan area
- the infrastructure is significant and intended or expected, at least in part, to facilitate development opportunities in the ICP plan area, or
- the infrastructure cannot reasonably be provided in the ICP plan area but is related to development in the ICP plan area.

Under section 46GH of the PE Act, an ICP must not impose an infrastructure contribution in relation to the development of land in the Growth Area Infrastructure Contribution (GAIC) area unless the development agency is a municipal council.

What is a standard levy?

A standard levy is a pre-determined monetary rate set by the Minister through the Ministerial Direction.

The standard levy is designed to provide a fair and reasonable budget for funding the infrastructure that is basic and essential for new urban development.

The Ministerial Direction may specify different standard levy rates for different development settings and for different classes of development for example, residential development, and commercial and industrial development.

The Ministerial Direction will also specify how the amount of standard levy to be paid is to be determined.

Example:

In the Metropolitan Greenfield Growth Area development setting, the amount of standard levy to be paid is determined by multiplying the applicable standard levy rate by the amount of net developable hectares in the parcel of land.

What can the standard levy fund?

A standard levy can only be used to fund standard levy allowable items specified in the Ministerial Direction.

A standard levy may also be used to fund supplementary levy allowable items if:

- there are surplus standard levy funds
- the Ministerial Direction allows the infrastructure to be funded from a standard levy.

Example:

In the Metropolitan Greenfield Growth Area development setting, any surplus standard levy amount can be used to fund a supplementary item such as a bridge.

More information about allowable items is provided in the following section.

For some development settings, the Ministerial Direction may allocate certain amounts of the standard levy to different classes of infrastructure. The allocation is indicative only unless the Ministerial Direction specifies otherwise. A planning authority may choose to redirect standard levy funds from one class of infrastructure to another provided the overall standard levy rate is not exceeded.

Example:

In the Metropolitan Greenfield Growth Area development setting, the standard levy for residential development is allocated between community and recreation construction, and transport construction. The amount allocated to community and recreation construction is capped but may be increased by the Minister if specified requirements are met. However, the amount allocated to transport construction is not capped and any unused community and recreation construction funds can be used for transport construction.

Can the standard levy be increased or decreased?

The standard levy rates cannot be increased. However, under section 46GI(2) of the PE Act an ICP may provide for a lower standard levy rate if the planning authority, affected landowners, the council and relevant development agencies agree, or if the Minister consents.

A lower rate may be justified when construction costs requirements are less than the standard levy rate or other options are available to fund the infrastructure.

What is a supplementary levy?

A supplementary levy is an additional levy that may be used to fund 'non-standard' infrastructure or costs.

The ICP system recognises that each development context is different in terms of size, location, scale and infrastructure requirements, and so a standard levy, by itself, may not always provide enough funding to deliver the basic and essential infrastructure a community needs. It also recognises that additional infrastructure is sometimes required to unlock the growth capacity of the area.

What is the difference between a standard levy and a supplementary levy?

The key differences between a standard levy and a supplementary levy are:

- The rate of the supplementary levy is based on the estimated cost of the specific infrastructure item being funded from the levy (rather than being a pre-determined rate) and so will vary depending on the infrastructure needs of the area.
- The requirements specified in the Ministerial Direction for including a supplementary levy must be met.
- More than one supplementary levy may be imposed by an ICP.

What can a supplementary levy fund?

The supplementary levy may only fund allowable items specified in the Ministerial Direction.

The supplementary levy is designed to fund:

- infrastructure that is 'non-standard' or that is too difficult to standardise
- infrastructure on land that has topographical, geographical, environmental or other physical conditions that require infrastructure to be constructed to unusual standards that involve costs over and above those capable of being funded from a standard levy.

A supplementary levy is not designed to cover variations in construction costs arising from different construction standards or delivery models.

A supplementary levy may fund infrastructure that is shared by more than one ICP. If a supplementary levy applies to two or more ICPs, the cost of the items being funded from the levy must be apportioned accordingly.

A supplementary levy can only be used to fund the specific items for which the levy was imposed (and which are specified in the ICP).

Indexation of levies

Annual indexing of standard and supplementary levies assists them to keep pace with changing infrastructure costs.

The PE Act requires that an ICP must specify the method and timing of annual indexation to be applied to:

- standard levy rates
- the estimated cost of each of the works, services or facilities to be funded from a supplementary levy.

To ensure indexation is consistent, the Ministerial Direction requires the annual indexation to:

- occur on 1 July of each financial year
- be in accordance with the method of annual indexation to be specified for of each type of levy in the applicable development setting.

The indexes specified in the Ministerial Direction have been chosen to closely reflect the type of infrastructure that may be funded from the levy.

The standard levy rates are indexed using the method specified in the Ministerial Direction on 1 July each year. The indexed rates are published at planning.vic.gov.au. The standard levy rates applied in an ICP are also required to be indexed annually so that they remain at the same level as the indexed rates in the Ministerial Direction.

Supplementary levies are indexed annually by the collecting agency using the method specified in the Ministerial Direction on 1 July each year. The indexed rates should be published on the collecting agency website.

Refer to Part C of the guidelines for more information about the specific methods of indexation that apply in each development setting.

What are works-in-kind?

Under section 46GX of the PE Act, a collecting agency may accept the provision of infrastructure by an applicant in part or full satisfaction of the monetary component of an infrastructure contribution. This is called 'works-in-kind' (WIK).

Before accepting WIK, the collecting agency must obtain the agreement of the relevant development agency specified in the approved ICP. This ensures the development agency has oversight of any decision by the collecting agency that may affect the timing or funding of infrastructure projects it must provide under the ICP.

There is no right of review if a collecting agency refuses to accept a WIK proposal.

WIK can benefit councils, infrastructure providers, developers and the community by enabling essential infrastructure to be constructed earlier than would otherwise be provided by the development agency.

WIK and local government procurement

The acceptance of WIK by a council does not amount to a contract. Therefore, the procurement requirements in sections 108 and 109 of the Local Government Act 2020 (LG Act) do not apply regardless of whether the threshold amounts in that section are reached. However, if a council enters into a contract with a developer to undertake further works on the council's behalf, the works may be subject to compliance with section 186 of the LG Act.

Allowable items

The Ministerial Direction specifies the plan preparation costs and basic and essential infrastructure that may be funded from a standard levy and/or a supplementary levy to provide certainty about what plan preparation costs and infrastructure may be funded through an ICP. These are referred to as 'allowable items'.

An ICP may only fund infrastructure and planning preparation costs that are specified as an allowable item in the Ministerial Direction. Plan administration costs and priority categories of works, services or facilities are not permitted in this development setting.

Allowable items of infrastructure can be new infrastructure, or upgrades or extensions to existing infrastructure.

Each development setting has its own list of allowable items of infrastructure that are essential to the health, safety or wellbeing of communities in that development setting.

Example:

In the Metropolitan Greenfield Growth Area development setting, the list of standard levy allowable items includes arterial roads, open space, active recreation facilities and community facilities.

If the scope of an infrastructure project exceeds the parameters set out in the allowable items list, the 'out-of-scope' works cannot be funded through the ICP.

An allowable item of infrastructure may be provided outside the ICP plan area if:

- the infrastructure is essential to the development of land within the ICP plan area
- the infrastructure is significant and is intended or expected, at least in part, to facilitate development opportunities in the ICP plan area
- if the infrastructure cannot reasonably be provided in the ICP plan area but is related to development in the ICP plan area.

Example:

An ICP may fund the redevelopment of an existing kindergarten outside of the ICP plan if its catchment will serve the development within the ICP plan area.

Standard levy and supplementary levy allowable items

The Ministerial Direction contains separate lists for allowable items that can be funded from a standard levy or a supplementary levy.

Unless the Ministerial Direction states otherwise, a standard levy may be used to fund supplementary levy allowable items if the total standard levy rate is not required to be used to fund the standard levy allowable items.

In the Metropolitan Greenfield Growth Area development setting, any surplus standard levy can be used to fund proposed supplementary allowable items if a reduction in the standard levy is not sought by the planning authority under section 46GI(2) of the PE Act. A supplementary levy can only be included to fund the estimated costs of supplementary levy items that cannot be funded

from the standard levy. An item may be part funded from the standard levy and part funded from the supplementary levy in order to ensure all of the standard levy is utilised.

Infrastructure categories

Allowable items will be specified for one of more of the following categories of basic and essential infrastructure:

- community and recreation infrastructure
- transport infrastructure
- drainage infrastructure
- State infrastructure.

A development setting may not include allowable items for each category and may specify other categories. For example, in the Metropolitan Greenfield Growth Area development setting drainage infrastructure is not an allowable item and State infrastructure cannot be funded from a standard levy where the Growth Areas Infrastructure Contributions applies.

Funding of costs

The Ministerial Direction may also provide that the costs associated with the provision of infrastructure may be funded from the monetary component, including:

- plan preparation costs (not exceeding 8 per cent of the standard levy)
- contingency amounts for constructing infrastructure
- financing costs associated with the early delivery of infrastructure projects
- infrastructure design costs
- establishment maintenance costs.

Recurrent costs, such as the costs of maintaining and operating facilities (beyond the establishment period), or costs associated with the administration of the ICP, cannot be funded through an ICP. Plan administration costs are permitted in Annexure 2 State-Led Infill Precincts and Annexure 3 SRL East Planning Area.

Plan preparation costs

Plan preparation costs are the reasonable costs and expenses incurred by a planning authority in preparing an ICP and any related precinct structure plan or strategic plan.

The Ministerial Direction specifies that no more than 8 per cent of the standard levy can be used to fund plan preparation costs.

While the costs must be incurred by a planning authority, this does not need to be the same planning authority that subsequently prepares an amendment to incorporate the ICP into the planning scheme.

Example:

If a council prepares an ICP but the Minister is subsequently the planning authority for the amendment to incorporate the ICP into the planning scheme, the council's plan preparation costs may be funded through the ICP.

The collection agency must transfer the plan preparation costs to the planning authority within five years of the first monetary component payment being made to the collecting agency.

Unpaid plan preparation costs are to be indexed on 1 July of each subsequent financial year following gazettal in accordance with the formula set out in Attachment 2 of Annexure 1 of the Ministerial Direction, using the Australian Bureau of Statistics Producer Price Index for Architectural, engineering and technical services (Catalogue 6427.0, Table 24, Output of the Professional, scientific and technical services industries, subdivision and class index numbers, Series ID A3343916F).

Developer-provided works

Unless an annexure to the Ministerial Direction specifies otherwise, an allowable item does not include the works, services or facilities that a developer of land normally provides on or to the land (for example, the provision of water, sewerage, energy or telecommunications infrastructure to service the development, or the provision of impact mitigation works).

Part C of the guidelines provides more information about the kinds of works that are normally provided by developers in different development settings.

Land component

The land component of an infrastructure contribution is any public purpose land that forms part of a parcel of land in an ICP plan area ('inner public purpose land') and any 'land equalisation amount' that relates to the parcel.

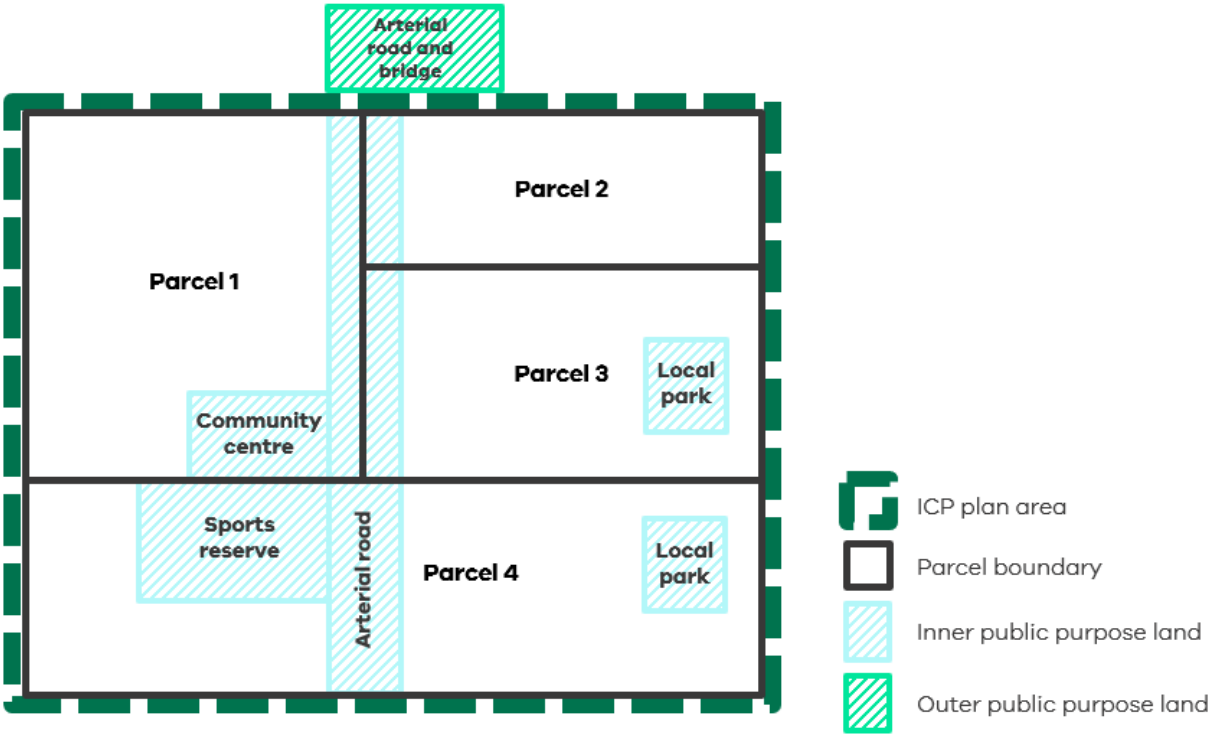
Land equalisation amounts are used to fund 'land credit amounts' and may also be used to fund the acquisition of public purpose land outside the ICP plan area ('outer public purpose land').

