Applying the Metropolitan Planning Levy

Planning Practice Note | 82 MAY 2016

The purpose of this practice note is to:

- explain how the Metropolitan Planning Levy works
- provide guidance on what is a leviable planning permit
- assist applicants and councils in calculating estimated development costs and the levy amount.

Background

The Metropolitan Planning Levy (MPL) commenced on 1 July 2015, through an amendment to the *Planning and Environment Act 1987* (the Act). MPL is intended to support the delivery of Plan Melbourne initiatives through the Department of Environment, Land, Water and Planning and the Metropolitan Planning Authority.

The levy applies to planning permit applications under sections 47 or 96A of the Act for projects valued at over $1 million in 2015-16 in the Melbourne metropolitan area. The levy is set at $1.30 per $1000 of development cost, or 0.13% of the whole value of the development for projects that exceed the threshold amount. The threshold amount is adjusted annually by the Consumer Price Index. The value of a development is based on the estimated cost of the development for which the permit is required.

Metropolitan Melbourne			
Banyule	Glen Eira	Maroondah	Nillumbik
Bayside	Greater Dandenong	Melbourne	Port Phillip
Boroondara	Hobsons Bay	Melton	Stonnington
Brimbank	Hume	Mitchell (inside UGB*)	Whitehorse
Cardinia	Kingston	Monash	Whittlesea
Casey	Knox	Moonee Valley	Wyndham
Darebin	Manningham	Moreland	Yarra
Frankston	Maribyrnong	Mornington Peninsula	Yarra Ranges

*Urban Growth Boundary

What is 'development?'

Development, as defined by the Act, includes the construction or exterior alteration or exterior decoration of a building; the demolition or removal of a building or works; the construction or carrying out of works; the subdivision or consolidation of land, including buildings or airspace; the placing or relocation of a building or works on land; and, the construction or putting up for display of signs or hoardings.

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How the levy works

According to section 96P(1) of the Act, "a leviable planning permit application is an application under section 47 or 96A for a permit required for the development of land in metropolitan Melbourne if the estimated cost of the development for which the permit is required exceeds the threshold amount". The State Revenue Office (http://www.sro.vic.gov.au/mpl) is responsible for collecting the levy on behalf of the Commissioner of State Revenue. Prior to submitting a leviable application to the responsible authority, notice must be given to the Commissioner and the amount of the levy paid to the Commissioner. The State Revenue Office will then issue a certificate, if it is satisfied that the whole amount has been paid in respect of the estimated cost of development.

All leviable permit applications must be accompanied by a levy certificate. A leviable planning permit application is void unless, at the time of the application, the applicant provides the responsible authority with a current Levy certificate.

The levy certificate expires 90 days after the day on which it is issued (Section 96T(3)). No refunds can be granted, except in the case of a mathematical error.

In most cases the municipal council is the responsible authority for leviable planning permit applications, however in some instances, such as significant developments in central Melbourne, the Minister for Planning is the responsible authority.

Calculating the levy amount

For all leviable types of development, including subdivision, only the works requiring a permit should be included in the calculation of costs. If the estimated cost of the development for which the permit is required is not a multiple of $1000, the estimated cost is to be rounded up or down to the nearest $1000.

Example:

A planning permit is required for a residential development with an estimated cost of development of $1,350,400. This cost is rounded to the nearest $1,000, being $1,350,000.

$1.30 x 1,350 = $1,755

Responsible authorities must assess the estimated cost of development specified on a planning permit application form in accordance with the legislation. Associated works not requiring a planning permit of themselves should be excluded from the estimated cost for MPL purposes. Properly identifying the actual cost of development ensures correct planning permit fees are paid and provides a sound statistical basis for local and state government planning for infrastructure and community development.

Refunds and exemptions

The Act does not provide for exemptions from payment of the MPL. Refunds will only be provided in the event of a mathematical error in the calculation of the estimated cost of development when provided to the Commissioner. No refund will be provided if the cost of development reduces after the MPL has been paid, or if the permit is refused, lapses or is subsequently cancelled, or if the development never proceeds. If an applicant has previously incorrectly calculated the estimated cost of development, based on costs of works associated with a subdivision but not in themselves requiring a planning permit, a request for a refund can be made in writing to the State Revenue Office.

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Accessibility

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