Guidance document

Infrastructure Contributions Plan Guidelines



October 2026

State-Led Infill Precincts

VICTORIA State Government | Department of Transport and Planning

Contents

Acronyms and abbreviations ____ **5**

Introduction ____ **6**

Part A – The ICP framework for State-Led Infill Precincts ____ **7**

1. Overview of the ICP system ____ 7
2. Principles of the ICP system for State-Led Infill Precincts ____ 7
3. The ICP legal framework ____ 9
4. Ministerial Direction ____ 12
5. Development settings ____ 12
   - 5.1. Definition of a State-Led Infill Precincts development setting ____ 13
6. What is an ICP? ____ 13
7. ICP system application to State-Led Infill Precincts ____ 13
8. Components of a State-Led Infill Precincts ICP ____ 13
9. Monetary component ____ 14
   - 9.1. What is a standard levy? ____ 14
   - 9.2. What can the standard levy fund? ____ 15
   - 9.3. Can the standard levy be increased or decreased? ____ 15
   - 9.4. Planning authority cannot apply supplementary levy to State-Led Infill Precincts ICP 15
   - 9.5. Indexation of the standard levy ____ 16
   - 9.6. What are works-in-kind? ____ 16
     - WIK and local government procurement ____ 16
10. Allowable items ____ 16
    - 10.1. Difference between State-Led Infill Precincts ICPs' priority categories flexible project lists and specific infrastructure projects ____ 17
    - 10.2. Standard levy allowable items ____ 18
    - 10.3. What is the funding scope for allowable items' planning, delivery, and maintenance? 19
11. Monetary component can be used for land acquisition in a State-Led Infill Precincts ICP ____ 21
12. Collecting agencies and development agencies ____ 21

Part B – Preparation of State-Led Infill Precinct ICPs ____ **22**

1. What must a State-Led Infill Precincts ICP contain? ____ 22
2. State-led preparation process of an ICP in a State-Led Infill Precinct ____ 22
3. Infrastructure Contributions Overlay ____ 23
4. When is an infrastructure contribution imposed? ____ 23
5. Exempt development ____ 23
6. Who receives the infrastructure contributions? ____ 24

7. What happens if an ICP crosses multiple council areas? 24
8. When and how are infrastructure contributions required to be provided? 24
9. Conditions on a planning permit 25
10. Restriction on the issue of a statement of compliance under the *Subdivision Act 1998* 25
11. Restriction on the issue of a building permit under the *Building Act 1993* 25
12. Accepting works-in-kind (WIK) 25

Part C – Collection and administration of State-Led Infill Precinct ICP levies 26

1. Collection of ICP levies in State-Led Infill Precincts 26
   - 1.1. Who will collect the ICP levy? 26
   - 1.2. ICP contains the commencement date of the ICP levy 26
   - 1.3. What types of developments are subject to the ICP levy? 26
   - 1.4. Developments exempt from paying ICP levy 28
   - 1.5. How will the payment of the ICP levy be enforced? 30
   - 1.6. When will responsible authorities start applying the ICP levy payment condition on planning permits? 30
   - 1.7. If no planning or building permit is required, how do developers know they have to pay the ICP? 31
   - 1.8. ICP levy operation in existing DCP areas 31
   - 1.9. Indexation of ICP levies 32
   - 1.10. Do section 72 planning applications need to pay an ICP levy? 32
   - 1.11. Do change of use planning permit applications need to pay an ICP levy? 33
   - 1.12. Will ICP levy credits be given for existing buildings that are demolished or proposed to be demolished? 34
   - 1.13. What happens if the collecting agency cannot calculate demand units for a subdivision permit? 35
   - 1.14. Works-in-kind (WIK) in lieu of ICP levy payment 36
   - 1.15. Developer-provided works 36
   - 1.16. Unpaid ICP levies 37
   - 1.17. Is affordable housing subject to the ICP levy? 37
   - 1.18. How long will the ICP levies be collected for? 37
   - 1.19. Does the introduction of the ICP levy impact applications to extend the expiry date of a planning permit? 37
   - 1.20. Public open space contributions 37
   - 1.21. Can developers contest paying the ICP levy? 38
2. Expenditure of ICP levies in State-Led Infill Precincts 38
   - 2.1. Local and state components of ICP levies 38
   - 2.2. When can ICP levies be spent outside of the ICP collection area? 38

2.3. How do councils decide which projects to spend the ICP levies on for ICPs containing priority categories? 38
2.4. Can councils use the ICP funds to supplement DCP projects or other projects that have commenced or already been announced? 40
2.5. Joint ICP funds 40
2.6. Can the local component of ICP funds be used to fund ICP projects across multiple council areas? 40
2.7. How will ICP projects be delivered that include state and local components and/or integration? 40
2.8. Public availability obligations for councils and the state for priority categories of works 40
2.9. Which departments at council should be involved in deciding which projects to spend ICP levies on? 41
2.10. Procedures and governance 41
2.11. Risk management 41
3. Revenue Administration and Reporting 42
3.1. Can developers request a refund on ICP contributions made? 42
3.2. Can developers seek refunds of unspent ICP funds? 42
3.3. Timing and cash flow management 42
3.4. Interest 42
3.5. How often do councils need to transfer the state's portion of ICP levies to the state? 42
3.6. ICP plan administration costs for councils and the state 43
3.7. Twice-yearly reporting on ICP collections and infrastructure delivery for councils and the state 43
3.8. Data requirements for reporting 44
3.9. What role will DTP play? 44
3.10. What do these changes mean for the annual reporting to the Minister? 44
3.11. Where do I go if I still have questions? 44
Appendix A 45

Acronyms and abbreviations

DTP	Department of Transport and Planning
ICP	Infrastructure contributions plan
LG Act	*Local Government Act 2020*
PE Act	*Planning and Environment Act 1987*
Ministerial Direction	The most current *Ministerial Direction on the Preparation, Content and Administration of Infrastructure Contributions Plans* and *Ministerial Reporting Requirements of Infrastructure Contributions Plans* made under Part 3AB of the PE Act
WIK	Works-in-kind

Introduction

The purpose of the guidelines is to provide information and guidance about the preparation, implementation and administration of the infrastructure contributions plan (ICP) system in State-Led Infill Precincts to planning authorities, councils and developers in State-Led Infill Precincts ICP areas.

The guidelines are not a statutory document and should be read together with the applicable legislation, Part A of the Ministerial Direction, Annexure 2 to the Ministerial Direction, and Part B of the Ministerial Direction.

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

These guidelines are in three parts:

Part A – The ICP Framework for State-Led Infill Precincts	Outlines the legislative and non-legislative elements of the ICP system for State-Led Infill Precincts.
Part B – Preparation of State-Led Infill Precinct ICPs	Provides advice to planning authorities on how to prepare and implement an ICP.
Part C –Collection and administration of State-Led Infill Precinct ICP levies	Provides advice to collecting agencies and development agencies on how to administer an ICP.

Part A – The ICP framework for State-Led Infill Precincts

1. Overview of the ICP system

The Victorian Government is planning for more homes in State-Led Infill Precincts as they are well-serviced locations close to public transport, jobs and services. As existing urban areas grow, additional and expanded local and state infrastructure will be required to support these growing communities.

Infrastructure contributions help fund infrastructure for growing communities, such as access to roads with active transport options, public transport, schools, upgraded parks, community facilities and other necessary infrastructure, which are vital for creating sustainable communities. They help to ensure that growing communities have the necessary infrastructure to meet their needs.

In turn, the Victorian Government established a reformed ICP framework in 2026 to support the collection of infrastructure contributions in established urban and infill areas, including State-Led Infill Precincts.

The initial Metropolitan Greenfield Growth Area ICP system was designed to:

- assist in the provision of infrastructure needed by growing communities by requiring developers to contribute towards infrastructure costs.
- ensure that the planning and provision of infrastructure is equitable, efficient and cost effective.
- provide a consistent and transparent approach to infrastructure contributions
- apply a standard levy rate to create an equitable approach, improve system efficiency and increase certainty for planning authorities, infrastructure providers and the development industry.

While this remains the case for ICPs in established urban and infill areas, the 2026 ICP system reforms anticipate that infrastructure needs and delivery opportunities may only become clearer as development proceeds. The reforms allow for ICPs to identify priority categories of works, services and facilities to be funded through the standard levy, with specific projects able to be identified and approved over time in accordance with the Ministerial Direction.

2. Principles of the ICP system for State-Led Infill Precincts

When ICPs were introduced into the *Planning and Environment Act 1987*, it was done so on the basis that need, nexus, equity and accountability would apply and be reflected in the system design from imposition and collection to expenditure. Expansion of the tool to new development settings reflects this using these key principles.

Infrastructure is necessary within an infill context

The provision of community, recreation, transport and drainage infrastructure is necessary for maintaining the liveability and sustainability of growing communities. While State-led infill precincts are generally in locations with good access to jobs and existing or planned public transport, investment in local and state infrastructure is necessary to support more homes and local jobs. This includes upgrading and expanding existing infrastructure such as roads with

active transport options, public transport, schools, upgraded parks, community facilities and other necessary infrastructure.

Infrastructure contributions should fund infrastructure that is necessary for the health, wellbeing and safety of the community and responds to the increased demand placed on infrastructure by growth.

Timely and orderly provision of infrastructure

The ICP can identify specific infrastructure projects to receive funding through a standard levy and/or can set out priority categories of works, services or facilities to receive funding through a standard levy and determined at a future date as allowed by a Minister's direction.

Collecting agencies' data of the locations of ICP collections on the Victorian Government's digital platform will inform development agencies' annual infrastructure planning processes (first round commencing before the end of the third financial year following the gazettal of the ICP). Development agencies use ICP funds to contribute towards projects tailored to the needs of areas with high levels of construction activity. These arrangements support the timely and orderly provision of infrastructure in response to emerging development locations and typologies.

Need and nexus

The need for the infrastructure to be funded through the ICP must serve or otherwise support or facilitate the development of land in the ICP plan area.

