MUNICIPAL ASSOCIATION OF VICTORIA

LEVEL 5, 1 NICHOLSON STREET, EAST MELBOURNE VIC 3002
PO BOX 24131, 6 SOUTHERN CROSS LANE,
MELBOURNE VIC 3000
T 03) 9667 5555 **E** inquiries@mav.asn.au
www.mav.asn.au

11 July 2025

The Hon. Sonya Kilkenny MP
Minister for Planning

by email to sonya.kilkenny@parliament.vic.gov.au

Dear Minister Kilkenny,

Interim Submission by the MAV – Infrastructure Contributions Reform

As the legislated peak body for local government in Victoria, and on behalf of Victorian councils, the Municipal Association of Victoria is pleased to provide you with this interim submission on infrastructure contributions reform.

While there is no formal process to respond to at this stage, we are aware of the Government's intentions to legislate to consolidate various infrastructure and development contributions frameworks provided for in the *Planning and Environment Act 1987*. These intentions are publicly set out in *Plan for Victoria* at Action 9, "Streamline community infrastructure developer contributions", the short-term progress of which is proposed to be measured in terms of "Money collected for community infrastructure (Councils)".[1]

This reform program presents a unique opportunity to address Victoria's intergenerational equity.

The MAV has long advocated for reforming the infrastructure contributions system to better deliver essential infrastructure and services to new and growing communities. Simpler, fairer, transparent, and efficient schemes for councils, developers and communities are essential. Clear and streamlined institutional and governance arrangements are critical to ensure affordability, certainty and confidence in infrastructure delivery.

This is a shared challenge. Only by working together will state and local government ensure that new homes are supported by timely infrastructure, creating complete communities. If a system is to achieve its objectives and not create unintended consequences, both levels of government will need to rely heavily on knowledge held by the other. Billions of dollars of funded and future funded infrastructure is tied up in the existing system – which councils are mostly responsible for, to build great places for growing communities.

It is therefore disappointing that the local government sector's broad input into the infrastructure

[1] *Plan for Victoria* pages 69 and 79.

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contributions reform program has not been sought. To date, the only formal consultation has been limited to a select sample of councils subjected to non-disclosure agreements. Councils are at the forefront of infrastructure contributions collection and delivery, working closely with developers and communities to manage the sequencing of construction activity. Our sector is well placed to co-design a new and improved system through providing data and advice to the Victorian Government to support reform.

In lieu of a broad program of consultation with local government, and to ensure that the interests of local government and the communities that councils represent are fully articulated, the MAV provides you with this interim submission. We look forward to making formal submissions on any new consolidated infrastructure contributions scheme when the terms and mechanisms of such a scheme are circulated.

Attached to this submission is an independent state-wide context report commissioned by the MAV. The report provides an overview of infrastructure contributions schemes of all types, across all councils, providing new insights into the benefits and challenges of existing contributions schemes across Victoria.

This is information that government in Victoria – state or local – has not seen before. The report provides the most important stocktake of the take-up and performance of infrastructure contributions schemes since their inception. We are confident that this work will be useful to the Victorian Government, and we commend it to you.

The MAV seeks your assurance that any new infrastructure contributions scheme will drive meaningful community benefit in a way that assures and does not undermine current and future council financial sustainability.

To enable this outcome, this interim submission puts forward ten essential considerations for infrastructure contributions reform:

- A well-coordinated, consistent and transparent contributions system for councils and the property industry is critical to ensure confidence in future investment
- No community left behind: all councils can fund the local infrastructure communities need
- Defining the scope and setting benchmarks for a new contributions scheme is essential to meeting community expectations
- We have a significant opportunity to create transparent and harmonised reporting at the state, municipal and precinct levels
- Councils must be the collection agency for local infrastructure contributions
- Acquiring land is one of the most significant financial risks for local government

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- A new streamlined system must be designed to cater for local and regional variation and land economics
- Works-in-kind agreements provide flexibility and certainty and must be retained
- Unwinding the existing precinct-based DCPs and ICPs will be costly, distort outcomes and leave some communities worse off
- Housing products that avoid subdivision need to make equitable open space contributions

Finally, I note that any new consolidated infrastructure contributions scheme would require a Legislative Impact Assessment or a Regulatory Impact Statement under the Victorian Guide to Regulation, and would trigger paragraph 10 of the Victorian State-Local Government Agreement.

The MAV seeks clarity from the Victorian Government on how it proposes to broadly consult local government on the costs and impacts of any new infrastructure contributions model, ensuring that enough time is reserved to do this properly prior to the introduction of any Bill to Parliament or the drafting of any subordinate legislation.

The MAV welcomes the opportunity to discuss this submission with you and your department at your earliest convenience.

Yours sincerely,

Kelly Grigsby
Chief Executive Officer

Copies provided to Andrew McKeegan, Colleen Peterson, Stuart Moseley, Nick Mann, Paul Salter and Stuart Menzies, Department of Transport and Planning

Published at https://www.mav.asn.au/news-resources/publications/submissions

TEN ESSENTIAL CONSIDERATIONS FOR INFRASTRUCTURE CONTRIBUTIONS REFORM

The following ten essential considerations for reform have been informed by the state-wide context report (attached) and the MAV's Infrastructure Contributions Advisory Committee. The Advisory Committee is made up over approximately 20 council senior executives and council planners with detailed knowledge of, and experience in, Victoria's contributions system, who represent a broad cross section of council types. We have also drawn on previous MAV and council policy work.

1. A well-coordinated, consistent and transparent contributions system for councils and the property industry is critical to ensure confidence in future investment

The MAV recognises that inconsistent approaches to administering and implementing infrastructure contributions results in significant variation in experiences and outcomes for developers. These inconsistencies also create problems and varied outcomes for councils and communities.

In a broad context, infrastructure investment, sequencing and delivery across Victoria is uncoordinated across siloed areas of government with their own business plans and pipelines. Infrastructure Victoria has long called for state-wide infrastructure plans - recommendations all supported by MAV and councils.[2]

Any new contributions system should seek to overcome siloed decision making and administration processes. The disconnected and administratively burdensome systems of section 173 agreements, ICPs, DCPs and GAIC have together created an environment where disputes are routine, lengthy and costly, with councils often required to be a party to VCAT hearings for very simple matters. An objective of the reform program must be to provide for administrative efficiency, through a framework that is consistent and transparent.

Regulatory, financial and physical barriers to delivering infrastructure when promised can cause significant problems - not only for the developer providing the contribution, but for the communities that will rely on the infrastructure enabled by the contribution.

As activity centres, established urban areas, growth areas and many towns increase in density, the complexity involved in infrastructure sequencing and delivery will only increase. A consistent framework (if not consistent rates – see below), and transparency about that framework, are therefore vital. These will produce certainty for the public and private sector which, in turn, will enable the delivery of the Housing Capacity Targets set out in *Plan for Victoria*.

We note however that the current reform program is already giving rise to uncertainty about future contribution rates, creating risks about the costs developers will need to budget for to pay for land, roads, drainage, open space, community facilities and other growth-enabling infrastructure.

[2] MAV Sector Submission - Infrastructure Victoria's draft 30-year Victorian infrastructure strategy: 2025 – 2055 (April 2025)

2. No community left behind: all councils can fund the local infrastructure communities need

Councils are already struggling to meet their communities' infrastructure needs.

Providing essential infrastructure and maintaining existing infrastructure is core council business. Unfortunately, there are already significant funding shortfalls in the existing system, with councils struggling to fund those shortfalls in a financially constrained environment through grants, rates and borrowing. As a result, all councils have large, fixed costs to maintain essential community building assets. These impose a major constraint on budgets, even before new infrastructure is considered.

The MAV knows that expectations regarding the provision of community infrastructure have evolved significantly since local government amalgamations. Councils have moved beyond their traditional responsibility for 'roads, rates, and rubbish' to take on a broader role of building connected communities, complete with libraries, child and maternal health services, open space networks, and essential infrastructure like drainage. These responsibilities and increasing community expectations have generally not been met by financial assistance from other levels of government. This is why we continue to call for the reinstatement of a range of grants programs and coordinated, transparent investment from the state – such as reinstating the Growing Suburbs Fund, with expanded eligibility.

The growing financial constraints on all levels of government to deliver a broad list of community-building infrastructure items are well understood by our sector. The revenue structures for local governments in Victoria are not sustainable and alternative funding models are urgently required. For every dollar of revenue they collect, Victorian councils manage $10 of physical assets like parks, roads and kindergartens. For the Victorian Government this figure is $4, and for the Commonwealth $0.40.

In June 2024, the MAV submitted to both Federal and State Inquiries into the financial sustainability of local government. Our submissions go into extensive, evidence-based detail as to the financial situation of our sector. We urge the government to review these submissions in the context of infrastructure contributions reform:

- Submission to the Federal Parliamentary inquiry into local government sustainability
- Submission to Victorian Parliamentary inquiry local government funding and service delivery

Aligning a government-imposed rate cap to CPI does not accurately reflect the cost of council infrastructure renewal and upgrades and community asset requirements. It is the expectation of the sector that annual indexing of any new infrastructure charges scheme will keep pace with the actual costs of building and maintaining infrastructure.

Bringing forward infrastructure, the associated maintenance costs, and the costs of financing debt represent a significant impact on council finances. In a rate-capped environment, there are few mechanisms for councils to offset these costs, further exacerbating the asset renewal gap.

Greater utilisation of debt by councils is often floated as a solution for infrastructure funding. Councils already borrow significantly for infrastructure, but there are major barriers they face in doing so. Council assets generally represent a net ongoing cost to council. They add to councils' maintenance and depreciation costs, while assets that do bring in revenue frequently run below cost recovery. They are supported due to the public benefit they provide to Victorians.

Criticisms of council balance sheets being ‘under-geared’ are frequent but misleading. While councils generally have low debt to asset ratios, council assets are for a public purpose: they generally do not generate revenue, nor can they be liquidated. Considering purely commercial council assets would give a more accurate comparison to private sector practice however this information is not readily available. Similarly, as noted in the 2020 VAGO report *Managing Development Contributions*, while the risk of ‘gold plating’ infrastructure is often asserted, there is a lack of evidence to support this.

Meanwhile, emerging growth councils are facing significant cost increases to deliver essential infrastructure to complete and connect their communities. The attached analysis (p40) notes that “DCPs & ICPs do not fund the construction of sub-regional infrastructure including libraries, aquatic centres, indoor recreation facilities. Mitchell Shire Council estimate that $640M is required to deliver these facilities across the municipality”. Mitchell Shire Council has a population growth at over 4% per annum. That council’s infrastructure contribution gap is at risk from underfunding as their PSPs develop at much higher densities compared to PSPs in neighbouring councils.

The impact of replacing established precinct-based contributions schemes is further explored in consideration 9.

3. Defining the scope and setting benchmarks for a new contributions scheme is essential to meeting community expectations

Councils continue to express frustration that the current system does not adequately outline what is essential infrastructure for growing communities. The system does not provide a framework for outlining what an agreed and fair rate of contributions should be, and what should be done where funding gaps become insurmountable.

It is important to highlight the cumulative impact of infill development envisaged by *Plan for Victoria*. With Housing Capacity Targets seeking an infill delivery of 70% of all new homes, infill developers will gain the full benefit of infrastructure assets provided by previous generations – without making any contribution to asset renewal or maintenance necessitated by additional demand generated by their development. This must be addressed.

Beyond the recent amendment to the *Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans* relating to the Activity Centres program, the government has not indicated what will be growth-supporting infrastructure, and how renewal or maintenance will be covered in infill contexts.

For any new, flat charge scheme to deliver fair, efficient, simple and transparent development outcomes, a clearly defined scope of infrastructure items that can be funded is required. Any new reform must outline in detail what is to be funded as growth enabling and supporting infrastructure, with clear definitions given. The MAV submits this should broadly include:

- Active and vehicular transport infrastructure, including higher order roads, intersections and shared paths
- Drainage infrastructure
- Higher order and/or active public open space including playing fields and related facilities
- Land for public purposes (for example, community and recreation facilities)

How contributions towards this enabling infrastructure relate to other essential infrastructure, like social and affordable housing, must also be made clear.

These essential items, and any others, should be tied to who is responsible for infrastructure costs, asset renewal and upgrades, accompanied with associated best-practise benchmarked design standards. This should be developed through genuine local government and development industry engagement.

4. We have a significant opportunity to create transparent and harmonised reporting at the state, municipal and precinct levels

It follows that this reform program is the ideal opportunity to create transparent and harmonised reporting at the state, council and precinct levels, about infrastructure contributions revenue and expenditure by both state and local government.

Such a reporting framework should articulate planned infrastructure, and the progress towards delivering that infrastructure. This will establish a shared understanding between state and local government, communities and developers about progress, funding gaps, delivery responsibilities and the locational nexus between collection and expenditure.

Such a reporting framework would also provide a basis to prove that no council or precinct will be worse off under a new scheme compared to the status quo, provide transparency about cost-recovery and the need for alternative funding sources to meet infrastructure demand, and implement the Plan for Victoria's Action 9 'outcome measure'.

As such, we urge the Victorian Government to implement a state-wide platform for recording, monitoring and reporting infrastructure contribution and expenditure alongside any legislative reforms, with a view to improving the transparency, accountability and efficiency of infrastructure delivery across Victoria.

5. Councils must be the collection agency for local infrastructure contributions

For councils (and the communities that hold them accountable) to plan for and deliver infrastructure to support housing growth, councils must be the collection agency for local contributions. Alternative arrangements will only compromise administrative efficiency and timely infrastructure delivery – all while eroding trust in a system that is meant to pay for and deliver local infrastructure. Councils must not, for example, be expected to apply for contributions raised in their own municipalities.

If there is to be one collection agency for both a state and local component of any new infrastructure charge, then, as local infrastructure contributions will likely be the bulk of contributions raised, it makes sense for councils to collect the contributions raised locally.

There will also be up-front costs for local government associated with implementing any new state-wide infrastructure contributions system (at least within the first 12 months), especially in councils without established development and infrastructure contributions facilitation teams. Costs are likely to vary depending on the size and context of the council.

In recognition of these costs, the MAV calls for financial and resourcing assistance from the state government to:

- align local reporting systems to ensure consistency, accountability and transparency across the state and levels of government (per consideration 4), and
- cover ongoing local government administration costs associated with setting up and maintaining the new system – we understand that similar settings are currently available.

6. Acquiring land is one of the most significant financial risks for local government

Under the current DCP system, land acquisition (and how acquisition is managed under the *Land Acquisition and Compensation Act*), is among the greatest financial risks for Councils.

Provision of land for public purposes has proven to be one of the most complex aspects of the DCP system, and the source of some of the costliest funding shortfalls. Applying Public Acquisition Overlays to land which has already been identified in a Precinct Structure Plan for a public purpose can be very inefficient, compromising the timely delivery of critical infrastructure. Government should look to improving this process, providing a level of certainty and speed, in ways that continue to provide procedural fairness and natural justice to all parties.

The Victorian government should proactively assist to identify and acquire land for essential and community infrastructure. The importance of the early compulsory acquisition of land, especially for roads and drainage, and schools, early childhood infrastructure, open space and hospitals, to avoid the escalation of land values or potential for legal challenge, is critical.

The unwillingness or inability of acquiring authorities, such as the DTP or VicRoads, to fund acquisition, further delays some projects. State funding must ensure these authorities are able to effectively deliver on infrastructure needs.

The new Annexure for Activity Centres in the Ministerial Direction indicates that land may not be included at all in the new system. Councils certainly cannot be expected to fund the acquisition of land in Activity Centres (the value of which is being significantly increased by Victorian Government-led planning) under these terms.

7. **A new streamlined system must be designed to cater for local and regional variation and land economics**

   Flat charges on areas of different growth typologies, topographies, land values and economic strengths will compromise councils' ability to fund and deliver the necessary local infrastructure that growing communities need, unless those variations are anticipated and addressed.