What is public purpose land?

Public purpose land is land to be used or developed for an allowable public purpose such as for public open space, community and recreation facilities, transport infrastructure or other infrastructure that is essential to the development of the ICP plan area.

It consists of inner public purpose land and outer public purpose land.

- **Inner public purpose land** is land within the ICP plan area that is to be set aside for public purposes. The land must be provided directly as part of an infrastructure contribution.
- **Outer public purpose land** is land outside of the ICP plan area that will be acquired for public purposes. The cost of acquiring this land is funded from land equalisation amounts. Outer public purpose land may be required for a range of public infrastructure that is essential and necessary to the development of a new community, such as bridge or road works.



Need for public purpose land

An ICP must relate the need for the provision of public purpose land under the plan to the proposed development of land in the ICP plan area.

An ICP will be preceded by, or prepared in conjunction with, a planning scheme amendment to incorporate a related precinct structure plan or strategic plan into the planning scheme. The precinct structure plan or strategic plan will set out the type, location, size and use of land required for public purposes and should relate the need for that land to the future development of the area.

Provided the ICP is consistent with the structure plan, this information can be set out in a summary form in the ICP.

From the precinct structure plan or strategic plan, the planning authority will:

- determine the land for public purposes required, both inside the ICP plan area and outside the ICP plan area
- identify the type, location, area (size) and use of public purpose land to be provided or funded through the ICP.

During the planning scheme amendment process for a precinct structure plan or strategic plan, affected landowners can review the plan and make submissions about the type, location, size and use and need for the identified public purpose land. If the planning authority does not accept a landowner's submission, the landowner has a right to be heard by an independent planning panel.

What is the land contributions model?

The land component of an infrastructure contribution is based on the principle that all landowners under an ICP should contribute equally to the provision of public purpose land. However, inner public purpose land is usually not evenly distributed throughout the ICP plan area. Some parcels of land include a greater proportion of inner public purpose land than other parcels, which means that some landowners are more impacted than others. To address this issue, the ICP system includes a land contributions model to ensure the provision of public purpose land is fair and proportionate for all landowners within the ICP plan area.

Under the land contributions model, landowners who contribute a greater percentage of their land for public purposes are compensated by the landowners who contribute a lesser percentage of their land for public purposes. This is done by requiring each landowner who 'underprovides' inner public purpose land to pay a land equalisation amount, which is used to fund:

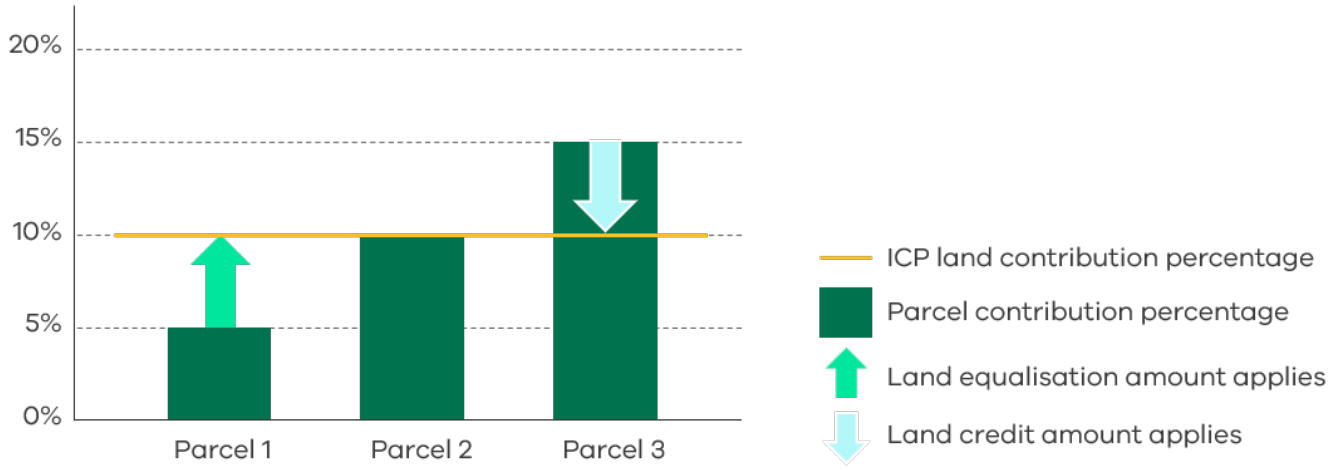
- the payment of a land credit amount to each landowner that 'overprovides' inner public purpose land
- the acquisition of any outer public purpose land.

This is how the land contributions model equalises the provision of public purpose land across all landowners. To determine whether a landowner is entitled to a land credit amount or will be required to pay a land equalisation amount, the following steps are followed:

1. The **ICP land contribution percentage** is calculated for each class of development by dividing the total area of the public purpose land (both inner and outer public purpose land) attributable to the class of development by the total area of the contribution land (which includes any inner public purpose land) in the ICP plan area in that class of development.

2. The **parcel contribution percentage** is calculated for each parcel of land by dividing the total area of inner public purpose land in a parcel by the area of contribution land in that parcel (which includes any inner public purpose land in the parcel).
3. The parcel contribution percentage of each parcel of land is compared to the ICP land contribution percentage for the class of development that is permissible in that parcel:
    - If the parcel contribution percentage for a parcel is less than the relevant ICP land contribution percentage, the land component of the landowner's infrastructure contribution will include a land equalisation amount and any inner public purpose land in the parcel.
    - If the parcel contribution percentage for a parcel is more than the relevant ICP land contribution percentage, the landowner is entitled to be paid a land credit amount and must provide the inner public purpose land in their parcel.
    - If the parcel contribution percentage for a parcel is equal to the relevant ICP land contribution percentage, the landowner only provides the inner public purpose land in their parcel and is not required to pay a land equalisation amount and is not entitled to a land credit amount.

More guidance on doing these calculations is provided in Part B of the guidelines.



How is public purpose land attributed to different classes of development?

An ICP land contribution percentage is calculated for each class of development because the need for public purpose land generated by development in a class may vary. For example, the need for land to construct a kindergarten may be generated by residential development but not by commercial and industrial development in the ICP plan area. In that case, 100 per cent of the area of that public purpose land would be attributed to the residential class of development in the calculation of the ICP land contribution percentage.

However, the need for public purpose land (both inner and outer public purpose land) may be generated by more than one class of development. For example, inner public purpose land may be required for a road that serves all classes of development in the ICP plan area. The location of that inner public purpose land within a parcel of land does not necessarily mean that the need for that public purpose land is generated solely by development in that parcel.

The planning authority must determine how public purpose land is to be allocated to the different classes of development specified in the ICP based on need. The basis for the determination must be set out in the ICP. For example, the land could be allocated proportionally between classes (for example, 30/70 or 50/50 for two classes; 30/30/40 for three classes), based on a planning judgement about the extent to which the need for that road arises in each development class.

How are land credit amounts and land equalisation amounts calculated?

If a landowner is entitled to a land credit amount, the amount the landowner receives is based on the estimated value of the inner public purpose land in their parcel of land.

The methods for calculating the land equalisation amounts and land credit amounts are specified in the Ministerial Direction, as are the methods for estimating the values of inner public purpose land and outer public purpose land. More information about these methods is provided in the following section.

Adjustment of land credit amounts and land equalisation amounts

To ensure that land credit amounts and land equalisation amounts keep pace with changing land values, they must be adjusted in accordance with the timing and methods specified in the Ministerial Direction.

Early acquisition of inner public purpose land

There may be circumstances where a collecting agency or development agency needs to acquire inner public purpose land before the owner of that land is ready to develop. For example, to support development on surrounding land, inner public purpose land may need to be acquired early to enable the construction of a road to provide access to the development.

Section 172D of the PE Act enables a collecting agency or development agency to compulsorily acquire inner public purpose land before the time that the land would otherwise be required to be provided under the PE Act.

Compulsory acquisition must be undertaken in accordance with the Land Acquisition and Compensation Act 1986 (LAC Act). However, Division 1A of Part 9 of the PE Act includes provisions regarding the amount of compensation payable under the LAC Act for compulsory acquisition of inner public purpose land. More information about compulsory acquisition of inner public purpose land is provided in Part B of the guidelines.

Acquisition of outer public purpose land

Outer public purpose land will be acquired by the relevant development agency with the agreement of the landowner or by compulsory acquisition. Compulsory acquisition (including valuation of land and calculation of compensation) must be undertaken in accordance with the requirements of the LAC Act.

Can the value of land credit amount or land equalisation amount be disputed through the planning scheme amendment process?

No. Under section 22(5)(a) of the PE Act, a planning authority must not consider a submission to a planning scheme amendment that requests a change to any land credit amount or land equalisation amount.

However, the estimated value of inner public purpose land (on which the value of the land credit amount is based) can be disputed through a separate process detailed below.

Can land equalisation amounts be used to fund the provision of infrastructure?

Land equalisation amounts cannot be used to fund the provision of infrastructure or plan preparation costs. They can only be used to fund land credit amounts and the acquisition of any outer public purpose land.

Can the monetary component be used to fund land credit amounts or the acquisition of outer public purpose land?

No. The monetary component of an infrastructure contribution cannot be used to fund land credit amounts or the acquisition of public purpose land. It can only be used to fund the provision of allowable items of infrastructure and plan preparation costs.

Public open space contributions

The mechanism under which a landowner may be required to contribute land for public open space can vary in different development settings. Section 46GJ(2)(u) of the PE Act and section 18(1AB) of the Subdivision Act 1988 enable the Minister for Planning to require contributions toward public open space to be provided under an approved ICP and not under section 18 of the Subdivision Act 1988. The Minister does this by specifying in the Ministerial Direction whether section 18(1AB) of the Subdivision Act 1988 applies to a specific development setting.

Example:

Annexure 1 to the Ministerial Direction specifies that 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. If an ICP applies to land in this development setting, section 18 *Subdivision Act 1988* and Clause 53.01 of the planning scheme cannot also be used to impose a public open space contribution.

If the Ministerial Direction does not specify that section 18(1AB) of the Subdivision Act 1988 applies, a public open space contribution requirement may be imposed under section 18 of the Subdivision Act 1988 or Clause 53.01 of the planning scheme.

Estimating the value of public purpose land

How is the value of inner public purpose land estimated?

Division 4 of Part 3AB of the PE Act specifies a valuation and dispute resolution process that must be followed for estimating the value of inner public purpose land and resolving disputes about the estimated value.

A planning authority must not adopt an amendment to incorporate an ICP into a planning scheme unless the land credit amounts and land equalisation amount specified in the plan are based on the estimated values of inner public purpose land provided in accordance with the valuation and dispute resolution process.

The value of inner public purpose land is only estimated if the landowner is entitled to a land credit amount (that is, where the parcel contribution percentage is more than the relevant ICP land contribution percentage).