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 upgraded or 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. The standard ICP levy amounts paid by developers should provide a reasonable contribution to local and state infrastructure budgets whilst balancing impacts to development feasibility. Accordingly, infrastructure contributions will not necessarily fund the full cost of infrastructure available through an ICP.

Certainty

There is certainty about the amount of infrastructure contributions imposed, the allowable items that can be funded, indexation methods, the contents of an ICP, and the level of strategic justification required for ICP preparation, and subsequently for development agencies' annual infrastructure planning and funding processes. Collecting and development agencies must ensure that data is maintained in the digital platform at required intervals so that the data is available to make informed decisions on expenditure.

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.

There are public availability requirements of development agencies' decisions on infrastructure projects to be funded from priority categories in each ICP.

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.

3. The ICP legal framework

The legal framework for the Infrastructure Contributions Plan (ICP) system is primarily set out in the *Planning and Environment Act 1987* (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, along with specific requirements for the three different development settings.

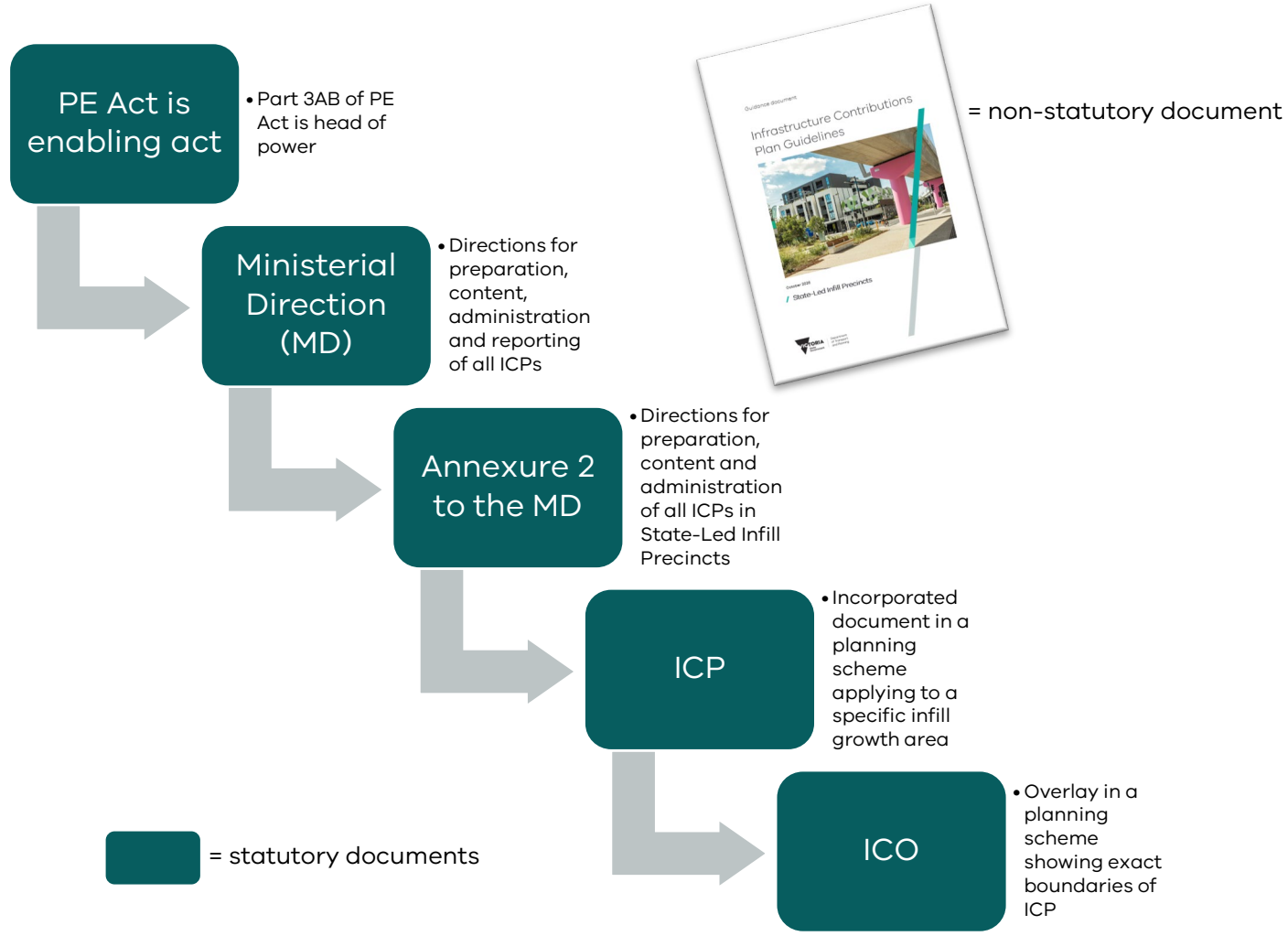
An ICP commences in accordance with the date specified in the ICP as incorporated in a planning scheme.

An Infrastructure Contributions Overlay (ICO) under clause 45.11 of the Planning Scheme identifies where an ICP applies.

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 complementary provisions for the implementation and administration of the ICPs.

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



		Planning scheme	
Planning and Environment Act 1987	**Ministerial Direction**	**Infrastructure Contributions Plan (ICP)**	**Infrastructure Contributions Overlay (ICO)**
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.** – **Specifies how infrastructure contributions are imposed and collected.** – **Specifies the responsibilities of collecting agencies and development agencies, including the use of levies and reporting requirements**	The Ministerial Direction specifies: – The type of land where an ICP may be applied ('development setting'). – Requirements for imposing a standard levy, including standard levy rates. – Infrastructure items that can be funded from the monetary component ('allowable items'). – Methods for indexing levies – The annual percentage of the standard levy that may be used to fund plan administration costs. – The method for determining specific infrastructure projects for priority categories of works, services or facilities. – The requirements for reporting on the collection and expenditure of infrastructure contributions.	An ICP specifies: – The area the ICP applies to ('ICP plan area'). – Contribution land. – Specific infrastructure projects funded through the ICP and/or priority categories of infrastructure projects that could be funded through the ICP – Plan administration costs funded through the ICP. – The monetary component of the infrastructure contribution. – Development that is exempt from an infrastructure contribution. – Method for indexing the levies. – Timeframe and plan review period of ICP.	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) of the infrastructure contribution to be imposed under the ICP.

4. 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 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, State-Led Infill Precincts and the 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 relevant to State-Led Infill Precincts specifies:

- the type of land to which an ICP may be applied (development settings)
- when a standard levy may be imposed.
- the classes of development to which a standard levy may be imposed.
- the works, services or facilities that may be funded through an ICP ('allowable items') as specific infrastructure projects and/or priority categories of works, services or facilities.
- the timing, procedure and method by which the specific works, services or facilities are to be determined.
- the standard levy rates.
- the methods for determining the amount of standard levy
- the method and timing of annual indexation to be applied to standard levy rates
- the annual proportion of standard levy collections that may be used to fund plan administration costs.
- the requirements for reporting on the collection and expenditure of infrastructure contributions

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

5. 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.

5.1. Definition of a State-Led Infill Precincts development setting

State-Led Infill Precincts are the areas in metropolitan Melbourne within the urban growth boundary where the Minister for Planning is, or is intended to be, the planning authority. This definition excludes the SRL East Planning Area defined in Annexure 3 of the Ministerial Direction and Metropolitan Greenfield Growth Areas defined in Annexure 1 of the Ministerial Direction.

The application of ICPs to State-Led Infill Precincts is determined by the Minister for Planning.

6. 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, facilities or relevant land acquisitions. 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 must establish a planning vision for the area, determine the planning uplift within the area, and identify specific infrastructure projects and/or priority categories of works, services or facilities for that development. In most cases, this information will be included in a place-based strategic plan.

A State-Led Infill Precinct ICP must be incorporated into a planning scheme via a planning scheme amendment and must be prepared by the Minister for Planning as the planning authority in accordance with the requirements of the PE Act and the Ministerial Direction.

7. ICP system application to State-Led Infill Precincts

The ICP system was expanded beyond Metropolitan Greenfield Growth Areas through the gazettal of an updated Ministerial Direction in August 2026 which applied a consistent standard levy ICP rate across all State-Led Infill Precincts. State-Led Infill Precincts ICPs fund both state and local infrastructure.

Prior to the expansion of the ICP system, some State-Led Infill Precincts already collected funds for local infrastructure via Development Contributions Plans (DCPs) at various rates, and some collected no infrastructure funding at all. Existing State-Led Infill Precincts DCPs do not collect funding for state infrastructure but will continue to operate alongside new ICPs. The expanded ICP system has been designed so that there is no overlap or duplication between contributions collected under an existing DCP and the ICP levy.

The State-Led Infill Precincts will be generally better off with the ICP system as they will have more funding for important infrastructure such as schools, community facilities, parks, cycling links and public transport improvements.

A single standard levy ICP rate set by the Minister for Planning also reduces the resourcing burden and financial cost on councils to prepare bespoke and very detailed DCPs. This recognises that these precincts will experience significant growth and development potential as a result of state-led planning changes and councils need to be supported to deliver infrastructure that supports and responds to this growth.

8. Components of a State-Led Infill Precincts ICP

State-Led Infill Precincts ICPs consist of a monetary component standard levy applied to additional residential and non-residential development that is split between:

- councils to spend on:
    - local infrastructure project(s) that are specified in the ICP; and/or

- projects that align to priority categories of local infrastructure which later may be selected to respond to development patterns (subject to available funds); and
- capped plan administration costs

– the Victorian Government to spend on:

- state infrastructure project(s) that are specified in the ICP; and/or
- projects that align to priority categories of state infrastructure which later may be selected to respond to development patterns (subject to available funds); and
- capped plan administration costs

Councils collect the monetary standard levy from developers as part of the building permit or subdivision statement of compliance process, retain two-thirds of the collected levies (minus any overlapping DCP levies) and pay one third to the Victorian Government twice a year.

