

Development Contributions Guidelines

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Development Contributions

Welcome to the Development Contributions Guidelines.

- What are the [Development Contributions Guidelines]?
- What is the [purpose of the guidelines]?
- [How does the transfer to DSE affect the guidelines?]
- [Contacting us]



Development Contributions Guidelines

The Development Contributions Guidelines are a guide for the appropriate and practical application of the development contributions system.

The guidelines contain new principles and methodology for preparing Development Contribution Plans (DCPs), which can be applied under Part 3B of the [Planning and Environment Act 1987].

When preparing a DCP a planning authority should also have regard to the [Ministerial Direction] for preparing DCPs.

For historical information, please refer to the [Review of development contributions] page.

Purpose of the guidelines

The guidelines are intended to:

- provide councils, developers and infrastructure agencies with a clear explanation of the development contributions system
- offer practical advice to councils wishing to prepare and implement a DCP for the purpose of levying development contributions
- cover development contributions for a range of land use and infrastructure types, and
- provide a context for the legislative provisions in the Planning and Environment Act 1987.

Open the [Development Contributions Guidelines] website.

How does transfer to DSE affect the guidelines?

Following changes to the Victorian Government Departments, the Planning area of the Department of Infrastructure (DOI) has been transferred to the new Department of Sustainability and Environment (DSE). During the transition period the Planning content of this website, including the Development Contributions Guidelines will still be referred to as a DOI responsibility.

For further detail regarding the restructure, please refer to the [Changes to DOI] page.

Contacting us

If you need:

- further information about development contributions, please contact your [local **DSE** regional office].
- help using the Development Contribution Guidelines website, you can visit the:
 - Development Contributions [Help] page, or
 - Development Contributions [Contact us] page for further help.
- to send us feedback about the Development Contributions Guidelines website, visit the [Feedback section] of the Development Contributions Contact us page.

[Join our mailing list] and we will notify you of any updates.

Introduction to development contributions

Welcome

Welcome to the Development Contributions Guidelines. Each page of this website contains links in the banner area (top of the page) that provide you with help in using this website. If this is your first visit to the guidelines you may find it helpful to look at the Help link. Other links that you may find useful include the:

- Glossary, which provides definitions of terms used throughout the guidelines
- Site map, which provides a high level overview of how information in the guidelines is organised, and
- Search facility, which enables you to find topics related to your search word.

How does transfer to DSE affect the guidelines?

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What are development contributions?

When people develop land for any use, they often contribute to or cause the need for new or upgraded infrastructure.

Development contributions are payments or works-in-kind towards the provision of infrastructure made by the proponent of a new development. The Planning and Environment Act 1987 allows for development contributions to be provided through the:

- planning scheme amendment process
- planning permit process, or
- building permit process.

Development contributions are one of a number of options for funding infrastructure available to local and State government.

Obtaining development contributions through the planning system

The Planning and Environment Act 1987 provides three mechanisms by which development contributions can be sought and collected through the planning system. They are:

- [Development contributions plans (DCPs)]
- [Conditions on planning permits], and
- [Voluntary agreements].

Voluntary agreements

Introduction

Voluntary agreements provide an alternative mechanism to a DCP for obtaining development contributions towards infrastructure provision. The following guidelines provide information about the use of voluntary agreements for this purpose. They explain:

- [What are voluntary agreements?]
- [When can a voluntary agreement be used?]
- [What can a voluntary agreement provide for?]
- [Where can further information be obtained?]

What are voluntary agreements?

There is an opportunity within the planning system for landowners, the council and other parties to freely negotiate agreements for the provision of infrastructure, at the time a development proposal is considered.

An agreement can be used to place an obligation on the parties to:

- provide infrastructure, and/or
- pay for infrastructure.

Entering into an agreement for development contributions requires all parties to voluntarily agree to commit to their obligations, as set out in the agreement. Therefore, the establishment of a voluntary agreement cannot be a requirement of a planning scheme amendment or planning permit.

Section 173 of the Planning and Environment Act 1987 provides a mechanism for formalising a voluntary agreement between the responsible authority, a landowner, and other parties. The authority that administers the planning scheme is called the responsible authority. It is usually the council.

The agreement is made under seal and its terms, conditions and obligations are binding on the owner and subsequent owners of the land that the agreement affects. The agreement is usually registered on the title to the land that it affects to ensure that the owner of the land at the time will meet any obligations contained within the agreement.

Section 173 agreements are enforceable through Victorian Civil and Administrative Tribunal (VCAT). If a party fails to meet its obligations under the agreement, VCAT may issue an Enforcement Order in response to a request from one of the parties.

In addition to obtaining development contributions for infrastructure provision, the Act allows for section 173 Agreements to be used for a range of matters including:

- regulating the use or development of the land,
- identifying conditions that the use or development of land must meet, and
- advancing the objectives of planning in Victoria, planning schemes and planning scheme amendments.

When can a voluntary agreement be used?

A voluntary agreement in relation to infrastructure provision can be initiated when:

- the council considers a planning scheme amendment request, and
- the council considers a planning permit application.

A voluntary agreement for the provision of infrastructure is appropriate when the parties agree to a mutually acceptable outcome. An acceptable agreement is more likely to be achieved when the circumstances involve a large individual development or a small number of landowners.

What can a voluntary agreement provide for?

A voluntary agreement can provide for:

- the costs and standard of infrastructure provision
- the timing of the provision of infrastructure
- the parties' obligation to provide the infrastructure
- timing of payments towards infrastructure
- the refund of cash contributions if infrastructure is not provided
- the upfront provision of infrastructure by one landowner and the reimbursement of the cost by other landowners as they develop, or
- works-in-kind in lieu of a cash contribution.

Where can further information be obtained?

Detailed information about agreements made under the Planning and Environment Act 1987 is available in the Department of Infrastructure publication [Using Victoria's Planning System].

Conditions on planning permits

Introduction

Planning schemes regulate the use and development of land. One way they do this is by requiring that certain types of use or development can only be carried out if a planning permit is granted.

A planning permit:

- is a legal document
- allows a certain use or development to proceed on a specified parcel of land
- is subject to a time limit and will expire under specified circumstances
- contains written conditions, and
- usually has endorsed plans that show how the land can be used or developed.

The proposed use or development must satisfy all the conditions on a planning permit and comply with the endorsed plans. The permission granted relates to the specified parcel of the land regardless of who owns the land.

Planning permit conditions can include requirements for:

- infrastructure to be provided, or
- payments to be made towards the provision of infrastructure.

The following guidelines provide information about the use of planning permit conditions to obtain development contributions. They explain:

- [What conditions can be put on planning permits?]
- [What are the requirements that relate to planning permit conditions for infrastructure provision?]
- [What are works, services and facilities?]
- [When is it appropriate to use a planning permit condition for the payment or provision of infrastructure?]
- [When is it inappropriate to use a planning permit condition for the payment or provision of infrastructure?]
- [Where can further information be obtained?]

What conditions can be put on planning permits?

The authority that decides planning permit applications is called the responsible authority (RA). The RA is usually the council. When the RA decides to grant a planning permit it usually includes conditions on the permit that have to be complied with.

Section 62 of the Planning and Environment Act 1987 (the Act) sets out the circumstances in which conditions can be included in a permit.

The common law tests require that a planning permit condition must:

- be reasonable
- relate to the planning permission being granted
- fulfill a planning purpose, and
- accurately convey its intended effect and avoid uncertainty and vagueness.

An applicant can apply to Victorian Civil and Administrative Tribunal (VCAT) for a review of conditions in a planning permit under section 80 of the Act.

What are the requirements that relate to planning permit conditions for infrastructure provision?

Section 62 (5)(a) of the Act provides the opportunity for the RA to include conditions required to implement an approved DCP.

Section 62 (5)(b) of the Act provides the opportunity for the RA to include a condition that specified works which the RA considers necessary as a result of the grant of the permit be:

- provided on or to the land, and
- paid for wholly by the applicant or partly by the applicant where the remaining cost is to be met by any Minister, referral authority, public authority or council providing the works.

Section 62 (6) of the Act provides that the RA must not include a condition requiring a person to pay an amount for or provide services or facilities other than a condition:

- required to implement an approved DCP, or
- requiring services or facilities to be provided in accordance with a pre-existing agreement under section 173 of the Act.

There is some dispute about the interpretation and application of this part of the Act. The validity of conditions has been reviewed at VCAT (*Christian Brothers Vic Pty Ltd v Banyule City Council* (2001) VCAT 2120) and through the Supreme Court (*Curry v Melton Shire Council* (2000) VSC 352).

The debate is essentially about the interpretation of works, services and facilities and the validity of conditions that require works, services and facilities to be provided off-site (i.e. on land that is not part of or abutting the land subject to the planning permit), which are considered necessary as a result of the grant of the permit.

What are works, services and facilities?

The Act makes a distinction in section 62 between the rules that apply to planning permit conditions requiring works to be provided or paid for and those that require services and facilities. It is therefore important to understand the distinction between works, services and facilities.

The Act defines works as including any change to the natural or existing condition or topography of land including the removal, destruction or lopping of trees and the removal of vegetation or topsoil.

However, the Act does not define services and facilities.

In the context of section 62(6) and its relationship to DCPs, the following descriptions are provided:

- Facilities are building(s) constructed for a specific public purpose(s) and the land which is needed to accommodate the buildings.
- Services are activities carried out from facilities for the care and benefit of residents.

Section 3 of the Act defines buildings to include:

- (a) a structure and part of a building or a structure
- (b) fences, walls, out-buildings, service installations and other appurtenances of a building, and
- (c) a boat or a pontoon which is permanently moored or fixed to land.

When is it appropriate to use a planning permit condition for the payment or provision of infrastructure?

Despite the debate about the interpretation of section 62, it is generally accepted that a planning permit condition requiring payment for or provision of infrastructure can validly be imposed in the following circumstances, where the permit condition requires:

- The provision of or payment for specified works on the land subject to the planning permit and the works will service the permitted development.
- The provision of or payment for specified works to the land subject to the planning permit.
- The applicant to enter into a section 173 Agreement to provide or pay for works on or to the land subject to the planning permit necessitated by the grant of the permit.

- The implementation of a payment-in-lieu of parking provision in accordance with a parking precinct plan approved under clause 52.06 - 6 (parking precinct plan) of the planning scheme and incorporated into the planning scheme.
- The payment or provision of a public open space contribution up to 5% of the site value of the land in accordance with section 18 of the Subdivision Act 1988.
- The payment or provision of a public open space contribution of 5% of the site value of the land or higher in accordance with an approved schedule to clause 52.01 (public open space contribution and subdivision).
- The payment of an infrastructure levy in accordance with an approved DCP.
- The provision of or payment for utility services as directed by a servicing authority under section 55 of the Act.
- The implementation of an existing agreement under section 173 of the Act to provide facilities and services.

When is it inappropriate to use a planning permit condition for the payment or provision of infrastructure?

A planning permit cannot include a condition that requires:

- The applicant to enter into a section 173 agreement to provide services or facilities.
- The provision of or payment for facilities and services in the absence of an approved DCP, no matter whether the facilities or services are located on or off the land subject to the planning permit.

The ability of the RA to validly impose certain conditions is doubtful, in particular planning permit conditions that require:

- The provision of or payment for works on land that is not part of or abutting the land subject to the planning permit, when no DCP is in place.
- The applicant to enter into a section 173 agreement to provide or pay for works on land that is not part of or abutting the land subject to the planning permit.

RAs seeking to impose such conditions should obtain independent legal advice.

Where can further information be obtained?

Information about planning permit conditions is provided in the following Department of Infrastructure publications:

- [Using Victoria's Planning System], and
- [Planning - A Short Guide].

Development contributions plans (DCPs)

Introduction

This section provides information about:

- what a DCP is
- when a DCP should be used
- a step-by-step process for preparing a DCP, and
- how to implement a DCP in the planning scheme.

Select from the following to find out more:

- [Understanding DCPs]
- [Deciding to prepare a DCP]
- [Preparing a full cost apportionment (FCA) DCP]
- [Incorporating a DCP into the planning scheme]
- [Establishing an accounting system for a DCP]
- [Implementing a DCP], and
- [Reviewing a DCP].

Understanding DCPs

This section provides information about DCPs.

DCP basics

- [What is a development contributions plan (DCP)?]
- [What is the role of DCPs in the planning system?]
- [What are the principles of a DCP?]
- [Who can prepare a DCP?]
- [What are the main steps in the DCP process?]
- [When could a DCP be prepared?]
- [When will a DCP be most effective?]
- [What area can a DCP cover?]
- [What development can be charged a levy under a DCP?]
- [What development cannot be charged a levy under a DCP?]
- [What timeframe can a DCP cover?]

Including infrastructure projects in a DCP

- [What infrastructure projects can be included in a DCP?]
- [What justification is required for infrastructure projects to be included in a DCP?]
- [How are infrastructure projects classified?]
- [What costs can be included in a DCP?]
- [What is the maximum levy that can be charged for infrastructure in a DCP?]

DCP requirements and good practice

- [What are the requirements of the Act?]
- [What will be considered through the planning scheme amendment process?]
- [What is good practice?]

Considerations before preparing a DCP

- [What are the advantages of using a DCP?]
- [What should be considered before preparing a DCP?]

What is a development contributions plan (DCP)?

A development contributions plan (DCP) is a mechanism used to levy new development for contributions to planned infrastructure needed by the future community.

A council collects development contribution levies from new development through an approved DCP. An approved DCP is a DCP that forms part of a planning scheme.

The Minister for Planning has to approve an amendment to the planning scheme in order to incorporate a DCP. In approving the amendment to incorporate a DCP in the planning scheme, the Minister approves the DCP.

An approved DCP is implemented through the Development Contributions Plan Overlay and schedule. The Development Contributions Plan Overlay indicates the area covered by the DCP. The schedule indicates the levies that apply in a particular area.

A DCP identifies infrastructure to be provided. The infrastructure:

- must serve a neighbourhood or larger area
- must be used by a broad section of the community, and
- will in most cases serve a wider catchment than an individual development.

With the exception of open space contributions in clause 52.01 of the Victoria Planning Provisions or an incorporated parking precinct plan, an approved DCP is the only legitimate mechanism for requiring a levy towards infrastructure provision in the planning scheme across a number of users.

What is the role of DCPs in the planning system?

A council should plan ahead to make sure that:

- new infrastructure needed by the community is provided when and where it is needed, and
- funds are available to provide the infrastructure.

Planning ahead is part of a council's strategic planning and service delivery responsibility. In greenfield areas, provision of new infrastructure to keep pace with urban development will be a priority. In established urban areas, upgrading the existing infrastructure may be necessary because of the redevelopment of existing sites, changing community expectations, changing standards of provision or the need to replace an existing infrastructure that has reached the end of its economic life.

While the pace and scale of new development in these two examples will be different, councils and State Government should plan ahead for infrastructure funding and provision. There are various funding options available to councils and State Government to fund new infrastructure. The options include development contributions.

The objectives of planning and the planning framework established by the Planning and Environment Act 1987 include:

'To protect public utilities and other assets and enable the orderly provision and coordination of public utilities and other facilities for the benefit of the community.'

Part 3B of the Act expressly provides for a council to collect development contributions to fund the provision of infrastructure by a levy imposed through an approved DCP in the planning scheme. It also sets out the provisions relating to the establishment and administration of DCPs.

What are the principles of a DCP?

DCPs must have a strategic basis

The DCP must be strategically justified and linked to the State Planning Policy Framework or the Local Planning Policy Framework in the planning scheme. The DCP will only be approved if a clear, sound strategic basis can be demonstrated.

Justification of infrastructure projects

Infrastructure projects can be included in a DCP if they will be used by the future community of an area, including existing and new development. This means that new development does not have to

trigger the need for new infrastructure in its own right. It can only be charged in accordance with its projected share of usage. This is all that is required to demonstrate 'need'.

Nexus between new development and the need for new infrastructure

It must be demonstrated that the new development to be levied is likely to use the infrastructure to be provided. New development should not be considered on an individual basis, but as part of the wider community that will use an infrastructure project. The wider community may also include existing development. This is all that is required to demonstrate 'nexus' to justify the application of the charge.

DCPs must have a reasonable time horizon

A DCP must include a time horizon. This time horizon should not exceed 20 to 25 years. If the time horizon is not reasonable, new development in the early years will be paying for infrastructure that will not be delivered until many years later. This is inequitable and unreasonable.

Infrastructure costs must be apportioned on the basis of projected 'share of usage'

For the purposes of calculating levies in a DCP, the costs of infrastructure projects are shared amongst all the likely users. The likely users will include existing and future development. In this way, new development will not be charged for the whole cost of an infrastructure project that others will use and costs are distributed on a fair and equitable basis.

However, while the levy is calculated on the basis that all the users pay for the cost of the infrastructure, only new development can actually be charged the levy. Therefore, a DCP will rarely cover the full cost of providing the infrastructure.

A commitment to provide the infrastructure

A DCP imposes a binding obligation on the infrastructure provider to provide the infrastructure by the date or criteria specified in the DCP.

Accountability

This means the levies collected must be used to provide the infrastructure specified in the DCP. Proper financial accounts must be kept to demonstrate this.

Transparency

All assumptions relating to the calculation of levies within the DCP must be documented and justified and expressed in non-technical language so they can be clearly understood.

DCP must be in the planning scheme

Development contributions to fund planned infrastructure for the wider community, neighbourhood or region can only be levied through an approved DCP that forms part of a planning scheme.

Who can prepare a DCP?

As an approved DCP involves an amendment to a planning scheme, it must be prepared by a planning authority.