The key steps in the valuation and dispute resolution process are as follows:

1. The planning authority must arrange for a valuer to prepare a report containing an estimate of the inner public purpose land. The valuation must be prepared in accordance with the method specified in the Ministerial Direction.
2. The planning authority must give the landowner notice of:
    - the estimated value of the inner public purpose land
    - the estimated land credit amount (calculated in accordance with the Ministerial Direction).
3. The landowner may make a submission objecting to the estimated value. The submission must include an estimate of the value of the inner public purpose land prepared by a valuer using the same methodology specified in the Ministerial Direction.
4. The planning authority must consider the submission and decide whether to accept or reject the landowner's estimate. This should be done in consultation with the planning authority's valuer.
5. If the planning authority rejects the landowner's estimate, it must refer the matter to the Valuer-General Victoria (VGV) for determination. The VGV holds a conference to seek agreement between the planning authority's valuer and the landowner's valuer on the estimated value. If agreement cannot be reached, the VGV determines the estimated value. The VGV sets a fee for the conference which is shared equally between the planning authority and the landowner.

More information about the valuation and dispute resolution process is provided in Part B of the guidelines.

How is the value of outer public purpose land estimated?

The Ministerial Direction requires the estimated value of outer public purpose land to be calculated in accordance with Part 4 of the Land Acquisition and Compensation Act 1986 (unless a different procedure and method is specified in an annexure to the Direction).

Adjustment of public purpose land values

If an ICP imposes an infrastructure contribution that includes a land component, both the estimated values of any inner public purpose and any outer public purpose land must be adjusted in accordance with the procedure and method specified in the Ministerial Direction.

Can the estimated value of public purpose land be disputed through the planning scheme amendment process?

No. Under section 22(5)(b) of the PE Act, a planning authority must not consider a submission to a planning scheme amendment that requests a change to any estimate of the value of public purpose land.

Allowable public purposes

The Ministerial Direction specifies 'allowable public purposes' to provide certainty about the purposes for which public purpose land may be used or developed.

Land to be provided or acquired for public purposes through an ICP may only be used and developed for an allowable public purpose.

An ICP must specify the types of public purposes for which inner public purpose land and outer public purpose land may be used and developed.

Each development setting specified in the Ministerial Direction has its own list of allowable public purposes.

Public purpose categories

Allowable public purposes will be specified for one or more of the following categories:

- public open space
- community and recreation facilities
- transport infrastructure
- drainage
- other infrastructure that is essential to the development of the ICP plan area
- State infrastructure.

Collecting agencies and development agencies

Collecting agencies and development agencies play a key role in the operation of the ICP system.

Their responsibilities are specified in Division 6 and 7 of Part 3AB of the PE Act.

Their various activities are summarised below.

Collecting agency	Development agency
– Receives infrastructure contributions from landowners (both monetary component and land component, except for inner public purpose land for a road). – Transfers collected levies to one or more development agencies.	– Receives the monetary component of the infrastructure contribution from the collecting agency and uses it to deliver infrastructure. – Receives any inner public purpose land to be used for a road directly from the landowner. – Receives all other inner public purpose land from the collecting agency and uses and develops it in accordance with the ICP. – Acquires any outer public purpose land specified in the ICP (using land equalisation amounts paid to the collecting agency for that purpose).
– May accept WIK in part or full satisfaction of the monetary component (subject to agreement of the development agency).	– Receives WIK provided to collecting agency.
– Pays any land credit amounts.	
– Reports regularly to the Minister on any: o infrastructure contribution provided o WIK accepted o any land credit amounts paid.	– Reports regularly to the Minister on: o the expenditure of any monetary components forwarded by the collecting agency o the use and development of any inner public purpose land vested in, acquired by or transferred to, the development agency o the use made by the development agency of any WIK o the expenditure of any land equalisation amounts paid o or forwarded to the development agency o the use and development of any outer public purpose o land acquired by the development agency.

Part B – Implementing an ICP

Preparing an ICP

Matters that must be specified in an ICP

Section 46GI(1) of the PE Act sets out the matters that must be specified in an ICP. An ICP must specify those matters clearly and transparently (using the same terms).

The ICP must also specify any other matters required by the Ministerial Direction. Some of the matters required to be specified by section 46GI(1) will be specified in the Ministerial Direction, for example the standard levy rate and methods of indexation.

The key matters that must be specified in an ICP are summarised below:

General

- The **ICP plan area**. This may be by a written description or by a plan or map. The ICP should also identify the development setting within which the land is located.
- The **contribution land** in the ICP plan area.
- The **classes of development of land** for which an infrastructure contribution is to be imposed under the ICP. Usually these will be the same as the classes of development for which a standard levy rate is specified in the Ministerial Direction. Specification of classes of development should be clear and consistent throughout the ICP.
- The **collecting agency**.
- One or more **development agencies** responsible for infrastructure and public purpose land under the ICP.

Infrastructure items

The plan preparation costs and the infrastructure to be funded from a **standard levy** (these must be allowable items specified in the Ministerial Direction).

- For any **supplementary levy** imposed under the ICP:
    - the infrastructure to be funded from the levy
    - the amount of the plan preparation costs and the estimated cost of each item of infrastructure to be funded from the levy (these must be allowable items specified in the Ministerial Direction)
    - the proportion of the total preparation costs and infrastructure to be funded from the levy.
- The **staging** of the provision of the infrastructure. The timing can be based on a year, an event or a threshold linked to the development of the area.
- Relate the **need** for the plan preparation costs and infrastructure to the proposed development of land in the ICP plan area. Most of this information will be contained in the precinct structure plan or strategic plan for the area. Provided the ICP is consistent with that plan, a brief statement or summary in the ICP about how it implements the precinct structure plan or strategic plan is sufficient.

Public purpose land

- Any **inner public purpose land** to be provided under the ICP.
- Any **outer public purpose land** to be provided through the ICP.
- The **types of public purposes** for which inner public purpose land and outer public purpose land may be used and developed (these must be **allowable public purposes** specified in the Ministerial Direction).
- The **staging** of the provision of public purpose land. The timing can be based on a year, an event or a threshold linked to the development of the area. This should include identification of inner public purpose land that may need to be secured by compulsory acquisition earlier than it would otherwise be required to be provided by the landowner following the grant of a planning permit to develop the land.
- Relate the **need** for the provision of public purpose land under the ICP to the proposed development of land in the ICP plan area. Most of this information will be contained in a precinct structure plan or strategic plan for the area. Provided the ICP is consistent with that plan, a brief statement or summary in the ICP about how it implements the precinct structure plan or strategic plan is sufficient.

Land component

- The **ICP land contribution** percentage for each class of development.
- The **parcel contribution percentage** for each parcel of land in the ICP plan area.
- The **land credit amount** or **land equalisation amount** that applies to each parcel of land in the ICP plan area. These amounts will be calculated in accordance with the methods specified in the Ministerial Direction and based on the estimated value of inner public purpose land determined through the **valuation and dispute resolution process** and the estimated value of any outer public purpose land.

Monetary component

- A standard levy rate for each class of development of land. The standard levy rate(s) must be the applicable rate specified in the Ministerial Direction (as indexed).
- The **supplementary levy rate** for each class of development of land. The ICP should also set out how the supplementary levy is calculated from the rate. If the ICP is applying more than one supplementary levy (for example, a levy for a road bridge and a separate levy for an arterial road intersection), the ICP must specify how the total supplementary levy payable is calculated.

Indexing and adjustments of rates and amounts

- The relevant timing and methods of annual indexation or adjustment (as applicable) to be applied to:
    - estimated values of inner public purpose and outer public purpose land
    - the land credit amounts and land equalisation amounts
    - standard levy rates
    - estimated cost of each of the works, services or facilities to be funded from a supplementary levy

– The timings, procedure and methods of indexing and adjustments are specified in the Ministerial Direction.

A checklist of all the matters that must be specified in an ICP is included in Appendix A.

Collection of infrastructure contributions

An ICP may specify the time within which the monetary component and any land equalisation amount is to be paid (see section 46GV(3)(a) of the PE Act).

An ICP should also set out an alternative procedure for collecting the infrastructure contribution when it has been triggered by an application for a building permit.

Preparing an ICP across municipal boundaries

Although an ICP may cover land in two or more municipalities, this should be avoided where possible.

An ICP that crosses municipal boundaries will require ongoing cooperation and coordination between the affected councils (and potentially more complex administrative arrangements) to ensure that infrastructure contributions are provided and spent appropriately, and the infrastructure is delivered.

Matters that the councils will need to agree on include:

– infrastructure costs and staging

– infrastructure contribution collection and sharing arrangements

– sharing of costs of delivery and management

– loan servicing arrangements and the bearing of financial risk where relevant.

The ICP must clearly set out each council's obligations and commitments and procedures for the ongoing monitoring and financial management of the ICP.

Steps for preparing an ICP

The following table sets out the step-by-step process for preparing an ICP.

Step 1 **Determine the strategic justification and infrastructure need**	– Determine and document the strategic justification for applying the ICP. – Define the ICP plan area. – Determine the type, scale and characteristics of the existing and proposed development planned to occur in the ICP plan area during the proposed life of the ICP. – Determine the type, scope and standard of infrastructure and public purpose land to be funded or provided through the ICP. – Set out how the works, services or facilities and relevant land acquisitions to be funded through the plan may serve or otherwise support or facilitate the development of land in the ICP plan area. – Determine a timeframe for the ICP.
Step 2 **Determine the land component**	– Calculate the ICP land contribution percentage for each class of development. – Calculate the parcel contribution percentage for each parcel of land in the ICP plan area. – Determine which parcels of land will be entitled to receive a land credit amount and which will be required to pay a land equalisation amount. – Estimate the value of inner public purpose land for parcels that are entitled to a land credit amount and undertake the valuation and dispute resolution process. – Estimate the value of any outer public purpose land to be funded through the ICP. – Calculate the land equalisation amounts and any land credit amounts based on the estimated public purpose land values.
Step 3 **Determine the monetary component**	– Estimate the cost of infrastructure projects to determine whether the standard levy can be lowered or a supplementary levy is required. – If necessary, identify whether there are any supplementary allowable items requiring a supplementary levy. – Consider and address the requirements for including a supplementary levy (if applicable). – If a supplementary levy is required, calculate the supplementary levy rate.
Step 4 **Draft and incorporate the ICP through a planning scheme amendment**	– Ensure the ICP meets the requirements of the PE Act and Ministerial Direction and contains all the required information. – Determine the planning scheme amendment process that will be used to incorporate the ICP into the planning scheme. – Prepare a planning scheme amendment to incorporate the ICP into the planning scheme and apply the Infrastructure Contributions Overlay to the ICP plan area. – Commence the implementation and administration of the ICP when the ICP is incorporated into the planning scheme.

Step 1 – Determine the strategic justification and infrastructure need

An ICP must be strategically justified and linked to the planning policy framework in the planning scheme. A planning authority must be able to demonstrate that:

- the area is undergoing, or is planned to undergo, growth or change
- the new or upgraded infrastructure and public purpose land to be funded through the ICP may serve or otherwise support or facilitate the development of land in the ICP area
- the infrastructure and public purpose land to be funded or provided through the ICP is basic and essential to the health, safety or wellbeing of the community
- the cost of infrastructure is fairly and equally distributed
- the ICP has a reasonable timeframe.

The strategic justification should contain enough detail to enable stakeholders to understand why the proposed development of land in the ICP plan area generates the need for the infrastructure and public purpose land, and why the standard of infrastructure and location and area of public purpose land is appropriate.

In most cases, a precinct structure plan or strategic plan will contain all the strategic justification necessary for preparing an ICP. It is not necessary for an ICP to repeat that strategic justification in full. A brief statement or summary in the ICP about how it implements the precinct structure plan or strategic plan is enough.

The precinct structure plan or strategic plan will also contain other information relevant to the preparation of the ICP, including:

- the area covered by the plan (which will guide the ICP plan area)
- the type, scale and characteristics of the existing and proposed development planned to occur in the area
- the type, scope and standard of infrastructure and public purpose land required and how the need for that infrastructure and land relates to the proposed development of land in the ICP plan area.

Timeframe

The timeframe for an ICP should not exceed 25 to 30 years. If the time frame is not reasonable, new development in the early years will be paying for infrastructure that will not be delivered until many years later. This is inequitable and unreasonable.

Specifying infrastructure items

An ICP must identify the infrastructure and plan preparation costs to be funded from a standard levy and supplementary levy. The infrastructure must:

- be selected from the allowable items specified in the Ministerial Direction
- comply with all other requirements in the Act and Ministerial Direction
- be identified in a strategic plan as infrastructure that is required to service the whole community in the future
- serve or otherwise support or facilitate the development of the new development to be levied.

If an infrastructure project is being funded from a supplementary levy, it must be fully costed and the costs fairly apportioned.

