



## more timely infrastructure provision

communities  
will receive the  
infrastructure  
they need  
sooner, and new  
arrangements  
will be made  
to better  
coordinate  
infrastructure  
provision with  
development

Historically, the provision of infrastructure and services needed to support new communities in Melbourne’s growth areas has not always kept pace with development. With the expectations of communities increasing in recent years, people are now seeking infrastructure that is delivered in a more timely way and to higher standards.

### FUTURE INFRASTRUCTURE NEEDS AND COSTS

Based on the work of the Smart Growth Committees, over \$10 billion of State-supported infrastructure is likely to be required for future outward growth up to 2030.

This includes infrastructure for:

- transport—arterial roads and public transport infrastructure
- the environment—reservations, regional parks and open space, stormwater and creek protection and water quality works
- State-supported community facilities—including neighbourhood houses, libraries and major recreation facilities.

### HISTORY OF DEVELOPMENT CONTRIBUTIONS

Development contributions have long been a fundamental part of the urban development process in Victoria and in other Australian states, with essential infrastructure (such as roads, sewers, drains and utilities) being directly provided by developers for many decades.

Development contributions have been able to be collected under legislation since the introduction of the *Planning and Environment Act 1987*.

The previous government amended the Act in 1995, introducing Development Contribution Plans.

The current government amended the Act in 2004 to ensure that Development Contribution Plans would be fairer, more transparent and more accountable. The amendments resulted from an extensive consultation process conducted by an independent steering committee that included broad representation from local government and the development industry.

*A plan for Melbourne’s growth areas* implements the intent of the legislation passed in 2004 and takes the opportunity to streamline and improve on past practices, tailored to the needs of the growth areas.





## THE CURRENT SITUATION

Development contributions remain a part of good development, and are provided and supported by responsible developers. However, different standards and approaches for infrastructure provision and contributions currently apply across the growth areas.

In fact, developers are faced with a variety of separate and different State and local contributions in different growth areas and a range of agencies to deal with.

The *Subdivision Act 1988* requires developers to contribute some of their land for use as local open space.

Some councils require a variety of contributions from developers through Development Contribution Plans or individual agreements, while others do not. Current local government contributions range from as little as \$600 per lot in some areas, to around \$5,000 per lot in Epping and around \$10,000 per lot in Mernda.

Major developments generally contribute towards the cost of State arterial roads through agreements with VicRoads. However, there is not a consistent approach to the application and recovery of contributions to roads from all developers. VicRoads estimates that the value of current contributions, where collected, averages approximately \$55,000–\$65,000 per hectare (mostly delivered as construction works, not payments).

Generally, contributions are not required for public transport infrastructure and services, regional open space and State-supported community facilities. However, some developers have in the past made contributions, including ‘in-kind’ contributions, in relation to these.

The opportunity exists to streamline, simplify and make development contributions more consistent in Melbourne’s growth areas.

## CONTINUED BUDGET FUNDING FOR INFRASTRUCTURE

In accordance with existing practice, the government will continue to meet the majority of the costs of State roads, public transport, community and environmental infrastructure from the Budget, and will continue to meet the costs of social infrastructure such as schools, health, and police and emergency services facilities in the growth areas. Where appropriate, the government will look for new ways for the private sector to invest, such as through Public Private Partnerships.

But it is also important that developers continue to contribute fairly. Decisions by State or local government to designate, rezone or subdivide land for urban development creates significant increases in land values. In some cases land values can increase by as much as \$300,000–\$400,000 per hectare (Charter Keck Cramer). Today this land value increase is shared between land owners and developers.

In these circumstances, it is reasonable for developers to contribute further to the cost of infrastructure provision so that services can be delivered sooner.

Development contributions will support the provision of transport (roads and public transport), environmental facilities (such as regional open space, trails and creek protection) and State-supported community infrastructure (including libraries, neighbourhood houses and major recreation facilities).



**A STRENGTHENED  
PARTNERSHIP APPROACH  
AND A SIMPLER SYSTEM**

To further improve the current system, a fairer and more integrated and efficient approach to determining contributions to infrastructure from development will be adopted. Development Contribution Plans will be the vehicle for achieving this simpler system. They will provide the development industry with greater certainty about the required level and type of contributions and greater clarity about the standards on which those contributions are based. Developers will no longer be required to deal with as many agencies when it comes to finalising their contributions. And importantly, communities can expect more timely and consistent delivery of infrastructure.