A planning authority will in most cases be the relevant council, but can be any agency that is authorised by the Minister for Planning under the Planning and Environment 1987. Therefore, State

Government agencies that provide infrastructure can be authorised to prepare a DCP, and can use these guidelines to prepare a DCP and incorporate it into the planning scheme.

While a State Government agency can be authorised to prepare a DCP and related planning scheme amendment, it cannot collect the levies or administer the DCP directly. This remains the councils' responsibility.

What are the main steps in the DCP process?

The main steps in the DCP process involve:

- identifying the need for new infrastructure
- exploring funding options
- selecting the DCP funding option
- committing resources to prepare, implement and administer the DCP
- preparing the DCP
- preparing and processing a planning scheme amendment to implement the DCP
- administering the approved DCP (involves establishing an appropriate accounting system, tracking payments and expenditure, providing the infrastructure as set out in the DCP, managing unspent funds etc.), and
- monitoring the DCP to make sure it is implemented over the nominated time horizon.

When could a DCP be prepared?

The following circumstances might highlight the need for new infrastructure that could be funded through an approved DCP. Therefore a DCP may be prepared as a result of or in association with any of the following:

- the preparation of a strategic plan or structure plan for an area where future growth is expected
- a rezoning process
- a review of the Municipal Strategic Statement for the whole municipality
- a new infrastructure funding policy for the municipality or State Government agency
- an infrastructure needs analysis or a strategic plan for the provision of a certain type of infrastructure, for example open space or drainage, or
- other strategic planning initiatives leading to infrastructure commitments.

When will a DCP be most effective?

Only new development can be charged a development contribution levy. This means that a DCP is likely to be most effective when applied to areas that will experience a high degree of change.

DCPs are likely to recover the greatest proportion of the cost of infrastructure provision in areas experiencing high levels of urban growth, such as greenfield sites on the fringe and large redevelopment sites within established urban areas.

A DCP can also be a suitable mechanism for obtaining contributions towards infrastructure in established urban areas that are experiencing dispersed new development. In this situation, a DCP will allow the council to collect a proportion of the cost of providing the infrastructure, but is unlikely to recover the whole cost.

In rural areas, the amount of new development and consequently the levies likely to be collected may not warrant the preparation of a DCP. A further difficulty for rural councils is that growth is often unpredictable in terms of timing and location. However, there may be specific circumstances in which a DCP may be suitable.

What area can a DCP cover?

A DCP may cover all or part of a municipality. The equity of charging developers a levy for infrastructure in one part of the municipality and not in another should be considered, if DCPs are applied on a partial basis.

What development can be charged a levy under a DCP?

While the levy is calculated on the basis that all the projected users pay for the cost of the infrastructure, only new development can actually be charged the levy.

What development cannot be charged a levy under a DCP?

Existing development cannot be charged a development contribution levy because by definition the charge is applied to new development through the planning system.

The following types of new development are not subject to the requirements of planning schemes and are therefore not subject to the requirements of a DCP:

- development on Commonwealth land
- development that is being undertaken by the Commonwealth Government
- development that is being undertaken by or on behalf of the Ministers for Conservation, Forests and Lands, Health and Education or their current equivalents (refer to Page 266, Victoria Government Gazette, 10 February 1988). This means that public schools and hospitals are exempt.

A council also has discretion to exempt any new types of land use or development from the payment of development contribution levies. For example, on the basis that they provide a community service, a council may exempt:

- private schools and hospitals
- churches, or
- community facilities provided by non-profit organisations.

Similarly, councils may exempt particular developments:

- in circumstances of hardship, or
- to facilitate the achievement of economic development objectives.

Fair cost apportionment requires that what is not collected from existing development and exempted uses cannot be collected from other uses that are required to pay the levy. So while the exempted land uses are included in the calculation of the levies because they are likely to use the infrastructure, they will not be required to pay. It follows that any funding shortfall will need to be made up from alternative funding sources, such as general rates and government grants.

What timeframe can a DCP cover?

The Act does not place any limit on the timeframe for a DCP. The DCP, however, must include a timeframe. In setting the timeframe, it is important to consider:

- the time horizon for strategic planning, infrastructure provision and funding
- the expected rate of new development, and
- the degree of certainty in projecting growth.

For example, a short timeframe, say five years, has the advantage of providing greater certainty in projecting growth rates. However, it will mean that the early development may escape payment for infrastructure projects which may be provided in a longer timeframe, after the DCP has finished.

Alternatively, a long timeframe, say 20 years plus, has the disadvantage of providing less certainty in projecting growth rates required to calculate the levies and determine infrastructure needs and delivery.

Very long term horizons may also diminish the principle of equity which underlies DCPs. It may be considered unreasonable to charge a user for a service which will not be delivered for many years.

What infrastructure projects can be included in a DCP?

A DCP may include infrastructure to be provided by a council or State Government agency. Basic utilities, such as water supply and sewerage, provided by servicing authorities under their own legislation cannot be included in a DCP.

The types of projects in a DCP can include the following:

- a new item of infrastructure
- an upgrade in the standard of provision of an existing infrastructure item
- an extension to an existing facility, or
- the total replacement of an infrastructure item after it has reached the end of its economic life.

A DCP cannot be used to fund the total replacement of an infrastructure item, if the replacement is necessary as a result of poor maintenance.

It is not appropriate to include existing infrastructure in a DCP that was funded through general taxes or rates.

However, where an infrastructure project has been provided as part of a DCP calculated on a projected share of usage basis, and the intention is to recover all or part of the cost of the facility from contributions from development beyond the timeframe of the DCP, it would be fair to include such a project in a subsequent DCP.

What justification is required for infrastructure projects to be included in a DCP?

The selected infrastructure and the standard of provision must be justified in the DCP. The inclusion of infrastructure and the standard may be challenged through the planning scheme amendment process.

To qualify for inclusion in a DCP, all infrastructure:

- must be used by a broad cross-section of the community, and
- must serve a neighbourhood-sized catchment or larger area.

This means that the infrastructure provided is likely to be used by a broad range of people, given the likely profile of the expected community (age, ethnicity, sex) which justifies the selection of the infrastructure.

To justify the infrastructure projects to be included in a DCP, the type and standard of infrastructure must be either:

- basic to the health, safety or well-being of the community, or

- consistent with current community expectations of what is required to meet its health, safety or well-being.

The definition of basic infrastructure will be linked to the expected demographic profile of the neighbourhood. For example, in a family-oriented developing area the list infrastructure projects considered to be basic could include roads, drainage, public transport, a neighbourhood park with playground equipment, a child care centre, a maternal and child health centre and a community meeting facilities.

Additional justification will be required to demonstrate that the type or standard of infrastructure is supported by the general community. This will include community consultation conducted in association with a strategic study that is given effect through the planning scheme. For example, an urban design framework or open space strategy reflected in the planning scheme may specify certain design standards for street treatments, landscaping, provision of facilities etc.

Community expectations of what is required for the health, safety and well-being of the community are likely to change over time. It should be recognised that DCPs will be based on the reasonable expectations at the time of their preparation.

How are infrastructure projects classified?

The Act requires infrastructure projects to be classified either as development infrastructure or community infrastructure. The distinction is important because:

- there is a maximum development contribution levy that can be charged for community infrastructure
- the timing of the payment of each levy is different
- the person who pays the levy may be different, and
- the process for collection is different.

The following works, services or facilities may be funded from a development infrastructure levy:

- acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list
- construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices
- construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops
- basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment
- drainage works, and
- buildings and works for or associated with the construction of maternal and child health centres, child care centres, kindergartens, or any center which provides these facilities in combination.

Levies for development infrastructure projects are generally collected through conditions on planning permits.

Community infrastructure includes projects involving the construction of all other buildings or facilities used for community or social purposes. Levies for community infrastructure projects are collected through the building permit process. The building permit applicant must pay the community infrastructure levy prior to the building permit being issued.

What costs can be included in a DCP?

The calculation of the levy is based on the estimated cost of the infrastructure. The DCP must provide clear documentation detailing the costs associated with projects included. This information forms the

essential basis of the DCP. It is likely to be challenged and reviewed through the planning scheme amendment process.

The following costs can be included in the calculation of levies:

- the capital costs of providing the infrastructure projects
- the cost of financing the infrastructure projects, if provided early in the life of the DCP
- the design costs associated with the infrastructure projects, and
- the cost of preparing and approving the DCP.

The capital cost is expenditure which:

- creates a new asset, or
- extends the life of an existing asset where the cost required would be equal to or greater than the cost of providing the asset in the first place.

Recurrent costs such as maintenance and operating costs or costs associated with the administration of the DCP cannot be included in the calculation of a development contributions levy.

What is the maximum levy that can be charged for infrastructure in a DCP?

Community infrastructure

Section 46L (1)(a) and (1)(b) of the Act sets a maximum levy for community infrastructure. The maximum levy is:

- \$450 for each dwelling to be constructed, and
- 0.25 cents in the dollar of the cost of the building work in any other case.

Given the maximum levy that can be charged for community infrastructure in a DCP, a council will need to set priorities for community infrastructure funded through a DCP. Depending on the needs of the community and scale and pace of new development, a council may need to explore other funding options for this type of infrastructure.

Development infrastructure

There is no maximum levy for development infrastructure in the Act. However, the classification of infrastructure as development infrastructure and the amount of the levy may be subject to challenge and review through the planning scheme amendment process.

What are the requirements of the Act?

Section 46K(1) of the Act sets out the mandatory contents of a DCP. A DCP must:

- Clearly identify the geographical area that the DCP applies to. The DCP must document and justify the area selected.
- Set out in a schedule the infrastructure to be funded through the DCP and the staging of the provision and classify each item as development infrastructure or community infrastructure.
- Relate the need for the infrastructure to the proposed development of land in the area.
- Specify the estimated cost of each of the infrastructure projects.
- Classify the infrastructure projects into development or community infrastructure.
- Specify the proportion of the total estimated cost of the infrastructure which is to be funded by a development infrastructure levy or community infrastructure levy or both.

- Clearly identify where the levies will apply and what types of development will be charged.
- Describe the method used for calculating the levies payable.
- Provide for the procedures for the collection of a development infrastructure levy where a planning permit is not required for the development.

The Act also provides that a DCP may:

- exempt certain land or types of development from payment of a development infrastructure levy or community infrastructure levy or both, or
- provide for different levy amounts to be payable in respect of different types of development or different areas.

To satisfy section 46Q of the Act, it is necessary to establish an administrative system that enables payments and expenditure to be tracked over the life of the DCP, and ensure that monies collected are used to provide the specified infrastructure.

What will be considered through the planning scheme amendment process?

Stakeholders, the independent Panel (if one is appointed to review the amendment) and the Department of Sustainability and Environment will carefully examine the assumptions and information in the DCP during the planning scheme amendment process to ensure that:

- the DCP has a clear and sound strategic base and is consistent with the relevant policy framework in the planning scheme
- the infrastructure in the DCP is justified
- the cost of the infrastructure in the DCP is justified
- there is a commitment to provide the infrastructure as set out in the DCP
- the area selected to pay the levy is justified
- the amount of development infrastructure levy or the community infrastructure levy (or both) is justified
- the DCP complies with the principles outlined in these guidelines (equity, strategic justification, projected share of use, accountability etc), and
- the DCP meets the requirements of the Planning and Environment Act 1987, including any relevant Ministerial Directions.

What is good practice?

In addition to this information, a DCP will be most effective if it:

- identifies the proposed location of the infrastructure project
- is transparent, with all the assumptions documented and justified
- clearly and logically presents all the relevant information
- identifies the authority responsible for providing the infrastructure
- includes a commitment to provide the specified infrastructure by the nominated date or event
- uses the terminology set out in these guidelines, and
- includes an annual adjustment for inflation based on the General Consumer Index for Capital Cities.

Good practice would also involve:

- discussing the draft DCP with the main stakeholders prior to the council's decision to prepare and exhibit the amendment
- an independent review of the draft DCP
- obtaining the support of council's corporate administration over the life of the DCP
- monitoring the DCP on an annual basis to make arrangements for the provision of the infrastructure items in the DCP ahead of the due date, and
- reviewing the DCP at the time the Municipal Strategic Statement is reviewed to ensure that it reflects the current strategic planning in the municipality.

What are the advantages of using a DCP?

The process of preparing a DCP requires the integration of the provision of infrastructure with the strategic planning framework for the municipality.

A DCP enables infrastructure costs to be shared fairly amongst multiple contributors.

A DCP can enable the earlier delivery of infrastructure than if its provision is dependent upon general taxes or rates. It also provides certainty about the delivery of infrastructure for the community and developers, because a DCP must satisfy accountability and transparency principles.

A DCP provides developers with certainty that the money that they contribute will be accounted for separately and spent on the infrastructure it was collected to provide.

An approved DCP requires a planning scheme amendment involving public consultation through the exhibition process. This provides opportunities for:

- the community to influence the type, location and standard of infrastructure provided through the DCP
- developers to examine the costs, staging, timeframes, and standard of provision, and
- the council to justify the infrastructure projects and the apportionment of costs.

What should be considered before preparing a DCP?

The decision to prepare and implement a DCP has implications for council.

There is substantial time and effort involved in preparing a DCP and incorporating it into the planning scheme. The preparation of a DCP and associated planning scheme amendment documentation may take 12 months or longer.

In including an infrastructure project in a DCP, council or other infrastructure provider indicates an intention to provide the infrastructure, even if it fails to collect all the expected funds.

Accurate predictions about the future cannot be made with 100% certainty. A DCP is based on assumptions about growth rates, timing of infrastructure provision and the emerging needs of a changing community. Within this context, the DCP must demonstrate that it is based on reasonable estimates that will be tested through the planning scheme amendment process.

The cost of providing infrastructure in the future might vary from the present day estimates used to calculate the development contribution levies in the DCP and additional funds may be required to deliver the infrastructure on time. Land acquisition costs in particular are difficult to estimate with confidence.

In establishing a DCP, council will need to provide a system and resources to administer and track payments and expenditure over the life of the DCP.

A council also has a responsibility to monitor and review the DCP over time because some of the assumptions about development trends and the infrastructure needs may not be realised. Similarly, the DCP should be reviewed to reflect changes to the strategic planning framework for the municipality.

Where a change to an approved DCP is required, a further planning scheme amendment process will be necessary.

Towards the end of the life of the DCP, a council should assess any unspent funds and explore the options available in section 46Q of the Act, including the return of monies to land owners or reallocation of monies to another project in that area.

Deciding to prepare a DCP

Before you begin

Before you begin this process, read the information in [Understanding DCPs]

It may also be helpful to read [Preparing a FCA DCP] in order to estimate the resources required to develop a DCP.

Outcome

The outcome of this process is the decision to prepare a DCP.

Process

Complete the following tasks.

Task	Description
1	Review the strategic framework and examine the demand for infrastructure. For more information, go to [Guidelines for determining the demand for infrastructure]
2	Assess the funding options for the infrastructure. For more information, go to: <ul style="list-style-type: none"> • [Guidelines for assessing funding options], and • [Considerations for evaluating funding options].
3	If you select a DCP as the preferred preliminary option, conduct a detailed assessment to evaluate the implications and resources required to prepare and approve the DCP compared to the likely funds to be collected through the DCP. For more information, go to [Guidelines for evaluating the DCP option in detail].
4	Prepare a report to council documenting the basis of your recommendation to select a DCP as the preferred option.

Guidelines for determining the demand for infrastructure

It is part of a council's on-going strategic planning and service delivery responsibility to ensure that:

- infrastructure needed by the community is provided when and where required, and
- funds are available to develop the infrastructure.

The tasks include:

- assessing the implications of the strategic planning framework, capital works program, corporate plan, etc
- identifying a suitable timeframe for planning infrastructure provision
- projecting the type of infrastructure that will be needed in the future by a broad cross-section of the community
- determining who will use the infrastructure
- identifying when and where the infrastructure is needed
- estimating costs, and
- considering the impact of any infrastructure that is planned to be provided by an adjacent municipality or State Government agency.

The identification of the need for new infrastructure may result from:

- the three-year review of the Municipal Strategic Statement
- a regional strategy
- implementation of a strategic plan or direction in the Municipal Strategic Statement
- development of a structure plan to set the broad development framework for new urban development
- an assessment of the performance of existing infrastructure, or
- a strategic review of the existing and proposed infrastructure; for example an open space strategy or a review of community facilities.

Demand for infrastructure can also be generated by:

- existing development, or
- new development either located within the municipality or in an adjacent municipality.

Guidelines for assessing funding options

A council's decision to provide new infrastructure or to upgrade existing infrastructure should include identifying and evaluating options for funding, including the following:

General options

- council budget and capital works program
- cash reserves
- borrowed funds
- grants from the State or Commonwealth Government
- special rates and charges schemes
- public/ private partnerships
- co-funding arrangements with State or Commonwealth Government or other councils, and
- other sources.

Development contributions

- voluntary agreements
- development contributions plans
- a cash in lieu of parking payment specified in the schedule to the parking provisions in clause 52.06 of the planning scheme
- a public open space contribution under clause 52.01 of the planning scheme, and
- a public open space contribution under the Subdivision Act 1988.

Considerations for evaluating funding options

Funding options should be evaluated taking into account the:

- policy and organisational context
- type of infrastructure, and
- requirements for implementation.

Policy and organisational context

Examine:

- the potential to move from general community funding through rates and taxes to funding sourced from users or new development
- council's priorities and commitments
- council's strategic planning culture and corporate environment, and
- capital works program and budget.

Type of infrastructure

For each proposed infrastructure item you should consider the:

- amount of money required
- timing of provision of the facility and the funds likely to be available at the time of expenditure
- on-going maintenance and operating costs, and
- likely users.