   Proposals for new charges need to be properly tested with experts in local councils, across all development and growth contexts, including all infill, greenfield and rural towns and regional cities. Regional contributions present unique challenges, for example:

   - Land values and thus capacity to pay for variations are generally lower
   - Rates of development are slower, exacerbating the timing challenges between development and infrastructure delivery
   - Fragmented land ownership and the presence of more 'mum and dad' developers present additional challenges for regional contributions. In these locations, developers generally do not have the scale to perform in-kind contributions or deliver large up-front contributions to shared infrastructure projects
   - Rural and regional councils generally have minimal capacity to absorb shortfalls
   - Costs of infrastructure provision can be as high or higher than in metropolitan areas. Drainage is a particular concern for rural and regional councils, who manage drainage infrastructure cost variations across different settings. Standard drainage levies are not adequately dealing with the associated cost variations

   Changes to government policy have had a significant impact on the land and infrastructure needs of new communities. Provision of 3-year-old kindergarten and co-location of kindergarten with schools is one such example. It is challenging to retrospectively implement these policies that were not considered at the time of preparing a PSP.

   While the work to date by the Victorian Government's Infrastructure Contributions Working Group has no doubt been valuable, we note that two council growth typologies that present unique challenges that will need to be addressed in the reform program were not represented: peri-urban emerging growth (e.g. Mitchell) and inner-city brown- and grey-field redevelopment.

   If *Plan for Victoria* is to be fully implemented, the old growth typologies may also need to evolve: all metropolitan and many regional councils are 'growth councils' for the purposes of *Plan for Victoria*, and outer metropolitan, Growth Area and peri-urban councils are not adequate proxies for one another.

8. **Works-in-kind agreements provide flexibility and certainty and must be retained**

   Works-In-Kind (WIK) agreements are a powerful tool for enabling better sequencing of development and critical infrastructure provision. WIK agreements are often cheaper and more efficient for developers to undertake while they are still actively involved developing on site. Other processes, such as the GAIC WIK process can be cumbersome as they are tied to less-transparent GAIC funding arrangements.

WIK agreements are significant to councils. The provision of works- and land-in-kind assists councils to deliver infrastructure when required while limiting council financial risk. In the 2023-24 financial year alone, approximately $425million was collected across all ICP and DCP areas from levies & works in kind to facilitate the direct delivery of infrastructure to support development that is out-of-sequence, bespoke or unexpected.

WIK agreements support the efficient and timely delivery of infrastructure. These include where there is a nexus between the infrastructure required and the site (for example, payment towards infrastructure servicing a development) or when works-in-kind are a prerequisite to site development (for example, extending an existing arterial road to provide access to a development). Such agreements are also useful due to their use for bespoke local infrastructure upgrades and contexts that fall outside a contributions broader system.

For industry, working with councils on when payments are due and when WIK credits can be used assists affordability and timely delivery of housing and locally located jobs. Councils may also make payments to developers that are over-providers in a DCP area.

Flat charges that constrain councils' ability to negotiate WIKs will undermine the quantity and quality of infrastructure delivered upfront to connect new communities, while also impairing the efficient sequencing of construction activity.

9. Unwinding the existing precinct-based DCPs and ICPs will be costly, distort outcomes and leave some communities worse off

The complexity involved in unwinding existing precinct-based DCP and ICP programs and Section 173 agreements presents a significant risk to both local and state government, as well as the confidence of the development industry.

Existing DCPs and ICPs have decades of planned and funded growth remaining in them. The independent analysis shows that some $12.2billion of monetary contributions are required across 126 DCPs, and $2.5billion of contributions are required from 14 ICPs currently in place. This is not accounting for WIKs or other contributions. Undoing these existing, pre-planned and costed precincts will unleash significant development industry disturbance and leave councils facing impossible financial challenges. Emerging growth councils which still have decades of growth to come have the most significant stake in existing systems and their views, and their communities, must be taken into account and not left behind. Developers who have invested in these areas have done so expecting continued certainty.

The MAV believes that the market disruption that would be caused by mixed price signals, changes in land value and speculation in advance of the commencement of new mechanisms would outweigh the benefits of replacing these contributions mechanisms with a new charge.

Decisions made by governments, investments made by developers, and housing choices made by communities are generally made on the understanding that these plans, and the contributions needed to fund them, are secured and intend to be implemented.

Existing successful DCP and ICP precinct-based schemes should therefore remain in place, with the enabling legislation and mechanisms grandfathered.

The GAIC schemes, while too inflexible to confidently deliver works-in-kind, are a reasonable starting point for improving infrastructure contributions approaches in Growth Area councils' greenfield precincts.

10. Housing products that avoid subdivision need to make equitable open space contributions

In Growth Areas, including open space contributions within a new general infrastructure contributions charge has the potential to work well, if carefully designed.

Incorporating open space contributions into a new infrastructure charge across Victoria generally will, however, lead to significant complications: local government open space contribution rates vary significantly based on open space demands and local economies with each arriving at a rate after highly scrutinised strategic planning work.

Our analysis reveals that open space percentages sought via clause 53.01 range from 1% to 20% across Victoria. Higher average contributions per dwelling are, unsurprisingly, found in metro-Melbourne. Incorporating open space charges into a new flat infrastructure charge, while flattening the open space contribution rate, would lead to inequitable outcomes, and would remove the nexus between locational revenue and need, which is the basis for the statutory framework under the *Subdivision Act 1988*. Doing away with the basis of that framework should not be done lightly.

That is not to say that the open space contributions framework does not need to be improved. Open space contributions are currently triggered upon subdivision, and this has created an inequity with regards to with Build-To-Rent projects. Build-To-Rent projects remain in single-ownership and thus are not subdivided. While they contribute to the demand for open space, under current legislation they do not make contributions to supply, leaving other developers and councils to cross-subsidise. This needs to be addressed to ensure these projects are contributing on an equitable basis.

June 2025

MUNICIPAL ASSOCIATION OF VICTORIA

Infrastructure Contributions Context

PRESENTED BY :
Mesh Planning

PRESENTED TO :
MAV

www.mav.asn.au

Project Objective.

The Victorian State Government is currently working on reforming the infrastructure contributions framework. This process is made more complex by the establishment of recent Statewide Housing Targets, an increased emphasis on infill development—especially in proximity to transit and activity centres—and the escalating costs associated with infrastructure in growing regions. These factors all affect Local Government, with the common impact being the increased likelihood of larger funding gaps and delays in delivering infrastructure.

The objective of this project is to provide MAV with evidence based insights.

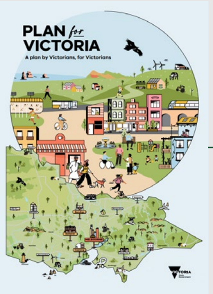
01 **Assess the existing conditions and present a concise overview of the infrastructure funding mechanisms in Victoria.**

02 **Deliver expert analysis to support the MAV Advisory Committee’s Review of the proposed infrastructure contributions system.**

03 **Gather all findings into a detailed final report and summary presentation.**

Contents.

Our shared Housing & Infrastructure Challenge.



Population growth

exceed 10 million by the year 2051

Housing supply

2.24M homes required by 2051

800,000 homes throughout Victoria by 2034

558,300 of these new homes need to be delivered within Regional Victoria.

Infrastructure

The 43 draft recommendations is est. to cost around $60-$75 billion. Almost three quarters of this is attributable to projects to improve social housing, kindergartens, schools, public transport and hospitals.

Current Infrastructure Funding Options.

Summary

- There are a range of funding mechanisms that State and local government can apply these are the main mechanisms currently applied in Victoria.
- Some funding mechanisms are only able to be applied in certain LGAs

STATE Government & Agencies	LOCAL Government
GAIC	Development Contribution Plans
Metropolitan Planning Levy	Infrastructure Contribution Plans
Infrastructure Recovery Charge	Open Space Contributions
Development Services Schemes	Section 173 Agreements
	Special Charge Schemes
	Grants

Current Local Government infrastructure funding options.

Victorian Infrastructure Funding System/Provision

Planning & Environment Act 1987

ICP

Supported by:

- Ministerial Direction
- Guidelines
- Reporting template to the Minister

Overview:

Monetary Component

- Standard Levy (capped)
- Supplementary levy (uncapped)

Land Component

- Land credit amount
- Land equalization amount

Pros

- Removes access to LACA
- WIK allowable
- Supplementary Levy is available
- All levies paid at same time by developer

Cons

- Financial risk – funding shortfalls
- Community & recreation levy is capped – creates funding shortfalls

DCP

Supported by:

- Ministerial Direction
- Guidelines
- Reporting template to the Minister

Overview:

Development Infrastructure Levy (DIL)

Charge uncapped & infrastructure defined

Community Infrastructure Levy (CIL)

Capped and paid for by homeowner

Pros

- Well known & accepted
- DIL uncapped
- WIK allowable

Cons

- Complex & expensive to prepare
- CIL capped
- Financial risk – funding shortfalls

S.173

Overview:

- Voluntary Agreement
- Placed on title, so it runs with the land
- Widely used across Victoria to facilitate works in kind projects and seek financial contributions

Pros

- Easy & often quicker to prepare compared to a DCP
- Often limits the financial risk to Council

Cons

- Can be challenged at VCAT
- Lack of transparency as there is no requirement to publicly exhibit

Subdivision Act 1988

Section 18-20

Open Space Contributions

- Allows for a **Council to seek up to 5% of site area** to be set aside for open space.
- **Enables Council's to set a higher % through Clause 53.01** of the Planning & Environment Act

Pros

- Well known & applied
- Subdivision Act provides a base rate
- Clause 53.01 provides further flexibility

Cons

- Only applies to subdivision so does not capture other development
- Lack of direction as to what specific justification is required to determine and calculate Clause 53.01 – there is no standard formula for calculating apportionment etc.

Local Government Act 2020

S.163-166, 221, 223 (LGA 1989) S. 55,56 (LGA 2020)

Special Charge Schemes

- Allows for a Council to levy rates and charges directly from landowners for works that will directly benefit from the works carried out.
- Council cannot apply a special charge scheme if the majority of owners oppose the scheme.
- Cannot be used for maintenance

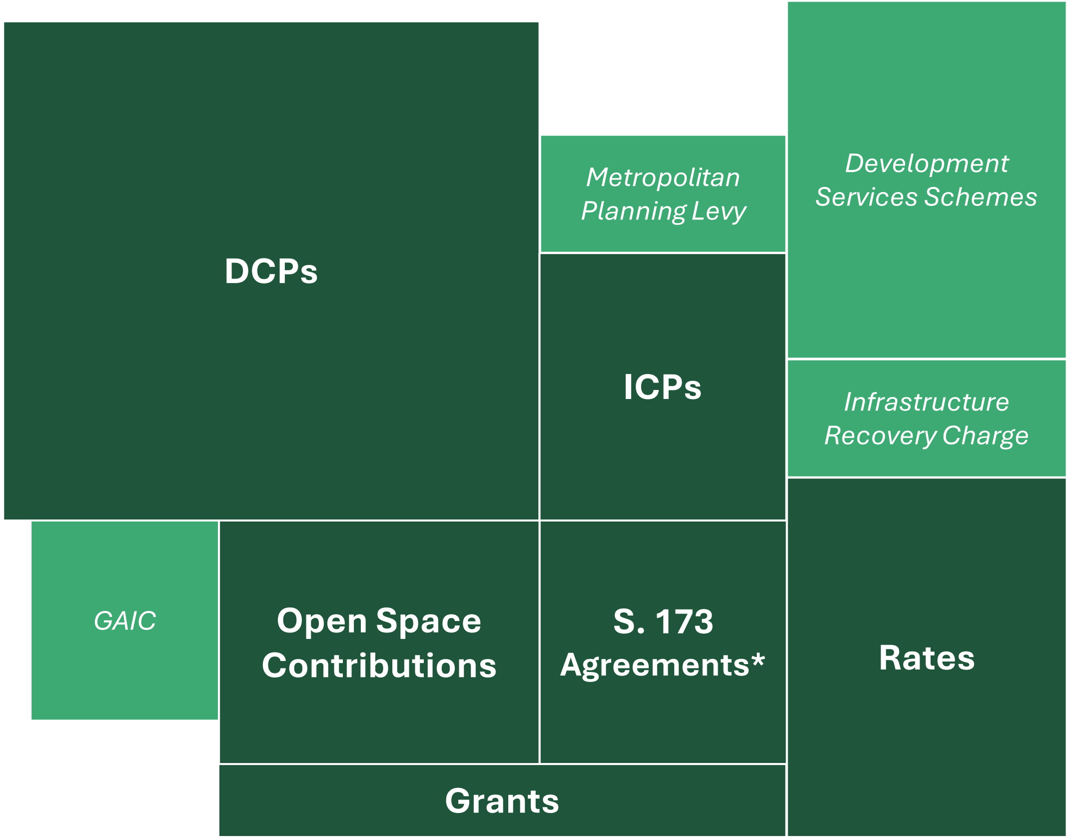
Pros

- Well known & applied
- Enables Council to provide infrastructure projects that would not otherwise have been delivered through rate revenue

Cons

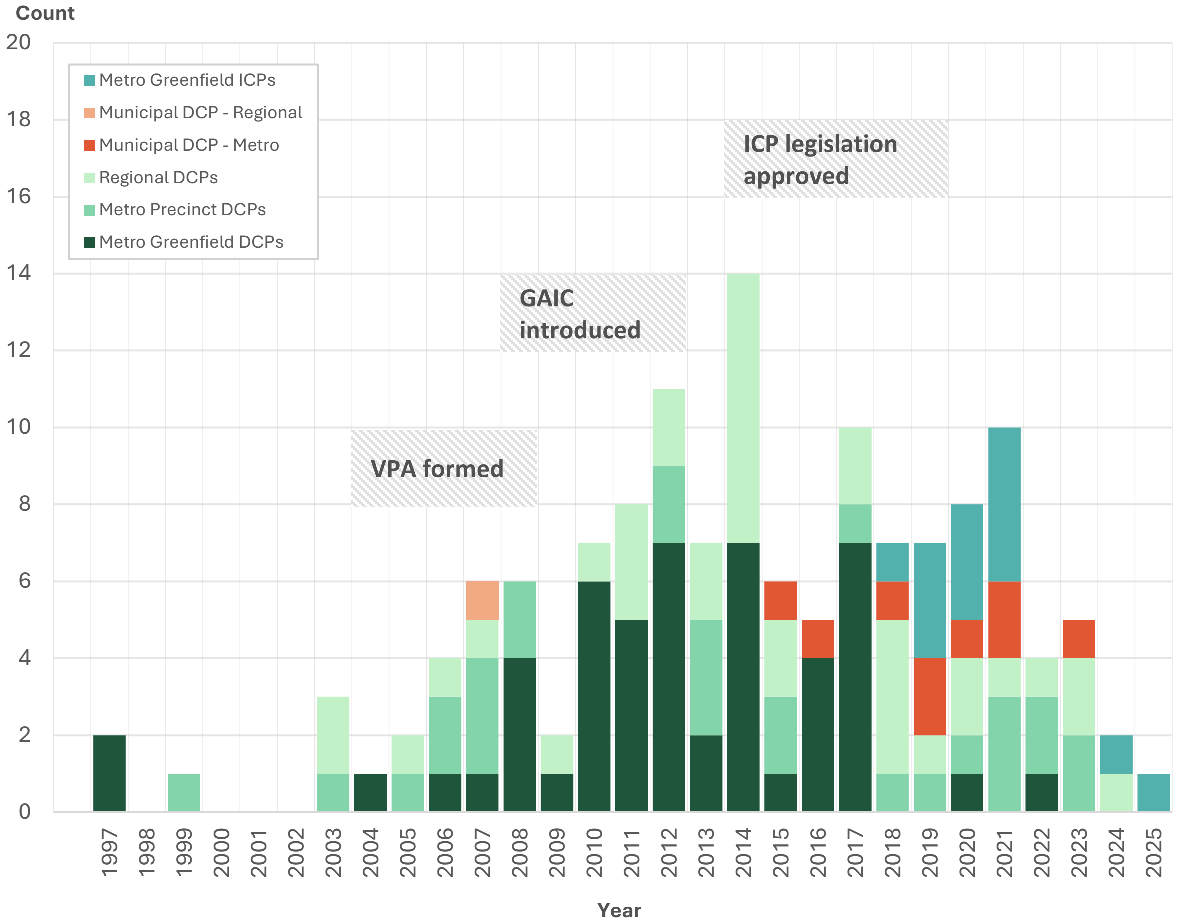
- Require >50% support to proceed with a scheme

How is infrastructure currently being funded?