The type, scope, standard and staging of infrastructure to be funded must be specified in the ICP. The ICP should:

- briefly describe each item of infrastructure
- show the location of each item
- set out the staging of provision of each item
- specify the proportion of the item's cost being funded through the ICP
- set out any other sources of funding for the item where required.

Specifying public purpose land

The type, location, size (area) and use and development of the public purpose land must also be specified in the ICP.

Public purpose land can only be used and developed for an allowable public purpose specified in the Ministerial Direction.

If the ICP is preceded by or prepared in conjunction with a planning scheme amendment to incorporate a related precinct structure plan or strategic plan into the planning scheme, this information should be specified in the precinct structure plan or strategic plan. If not, the planning authority will need to first determine the public purpose land that will be required for the future development of land in the ICP plan area.

Step 2 – Determine the land component

Step 2.1 – Calculate the ICP land contribution percentage and the parcel contribution percentages

The **ICP land contribution percentage** is calculated for each class of development using this formula:

$$\boldsymbol{LCP} = \left(\frac{\boldsymbol{TPPL}}{\boldsymbol{TCL}}\right) \times \frac{\mathbf{100}}{\mathbf{1}}$$

Where:

LCP is the ICP land contribution percentage for the class of development

TPPL is the total area of the public purpose land specified in the ICP attributable to that class of development

TCL is the total area of the contribution land* within the ICP plan area of the ICP in that class of development.

The **parcel contribution percentage** is calculated for each parcel of land in the ICP plan area using this formula:

$$PCP = \left(\frac{TIPPL}{TCL}\right) \times \frac{100}{1}$$

Where:

PCP is the parcel contribution percentage

TIPPL is the total area of inner public purpose land to be set aside in the parcel

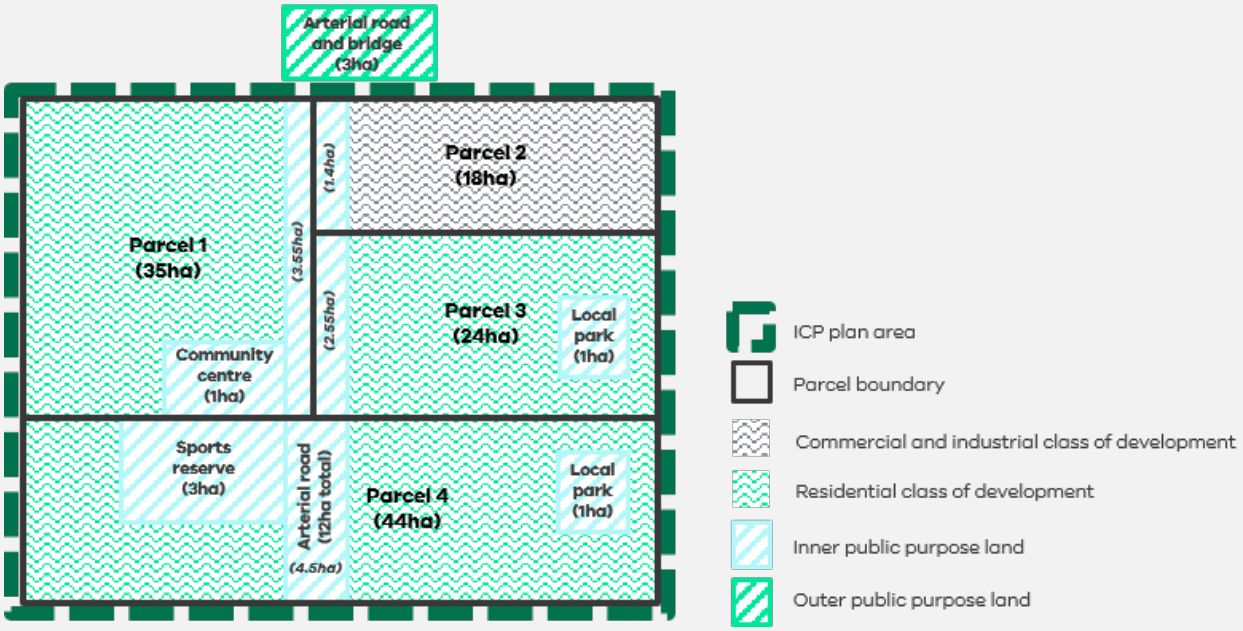
TCL is the total area of the contribution land* in the parcel

* Contribution land includes inner public purpose land.

Example:

In this example:

- there are four parcels of land within the ICP plan area with 35ha, 18ha, 24ha and 44ha of contribution land, respectively (which includes the area of inner public purpose land in each parcel)
- there are two classes of development – residential, and commercial and industrial – which are 85.12 per cent and 14.88 per cent of the contribution land within the ICP plan area, respectively
- inner public purpose land is to be used and developed for a community centre, sports reserve, local parks and an arterial road
- outer public purpose land is to be used and developed for an arterial road and bridge.



ICP land contribution percentage calculations

If the ICP includes more than one class of development, it is necessary to attribute the inner public purpose land and outer public purpose land to the need created by development in each class. In this example:

- The need for the inner public purpose land for community and recreation (community centre, sports reserve and local parks) is generated by the residential development of land in the ICP plan area and so 100 per cent of that inner public purpose land is attributed to the residential class of development.
- The need for the inner public purpose land for transport purposes and the outer public purpose land (arterial road and bridge) is generated proportionately by the area of development in each class. This means that the public purpose land is attributed based on the percentage of contribution land in the ICP plan area that is in each class of development:
    - 85.12 per cent of the contribution land is in the residential class of development
    - 14.88 per cent of the contribution land is in the commercial and industrial class of development.

The following table sets out the public purpose land attributed to each class of development (using the above percentages) and the ICP land contribution for each class of development.

Class of development	Area contribution land (ha)	IPPL[1] (ha): Community / recreation	IPPL[1] (ha): Transport	OPPL[2] (ha)	Total public purpose land (ha)	ICP land contribution percentage
Residential	103	6	10.60	2.55	19.15	18.60%
Commercial and industrial	18	–	1.40	0.45	1.85	10.26%
Total area	121	6	12	3	21	

Notes to table:

[1]IPPL = inner public purpose land

[2]OPPL = outer public purpose land

Using the formula set out above, the ICP land contribution percentages are calculated as follows:

Residential: $\left(\frac{19.15}{103}\right) \times \frac{100}{1} = \mathbf{18.60\%}$

Commercial and industrial: $\left(\frac{1.85}{18}\right) \times \frac{100}{1} = \mathbf{10.26\%}$

Parcel contribution percentage calculations

The following table sets out parcel contribution percentage for each parcel of land in the ICP plan area calculated in accordance with the formula set out above.

The parcel contribution percentages for parcels 1, 2 and 3 are less than the ICP land contribution percentage for the applicable class of development.

The land component of the infrastructure contributions that will be imposed when those parcels are developed will include a land equalisation amount.

The parcel contribution percentage of parcel 4 is more than the ICP land contribution percentage. The owner of this parcel will be entitled to a land credit amount when the parcel is developed.

The table also shows the number of hectares above or below the ICP land contribution percentage for each parcel of land. The calculation of the land credit amount and land equalisation amount will be based on these numbers.

Parcel	Class of Development	Area of contribution land (ha)	IPPL (ha)		Total IPPL (ha)	Parcel contribution percentage[1]	ICP LCP[2] (ha)	Hectares over (ha)	Hectares under (ha)
			Community / recreation	Transport					
1	Residential	35	1	3.55	4.55	13%	6.51		1.96
2	Commercial & industrial	18	-	1.40	1.40	7.78%	1.85		0.45
3	Residential	24	1	2.55	3.55	14.79%	4.46		0.91
4	Residential	44	4	4.50	8.50	19.32%	8.18	0.32	
						OPPL:		3.00	
						Total area[3]:		3.32	3.32

Notes to table:

[1]Using the formula set out above, the parcel contribution percentage for each parcel of land is calculated as follows:

Parcel 1: $\left(\frac{4.55}{35}\right) \times \frac{100}{1} = 12.39\%$

Parcel 2: $\left(\frac{1.40}{18}\right) \times \frac{100}{1} = 7.78\%$

Parcel 3: $\left(\frac{3.55}{24}\right) \times \frac{100}{1} = 14.79\%$

Parcel 4: $\left(\frac{8.50}{44}\right) \times \frac{100}{1} = 19.32\%$

[2]This is the number of hectares for each parcel that would be equal to the relevant ICP land contribution percentage. It is calculated by multiplying the area of contribution land in each parcel by the relevant ICP land contribution percentage.

[3]If the ICP does not include OPPL, the total number of 'hectares over' should be equal to the total number of 'hectares under'. If the ICP does include OPPL, the total number of 'hectares over' plus the area of OPPL should be equal to the total number of hectares under.

Step 2.2 – Estimate the value of public purpose land

Inner public purpose land

If the parcel contribution percentage of a parcel of land is more than the ICP land contribution percentage for the class of development that may be carried out on the land, this is a land credit parcel. An estimate of the value of the inner public purpose land in any land credit parcel must be determined in accordance with the valuation and dispute resolution process set out in Division 4 of Part 3AB of the PE Act.

Once the estimated value has been determined under this process, it will be used to calculate the land credit amount that a landowner receives. The estimate of the value itself does not form part of the ICP.

Valuer's estimate of the value of the inner public purpose land

The planning authority must arrange for a valuer to prepare a report containing an estimate of the value of any inner public purpose land in the parcel of land.

In accordance with section 46GN(3) of the PE Act, the valuer must be a Certified Practising Valuer with the Australian Property Institute.

The valuer must use the methodology specified in the applicable annexure to the Ministerial Direction to estimate the value of the land. Sales data evidence used by a valuer should be:

- derived from sales within the relevant growth region or comparable area for the previous six to 12 months
- based on sales comparable to the type of development that will occur within the ICP plan area.

If only limited sales data is available, data that is up to two years old may be used.

Notice to affected owners

The planning authority must give a notice to each owner of a parcel of land if the inner public purpose land in that parcel is required to be valued (an ***affected owner***). A notice must also be given to the collecting agency.

The notice must comply with any requirements in the Ministerial Direction and must include the information specified in section 46GO(2) of the PE Act:

- The estimated value per hectare (or other appropriate unit of measurement) of the inner public purpose land in the parcel of land.
- The estimated land credit amount, calculated in accordance with the Ministerial Direction, which the affected owner will be entitled to be paid.
- A statement that the affected owner may make a submission under section 46GQ of the PE Act to the planning authority and the date by which the submission must be made.

The information provided to a landowner should also include:

- an explanation of why the notice has been given
- the total amount of inner public purpose land in the parcel required to be set aside for public purposes
- the amount of inner public purpose land in the parcel that is being provided above the ICP land contribution percentage
- the method set out in the Ministerial Direction that is used to calculate the estimated value

– a summary of the process set out in Division 4 of Part 3AB of the PE Act for resolving disputes about the estimated value.

Objecting to the estimated value

An affected owner who is given a notice under section 46GO of the PE Act may make a written submission to the planning authority objecting to the estimated value included in the notice.

The submission must include the information specified in section 46GQ of the PE Act:

– The reasons for making the submission.

– An alternative estimate of the value per hectare (or other appropriate unit of measurement) of the inner public purpose land prepared by a valuer engaged by the affected owner. The valuer must use the same methodology that was used by the planning authority's valuer.

– A copy of the valuer's report and any other information stated in the notice to accompany the submission.

A submission must be made to the planning authority no later than one month after the date on which the notice is given to the affected owner.

Only the affected owner can make a submission and object to the estimated value.

Resolving a dispute about the estimated value

The planning authority must consider every submission made by the closing date included in the notice. This should be done in consultation with the planning authority's valuer.

The planning authority may consider a late submission and must consider a late submission if directed by the Minister.

A planning authority may accept or reject the estimate of the value in the affected owner's submission. If the planning authority rejects the estimate, it must refer the matter to the VGV for resolution.

The planning authority must notify the affected owner of the rejection and that the matter has been referred to the VGV.

If a matter is referred to the VGV, the VGV must arrange for a conference attended by the VGV, the planning authority's valuer and the affected owner's valuer.

The VGV may fix a fee for arranging and attending the conference, half of which must be paid by the affected owner, and half of which must be paid by the planning authority.

If the two valuers reach agreement on the estimated value, the VGV must give written confirmation of that agreement to the affected owner and the planning authority.

If the two valuers cannot reach agreement on the estimated value, the VGV must make a determination as to the estimated value within 15 business days after the date on which the conference ends. The estimated value determined by the VGV must then be used in the preparation of the ICP. The VGV must give written notice of the determination to the affected owner and the planning authority.