Requirements for implementing the funding option

Consider the:

- likely success of a bid for a grant
- amount of information required to support the funding option and the resources required to fill the information gaps
- council resources to administer the option
- complexity and length of time involved to establish the funding option
- level of public involvement
- timeframe for collection of the funds and any time lag between collection and the delivery of the infrastructure
- certainty of the expected outcome, and
- opportunity for mixing funding options.

Based on a comparison and evaluation of the funding options, the preliminary selection of the preferred funding option can be made.

Guidelines for evaluating the DCP option in detail

If the DCP option emerges as the preferred option at this stage, a detailed evaluation of this option is needed.

The DCP option will involve substantial time and resources and will affect most parts of a council's administration, particularly if several kinds of infrastructure are planned. The decision to prepare a DCP requires a commitment from a number of departments within council that will have responsibility to prepare and implement the DCP. This corporate commitment will need to be ratified by council.

In evaluating the DCP option you should consider the following:

- The availability of information required to calculate the levies and prepare the DCP including:
 - the scale, location, timing and type of development
 - the profile of the expected community
 - the cost, scale, location, timing and type of infrastructure needed, and
 - the strategic justification for the DCP in the planning scheme.
- The amount and cost of resources required to prepare, incorporate into the planning scheme, administer and monitor the DCP.

- The funds likely to be collected given:
 - the expected amount and rate of new development
 - the time frame for collection of the funds through a DCP, and
 - the area where the levy will apply and any potential exemptions.
- The budget/cash flow implications:
 - given the timing, scale and cost of the infrastructure to be provided
 - given the time frame for collection of the funds through a DCP, and
 - if the infrastructure is to be provided ahead of the collection of all the money to pay for it.
- The willingness to make a commitment to deliver the infrastructure at a particular time in accordance with the DCP.

It may be helpful to review examples of DCPs prepared by other councils.

Preparing a full cost apportionment DCP

Introduction

This section provides information and examples on how to prepare a full cost apportionment development contributions plan (FCA DCP).

An FCA DCP is a DCP prepared using the full cost apportionment method of calculating levies.

The outcome of this process is an FCA DCP that is ready to be incorporated into the planning scheme through a planning scheme amendment.

The section describes:

- The [key concepts for calculating infrastructure levies]
- The [5 phases of preparing an FCA DCP]
- [Overview of the 16 stages for preparing an FCA DCP]
- [Links to the 16 stages of preparing an FCA DCP]

Key concepts for calculating infrastructure levies

Before you begin you will need to be familiar with some key concepts associated with the calculation process:

- [the DCP area]
- [the DCP timeframe]
- [analysis areas]
- [quantifying development]
- [demand units]
- [equivalence ratios]
- [main catchment area]
- [external usage and future usage]
- [basic calculation of infrastructure levy per demand unit]
- [simple formula for calculating infrastructure levies]
- [charge areas]

The DCP area

This is the area where the DCP will apply. A DCP may cover all or part of a municipality, or multiple municipalities.

The DCP timeframe

You will need to select a timeframe for the DCP, such as 5, 10, 15 or 20 years.

A DCP has a start and an end date. The start date is the day when the amendment incorporating the DCP into the planning scheme is gazetted. The end date will be 5, 10, 15 or 20 years after the date of gazettal, depending on the timeframe specified in the DCP.

The DCP timeframe is required for:

- making estimates about the amount of development likely to occur
- calculating infrastructure levies
- collecting levies
- managing funds, and
- determining the delivery of infrastructure.

In setting the timeframe, it is important to consider the:

- time horizon for strategic planning, infrastructure provision and funding
- expected rate of new development, and
- degree of certainty in projecting growth.

Analysis areas

To calculate infrastructure levies, the DCP Area should be divided into analysis areas.

An analysis area is a small geographic unit that is used as the basis for collecting and quantifying information about existing and future development.

The number of analysis areas will depend on the size of the DCP area, the size and types of infrastructure projects likely to be included and their catchments, and the availability of detailed information about existing and new development.

Division of the DCP area into analysis areas

AA1	AA7	AA13	AA19	AA25
AA2	AA8	AA14	AA20	AA26
AA3	AA9	AA15	AA21	AA27
AA4	AA10	AA16	AA22	AA28
AA5	AA11	AA17	AA23	AA29
AA6	AA12	AA18	AA24	AA30

Quantifying development

For each analysis area, it will be necessary to quantify the amount of development that exists and the amount of future development expected to occur over the timeframe of the DCP. These projections should reflect the strategic planning directions set for the DCP area in the planning scheme.

The amount of existing and future development should be quantified for all land uses that are likely to use the infrastructure projects included in the DCP. These might include residential, retail, office, industrial, institutional and other uses.

In quantifying the amount of development, different units of measurement will be used depending on the land use (for example number of residential dwellings, square metres of retail floor space, hectares of industrial site area).

This information can be provided on:

- a year by year basis
- a 5 yearly basis, or
- as a projection over the DCP timeframe.

Quantification of existing and projected development in each analysis area

Analysis area	Land uses	Existing (2002)	New dev't 2003	New dev't 2004	New dev't 2005
1	Dwellings (#)	306	10	10	15
	Retail (sq. m floor space)	1200	0	0	2,000
	Office (sq. m floor space)	0	0	0	500
	Industry (sq. m floor space)	0	0	0	0
2	Dwellings (#)	123	25	25	25
	Retail (sq. m floor space)	12,000	0	2,000	0
	Office (sq. m floor space)	500	0	300	0
	Industry (sq. m floor space)	200	0	0	300
3	Etc.				

Demand units

A demand unit is an individual unit that provides the basis on which infrastructure levies are calculated and charged. A demand unit could be a dwelling, a lot, a hectare, or 1 square metre of impervious site coverage.

In order to calculate infrastructure levies, it is necessary to convert the units used for quantifying the development into common demand units, so that they can be added up to determine the total demand for an infrastructure project generated by all land uses over the timeframe of the DCP.

Equivalence ratios

Equivalence ratios are used to convert the amount of existing and projected development for each particular land use into the proportional number of common demand units.

Equivalence ratios take into account differing levels of demand or usage generated by different land uses on certain types of infrastructure. They are expressed as a quantum of land use that is equivalent to one demand unit. For example, 1 dwelling = 1 demand unit, 19 m² of retail floor space = 1 demand unit.

Appropriate equivalence ratios can be determined by the council or the [standard equivalence ratios] provided in the guidelines can be used.

Conversion of development within each analysis area into demand units using equivalence ratios

1 dwelling =
1 demand unit

AA1	AA7	AA13	AA19	AA25
AA2	AA8	AA14	AA20	AA26
AA3	AA9	AA15	AA21	AA27
AA4	AA10	AA16	AA22	AA28
AA5	AA11	AA17	AA23	AA29
AA6	AA12	AA18	AA24	AA30

1 shop of 300m² =
15.8 demand units*

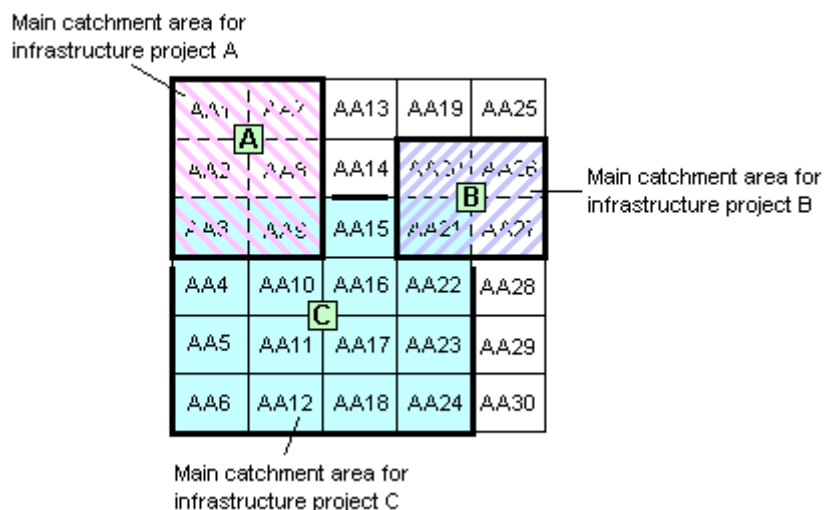
*Based on equivalence ratio of
19m² of retail floor space = 1 demand unit

Main catchment area

Each infrastructure project included in a DCP will have an area from which it will draw all or most of its usage. This is the main catchment area (MCA).

The MCA of infrastructure projects can be approximated by assembling a number of analysis areas (AA). Therefore, the MCA can be mapped and can also be described in analysis areas. For example, the MCA of Infrastructure Project A can be described as AA1, AA2, AA3, AA7, AA8, and AA9. This means that all demand units within these analysis areas will use infrastructure project A.

Identification of the main catchment areas for each infrastructure project



External usage and future usage

In determining the MCA of an infrastructure project, estimates should be made of the:

- external usage, and
- future usage.

External usage is the proportion of usage drawn from outside the MCA.

Future usage is the proportion of usage generated by future development expected beyond the timeframe of the DCP, either from within or outside the MCA.

Both are expressed in terms of a percentage. For example, an estimate of external usage would be presented as 15% of the usage of Infrastructure Project A. This means that 15% of the usage is drawn from outside the MCA.

Basic calculation of infrastructure levy per demand unit

For each infrastructure project, calculate the infrastructure levy for each demand unit within the MCA, by:

- adding up the total number of common demand units for all analysis areas within the MCA, and
- subtracting the percentage of external/future usage from the cost of the infrastructure project, then
- dividing the resulting cost of the infrastructure project by the total number of demand units in the MCA.

Simple formula for calculating for calculating infrastructure levies

(Project cost – % external/future usage) divided by total number of demand units for analysis areas within the MCA = Infrastructure levy per demand unit

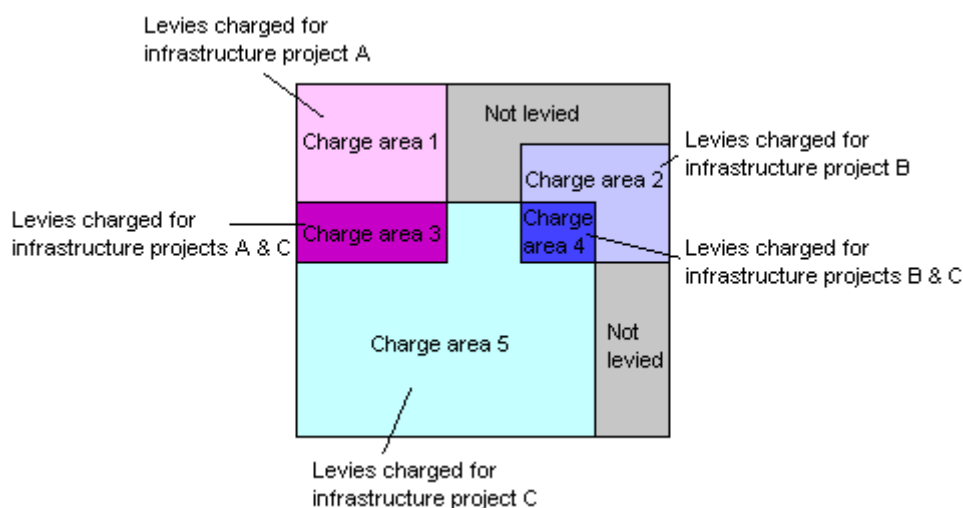
The calculation of the total number of common demand units will include demand units for development for all land uses that are likely to use the infrastructure project, including those which will use the infrastructure but are exempted from paying levies.

Charge areas

A charge area is an area where the same infrastructure levies apply to all demand units. Charge areas are created by aggregating analysis areas with common levies for common infrastructure projects.

The purpose of creating charge areas is to simplify how infrastructure levies are applied within the planning scheme. Defining charge areas relates directly to the requirements of the Development Contributions Plan Overlay in the Victoria Planning Provisions.

Aggregation of analysis areas with the same levies for the same projects into charge areas

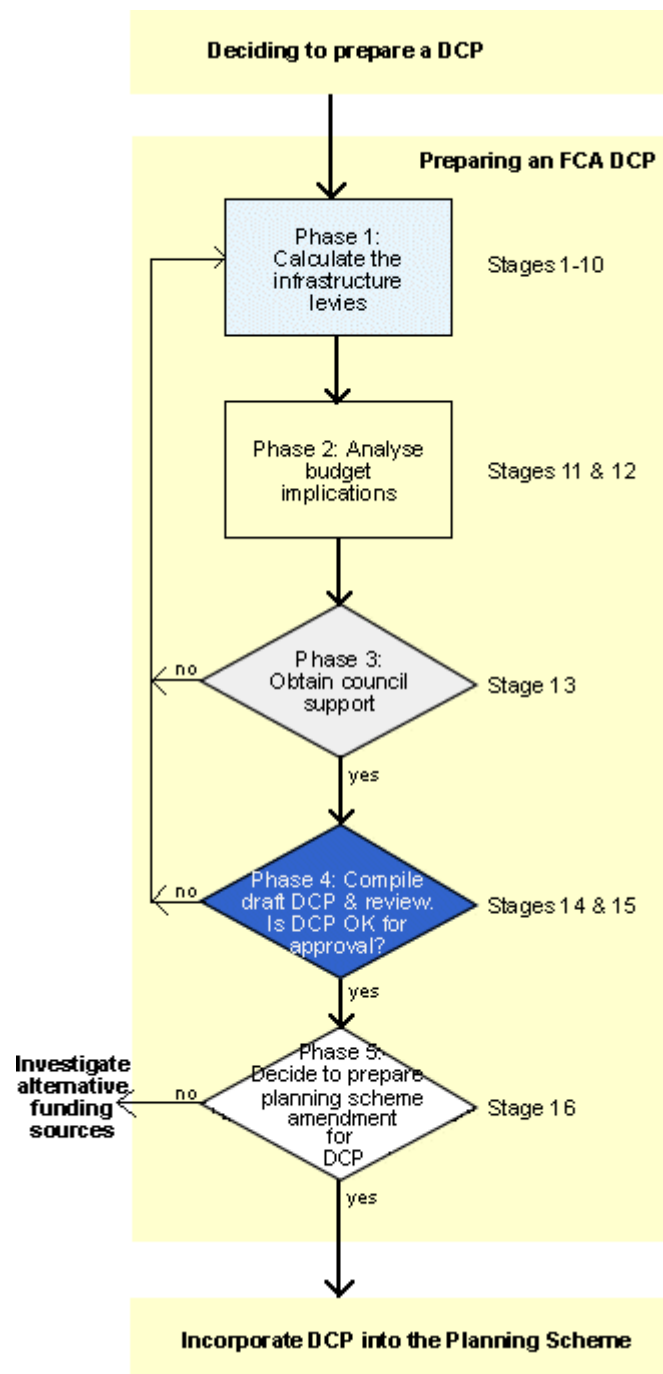


Five phases of preparing an FCA DCP

The process of preparing an FCA DCP can be broken down into five phases. It is an iterative process, rather than a sequential process. This means that it will be necessary to review the outcomes from previous stages as you progress through the process.

The following table and diagram depict the five phases and their corresponding stages.

Phase	Name	Contains stages
1	Calculate the infrastructure levies	1-10
2	Analyse budget implications	11 and 12
3	Obtain council support	13
4	Compile draft DCP and review	14 and 15
5	Decide to prepare planning scheme amendment for DCP	16



Overview of the 16 stages of preparing an FCA DCP

The 16 stage FCA method is not a mandatory process for preparing a DCP, but it is one that applies the key principles outlined in [Understanding DCPs]. In overview, the 16 stages of preparing an FCA DCP are as follows:

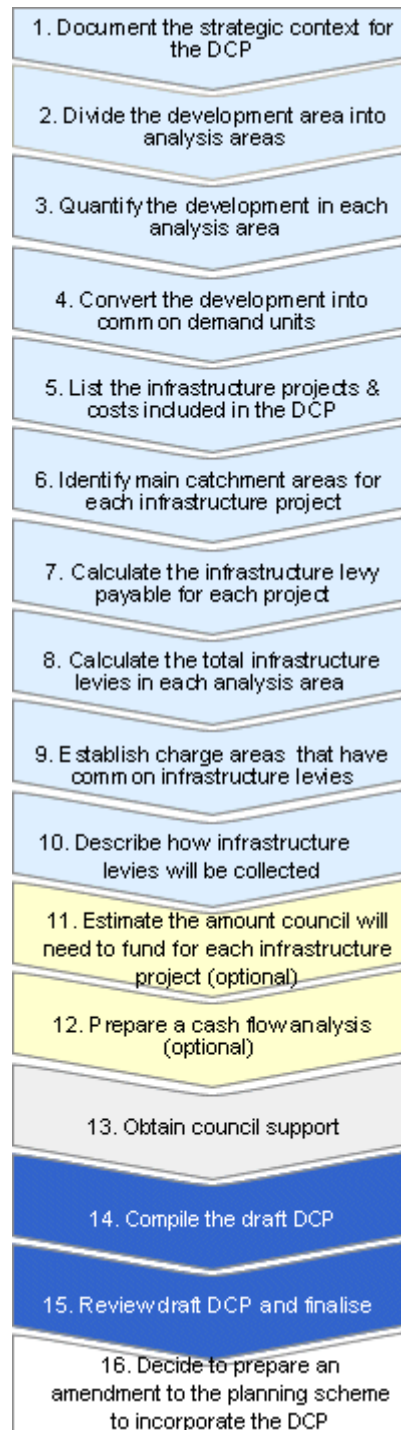
Phase 1: Calculate the infrastructure levies		
Number	Stage	Description
1	Document the strategic context for the DCP	Review and summarise the relevant strategic planning information, and identify potential infrastructure projects that will be required to service the future community within the strategic planning and DCP timeframe.
2	Divide the DCP area into analysis areas	Decide the appropriate analysis areas to be used as the basis for collecting and quantifying information about existing and future development. Divide the DCP area into analysis areas and map them.
3	Quantify the development in each analysis area	Quantify and create tables showing the existing and projected future development for each of the analysis areas over the timeframe of the DCP.
4	Convert the development projections into common demand units to quantify the total demand for infrastructure	Identify the appropriate demand unit to use in the calculation and charging of infrastructure levies. Convert the estimates of existing and future development for each land use into common demand units using equivalence ratios, and calculate the total demand for infrastructure expected in each analysis area.
5	List the infrastructure projects and costs included in the DCP	Confirm the infrastructure projects to be included in the DCP, by assessing each project against the criteria set out in the guidelines. Classify each project as either community or development infrastructure and document the costs for each project.
6	Identify the main catchment area for each infrastructure project	Identify and map the analysis areas that comprise the main catchment area (MCA) for each infrastructure project, and make an estimate of external and/or future usage.
7	Calculate the infrastructure levy payable for each infrastructure project	For each project, calculate the infrastructure levy payable per demand unit by: <ul style="list-style-type: none"> calculating the total number of demand units within the MCA, and dividing the cost of the project by the total number of demand units in the MCA.
8	Calculate the total infrastructure levies in each analysis area	Add up the infrastructure levies applicable in each analysis area for community infrastructure projects and development infrastructure projects.
9	Establish charge areas that have common infrastructure levies	Aggregate analysis areas with common infrastructure levies for common infrastructure projects into charge areas. Provide a map of the charge areas and a table of development and/or community infrastructure levies that apply in each area.