**A plan for each growth area**

The new Growth Areas Authority will work with councils and developers to progressively introduce Development Contribution Plans for each growth area, incorporating State and local contributions. This will assist with the coordination of State and local infrastructure, give greater transparency and provide greater efficiencies to industry.

State Development Contribution Plans will be initially prepared at a growth area level and will be progressively developed to include local requirements as more detailed precinct structure plans are completed.

**More flexibility for ‘in-kind’ provision**

The government is committed to a more flexible and modern approach so that infrastructure can be provided in the most appropriate and cost-effective way. Per hectare

contributions will be established in each growth area, finalised according to local needs for different categories of land and indexed over time to ensure that all developers contribute fairly.

There will be flexibility for contributions to be met, either completely or in part, by direct ‘in-kind’ provision and/or cash payments if that is what is chosen.

Developers will be able to propose in-kind provision from a suite of flexible options, including constructing roads and public transport facilities; enhancing open space, walking and bicycle trails, and State-supported community infrastructure such as neighbourhood houses; and providing land for road and public transport reservations or other public facilities.

While the government will set the parameters and delegation capacity, the new Growth Areas Authority will have the ability to negotiate in-kind contributions to infrastructure with developers in lieu of cash contributions, measured against per hectare contributions set out in the relevant Development Contribution Plan.

**THE NEW POLICY  
APPROACH**

The government is adopting a more consistent approach to contributions in growth areas. Contributions will now include public transport, environmental facilities and State-supported community infrastructure.

Because the extent of the land value increase varies at different points in the development cycle, developments will be required to contribute a different proportion of infrastructure costs, depending on the status of the land involved.



While contributions may be made in cash and/or in-kind, they will be measured against per hectare contributions calculated for individual areas as a function of the infrastructure required to ensure fairness and value for money.

Developments in the growth areas will contribute:

- 25 per cent of the value of public transport, environmental facilities and State-supported community infrastructure on land already within the urban growth boundary and zoned for urban development but not yet subdivided (this is land likely to be taken up within the next 10 years). The expected value of such contributions is currently estimated to be around \$40,000-\$45,000 per hectare
- 40 per cent of the value of such infrastructure on land within the urban growth boundary but not yet zoned for urban development (this is land likely to be taken up in 7-15 years). The expected value of such contributions is currently estimated to be around \$60,000-\$65,000 per hectare
- 50 per cent of the value of such infrastructure on land brought within the urban growth boundary in 2005 (this land is more likely to be taken up beyond 15 years). The expected value of such contributions is currently estimated to be around \$75,000-\$80,000 per hectare.

Development Contribution Plans for each growth area will include the above requirements for contributions to public transport, community and environmental infrastructure, alongside the existing requirements for contributions to roads. Where collected, these currently average \$55,000-\$65,000 per hectare.

As a consequence of amending the urban growth boundary and when preparing Development Contribution Plans, further consideration will be given to the appropriate level of contributions to roads from land to be developed in the medium to long term.

Contributions will be calculated in the plans on a 'per hectare basis' – a hectare is an area of land about 2.5 times larger than an acre. Typical average development in growth areas currently sees an average of 10-12 houses built on every hectare of land. This is expected to increase as new planning arrangements and market and demographic changes occur. More houses on each hectare of land are already being achieved in some areas, providing a greater choice in housing types and lot sizes.

As a general guide, the Department of Sustainability and Environment has prepared some estimates of the equivalent to the per hectare rate for individual house blocks. These estimates are based on a typical development where 11 houses are built on every hectare, taking into account the tax deductibility of the contributions. The equivalent to the per hectare rates are:

- a contribution of between \$2,700-\$3,100 per block for land within the urban growth boundary (UGB) and zoned for urban development but not subdivided
- a contribution of between \$4,000-\$4,400 per block for land within the UGB but not yet zoned for urban development
- a contribution of between \$4,900-\$5,400 per block for land brought within the UGB in November 2005.

The new Authority will provide advice on the details of contributions in each growth area, depending on local needs.

In accordance with current practice, the government does not determine the allocation of a developer's costs to individual house blocks in a subdivision. This is decided by developers, depending on how many houses they build and on local market conditions.

It is unlikely that all of the contributions will be passed on to home buyers. Because the requirements will be known well in advance, developers can negotiate lower prices for raw land, avoiding passing on costs to home purchasers.