*includes Informal Shared Funding Plans

No. of gazetted DCPs & ICPs from 1997 – 2025 (27 years)



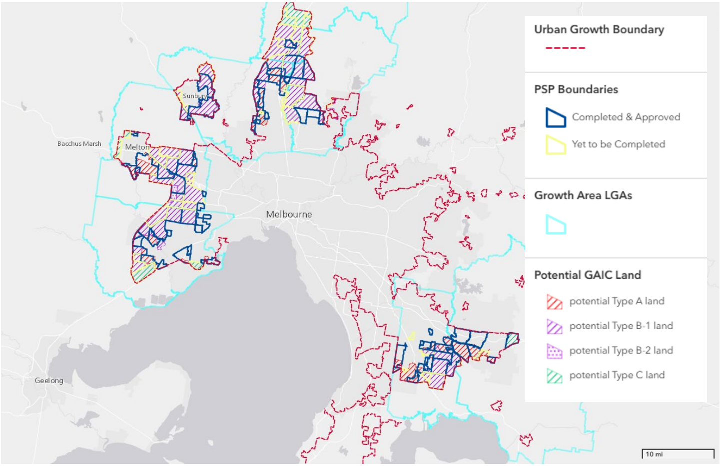
*includes Informal Shared Funding Plans

Current GAIC and Metro Levy Funding.

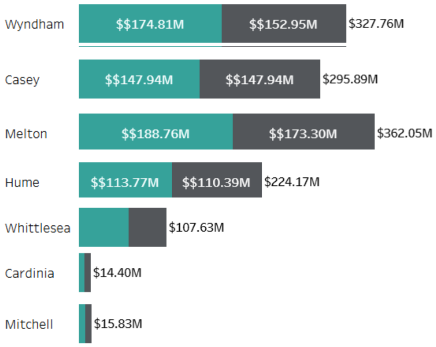
Summary

- **$1.29B** collected via GAIC to date
- **$600M** spent to date, **$56.86M** delivered as works in kind via GAIC.
- In the 2023/24 FY **$20M** was collected via the Metropolitan Planning Levy

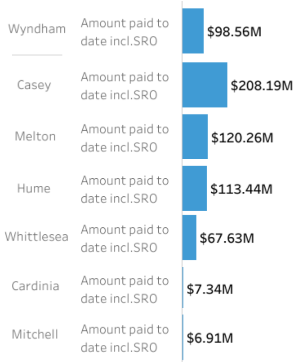
GAIC Contribution Area



Revenue by Growth Area



Investment by Growth Area



Metropolitan Planning Levy

Funds Collected:

In the 2023/24 FY $19,793,000 in funds were collected across the 32 municipalities

Current ICP Funding.

Summary

- There are **14 ICPs** in place and **5** in draft (placed on public exhibition but not gazetted).
- Monetary Component levies range from **$256k - $599k per ha** for Residential and **$147k - $490k per ha** for Employment (2024/25 $)
- In the 2023-24 FY Growth Area Councils received **$50M** in monetary component cash contributions,**$58M** in works and land in kind, **$33M** in land equalisation payments and **40.14 hectares** of inner public purpose land

$2.5B

of monetary levy contributions required from **14 ICPs**

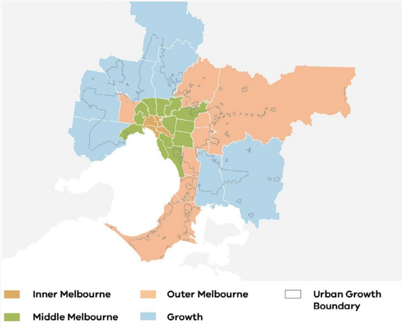
The monetary levy charges range from **$10K - 54K per dwelling** with an **average levy of $19K per dwelling** + **the land component** in 2024/25 $*

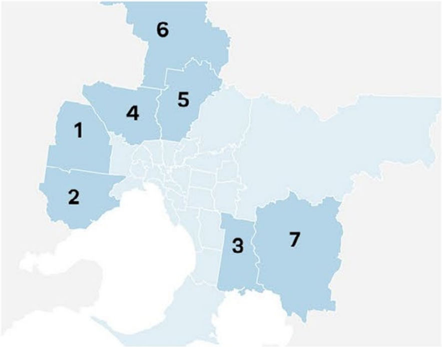
In the 2023-24 FY **$142M** was collected from levies & works in kind.

* Based on the ICP/PSP densities

Melbourne Growth Council ICPs

PLAN for VICTORIA





	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct ICPs	Total value apportioned to ICP projects FY2024-25	Residential Charge Range (per ha)	Employment Charge Range (per ha)	Clause 53.01 %
1	**Melton**	242,875	+109,000	**Mt Atkinson and Tarneit Plains, Plumpton & Kororoit**	$576M	$269,525 - $599,584	$160,437 - $490,496	0-3.97%
2	**Wyndham**	360,453	+99,000	**N/A**	N/A	N/A	N/A	2-9.9%
3	**Casey**	427,712	+87,000	**Cardinia Creek South (previously Mcpherson), Minta Farm**	$201M	$256,650	$147,562	1.85%-11%
4	**Hume**	281,473	+79,000	**Craigieburn West, Lindum Vale (Mt Ridley West), Sunbury South and Lancefield Road**	$932M	$256,650 - $371,991	$262,903	2.04%-4.48%
5	**Whittlesea**	265,974	+72,000	**Donnybrook Woodstock, Shenstone Park**	$369M	$256,650 - $310,499	$147,562	2.03%-11.3%
6	**Mitchell**	65,349	+66,000	**Beveridge Central, Donnybrook Woodstock**	$110M	$308,143 - $368,450	$199,055 - $259,362	2.03%-4%
7	**Cardinia**	139,511	+30,000	**Officer South Employment, Pakenham East (Deep Creek), Pakenham South Employment**	$333M	$256,650 - $374,282	$147,562 - $265,194	5.5%-8%

Current DCP Funding.

Summary

- **43 of the 79 Victorian Councils** have an approved DCP
- The charge ranges vary considerably reflecting the different scale of growth, amount of infrastructure included in the current DCPs and the age of the DCP
- In the 2023-24 FY Victorian Councils received **$283M in cash contributions** and **$156M in works and land in kind** contributions under the various DCPs

$12.2B of contributions required from **126 DCPs**

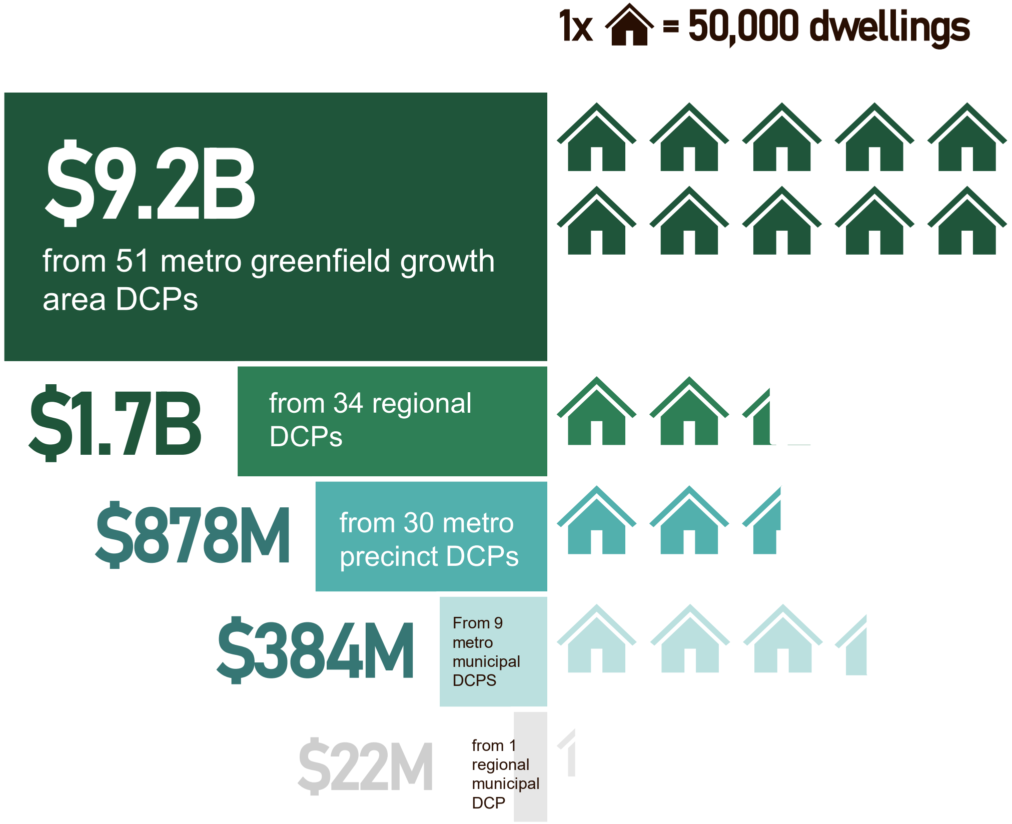
DCP residential DIL charges range from **$2 - $54,538 per dwelling** with a **median charge of $12,834 per dwelling**

DCP Employment DIL charges range from **$4,774 - $620, 514 per NDha** with a **median charge of $182,746 per NDha**

In the 2023-24 FY **$438M** was collected in levies & works in kind.

35% of the total collected was works and land in kind.

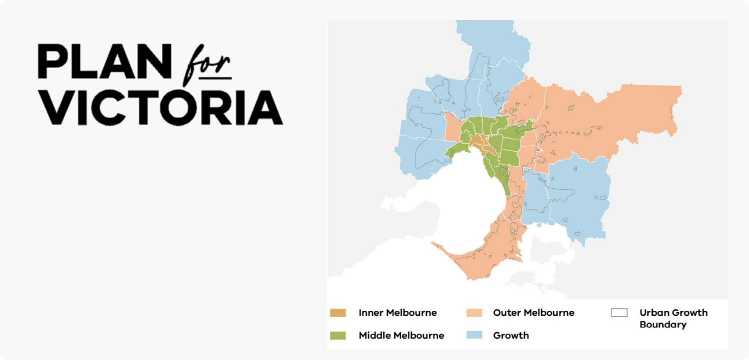
Current DCP Funding.

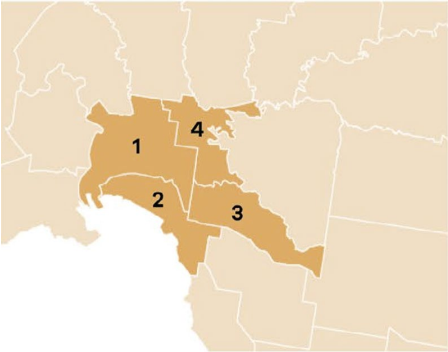


Summary

- A total of 126 DCPs have been established, requiring contributions amounting to $12.2 billion to support the delivery of local infrastructure needed for the development of over 900,000 homes (based on the yields in the respective DCP areas).
- DCPs provide a contribution towards higher order shared infrastructure but they are not a full cost recovery model

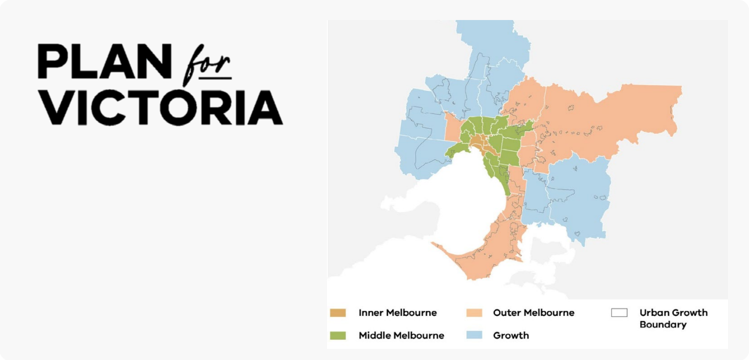
Inner Melbourne Council DCPs

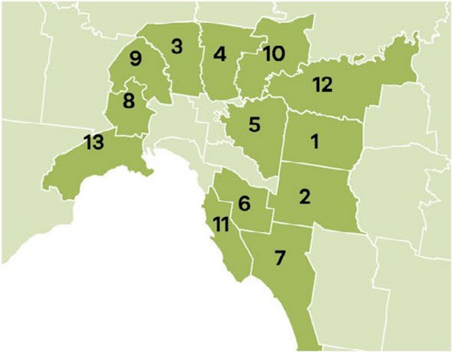




	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Municipal DCP	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+CIL)	Residential Charge Range (per dwelling)	Employment Charge Range (per 100sqm)	Clause 53.01 %
1	**Melbourne**	191,573	+119,500	-	**Arden Precinct, Macaulay Urban Renewal Area**	$558M	$21,559 - $26,633	$20,300 - $39,100	5%-8%
2	**Port Phillip**	117,956	+55,000	-	**Port Melbourne Mixed Use Area**	$N/A	$N/A	$N/A	5%-8%
3	**Stonnington**	116,960	+50,000	Yes	-	$34M	$1,056 – $2,380	$300 - $5,945	5%-8%
4	**Yarra**	105,828	+44,000	Yes	-	$41M	$471 - $3,564	$51 - $5,095	5%

Middle Melbourne Council DCPs

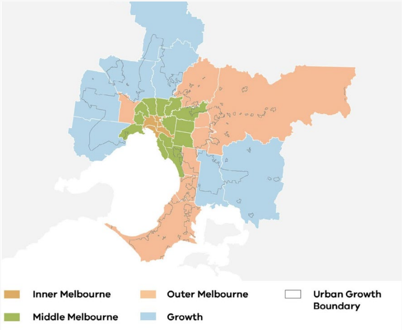


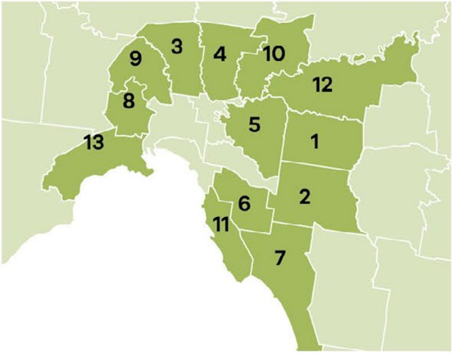


	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Municipal DCP	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per dwelling)	Employment Charge Range (per 100sqm)	Clause 53.01 %
1	**Whitehorse**	183,606	+76,500	Yes	-	$10M	$75 - $927	$8 - $824	4%
2	**Monash**	207,427	+69,500	-	**PMP Printing Precinct**	$N/A	$N/A	$N/A	7.61%-10%
3	**Merri-Bek**	189,462	+69,000	Yes	-	$19M	$422 - $1903	$111 - $5,525	2.5%-6.8%
4	**Darebin**	163,415	+69,000	Yes	**Preston Market Precinct**	$45M	$2 - $1,280	$2 - $30,000	2%-10%
5	**Boroondara**	180,511	+65,500	-	-	-	-	-	5%
6	**Glen Eira**	159,148	+63,500	-	**East Village**	$148M	$11,896	$10,957 - $75,496	8%
7	**Kingston**	167,258	+51,500	-	-	-	-	-	5%-8%