10	Describe how infrastructure levies will be collected	For each charge area, assess whether the set procedures for collecting development and community infrastructure levies capture all the types of development that should be charged. If necessary, decide on and document the method for collecting development infrastructure levies from development that does not require a planning permit.
Phase 2: Analyse the budget implications		
Number	Stage	Description
11	Estimate the amount the council will need to fund for each infrastructure project (optional)	Calculate the amount that the council can expect to collect through the DCP for each infrastructure project, and estimate the amount the council will need to fund to make up the shortfall associated with existing development and exempted uses or land.
12	Prepare a cash flow analysis (optional)	Prepare a cash flow analysis table for each infrastructure project documenting the expected timing for collection of levies and expenditure. Assess the budget implications of each infrastructure project.
Phase 3: Obtain council support		
Number	Stage	Description
13	Obtain council support	Obtain council agreement on key issues such as the amount of levies, infrastructure costs, timeframes for delivery of projects and the list of projects that will be included in the DCP, given the budget implications.
Phase 4: Compile draft DCP and review		
Number	Stage	Description
14	Compile the draft DCP	Compile information prepared in previous stages into a draft DCP.
15	Review draft DCP and finalise	Seek comments on the draft DCP from stakeholders within the organisation and external stakeholders such as developers, State Government agencies and adjoining municipalities. Consider all comments and change the draft DCP, if required. Prepare final version of DCP for exhibition.
Phase 5: Decide to prepare planning scheme amendment for DCP		
Number	Stage	Description
16	Decide to prepare an amendment to the planning scheme to incorporate the DCP	Obtain council decision to prepare an amendment to incorporate the DCP into the planning scheme.

Links to the 16 stages of preparing an FCA DCP

The following diagram is of the 16 stages of preparing an FCA DCP. You can view details of each stage in the diagram by:

- clicking on a stage to display details, or
- tabbing to the required stage the pressing <Enter> to display details.



Stage 1–Document the strategic context for the DCP

Before you begin

Before you begin this process, complete the [Deciding to Prepare a DCP] process.

Outcome

The outcome of this stage is a summary of the strategic context and basis for the DCP.

Process

Complete the following tasks.

Task	Description
1	<p>Identify the broad strategic framework for the DCP by referring to all relevant supporting documentation including:</p> <ul style="list-style-type: none"> • the State and Local Planning Policy Frameworks in the planning scheme • regional strategies • the capital works programs • infrastructure plans • the corporate plan • needs analysis documents • zoning maps • amendment requests, and • relevant strategic studies.
2	<p>Document a summary of the:</p> <ul style="list-style-type: none"> • existing development • new development expected as a result of the strategic planning framework over the timeframe of the DCP • type and characteristics of the development projected to occur over the timeframe of the DCP, for example: <ul style="list-style-type: none"> – profile of the expected population, such as number and age groups over time – estimates of the anticipated growth for residential areas, and – estimates for growth of commercial, retail and industrial floor space for non-residential areas. • existing infrastructure including: <ul style="list-style-type: none"> – capacity and economic life – probable use by development, and – any upgrading or replacement required. • proposed new infrastructure that is required to service the whole community in the future, including type and capacity. <p>Note: In determining the new infrastructure needed, take into account the demand generated by both existing and projected development.</p>
3	<p>Prepare a list of possible infrastructure projects to be included in the DCP.</p>

Stage 2–Divide the DCP area into analysis areas

An analysis area is a small geographic unit that is used as the basis for collecting and quantifying information about existing and future development.

Outcome

The outcome of this stage is a map of the DCP area showing the analysis areas.

Process

Complete the following tasks.

Task	Description
1	<p>Divide the DCP area into individual analysis areas.</p> <p>For more information about defining analysis areas, go to:</p> <ul style="list-style-type: none"> • [How to define analysis areas], and • [Sources of information for defining analysis areas].
2	<p>Document the analysis areas on a map of the DCP area.</p> <p>For an example, go to [Example of map of analysis areas].</p>

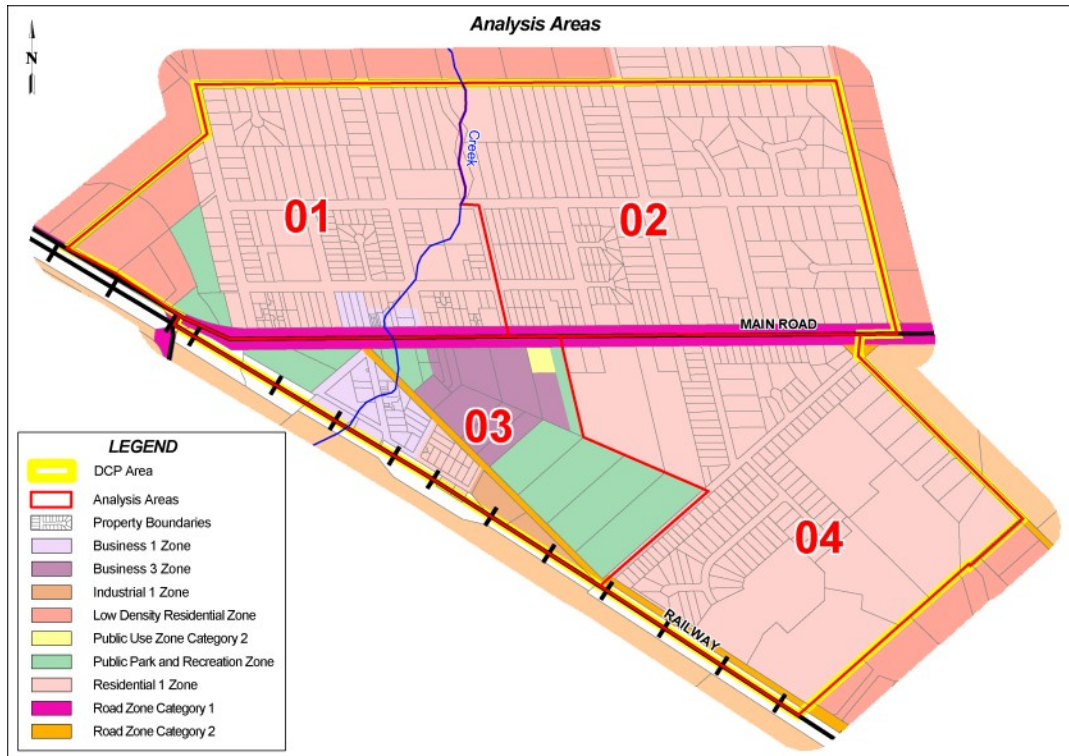
How to define analysis areas

- Use the smallest practical unit that you have data for or have used for other planning tasks.
- Ensure that the analysis areas are:
 - small enough to avoid cross-subsidies (this is when a development will pay for infrastructure it will not use), and
 - can be aggregated to accurately depict the main catchment area for each infrastructure project.
- Census collectors districts (CCDs) are usually suitable to use for developments in established urban areas.
- CCDs are not appropriate for greenfield, industrial and rural areas because they are based on population statistics. These areas need to be divided into smaller areas to avoid cross-subsidies that are likely to occur due to future development.
- The size of analysis areas should reflect the relative size of the infrastructure projects that are to be included in the DCP. For example, if the smallest project in the DCP is a local park with a small neighbourhood catchment you would use small analysis areas. If the smallest project is an aquatic centre used by a whole municipality, you would use larger analysis areas.
- Wherever possible, use existing, easily recognisable boundaries such as roads, watercourses or property lines to define analysis areas. This will ensure that the analysis areas are relatively intuitive to the wider community.
- Individual analysis areas should cover areas likely to be developed at approximately the same time. This makes the process of estimating when development is likely to occur in each analysis area easier.
- Council zoning maps can provide a guide for defining analysis areas. Zoning maps identify areas of different land use types, and as a result, may reflect an existing and intuitive method of dividing up the DCP study area so that the analysis areas correlate with 'what is on the ground'. Like CCDs, some zones will need to be subdivided while some may be amalgamated depending on the characteristics of the DCP area.

Sources of information for defining analysis areas

- The Australian Bureau of Statistics census collector districts (CCDs) can be used as the basis for defining analysis areas. They are the smallest geographical area for which statistics such as dwelling numbers are available (most CCDs consist of around 200-300 dwellings).
- Councils usually have their own system of dividing their municipality into suburbs, communities of interest or neighbourhoods, which could form the basis of analysis areas.

Example of map of analysis areas



Stage 3—Quantify the development in each analysis area

The total development in each analysis area is determined by considering any development that generates the demand for infrastructure, including:

- existing development, and
- projected future development.

Outcome

The outcome of this stage is a series of tables that display the existing and projected development for each analysis area over the timeframe of the DCP.

Process

Complete the following tasks.

Task	Description
1	<p>For each individual analysis area, quantify the amount of existing and projected development in relation to the following types of land uses over the timeframe of the DCP:</p> <ul style="list-style-type: none"> • residential • retail • commercial • industrial • institutional, and • any other non-standard land uses. <p>For more information, go to:</p> <ul style="list-style-type: none"> • [Guidelines for sources of information about existing and projected development], and • [Guidelines for documenting development information].
2	<p>Document the information from Step 1. Create a separate table for each analysis area.</p> <p>For an example, go to [Example of tables showing existing and projected development].</p>
3	Document the assumptions made relating to projected development.

Guidelines for sources of information about existing and projected development

- The Australian Bureau of Statistics (ABS).
- The Department of Infrastructure (DOI) for information about population projections.
- Council's strategic planning framework for information about projected development.
- Available data such as building approvals and land use surveys.

Guidelines for documenting development information

Use local knowledge and professional judgement to adjust growth projections for each of the analysis areas.

The existing and projected development information may be expressed as:

- number of dwellings
- amount of floor space
- amount of site area
- number of hospital beds, or
- number of students.

Essentially, decisions about how to quantify existing and projected development should be informed by the format of existing information (for example ABS/DOI statistics) and the demand generating characteristics of each type of development.

For example, if the DCP will include items of road infrastructure, it will be necessary to prepare development projections that enable you to estimate the level of demand for these items – the floor area of different types of land uses is a commonly accepted indicator of demand for road infrastructure, as are the number of hospital beds or students.

By contrast, demand for drainage infrastructure is usually a function of the site coverage of different forms of development. It will therefore be necessary to prepare estimates of existing and projected site area if drainage items are to be included in the DCP.

If a DCP is to include several different types of infrastructure, it may necessary to prepare development projections for each land use in multiple formats. For example, floor area and site area projections for each land use will need to be prepared if the DCP is to include both drainage and road infrastructure.

Example of tables showing existing and projected development

Analysis area 1

Land use	Existing development 2002	Projected development in DCP timeframe				Total development
		2003	2004	2005	2006	
Residential no. of dwell.	211	5	5	4	3	228
Retail fl. space m²	1,400	0	300	300	0	2,000
Retail site area m²	3,256	0	698	698	0	4,652
Office/service industry fl. space m²	600	0	0	0	0	600
Office/service industry site area m²	938	0	0	0	0	938
Industry (other than service industry) fl. space m²	0	0	0	0	0	0
Industry (other than service industry) site area m²	0	0	0	0	0	0
Primary school no. of students	0	0	0	0	0	0
Primary school fl. space m²	0	0	0	0	0	0

Analysis area 2

Land use	Existing development 2002	Projected development in DCP timeframe				Total development
		2003	2004	2005	2006	
Residential no. of dwell.	198	7	8	5	5	223
Retail fl. space m ²	0	0	0	0	0	0
Retail site area m ²	0	0	0	0	0	0
Office/service industry fl. space m ²	0	0	0	0	0	0
Office/service industry site area m ²	0	0	0	0	0	0
Industry (other than service industry) fl. space m ²	0	0	0	0	0	0
Industry (other than service industry) site area m ²	0	0	0	0	0	0
Primary school no. of students	0	0	0	0	0	0
Primary school fl. space m ²	0	0	0	0	0	0

Analysis area 3

Land use	Existing development 2002	Projected development in DCP timeframe				Total development
		2003	2004	2005	2006	
Residential no. of dwell.	14	0	0	0	0	14
Retail fl. space m ²	2,400	1,600	0	0	0	4,000
Retail site area m ²	5,581	3,271	0	0	0	9,302
Office/service industry fl. space m ²	1,000	0	0	0	500	1,500
Office/service industry site area m ²	1,562	0	0	0	781	2,343
Industry (other than service industry) fl. space m ²	1,000	0	500	1,200	2,000	4700
Industry (other than service industry) site area m ²	2,326	0	1,163	2,791	4,651	10,931
Primary school no. of students	100	10	10	20	20	160
Primary school fl. space m ²	3,400	500	0	0	0	3,900

Analysis area 4

Land use	Existing development 2002	Projected development in DCP timeframe				Total development
		2003	2004	2005	2006	
Residential no. of dwell.	157	15	23	35	40	270
Retail fl. space m²	0	0	0	0	0	0
Retail site area m²	0	0	0	0	0	0
Office/service industry fl. space m²	0	0	0	0	0	0
Office/service industry site area m²	0	0	0	0	0	0
Industry (other than service industry) fl. space m²	0	0	0	0	0	0
Industry (other than service industry) site area m²	0	0	0	0	0	0
Primary school no. of students	0	0	0	0	0	0
Primary school fl. space m²	0	0	0	0	0	0

Stage 4—Convert the development projections into common demand units to quantify the total demand for infrastructure

The development projections prepared in Stage 3 will usually be expressed in different units of measurement (for example, number of residential dwellings, square metres of retail floor space, hectares of industrial site area). Each of these land uses places differing levels of demand on the various types of infrastructure (such as roads, drainage, community facilities and parks).

To make DCP calculations easier, it is necessary to convert the development projections into common demand units, for each infrastructure item. This process of conversion is undertaken using equivalence ratios, which allow you to calculate the:

- total demand for any infrastructure project, and
- appropriate infrastructure levy for development proposals to be calculated, once the DCP has been incorporated into the planning scheme.

Outcome

The outcome of this stage is a series of tables that display the existing and projected demand for infrastructure in each analysis area converted into common demand units.

Process

Complete the following tasks.

Task	Description
1	Select a common demand unit type. For more information, go to [Guidelines for selecting the appropriate common demand unit].
2	Use equivalence ratios to convert the existing and projected development totals for each analysis area into common demand units. Use the tables for each analysis area created in Stage 3. For more information, go to: <ul style="list-style-type: none"> • [standard equivalence ratios], and • [Formula to convert development projections into demand units].
3	Convert any non-standard land uses into common demand units: <ul style="list-style-type: none"> • on a case-by-case basis, or • by creating alternative equivalence ratios specific to that type of land use. For more information, go to: <ul style="list-style-type: none"> • [Guidelines for changing the standard equivalence ratios] • [Calculating road infrastructure equivalence ratios for residential, retail, office and industrial land uses] • [Calculating road infrastructure equivalence ratios for educational land uses] • [Calculating road infrastructure equivalence ratios for hospitals], and • [Calculating drainage infrastructure equivalence ratios for all land uses].
4	If alternative equivalence ratios are used, document your assumptions.
5	Document the information from Tasks 2 and 3. Create a separate table for each analysis area. For an example, go to [Example of tables showing existing and projected development converted to common demand units].

Guidelines for selecting the appropriate common demand unit

There are choices for selecting the appropriate common demand unit. In making the selection, consider the following:

- the dominant type of land use in the study area
- which land uses are expected to grow in the area and will therefore be charged
- the format of your development projections
- the types of infrastructure to be included in the DCP, and
- on what basis you will calculate and charge levies.

The decision about which demand unit is the most appropriate will usually require you to weigh up these considerations to determine which is the most significant to the DCP you are preparing.

Basically, your choice of demand unit will be between:

- an area based unit (for example floor area, site area, site coverage, or hectare of developable land), and
- a residential dwelling and its equivalents (i.e. equivalent dwellings).

The appropriate unit of measurement will vary according to the development scenario.

For example, area based demand units may be more suitable in greenfields situations and those DCPs that deal exclusively with drainage infrastructure.