Contributions in Victoria compare favourably to contributions for similar development in Sydney and Brisbane. Victoria has some of the lowest infrastructure contributions arrangements of any major Australian city making our property industry more competitive for developers and new housing more affordable than in other eastern states.



# impact of contributions on housing affordability

## GREATER CERTAINTY AND LOWER LAND PRICES

By knowing the requirements for greater contributions to infrastructure costs resulting from development, developers can negotiate lower prices for raw land, avoiding passing on costs to home purchasers. This means greater certainty for developers in negotiating land purchases and finance arrangements.

The effect of the contributions will reduce the price paid by developers for raw land. In these circumstances it is not expected that there will be additional costs passed on to home purchasers.

## OFFSETS TO DEVELOPMENT CONTRIBUTIONS

Contributions for infrastructure are deductible for tax purposes, thereby reducing the cost to developers.

In addition, any potential impact on house prices will be further offset by other elements of *A plan for Melbourne's growth areas*, including:

- a greater supply of land for development which, when appropriately zoned and serviced, will lead to downward pressure on land prices
- a more efficient process to coordinate infrastructure and servicing of land with development
- greater competition in local housing markets leading to more choice and lower prices.





## a new growth areas authority

A Growth Areas Authority (GAA) will be established to work in partnership with councils and government agencies, and provide advice to government on the coordination of land development, infrastructure and service provision in the growth areas.

Key objectives of the GAA will be to:

- reduce the regulatory burden on developers and local government
- maintain housing affordability in growth areas and monitor price movements so that the affordability objectives of this plan are achieved.

Key tasks will include:

- advising on the release and servicing of new land when required, to ensure there continues to be competition and a downward pressure on prices
- developing plans and supporting Development Contribution Plans for infrastructure and services for consideration by government
- supporting the implementation of government policy regarding housing affordability, choice and yields
- providing advice to local councils and the Minister for Planning on the sequencing of land release, land rezoning proposals and the need for any future changes to the urban growth boundary
- working with local councils to ensure that appropriate detailed precinct structure plans are recommended to government.

The GAA will work cooperatively with local councils, the development industry and government agencies to achieve its objectives of good planning, timely infrastructure provision and quality development for growth areas.

The GAA will be created under legislation and will have a Board accountable to the Minister for Planning. Local government will be represented on the Board and will be consulted, along with developers and other stakeholders, regarding operational

and implementation matters as part of the development of the legislation. Interim arrangements will be put in place to ensure a smooth transition to the GAA. These will include the referral of significant applications to the Director of Public Transport.

### GROWTH AREA PLANS

Growth area plans, based on the framework plans will guide the overall form, direction and sequence of urban development within each growth area. These growth area plans will be developed in 2006 for inclusion in planning schemes.

### STRUCTURE PLANS

The GAA will work with councils to ensure that detailed precinct structure plans are either prepared for development areas that don't already have them, or updated where they need to be improved. Plans for development precincts will implement the government's policies and community aspirations for planning and designing new communities. They will include objectives for housing yields, choice and affordability and will also set out the infrastructure required to support development.

In most cases, precinct structure plans will cover an entire new community or suburb. Land owners, developers and government agencies will be included in the process of preparing precinct structure plans.

Local councils as Planning Authorities will remain responsible for planning scheme amendments that implement the detail of the adopted structure plans. Rezoning of a major development precinct will occur after a precinct structure plan has been prepared and adopted. The GAA will work with local government to monitor the outcomes achieved through planning permits and subdivisions, to ensure that the policy objectives and requirements of precinct structure plans are achieved and contributions to infrastructure are received.

the sheer scale and complexity of planning for and overseeing the development of melbourne's five growth areas over the next 25 years requires a new approach

## more jobs closer to where you live

prosperous economies with thriving businesses can provide a variety of job opportunities for developing communities

Local jobs boost the economy by creating employment for local people and by providing incentives for other businesses to move into the area.

Because local work reduces commuting distance, it can increase leisure time and reduce private car use, traffic congestion, air pollution and expensive road costs.