9. Monetary component

The monetary component of an infrastructure contribution is a monetary levy that is used to contribute funds towards the provision of infrastructure that is necessary within an infill context (such as access to roads with active transport options, public transport, increased school capacity, upgraded parks and community facilities). It may also fund capped plan administration costs. Plan preparation costs are not permitted in this development setting, as the plans were prepared and introduced on councils' behalf by the Minister.

The monetary component may consist of a standard levy only in this development setting.

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

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

9.1. 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 contribution towards the funding of infrastructure that is necessary to serve population growth within an infill context.

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

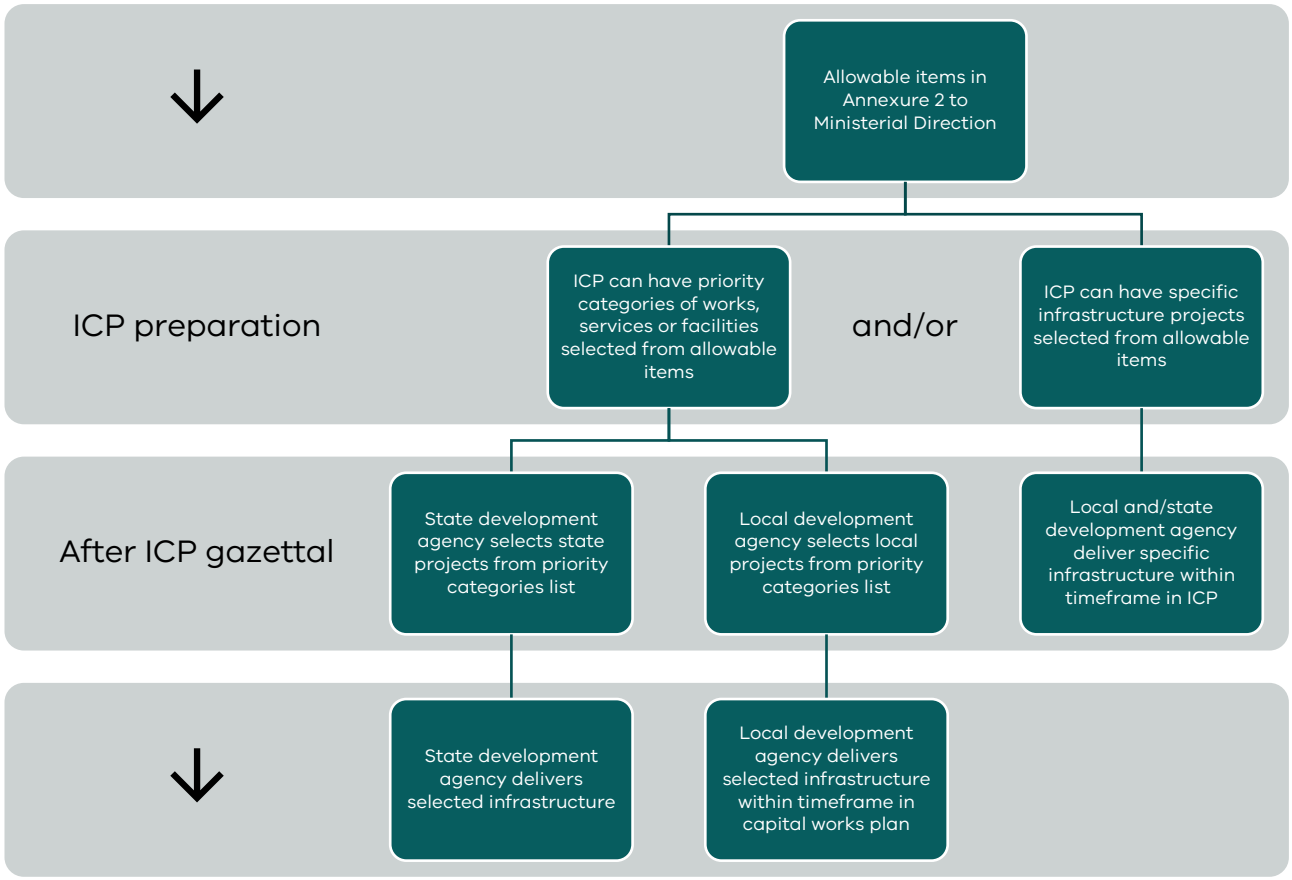
The Ministerial Direction also specifies how the amount of standard levy to be paid is to be determined.

In this development setting, the amount of standard levy to be paid is determined by multiplying the applicable standard levy rate by the amount of demand units. Refer to Part C of the guidelines for more information.

9.2. What can the standard levy fund?

A standard levy can only be used to fund standard levy allowable items specified in Annexure 2 to the Ministerial Direction. ICPs must contain:

- specific infrastructure projects selected from the allowable items in Annexure 2 to the Ministerial Direction prior to the gazettal of the ICP; and/or
- priority categories of works, services or facilities to be funded through a standard levy and determined at a future date as allowed by the Ministerial Direction. This process is discussed in 'How do councils decide which projects to spend the ICP levies on for ICPs containing priority categories?'. Priority categories can only comprise of allowable items in Annexure 2 to the Ministerial Direction.



9.3. Can the standard levy be increased or decreased?

Without the Minister's consent, councils do not have the discretion to change the ICP levy prior to the ICP and ICO being gazetted. Councils must then apply the ICP levy as set out in the ICP, ICO, ICP legislation, Ministerial Direction and ICP Guidelines and do not have discretion to waive or lower the ICP levy as the collecting agency.

Indexation of the standard levy is discussed below.

9.4. Planning authority cannot apply supplementary levy to State-Led Infill Precincts ICP

The ICP standard levy rate amount is designed so that developers provide a reasonable contribution to local and state infrastructure budgets with manageable impacts to development feasibility.

The supplementary levy is only allowed in the Metropolitan Greenfield Growth Areas development setting in Annexure 1 to the Ministerial Direction as the scale of land use change in greenfield areas is more significant than the State-Led Infill Precincts development setting.

9.5. Indexation of the standard levy

Annual indexing of the standard levy assists it 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.

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 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.

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

9.6. What are works-in-kind?

Under section 46GX of the PE Act, council as the collecting agency for State-Led Infill Precincts ICPs may accept the provision of an ICP's priority categories infrastructure and/or specific infrastructure items in lieu of payment of part or all of a developer's ICP levy liability. 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 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 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.

10. Allowable items

Annexure 2 to the Ministerial Direction specifies the infrastructure and capped plan administration costs that may be funded from a standard levy to provide certainty about what may be funded through an ICP. These are referred to as 'allowable items.

An ICP may only fund infrastructure that is specified as an allowable item in the Ministerial Direction and capped plan administration costs. Plan preparation costs 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 necessary for the health, safety or wellbeing of communities in that development setting.

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 located within the ICP plan area or provided 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 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.

10.1. Difference between State-Led Infill Precincts ICPs' priority categories flexible project lists and specific infrastructure projects

Each State-Led Infill Precinct ICP must set out:

- specific infrastructure projects selected from the allowable items in Annexure 2 to the Ministerial Direction prior to the gazettal of the ICP; and/or
- priority categories of works, services or facilities to be funded through a standard levy and determined at a future date as allowed by the Ministerial Direction. This process is discussed in 'How do councils decide which projects to spend the ICP levies on for ICPs containing priority categories?'. Priority categories can only comprise allowable items in Annexure 2 to the Ministerial Direction.

Prior to the legislative changes to the ICP system which commenced on 3 June 2026, planning authorities needed to specify all infrastructure projects prior to the gazettal of an ICP. The legislative introduction of priority categories in the ICP system allows for development agencies to have greater control and flexibility when selecting projects to respond to growth, which is beneficial in an established area context where development patterns and community infrastructure needs are more variable than in a greenfield context.

Collecting agencies' data of the locations of ICP collections on the Victorian Government's digital platform will inform development agencies' annual infrastructure planning processes. Development agencies can then use ICP funds to contribute towards projects tailored to the needs of areas with higher levels of development activity chosen from the priority categories list. These arrangements support the timely and orderly provision of infrastructure in response to emerging development locations and typologies. All councils' annual draft budgets are required to undergo community consultation, and this increases transparency and flexibility of ICP project spending to better respond to any changes in community needs.

Both local and state development agencies may use their discretion in apportioning funds to infrastructure items. While infrastructure contributions are not intended to fully fund

infrastructure overall, using available ICP funds to cover 100% of the cost of a single item is reasonable if the need for that item can be justified and complies with the ICP.

10.2. Standard levy allowable items

Annexure 2 to the Ministerial Direction contains the list of allowable items that can be funded from a standard levy.

This list sets out allowable items that can be provided by a municipal council or the state in their roles as development agencies.

Local infrastructure allowable items include works, services, or facilities by or on behalf of a municipal council for:

- Roads
- Intersections
- Footpaths and public realm upgrades
- Active transport such as cycle paths and walking trails
- Drainage
- Sports and recreation facilities
- Community facilities, including libraries, early childhood education, maternal and child health facilities and community centres
- Street tree planting
- Parks, including playgrounds, shelters, toilets, landscaping, earthworks, pathways, fencing and seating
- Financing costs associated with the early delivery of allowable items essential to the orderly development of the State-Led Infill Precinct that must be incurred by the development agency responsible for providing the item

State infrastructure allowable items include works, services or facilities by or on behalf of a Minister or public authority for:

- Roads, including the construction of bicycle and foot paths, and traffic management and control devices
- Public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops
- Drainage
- Schools
- Early childhood education and care
- Higher education
- Health facilities
- Emergency services
- Justice and police services
- Public realm improvements and street tree planting

- Parks, including playgrounds, shelters, toilets, landscaping, earthworks, pathways, fencing and seating
- Financing costs associated with the early delivery of allowable items essential to the orderly development of the State-Led Infill Precinct that must be incurred by the development agency responsible for providing the item.

ICPs will not fully fund all infrastructure projects in every State-Led Infill Precincts as developers, state and local governments share responsibility for providing infrastructure. Where an ICP is applied to the same land as an existing DCP, the ICP must not fund the provision of infrastructure that services the same need as an item funded by the DCP. An ICP can fund the augmentation of an item funded by a DCP in order to respond to additional need not funded by the DCP.