By contrast, equivalent dwellings are likely to be the most appropriate demand unit in established urban areas and for those DCPs that deal with many types of infrastructure. The following table provides some examples of appropriate demand units in various different scenarios.

If the development is in...	then the common demand unit might be a...
an established urban area	dwelling or equivalent
a large scale greenfield area	dwelling, lot or hectare of developable land
an industrial site	hectare of developable land*
and/or	
If the DCP deals with...	then the common demand unit might be a...
many types of infrastructure	dwelling or equivalent
drainage infrastructure only	hectare of developable land* or per m ² of site coverage

* Developable land is land that can be converted to 'urban purposes'. Urban purposes are those uses that are associated with the establishment of an urban community and will usually include all aspects of residential, commercial and public use. All developable land should be included in the calculation of levies even if not all of these uses will ultimately be levied.

When using 'hectares of developable land' as a demand unit, it is necessary to recognise that some land cannot be converted to urban purposes (for example land subject to some form of development control such as an easement or a Environmental Significance Overlay). This land should not be treated as developable land and included in the calculation of levies as it does not generate demand for infrastructure.

Formula to convert development projections into demand units

Yearly development projections divided by equivalence ratio = demand units

Example:

Projected retail development in analysis area 1 (2004)	300m ²
Equivalence ratio for retail development (road infrastructure)	19m ²

300 divided by 19 = 16

i.e.. The 300m² of retail floor area that is expected to be developed in analysis area 1 in 2004 will generate 16 demand units for road infrastructure.

Standard equivalence ratios

The following table provides standard equivalence ratios for converting existing and projected development into common demand units. For each class of infrastructure project, it shows the quantum of land use that is equivalent to one demand unit.

Land use	Infrastructure category			
	Road	Drainage	Parkland	Community facilities
Residential	1 dwelling = 1 demand unit	1 dwelling = 1 demand unit	1 dwelling = 1 demand unit	1 dwelling = 1 demand unit
Retail premises	19 m ² fl. space = 1 demand unit	300 m ² site area = 1 demand unit	not applicable	not applicable
Office/ service industry	121 m ² fl. space = 1 demand unit	360 m ² site area = 1 demand unit	not applicable	not applicable
Industry (other than service industry)	67 m ² fl. space = 1 demand unit	540 m ² site area = 1 demand unit	not applicable	not applicable
Primary schools	3.42 students = 1 demand unit	540 m ² site area = 1 demand unit	not applicable	not applicable
Secondary schools	3.48 students = 1 demand unit	540 m ² site area = 1 demand unit	not applicable	not applicable
Tertiary institution	5.06 students = 1 demand unit	540 m ² site area = 1 demand unit	not applicable	not applicable
Hospitals	0.67 beds = 1 demand unit	540 m ² site area = 1 demand unit	not applicable	not applicable.

Guidelines for changing the standard equivalence ratios

It may be necessary to alter the standard equivalence ratios to suit local conditions. Factors that should be considered when deciding whether to change the standard equivalence ratios include:

- Are the main development types in the study area residential, retail, office and industrial? Are there any other types of land use included in the DCP? If so, there may be a need to develop customised equivalence ratios for these land uses.
- Do all the items of infrastructure to be included in the DCP comfortably fall into the categories of roads, drainage, community facilities and parks and gardens? Are there other infrastructure 'portfolios' for which customised equivalence ratios need to be prepared?
- The standard equivalence ratios assume that non-residential land uses generate very little demand for parks and gardens and community infrastructure and hence, do not list conversion factors for these items. Councils can choose to charge non-residential development for parks and gardens and community facilities, but will need to develop customised equivalence ratios for these land uses.
- Are there any local policies or engineering standards that show different land uses generating varying levels of demand for infrastructure (for example local parking policies, drainage plans etc.)? Should these policies or standards be used to modify the standard equivalence ratios?
- Are there any existing studies of infrastructure demand in the area? Do these studies suggest the area has unique characteristics that affect demand for infrastructure? For example, demographic profiles of the study area may show car ownership is higher than average, which will in turn affect the equivalence ratios for road infrastructure. Similarly, steep terrain is likely to result in higher levels of stormwater run off and therefore, generates higher demand for drainage infrastructure.
- Standard equivalence ratios are based on indices of traffic generation, stormwater run off etc. These indices assume certain characteristics about different types of land use such as the average number of car parks per dwelling, the number of trips generated per car parking space and the site coverage of different land uses. While these assumptions are based on generally accepted engineering standards, it may be that councils need to modify these underlying assumptions to reflect local conditions and/or policy frameworks.
- The assumptions behind the standard equivalence ratios are set out in the tables contained in the following sections:
 - [Calculating road infrastructure equivalence ratios for residential, retail, office and industrial land uses]
 - [Calculating road infrastructure equivalence ratios for educational land uses]
 - [Calculating road infrastructure equivalence ratios for hospitals], and
 - [Calculating drainage infrastructure equivalence ratios for all land uses].

Calculating road infrastructure equivalence ratios for residential, retail, office and industrial land uses

The table below provides the basis for calculating equivalence ratios for road infrastructure for residential, retail, office/service industry and industrial uses.

Land use		Residential (dwellings)	Retail premises	Office/ service industry	Industry (other than service industry)
A	Floor space (m ²) or equivalent	1 dwelling	100	100	100
B	No. of car spaces	2	7	3	4
C	Trip generation per car space	4	6	2.2	3
D	Total trips per unit of development	8	42	6.6	12
E	Floor space equivalent equal to one dwelling re trip generation	n.a.	19	121	67
F	Floor space as a proportion of site area*	n.a.	0.43	0.64	0.87
G	Site area equivalent to one dwelling re trip generation**	n.a.	44	189	77

* equals floor space/(floor space + parking area). For expansive industrial uses, this includes an allowance for landscaping equivalent to parking area

** The equivalence ratio table for road infrastructure shown above also lists equivalence ratios by site area (row G) and calculates these through an assumed floor area to site area ratio for each land use (i.e. row G equals row E divided by row F)). These site area equivalence ratios may be easier to use in greenfield or subdivision scenarios, but may be problematic in built up areas where redevelopment will not necessarily affect the site area of an existing property even though the redevelopment will probably increase demand for road infrastructure.

The process of converting these different land uses into common demand units begins by listing a base unit of measurement for each land use (row A). For each of these base units, an average number of car spaces is listed in row B, while the number of trips generated by each of these car spaces is listed in row C. Row B and row C are then multiplied to provide the total number of trips per unit of development as shown in row D.

Once you have calculated the total number of trips per unit of development, you can then use these figures to generate the equivalence ratios for non-residential land uses (row E). To do this, you divide the total number of trips generated by residential development (8) by the total number of trips generated by the non-residential use and then multiply this figure by the base unit for that land use.

For example, to calculate the equivalence ratio for commercial land uses, divide the total number of residential trips (8) by the total number of commercial trips (6.6) and then multiply the result by the number of base commercial units (100). The resulting figure (121) represents the amount of commercial floor space that generates approximately the same amount of demand for road infrastructure as 1 residential dwelling.

Calculating road infrastructure equivalence ratios for educational land uses

The table below provides the basis for calculating equivalence ratios for road infrastructure for educational land uses.

Land use		Primary school	Secondary school	Tertiary institution
A	Number of students	100	100	100
B	Student/ staff ratio	0.05	0.05	0.07
C	Trip ends per day per staff member	2	2	2
D	Trip ends per student	2.24*	2.2**	1.44***
E	Total trip ends	234	230	158
F	Total trips per dwelling	8	8	8
G	Number of students equivalent to one dwelling re trip generation	3.42	3.48	5.06

* Assumptions re primary school students: 80% travel to school by car, 1.5 students per car, 4 trip ends per student trip, 5% additional loading.

** Assumptions re secondary school students: 50% travel to school by car, 1 student per car, 4 trip ends per student trip, 10% additional loading.

*** Assumptions re tertiary students: 60% travel to school by car, 1 student per car, 2 trip ends per student trip, 20% additional loading.

Row A of the table lists the base unit of demand generation for each type of educational institution, row B shows the average number of staff members per student and row C shows the daily number of car trips that each staff member is likely to undertake.

Row D is the number of daily trip ends per student and is based on various assumptions that are unique to each type of educational institution. The assumptions relate to:

- the proportion of students who travel to school by car
- the average number of students in each car
- the total number of trip ends generated by each journey of a student to or from the school (i.e. parents may have to make two trips for every individual trip made by the child), and
- an additional trip generation loading that is applicable to each type of institution.

To calculate the relevant figure for row D, the proportion of students travelling by car is divided by the average number of students per car. The resulting figure is multiplied by the total number of trip ends per student journey and then the relevant loading is applied. So, to calculate the value of row D for secondary students, divide 0.5 (i.e. 50% travel to school by car) by 1 (1 student per car), then multiply by 4 (4 trip ends per student trip) and finally apply the relevant loading (10%) by multiplying by 1.1.

Row E of the table represents the combined number of trips generated by 100 students and the associated number of staff that are required to teach these students. The number of student trips is calculated simply by multiplying row D by row A, while the number of staff trips is calculated by multiplying the number of students (row A) by the staff/student ratio (row B) by the number of trip ends per day per staff member (row C). For example, the row E value for universities is calculated by multiplying 1.44 by 100 and then adding the product of 100 multiplied by 0.07 multiplied by 2 (i.e. $144 + 14 = 158$).

The standard equivalence ratio figures in row G are calculated by dividing the total number of residential trips by the relevant number of trip ends generated by each type of educational institution and then multiplying the result by row A. That is, to calculate the standard equivalence ratio for

primary schools you divide 8 by 234 and then multiply by 100. The resulting figure (3.42) represents the number of primary school students that generate the equivalent demand for road infrastructure as one residential dwelling.

Calculating road infrastructure equivalence ratios for hospitals

The table below provides the basis for calculating equivalence ratios for road infrastructure for hospitals.

Land use		Hospitals*
A	Number of beds	100
B	Staff/ bed ratio	5
C	Trip ends per day per staff member	2
D	Trip ends per bed	2
E	Total trip ends	1,200
F	Total trips per dwelling	8
G	Number of beds equivalent to one dwelling re trip generation	0.67*

*Note the figures for hospitals are based on number of beds.

Row A shows the basic unit for this type of development (i.e. number of hospital beds), while row B provides the ratio of staff to beds. Row C shows the number of trip ends generated per day by each staff member, while row D provides the same figure for each bed.

The total number of trip ends (row E) represents the total number of trips generated by 100 beds plus the number trips generated by the staff required to service those beds. It is calculated by multiplying the total number of trip ends per bed by 100 (i.e. row E multiplied by row A) plus the number of beds multiplied by the staff to bed ratio multiplied by the number of trip ends per staff member (i.e. row A multiplied by row B multiplied by row C). So, the total number of trip ends per 100 beds equals 100×2 plus $100 \times 5 \times 2$.

The equivalence ratio for hospitals (row G) is calculated by dividing the residential total daily trips figure row F by the hospital figure (row E) and then multiplying the result by the base unit (row A). Based on this calculation, it is estimated that around 0.67 hospital beds generate the equivalent demand for road infrastructure as one dwelling.

Calculating drainage infrastructure equivalence ratios for all land uses

The calculations involved in generating the standard equivalence ratios for drainage infrastructure are detailed in the table below.

Land use		Residential	Retail premises	Office/ service industry	Industry (other than service industry)
A	Site area (m ²)	600			
B	Assumed drainage runoff factor	0.45	0.75	0.9	0.5
C	Drainage demand	270			
D	Site area equivalent to one dwelling (re demand for drainage)	n.a.	360	300	540

Note: Institutional uses such as primary schools, secondary schools, universities and hospitals are deemed to have similar characteristics to industrial uses in terms of generating demand for drainage infrastructure (i.e. 540m² of each of these uses is equivalent to 1 demand unit for drainage infrastructure).

Row A shows the average site area for a residential lot, while row B lists drainage runoff factors for each type of land use (i.e. the ratio of impervious to pervious site area). These figures are then multiplied to calculate the demand for drainage infrastructure generated by residential development (i.e. row C = row A multiplied by row B). The resulting figure (270) represents the demand for drainage infrastructure generated by an average residential house lot. Therefore, to calculate the amount of non-residential site area that generates an equivalent amount of demand for drainage infrastructure (row D), the residential figure (270) is divided by each of the relevant drainage runoff factors.

For example, the industrial equivalence ratio is calculated by dividing 270 by 0.5. This calculation shows that, based on the assumed drainage runoff factors, approximately 540m² of industrial site area generates the same demand for drainage infrastructure as a 600m² residential lot which yields the ratio of 540.

Example of tables showing existing and projected development converted to common demand units

E.R. – Equivalence ratio

D.P. – Unconverted development projections from the tables prepared in Stage 3.

D.U. – Demand unit. These are calculated by dividing the development projection figures (D.P.) by the relevant equivalence ratio (E.R.).

Note: totals may not add due to rounding

Conversion of development in analysis area 1 into common demand units for road infrastructure

Land use	E.R.	Existing Development 2002		Projected development in DCP timeframe									
				2003		2004		2005		2006		Total	
		D.P.	D.U.	D.P.	D.U.	D.P.	D.U.	D.P.	D.U.	D.P.	D.U.	D.P.	D.U.
Residential (no. of dwellings)	1	211	211	5	5	5	5	4	4	3	3	228	228
Retail premises (fl. space m ²)	19	1,400	74	0	0	300	16	300	16	0	0	2,000	105
Office/service industry (fl. space m ²)	121	600	5	0	0	0	0	0	0	0	0	600	5
Industry other than service industry (fl. space m ²)	67	0	0	0	0	0	0	0	0	0	0	0	0
Primary school (no. students)	3.42	0	0	0	0	0	0	0	0	0	0	0	0
Total			290		5		21		20		3	2,828	338

Conversion of development in analysis area 1 into common demand units for drainage infrastructure

Land use	E.R.	Existing Development 2002		Projected development in DCP timeframe									
				2003		2004		2005		2006		Total	
		D.P.	D.U.	D.P.	D.U.	Actual	D.U.	D.P.	D.U.	Actual	D.U.	D.P.	D.U.
Residential (no. of dwellings)	1	211	211	5	5	5	5	4	4	3	3	228	228
Retail premises (fl. space m ²)	300	3,256	11	0	0	698	2	698	2	0	0	4,652	16
Office/service industry (fl. space m ²)	360	938	3	0	0	0	0	0	0	0	0	938	3
Industry other than service industry (fl. space m ²)	540	0	0	0	0	0	0	0	0	0	0	0	0
Primary school (no. students)	540	0	0	0	0	0	0	0	0	0	0	0	0
Total			224		5		7		6		3	5,818	246

Conversion of development in analysis area 2 into common demand units for road infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	198	7	8	5	5	223
Retail premises (fl. space m ²)	19	0	0	0	0	0	0
Office/service industry (fl. space m ²)	121	0	0	0	0	0	0
Industry other than service industry (fl. space m ²)	67	0	0	0	0	0	0
Primary school (no. students)	3.42	0	0	0	0	0	0
Total		198	7	8	5	5	223

Conversion of development in analysis area 2 into common demand units for drainage infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	198	7	8	5	5	223
Retail premises (fl. space m ²)	300	0	0	0	0	0	0
Office/service industry (fl. space m ²)	360	0	0	0	0	0	0
Industry other than service industry (fl. space m ²)	540	0	0	0	0	0	0
Primary school (no. students)	540	0	0	0	0	0	0
Total		198	7	8	5	5	223

Conversion of development in analysis area 3 into common demand units for road infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	14	0	0	0	0	14
Retail premises (fl. space m ²)	19	126	84	0	0	0	211
Office/service industry (fl. space m ²)	121	8	0	0	0	4	12
Industry other than service industry (fl. space m ²)	67	1	0	1	2	3	7
Primary school (no. students)	3.42	29	3	3	6	6	47
Total		179	87	4	8	13	291

Conversion of development in analysis area 3 into common demand units for drainage infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	14	0	0	0	0	14
Retail premises (fl. space m ²)	300	19	12	0	0	0	31
Office/service industry (fl. space m ²)	360	4	0	0	0	2	7
Industry other than service industry (fl. space m ²)	540	4	0	2	5	9	20
Primary school (no. students)	540	6	1	0	0	0	7
Total		48	13	2	5	11	79

Conversion of development in analysis area 4 into common demand units for road infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	157	15	23	35	40	270
Retail premises (fl. space m ²)	19	0	0	0	0	0	0
Office/service industry (fl. space m ²)	121	0	0	0	0	0	0
Industry other than service industry (fl. space m ²)	67	0	0	0	0	0	0
Primary school (no. students)	3.42	0	0	0	0	0	0
Total		157	15	23	35	40	270

Conversion of development in analysis area 4 into common demand units for drainage infrastructure

Land use	E.R.	Existing Development 2002	Projected development in DCP timeframe				
			2003	2004	2005	2006	Total
		D.U.	D.U.	D.U.	D.U.	D.U.	D.U.
Residential (no. of dwellings)	1	157	15	23	35	40	270
Retail premises (fl. space m ²)	300	0	0	0	0	0	0
Office/service industry (fl. space m ²)	360	0	0	0	0	0	0
Industry other than service industry (fl. space m ²)	540	0	0	0	0	0	0
Primary school (no. students)	540	0	0	0	0	0	0
Total		157	15	23	35	40	270

Stage 5–List the infrastructure projects and the costs included in the DCP

A DCP can include one or more infrastructure projects. The projects may be provided by local or State Government. The DCP must include the expected costs of providing the infrastructure projects.

Outcome

The outcome of this stage is a table that describes the infrastructure projects in the DCP.