Middle Melbourne Council DCPs

PLAN for VICTORIA





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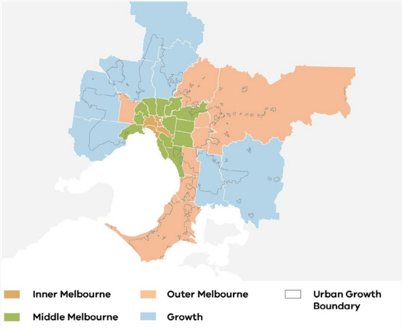
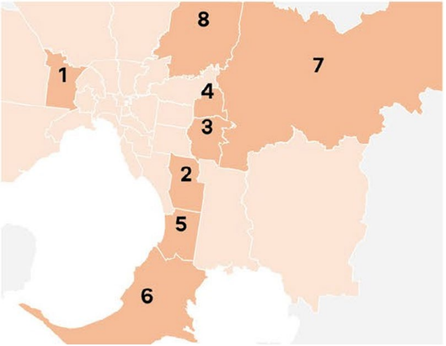
8	Maribyrnong	100,723	+48,000	Yes	Joseph Road	$46M	$835 - $6,893	$137 - $36,279	6%
9	Moonee Valley	131,511	+47,500	Yes	-	$55M	$640 - $3,103	$358 - $6,240	5%
10	Banyule	133,018	+45,500	Yes	-	$2M	$145 - $1,611	$66 - $2,642	5%
11	Bayside	106,501	+30,000	Yes	-	$N/A	$1,316 - $2,634	$648	5%
12	Manningham	132,124	+28,500	-	Doncaster Hill	$6M	$2,171	$1,499	5%-8%
13	Hobsons Bay	96,657	+22,500	-	Altona North, Port Phillip Woollen Mill	$92M	$2,027 - $17,724	$42,407 - $164,232	5%-7.1%

Outer Melbourne Council DCPs

PLAN *for* VICTORIA





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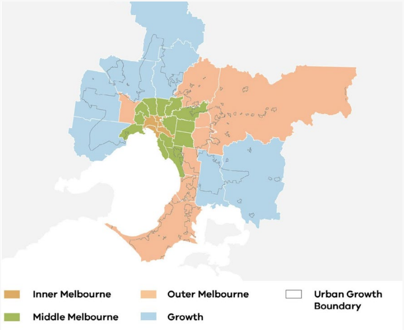
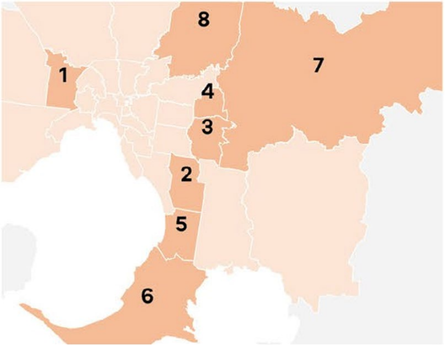
1	**Brimbank**	203,346	+59,500	Yes	**Sunshine**	$18M	$115 - $688	$24 - $996	2.5%-5%
2	**Greater Dandenong**	167,411	+52,500	-	**Dandenong South Industrial Area - Keysborough, Dandenong South Industrial Area - Lyndhurst, Keysborough South**	$62M	$326,093 per ha	$915 - $3044	2%-20%
3	**Knox**	165,047	+43,000	-	-	-	-	-	5%-8.5%

Outer Melbourne Council DCPs

PLAN *for* VICTORIA





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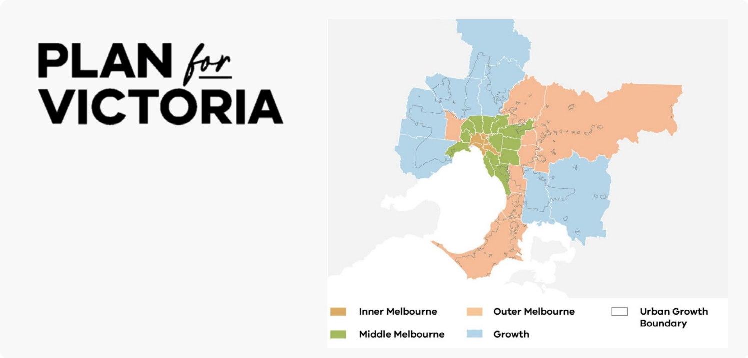
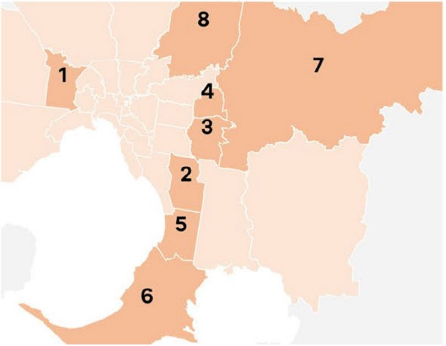
4	**Maroondah**	121,235	+39,500	-	**Croydon South Precinct, Ringwood Greyfield Precinct, Ringwood Metropolitan Activity Centre**	$11M	$1,741 - $7,422	$1,451 - $21,628	5%-8%
5	**Frankston**	145,702	+33,000	-	-	-	-	-	2%-8%
6	**Mornington Peninsula**	174,650	+24,000	-	**Creswell Street East Crib Point**	$N/A	$27,063	-	5%-12%

MAV MUNICIPAL ASSOCIATION OF VICTORIA

Outer Melbourne Council DCPs





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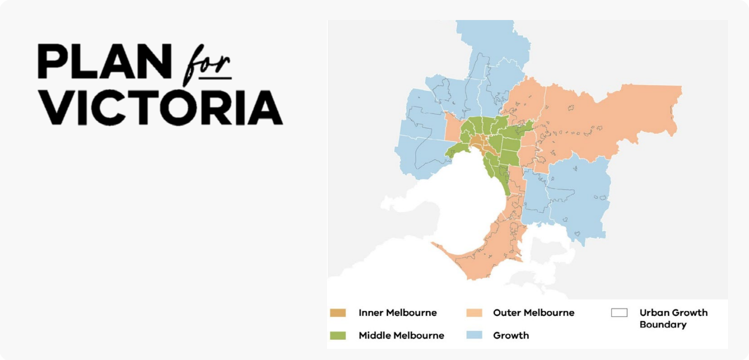
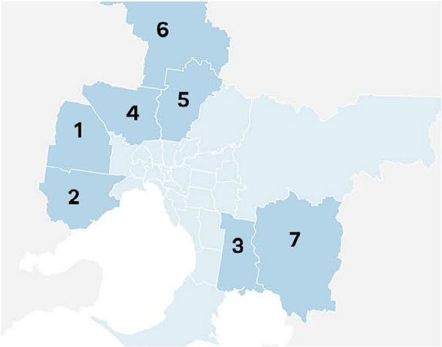
7	**Yarra Ranges**	164,158	+25,000	-	**Chirnside Park Major Activity Centre**	$31M	$35,337 - $250,306 per parcel area, per dwg charge not available	$51 - $5,095	9%
8	**Nillumbik**	64,160	+6,500	-	**Area A, Area B: Diamond Creek North, Plenty Low Density Area**	$N/A	$N/A	$N/A	5%-7.9%

MUNICIPAL ASSOCIATION OF VICTORIA

Melbourne Growth Council DCPs

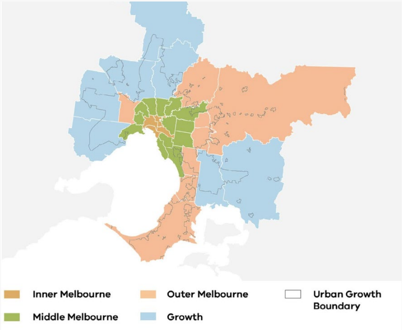


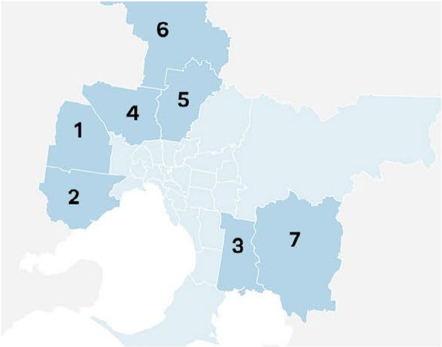


	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
1	**Melton**	242,875	+5,000 (non-greenfield), +104,000 (greenfield)	**Diggers Rest, Melton North, Paynes Road, Rockbank, Rockbank North, Taylors Hill West, Toolern, Toolern Park**	$958M	$316,663 - $606,212	$134,954 -$322,932	0-3.97%
2	**Wyndham**	360,453	+25,000 (non-greenfield), +74,000 (greenfield)	**Cell 'B', East Werribee Employment Precinct, Lincoln Heath South, Manor Lakes, Marquands Road , Point Cook West, Tarneit North Local, Tarneit West, Truganina, Truganina Employment Area, Truganina South, Westmeadows Lane and Marquands Road, Westmeadows Lane Reconstruction Levy, Wooten Road, Wyndham North, Wyndham West**	$2,346M	$467,689 - $577,952	$248,712 - $327,135	2-9.9%

Melbourne Growth Council DCPs

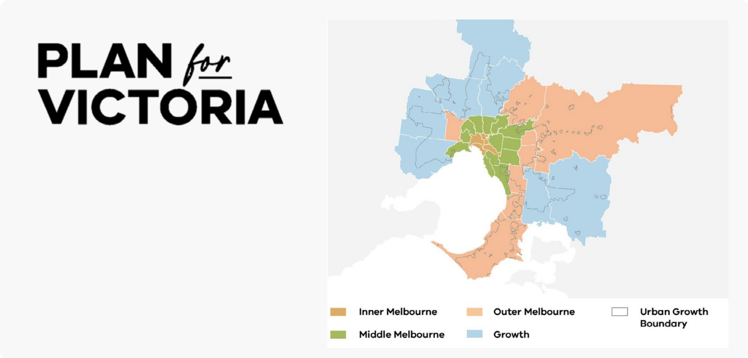
PLAN for VICTORIA

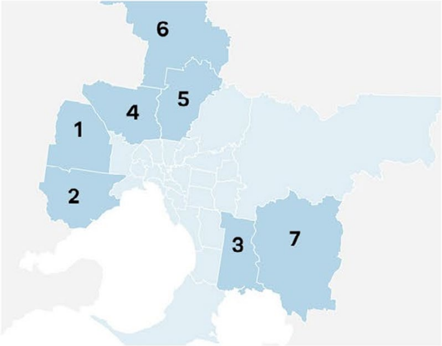




	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
3	**Casey**	427,712	+28,500 (non-greenfield), +58,500 (greenfield)	**Berwick Waterways, Botanic Ridge, Brompton Lodge, Clyde, Clyde North, Cranbourne East, Cranbourne East Local Structure Plan 3, Cranbourne North, Cranbourne West, Fountain Gate - Narre Warren CBD - Area A, Fountain Gate - Narre Warren CBD - Area B, Lyndhurst Strucutre Plan 1 (LSP1)**	$2,369M	$360,016 - $873,056	$36,277 - $620,514 per 100 sqm	1.85%-11%
4	**Hume**	281,473	+25,000 (non-greenfield), +53,500 (greenfield)	**Craigieburn (R2), Craigieburn North Employment Area, Greenvale Central, Greenvale North (R1), Greenvale West (R3), Lockerbie, Merrifield West**	$1,351M	$268,154 - $476,883	$431,956	2.04%-4.48%

Melbourne Growth Council DCPs

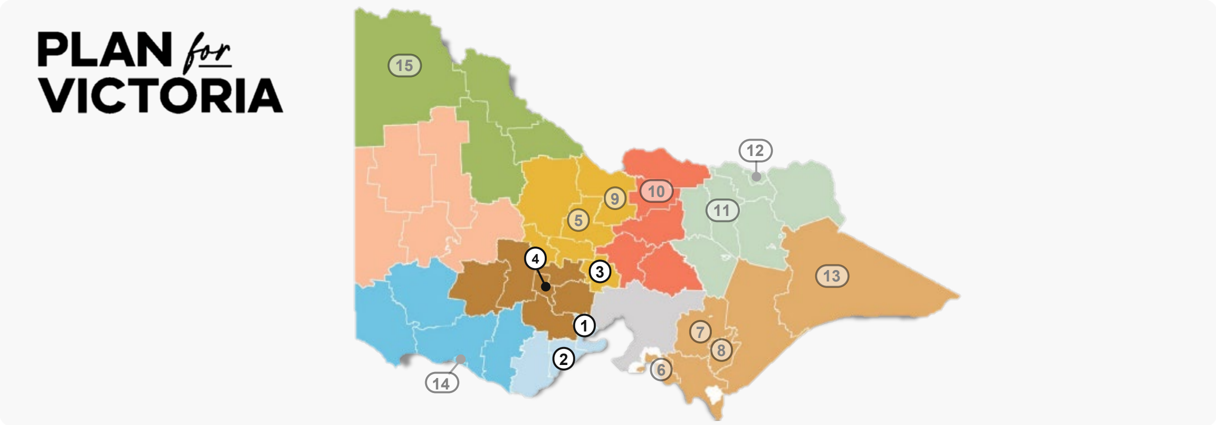




	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
5	**Whittlesea**	265,974	+29,000 (non-greenfield), +43,000 (greenfield)	**Cooper Street Employment Area, English Street, Epping Central, Epping North East, Epping North LSP, Harvest Home LSP, Lockerbie, Lockerbie North, Mernda Precinct 2A, Mernda Precinct 2B, Mernda Precinct 3, Mernda Precinct 4, Mernda Precinct 5, Quarry Hills, Wollert**	$1,044M	$37,057 - $535,016	$36,124 - $301,211	2.03%-11.3%
6	**Mitchell***	65,349	+10,000 (non-greenfield), +56,000 (greenfield)	**Lockerbie, Lockerbie North**	$218M	$103,947 - $461,974	-	2.03%-4%
7	**Cardinia**	139,511	+9,000 (non-greenfield), +21,000 (greenfield)	**Cardinia Road, Cardinia Road Employment Precinct, Glismann Road, Officer, Pakenham Township**	$843M	$101,684 - $786,667 and $4,522 per dwelling	$4,774 - $176,221	5.5%-8%

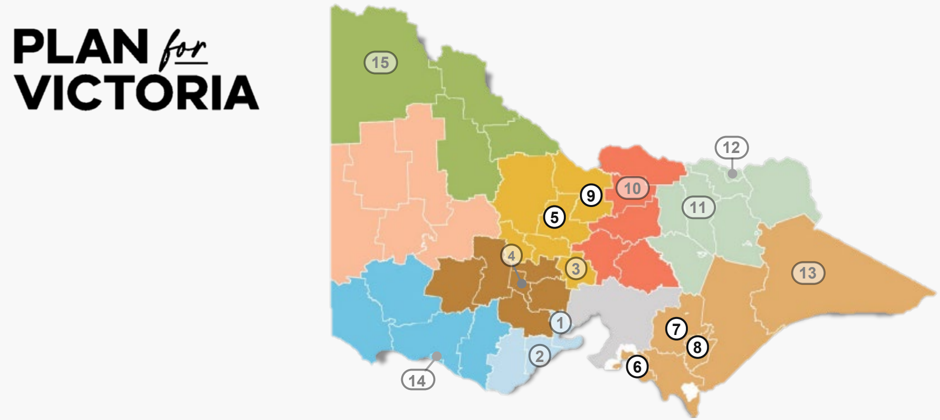
*only the lower portion of Mitchell Shire is a designated Melbourne growth area, the balance of the municipality is regional