Example: An ICP may include funding for an additional room for a maternal health centre otherwise funded by a DCP, provided the additional room is responding to an additional need.

The total standard levy rate collected from the ICP can be used to fund the augmentation of non-DCP infrastructure projects that have already commenced or been announced in order to respond to additional need not already funded.

10.3. What is the funding scope for allowable items' planning, delivery, and maintenance?

Allowable items for both local and state infrastructure can include:

- a new item of infrastructure
- an upgrade in the standard of provision of an existing infrastructure item
- an extension to an existing facility, or
- the total replacement of an infrastructure item after it has reached the end of its economic life.

An allowable item listed above includes any associated elements and costs that are reasonably required to provide that item, including:

- design, preparation, supervision and inspection of works, services or facilities, including relevant fees;
- relevant land acquisitions;
- financing costs associated with the early delivery of an item (subject to the conditions in the allowable items list);
- site preparation;
- services relocations, installations and adjustments;
- construction of pavement and kerb and channel;
- drainage;
- foundations, abutments and structures;
- landscaping, irrigation and street furniture;
- bus and tram priority measures;
- fencing, including guard fencing;
- traffic control signs, line marking and street lighting;
- temporary works, access restoration and 'making good' works;

- the costs of securing native vegetation offsets or habitat compensation fees related to the provision of the item on land that is in public ownership at the time the ICPis prepared; and
- maintenance of:
    - landscaping for two years;
    - traffic signals on arterial roads for up to ten years; and
    - all other works for one year.

The following cannot be funded through an ICP and should be funded via alternative sources:

- Conceptual designs or feasibility studies for an allowable item. Using ICP funds on concept planning and preliminary design work is not permitted as it would erode the funds available for infrastructure construction and any required relevant land acquisitions.
- Recurrent costs, such as the costs of maintaining and operating facilities (beyond those included in the above list).
- Recovering costs for a local allowable item that was delivered or under construction before the commencement date of the ICP. Local ICP funds can only be used on projects to support the demand units paying the local ICP levy.

11. Monetary component can be used for land acquisition in a State-Led Infill Precincts ICP

In the Metropolitan Greenfield Growth Areas development setting in Annexure 1 to the Ministerial Direction, ICPs may include either or both a monetary or land component.

The land component works well in a greenfield setting where the precinct structure plan identifies locations for future public purposes and can value and set aside those land parcels. Affected landowners can then provide a land component in lieu and other land holders provide a land equalisation amount to cover any credits for land components.

In established infill areas such as State-Led Infill Precincts, the land component is not practical. Land acquisition for new services or infrastructure must be acquired on a more ad-hoc basis as land becomes available on the market. Land valuations also vary significantly relative to greenfield precincts which means calculations of future land equalisation and credit amounts cannot be achieved.

Inclusion of the land acquisition in the monetary component funding also enables development agencies to prepare more holistic budgets for delivery of items as funding for both land and works can be approved rather than relying on separate funding sources.

12. 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 ICP levy from developers.	
– Transfers collected levies to one or more development agencies.	– Receives the ICP levy from the collecting agency and uses it to deliver infrastructure.
– May accept works-in-kind in part or full satisfaction of the ICP levy (subject to agreement of the development agency).	– Receives works-in-kind provided to collecting agency.
– Reports regularly to the Minister on any: o infrastructure contribution provided o works-in-kind accepted	– Reports regularly to the Minister on any: o expenditure of any monetary components forwarded by the collecting agency o use made by the development agency of any works-in-kind

Part B – Preparation of State-Led Infill Precinct ICPs

1. What must a State-Led Infill Precincts ICP contain?

In accordance with section 46GI(1) of the PE Act, a State-Led Infill Precincts ICP must specify:

- the ICP plan area.
- the contribution land in the ICP plan area.
- the classes of development of land in relation to which an infrastructure contribution is to be imposed under the plan.
- the plan administration costs to be funded through the plan.
- specific infrastructure project(s) to be funded through the plan and/or the priority categories of works, services or facilities to be funded through a standard levy and determined at a future date as allowed by a Minister's direction.
- how the works, services or facilities to be funded through the plan may serve or otherwise support or facilitate the development of land in the ICP plan area.
- a standard levy rate for each class of development of land according to the type of land to be developed.
- the method and timing of annual indexation to be applied to a standard levy rate.
- a Minister, public authority or municipal council as the entity that is the collecting agency for the purposes of this Part and the plan.
- 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 will be more than one development agency).
- the procedures, including the timing, for the collection of an infrastructure contribution.
- any other matter required to be included in the plan by a Minister's direction.

2. State-led preparation process of an ICP in a State-Led Infill Precinct

State-Led Infill Precinct ICPs are prepared by DTP where the Minister for Planning is, or is intended to be, the planning authority. DTP needs to identify gaps in future infrastructure provision to define the priority categories and/or specific projects to be included in each ICP, consider the feasibility impacts to development, levy collection forecasts and infrastructure costings to assist in the strategic justification of applying an ICP.

An ICP must then be incorporated into the relevant planning scheme by a planning scheme amendment to commence operation. An ICP can only be prepared for a State-Led Infill Precincts by the Minister for Planning in a planning scheme amendment for which the Minister for Planning is a planning authority.

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

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

After the incorporation of the ICP into the relevant planning scheme, council and the state will select specific infrastructure projects for delivery from the list of priority categories in the ICP. Council will be required to show how each project will service the future community of each area using infrastructure planning material attached to council meetings' agendas, such as community engagement summary reports and data extracted from the Victorian Government's digital platform. This process is discussed in 'Expenditure of ICP levies in State-Led Infill Precincts'.

3. Infrastructure Contributions Overlay

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

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

The ICO 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 ICO should only be applied to the land within the ICP plan area.

4. 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. For staged building permits, the full ICP levy must be paid before the first stage of the building permit is issued, unless council consents to a section 173 agreement with the developer for ICP levy payments to align with demand units for each building permit stage. The section 173 agreement must be prepared and registered on title at the developer's cost.

5. 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.

The ICP and ICO may specify additional exemptions.

6. Who receives the infrastructure contributions?

The monetary component must be paid to the collecting agency.

With agreement of the relevant development agencies, the collecting agency may also accept works-in-kind in part or full satisfaction of the monetary component of an infrastructure contribution.

7. What happens if an ICP crosses multiple council areas?

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.

8. When and how are infrastructure contributions required to be provided?

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

Under section 46GV(3) of the PE Act, the applicant must pay the monetary component 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.

Under s24(6) of the *Building Act 1993* a relevant building surveyor must not issue a building permit less satisfied that the monetary component has been paid to the collecting agency.

9. 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.

10. Restriction on the issue of a statement of compliance under the *Subdivision Act 1998*

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 has been paid to the collecting agency; or
- the applicant has entered into an agreement with the collecting agency for the payment of those amounts

11. Restriction on the issue of a building permit under the *Building Act 1993*

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 has been paid to the collecting agency; or
- the applicant has entered into an agreement with the collecting agency for the payment of those amounts. For staged building permits, the full ICP levy must be paid before the first stage of the building permit is issued, unless council consents to a section 173 agreement with the developer for ICP levy payments to align with demand units for each building permit stage. The section 173 agreement must be prepared and registered on title at the developer's cost.

The applicant can provide the relevant building surveyor with a receipt of payment of the ICP levy.

12. Accepting works-in-kind (WIK)

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.

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.

Part C – Collection and administration of State-Led Infill Precinct ICP levies

1. Collection of ICP levies in State-Led Infill Precincts

1.1. Who will collect the ICP levy?

The council covered by the ICO will be the collecting agency, even if the responsible authority is the Minister for Planning.

Where an ICO covers multiple council areas, the applicable council for the development site land parcel(s) is the collecting agency.

1.2. ICP contains the commencement date of the ICP levy

Each ICP will specify the commencement date of ICP levy. Upon gazettal of an ICP into a council's planning scheme, an Infrastructure Contributions Overlay (ICO) will apply to land within the ICP contribution area to signify the ICP levy to landowners, developers, and potential developers.

1.3. What types of developments are subject to the ICP levy?

Developments or subdivisions containing net additional demand units applied for after the ICP commencement date will need to pay the ICP levy. The class of development specified in the Ministerial Direction (residential, commercial or industrial) is based on land use definitions in the Victoria Planning Provisions. Demand units are to be calculated using the endorsed plans.

A **residential demand unit** is one dwelling or residential lot. The residential threshold for triggering the ICP levy is one net additional dwelling or residential lot. A residential demand unit is defined by the dwelling uses nested under the accommodation group in the Victoria Planning Provisions, except for caretaker's house. Ancillary uses do not attract an additional ICP levy beyond the net additional residential demand units.

Example 1: If the development is six new dwellings across two lots with two existing dwellings, an ICP levy payment is required for four residential demand units.

Example 2: If the development is one new dwelling to replace a single dwelling that is to be demolished, no ICP levy payment is required.

Example 3: If the development is one new dwelling to replace two dwellings that are to be demolished, no ICP levy payment is required.

Example 4: If vacant land receives a planning permit for the development of 45 dwellings that are intended to be leased as build-to-rent, an ICP levy payment is required for 45 residential demand units.

Example 5: If the development is one new dwelling on a lot that already contains one dwelling that is proposed to remain, an ICP levy payment is required for one residential demand unit.

Example 6: If the development is a two-lot subdivision of an existing lot with one dwelling, an ICP levy payment is required for one residential demand unit. If there is subsequent development of one dwelling on the newly created lot, no ICP levy payment is required.

An **industrial demand unit** is one square metre (rounded to nearest whole number) of net additional leasable floor area. Leasable floor area is defined in the Victoria Planning Provisions. The industrial threshold for triggering the ICP levy is over 200 square metres of net additional leasable floor area. Industrial leasable floor area is defined by the industry group and warehouse group in the Victoria Planning Provisions, and any caretaker's house associated with these uses. Ancillary uses are included in industrial net additional leasable floor area calculations.