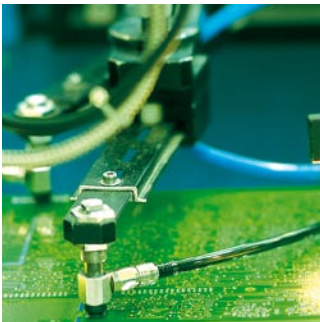
This plan seeks to improve market conditions for investment, which could create the opportunity for an extra 80,000 jobs during the next 25 years in, or easily accessible to, the growth areas.

### BOOSTING EMPLOYMENT OPPORTUNITIES

The growth area framework plans identify well-located land sufficient to meet the expected needs of business and large-scale industry for 25+ years. Local jobs will also be created in shopping and commercial centres with good transport access, and in areas along major road and public transport corridors. Further strategies and initiatives designed to generate local jobs include:

- preparing regional employment strategies that increase access to employment by growth area residents, because the growth areas are part of broader economic regions
- identifying and supporting strategic employment sites in areas that have the potential to create new and more diverse 'innovation economy' jobs in outer suburban areas, if made more attractive for investment. This would include traditional industrial areas, activity centres with an employment focus and large sites located close to good transport infrastructure

- identifying and supporting employment and business clusters, because many firms and businesses can work more successfully if located together, creating synergies, spin-off jobs and greater economic activity. Clusters of activity can also attract a range of business support services, allow more effective delivery of telecommunications infrastructure and help create more diverse employment
- continuing to support transit city and activity centre developments by pursuing opportunities to promote the development of centres that can provide large populations with thriving retail activity and shopping choices, housing and services such as public hospitals and post-secondary education facilities around transport links. These centres also have the potential to generate significant employment. The transit cities of Dandenong, Footscray, Werribee, Sydenham, Broadmeadows and Epping are already well placed to become such centres.






## SUPPORT FOR METROPOLITAN INDUSTRY

Along with the Port of Melbourne and Melbourne Airport, the metropolitan area has three major industry 'nodes' that are vital to Victoria's economic future—Dandenong South/Cranbourne West in the south-east, Somerton in the north and Laverton North in the south-west. Because these nodes are the main locations for large-scale manufacturing and freight transport activity, metropolitan industry land requirements to 2030 were considered for Casey-Cardinia, Hume and Wyndham.

Each area now has enough existing and additional land for industrial requirements for more than 20 years, with land south of the Pakenham Bypass set aside in Casey-Cardinia and additional land along the Melbourne-Sydney railway and the Hume Highway/Freeway corridors set aside in Hume. The growth area plans also ensure that sufficient land is available to cater for local employment needs.

The table below indicates that if current trends continue, the number of jobs in the growth areas is likely to increase to 320,000 over the next 25 years. A *plan for Melbourne's growth areas* seeks to improve market conditions for investment, which could create the opportunity for an extra 80,000 jobs during the next 25 years in, or easily accessible to, the growth areas.



	2001 ACTUAL JOBS	2030 CURRENT JOBS TREND	2030 HIGHER JOBS GROWTH
Casey-Cardinia	44,300	100,400	142,400
Hume	57,500	92,000	95,000
Melton-Caroline Springs	7,900	19,300	26,400
Whittlesea	29,500	46,500	46,500
Wyndham	31,800	62,000	90,000
Total	171,000	320,200	400,300

### forecast growth in jobs

Sources: Department of Sustainability and Environment, 2005 forecast; Australian Bureau of Statistics, 2001 Census.



## protecting the natural environment

the character, amenity and economic value of a neighbourhood is improved by establishing green spaces and by preserving sites of significant environmental value

### METROPOLITAN PARKS

Planning for two new metropolitan parks is well underway for the Toolern Regional Park near Melton and for the new Werribee Regional Park in Wyndham. Further long-term planning continues for new parks on Kororoit Creek at Caroline Springs, for a second regional park north of Wyndham and for a regional park at Cranbourne East.

A draft plan for a new park on Merri Creek in Craigieburn will be released shortly, while significant extensions continue at existing ‘icon’ parks at Plenty Gorge in Whittlesea and at Cardinia Creek parklands.

Local parks will also continue to be provided, and the government is undertaking planning to expand the metropolitan trails network to improve access to parks.

### WATER SENSITIVE URBAN DEVELOPMENT

The government’s White Paper, *Our Water Our Future*, and the State Environment Protection Policy (Waters of Victoria), emphasise the need to protect the environment, conserve water and manage its use efficiently for the benefit of present and future generations.

