

Growth Areas Infrastructure Contribution Fund

Policy Statement



*The **Growth Areas Infrastructure Contribution (GAIC)** is designed to help fund essential state infrastructure where it is needed most – in Melbourne’s fastest growing suburbs in the seven major growth area councils.*

Greenfield development will support a significant proportion of Melbourne’s population growth. It creates unique challenges and a progressive demand for new infrastructure that needs to be closely linked to the release of new land.

GAIC is specifically structured to ensure it addresses the unique infrastructure needs of the growth areas. This Policy Statement explains GAIC, what it can be spent on, how spending will be prioritised, and how funds will be allocated.

What is GAIC?

GAIC responds to the state infrastructure challenges facing new communities in the municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham

GAIC is a one-off contribution paid by developers. It collects some of the increased value of growth area land, that has been rezoned for new development since 2005. These contributions help to fund the state infrastructure requirements of new communities.

The payment of contributions is triggered by certain events associated with urban development, such as land sales and subdivision. Contributions are collected by the State Revenue Office and distributed equally between two special purpose accounts – the Building New Communities Fund (BNCF) and the Growth Areas Public Transport Fund (GAPTF) – known collectively as GAIC funds.

GAIC funds are expected to collect between \$3.0 billion and \$3.5 billion over the 30 years to 2040. This was originally estimated to equate to around 15 per cent of the total funding needs for state infrastructure in the designated growth areas.

GAIC was introduced in 2010 under Part 9B of the *Planning and Environment Act 1987* (the Act). In 2011 the ability for developers to provide land or works-in-kind (WIK), in lieu of making GAIC payments, was included. A number of GAIC WIK Agreements have now been approved.

Progress in collecting the contributions and committing expenditure to and from GAIC funds is reported for each growth area council in the annual reports of both the Department of Environment, Land, Water and Planning (DELWP) and the Victorian Planning Authority (VPA).

Growth Areas Infrastructure Contribution Fund

GAIC funding applications are received by Local Government Victoria (LGV) in DELWP. LGV assesses applications for completeness and deliverability. More information can be found in the Application Guidelines.

What can GAIC funds be spent on?

GAIC funds can only be spent on state-funded infrastructure projects located within the Urban Growth Boundary in any of the seven designated growth area councils. GAIC funds must be spent in, or for the benefit of, these growth areas.

Sections 201VA (GAPTF) and VB (BNCF) of the Act provide more specific information about the types of projects that can be funded. These can include land acquisition, capital works and start-up operating costs for new public transport services.

How will applications for GAIC funds be prioritised?

All applications for GAIC funding will be assessed by an interdepartmental panel convened by DELWP's Local Government Victoria (LGV). The panel will undertake due diligence to ensure eligibility and deliverability, assess the priority of projects and recommend funding proposals for consideration by the Minister for Planning.

Funding decisions will be informed by a strategic pipeline of state infrastructure projects in the growth areas, drawn from Precinct Structure Plans and corridor-level infrastructure needs assessments.

Projects must service areas that have made, or will make, contributions to GAIC. Projects located on land developed or zoned for development before 2005, which are not subject to the contribution, may still be considered for funding if there are clear regional benefits to the newer growth area communities.

It is intended GAIC funds will be distributed to growth corridors broadly in proportion to the amount received over time. Short term variations have occurred so the Government can direct investment to the areas of greatest need and leverage other investments.

What are the current infrastructure priorities for GAIC funds?

The following new or upgraded infrastructure and land acquisition project types are priorities for GAIC funds.

Growth Areas Public Transport Fund

- new railway stations and associated works
- new bus interchanges
- future transport corridors
- bus services for the first five years of operation
- associated infrastructure for public transport such as car parking and access

Building New Communities Fund

- primary and secondary government schools and other education facilities
- state emergency services facilities including fire stations and ambulance stations
- health, community health, wellbeing and family violence prevention facilities
- justice facilities including courts and police stations
- open space improvements
- walking and cycling
- regional level sporting and recreational facilities.

How will GAIC funds be allocated?

Under the Act, allocations for recommended projects are authorised by the Minister for Planning and, if required, approved by the Treasurer.

At the beginning of each calendar year, the Minister for Planning will call for funding applications from all Ministers.

All applications must be authorised by the responsible portfolio Minister to ensure coordination of priorities. Applications also must meet legislative and eligibility criteria. Final assessment of shortlisted projects will occur in May, with announcements of approved projects to be made from July onwards.

Consideration will also be given to priorities submitted by the relevant Metropolitan Partnership region, and projects that promote social inclusion.

Further details of the application process for GAIC funds can be found in the GAIC Application Guidelines, which are updated annually.

GAIC Work-in-Kind Agreements

Developers can seek to provide works or land for future state infrastructure in lieu of paying the contribution. Proposals for GAIC work-in-kind (WIK) agreements are to be directed to the VPA. This can offset all or some of a developer's GAIC liability.

The VPA is also exploring opportunities to negotiate with developers a framework to better plan for the long-term provision of state infrastructure and land requirements.

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