Example 1: If the development is the extension of the leasable floor area of an existing industrial use and caretaker's house by 201 square metres of industrial leasable floor area, an ICP levy payment is required for 201 industrial demand units.

Example 2: If the development is the extension of the leasable floor area of an existing industrial use by 200 square metres, no ICP levy payment is required (as the threshold for industrial development is over 200 square metres of leasable floor area).

A **commercial demand unit** is one square metre (rounded to nearest whole number) of net additional leasable floor area. Leasable floor area is defined in the Victoria Planning Provisions. The commercial threshold for triggering the ICP levy is over 100 square metres of net additional leasable floor area. Commercial leasable floor area is defined as all other defined land uses in the Victoria Planning Provisions aside from those categorised as a residential or industrial demand unit, an innominate use, and any caretaker's house associated with these uses. Ancillary uses are included in commercial net additional leasable floor area calculations.

Example 1: If the development is the extension of the leasable floor area of an existing supermarket by 50 square metres of supermarket leasable floor area, no ICP levy payment is required (as the threshold for commercial development is over 100 square metres of leasable floor area).

Example 2: If the development is the extension of the leasable floor area of an existing rooming house building by 101 square metres of rooming house leasable floor area, an ICP levy payment is required for 101 commercial demand units.

Example 3: If the development is the extension of an existing warehouse with 2000 square metres of leasable floor area by adding 1000 square metres of office use leasable floor area, an ICP payment is required for 1000 commercial demand units. The office leasable floor area is too large to be ancillary to the existing warehouse use, therefore the commercial ICP levy rate applies for the net additional leasable floor area.

Example 4: If vacant land receives a planning permit for the development of a retirement village with 100 independent living units, an ICP levy payment is required for all leasable floor area on the land. If there are 6000 square metres of retirement village leasable floor area, an ICP payment is required for 6000 commercial demand units.

Example 5: If vacant land receives a planning permit for the development of a 300 room purpose-built student accommodation building classified as a residential building in the Victoria Planning Provisions, an ICP levy payment is required for all leasable floor area on the land. If there are 7000 square metres of residential building leasable floor area, an ICP payment is required for 7000 commercial demand units.

Mixed use developments

For mixed use developments, the ICP levy amount is calculated by adding:

- any residential demand units over the threshold multiplied by the residential demand unit levy rate;
- any industrial demand units over the threshold multiplied by industrial demand unit levy rate; and
- any commercial demand units over the threshold multiplied by the commercial demand unit rate.

Example 1: If vacant land receives a planning permit for the development of a research and development centre with a leasable floor area of 5000 square metres and an office with a leasable floor area of 800 square metres, the ICP levy amount equals the (industrial demand units x industrial demand unit levy rate) plus the (commercial demand units x commercial demand unit levy rate).

Example 2: If vacant land receives a planning permit for the development of 30 dwellings and a convenience shop with a leasable floor area of 100 square metres, the ICP levy amount will only include the 30 residential demand units as the 100 square metres leasable floor area convenience shop is below the commercial threshold of over 100 square metres of leasable floor area.

Example 3: If the development is the extension of the leasable floor area of an existing convenience restaurant by 120 square metres and additional buildings for a car wash with a leasable floor area of 210 square metres, the ICP levy amount equals the (commercial demand units x commercial demand unit levy rate) plus the (industrial demand units x industrial demand unit levy rate).

1.4. Developments exempt from paying ICP levy

Developments exempt from paying the ICP levy are specified in the ICP and the relevant schedule to clause 45.11 of the Planning Scheme.

The Ministerial Direction contains exemptions for all three Annexures' development settings:

- a government school; or
- a non-government school; or
- housing provided by or on behalf of the Chief Executive Officer of Homes Victoria; or
- a small second dwelling; or
- emergency services; or
- accommodation constructed following an emergency as described in Clause 52.07 of the Victoria Planning Provisions; or
- a temporary structure for construction purposes; or
- servicing infrastructure constructed by a utility authority; or
- 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.

State-Led Infill Precincts ICPs and ICO schedules also specify additional exemptions beyond those already listed in the Ministerial Direction, including but not limited to:

- An application for a planning permit made before the ICP commencement date.
- An application for a building permit made before the ICP commencement date.
- An application for a building permit for works authorised by a planning permit granted in relation to an application made before the levy commencement date of this ICP.
- An application for a planning permit for subdivision of a building the construction of which was authorised by a planning permit granted in relation to an application made before the levy commencement date of this ICP, or subdivision of land consistent with development authorised by a planning permit granted in relation to an application made before the levy commencement date of this ICP.
- An application for commercial development that is no more than 100 sqm of leasable floor area.
- An application for industrial development that is no more than 200 sqm of leasable floor area.
- Land subject to an agreement under section 173 of the PE Act, executed before the levy commencement date of this ICP, which provides for the following in relation to the proposed development of the land, where the proposed development is the same as the development subject of the permit application:
    - requires specified works, services or facilities beyond those necessary on or to the land or other land as a result of the grant of any permit, to be paid for.
    - requires the payment of an infrastructure contribution or development contribution (other than payment required for public open space pursuant to clause 53.01 or section 18 of the *Subdivision Act 1988*) that is directed towards the provision of public works, services or facilities beyond those necessary on or to the land or other land as a result of the grant of any permit.
    - requires the provision of specified works, services or facilities beyond those necessary on or to the land or other land as a result of the grant of any permit.
    - requires the provision of land (other than land required to be provided as public open space pursuant to clause 53.01 or section 18 of the *Subdivision Act 1988*) for works, services or facilities beyond those necessary on or to the land or other land as a result of the grant of any permit.
- A development that comprises:
    - no more than one dwelling or residential lot.
    - a small second dwelling.
    - renovations or alterations to an existing development, provided the leasable floor area of the development is not increased by more than 100 square metres.
    - demolition of a dwelling followed by construction of a replacement dwelling on the same land.
    - outbuildings normal to an existing dwelling.
    - reinstatement of a building which has been unintentionally damaged or destroyed provided that for a building other than a dwelling, the exemption relates only to the

extent that the floor area of the new building is not greater than the damaged or destroyed building.

- Works, services or facilities for a temporary structure such as a concert, festival or exhibition.

Responsible authorities and collecting agencies must only rely on the relevant ICP and ICO schedule as they may specify exemptions different to those listed above.

1.5. How will the payment of the ICP levy be enforced?

When a planning permit is issued by the responsible authority, it will contain a condition on the planning permit that will require the payment of the ICP levy before whichever milestone occurs first out of a building permit or statement of compliance for subdivision. Standard planning permit conditions for State-Led Infill Precincts ICPs are provided to each responsible authority and are also included in Writing Planning Permits.

If a planning permit is not required, but a building permit is required, section 24 of the *Building Act 1993* states that a building surveyor must not issue a building permit unless they are satisfied any applicable monetary component imposed under an approved ICP has been paid to the collecting agency. The developer can provide the relevant building surveyor with a receipt of payment of the ICP levy. For staged building permits, the full ICP levy must be paid before the first stage of the building permit is issued, unless council consents to a section 173 agreement with the developer for ICP levy payments to align with demand units for each building permit stage. The section 173 agreement must be prepared and registered on title at the developer's cost.

1.6. When will responsible authorities start applying the ICP levy payment condition on planning permits?

Responsible authorities will include an ICP payment condition on a planning permit allowing net additional demand units only when the planning permit application was lodged following the commencement date of the ICP. If the net additional demand units allowed by the planning permit do not meet the thresholds in Table 1 of Annexure 2 to the Ministerial Direction, an ICP payment condition must not be included on the planning permit.

In accordance with State-Led Infill Precincts ICPs' and ICO schedules' exemptions, following the commencement date of the ICP:

- a responsible authority must not include an ICP payment condition on a planning permit for subdivision of:
    - a building the construction of which was authorised by a planning permit granted in relation to an application made before the levy commencement date of an ICP;
    - land consistent with development authorised by a planning permit granted in relation to an application made before the levy commencement date of an ICP.
- a building surveyor cannot require the developer to pay an ICP levy prior to issuing a building permit for works authorised by a planning permit granted in relation to an application made before the levy commencement date of an ICP.

Standard planning permit conditions for State-Led Infill Precincts ICPs are provided to each responsible authority and are also included in Writing Planning Permits.

Example 1: If a planning permit application for three dwellings is lodged on 20 December 2026 and the planning permit was issued after the ICP commencement date, the responsible authority cannot include an ICP payment condition on the planning permit.

Example 2: If a planning permit application for 250 sqm of net additional commercial leasable floor area is lodged prior to the commencement date of the ICP, the building surveyor cannot require the developer to pay an ICP levy prior to issuing a building permit for works as the responsible authority did not place a ICP payment condition on the planning permit.

Example 3: If a planning permit is lodged after the commencement date of the ICP for the subdivision of three dwellings under construction and the preceding development planning permit was lodged prior to ICP commencement, the responsible authority cannot include an ICP payment condition on the subdivision planning permit.

Example 4: If a planning permit is lodged after the commencement date of the ICP for the subdivision of six dwellings yet to be constructed on vacant land and the preceding development planning permit for the six dwellings was lodged prior to ICP commencement, the responsible authority cannot include an ICP payment condition on the subdivision planning permit.

For non-residential subdivision planning permits, refer to section 'What happens if the collecting agency cannot calculate demand units for a subdivision permit?'.

1.7. If no planning or building permit is required, how do developers know they have to pay the ICP?

It is unlikely that a proposal that does not require a planning or building permit will need to pay the ICP levy (see below section 'Do change of use planning permit applications need to pay an ICP levy?').

If council has a business concierge service or similar, it is recommended that they seek advice from council's statutory planning area to check whether an ICP levy is required to be paid.

1.8. ICP levy operation in existing DCP areas

Where an ICP is applied to the same land as an existing DCP, the total amount of levies payable under the applicable DCP in relation to an application for a planning permit or a building permit is to be deducted from the total amount of the local component of the levy payable under the ICP in relation to the same development.