Process

Complete the following tasks.

Task	Description
1	<p>Refer to the development projections documented in Stage 3 to determine the need for infrastructure and confirm the infrastructure projects to be included in the DCP and the timing of their delivery.</p> <p>For more information about including infrastructure projects in a DCP, go to:</p> <ul style="list-style-type: none"> • [Guidelines for types of infrastructure that can be included in a DCP] • [Guidelines about including existing infrastructure] • [Guidelines for including open space projects] • [Guidelines for deciding the timing of delivery of infrastructure projects], and • [Guidelines for the justification of projects].
2	<p>Classify each infrastructure project as either:</p> <ul style="list-style-type: none"> • community infrastructure, or • development infrastructure. <p>For more information, go to [Guidelines for classifying community and development infrastructure].</p>
3	<p>Prepare a table itemising the costs for each infrastructure project.</p> <p>For more information and an example, go to:</p> <ul style="list-style-type: none"> • [Guidelines for infrastructure costs that can be included in a DCP] • [Guidelines for DCP-related costs that can be included] • [Guidelines for estimating costs] • [Example of table itemising the costs for an infrastructure project]
4	<p>Document in a summary table the following for each infrastructure project:</p> <ul style="list-style-type: none"> • assigned project number • project name • infrastructure type • full project description • standard of provision (with reference to the basis of the standard selected) • reference to strategic planning framework, go to [Stage 1–Document the strategic context for the DCP] • timing of provision • total estimated cost. <p>For examples, go to:</p> <ul style="list-style-type: none"> • [Example of a summary table documenting the infrastructure projects included in the DCP], and • [Example of map showing infrastructure projects included in the DCP].

Guidelines for types of infrastructure that can be included in a DCP

A DCP may include infrastructure to be provided by a council or State Government agency. Basic utilities, such as water supply and sewerage, provided by servicing authorities under their own legislation cannot be included in a DCP.

The types of projects in a DCP can include the following:

- a new item of infrastructure
- an upgrade in the standard of provision of an existing infrastructure item
- an extension to an existing facility, or
- the total replacement of an infrastructure item after it has reached the end of its economic life.

A DCP cannot be used to fund the total replacement of an infrastructure item, if the replacement is necessary as a result of poor maintenance.

Guidelines about including existing infrastructure

A DCP cannot include existing infrastructure that was wholly funded through general taxes or rates.

It is only possible to use a DCP to recover the costs of providing existing infrastructure or to charge for excess capacity in an existing infrastructure item if:

- the infrastructure was already included in a previous DCP, and
- full or partial recovery of costs was already planned when the infrastructure was originally provided.

Guidelines for including open space projects

Projects associated with the acquisition or development of open space can be included in a DCP. However, you must ensure that the project to be included in the DCP will not be funded by levies imposed under:

- the Subdivision Act 1988, or
- Clause 52.01 of the Victoria Planning Provisions.

The council or State Government agency must avoid 'double dipping' or charging twice for the same open space infrastructure project through different mechanisms.

Guidelines for deciding the timing of delivery of infrastructure projects

Before including an infrastructure project in a DCP the council or State Government agency must be able to deliver the project within the DCP timeframe. There are three ways of nominating the timing of delivery. These are nominating:

- a year or a range of years
- an event, threshold or circumstance linked to the development of the area
- delivery by the end date of the DCP.

It is important that DCPs include a reasonable degree of flexibility in nominating the timing of delivery of projects to avoid the need for changes to the DCP and unnecessary amendments to the planning scheme.

Guidelines for the justification of projects

The selected infrastructure and the standard must be justified in the DCP, irrespective of whether the infrastructure is provided by a council or State Government agency.

To qualify for inclusion in a DCP, all infrastructure projects:

- must be expected to be used by a broad cross-section of the community, and
- must serve a neighbourhood-sized catchment or larger area.

This means that the infrastructure provided is likely to be used by a broad range of people, given the likely profile of the expected community (age, ethnicity, sex) which justifies the selection of the infrastructure.

To justify the infrastructure projects to be included in a DCP, the type and standard of infrastructure must meet the criteria for level one or two, as described below.

Type and standard of infrastructure provision	Criteria	Examples
Level one	Is basic to the health, safety or well being of the community	<ul style="list-style-type: none"> • Maternal and child health centre • Local open space, such as a neighbourhood park • Roads • Drainage retarding basins • Land for fixed rail public transport
Level two	Is consistent with current community expectations of what is required to meet its health, safety or well being	<ul style="list-style-type: none"> • Road constructed to high standard including bike lane, transit lane and wide median for boulevard planting • Aquatic centre • Streetscape works

In meeting the level two criteria, additional justification will be required to demonstrate that the type or standard of infrastructure is supported by the general community. This will necessarily include community consultation in association with a strategic study that is given effect through the planning scheme. For example, an urban design framework or open space strategy reflected in the planning scheme may specify certain design standards for street treatments, landscaping, provision of facilities etc.

It should be noted that community expectations of what is required for the health, safety and well-being of the community are likely to change over time.

Guidelines for classifying community and development infrastructure

The Planning and Environment Act 1987 requires infrastructure projects to be classified either as development infrastructure or community infrastructure. The distinction is important because:

- there is a maximum development contribution levy that can be charged for community infrastructure
- the timing of the payment of each levy is different
- the person who pays the levy may be different, and
- the process for collection is different.

The following table describes and provides examples of the two types of infrastructure.

Infrastructure type	Description	Examples
Development infrastructure	<ul style="list-style-type: none"> • acquisition of land associated with all infrastructure • construction of roads, footpaths, bike paths, and traffic management and control devices • construction of drainage works • provision of public transport infrastructure • land forming and landscaping of public open space and drainage reserves • landscaping of roads, footpaths, and bike paths • construction of or upgrade of maternal and child health care centres, child care centres, and kindergartens 	<ul style="list-style-type: none"> • acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list • construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices • construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops • basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment • drainage works • buildings and works for or associated with the construction of maternal and child health centers, child care centers, kindergartens, or any center which provides these facilities in combination
Community infrastructure	<ul style="list-style-type: none"> • all other infrastructure of a community or social nature • are projects that involve the construction or upgrade of a building or facility, and does not include the acquisition of the land for the facility 	<ul style="list-style-type: none"> • community health centres • leisure and recreational facilities on public open spaces • cultural and educational facilities such as libraries • sporting facilities, such as tennis courts, change rooms, pavilions, grandstands and goal posts • public facilities such as public toilets

Guidelines for infrastructure costs that can be included in a DCP

The following table shows what costs can and cannot be included in the calculation of levies:

What can be included in a DCP?	What cannot be included in a DCP?
<ul style="list-style-type: none"> • the capital costs of providing the infrastructure projects, including land and construction costs • the cost of financing the infrastructure projects, if provided early in the life of the DCP • the design costs associated with the infrastructure projects 	<ul style="list-style-type: none"> • maintenance costs • operational costs • any other anticipated recurrent costs

The capital costs for an infrastructure project means expenditure incurred by:

- constructing new infrastructure, and

- extending the economic life of an existing asset, where the cost required would be equal to or greater than the cost of providing the asset in the first instance.

Guidelines for DCP-related costs that can be included

The following table describes the costs that can and cannot be included in a DCP.

What can be included in a DCP	What cannot be included in a DCP
<ul style="list-style-type: none"> • preparation costs of the DCP document, including the costs associated with structure planning for new urban development in a greenfield location • costs associated with processing the amendment • consultant fees incurred in preparing the DCP document 	<ul style="list-style-type: none"> • general strategic planning costs • costs of undertaking infrastructure needs analysis studies • administration and set up costs for DCP accounting systems

Guidelines for estimating costs

The calculation of the levy is based on the estimated cost of the infrastructure. The DCP must provide clear documentation itemising the costs associated with projects. It is likely to be challenged and reviewed through the planning scheme amendment process.

In itemising costs, it is necessary to:

- separate land acquisition and construction costs, and
- express the costs in present day dollars.

It should be noted that land acquisition costs will escalate over time, however the estimated cost for land acquisition must be based on present day values. To counter the effects of increasing land acquisition costs, you can:

- purchase the land early in the life of the approved DCP
- index the development infrastructure levy for land using the Valuer-General's Land Monitor Index.

The following describes the information required to itemise the costs for infrastructure projects.

Cost Component	Information Required
Land acquisition for any type of infrastructure project	<ul style="list-style-type: none"> • area in hectares • estimate of the cost per hectare of land
Building construction	<ul style="list-style-type: none"> • cost per square metre of floor area • amount of floor space/ size of building OR <ul style="list-style-type: none"> • short description of type of building • cost for the building
Landscaping construction	<ul style="list-style-type: none"> • cost per hectare or square metre • short description of type landscaping proposed
Road construction	<ul style="list-style-type: none"> • standard of road • length of road • unit cost per km
Construction of traffic management works	<ul style="list-style-type: none"> • cost of providing traffic management treatment • description of traffic management treatment (for example deceleration lane, signalized intersection, roundabout etc)
Drain construction	<ul style="list-style-type: none"> • standard of drain • length of drain • unit cost per km
Construction of associated drainage works	<ul style="list-style-type: none"> • cost of providing drainage works • description of drainage works (for example on-site retention system, gross pollutant trap, macrophyte plantings etc.)
Earthworks	<ul style="list-style-type: none"> • cost per cubic metre

Example of table itemising the costs for an infrastructure project

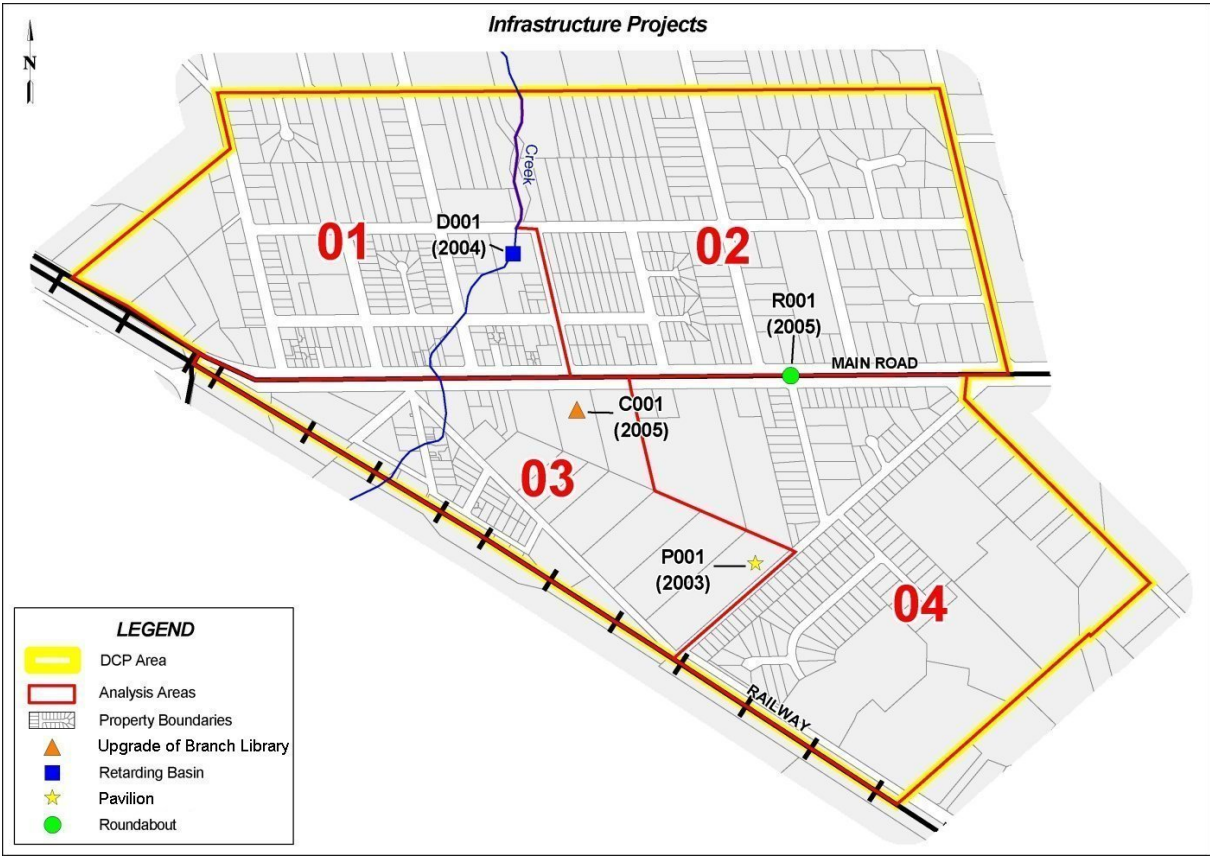
Infrastructure project D001 - Retarding Basin			
Land acquisition costs			
Description	Area	Cost per ha	Cost
20 ML retarding basin	3 ha	\$120,000	\$360,000
Construction costs			
Description	Area/ volume of works	Unit Cost	Cost
Earthworks: (1.2 m x 140 m x 140 m), including clay lining and mounds	23,520 cubic metres	\$10 per cubic metres	\$235,200
Landscaping: <ul style="list-style-type: none"> grass swales wetland vegetation tree planting around perimeter 	1.4 hectares	\$100,000 per hectare	\$140,000
Building and equipment: <ul style="list-style-type: none"> Inlet and outlet works 2 gross pollutant traps Brick shed for flow recording equipment 		\$214,800 \$50,000 \$100,000	\$364,800
Total cost of project			\$1,100,000

Example of a summary table documenting the infrastructure projects included in the DCP

Development infrastructure							
Proj. no.	Project name	Type	Description	Standard of provision	Strategic justification references	Timing of provision	Estimated cost – land and/or construction
D001	Retarding Basin	Drain	Construct retarding basin in creek watercourse to control intermittent flooding	20 ML retarding basin including excavation, clay lining and inlet and outlet works	Storm water management plan	2004	\$1,100,000
R001	Roundabout	Road	Upgrade existing intersection to cater for extra traffic generated by projected residential development	Council Engineering Standard 2503	Municipal traffic management plan. Existing traffic counts in local area. (See Jones Consulting, 2001)	2005	\$210,000

Community infrastructure							
Proj. no.	Project name	Type	Description	Standard of provision	Strategic justification references	Timing of provision	Estimated cost of construction
C001	Upgrade of branch library	Community Facilities	Renovate and extend of existing facility.	Works as detailed in Request for Tender T3509	As identified in Community Needs Study (2001). Surveys of users of the existing facility	2005	\$150,000
P001	Pavilion	Parks & Gardens	Provision of a pavilion with BBQs and seating in existing park.	1 timber pavilion with seating, tables and 2 coin-operated BBQs	Municipal Open space Strategy	2003	\$30,000

Example of map showing infrastructure projects included in the DCP



Stage 6—Identify the main catchment area for each infrastructure project

For infrastructure projects with closed catchments, for example drainage, the boundary for this catchment area can be precisely defined but for most infrastructure items, usage tends to drop with increasing distance, with no obvious boundary evident.

Outcome

The outcome of this stage is a:

- map of the MCA, and
- a table documenting key information about the MCA:
 - analysis areas that make up the MCA
 - estimate of external and/or future usage, and
 - assumptions.

Process

Complete the following tasks.

Task	Description
1	Define and map the MCA for each infrastructure project. For more information, go to: <ul style="list-style-type: none"> • [Guidelines for defining the MCA], and • [Sources of information that will help in defining the MCA].
2	Using the map of the analysis areas prepared in Stage 2, identify which analysis areas fall within the MCA of each infrastructure project.
3	Document any assumptions used to determine the MCA.
4	Estimate the proportion of external usage i.e. usage drawn from outside the MCA. For more information, go to [Guidelines for estimating external usage].
5	Estimate usage generated by future development expected beyond the timeframe of the DCP. For more information, go to [Guidelines for estimating future usage].
6	Determine which types of development within each analysis area will: <ul style="list-style-type: none"> • use the infrastructure project • not use the infrastructure project, or • use the infrastructure, but will not be charged for it. For more information, go to [Guidelines for defining non-chargeable development]
7	Document information from Tasks 2-6 for each infrastructure project. For an example, go to [Example of tables and maps showing the MCA, usage and assumptions for each infrastructure project in the DCP].

Guidelines for defining the MCA

- Individual properties can fall into several MCAs for different infrastructure projects.
- Patterns of usage, particularly for roads and community infrastructure, can be very complex. As a result, expert judgement is required to define the MCA.

- It is recommended that MCAs are defined in a simplified way taking into account:
 - communities of interest, and
 - logical natural boundaries that might affect usage, for example large roads and creeks.
- Care should be taken in defining the MCA, to demonstrate that substantial cross-subsidies have not occurred.

Sources of information that will help in defining the MCA

Sources of information that will help define the MCA include:

- expert assessment and professional advice
- standards of provision for drainage, roads and community infrastructure
- needs assessments and analyses
- topographic maps showing drainage catchments
- traffic counts and modeling for roads
- strategic planning documents, and
- public open space or recreation strategies.

Guidelines for estimating external usage

External usage represents the proportion of the infrastructure project costs that will not be charged through the DCP. This proportion may be quite significant, for example, in the case of a main road carrying a large amount of through traffic. This proportion of the cost must be funded by another source such as general rates, taxes or grants.

If a project does not have a closed catchment you must make an allowance for the percentage of usage coming from outside the MCA.

To estimate external usage, use:

- expert assessment and professional advice relevant to the type of infrastructure, for example consult a traffic engineer for road infrastructure, and
- local knowledge of the development patterns in the area.

Guidelines for estimating future usage

Future usage is usage generated by future development expected beyond the timeframe of the DCP either within or external to the MCA.