Outer public purpose land

If an ICP will also fund the acquisition of outer public purpose land, the planning authority must appoint a valuer to calculate the estimated value of that land.

The estimated value must be calculated in accordance with Part 4 of the LAC Act, unless a different procedure and method is specified in the applicable annexure to the Ministerial Direction.

Step 2.3 - Calculate the land credit amounts and the land equalisation amounts

Land credit amounts and land equalisation amounts must be calculated in accordance with the methods specified in the applicable annexure to the Ministerial Direction.

The following example uses the methods specified for the Metropolitan Greenfield Growth Area development setting in Annexure 1 to the Ministerial Direction.

Example:

Land credit amount

The land credit amount for a parcel of land is calculated by multiplying the per hectare rate of the estimated value of the inner public purpose land in that parcel by the number of hectares of that inner purpose land that is over the ICP land contribution percentage.

In this example:

- parcel 4 (from the example in step 2.1 above) includes 8.5 hectares of inner public purpose land
- if the estimated value of those 8.5 hectares is $15,000,000, the per hectare rate is $1,764,706 per hectare (rounded to the nearest dollar).
- parcel 4 'overprovides' 0.32 hectares
- the **land credit amount** is: 0.32 x $1,764,706 = **$560,874** (rounded to the nearest dollar).

Examples are also included in the Ministerial Direction.

Land equalisation amount

For each parcel of land for which a land equalisation amount must be provided, the amount is 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:

LEA = LEA rate ($/ha) x area (area (ha) of inner public purpose land within the parcel that is below the ICP land contribution percentage

The 'land equalisation amount rate' is calculated by:

1. Adding the sum of all land credit amounts payable in the ICP plan area (for all classes of development) and the estimated value of any outer public purpose land.
2. Dividing the amount calculated in step 1 by the sum of the area of 'under provided' inner public purpose land (in hectares) for each parcel of land with a parcel contribution percentage that is less than the ICP land contribution percentage.

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

For example, parcels 1, 2, and 3 (from the example in step 2.1 above) 'under provide' 1.92, 0.45 and 0.91 hectares of inner public purpose land, respectively. If the value of the 3 hectares of outer public purpose land is $5,000,000, the land equalisation amount rate would be calculated as follows:

$$\text{LEA rate} = \frac{\$560,874 + \$5,000,000}{1.96+0.45+0.91} = \$1,764,705.88 \text{ per hectare}$$

The land equalisation amount for each parcel is as follows:

Parcel 1 LEA:	LEA rate x 1.96	=	$3,282,636.01
Parcel 2 LEA:	LEA rate x 0.45	=	$747,992.94
Parcel 3 LEA:	LEA rate x 0.91	=	$1,530,245.36
Total LEAs		=	$5,560,874

The sum of all land equalisation amounts should equal the sum of all land credit amounts and the estimated value of any outer public purpose land.

The land equalisation amount can then be divided by the number of net developable hectares (NDH) in the parcel to calculate a payment rate as follows:

Parcel 1:	$3,282,636.01 ÷ 30.45ha	=	$107,804.14 per hectare
Parcel 2:	$747,992.94 ÷ 16.60ha	=	$45,059.82 per hectare
Parcel 3:	$1,530,245.36 ÷ 20.45ha	=	$74,828.62 per hectare

The payment rate can be used for determining the staged payment of the land equalisation amount when a development of the parcel is staged. For example, if the first stage of a staged subdivision in Parcel 1 includes 10 net developable hectares, the first stage payment of the land equalisation amount would be $1,078,041.38. ($107,804.14 x 10 hectares).

Step 3 – Determine the monetary component

An ICP must specify which kind of levy (standard and/or supplementary) will be used to fund the infrastructure specified in the plan.

If an ICP applies a standard levy, the planning authority must select the standard levy rates specified in the Ministerial Direction for the applicable development setting and class of development of land and class of infrastructure being funded.

If the planning authority is considering applying a supplementary levy, it must consider and meet the requirements in the Ministerial Direction, estimate the cost of the infrastructure that will be funded from the levy, and calculate the supplementary levy rate.

Estimating the cost of infrastructure

If an ICP only applies a standard levy, the cost of the infrastructure that will be funded from the levy does not need to be estimated. However, a planning authority may include costings in an ICP to guide WIK negotiations under section 46GX of the PE Act.

If an ICP applies a supplementary levy to fund infrastructure that can be funded from a standard levy and a supplementary levy, the planning authority must:

- estimate the cost of the infrastructure to be funded from a supplementary levy
- demonstrate that the infrastructure to be funded from the supplementary levy cannot be wholly or partially funded from the standard levy. This is usually done by estimating the cost of all infrastructure to be funded from a standard levy.

Example:

In the Metropolitan Greenfield Growth Area development setting, before a planning authority decides to apply a supplementary levy to fund an arterial road bridge (which is an allowable item for both the standard levy and a supplementary levy), it must estimate the cost of all infrastructure projects to be funded from the standard levy to determine whether the bridge can be wholly or partially funded from the standard levy.

If the infrastructure is an allowable item that can only be funded from a supplementary levy, only the cost of that infrastructure needs to be estimated. There is no need for the planning authority to estimate the cost of infrastructure to be funded from a standard levy.

Apportioning infrastructure costs

If an ICP imposes a standard levy for a particular class of development, the levy applies to all development in that class in the ICP plan area.

If a standard levy allowable item is located on the edge of the plan area, adjacent to another plan area, the cost of the item should be shared between the two areas based on need, nexus and equity. Each ICP should set out the proportion of the item being funded from the standard levy imposed by that plan.

Where a supplementary levy is proposed, the ICP plan area should be carefully chosen so that the supplementary levy rate applies across the whole of the plan area and external apportionment of infrastructure costs is avoided or minimised.

In general, external apportionment of the cost of a supplementary levy allowable item should only be required where the project is located on the edge of the ICP plan area and the need for that infrastructure is also generated by development outside the plan area.

When preparing an ICP, planning authorities should check whether an existing development contributions plan or ICP imposes contributions to partially fund an infrastructure item within the proposed ICP plan area.

If the cost of an infrastructure item is to be apportioned, the responsible authority will need to:

- quantify the proportion of the need for the item that will be generated by the proposed development of land in the ICP plan area
- identify how the remaining proportion of the item's cost will be funded, and the staging of the provision of the item by the development agency.

If these matters are not set out in the precinct structure plan or strategic plan, they should be set out in the ICP.

Step 4 – Draft and incorporate the ICP through a planning scheme amendment

An ICP must be incorporated into the relevant planning scheme by a planning scheme amendment to commence operation. The amendment may be prepared by the Minister for Planning, a council or any other Minister or public authority that is authorised by the Minister for Planning to prepare the amendment.

The Minister for Planning ultimately decides whether to approve an amendment to incorporate an ICP into the planning scheme.

There are different processes for a planning scheme amendment for an ICP to go to the Minister for a decision, depending on whether or not the ICP includes a supplementary levy.

ICP with a supplementary levy

If the ICP includes a supplementary levy, the amendment will follow the usual process, including public exhibition and notice of the amendment, the opportunity to make a submissions and consideration of submissions by an independent panel. However, a person is not entitled to make a submission requesting a change to:

- any land credit amount or land equalisation amount specified in the ICP; or
- any estimate of the value of public purpose land on which those amounts are based.

ICP without a supplementary levy

If the ICP does not include a supplementary levy, the amendment may be prepared by the Minister under section 20A of the PE Act provided an amendment to the planning scheme has been approved to incorporate a precinct structure plan or strategic plan to which the ICP relates.

The public exhibition and notice requirements of the PE Act do not apply to an amendment prepared under section 20A.

The diagram on the following page sets out the relationship between the preparation and approval of the precinct structure plan and an ICP with no supplementary levy (including the valuation and dispute resolution process).

More information about the planning scheme amendment process is available online at: planning.vic.gov.au

Exhibiting an ICP before the valuation and dispute resolution process

In some circumstances it may be appropriate to exhibit an amendment to incorporate an ICP before carrying out the valuation and dispute resolution process for inner public purpose land (that is, to exhibit an ICP without the land credit amounts and land equalisation amounts specified). For example, where:

- the amendment process may result in a change to the location or size of public purpose land which would require different inner public purpose land to be valued before the amendment can be adopted; or
- carrying out the valuation and dispute resolution process would unreasonably delay incorporating the ICP.

The exhibited ICP should still specify the proposed areas of public purpose land, the ICP land contribution and parcel contributions percentages, as well as whether each lot will be entitled to a land credit amount or will be required to pay a land equalisation amount.

As noted above, a submission cannot be made about a land credit amount or land equalisation amount so not specifying these amounts in the exhibited ICP will not impact the matters that a landowner can make a submission about.

If an ICP is exhibited before the valuation and dispute resolution process, the planning authority cannot adopt the amendment until that process has been completed. Planning authorities should advise affected land owners of the land credit amounts and land equalisation amounts at the end of the process.

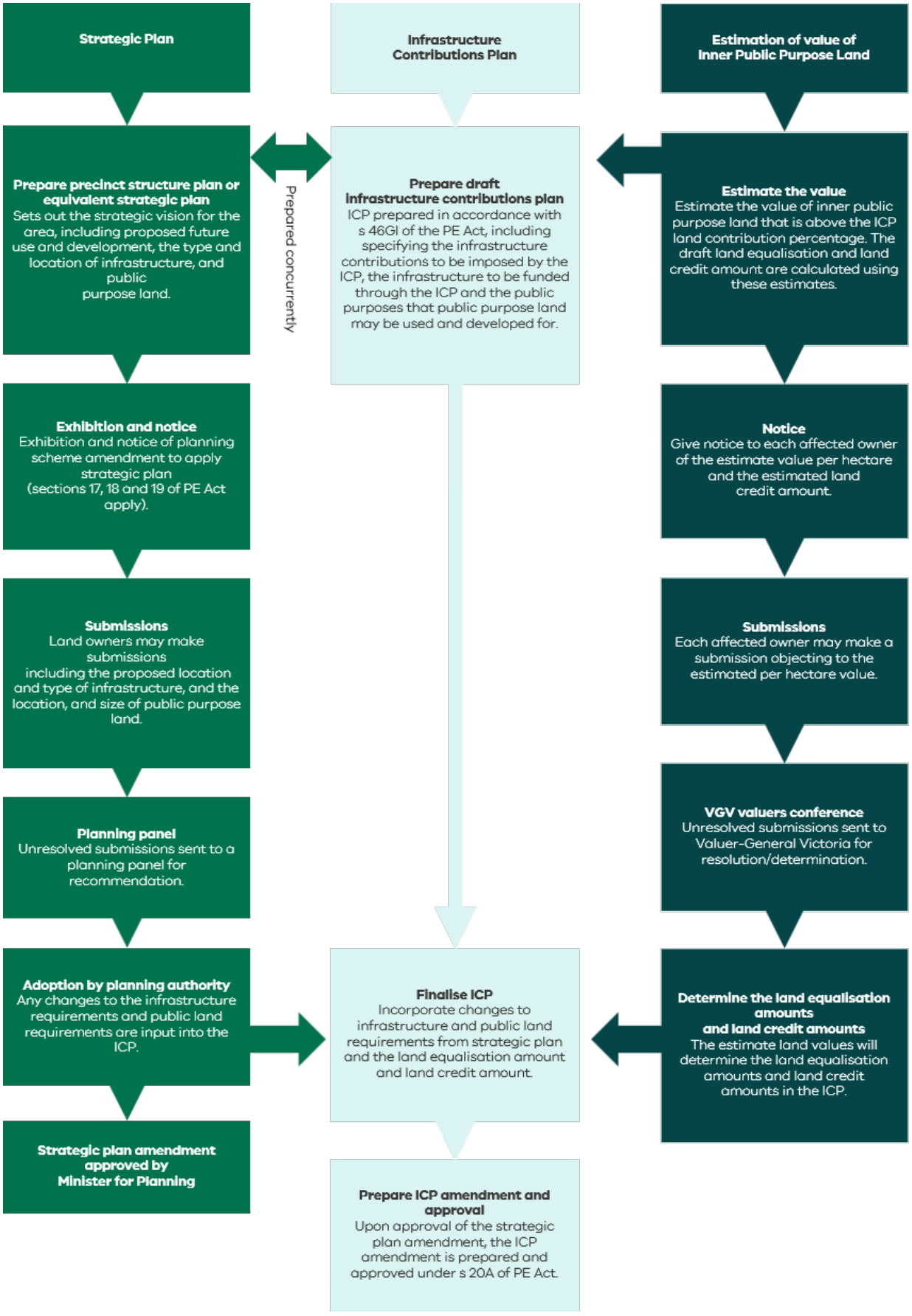
Infrastructure Contributions Overlay

The Infrastructure Contributions Overlay is the planning scheme provision that is used to identify the land affected by an ICP.