Regional Council DCPs



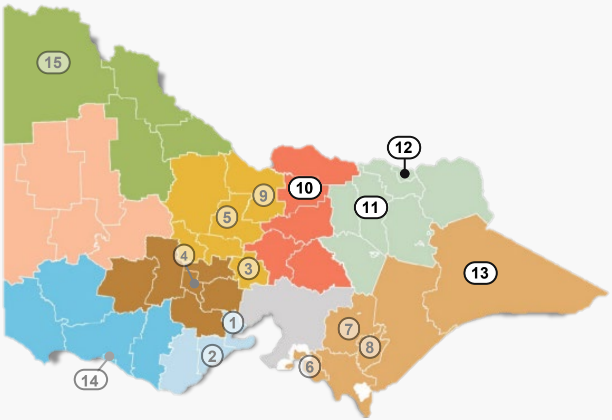
	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
1	**Greater Geelong**	301,366	+77,500 (non-greenfield), +51,100 (greenfield)	**Armstrong Creek East, Armstrong Creek North East Industrial Precinct, Armstrong Creek Town Centre Precinct, Armstrong Creek West Precinct, Central Road Drysdale, Horseshoe Bend Precinct, Jetty Road Urban Growth Area Stage 1, Lara West**	$460M	$117,321 – $573,911	$55,400 – $317,230	0%-10%
2	**Surf Coast**	42,070	+8,000	**Briody Drive West Upgrade, Torquay-Jan Juc**	-	$748 - $1,450 (per dwelling)	$6 – $20,337	0%-10%
3	**Macedon Ranges**	55,192	+13,200	**Gisborne, Romsey**	$17M	$757 - $20,608 (per dwelling)	$9 – $4,323	5%
4	**Ballarat**	124,170	+28,000 (non-greenfield), +18,900 (greenfield)	**Ballarat West**	$320M	$341,628	$235,925	0%-10%

Regional Council DCPs



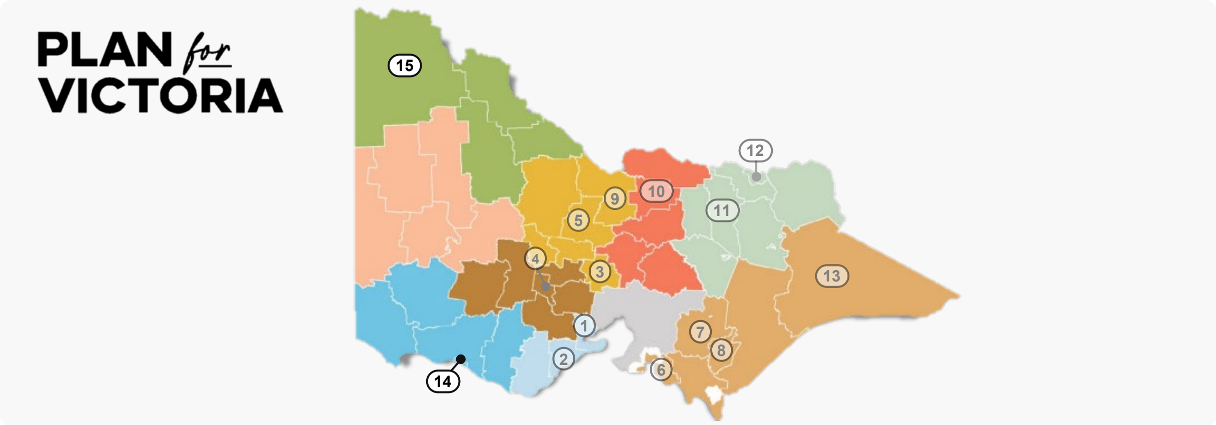
	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Municipal DCP	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
5	**Greater Bendigo**	129,861	+26,000 (non-greenfield), +11,000 (greenfield)	-	**Huntly, Marong Business Park**	$54M	$117,910	$133,618	2%-6.3%
6	**Bass Coast**	44,291	+19,250	-	**Wonthaggi North East**	$151M	$288,532	$252,646	1.75%-5%
7	**Baw Baw**	64,642	+25,700	Yes	**Drouin, Warragul**	$425M	$45 – $230,263	$34 – $151,881	5%
8	**Latrobe**	79,646	+13,000	-	**Lake Narracan**	$88M	$173,958 - $282,170	-	2%-8%
9	**Campaspe**	39,216	+4,500	-	**Echuca West**	$N/A	$N/A	$N/A	2.5%-9.36%

Regional Council DCPs



	Municipality	Municipal - VIF 2025 ERP (persons)	Municipal - 2025 Housing Target (dwellings)	Precinct DCPs	Total value apportioned to DCP projects FY2024-25 (DIL+ CIL)	Residential Charge Range (per ha)	Employment Charge Range (per 100sqm)	Clause 53.01 %
10	Greater Shepparton	71,923	+15,250	Mooroopna West Growth Corridor, North Corridor, Shepparton North East, South Corridor	$19M	$108,054 – $184,848	-	3%-5%
11	Wangaratta	30,642	+6,000	Wangaratta North West Growth Area, Wangaratta South Growth Area	$N/A	$N/A	$N/A	5%
12	Wodonga	46,255	+15,200	Leneva-baranduda	$172M	$312,640	-	3.96%-5%
13	East Gippsland	50,974	+11,000	Lakes Entrance Northern Growth Area	$N/A	$N/A	$N/A	N/A

Regional Council DCPs



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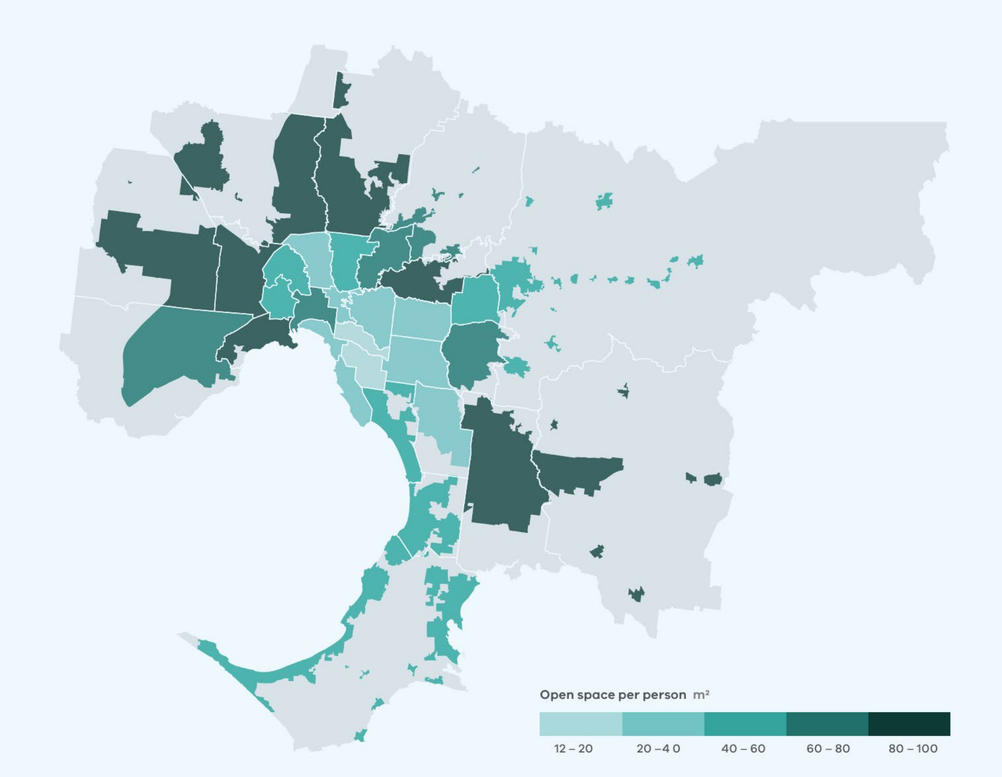
14	Warrnambool	36,350	+7,200	North Dennington, North Of Merri River	$N/A	$N/A	$N/A	1.67%-3%
15	Mildura	58,746	+8,500	Mildura Rural City Council No.2, Mildura Rural City Council No.3, Mildura South No.1	$N/A	$N/A	$N/A	N/A

Current Open Space Provision.

Summary

- Open space provision varies greatly across Victoria. The Victorian Governments Open Space for Everyone Strategy (2021) notes that we 'cannot continue to plan for open space as we have in the past'.
- The increasing intensification of development is placing further demand on existing and future open space.
- The forecast population growth will result in a reduction of open space per capita for many municipalities.



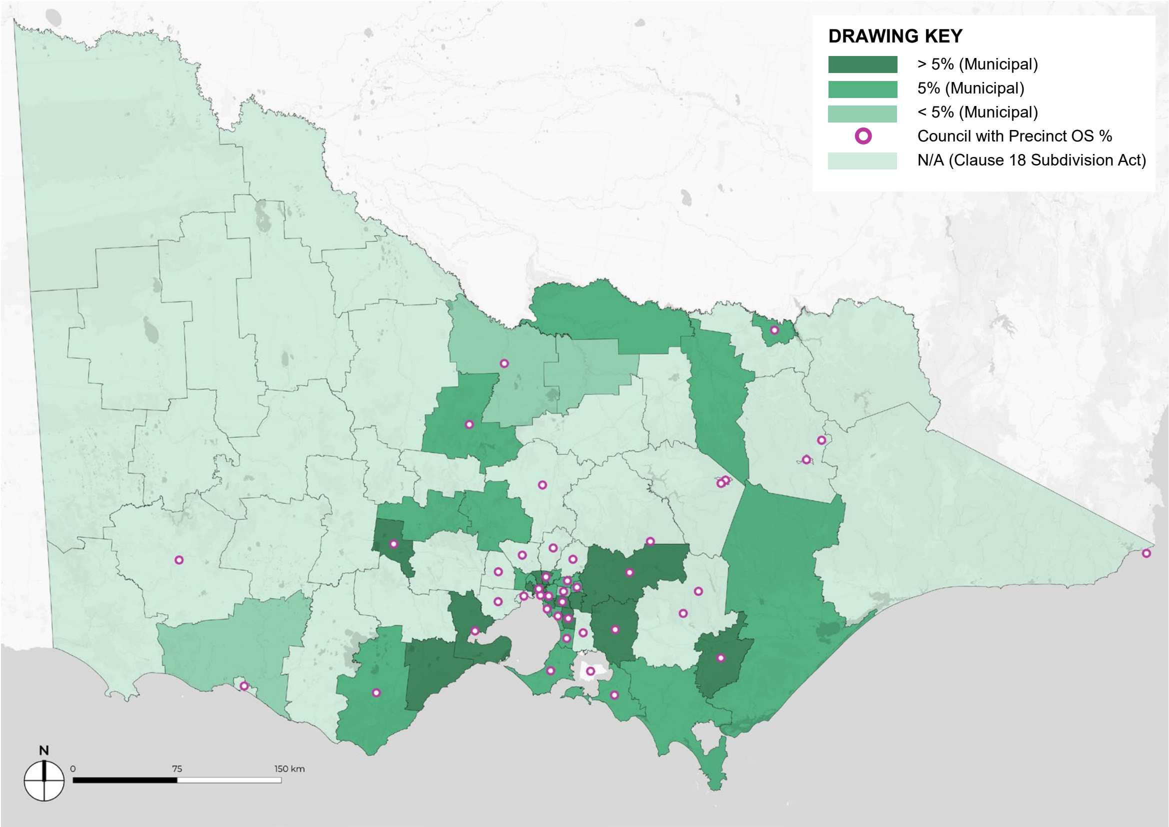
Open space per person, by local government area, 2016.
Source: Open Space for Everyone (2021) Victorian Government

Current Open Space Funding.

Summary

- **41** Councils have an open space percentage specified in Clause 53.01
- Open space percentages sought via Clause 53.01 range from **1 to 20%**.

Clause 53.01 Open Space Contributions for Residential Developments per Council

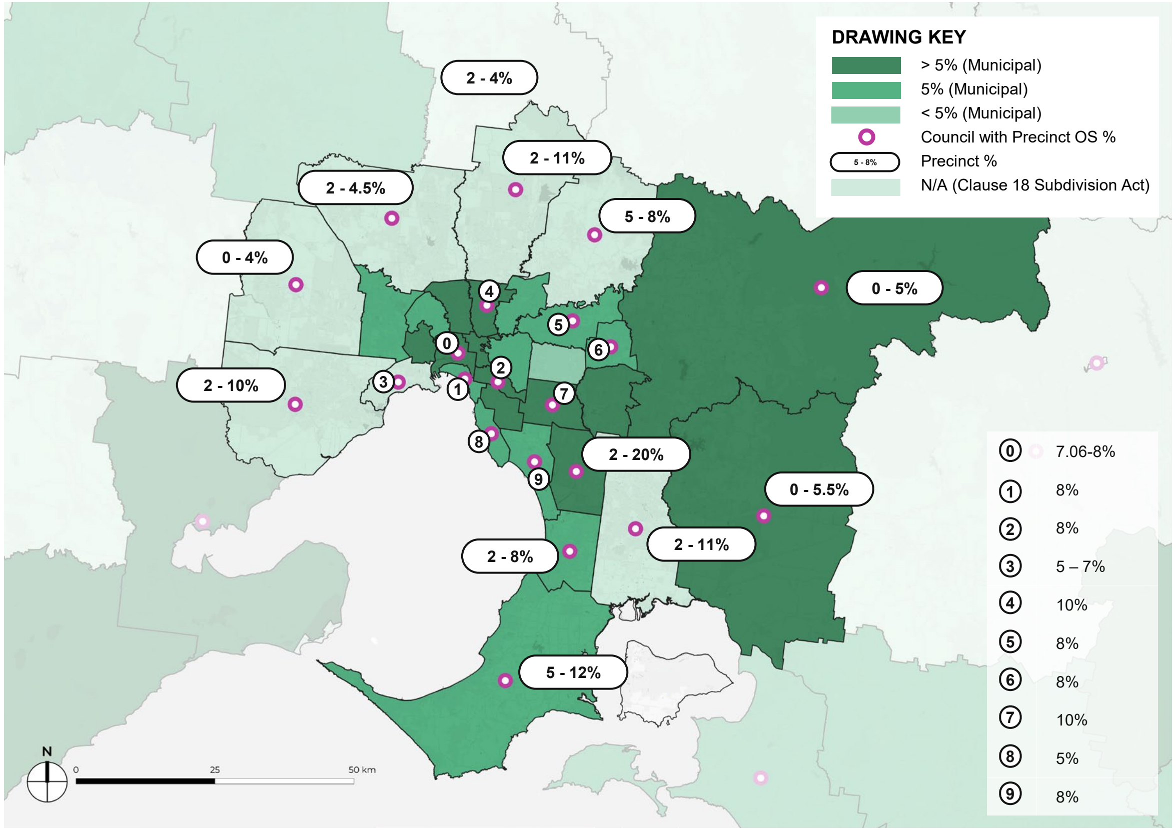


Current Open Space Funding in Metro Melbourne.