Should the total levies payable under an existing DCP exceed the total amount of the local component of the levies payable under an ICP, then the total amount of the local component of the levies payable under the ICP is reduced to nil for that permit application. A condition will still be placed on the planning permit for the state component of the ICP levy to be paid. Standard planning permit conditions for State-Led Infill Precincts ICPs with existing DCPs are provided to each responsible authority and are also included in Writing Planning Permits.

Example 1: Council DCP has a FY26/27 total levy of $2,000 per net additional dwelling, which will need to be paid to act on a planning permit that allows the development of one net additional dwelling. The existing DCP will reduce the usual ICP local component FY26/27 amount of $7,567 to $5,567 per net additional dwelling, and the ICP state component of $3,783 per net additional dwelling will still apply.

Example 2: Council DCP has a FY26/27 total levy of $7,700 per net additional dwelling, which will need to be paid to act on a planning permit that allows the development of one net additional dwelling. The existing DCP will reduce the usual ICP local component FY26/27 amount of $7,567 to $0 per net additional dwelling, and the ICP state component of $3,783 per net additional dwelling will still apply.

Example 3: Council DCP has a FY26/27 total levy of $2,500 for 250 sqm of net additional industrial leasable floor area, which will need to be paid to act on a planning permit that allows the development of net additional industrial leasable floor area. The existing DCP will reduce the usual ICP local component FY26/27 amount of $9,500 to $7,000 for 250 industrial demand units, and the ICP state component of $4,750 for 250 industrial demand units will still apply.

Example 4: Council DCP has a FY26/27 total levy of $1,500 for 100 sqm of net additional commercial leasable floor area, which will need to be paid to act on a planning permit that allows the development of net additional commercial leasable floor area. No ICP levy payment is required as the threshold for commercial development is over 100 square metres of leasable floor area.

Other examples provided in Part C of the ICP guidelines with ICP levy amounts need to have the ICP levy amounts adjusted in accordance with the above method if there is an existing DCP applying to the same land.

1.9. Indexation of ICP levies

The ICP levy rate will be indexed annually by DTP to account for growth in input costs for the construction of infrastructure using an average of both the Australian Bureau of Statistics producer price indexes for road and bridge construction and non-residential building construction in Victoria.

The Metropolitan Greenfield Growth Areas standard ICP levy and some DCPs are indexed in a similar manner.

The indexed rates will be published on DTP's website before the beginning of each financial year. When calculating the ICP levy amount payable, collecting agencies must use the published indexed rates for the financial year that payment is being made.

1.10. Do section 72 planning applications need to pay an ICP levy?

Responsible authorities will include an ICP levy payment condition on planning permits amended via section 72 of the PE Act to allow net additional demand units if the section 72 application is lodged following the commencement date of the ICP.

If the original planning application was lodged before the commencement of the ICP and the net additional demand units allowed by the section 72 application lodged after the commencement date exceed the thresholds in Table 1 of Annexure 2 to the Ministerial Direction, an ICP payment condition must be included on the amended planning permit.

If the original planning application was lodged before the commencement of the ICP and the net additional demand units allowed by the section 72 application lodged after the commencement date do not meet the thresholds in Table 1 of Annexure 2 to the Ministerial Direction, an ICP payment condition must not be included on the amended planning permit.

If the original planning application is lodged after the commencement date of the ICP and the net additional demand units allowed by the section 72 application exceed the thresholds in Table 1 of Annexure 2 to the Ministerial Direction, an ICP payment condition must be included on the amended planning permit.

If the original planning application is lodged after the commencement date of the ICP and the net additional demand units allowed by the section 72 application do not meet the thresholds in Table 1 of Annexure 2 to the Ministerial Direction, an ICP payment condition must still be included on the amended planning permit.

Example 1: If a planning permit for 400 square metres of commercial leasable floor area was issued on 12 October 2025 and a section 72 application to amend the planning permit to allow an additional 150 square metres of commercial leasable floor area was lodged following the ICP commencement date, the responsible authority must add a condition on the amended planning permit for the payment of an ICP levy for 150 square metres of commercial demand units.

Example 2: If a planning permit for 400 square metres of commercial leasable floor area was issued on 12 October 2025 and a section 72 application to amend the planning permit to allow an additional 150 square metres of commercial leasable floor area was lodged before the ICP commencement date, the responsible authority cannot add a condition on the amended planning permit for the payment of an ICP levy.

Example 3: If a planning permit for net additional 400 square metres of commercial leasable floor area was issued on 12 October 2025 and a section 72 application to amend the planning permit to allow an additional 80 square metres of commercial leasable floor area is lodged after the ICP commencement date, the responsible authority must not add a condition on the amended planning permit for the payment of an ICP levy for the net additional demand units allowed via section 72 of the Act as the net additional leasable floor area is below the threshold for commercial development.

Example 4: If a planning permit for net additional 400 square metres of commercial leasable floor area is applied for after the ICP commencement date and a section 72 application to amend the planning permit to allow an additional 80 square metres of commercial leasable floor area is lodged prior to a building permit being issued for the development, the collecting agency must collect an ICP levy for 480 square metres of commercial demand units prior to a building permit being issued for the development.

1.11. Do change of use planning permit applications need to pay an ICP levy?

If an application for a planning or building permit proposes a change of use with no net increase to floor area, the developer will not need to pay the ICP levy.

If an application for a planning or building permit proposes a change of use with the development of net additional demand units that do not meet the threshold(s) specified in Table 1 of Annexure 2 to the Ministerial Direction, the developer of the net additional demand units will not need to pay the ICP levy.

If an application for a planning or building permit proposes a change of use with the development of net additional demand units that exceed the threshold(s) specified in Table 1 of Annexure 2 to

the Ministerial Direction, the developer of the net additional demand units will need to pay the ICP levy.

Example 1: If a planning permit application is lodged after the ICP commencement date for the change of use of an existing warehouse building to a dance studio and the development net additional leasable floor area of 50 sqm, the responsible authority cannot include an ICP payment condition on the planning permit as the net additional leasable floor area does not meet the commercial threshold of over 100 sqm.

Example 2: If a planning permit application is lodged after the ICP commencement date for a change of use of an existing shop to a dwelling with no net change in floor area, the responsible authority cannot include an ICP payment condition on the planning permit.

Example 3: If a planning permit application is lodged after the ICP commencement date for a change of use of an existing shop to two dwellings with no net change in floor area, the responsible authority cannot include an ICP payment condition on the planning permit.

Example 4: If a planning permit application is lodged after the ICP commencement date for a change of use of an existing motor repairs building to an art gallery and development of net additional leasable floor area of 110 sqm, the responsible authority must include an ICP payment condition on the planning permit for 110 commercial demand units.

For change of use planning applications made under Section 72 of the PE Act, the above guidance 'Do section 72 planning applications need to pay an ICP levy?' applies.

1.12. Will ICP levy credits be given for existing buildings that are demolished or proposed to be demolished?

When calculating the ICP levy amount, collecting agencies will provide credits for existing demand units, as only net additional demand units will need to pay an ICP levy.

Any existing buildings that have been lawfully occupied within the last two years of the planning permit lodgement date can be used as demand unit credits towards the ICP levy. If an existing building is demolished before the planning permit application is lodged, a credit cannot be given for the building.

Example 1: If an existing warehouse with a leasable floor area of 5000 square metres is demolished the day after a planning permit application is lodged on the same site for 50 dwellings and the existing building was lawfully occupied as a warehouse within two years of the planning permit lodgement date, a credit will be provided for the industrial demand units. For FY26/27, this calculation would be (50 x $11,350) – (5000 x $57) = $282,500.

Example 2: If an existing warehouse with a leasable floor area of 5000 square metres is demolished two weeks before a planning permit application is lodged on the same site for 50 dwellings, a credit will not be provided for the industrial demand units.

If no planning permit is required, demand unit credits can be given for buildings lawfully occupied within the last two years of the date of the building permit application. If an existing building is demolished before the building permit application is lodged for a development that does not require a planning permit, a credit cannot be given for the building.

Example: If an existing office building in the MUZ with a leasable floor area of 80 square metres is demolished the day after a building permit application is lodged on the same site for a new office building with 250 square metres leasable floor area and the existing building was lawfully occupied as an office within two years of the planning permit lodgement date, a credit will be provided for the commercial demand units. For FY26/27, this calculation would be (250 x $114) – (80 x $114) = $19,380.

Due to the ICP levy exemption in State-Led Infill Precincts ICPs and ICO schedules for the demolition of a single dwelling followed by construction of a replacement single dwelling on the same land, the above timeframe for the expiry of demand unit credits does not apply.

Example: If an existing dwelling on a 200 square metre lot is demolished prior to the lodgement of a planning permit application for the construction of one dwelling on the same lot, no ICP levy payment is required.

The collecting agency can ask the developer for evidence to calculate the number of credit demand units for the existing building(s) if they do not have sufficient information to establish existing demand unit credits meeting the above criteria. Evidence to be provided by the developer may include a dated site survey plan, a dated site existing conditions plan, dated photos or aerial images of the building(s) and should be supported by supplementary evidence demonstrating that the building(s) have been lawfully occupied as per the criteria above, for example:

- Business insurance documentation
- Council health registration
- Liquor licence
- Any other document that proves lawful occupation of the building(s) within the two years of the applicable planning/building permit application lodgement date.

The collecting agency can refuse granting all or part of the credit units where, after considering all evidence available at council and provided by developer, they are not satisfied that the evidence sufficiently establishes existing demand unit credits on the land meeting the above criteria. The land will then be treated as vacant during demand unit calculations.

1.13. What happens if the collecting agency cannot calculate demand units for a subdivision permit?

For commercial and/or industrial subdivisions of vacant land, demand units cannot be calculated as new leasable floor area is not included in the subdivision planning permit.

If a planning permit is required for the development of new commercial and/or industrial leasable floor area following the issue of the subdivision planning permit, the responsible authority will include a condition on the development planning permit to require the payment of the ICP levy to the collecting agency council before the building permit is issued under the *Building Act 1993*.

