

## Fact Sheet #4

# Infrastructure Contributions Plans – FAQs

### What are infrastructure contributions?

When land is developed for urban purposes, new or upgraded essential infrastructure is needed to support the new development and its future communities. Infrastructure contributions are provided by developers to help fund essential infrastructure for new communities when they develop their land.

### What kind of infrastructure is funded through infrastructure contributions?

Infrastructure contributions fund basic and essential infrastructure that new and growing communities need, such as local roads, community centres, kindergartens, maternal and child health facilities, local parks and sporting facilities.

### What is an Infrastructure Contributions Plan?

An Infrastructure Contributions Plan (ICP) is a statutory document incorporated in a planning scheme for the purposes of imposing infrastructure contributions to fund the provision of works, services or facilities and securing land for public purposes.

### What can the Infrastructure Contributions Plan do?

An Infrastructure Contributions Plan (ICP) can impose infrastructure contributions on the development land to fund the provision of infrastructure in the ICP plan area or outside of the plan area, if it is essential to, and the need for it is generated by, the development of land in the ICP plan area.

The ICP can also:

- require the provision of land for public purposes in the ICP plan area (known as inner public purpose land); and
- fund the acquisition of land for public purposes outside of the ICP plan area if it is essential to, and the need for which is generated by, the development of land in the ICP plan area (known as outer public purpose land).

### Where are Infrastructure Contributions Plans applied?

An Infrastructure Contributions Plan (ICP) can only be applied to land in a development setting specified in the Ministerial Direction. A development setting may be defined by zoning, geographic area or some other means.

### What is the Ministerial Direction?

The Minister for Planning has issued the Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans (ICP) under section 46GJ of the *Planning and Environment Act 1987* (the Act) and reporting requirements for ICPs under section 46GZI of the Act.

The Ministerial Direction specifies where ICPs can be used (development settings) and the requirements for preparing an ICP including standard levy rates, land valuation and indexation methods, and the infrastructure that can be funded by an ICP.

### When can an Infrastructure Contributions Plan be applied?

An Infrastructure Contributions Plan (ICP) must be strategically justified and linked to the planning policy framework in the planning scheme. In a metropolitan greenfield growth area, a Precinct Structure Plan (PSP) is the key tool for planning land use and infrastructure provision in an area designated for urban development.

### What does the infrastructure contribution in an ICP consist of?

An infrastructure contribution may consist of either or both of the following two components:

#### A monetary component

- This is a monetary levy that may be used to fund the provision of works, services or facilities (that is, construction of community, recreation and transport infrastructure). The levy may consist of a standard levy, a supplementary levy or both levies.

#### A land component

- This is land that is required to be provided for public purposes, such as land for roads, parks and community facilities. The land component may also consist of a 'land equalisation amount' which is a monetary amount used to fund land credit amounts and acquisition of land outside the Infrastructure Contributions Plan (ICP) plan area.

### What is a land credit?

Landowners who contribute a greater percentage of their land for public purposes are compensated by the landowners who contribute a lesser percentage of their land for public purposes. This is done by requiring each landowner who 'under provides' inner public purpose land to pay a land equalisation amount. The land equalisation funds the payment of a land credit amount to each landowner that 'over provides' inner public purpose land and the acquisition of any outer public purpose land.

The methods for calculating the land equalisation amounts and land credit amounts are specified in the Ministerial Direction.

### How is the ICP land contribution percentage calculated?

The Infrastructure Contributions Plan (ICP) land contribution percentage is calculated for each class of development by dividing the total area of the public purpose land (inner and outer public purpose land) attributable to the class of development by the total area of the contribution land (including any inner public purpose land) in the ICP plan area in that class of development.

### How is the parcel contribution percentage calculated?

The parcel contribution percentage is calculated for each parcel of land by dividing the total area of inner public purpose land in a parcel by the area of contribution land in that parcel (including inner public purpose land in the parcel).

### What are the allowable infrastructure items in an Infrastructure Contributions Plan?

The Ministerial Direction specifies the basic and essential infrastructure that may be funded from a standard levy and/or a supplementary levy to provide certainty about what plan preparation costs and infrastructure may be funded by an Infrastructure Contributions Plan (ICP). These are referred to as 'allowable items'. An ICP may only fund infrastructure and planning preparation costs that are specified as an allowable item in the Ministerial Direction.

### What is a standard levy?

A standard levy is a pre-determined monetary rate set by the Minister for Planning through the Ministerial Direction. The standard levy is designed to provide a fair and reasonable budget for funding the infrastructure that is basic and essential for new urban development. The Ministerial Direction may specify different standard levy rates for different development settings and for different classes of development. The Ministerial Direction will also specify how the amount of standard levy to be paid is to be determined.

The standard levy rates for the Metropolitan Greenfield Growth Areas development settings are indexed on 1 July each year in accordance with the indexation method specified in the Ministerial Direction.

### What is a supplementary levy?

A supplementary levy is an additional levy that may be used to fund 'non-standard' infrastructure or costs. A supplementary levy is only intended to be used in limited circumstances. A development context can vary in terms of size, location, scale and infrastructure requirements, and so a standard levy, by itself, may not always provide enough funding to deliver the basic and essential infrastructure needed by the community.

The supplementary levy is indexed on 1 July each year in accordance with the indexation method specified in the Ministerial Direction.

### How is the value of inner public purpose land estimated?

Division 4 of Part 3AB of the *Planning and Environment Act 1987* specifies a valuation process that must be followed for estimating the value of inner public purpose land. The value of inner public purpose land is only estimated if the landowner is entitled to a land credit amount (that is, where the parcel contribution percentage is more than the relevant ICP land contribution percentage).

### Who is responsible for collecting the infrastructure levy?

The collecting agency is responsible for collecting the infrastructure levy. In most instances this will be the local council, but it can also be a Minister or a public authority. The ICP must also specify who is responsible for developing the land and providing the infrastructure items being funded by the plan (development agency).

### When does the infrastructure contribution come into effect?

The infrastructure contribution arises on the date on which the amendment to the planning scheme to incorporate the ICP comes into operation under Section 37 of the *Planning and Environment Act 1987* (Act). This is when the Minister for Planning's notice of approval of the planning scheme amendment is published in the government gazette in accordance with Section 36 of the Act, or on a later day specified in the notice.

### When is the infrastructure contribution imposed on a site?

In most cases a development proposal will be made by way of a planning permit application (or possibly a building permit application). Therefore, the obligation to provide the infrastructure contribution, including setting aside the required land for public purposes, is imposed on the grant of a permit. If a development proposal is not made for a site, the obligation to provide a contribution is not yet imposed.

### When does the infrastructure contribution need to be paid for site?

The monetary component and any land equalisation amount of the infrastructure contribution is due before the earliest of the following:

- if the development of the land involves a plan under the *Subdivision Act 1988*, at the time of issue of the statement of compliance in relation to that plan;
- if the development of the land requires a building permit, at the time of issue of the building permit;
- a time specified in the approved infrastructure contributions plan; or
- before a time specified in an agreement entered by the collecting agency and the applicant.