Summary

- **24** Metropolitan Melbourne Councils have an open space percentage specified in Clause 53.01
- Open space municipal percentages sought via Clause 53.01 range from **4 to 8.65%.**
- Open space precinct percentages sought via Clause 53.01 range from **2% to 20%**

Clause 53.01 Open Space Contributions for Residential Developments per Council



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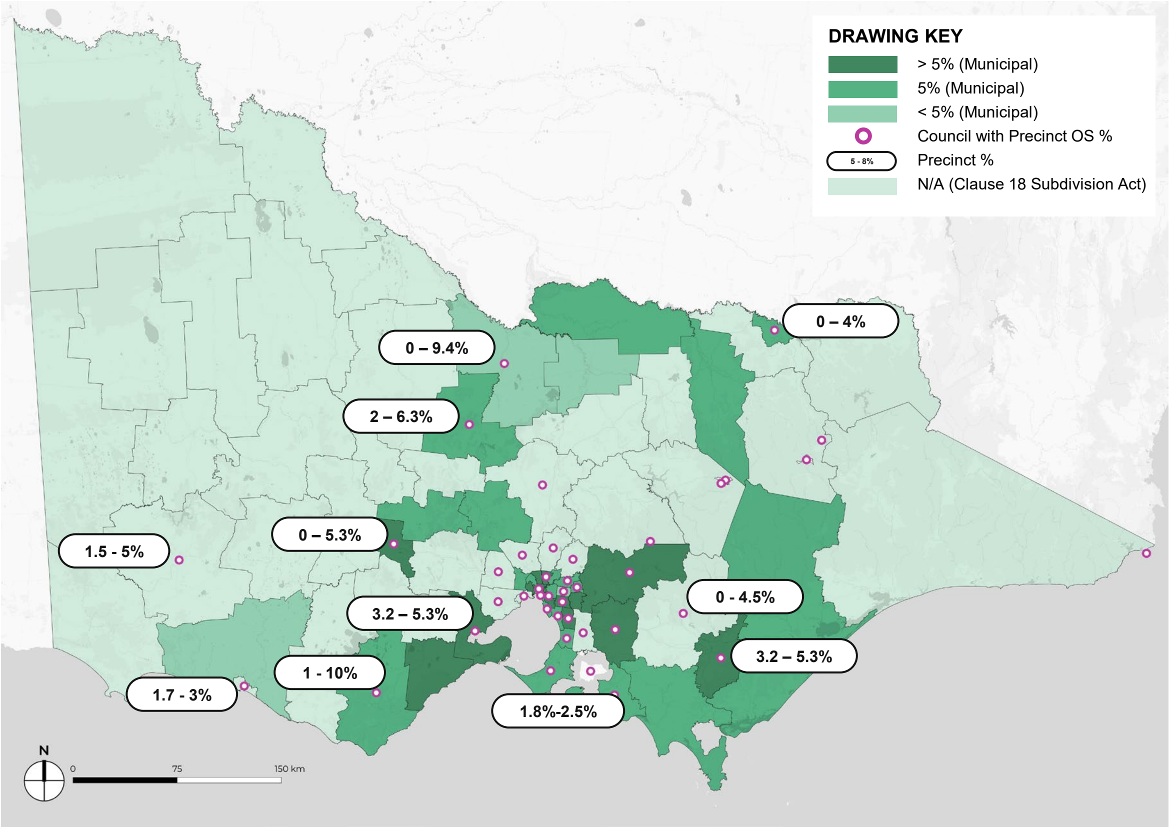
Current Open Space Funding in Regional Victoria.

Summary

- **25** Regional Councils have an open space percentage specified in Clause 53.01
- Open space municipal percentages sought via Clause 53.01 range from **1 to 10%.**
- Open space precinct percentages sought via Clause 53.01 range from **2% to 10%.**

Clause 53.01 Open Space Contributions for Residential Developments per Council

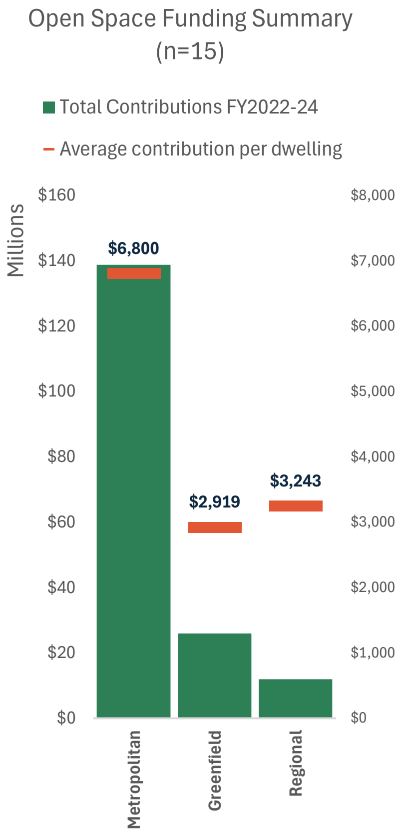


Current Open Space Funding.

Summary

- **41** Councils have an open space percentage specified in Clause 53.01
- Open space percentages sought via Clause 53.01 range from **1 to 20%**.

Municipality	Total Contributions FY22/23-24/25	Total Building Approvals FY22/23-24/25*	Estimated average contribution per dwelling
Metropolitan			
Bayside City Council	$19,841,580.00	2,497	$7,946
Glen Eira City Council	$18,463,955.00	2,244	$8,228
Hobsons Bay City Council	$16,174,418.00	2,344	$6,900
Manningham City Council	$14,840,553.00	1,526	$9,725
Maroondah City Council	$10,849,500.00	1,227	$8,842
Melbourne City Council	$33,503,520.00	7,723	$4,338
Monash City Council	$13,511,000.00	2,421	$5,581
Port Phillip City Council	$11,575,800.00	4,074	$2,841
Metropolitan Greenfield			
Mitchell Shire Council	$1,614,182.00	2,492	$648
Melton City Council	$15,782,748.83	13,030	$1,211
Hume City Council	$8,565,881.38	8,079	$1,060
Regional			
Bass Coast Shire Council	$3,643,050.00	1,394	$2,613
Baw Baw Shire Council	$3,876,184.70	1,189	$3,260
Golden Plains Shire Council	$2,319,792.00	488	$4,754
Latrobe City Council	$2,133,120.06	909	$2,347



*ABS Building Approvals

Case Study – Precinct DCPs

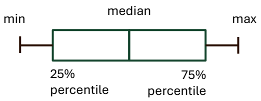
Metro Melbourne

- There is currently a total of 39 DCPs across inner and middle metropolitan Melbourne including 30 precinct DCPs which will collect $878M in contributions.
- Metropolitan Melbourne Councils have introduced precinct DCPs steadily over the last two decades. Arden DCP and Preston Market DCP are the most recent precinct DCPs approved in 2022 and 2023 respectively.

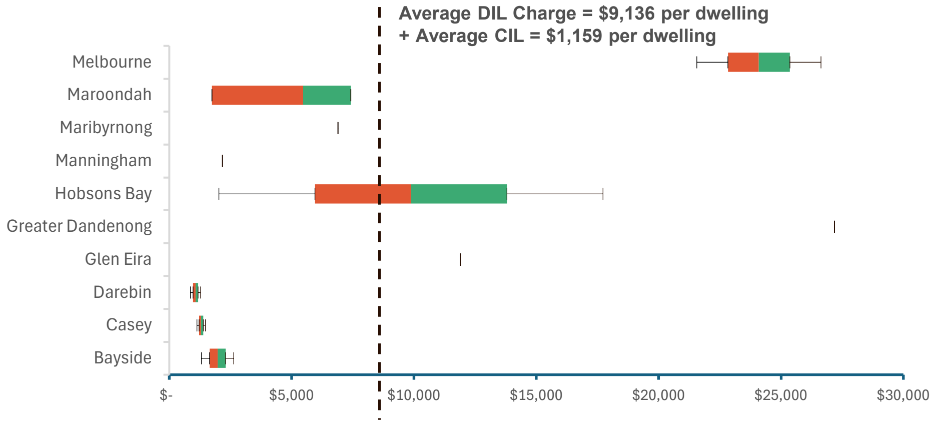
Case Studies

Melbourne – precinct DCPs

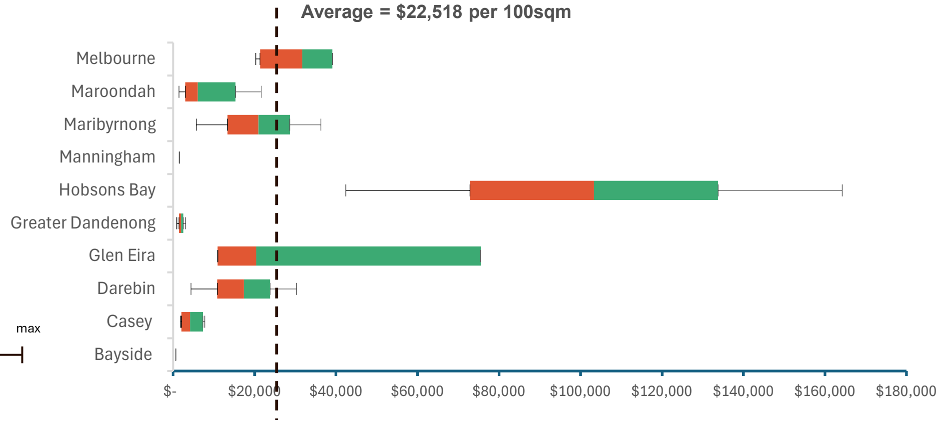
Hobsons Bay – precinct specific DCPs



Residential per dwelling Charge Range (DIL)



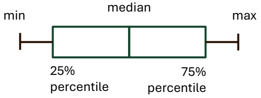
Non-Residential per 100sqm Charge Range (DIL)



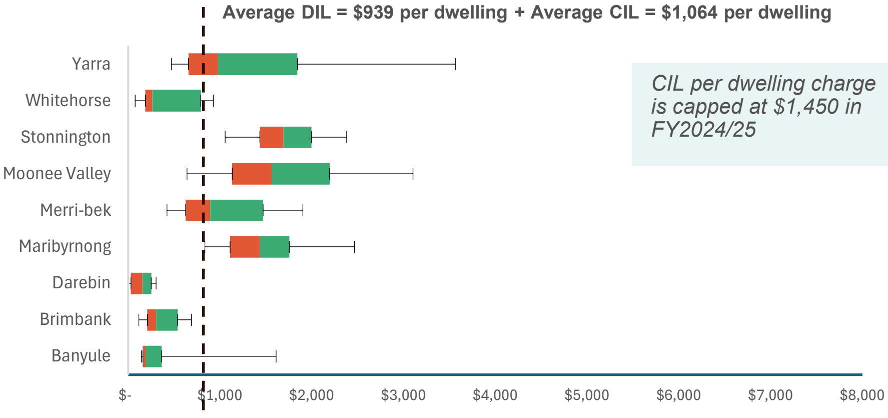
Case Study – Municipal DCPs

Metro Melbourne

- There is currently a total of 39 DCPs across inner and middle metropolitan Melbourne including 9 municipal DCPs which will collect $384M in contributions.
- 7 of the 9 municipal DCPs were gazetted over the 5 year period between 2018 and 2023.
- The municipal DCPs seek contributions towards the respective Council's capital works plan and therefore the DCP liability is typically satisfied via cash contributions rather than works in kind.

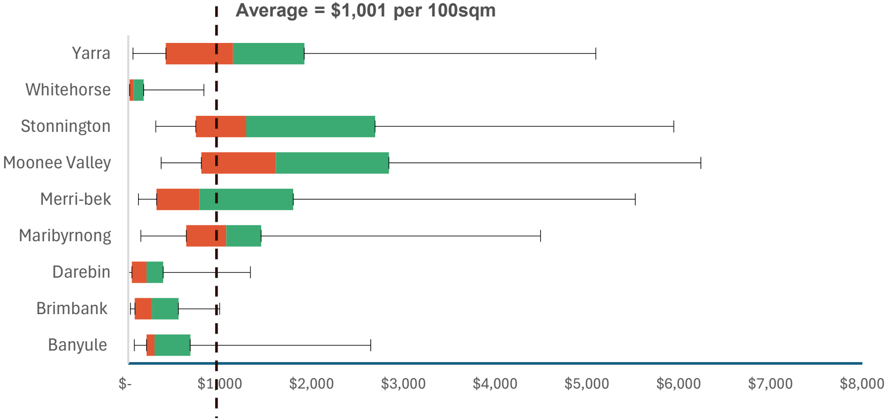


Residential per dwelling Charge Range (DIL)



CIL per dwelling charge is capped at $1,450 in FY2024/25

Non-Residential per 100sqm Charge Range (DIL)



Case Study – Metro Precinct

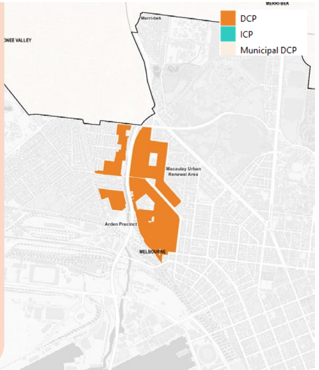
Melbourne

Precinct Specific DCP (x2)

- Arden Precinct
- Macaulay Urban Renewal Area (interim)

Proposed DCPs (x2)

- *Fishermans Bend (exhibited & post panel)*
- *Plan to introduce a municipal DCP*



Findings

Both DCPs are planning for **30,000** additional residents in **16,989** dwellings

Current Precinct DCPs charges are equivalent to **$22k -$27k per Dwg**

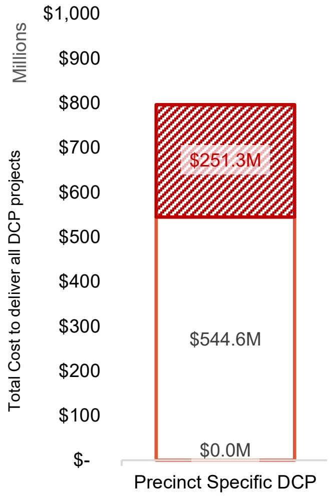
Current estimated **$251.3M funding gap**

Approved DCP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per dwg)	Non-residential Charge Range (per 100m2)
DCP	$22k - $27k	$20k - $39k

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Arden Precinct	20,000	9,389	0%	0%
Macaulay Urban Renewal Area	10,000	7,600	10%	10% (of funds collected)
Total	**+30,000**	**+16,989**		

Total DCP Cost and Current Funding Gap



Open Space Contributions (Source: City of Melbourne)

In between **FY22/23-24/25** period, there was:

Total Contributions = $33,503,520
Total Building Approvals* = 2,472 dwellings paid OS contributions
Estimated average contribution per dwelling = $13,553

*City of Melbourne Data (2025)

Open Space Contributions (Source: ABS)

In between **FY22/23-24/25** period, there was:

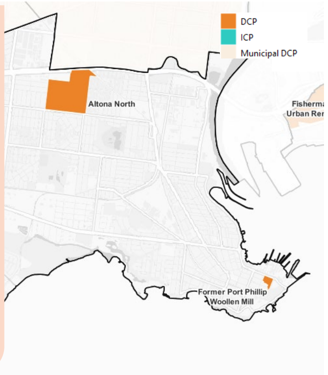
Total Contributions = $33,503,520
Total Building Approvals* = 7,723 dwellings
Estimated average contribution per dwelling = $4,338

*ABS Data (2025)

Case Study – Metro Precinct

Hobsons Bay

Precinct Specific DCP (x2)
- Altona North
- Port Phillip Woollen Mill



Findings

Growth precinct DCPs are planning for **8,960** additional residents in **3,800** dwellings

Current DCP charges are equivalent to **$2K-18K per Dwg** (dwelling density as per PSP or 15dwg/ha).

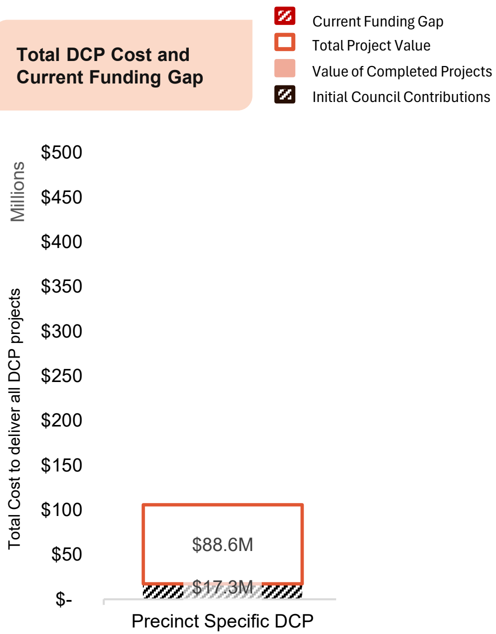
Current estimated **$0M funding gap**

Approved DCP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per dwg)	Non-residential Charge Range (per 100m2)
DCP	$2k – $18k	$42k – $164K

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Altona North	7,440	3,000	19%	0%
Port Phillip Woollen Mill	1,520	800	59%	58%
Total	**+8,960**	**+3,800**		

Total DCP Cost and Current Funding Gap



Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $16,174,418
Total Building Approvals* = 2,344 dwellings
Estimated average contribution per dwelling = $6,900

*ABS Building Approvals

Case Study – ICP

Metro Greenfield

- The ICP system is currently only operational in the metropolitan greenfield growth area setting and therefore can only be used by 7 councils.
- There are currently 14 ICPs operational within the metropolitan greenfields which will collect over $2.5B in infrastructure contributions.
- The ICPs currently seek an average residential monetary contribution of $309,183 per NDHa or $19K per dwg (based on PSP density) + land component.
- ICP land component percentage ranges from 9.1% - 23.1% for residential development and 0.61% - 8.13% for employment development
- In the 2023-24 FY the metro greenfield growth Councils received 53% of all monetary component levies by way of works and land in kind contributions.