Like external usage, you need to estimate the proportion of the infrastructure project costs that will not be charged through the DCP, due to expected usage beyond the timeframe of the DCP. This proportion of the cost must be funded by another source such as general rates, taxes or grants. However, it is possible to include the infrastructure project within subsequent DCPs to recover this proportion at a later date, where the future usage is from within the MCA.

To estimate future usage use:

- expert assessment and professional advice relevant to the type of infrastructure, for example consult a traffic engineer for road infrastructure, and
- local knowledge of the development patterns in the area.

Guidelines for defining non-chargeable development

Non-chargeable development is any new development that will be exempted from the infrastructure levies. This includes:

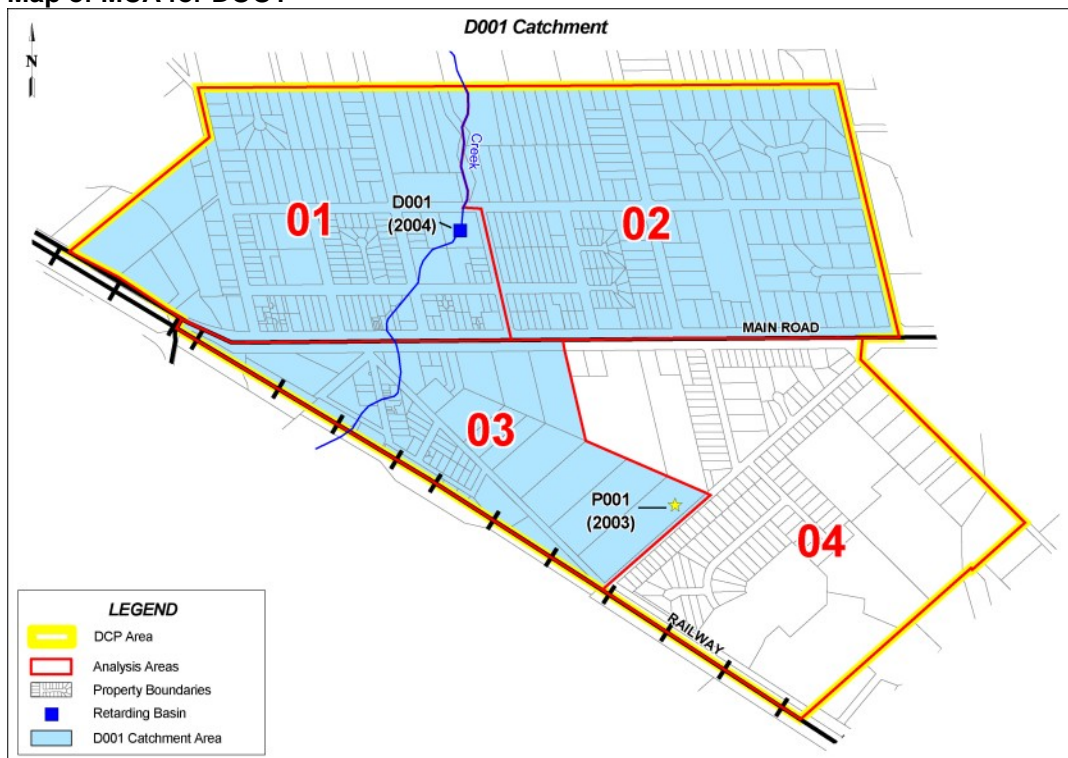
- new development on Commonwealth land, as it is not subject to the planning scheme
- new development that is being undertaken by or on behalf of the Ministers for Conservation, Forests and Lands, Health and Education or their current equivalents, which is exempted from the planning scheme (refer to Page 266, Victoria Government Gazette, 10 February 1988). This means that public schools and hospitals are exempt.

A council also has discretion to exempt any new types of land use or development from the development contribution levies. For example, a council may decide to exempt private schools and hospitals, churches, or community facilities provided by non-profit organisations because these uses provide community services. Similarly, councils may decide to exempt particular developments in circumstances of hardship or for economic development purposes.

Example of tables and maps showing MCA, usage and assumptions for each infrastructure project in the DCP

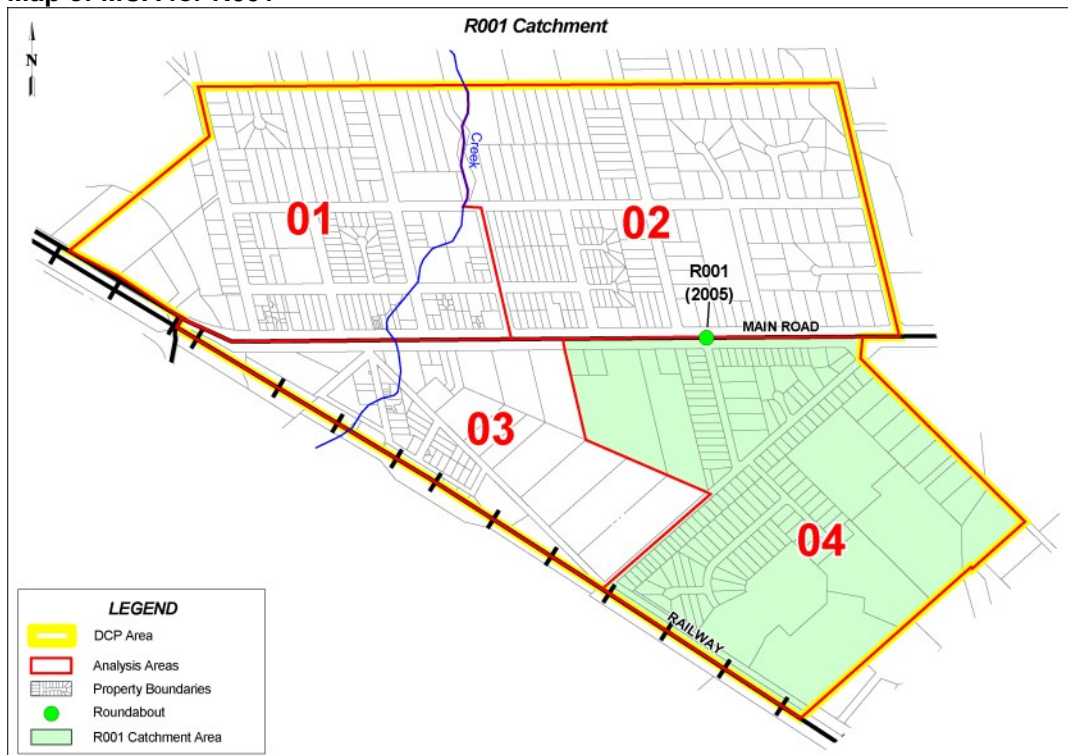
Project type: Drainage	
Project no.	D001 – Retarding basin
Analysis areas included in main catchment area for this project	1, 2 and 3
Assumptions for MCA	Based on topographic and hydrology data for the study area areas.
% of external usage	30% - Hydrological analysis indicates that approximately 30% of runoff into the creek is generated upstream of analysis areas 1 and 2.
% of future usage beyond DCP timeframe	0%
Types of development within MCA that will use the project (included in calculation and charged)	Residential, retail and commercial offices
Types of development within MCA that will not use the project (not included in calculation)	None
Types of development within MCA that will use the project but are exempt from levies (included in calculation and not charged)	State primary school (statewide exemption)

Map of MCA for D001



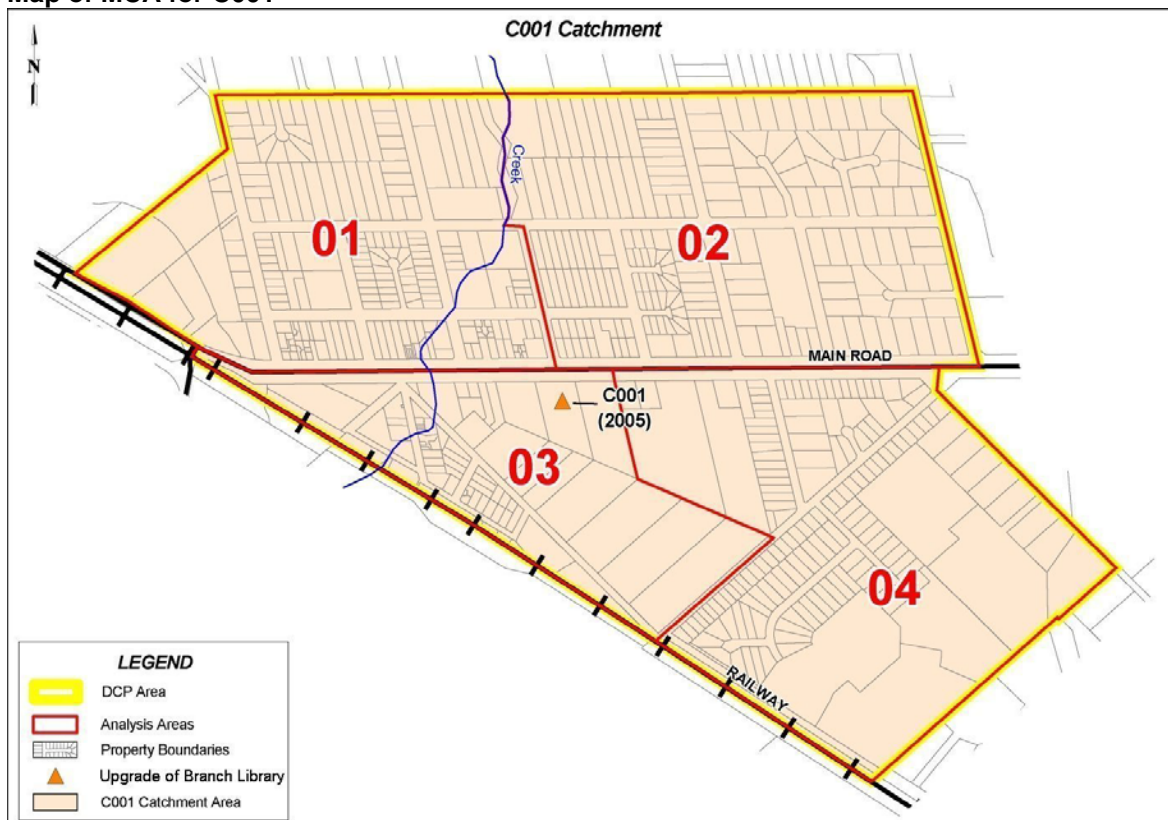
Project type: Road	
Project no.	R001 - Roundabout
Analysis areas included in main catchment area for this project	4
Assumptions for MCA	Based on traffic modelling by Jones Consulting (2001) roundabout is primarily required to cater for additional traffic generated by residential development in AA4.
% of external usage	20% - Counts of existing traffic movements suggest that around 20% of users will travel through the roundabout rather than entering AA4.
% of future usage beyond DCP timeframe	0%
Types of development within MCA that will use the project (included in calculation and charged)	Residential
Types of development within MCA that will not use the project (not included in calculation)	None
Types of development within MCA that will use the project but are exempt from levies (included in calculation and not charged)	None

Map of MCA for R001



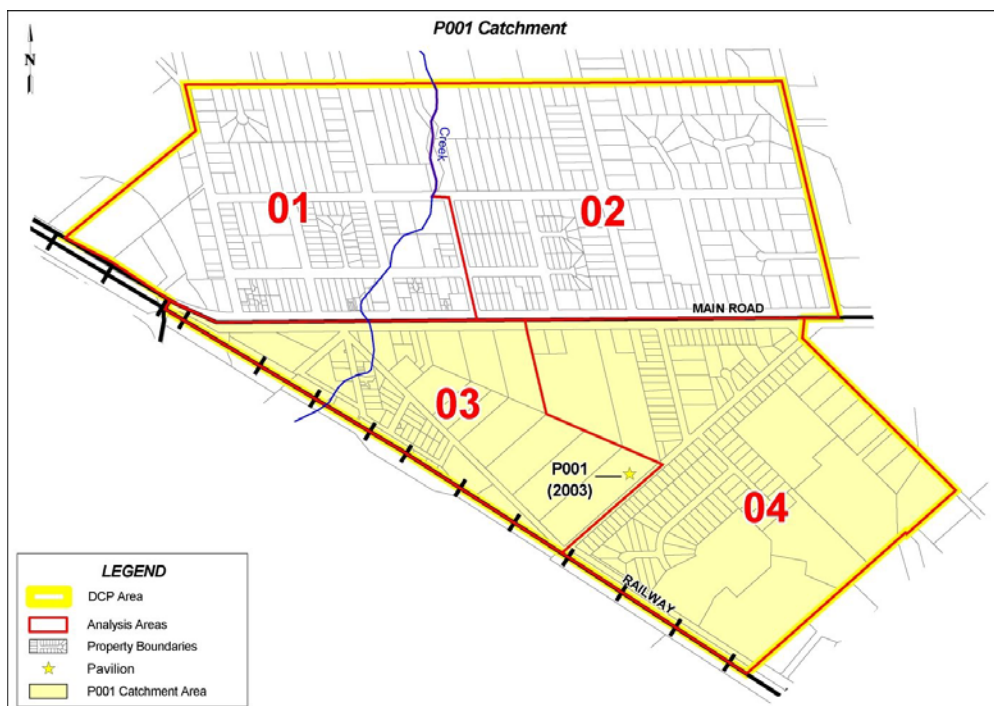
Project type: Community Facility	
Project no.	C001 – Upgrade of branch library
Analysis areas included in main catchment area for this project	1,2,3 and 4
Assumptions for MCA	Existing facility is used by residents of the entire study area. Upgraded facility is likely to service a similar catchment.
% of external usage	10% - Around 10% of users of the existing facility originate from outside the MCA.
% of future usage beyond DCP timeframe	10% - Facility has been designed to cater for growth beyond the development thresholds that are anticipated in the DCP.
Types of development within MCA that will use the project (included in calculation and charged)	Residential
Types of development within MCA that will not use the project (not included in calculation)	Retail, commercial and industrial
Types of development within MCA that will use the project but are exempt from levies (included in calculation and not charged)	State primary school

Map of MCA for C001



Project type: Parks and gardens	
Project no.	P001 - Pavilion
Analysis areas included in main catchment area for this project	3 and 4
Assumptions for MCA	Facility will be located in an existing park within analysis area 3. However, the facility is close to the boundary between AA 3 and 4 and is likely to be used by future residents of the key potential development areas in AA 4. Most parts of AA 3 and 4 will be within walking distance (500m) of the proposed facility.
% of external usage	10%- A recent survey of users of a similar facility in AA 2 indicated that 10% of users.
% of future usage beyond DCP timeframe	10%
Types of development within MCA that will use the project (included in calculation and charged)	Residential
Types of development within MCA that will not use the project (not included in calculation)	Retail, commercial and industrial
Types of development within MCA that will use the project but are exempt from levies (included in calculation and not charged)	None

Map of MCA for P001



Stage 7–Calculate the infrastructure levy payable for each infrastructure project

Outcome

The outcome of this stage is the determination of the infrastructure levy payable by each demand unit for each infrastructure project.

Process

Complete the following tasks.

Task	Description
1	<p>Using the demand unit information documented in Stage 4, create a table for each infrastructure project that shows:</p> <ul style="list-style-type: none"> • each of the analysis areas that make up the MCA • the types of development that are expected to use the infrastructure project in each analysis area • for each type of development, the number of existing and projected demand units expected over the timeframe of the DCP. <p>For an example, go to [Example of a table showing total project demand in the MCA].</p>
2	<p>Calculate the project cost that can be attributed to the MCA by applying the [Formula to calculate infrastructure project cost for MCA].</p> <p>To complete this task, you will need the:</p> <ul style="list-style-type: none"> • estimated infrastructure project costs from Stage 5, and • estimate of external usage from Stage 6.
3	<p>Calculate the infrastructure levy payable per demand unit by applying the [Formula to calculate infrastructure levy per demand unit].</p> <p>To complete this task, you will need:</p> <ul style="list-style-type: none"> • total number of demand units from Task 1, and • project cost for MCA from Task 2.
4	<p>Repeat tasks 1-3 for each infrastructure project in the DCP.</p> <p>Note: There is an alternative method for calculating infrastructure levies.</p> <p>For more information and examples, go to:</p> <ul style="list-style-type: none"> • [Guidelines on present value discounting (PVD)], and • [Examples of the application of the PVD method].

Example of a table showing total project demand in the MCA

Infrastructure Project D001

Analysis areas in MCA	Type of land use that will use the infrastructure	No. of existing drainage demand units 2002	No. of projected demand units in DCP timeframe				Total development
			2003	2004	2005	2006	
1	Residential	211	5	5	5	3	228
	Retail premises	11	0	2	2	0	16
	Office/ service industry	3	0	0	0	0	3
2	Residential	198	7	8	5	5	223
3	Residential	14	0	0	0	0	14
	Retail premises	19	12	0	0	0	31
	Office/ service industry	4	1	0	0	2	7
	Industry other than service industry	4	0	2	5	9	20
	Primary school	6	1	0	0	0	7
Total*		470	25	17	16	19	547

*Totals may not equal the sum of the individual years due to rounding

Formula to calculate infrastructure project cost for MCA

Project cost – (%external + %future usage) = Project cost for MCA

Example:

Project cost for D001 (From Stage 5)	\$1,100,000
External usage (From Stage 6)	30%

\$1,100,000 – 30%=\$770,000

i.e. the infrastructure project cost for D001 that is attributable to the MCA is \$770,000

Formula to calculate infrastructure levy per demand unit

Project cost for MCA divided by total no of demand units for MCA = Infrastructure levy per demand unit

Example:

D001 Project cost for MCA (From Step 2, Stage 7)	\$770,000
Total no. of demand units for MCA (From Step 1, Stage 7)	547

\$770,000 divided by 547=\$1,406.77

The infrastructure levy per demand unit for the D001 infrastructure project is \$1,406.77

Guidelines for present value discounting (PVD)

Present value discounting (PVD) is an alternative method of calculating the infrastructure levies payable for an infrastructure project, to the one presented in Stage 7. PVD ensures infrastructure levies will more closely meet the cost of infrastructure supply, including financial costs.