An Infrastructure Contributions Overlay may only be applied to land that is within a defined development setting as specified in the Ministerial Direction.

The Infrastructure Contributions Overlay requires that any permit granted under the planning scheme for the land affected by the ICP must be consistent with the provisions of the relevant incorporated ICP and include any conditions required to give effect to the contributions imposed by the ICP.

The Infrastructure Contributions Overlay should only be applied to the land within the ICP plan area. The overlay is not applied to outer public purpose land.


Strategic Plan
Infrastructure Contributions Plan
Estimation of value of Inner Public Purpose Land
Prepare precinct structure plan or equivalent strategic plan
Sets out the strategic vision for the area, including proposed future use and development, the type and location of infrastructure, and public purpose land.
Prepared concurrently
Prepare draft infrastructure contributions plan
ICP prepared in accordance with s 46GI of the PE Act, including specifying the infrastructure contributions to be imposed by the ICP, the infrastructure to be funded through the ICP and the public purposes that public purpose land may be used and developed for.
Estimate the value
Estimate the value of inner public purpose land that is above the ICP land contribution percentage. The draft land equalisation and land credit amount are calculated using these estimates.
Exhibition and notice
Exhibition and notice of planning scheme amendment to apply strategic plan (sections 17, 18 and 19 of PE Act apply).
Notice
Give notice to each affected owner of the estimate value per hectare and the estimated land credit amount.
Submissions
Land owners may make submissions including the proposed location and type of infrastructure, and the location, and size of public purpose land.
Submissions
Each affected owner may make a submission objecting to the estimated per hectare value.
Planning panel
Unresolved submissions sent to a planning panel for recommendation.
VGV valuers conference
Unresolved submissions sent to Valuer-General Victoria for resolution/determination.
Adoption by planning authority
Any changes to the infrastructure requirements and public land requirements are input into the ICP.
Finalise ICP
Incorporate changes to infrastructure and public land requirements from strategic plan and the land equalisation amount and land credit amount.
Determine the land equalisation amounts and land credit amounts
The estimate land values will determine the land equalisation amounts and land credit amounts in the ICP.
Strategic plan amendment approved by Minister for Planning
Prepare ICP amendment and approval
Upon approval of the strategic plan amendment, the ICP amendment is prepared and approved under s 20A of PE Act.

Implementing an ICP

When is an infrastructure contribution imposed?

Under section 46GV(2) of the PE Act, an infrastructure contribution is imposed at the earliest time at which a person makes an application for:

- a planning permit to develop the land (including to subdivide land); or
- a building permit under the Building Act 1993 to carry out building work on the land.

Exempt development

Some development is exempt from infrastructure contributions. Under clause 9 of the Ministerial Direction, an infrastructure contribution must not be imposed for the development of land for:

- a government school
- a non-government school
- housing provided by or on behalf of the Chief Executive Officer of Homes Victoria
- a small second dwelling
- emergency services
- accommodation constructed following an emergency as described in Clause 52.07 of the Victoria Planning Provisions
- a temporary structure for construction purposes
- servicing infrastructure constructed by a utility authority
- (any other class of development, for the purposes of this clause, provided by or on behalf of a municipal council, a Minister or public authority
- any other class of development approved by the Minister for Planning.

Who receives the infrastructure contributions?

The monetary component and any land equalisation amount must be paid to the collecting agency.

Inner public purpose land must be provided to the collecting agency except if it is required for a road, in which case it must be provided to the development agency responsible for the use and development of the land.

The collecting agency may also accept WIK in part or full satisfaction of the monetary component of an infrastructure contribution.

When and how are infrastructure contributions required to be provided?

Monetary component and land equalisation amount

As development of the land in the ICP plan area triggers imposition of the infrastructure contribution, the timing for payment of the monetary component and any land equalisation amount is linked to events in the development cycle.

Under section 46GV(3) of the PE Act, the applicant must pay the monetary component and any land equalisation amount to the collecting agency in a manner specified by the collecting agency:

- before the earliest of the following:
    - if the development of the land involves a plan under the Subdivision Act 1988, the issue of the statement of compliance for that plan
    - if the development of the land requires a building permit, the issue of the building permit
    - a time specified in the approved ICP; or
- before a time specified in an agreement entered into by the collecting agency and the applicant.

Inner public purpose land

Under section 46GV(4) of the PE Act, the applicant must provide the inner public purpose land by ensuring that:

- any inner public purpose land for a road is set aside on a plan under the *Subdivision Act 1988* to vest in the development agency responsible for the use and development of the land
- any other inner public purpose land is set aside on a plan under the *Subdivision Act 1988* to vest in the collecting agency.

The applicant must lodge the plan for registration under section 22 of the *Subdivision Act 1988* within a time specified in the planning permit or in an agreement between the collecting agency and the applicant.

Conditions on a planning permit

Under section 46GV(7) of the PE Act, if the applicant applies for a planning permit to develop land in the ICP plan area, the responsible authority must impose the requirements in sections 46GV(3) and (4) as conditions on that permit.

Restriction on the issue of a statement of compliance under the Subdivision Act

Under section 21(2CA) of the Subdivision Act 1988, a council must not issue a statement of compliance for a plan relating to land, for which an infrastructure contribution is imposed under an ICP, unless the permit applicant has satisfied the council that:

- the monetary component and any land equalisation amount have been paid to the collecting agency or the applicant has entered into an agreement with the collecting agency for the payment of those amounts
- if any of the land in the plan is inner public purpose land, that land has been set aside as a reserve or a road on the plan to vest in the collecting agency or the development agency (as the case requires).

Restriction on the issue of a building permit under the Building Act

Under section 24 of the Building Act 1993, a building permit cannot be issued for carrying out building work for which an infrastructure contribution is imposed under an ICP unless the applicant satisfies the relevant building surveyor that:

- the monetary component amount and any land equalisation amount of an infrastructure contribution have been paid to the collecting agency or the applicant has entered into an agreement with the collecting agency for the payment of those amounts
- any inner public purpose land has been set aside as a road or reserve on a plan under the Subdivision Act 1988 to vest in the collecting agency or a development agency (as the case

requires) and the plan has been lodged for registration under section 22 of the Subdivision Act 1988.

Accepting works-in-kind

If a collecting agency decides to accept WIK (with the agreement of the development agencies), this should be formalised in an agreement made under section 173 of the PE Act. WIK may be accepted before or after an application for a permit for the development is made.

Before a WIK proposal is accepted, the developer and collecting agency (with the approval of the relevant development agency) will need to negotiate the value and timing of the provision of the WIK. If the WIK involves works, detailed designs will be required.

If the ICP imposes a supplementary levy, the collecting agency may choose to base the value of the WIK on the cost estimate in the plan or it may require detailed costings to be prepared. If the ICP only imposes a standard levy, detailed costings will need to form part of the WIK proposal.

Before agreeing to the value of the WIK, the collecting agency should be satisfied that the cost estimates accurately reflect the cost of providing the infrastructure.

Detailed designs and cost estimates may be prepared by either the collecting agency or the developer.

The collecting agency and relevant development agency decide when the developer will be credited the value of the WIK. This will not necessarily be at the time the works are carried out. The timing should be linked to the infrastructure priorities set out in the ICP.

Paying land credit amounts

The PE Act does not specify when a land credit amount must be paid after a permit is issued to develop land. The timing of the land credit amount can be negotiated between the collecting agency and the landowner. If there is no agreement, a land credit amount should be paid to the landowner at the time the landowner provides the inner public purpose land in accordance with the PE Act.

Acquisition of outer public purpose land

Outer public purpose land will be acquired by the relevant development agency by either agreement with the landowner or by compulsory acquisition. Compulsory acquisition (including valuation of land and calculation of compensation) must be undertaken in accordance with the requirements of the LAC Act.

Compulsory acquisition of inner public purpose land

If a collecting agency or development agency wants to acquire inner public purpose land before it is otherwise required to be provided under the PE Act, it can acquire the land by either agreement with the landowner or by compulsory acquisition.

To compulsorily acquire land, a Public Acquisition Overlay must be applied to reserve the land for the purposes of section 5(1) of the LAC Act. An amendment to apply a Public Acquisition Overlay can be prepared concurrently with the amendment to incorporate an ICP or after the ICP has been incorporated.

However, if a Public Acquisition Overlay is not considered appropriate due to the specific timing and circumstances of the acquisition, the relevant authority can seek an exemption from the Governor in Council, on recommendation of the Attorney-General, under section 5(3) of the LAC

Act, on the basis that the reservation is 'unnecessary, undesirable or contrary to the public interest'. An exemption lapses after three months unless the authority has served a notice of intention to acquire an interest in the land. An exemption can only be sought for an individual parcel of land.

What amount of compensation is the landowner entitled to?

When inner public purpose land is compulsorily acquired, If the landowner is entitled to a land credit amount under the ICP, then the landowner is entitled to be paid an amount of compensation under the LAC Act that equates to that land credit amount.

If only part of the inner public purpose land has been acquired, the amount of compensation payable is the proportion of the land credit amount that equates to the proportion of the inner public purpose land that has been acquired.

If the landowner is not entitled to a land credit amount under the ICP, the landowner is not entitled to make a claim for compensation under the LAC Act.

Administering an ICP

Indexation and adjustment of levies, values and amounts

The following levies, values and amounts must be annually indexed or adjusted in accordance with the applicable timing and methods specified in the Ministerial Direction:

- standard levies
- the estimated cost of each of the works, services or facilities to be funded from a supplementary levy that have not yet been constructed (for potential WIK purposes)
- land credit amounts
- land equalisation amounts
- estimated values of inner public purpose land for land credit parcels only
- estimated values of outer public purpose land using council valuation data

Refer to Part C of the Guidelines for more information about the specific methods of indexation that apply in each development setting.

Responsibilities of collecting agencies and development agencies

The responsibilities of collecting agencies and development agencies are specified in Division 6 and 7 of Part 3AB of the PE Act.

The responsibilities include:

- keeping of proper and separate accounts and records of the monetary component and land component of infrastructure contributions paid to or expended by the collecting agency or development agency (if the development agency is a municipal council, the accounts and records must be kept in accordance with the LG Act).
- use of the monetary component and any land equalisation amount paid to the collecting agency or forwarded to a development agency
- payment of land credit amounts
- use and development of inner public purpose land
- acquisition, use and development of outer public purpose land
- expenditure or refund of any part of the monetary component or land equalisation amount not expended within life of an ICP
- use or sale (and use of proceeds from any sale) of any public purpose land no longer required after an ICP expires

Twice-yearly reporting by collecting and development agencies

The reporting requirements are set out in section 46GZI of the PE Act:

- Collecting agencies must report to the Minister on any:
    - infrastructure contribution provided to the agency
    - WIK accepted by the agency in part or full satisfaction of the monetary component
    - land credit amounts paid to landowners.

- Development agencies must report to the Minister on:
    - the expenditure of any monetary components forwarded to the agency
    - the use and development of any inner public purpose land which has vested in, been acquired by or been transferred to, the agency
    - the use made by the agency of any WIK
    - the expenditure of any land equalisation amounts paid or forwarded to the agency
    - the use and development of any outer public purpose land acquired by the agency.

The report must be prepared and given to the Minister at the times and in accordance with the requirements of the Minister for Planning as specified in the Ministerial Reporting Requirements for Infrastructure Contributions Plans. The report must be:

- lodged via the Victorian Government's digital platform by 15 July and 15 January each year
- prepared and presented in accordance with the tables in the annexure to the Direction.

If the collecting agency or development agency is a municipal council, the report must also be included in the report of operations contained in the council's annual report prepared under the LG Act.

Annual reporting by the Minister

Under section 46GZJ of the PE Act, the Minister must report annually to the Parliament on:

- the total infrastructure contributions provided to a collecting agency or a development agency
- the total amount of the monetary component and land equalisation amounts paid into and out of the Consolidated Fund
- the total infrastructure contributions provided.

Financial management of ICPs by councils

Councils should have systems and procedures in place to effectively manage infrastructure contributions and regularly monitor the provision of infrastructure. Councils need to be able to systematically identify and manage all risks associated with the provision of infrastructure contributions so they can respond to issues as they arise and minimise delays in the provision of infrastructure.

Councils should consider the following matters in setting up their systems procedures for collecting and administering infrastructure contributions.