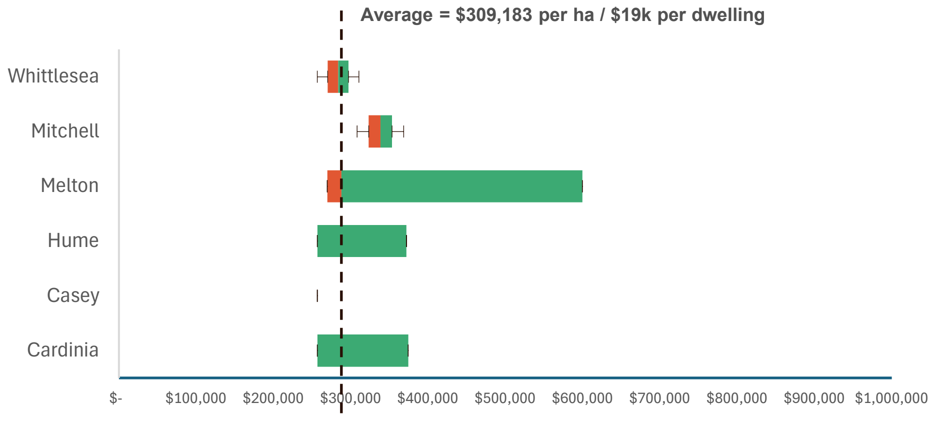
Case Studies

Hume – 7 x precinct DCPs, 3 x ICPs

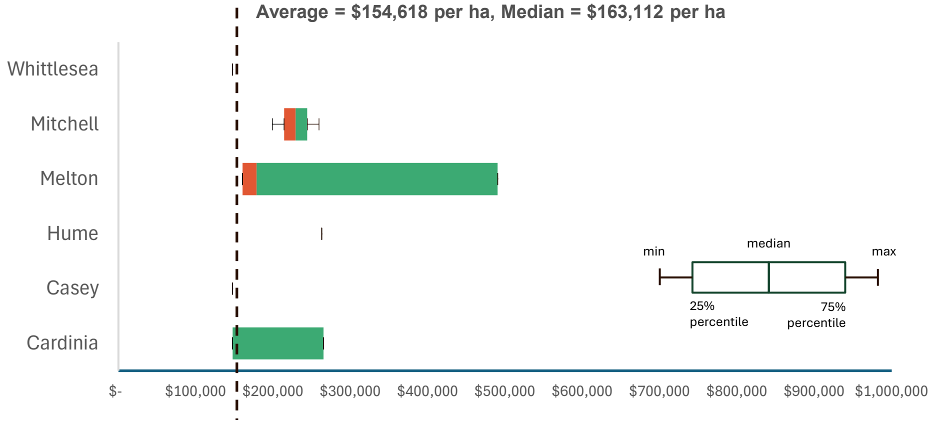
Melton– 8 x precinct specific DCPs, 2 x ICPs

Mitchell - 2 x precinct specific DCPs, 2 x ICPs

Residential Monetary Component per Ha Charge Range



Employment Monetary Component per Ha Charge Range



Case Study – DCP

Metro Greenfield

- There are currently **51 DCPs** operational within the metropolitan greenfields which will collect over **$9.2B** in development contributions.
- The DCPs currently seek an average residential DIL contribution of **$273,168 per NDha or $23K per dwg**. The CIL levy is capped at $1,450 per dwelling for the 2024/25 FY.
- DCPs currently seek an average employment DIL contribution of $71,799 per NDha.
- The provision of works and land in kind is vitally important to ensuring the timely and efficient delivery of infrastructure as development proceeds and to also manage financial risk to Councils. In the 2023-24 FY Victorian Councils received 35% of all development contributions by way of works and land in kind contributions.
- All metropolitan Melbourne Growth Councils have open space percentage requirements specified in Clause 53.01 of their respective planning schemes.

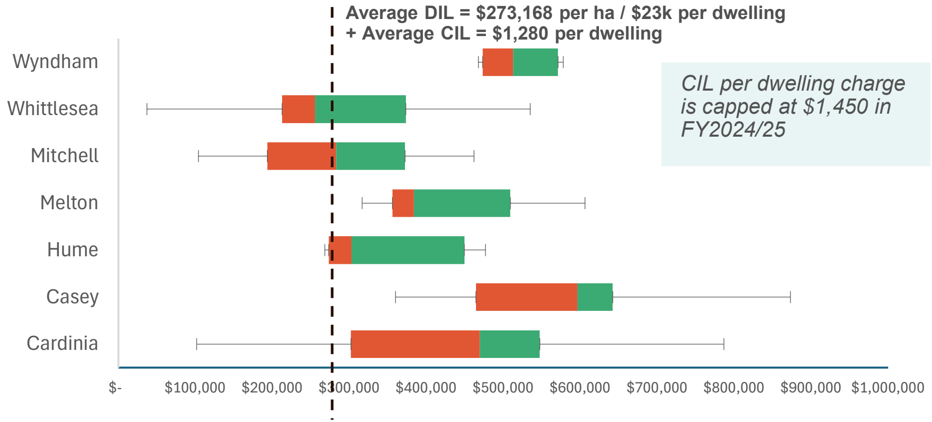
Case Studies

Hume – 7 x precinct DCPs, 3 x ICPs

Melton– 8 x precinct specific DCPs, 2 x ICPs

Mitchell - 2 x precinct specific DCPs, 2 x ICPs

Residential per Ha Charge Range (DIL)



CIL per dwelling charge is capped at $1,450 in FY2024/25

Employment per Ha Charge Range (DIL)

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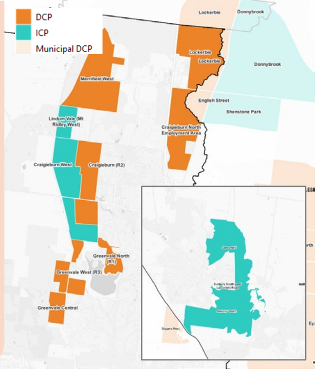
Case Study – Metro Greenfield

Hume

Precinct Specific DCP (x7)
- Craigieburn (R2)
- Craigieburn North Employment Area
- Greenvale Centra
- Greenvale North (R1)
- Greenvale West (R3),
- Lockerbie
- Merrifield West

Precinct Specific ICP (x3)
- Craigieburn West
- Lindum Vale (Mt Ridley West)
- Sunbury South and Lancefield Road



Findings

Growth precinct DCPs and ICPs are planning for **136,274** additional residents in **52,917** dwellings

Current DCP DIL charges are equivalent to **$18K-30K per Dwg** (dwelling density as per PSP or 15dwg/ha).

Current ICP charges are equivalent to **$18K-54K per Dwg.**

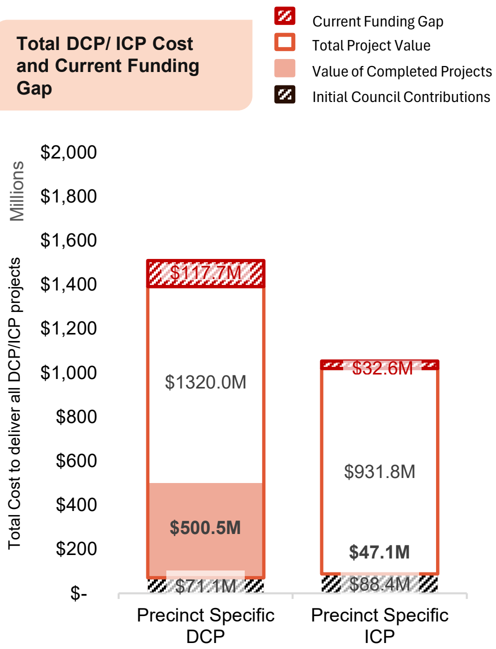
Current estimated **$150.3M funding gap.**

Approved DCP & ICP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per ha)	Non-residential Charge Range (per ha)
DCP	$268k - $476k	$431,956
ICP	$256,650 - $371,991k	$262,903

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Craigieburn (R2)	13,190	5,276	98%	93%
Craigieburn North Employment Area	-	-	0%	0%
Greenvale Central	7,760	2,522	56%	44%
Greenvale North (R1)	1,756	627	92%	100%
Greenvale West (R3)	3,704	1,323	96%	100%
Lockerbie	29,667	10,221	39%	27%
Merrifield West	20,682	7,024	89%	61%
Craigieburn West	25,716	9,184	7%	10%
Lindum Vale (Mt Ridley West)	1,700	5,270	17%	30%
Sunbury South and Lancefield Road	32,100	11,470	11%	3%
Total	**+136,274**	**+52,917**		

Total DCP/ ICP Cost and Current Funding Gap



Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $$8,565,881.38
Total Building Approvals* = 8,079 dwellings
Estimated average contribution per dwelling = $1,060

*ABS Building Approvals

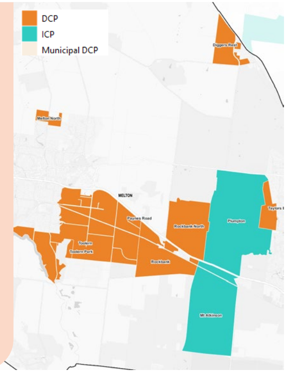
Case Study – Metro Greenfield

Melton

Precinct Specific DCP (x8)
- Diggers Rest
- Melton North
- Paynes Road
  (implemented by s173s)
- Rockbank
- Rockbank North
- Taylors Hill West
- Toolern
- Toolern Park

Precinct Specific ICP (x2)
- Mt Atkinson and Tarneit Plains
- Plumpton & Kororoit

Proposed ICP (x1)
- *Melton East (exhibited)*



Findings

Growth Precinct DCPs and ICPs are planning for **207,784** additional residents in **76,217** dwellings

Current DCP charges are equivalent to **$21-34k per Dwg** (dwelling density as per PSP or 15dwg/ha).

In the 2023-24 FY **70%** of all DCP contributions were delivered as works in kind.

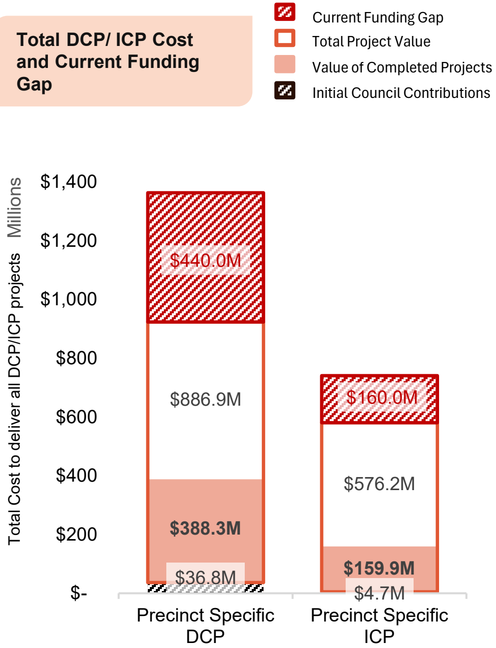
Current estimated **$600M** + an estimated **$145M funding gap** for the future Melton East and Warrensbrook

Approved DCP & ICP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per ha)	Non-residential Charge Range (per ha)
DCP	$317k - $606k	$135k - $323k
ICP	$269k - $600k	$160k - $490k

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Diggers Rest	12,000	4,272	51%	68%
Melton North	4,000	1,300	83%	62%
Paynes Road	7,000	2,376	96%	86%
Rockbank	22,800	8,144	46%	6%
Rockbank North	20,400	7,282	75%	52%
Taylors Hill West	6,804	2,431	99%	91%
Toolern	55,000	24,000	31%	68%
Toolern Park	1,480	534	81%	0%
Mt Atkinson and Tarneit Plains (ICP)	22,400	8,000	21%	20%
Plumpton & Kororoit (ICP)	55,900	20,000	39%	13%
Total	**+207,784**	**+76,217**		

Total DCP/ ICP Cost and Current Funding Gap



Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $15,782,749
Total Building Approvals* = 13,030 dwellings
Estimated average contribution per dwelling = $1,211

*ABS Building Approvals

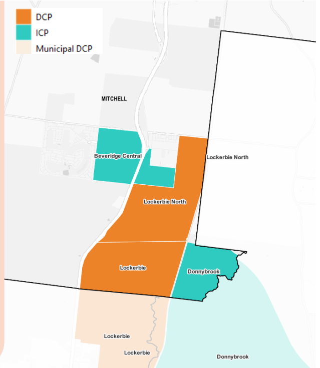
Case Study – Metro Greenfield

Mitchell

Precinct Specific DCP (x2)
- Lockerbie
- Lockerbie North

Precinct Specific ICP (x2)
- Beveridge Central
- Donnybrook Woodstock

Proposed ICP (x4)
- Beveridge North West
- Merrifield North
- Wallan East (Part 1)
- Wallan East (Part 2)

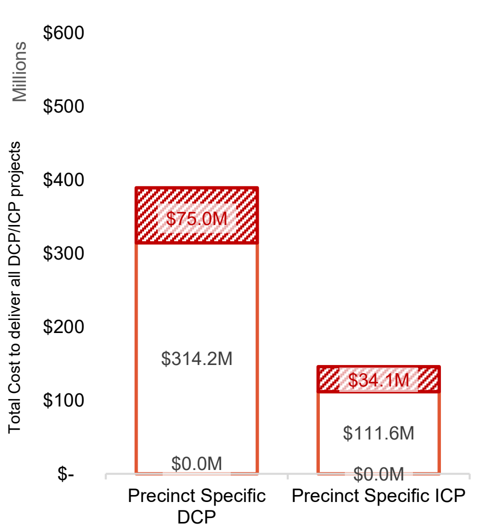


Approved DCP & ICP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per ha)	Non-residential Charge Range (per ha)
DCP	$103K-$461K	-
ICP	$308K-$368K	$199K-$259K

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Lockerbie	29,667	10,221	-	-
Lockerbie North	12500	4,434	5%	0%
Beveridge Central (ICP)	9,489	3,389	43%	10%
Donnybrook Woodstock (ICP)	47,715	17,041	-	-
Total	**+99,371**	**+35,085**		

Total DCP/ ICP Cost and Current Funding Gap



Findings

Only the lower portion of Mitchell Shire is a designated Melbourne growth area, the balance of the municipality is regional. Growth precinct DCPs and ICPs are planning for **99,371** additional residents in **35,085** dwellings

Current DCP charges are equivalent to **$6-30k per Dwg** (dwelling density as per PSP or 15dwg/ha).