To help manage the impact of urban development on the Port Phillip and Western Port catchments, the government is reviewing the Victoria Planning Provisions to encourage residential development that is designed to save water and protect the quality of waterways.

### STORMWATER QUALITY

Urban development will be designed to maintain and enhance the environmental health of Port Phillip Bay, Westernport Bay and Melbourne’s rivers and streams. Urban stormwater management measures, including the use of offsets, will protect and improve water quality where practical. These measures will be consistent with the State Environment Protection Policy and catchment-wide objectives of the Regional Catchment Strategy and the Regional River Health Strategy.

### WATERWAYS

New urban development will incorporate designated waterways to provide fauna habitat and movement corridors, protect water quality, enhance open space networks and provide walking and cycling paths.

### WATER SUPPLY

Water authorities will continue to work with local government and land developers to conserve drinking water and to increase water re-use. Water authorities will set the standards in new urban development for a wide range of alternative water supplies such as recycled water (including greywater), stormwater and the use of rainwater tanks.





## NATIVE VEGETATION

Government policy is to achieve a net gain, or increase, in the extent and quality of native vegetation. Victoria's biodiversity will be protected by ensuring that areas with high conservation value are avoided when land is designated for future development.

The government is examining further improvements to the approvals processes to ensure earlier decisions on vegetation protection, allowing development to proceed with greater certainty. These changes will address how key areas of environmental value will be protected, how impacts can be minimised and if necessary, how offsets are calculated and applied.

Victoria's *Native Vegetation Management—A Framework For Action* will be implemented across urban areas using practical and cost-effective measures that identify native vegetation in the early stages of development.

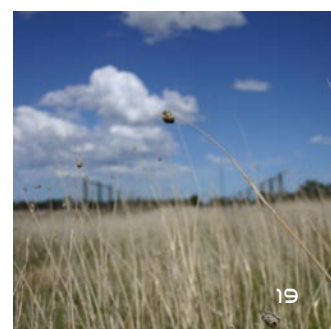
Native vegetation values will be mapped and assessed across each growth area to help identify and set aside important native vegetation sites that support regional biodiversity priorities. The vegetation mapping initiative will assist land developers in their planning studies and development approval applications by ensuring that the most accurate information is available to them and local councils, minimising potential delays.

Sites with nationally threatened species may still be subject to assessment as part of the Commonwealth's *Environment Protection and Biodiversity Conservation Act 1999*.

## NEW DEVELOPMENT

Views to hills, ridges, and the countryside are to be protected where practical. Green 'corridors' along creeks and streams will be created, and important trees and bushland retained. Preserving these features will create a break between residential areas and provide walking and cycling paths. Natural landscape features such as waterways can also provide neighbourhoods with a sense of individuality.

Residential development around public transport, shopping and commercial centres will minimise impacts on the natural environment and protect nearby agricultural, conservation and recreation areas.



## developing the new plans

new growth area plans have been informed by the work of the smart growth committees and will be included in the planning system

### SMART GROWTH COMMITTEES

In late 2003, the Victorian Government appointed five committees with independent chairpersons to oversee the review of the existing growth area plans, and to provide advice on the long-term growth in each area. The committees comprised government departments and agencies; local council officers and councillors; representatives from the development industry peak bodies; and local community representatives. Each committee carried out technical investigations, conducted public workshops and submitted interim and final reports to the government.

The work of the Smart Growth Committees has directly informed the government's decisions about the growth area plans and changes to the urban growth boundary. The government has adopted most of the recommendations of the Smart Growth Committees in relation to the growth area framework plans.

The new Growth Areas Authority will provide advice regarding the need for any changes to the urban growth boundary in the future.

The reports of the Smart Growth Committees will remain a valuable source of advice to the government, councils, infrastructure agencies and the new Growth Areas Authority in undertaking further, more detailed planning for new communities in growth areas.

### NEW GROWTH AREA PLANS

Based on the work of the Smart Growth Committees, the new growth area framework plans presented on the following pages provide a broad outline of the future direction and nature of change within each growth area. More detailed growth area plans and related policies will be developed in 2006 for incorporation by the Minister for Planning into the State Planning Policy Framework.

These growth area plans and policies will be based on the detailed advice received from each of the Smart Growth Committees.

The Growth Areas Authority will develop the plans and policies in consultation with local councils. As the plans are finalised, local councils will progressively review their local planning schemes to ensure that there is consistency between them and the State Planning Policy Framework.