If no planning permit is required for the development new commercial and/or industrial leasable floor area following the issue of the subdivision planning permit, the building surveyor must not issue a building permit unless they are satisfied that the ICP levy has been paid to the collecting agency. For staged building permits, the full ICP levy must be paid before the first stage of the building permit is issued, unless council consents to a section 173 agreement with the developer for ICP levy payments to align with demand units for each building permit stage. The section 173 agreement must be prepared and registered on title at the developer's cost.

For large scale development sites, staged subdivisions may occur under Section 37 of the *Subdivision Act 1988* with no demand units created at certain subdivision stages. A staged subdivision standard planning permit condition for State-Led Infill Precincts ICPs is provided to each responsible authority with a template of a Schedule of Infrastructure Contributions. This standard planning permit condition is also included in Writing Planning Permits.

1.14. Works-in-kind (WIK) in lieu of ICP levy payment

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 prepared and registered on title at the cost of the developer.

Further guidance regarding WIK is in sections 'What are works-in-kind?', 'Accepting works-in-kind (WIK)' and 'Which departments at council should be involved in deciding which projects to spend ICP levies on?'.

1.15. Developer-provided works

The developer cannot obtain any ICP WIK credit for works, services or facilities that a developer of land normally provides on or to the land in an infill development setting (for example, the provision of water, sewerage, energy or telecommunications infrastructure to service the development, or the provision of impact mitigation works discussed below).

In accordance with section 62(5) and 62(6) of the PE Act, both onsite and offsite infrastructure items which are expected to be provided by developers as a matter of course or are required as a direct result of an approved development will continue to be required by referral authorities and/or the responsible authority where necessary. These requirements will continue to be secured through planning permit conditions or to be shown on endorsed plans and will not be credited as WIK contributions under the ICP.

Developer-provided works and ICP contributions serve different purposes and are not interchangeable. A developer may be required through a planning permit condition to undertake works such as road access changes, intersection upgrades, drainage improvements or public realm upgrades where those works are necessary to facilitate a development or mitigate its impacts. These works address needs generated directly by a development and do not constitute, replace or offset a developer's obligation to make an ICP contribution. ICP contributions fund infrastructure required to support growth across the broader plan area, which is distinct from infrastructure needed to make an individual development acceptable.

Example 1: If determining referral authority requires the upgrade of a vehicle crossing on the site and an additional slip lane adjacent to the site as a condition of a planning permit lodged after the commencement date of the ICP levy, the value of these works cannot be credited as WIK contributions under the ICP.

Example 2: As a result of an internal referral to council's traffic engineers, a right of way easement must be extended as a condition of a planning permit lodged after the commencement date of the ICP levy, the value of this land cannot be credited as WIK contributions under the ICP.

Example 3: If the developer decides to provide additional public open space in-excess of the requirements under clause 53.01 of a council's planning scheme or section 18 of the *Subdivision Act 1988*, the value of this land cannot be credited as WIK contributions under the ICP.

1.16. Unpaid ICP levies

If the collecting agency finds that an ICP levy has not been paid prior to a building permit being issued, the collecting agency can recover this as debt pursuant to section 46GZH of the PE Act. The collecting agency may wish to send out ICP levy payment reminders to building surveyors following notifications pursuant to section 80 of the *Building Act 1993* and regularly audit ICP levy receipts against the copies of building permits received pursuant to section 30 of the *Building Act 1993*.

1.17. Is affordable housing subject to the ICP levy?

Only housing provided by or on behalf of the Chief Executive Officer of Homes Victoria is exempt from paying the ICP.

Example 1: If vacant land receives a planning permit for the development of 30 dwellings including 1 dwelling that will be owned by Homes Victoria, the ICP levy amount will only include 29 residential demand units.

Example 2: If vacant land receives a planning permit for the development of 30 dwellings including 1 dwelling that will be owned by the developer and rented to tenants in the very low to moderate income range defined the PE Act, the ICP levy amount will include 30 residential demand units.

1.18. How long will the ICP levies be collected for?

The expected end date of the ICP is specified in each ICP. A planning authority (council or DTP) can prepare a planning scheme amendment to change the current time frames specified in each ICP if circumstances significantly change.

1.19. Does the introduction of the ICP levy impact applications to extend the expiry date of a planning permit?

Responsible authorities will continue to assess extension of time applications as usual.

1.20. Public open space contributions

Public open space contributions required by clause 53.01 of a council's planning scheme or section 18 of the *Subdivision Act 1988* continue to apply separately to the ICP.

1.21. Can developers contest paying the ICP levy?

No, the ICP levy is imposed through statutory tools and is not contestable. If the development is not specified in the ICP as being exempt, then the developer must pay for the net additional demand units allowed by the planning permit or building permit.

2. Expenditure of ICP levies in State-Led Infill Precincts

2.1. Local and state components of ICP levies

Where there is no overlapping DCP, council will keep two thirds of the ICP levies it collects to fund local infrastructure and will transfer one third to the Secretary, Project Development (via DTP) to fund state infrastructure.

Where there is an overlapping DCP, council will keep two thirds of the ICP levies it collects minus any overlapping DCP levies to fund local infrastructure, and will transfer the remainder to the Secretary, Project Development (via DTP) to fund state infrastructure.

2.2. When can ICP levies be spent outside of the ICP collection area?

Prior to the legislative changes to the ICP system which commenced on 3 June 2026, the test for using ICP funds outside the plan area was highly restrictive, requiring that funded infrastructure 'is essential to and the need for which is generated by' the development within the plan area. This test was much higher than that for funding within a plan area. This created challenges in an infill setting such as State-Led Infill Precincts where there are smaller plan areas that are focused on increasing housing density. Schools, open space and other facilities may not be practically delivered within the plan area despite playing a critical role in servicing the area. As a result of the ICP system legislative changes, projects such as upgrades to public schools that are located just outside ICO boundaries (but have school zoning that overlaps with the State-Led Infill Precincts) are eligible for ICP funding.

The ICP levies collected can be used to fund infrastructure projects:

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

Example: Funds collected from development in the Activity Centre ICO1 can be used to upgrade the municipal Indoor Swimming Pool which is located 100m outside the boundary of the ICO1.

2.3. How do councils decide which projects to spend the ICP levies on for ICPs containing priority categories?

The State-Led Infill Precincts ICPs can be prepared to contain specific infrastructure projects and/or priority categories of works, services or facilities to be determined at a future date following the gazettal of an ICP and funded though the standard levy in accordance with the Ministerial Direction.

The State-Led Infill Precincts Annexure 2 states that priority categories of works, services or facilities must only be comprised of the allowable items specified in Table 2 of the State-Led Infill Precincts Annexure 2. These allowable items are discussed above in Part A in detail.

The State-Led Infill Precincts Annexure 2 also states that when a council is listed as the development agency for the priority categories of infrastructure in the ICP, the funding of specific works, services or facilities must be via an annual council-led process. The first round of this process must commence, at the latest, before the end of the third financial year following the gazettal of the ICP.

Prior to receiving funds or identifying specific projects for expenditure, councils can prepare for growth and future investment through routine reviews of existing materials including Community Visions, Council Asset Plans, Financial Plans and Council Plans or strategies. Aligning future council plans with the objectives, principles and anticipated growth and built form of the Train and Tram Zone Activity Centre program and specific Activity Centre provisions of the relevant planning scheme will provide the framework for future priorities and expenditure.

Councils may prepare Place Improvement Plans as part of finer grain planning for activity centres, or identify opportunities and emerging needs through Movement and Place analysis.

Councils should use their existing capital works plan process to identify infrastructure that will be needed to service development within the ICP plan area and identify priority categories projects eligible for ICP funding. This capital works plan should be put to a council meeting for endorsement following community consultation as a part of council's existing annual budget process.

When preparing a capital works plan containing priority categories of works, services or facilities for the ICP areas, council officers must demonstrate how the proposed works, services or facilities will service the needs of the net additional development in the ICP plan area by using the following:

- ICP collection locations using data submitted by council on the Victorian Government's digital platform;
- consideration and prioritisation of the objectives, policies and provisions set out in the relevant planning scheme, including any criteria in the ICP; and
- consideration of alternative funding sources in prioritising works, services and facilities for funding to avoid multiple sources collecting for the same purpose.

Several council departments may be involved in this process. This is outlined in the below section 'Which departments at council should be involved in deciding which projects to spend ICP levies on?'.

Identification of ICP eligible infrastructure, and forecasting and planning for future pipelines of infrastructure to meet the needs of the development within the ICP plan areas should become a routine consideration in annual council plans and budgets.

The community consultation process for council's annual budget required by the *Local Government Act 2020* and the ICP reporting requirements discussed below (in section 'Twice-yearly reporting on ICP collections and infrastructure delivery for councils and the state') provide transparency and accountability of ICP collections, expenditure and infrastructure project delivery.

2.4. Can councils use the ICP funds to supplement DCP projects or other projects that have commenced or already been announced?

Where an ICP is applied to the same land as an existing DCP, the ICP must not fund the provision of infrastructure that services the same need as an item funded by the DCP. An ICP can funding the augmentation of an item funded by a DCP in order to respond to additional need not funded by the DCP.

Example: An ICP may include funding for an additional room for a maternal health centre otherwise funded by a DCP, provided the additional room is responding to an additional need beyond what was anticipated by the DCP.

The total standard levy rate collected from the ICP can be used to funding the augmentation of non-DCP infrastructure projects that have already commenced or been announced in order to respond to additional need not already funded.

2.5. 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.

2.6. Can the local component of ICP funds be used to fund ICP projects across multiple council areas?

Some ICOs will span more than one municipality and those councils may choose to combine funds as development agencies to deliver a single ICP project.

2.7. How will ICP projects be delivered that include state and local components and/or integration?

Development agencies will need to work together to identify opportunities and priorities within each centre, including where partnerships are required and shared funding arrangements.

2.8. Public availability obligations for councils and the state for priority categories of works

Development agencies (councils or the Secretary, Project Development) must make the following documents available in accordance with section 197A of the PE Act:

- any document relied on for the determination of specific works, services or facilities to be funded; and
- written notice of any determination of specific works, services or facilities to be funded.