Current ICP charges are equivalent to **$19-$24K per Dwg.**

Current estimated **$109M funding gap**

DCPs & ICPs do not fund the construction of sub-regional infrastructure including libraries, aquatic centres, indoor recreation facilities. Mitchell Shire Council estimate that $640M is required to deliver these facilities across the municipality

Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $1,614,182
Total Building Approvals* = 2,492 dwellings
Estimated average contribution per dwelling = $648

*ABS Building Approvals

Case Study – Precinct DCP
Regional Victoria

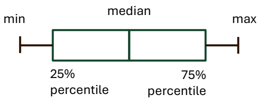
- The scale, type and location of growth and age of the funding mechaism varies considerably across regional Victoria and as a result so do the range of charges sought. The average residential DIL rate is $196,675 per NDha.
- Of the 34 regional DCPs, 8 of them (or 25%) are located within the City of Greater Geelong.
- The charges sought in the City of Greater Geelong, City of Ballarat and Shire of Mitchell (portion located outside the UGB) large growth area DCPs are typically higher than other regional DCPs due to their scale.
- Several Councils have sought to implement an informal DCP, often referred to as a shared infrastructure Plan via Section 173 Agreement.
- The provision of works and land in kind is important to ensuring the timely and efficient delivery of infrastructure as development proceeds and to also manage financial risk to Councils.

Case Studies

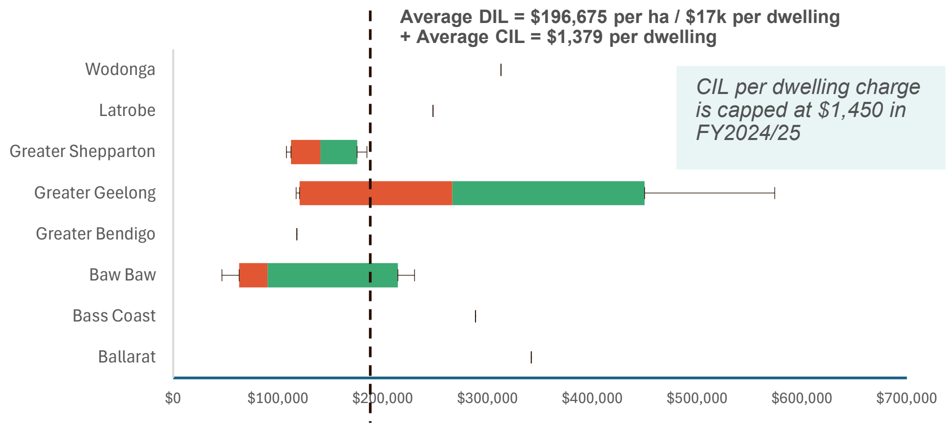
Geelong – 8 x precinct DCPs

Baw Baw – 2 x precinct DCPs, 1 x municipal DCP

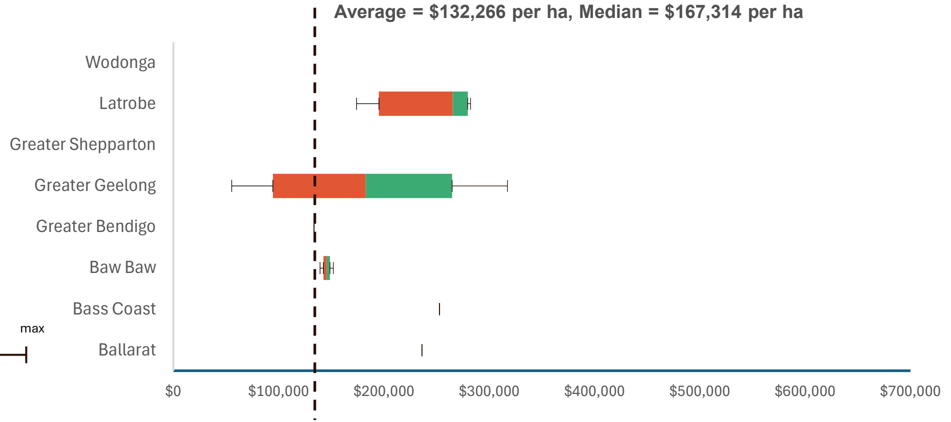
Bass Coast – 1 x precinct specific DCP



Residential per Ha Charge Range (DIL)



Employment per Ha Charge Range (DIL)



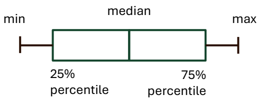
Case Study – Municipal DCP

Regional Victoria

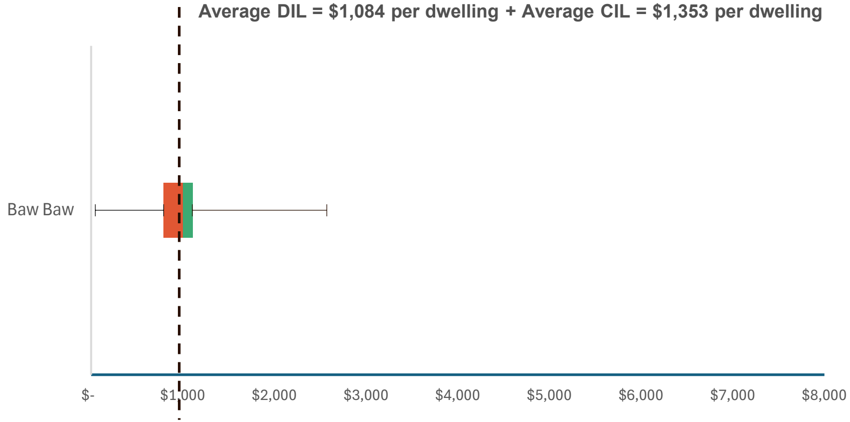
- Baw Baw is the only regional Council that has a municipal DCP.
- The Baw Baw municipal DCP applies to 68 areas throughout the Shire, most of these areas surround the towns of Warragul and Drouin as designated in the DCP.
- The Baw Baw Shire DCP collects a contribution to a range of social and recreation, and transport projects and it seeks to recoup 37% of the total cost of the DCP projects.

Case Studies

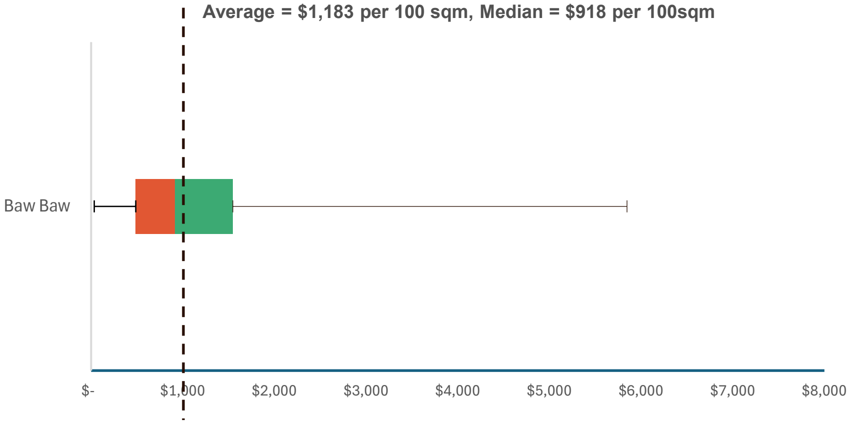
Baw Baw – 2 x precinct DCPs, 1 x municipal DCP



Residential per dwelling Charge Range (DIL)



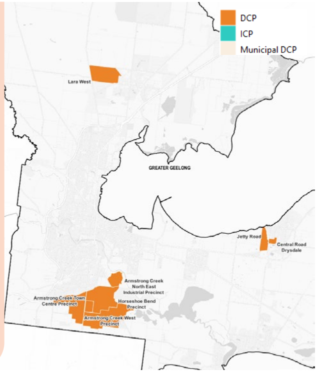
Employment per 100 sqm Charge Range (DIL)



Case Study – Regional City

Greater Geelong

Precinct Specific DCP (x8)
- Armstrong Creek East
- Armstrong Creek North East Industrial Precinct
- Armstrong Creek Town Centre Precinct
- Armstrong Creek West Precinct
- Central Road Drysdale
- Horseshoe Bend Precinct
- Jetty Road Urban Growth Area Stage 1
- Lara West



Findings

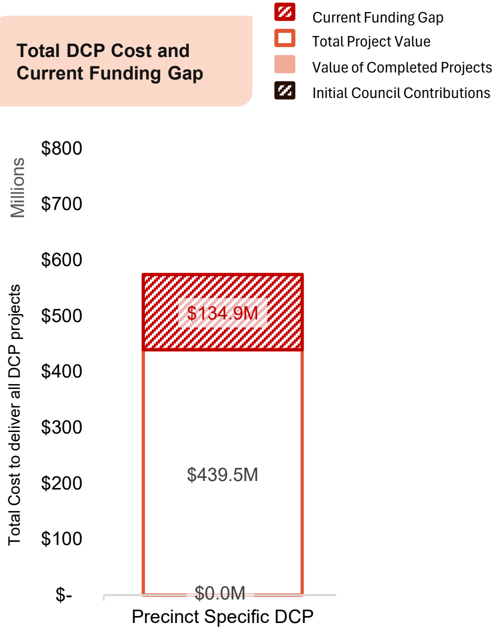
- Growth Precinct DCPs are planning for **78,672** additional residents in **25,473** dwellings
- Current DCP charges are equivalent to **$2k - 33k per Dwg** (dwelling density as per PSP or 15dwg/ha)
- Of the $440M of projects Council project that **$68M will be delivered as works in kind**, which represents **16%** of the remaining works.
- Current estimated **$135M funding gap**

Approved DCP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per ha)	Non-residential Charge Range (per ha)
DCP	$117k – $574k	$55k – $317k

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Armstrong Creek East	17,761	7,236	85%	59%
Armstrong Creek North East Industrial Precinct	N/A	N/A	N/A	0%
Armstrong Creek Town Centre Precinct	4,000	740	30%	50%
Armstrong Creek West Precinct	13,963	5,699	77%	58%
Central Road Drysdale	1,540	550	0%	9%
Horseshoe Bend Precinct	20,000	7,085	60%	31%
Jetty Road Urban Growth Area Stage 1	8,408	3,234	100%	77%
Lara West	13000	929	53%	39%
Total	**+78,672**	**+25,473**		

Total DCP Cost and Current Funding Gap



Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $ n/a
Total Building Approvals* = 8,354 dwellings
Estimated average contribution per dwelling = $ n/a

*ABS Building Approvals

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Case Study – Peri Urban

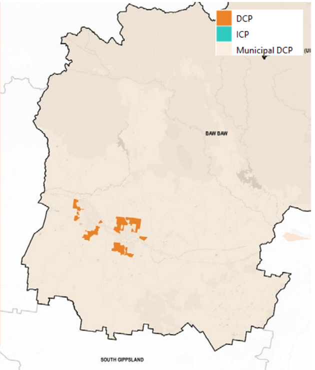
Baw Baw

Municipal DCP (x1)

- Baw Baw

Precinct Specific DCP (x2)

- Drouin
- Warragul

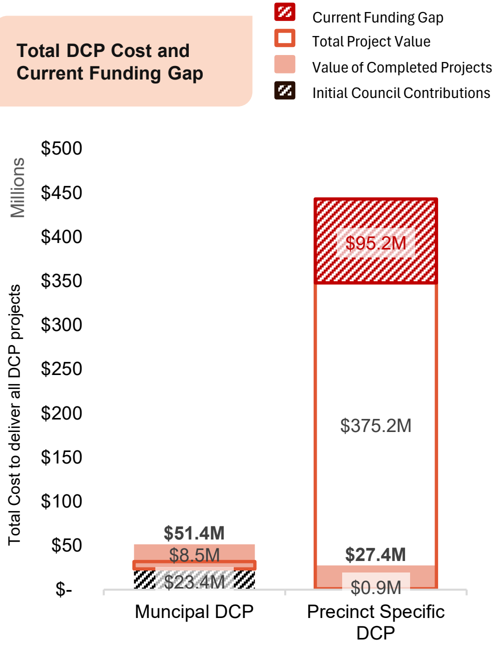


Approved DCP Profile (Charge Rates, Yield and Status)

	Residential Charge Range	Non-residential Charge Range
Municipal DCP	$45 - $2,571 per dwelling	$34 - $5,846 per 100 sqm
Precinct DCP	$46k - $230k per ha	$139k - $151k per ha

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Municipal DCP	24,840	9,936	102%	53%
Drouin	18,500	7,404	9%	10%
Warragul	30,000	12,574	12%	10%
Total	**+73,340**	**+29,914**		

Total DCP Cost and Current Funding Gap



Findings

- Municipal and Growth Precinct DCPs are planning for **73,340** additional residents in **29,914** dwellings
- Current Precinct DCP charges are equivalent to **$17-23k per Dwg** (dwelling density as per PSP or 15dwg/ha)
- Of the $375M of DCP projects Council project that **$230M will be delivered as works in kind**, which represents **60%** of the remaining projects.
- Current estimated **$95.2M funding gap**

Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $3,876,185
Total Building Approvals* = 1,189 dwellings
Estimated average contribution per dwelling = $3,260

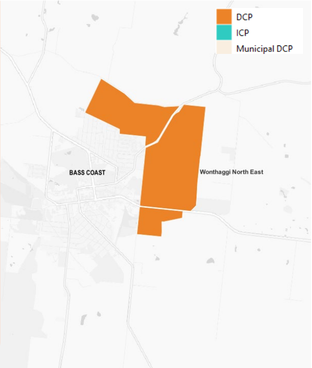
*ABS Building Approvals

Case Study – Peri Urban

Bass Coast

Precinct Specific DCP (x1)

- Wonthaggi North East



Findings

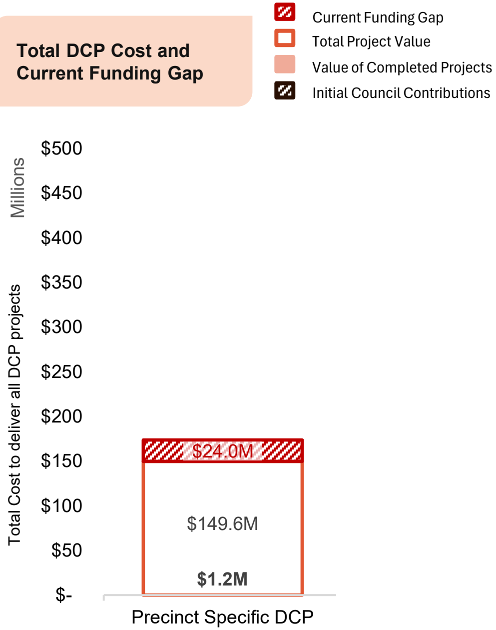
- Growth precinct DCPs are planning for **12,000** additional residents in **4,884** dwellings
- Current DCP charges are equivalent to **$26k per Dwg** (dwelling density as per PSP or 15dwg/ha).
- Of the $149M of projects Council project that **$67M will be delivered as works in kind**, which represents **45%** of the remaining works.
- Current estimated **$24M funding gap** due to existing S.173 Agreements in the DCP area.

Approved DCP Profile (Charge Rates, Yield and Status)

	Residential Charge Range (per ha)	Non-residential Charge Range (per ha)
DCP	$288K	$252K

	New Residents	New Dwellings	% of precinct delivered	% of projects delivered
Wonthaggi North East	12,000	4,884	14%	1%
Total	**+12,000**	**+4,884**		

Total DCP Cost and Current Funding Gap



Open Space Contributions

In between **FY22/23-24/25** period, there was:

Total Contributions = $3,643,050
Total Building Approvals* = 1,394 dwellings
Estimated average contribution per dwelling = $2,613

*ABS Building Approvals

Key Findings

Cost Recovery	The various infrastructure funding mechanisms provide a contribution towards infrastructure costs and are not full cost recovery. There are significant funding shortfalls in the system and Councils are required to fund the shortfalls through a variety of sources including grants, rates and borrowing.
Works in Kind	There is a heavy reliance on the provision of works and land in kind to efficiently deliver infrastructure when required and limit financial risk to Council.
Application	Application of the system and its effectiveness is variable. Several councils have attempted to establish DCPs and found the process onerous and complicated.

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