Collaborative approach

The effective management of an ICP requires a multi-disciplinary, collaborative approach involving all relevant departments within the council.

Departments that should typically be involved are:

- **Planning** – preparing, implementing and reviewing ICPs, negotiating WIK agreements, facilitating development, providing advice on section 173 agreements and issuing planning permits.
- **Engineering, social and recreation** – preparing and implementing ICPs and negotiating WIK agreements

- **Finance, administrative and corporate services** – managing the collection of infrastructure contributions, establishing the financial accounting, quality assurance and legal processes for ICPs, and integrating ICP projects with the council's capital works program.
- **Senior management team** – signing off on the preparation and approval of ICPs, approving WIK and agreements, overseeing the collection of levies and provision of infrastructure.

Procedures and governance

Internal procedures and governance arrangements for ICPs should be designed to ensure that all contributions owed have been received and are used effectively. Procedures should also be subject to quality assurance and regular scrutiny by internal audit. To optimise the administration of ICPs, councils should consider:

- creating a database that can track and report on each ICP, including the contributions collected, WIK agreements and timing of infrastructure projects to forecast expenditure and income
- assigning clear management responsibilities for the coordination and oversight of ICPs
- creating standard internal policies and procedures for applying an ICP, negotiating WIK agreements, and reporting on ICPs in the council's annual budget and capital works program
- preparing regular financial reports to senior management and councillors that accurately reconcile levies collected and expended, including the provision of infrastructure against that planned.

Risk management

Councils need to understand the financial risks inherent in the ICP system and seek to minimise those risks.

Timing and cash flow management

Given the quantum of revenue collected via infrastructure contributions and the usual life of an ICP, it is important that councils manage their cash flow so that infrastructure can be provided in an efficient and timely manner.

Pooling of funds and borrowing

The ICP system allows for the pooling of funds within the monetary component of an ICP account to provide sufficient funds to build facilities. However, the monetary component cannot be used to fund the acquisition of public purpose land, and any land equalisation amount cannot be used to fund the provision of infrastructure, or plan preparation costs.

Interest

The council should establish a separate interest-bearing account for each ICP. All interest earned is to be spent on delivering the infrastructure projects identified in the ICP.

Joint ICP funds

Where an ICP crosses municipal boundaries, and involves one or more collecting agencies, the collection and expenditure of the infrastructure levies should be agreed between the councils from the outset and be specified in the ICP.

Part C – Specified development setting

Metropolitan Greenfield Growth Areas

This section explains how elements of the ICP system operate in the Metropolitan Greenfield Growth Areas development setting. The requirements for this development setting (including the definition of the development setting) are set out in Annexure 1 to the Ministerial Direction.

This section does not cover all requirements of the Ministerial Direction and the annexure. Planning authorities should read the Direction carefully in conjunction with all part of the guidelines when preparing an ICP.

Standard levy rates

Separate standard levy rates are specified for two classes of development of land:

- residential development
- commercial and industrial development.

Residential development includes the development of land in a town, neighbourhood or local activity centre for office, commercial, civic or retail development.

The classes of development specified in an ICP should correspond with these classes so that it is clear which standard levy rate applies to development of land within the ICP plan area.

Residential development standard levy rate

The standard levy for residential development is split between two classes of infrastructure:

- community and recreation construction
- transport construction.

The amount of the total standard levy rate for residential development that may be used for community and recreation construction cannot exceed the specified rate for that class of infrastructure. This is referred to as the 'capped rate'.

The Minister may increase the capped rate if the requirements in clause 18 of Annexure 1 to the Ministerial Direction are met.

There is no cap on the amount of the standard levy rate that may be used for transport construction. Provided the planning authority keeps within the total standard levy rate, it can use any amount of the community and recreation construction component of the standard levy rate for transport construction.

Commercial and industrial standard levy rate

The standard levy rate for the commercial and industrial development is only specified for transport construction. No funds are allocated to community and recreation construction.

Amount of standard levy to be paid

The amount of standard levy to be paid is determined by multiplying the applicable standard levy rate by the number of net developable hectares the application for development applies to in the parcel of land.

Requirements for including a supplementary levy

The Ministerial Direction includes three types of requirements for including a supplementary levy in an ICP:

- requirements that apply to all development settings (see clause 20 of the Ministerial Direction)
- requirements that apply to this development setting relating to standard levy funds before a supplementary levy may be applied (see clauses 7 – 10 of Annexure 1 to the Ministerial Direction)
- requirements that apply to individual supplementary levy allowable items in this development setting (see tables 4, 5 and 6 of Annexure 1).

Requirements relating to standard levy funds

The purpose the requirements beginning at clause 8 of Annexure 1 is to ensure that:

- the total amount of funds that will be collected from the standard levy are allocated before a supplementary levy is included
- a supplementary levy is not included to fund relatively small amounts of infrastructure costs that cannot be funded from the standard levy.

Examples of how to apply these requirements is provided on the following page.

Requirements for transport construction supplementary levy allowable items

For some transport construction supplementary levy allowable items, the estimated cost of the item must exceed a specified amount as a result of the topographical, geographical, environmental or physical conditions of the land on which the item will be constructed (see Table 4 of Annexure 1).

The relevant amounts are specified in clause 26 of Annexure 1 and are indexed on 1 July each year.

Example of applying requirements for including a supplementary levy

Example 1 ICP

- Number of net developable hectares in ICP plan area: 100
- Standard levy rate: $217,000 per net developable hectare
- Estimated total costs of standard and supplementary levy allowable items (other than State infrastructure) proposed to be funded through the plan: $20m [clause 9(a)]
- Amount of those costs to be funded through the plan: $16m [clause 9(b)]
- Total amount likely to collected from the standard levy: 100 x $217,000 = $21.7m [clause 9(c)]
- $16m < $21.7m [clause 9(d)] – clause 8(a) requirement is not met
- ICP cannot include a supplementary levy.

Example 2 ICP

- Number of net developable hectares in ICP plan area: 100
- Standard levy rate: $217,000 per net developable hectare
- Transport component of standard levy rate: $126,000 per net developable hectare
- Estimated total costs of standard and supplementary levy allowable items (other than State infrastructure) proposed to be funded through the plan: $30m [clause 9(a)]
- Amount of those costs to be funded through the plan: $25m [clause 9(b)]
- Total amount likely to collected from the standard levy: 100 x $217,000 = $21.7m [clause 9(c)]
- $25m > $21.7m [clause 9(d)] - clause 8(a) requirement is met
- Amount of the estimated costs of the supplementary levy allowable items that is unable to be funded from the standard levy: $3.3m [clause 10(a)]
- Total amount likely to collected from the transport component of the standard levy:
    - 100 x $126,000 = $12.6m [clause 10(b)]
- ("$3.3m" /"$12.6m") × 100/1 = 26% > 10% [clause 10(c)] - clause 8(b) requirement is met
- ICP can include the supplementary levy.

Requirement for estimating costs

When estimating the costs of works, services or facilities, the planning authority should have regard to the Benchmark Infrastructure and Costs Guide and any related indexed costs published by the Victorian Planning Authority on its Internet site: vpa.vic.gov.au

Calculation of supplementary levy rate

Subject to meeting the requirements for including a supplementary levy, the supplementary levy rate is calculated by dividing the total amount of costs to be funded from the levy by the total net developable area in the ICP plan area.

If the estimated costs of supplementary levy allowable items are apportioned to only one class of development or specific parcels, the supplementary levy rate is calculated by dividing the total amount of those costs to be funded from the levy by the total net developable area in that class or those parcels.

Developer-provided works

The lists of allowable items do not include works, services or facilities that a developer of land normally provides on or to the land to develop the land for urban purposes. However, a road, bridge or pedestrian accessway may be funded from a supplementary levy if the criteria specified in Table 5 of the annexure to the Ministerial Direction are met.

The works, services or facilities that are provided directly by developers are listed in the table below.

Works provided directly by the developer	
Estate infrastructure	Waterway management works, local estate drainage, water, sewerage, underground power, gas and telecommunication and data services
Local parks and open space reserves (including drainage reserves)	Improvements to local parks and open space reserves including, but not limited to: – passive open space – playgrounds – car parking and internal roads – pedestrian and bicycle paths – seating – landscaping including earthworks and shaping, grassing, tree planting, garden beds, paving, retaining walls, planters and water sensitive design features – works to protect and integrate existing retained landscape and cultural features – installation of picnic facilities and park furniture including BBQs, shelters, tables, fencing, bollards, rubbish bins, bike racks, tree guards and lighting – water tapping of open space
Transport	– local path – off-road bike path / shared trail within or abutting development sites – connector roads, access/local roads – arterial road landscaping (within or abutting development sites) – intersection – connector/local road to connector/local road and connector/local road to council or VicRoads arterial road (uncontrolled treatment) – road landscaping (within or abutting development sites)
Other	– basic levelling – biodiversity offsets – bus stops – council's plan checking and supervision

Indexation of standard levy rates

The standard levy rates for each class of infrastructure in each class of development specified in an ICP must be indexed in accordance with the method and applicable index specified in the Ministerial Direction. This applies even if the ICP allocates funds to classes of infrastructure in different proportions to those specified in Table 1 to Annexure 1 to the Ministerial Direction.

If the ICP provides for a lower rate of standard levy in accordance with section 46GI(2)(b) of the PE Act, the ICP should specify what proportion of the total rate is allocated to the different classes of infrastructure. The reduced standard levy rates for each class of infrastructure must then be indexed using the index applicable to that class. For example, if 30 percent of the lowered standard levy rate is allocated to community and recreation construction and 70 percent is allocated to transport construction, the indexation of the levy rate should be based on these proportions using the applicable index specified for each class of infrastructure in the Ministerial Direction.

Timing and method of adjustment of land credit amounts and land equalisation amounts

Annual adjustment of land credit amounts and land equalisation amounts occurs in a three-year cycle (based on the financial year). The Ministerial Direction requires the land credit amounts and land equalisation amount to be adjusted as follows:

- The land credit amounts and land equalisation amounts are indexed on 1 July in each of the first and second financial year in a three-year cycle following the commencement of the ICP using the relevant public land index prepared by the Valuer-General Victoria (published on planning. vic.gov.au).
- In every third financial year in the three-year cycle, the values of unvested outer public purpose land and inner public purpose land of land credit parcels are re-estimated using the methods set out in the Ministerial Direction and the land credit amounts and land equalisation amounts are re-calculated based on the revised estimates.

First 3-year cycle				Subsequent 3-year cycles		
Year 0	Year 1	Year 2	Year 3	Years 4, 7 etc	Years 5, 8 etc	Years 6, 9 etc
ICP commences	Index LCA and LEA	Index LCA and LEA	Re-estimate value of IPPL and OPPL and re-calculate LCA and LEA	Index LCA and LEA	Index LCA and LEA	Re-estimate value of IPPL and OPPL and re-calculate LCA and LEA

Example: ICP commences March 2020

Financial year after ICP commences	Date	Action
First	1 July 2020	Index LEA and LCA
Second	1 July 2021	Index LEA and LCA
Third	1 July 2022	Re-estimate value of IPPL and OPPL and re-calculate LCA and LEA
Fourth	1 July 2023	Index LEA and LCA
Fifth	1 July 2024	Index LEA and LCA
Sixth	1 July 2025	Re-estimate value of IPPL and OPPL and re-calculate LCA and LEA

Do land credit amounts that have been paid need to be adjusted?

No. If a land credit amount has been paid, its value remains fixed for the remainder of the life of the ICP and is not subsequently adjusted. The value of any outstanding land equalisation amounts is based on the land credit amount's value at the time it was paid.

Microsoft Excel documents have been provided on the Department's website to demonstrate how this would work over the life of an ICP for an IPPL-only example ICP area and an OPPL and IPPL example ICP area.

Appendices

Appendix A

In accordance with section 46GI(1) of the Planning and Environment Act 1987, an ICP must:

- Specify the ICP plan area.
- Specify the contribution land in the ICP plan area.
- Specify any inner public purpose land to be provided under the plan (including any inner public purpose land forming part of each parcel of land in the ICP plan area).
- Specify any outer public purpose land to be funded through the plan and the development agency responsible for acquiring that land.
- Specify the types of public purposes for which inner public purpose land and outer public purpose land may be used and developed.
- Specify the classes of development of land in relation to which an infrastructure contribution is to be imposed under the plan.
- Specify, for each class of development, the ICP land contribution percentage.
- Specify the parcel contribution percentage for each parcel of land in the ICP plan area.
- Specify the land credit amount or land equalisation amount in respect of each parcel of land in the ICP plan area.
- 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.
- Specify the plan preparation costs, works, services or facilities to be funded through the plan.
- Specify the works, services or facilities and relevant land acquisitions to be funded through the plan.
- Specify whether a supplementary levy is required.
- Set out the staging of the provision of the works, services or facilities or public purpose land specified in the plan.
- Set out how the works, services or facilities and relevant land acquisitions to be funded though the plan may serve or otherwise support or facilitate the development of land in the ICP plan area.
- Relate the need for the provision of public purpose land under the plan to the proposed development of land in the ICP plan area.
- Specify a standard levy rate for each class of development of land according to the type of land to be developed.
- Specify the method and timing of annual indexation to be applied to a standard levy rate.
- Specify the works, services or facilities to be funded from the supplementary levy.
- Specify the amount of the plan preparation costs and the estimated cost of each of the works, services or facilities to be funded from the supplementary levy.