Examples of documents relied on for the determination of specific works, services, or facilities to be funded include:

- data extracted from the Victorian Government's digital platform
- activity centre plans
- precinct opportunity plans
- precinct implementation plans
- community engagement summary reports

Written notice of any determination of specific works, services or facilities to be funded includes the draft capital works plan circulated at the council meeting, and the meeting agenda and minutes.

2.9. Which departments at council should be involved in deciding which projects to spend ICP levies on?

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:

- Statutory planning – placing ICP conditions on planning permits, advising on the number of ICP demand units allowed by endorsed plans, negotiating WIK agreements and providing advice on section 173 agreements.
- Strategic planning – implementing ICP projects using council's annual budget process and capital works program, reviewing ICPs, negotiating WIK agreements and providing advice on section 173 agreements.
- Capital works, engineering, social and recreation – implementing ICP projects using council's annual budget process and capital works program, reviewing ICPs and negotiating WIK agreements.
- Finance, administrative and corporate services – managing the collection of infrastructure contributions, establishing the financial accounting, quality assurance, reporting and legal processes for ICPs, and implementing ICP projects using council's annual budget process and capital works program.
- Senior management team – signing off on spending of plan administration costs, signing off on the review of ICPs, approving WIK and agreements, overseeing the collection of levies and provision of infrastructure using council's annual budget process and capital works program.

2.10. 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
- assigning administration costs annually according to each department's ICP administration resourcing needs
- 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.

2.11. Risk management

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

3. Revenue Administration and Reporting

3.1. Can developers request a refund on ICP contributions made?

The Collecting Agency must refund a standard levy payment (in full or in part, as applicable), where it is satisfied that a development or subdivisions, which was levied, will not proceed.

3.2. Can developers seek refunds of unspent ICP funds?

Developers cannot proactively seek refunds of unspent ICP funds. The PE Act provides for unspent funds to be returned to the collecting agency by the development agency and then divided between current owners of land within the ICP area, however that is only for unspent funds after the expiry of the ICP. State-Led Infill Precinct ICPs will have a 30-year life span, and significantly more flexibility to spend the funds on emerging needs so it is unlikely that funds will remain unspent and need to be returned to landowners.

3.3. 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 there is timely and orderly provision of infrastructure in response to emerging development locations and typologies.

3.4. Interest

The council should establish a separate interest-bearing account for each ICP. All interest earned on collected levies is to be retained by the collecting agency and then spent on delivering local specific infrastructure projects and/or local priority categories of infrastructure identified in the ICP.

3.5. How often do councils need to transfer the state's portion of ICP levies to the state?

Any collecting agency is required to lodge and maintain ICP collection data using the Victorian Government's digital platform by 15 July for the preceding 1 January – 30 June reporting period and 15 January for the preceding 1 July – 31 December reporting period.

Tables 1, 2 and 3 in the Part B of the Ministerial Direction provide an indicative outline of the data required to be submitted within the platform – detailed requirements are subject to change and specified in the digital platform.

Where there is no overlapping DCP, Councils must then transfer one third of the cash receipts of the collected ICP levies by the end of September and end of March each year to the Secretary, Project Development (via DTP). Councils are to retain any interest earned on the state component.

Where there is an overlapping DCP, Councils must then transfer a proportion of cash receipts (difference between the total cash receipts and two thirds of the indexed ICP standard levy amount specified in Annexure 2 minus any overlapping DCP levies) of the collected ICP levies by the end of September and end of March each year to the Secretary, Project Development (via DTP). Councils are to retain any interest earned on the state component.

Transferring funds to the state will occur through generation of Recipient Created Tax Invoices (RCTI) by councils based on the reported revenue for the previous reporting period.

3.6. ICP plan administration costs for councils and the state

The Ministerial Direction caps the proportion of collected levies that can be used for administrative purposes annually, ensuring that the vast majority of funds are available for infrastructure delivery.

The collecting agency and development agencies require funds to administer the new ICP system, such as upgraded IT systems and the council roles outlined below in section 'Which departments at council should be involved in deciding which projects to spend ICP levies on?'.

From financial years 2026/27 until the end of financial year 2030/31, a maximum of 3.5% of annual revenue received by each development agency may be used for plan administration purposes. From financial year 2031/2032 onwards, this will reduce to a maximum of 2.5% of annual revenue. The higher percentage in the first five financial years is due to the likely low amounts of ICP funds to be collected in the first few financial years as developers usually do not commence construction directly after receiving a planning permit.

If a development agency is also a collecting agency, the agency may apply the whole or part of that 3.5%/2.5% of annual revenue to its plan administration costs incurred in its capacity as a collecting agency, including recovering unpaid ICP levies pursuant to section 46GZH of the PE Act. Annual revenue calculations cannot include DCP payments.

Example 1: In FY26/27, a municipal authority without overlapping ICPs and DCPs may utilise up to 3.5% of the ICP revenue apportioned to the municipal authority as collecting and development agency within the ICP, being two thirds of the ICP standard levy amount specified in Annexure 2. In FY26/27, the Secretary, Project Development may utilise up to 3.5% of the revenue apportioned to the state as development agency within the ICP, being one third of the ICP standard levy amount specified in Annexure 2.

Example 2: In FY26/27, a municipal authority with overlapping ICPs and DCPs may utilise up to 3.5% of the ICP revenue apportioned to the municipal authority as collecting and development agency within the ICP, being two thirds of the ICP standard levy amount specified in Annexure 2 minus any overlapping DCP levies. In FY26/27, the Secretary, Project Development may utilise up to 3.5% of the revenue apportioned to the state as development agency within the ICP, being one third of the ICP standard levy amount specified in Annexure 2.

3.7. Twice-yearly reporting on ICP collections and infrastructure delivery for councils and the state

By 15 July and 15 January each year following the gazettal of an ICP, collecting agencies must report the ICP collections for the corresponding half financial year using the Victorian Government's digital platform.

Development agencies must report on ICP expenditure and infrastructure project delivery using the Victorian Government's digital platform by 30 September and 31 March for the corresponding previous 6-month period. Development agencies include councils for local projects and the Secretary, Project Development for state infrastructure projects.

The Victorian Government's digital platform will have ICP collections and infrastructure delivery data on a publicly available online map, as well downloadable and customisable reports.

These dates and deadlines are detailed in Appendix A.

3.8. Data requirements for reporting

Collecting agencies are required to provide estimates of forecasted revenue within the digital platform lodgements by March and September for the previous 6-month period. Data requirements and the methodology for determining forecasts are provided in the digital platform lodgement template.

Where Council is the Responsible Authority, the report must include permit information for developments which have an ICP obligation.

All provided data should be complete, accurate and supported by appropriate record management practices.

Where Council is the Collecting Agency or Development Agency, the report must be included in the report of operations contained in the council's annual report prepared under the *Local Government Act 2020*.

3.9. What role will DTP play?

Governance, oversight and enforcement of ICP reporting will be the responsibility of the State, including the preparation of:

- reporting templates and guidance materials.
- development activity trend data.
- future revenue projections for State levy generated funds.
- Compliance audits with the activity schedule (cash transfer compliance, reporting completion rate, variance between forecast and actual revenue).

Where the Secretary Project Development is the development agency, DTP will undertake the same reporting obligations.

3.10. What do these changes mean for the annual reporting to the Minister?

The legislative requirements to provide an annual report of collection and expenditure to the Minister will be acquitted through the September and March reporting periods. DTP will use the data from these reports to compile the Minister's report which is tabled in Parliament annually.

3.11. Where do I go if I still have questions?

Any queries relating to ICPs can be directed to infrastructure.contributions@transport.vic.gov.au

Appendix A

Annual reporting and payment cycle.

Due Date	Report/Activity	Lead	Purpose	Method
1. **15-Jan** 2. **15-Jul**	**Half-Year Collections Report** (Jul-Dec period) (Jan-Jun period)	Council (Collecting Agency)	Reports actual levy receipts	Lodge actual cash collection data through the Vic Gov contributions reporting portal.
1. **31-Mar** 2. **30-Sep**	**Half-Year Expenditure Report** (Jul-Dec period) (Jan-Jun period)	Development Agency (Council or Sec, Project Development)	Supports acquittal, expenditure monitoring and project tracking for ICP-funded infrastructure.	Lodge expenditure and project delivery data through the Vic Gov contributions reporting portal.
1. **30-Sep** 2. **31-Mar**	**State Share Transfer** (Jan-Jun collections) (Jul-Dec collections)	Council (Collecting Agency)	Supports infrastructure funding.	Transfer State levy funds to DTP

Due Date	Report/Activity	Lead	Purpose	Method
30-Sep	Annual ICP Reporting Data Finalisation	Council and DTP	Provides basis for annual reporting.	Finalised collections and expenditure data lodged into Vic Gov contributions reporting portal.
31-Oct	Annual ICP Report to Minister for Planning	DTP	Supports public transparency.	Data compiled from finalised lodgements in the Vic Gov contributions reporting portal.
February (following year)	Annual PE Act Report Tabled in Parliament	DTP	Public transparency.	DTP prepares and tables annual report.
tbd	Input for growth and infrastructure reporting	DTP (with Council input)	Supports state infrastructure funding prioritisation.	DTP liaise with state agencies and councils regarding infrastructure planning, growth, capital works and forecasting

© The State of Victoria - Department of Transport and Planning, October 2026.



This work is licensed under a Creative Commons Attribution 4.0 International licence. You are free to re-use the work under that licence, on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Transport and Planning (DTP) logo. To view a copy of this licence, visit http://creativecommons.org/licenses/by/4.0/

ISBN 978-0-7311-9306-3 (**pdf/online/MS word**)

Disclaimer

This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence

Accessibility

If you would like to receive this publication in an alternative format, please go to planning.vic.gov.au or email infrastructure.contributions@transport.vic.gov.au

Version	Date
1	October 2026 – Initial publication


VICTORIA
State
Government
Department
of Transport
and Planning