- Specify the method and timing of annual indexation to be applied to the estimated cost of each of the works, services or facilities to be funded from the supplementary levy.
- Specify the proportion of the total of the costs to be funded from the supplementary levy.
- Specify the supplementary levy rate for each class of development of land according to each type of land to be developed.
- Specify a Minister, public authority or municipal council as the entity that is the collecting agency for the purposes of this Part and the plan.
- Specify a Minister, public authority or municipal council as an entity that is a development agency for the purposes of this Part and the plan and the works, services, facilities or public purpose land for which the development agency is responsible under the plan (note there may be more than one development agency).
- Provide for the procedures, including the timing, for the collection of an infrastructure contribution.
- Include any other matter required to be included in the plan by a Minister's direction.

Appendix B

Quick guide

A brief explanation of key elements of the ICP system is provided in the following table, including references to relevant sections of the PE Act.

Element	Explanation
Allowable items	The infrastructure and plan preparation costs specified in the Ministerial Direction that may be funded through an ICP. – An ICP must specify the infrastructure and plan preparation costs to be funded through the ICP (section 46GI(1)(k) and section 46GI(1)(ka)(i)). – An ICP must set out how the works, services and facilities to be funded through the plan may serve or otherwise support or facilitate the development of land in the ICP area (section 46GI(1)(m)). – An ICP can only fund allowable items. – Each development setting has its own list of allowable items of infrastructure.
Allowable public purposes	The public purposes specified in the Ministerial Direction for which land provided or acquired through an ICP may be used and developed. – An ICP must specify the types of public purposes for which public purpose land may be used and developed (section 46GI(1)(e)). – An ICP may only require land to be provided for an allowable public purpose. – Public purpose land may only be used and developed for an allowable public purpose.
Approved ICP	An ICP that: – is incorporated into a planning scheme; or – forms part of a precinct structure plan or strategic plan that is incorporated into a planning scheme.
Class of development	Development for a type or category of land use for which land may be developed and for which an infrastructure contribution may be imposed (for example, residential development, or commercial and industrial development). – An ICP must specify the classes of development of land in relation to which an infrastructure contribution is to be imposed under the plan (section 46GI(1)(f)).
Collecting agency	A Minister, public authority or municipal council to whom an infrastructure contribution is provided under an ICP. – This term is defined in section 46GA. – An ICP must specify the entity that is the collecting agency (section 46GI(1)(t)).

Element	Explanation
	– Among other things, the collecting agency is responsible for forwarding infrastructure contributions to a development agency and paying any land credit amounts.
Contribution land	The land in the ICP plan area for which an infrastructure contribution is to be imposed under an ICP if any of that land is developed. – This term is defined in section 46GA. – An ICP must specify the contribution land in the ICP plan area (section 46GI(1)(b)). – It must include inner public purpose land but will not include land to be developed for a class of development that is exempted by the Ministerial Direction from the imposition of infrastructure contributions. – The area of contribution land is used in the calculation of the ICP land contribution percentage and the parcel contribution percentage.
Development agency	A Minister, public authority or municipal council that is responsible for the provision of the works, services or facilities (infrastructure) funded through an ICP, the acquisition of outer public purpose land, or the use and development of public purpose land. – This term is defined in section 46GA. – An ICP must specify the entity that is a development agency (section 46GI(1)(u)(i)). – There may be more than one development agency and the collecting agency may also be the development agency.
Development setting	A type of land or area specified in the Ministerial Direction where an ICP may be applied. It may be defined by certain characteristics (for example, by a zone) or location (for example, a geographic area) or some other means.
ICP land contribution percentage	The total area of the public purpose land specified in an ICP divided by the total area of the contribution land in the ICP plan area of the plan expressed as a percentage and calculated for each class of development of land specified in the ICP. – This term is defined in section 46GB. – An ICP must specify the ICP land contribution percentage for each class of development (section 46GI(1)(g)). – The percentage is calculated for each class of development because the need for public purpose land generated by different classes of development may vary. – The ICP land contribution percentage is used in the calculation of land credit amounts and land equalisation amounts.
ICP plan area	The area to which an ICP applies. – This term is defined in section 46GA. – An ICP must specify the ICP plan area (section 46GI(1)(a)).
Infrastructure	Works, services or facilities that are funded through an ICP.

Element	Explanation
Infrastructure contribution	A contribution imposed on development under an ICP. It may consist of a monetary component and/or a land component. – This term is defined in section 46GC. – An ICP must specify the infrastructure contributions it imposes (section 46GI(1)(c), (i), (p) and (s)). – An infrastructure contribution is provided by landowners when they develop their land in the ICP plan area.
ICP	The statutory document incorporated into a planning scheme for the purposes of imposing infrastructure contributions to fund the provision of infrastructure and secure land for public purposes. – The preparation, content and administration of an ICP must be in accordance with section 46GI of the PE Act and the Ministerial Direction. – Among other matters, an ICP sets out the strategic justification for the infrastructure contributions, the infrastructure to be funded, the estimated costs of infrastructure (where required), the levy rates payable, the land to be set aside or acquired for public purposes, the methods of indexation, and the administration requirements. – An ICP must be incorporated into the planning scheme to become operational. This is referred to as an 'approved ICP' (section 46GA).
Inner public purpose land	Land located in the ICP plan area that is to be set aside for public purposes. The land must be provided to the collecting agency as part of the land component of an infrastructure contribution. Except roads which must be provided to the relevant development agency. – This term is defined in section 46GA. – An ICP must specify any inner public purpose land to be provided under the plan (section 46GI(1)(c)).
Land component	A land component of an infrastructure contribution is any inner public purpose land that forms part of a parcel of land in the ICP plan area and any land equalisation amount that relates to the parcel. – This term is defined in section 46GE. – The estimated cost of acquiring any outer public purpose land specified in an ICP is included in the calculation of the land equalisation amount.
Land credit amount	A monetary amount that a landowner is entitled to be paid when the landowner develops their land if the parcel contribution percentage of that parcel is more than the applicable ICP land contribution percentage. – This term is defined in section 46GA. – The land credit amount is based on the estimated value of the inner public purpose land in the parcel and is calculated in accordance with the method specified in the Ministerial Direction.
Land equalisation amount	A monetary amount that a landowner is required to pay when the landowner develops their parcel of land if the parcel contribution percentage of that parcel is less than the applicable ICP land contribution percentage.

Element	Explanation
	– This term is defined in section 46GF. – A land equalisation amount forms part of the land component of an infrastructure contribution. Land equalisation amounts are used to fund the payment of land credit amounts within the same ICP and the acquisition of any outer public purpose land. – A land equalisation amount is calculated in accordance with the method specified in the Ministerial Direction.
Ministerial Direction	The Ministerial Direction on the Preparation, Content and Administration of Infrastructure Contributions Plans is issued by the Minister for Planning and sets out requirements for the preparation, content and administration of ICPs. – The Ministerial Direction is issued under section 46GJ. – A planning authority must comply with the Ministerial Direction if it prepares an ICP (section 46GK). – The Ministerial Direction contains general requirements for all ICPs and specific requirements for different development settings are contained in annexures to the Direction.
Monetary component	A monetary levy that is used to fund the provision of works, services or facilities (infrastructure) specified in an ICP, and plan preparation costs. It may consist of a standard levy and/or a supplementary levy. – This term is defined in section 46GD. – A collecting agency may accept works-in-kind in part or full satisfaction of a monetary component. – The monetary component may only be used to fund allowable items. – The infrastructure funded from the monetary component may be located outside the ICP plan area if the infrastructure is essential to, and the need for which is generated by, the development of land in the ICP plan area.
Net developable area	Land within a precinct available for development. This excludes encumbered land, arterial roads, railway corridors, schools and community facilities and public open space. It includes lots, local streets and connector streets. It may be expressed in terms of hectare units.
Outer public purpose land	Land outside of the ICP plan area that is to be acquired for public purposes. To be funded through the ICP, the land must be essential to, and the need for it must be generated by, the development of land in the ICP plan area. – This term is defined in section 46GA. – An ICP must specify any outer public purpose land to be funded through the plan and the development agency responsible for acquiring that land (section 46GI(1)(d)). – The area and estimated value of outer public purpose land is factored into the calculation of the ICP land contribution percentage and land equalisation amounts, respectively.

Element	Explanation
Parcel contribution percentage	For a parcel of land in the ICP plan area, this is the percentage of contribution land in that parcel that is to be set aside as inner public purpose land. – This term is defined in section 46GA. – An ICP must specify the parcel contribution percentage for each parcel of land in the ICP plan area (section 46GI(1)(h)).
Parcel of land	An area of land within the ICP plan area. – A parcel of land specified in an ICP should be based on the most current land title cadastre available at the time the ICP is prepared.
Plan preparation costs	The reasonable costs and expenses incurred by a planning authority in preparing an ICP and the related precinct structure plan or strategic plan. – This term is defined in section 46GA. – An ICP must specify the plan preparation costs funded through the plan (section 46GI(1)(k)).
Precinct structure plan or strategic plan	A plan incorporated into a planning scheme that sets out the vision, function and development framework for the area including the infrastructure required to support the planned development.
Public purposes	Any of the following purposes - public open space; community and recreation facilities; transport infrastructure; other infrastructure that is essential to the development of the ICP plan area. – This term is defined in section 46GA.
Public purpose land	Inner public purpose land or outer public purpose land specified in an ICP. This is land for public open space, community and recreation facilities, transport infrastructure (including roads) or other infrastructure that is essential to the development of the ICP plan area. – This term is defined in section 46GA. – An ICP must relate the need for the provision of public purpose land to the proposed development of land in the ICP plan area (section 46GI(1)(n)).
Standard levy	A monetary levy that is calculated in accordance with a pre-set monetary standard levy rate set by the Minister for Planning through the Ministerial Direction. – The standard levy forms part of the monetary component of an infrastructure contribution. – An ICP must specify: o the standard levy rate for each class of development of land according to the type of land to be developed (section 46GI(1)(p)) o the method and timing of annual indexation to be applied to a standard levy rate (section 46GI(1)(q)).

Element	Explanation
	– The Ministerial Direction may specify different standard levy rates for different classes of development in different development settings. – A standard levy rate cannot be increased but may be lowered (section 46GI(2)(b)). – Standard levy rates are indexed in accordance with the method specified in the Ministerial Direction.
Supplementary levy	A variable monetary levy that is calculated in accordance with the applicable supplementary levy rate specified in an ICP. A supplementary levy may be used to fund 'non-standard' infrastructure or costs. – The supplementary levy rate is based on the estimated cost of the infrastructure projects being funded from the levy. – An ICP must specify: o certain information about the plan preparation costs and infrastructure to be funded from the supplementary levy (section 46GI(1)(r)) o the supplementary levy rate for each class of development of land according to each type of land to be developed (section 46GI(1)(s)). – When deciding whether to impose a supplementary levy, the planning authority must consider criteria and requirements set out in the Ministerial Direction. – The cost of infrastructure funded from the standard levy are indexed in accordance with the method specified in the Ministerial Direction.
Valuation and dispute resolution process	The process used to determine an estimate of the value of inner public purpose land and for resolving disputes about the estimate. – The process is contained in Division 4 of Part 3AB of the PE Act. – The process applies to inner public purpose land in a parcel of land if the parcel contribution percentage is more than the applicable ICP land contribution percentage (section 46GN(1)). – Where required, this process must be completed before the ICP is adopted by the planning authority (section 46GU). – The method for calculating the estimated value of any inner public purpose land is specified in the Ministerial Direction. – Once finalised, the estimated value is used in the calculation of the land credit amounts and land equalisation amounts.
Works-in-kind	Works, services or facilities (infrastructure) accepted by the collecting agency in part or full satisfaction of the monetary component of an infrastructure contribution (section 46GX).

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