To use this method, a precise year for the timing of delivery of the infrastructure project and yearly demand projections must be available. The PVD method relies on a precise date of delivery and cannot be applied if the DCP nominates a threshold to trigger the delivery of the infrastructure project.

There are two circumstances where the application of the PVD method may be warranted:

- PVD is of the greatest advantage when the infrastructure project is constructed in advance of collecting the payments for it. In this situation, infrastructure levies are calculated to include the anticipated interest on the money borrowed to deliver the infrastructure prior to the collection of funds.
- In the reverse situation, levies may also be reduced to take into account the anticipated interest earned on the money that will be collected during the DCP period.

Examples of the application of the PVD method

A greenfield catchment is expected to develop over 10 years, with 100 dwellings coming on stream in each of these years. The attributable cost of a major road to serve this catchment area is \$1,000,000.

Using the simple method for calculating infrastructure levies, \$1 million divided by (10 years x100 dwellings per year) = \$1,000 per dwelling.

Example 1-Funding Shortfall

The road must be built in Year 1. Because the infrastructure levies have not yet been collected the council will need to borrow the required funds. Based on 6% interest on the \$1 million loan over the 10 year period, the repayments will be \$136,000 per year.

However, the council will only collect \$100,000 per year in levies (100 dwellings per year x \$1,000 per dwelling). There will be a funding shortfall at the end of 10 years, because the council did not take into account the amount of interest needed to repay the loan.

In this case, if the PVD method is used to calculate the infrastructure levies, the levies would be greater than \$1,000 to cover the interest to be paid.

Example 2-Funding Surplus

The road does not need to be built until Year 10. The council earns 6% interest on the infrastructure levies collected over the 10 years. The council will accumulate funds of \$1.3 million by the time it is required to pay for the road, which is \$300,000 more than the council requires to build the road.

In this case, if the PVD method is used to calculate the infrastructure levies, the levies would be lower than \$1,000 to take account of the interest to be earned.

Stage 8—Calculate the total infrastructure levies in each analysis area

Most DCPs contain more than one infrastructure project. If the DCP contains a single infrastructure project it is not necessary to complete this stage.

The purpose of this stage is to calculate the total infrastructure levies in each analysis area using information generated in previous stages.

Outcome

The outcome of this stage is a table showing the infrastructure levies payable per demand unit for all applicable infrastructure projects in each analysis area.

Process

Complete the following tasks.

Task	Description
1	List the analysis areas as identified in Stage 3.
2	Group the infrastructure projects into development infrastructure and community infrastructure, as identified in Stage 5.
3	Use the MCAs as identified in Stage 6 to identify the infrastructure projects that each analysis area should contribute to.
4	Document the relevant infrastructure levy per demand unit, as calculated in Stage 7, where the analysis area forms part of the MCA for the infrastructure project.
5	Calculate the total infrastructure levies payable by residential and non-residential development for each analysis area.
6	Create a table showing the above information. For an example, go to [Example of table showing infrastructure levies payable in each analysis area].

Example of table showing infrastructure levies payable in each analysis area

Analysis areas	Infrastructure levies for development infrastructure projects		Infrastructure levies for community infrastructure projects		Total infrastructure levies for residential development	Total infrastructure levies for non-residential development
	D001	R001	C001	P001		
AA1	\$1,406.77	-	\$163.27	-	\$1,570.04	\$1,406.77
AA2	\$1,406.77	-	\$163.27	-	\$1,570.04	\$1,406.77
AA3	\$1,406.77	-	\$163.27	\$73.94	\$1,644.98	\$1,406.77
AA4	-	\$622.22	\$163.27	\$73.94	\$859.43	\$622.22

Note: The example assumes that non-residential development will not use the community infrastructure projects.

Stage 9—Establish charge areas which have common infrastructure levies

A charge area is an area where the same infrastructure levies apply to all demand units. Charge areas are created by aggregating analysis areas with common levies for common infrastructure projects.

The purpose of creating charge areas is to simplify the application of infrastructure levies within the planning scheme. Each charge area created will become a schedule to the Development Contributions Plan Overlay (DCPO) as set out in the Victoria Planning Provisions.

Outcome

The outcomes of this process are:

- a map of the DCP area showing the charge areas
- a table showing charge areas, the infrastructure levies and projects, and
- a list of the types of development that will be exempt from paying infrastructure levies.

Process

Complete the following tasks.

Task	Description
1	Analyse the table of infrastructure levies payable in each analysis area (developed in Stage 8) and identify any groups of analysis areas which contribute to the same infrastructure projects and have the same infrastructure levies. These groups become the DCP charge areas. For more information, go to [Guidelines for establishing charge areas].
2	Refer to the map of the analysis areas to ensure that the groups of analysis areas relate to one another and form a logical geographical unit.
3	Map the charge areas.
4	Create a table that shows: <ul style="list-style-type: none"> • the charge areas and the groups of analysis areas • total infrastructure levies that relate to demand units in those charge areas • the community and development infrastructure levies, and • a list of projects that relate to the charge areas. For examples, go to: <ul style="list-style-type: none"> • [Example of a table showing details of charge areas in the DCP], and • [Example of map showing charge areas].
5	Examine each charge area and list the developments that will be exempt from paying infrastructure levies. Refer to the table developed in Stage 6 for each infrastructure project showing the types of development that are exempt from the levies.

Guidelines for establishing charge areas

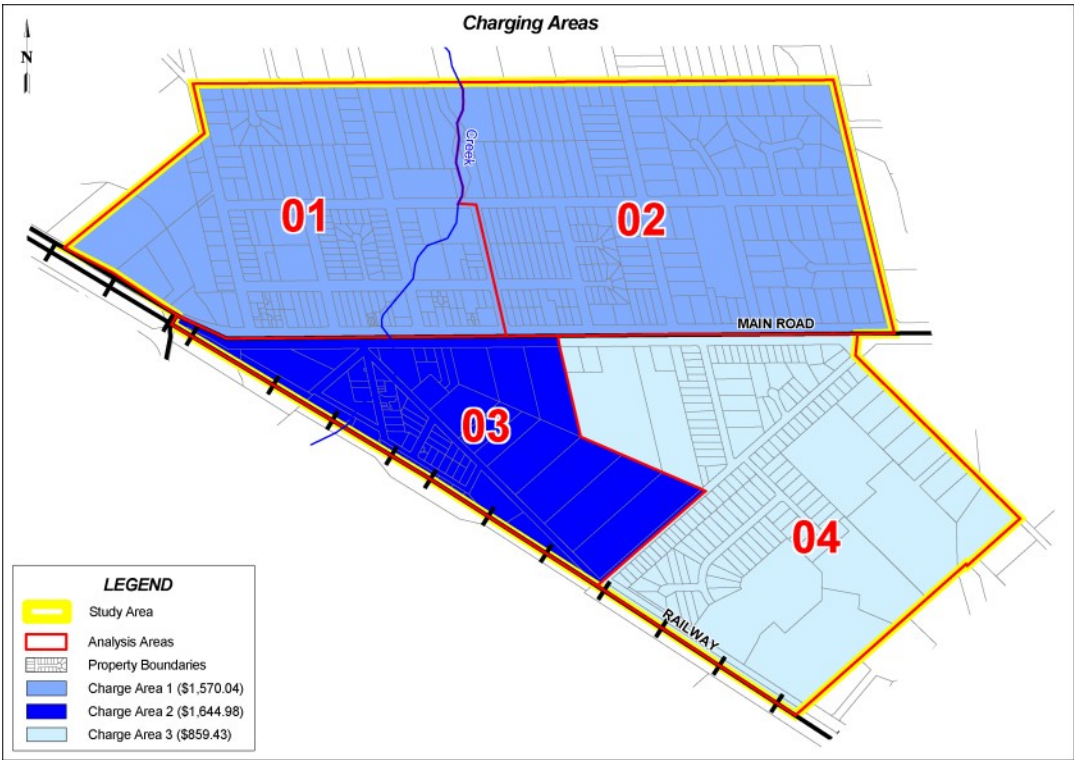
A charge area

- may align with the boundaries of an MCA or a smaller area such as an individual analysis area, and
- should be free of major cross-subsidies.

Example of a table showing details of charge areas in the DCP

Charge area	Analysis areas included in charge area	Infrastructure levies for development infrastructure	Infrastructure levies for community infrastructure	Total infrastructure levies	Infrastructure projects	Development not required to pay infrastructure levies
1	1 and 2	\$1,406.77	\$163.27	\$1,570.04	D001 C001	State primary school Retail premises, office, service industry, and industrial development exempted from community infrastructure levies.
2	2	\$1,406.77	\$237.21	\$1,644.98	D001 C001 P001	State primary school Retail premises, office, service industry and industrial development exempted from community infrastructure levies.
3	4	\$622.22	\$237.21	\$859.43	R001 C001 P001	Retail, office, service industry and industrial development exempted from community infrastructure levies.

Example of map showing charge areas



Stage 10—Describe how infrastructure levies will be collected

The final step in the calculations phase is deciding how to collect the levies from new development.

You need to assess whether the procedures provided in the Planning and Environment Act 1987 for collecting development and community infrastructure levies capture all the types of development to be charged.

For more information, go to [Guidelines for the collection of infrastructure levies].

If the collection procedures in the Act do not capture all the types of development to be charged, the DCP must include procedures to collect development infrastructure levies where no planning permit is required.

Outcomes

The outcomes of this stage are:

- a description of how infrastructure levies for both community and development infrastructure projects will be collected, and
- documentation of the method for collecting infrastructure levies from development types or areas that do not require a planning permit.

Process

Complete the following tasks.

Task	Description
1	For each charge area, list the infrastructure projects that were classified as development infrastructure using the table created in Stage 9.
2	For the development infrastructure projects, list the types of new development that will use the infrastructure and be charged. Use the table created in Stage 6 to identify the types of development in this category.
3	Check the planning scheme to determine if the identified types of new development require a planning permit.
4	For each development type not requiring a planning permit, identify and document an alternative procedure to use to collect development infrastructure levies. For information and an example, go to: <ul style="list-style-type: none"> • [Guidelines for establishing an alternative collection procedure] • [Example of an alternative collection procedure]

Guidelines for the collection of infrastructure levies

The Planning and Environment Act 1987 states that the requirement to pay a development infrastructure levy in accordance with a DCP must be specified in a condition on the planning permit.

The planning permit condition may require the applicant to either:

- pay by a certain date
- pay prior to being issued a building permit under the Building Act 1993 or Statement of Compliance under the Subdivision Act 1988, or
- enter into an agreement regarding the timing and staging of payments, or provide works-in-kind to meet requirements.

The Planning and Environment Act 1987 requires the building permit applicant to pay the community infrastructure levy prior to the building permit being issued.

Before issuing a building permit, the building surveyor must check whether the building permit applicant has:

- paid the community infrastructure levy, or
- entered into an agreement with the council to pay the levy at a later date.

A developer may, by agreement with the council, either pay or provide works-in-lieu to meet the community infrastructure levy at the planning permit stage.

Guidelines for establishing an alternative collection procedure

If a planning permit is not required for particular types of development, the council must document an alternative procedure for collecting development infrastructure levies in the approved DCP.

One alternative is to collect the development infrastructure levy through the building permit process.

There may be other options. When selecting an option, ensure that there is a:

- mechanism in the development process that triggers the requirement to pay the levy, and
- specified point in time for payment of the levy.

Example of an alternative collection procedure

A council in an established urban area wants to charge a development infrastructure levy for drainage projects. This levy will apply to all new development resulting in increased site coverage, including extensions to houses. The charge is calculated according to square metres of new site coverage.

In this municipality, planning permits are not required for extensions to houses on lots that are larger than 300 square metres.

In order to charge this levy for extensions that do not require a planning permit, council must include a development infrastructure levy collection procedure in its DCP. In this case the DCP provides for the levy to be collected at the building permit stage.

Stage 11–Estimate the amount the council will need to fund for each infrastructure project

The estimates prepared in this stage take into account development that will not pay infrastructure levies, such as:

- existing development
- future usage within the MCA
- external usage
- development exempted from the requirements of the planning scheme, and
- any other types of development that council has chosen to exempt, for example community service providers, churches or private schools.

This stage is optional.

Outcome

The outcome of this stage is an estimate for each project of the amount the council:

- can expect to collect through the DCP, and
- will need to fund to make up the shortfall.

Process

Complete the following tasks.

Task	Description
1	Calculate the percentage of the total demand units for the MCA that are chargeable using the [Formula to determine percentage of MCA that is chargeable].
2	Calculate how much money the council can expect to collect in infrastructure levies over the DCP timeframe using the [Formula to determine the amount that council will collect from the DCP].
3	Calculate how much the council will have to contribute to deliver the infrastructure project using the [Formula to calculate the council's contribution to the infrastructure project].

Formula to determine percentage of MCA that is chargeable

(No. of demand units of existing development in the MCA + the no. of demand units of new development in the MCA exempted from charges) divided by the total no. of demand units for the MCA x 100 = % of the MCA that is non-chargeable

Example:

Total no. of demand units for MCA for infrastructure project D001 (From Stage 7)	547
Total no. of demand units for existing development for D001 (From Stage 7)	470
Total no. of demand units for new development that is exempt from paying levies for D001 (From Stage 6 and 7)	1

$(470+1)$ divided by $547 \times 100 = 86.1\%$ of MCA that is existing development or exempt from levies (non-chargeable)

This means that 14.9% of the MCA can be charged.

Note: Infrastructure levies can only be collected from new development.

Formula to determine the amount that council will collect from the DCP

% of the MCA that is chargeable x project cost for the MCA = Amount to be collected in levies over DCP timeframe

Example:

Percentage of the MCA that is chargeable new development	14.9%
Project cost for the MCA (From Stage 7)	\$770,000

14.9% of $\$770,000 = \$106,984$

The amount that the council will collect from the MCA is \$106,984

Formula to calculate the council's contribution to the infrastructure project

Total project cost – the amount that council will collect from the MCA = council's contribution to the infrastructure project

Example:

Estimated total project cost for D001 (Stage 5)	\$1,100,000
Total amount collected from chargeable new development in the MCA	\$106,984

$\$1,100,000 - \$106,984 = \$993,016$

The council must contribute \$993,016 to the cost of the D001 infrastructure project.

Stage 12—Prepare a cash flow analysis

In this stage you will prepare information that will enable the council to consider and assess the budget implications of each infrastructure project. This information is not necessarily included in the final DCP. This stage is optional.

Outcome

The outcome of this stage is a cash flow analysis table documenting timing of collection and expenditure.

Process

Complete the following tasks.

Task	Description
1	Calculate the income for each project in each year of the DCP using the [Formula to calculate yearly income for each project]. You will need the: <ul style="list-style-type: none"> total number of projected demand units per year from Stage 7, and infrastructure levy per demand unit from Stage 7.
2	Create a table showing the information from Task 1. For an example, go to [Example of table showing the cash flow analysis for infrastructure project].
3	Calculate the funding shortfall associated with the demand units that are exempted from paying infrastructure levies using the [Formula to calculate the council funding shortfall associated with exempted new development]. You will need the: <ul style="list-style-type: none"> total number of demand units associated with new development exempt from paying levies, and infrastructure levy per demand unit.
4	Complete Tasks 1-3 for each project included in the DCP.

Formula to calculate yearly income for each project

No. of demand units in nominated year x infrastructure levy per demand unit = Income for nominated year

Note: Do not include the totals for existing demand units in the calculation.

Example:

No. of demand units in year 2003 for infrastructure project D001 (From Stage 7)	25
Infrastructure levy per demand unit for infrastructure project D001 (From Stage 7)	\$1,406.77

$$25 \times \$1,406.77 = \$35,169$$

The year 2003 income for infrastructure project D001 is \$35,169

Example of table showing the cash flow analysis for infrastructure project

	Existing develop. 2002	2003	2004	2005	2006	Total
No. of demand units in MCA	470	25*	17	16	19	547
Project annual income from infrastructure levies	\$0	\$33,762.59*	\$23,915.17	\$22,508.40	\$26,728.72	\$106,914.88
Cumulative income	0	\$33,762.59	\$57,677.77	\$80,186.16	\$106,914.88	-
Total project expenditure	0	0	\$1,100,000		0	\$1,100,000

*One of the demand units that is projected in 2003 is exempt from paying DCP charges and hence the cash flow for this year equals the total number of demand units (25) minus the number of exempt demand units (1) multiplied by the charge for D001 (\$1,407.95)

Formula to calculate the council funding shortfall associated with exempted new development

Total no. of demand units associated with new development that is exempt from paying levies x infrastructure levy per demand unit = council funding shortfall associated with exempted new development

Example:

Total no. of demand units for new development that is exempt from paying levies (i.e. added State primary school site area = 500 m ²) (Calculate from tables in Stages 6 and 7)	1
Infrastructure levy per demand unit (Stage 7)	\$1,406.77

$$1 \times \$1,406.77 = \$1,406.77$$

The council funding shortfall from new development exempt from paying infrastructure levies is \$1,406.77

Stage 13—Obtain council support

Based on the information collated in previous stages, this stage provides an opportunity to get council agreement on the main components of the DCP, such as levies, costs and timeframes and to confirm the list of projects that will be included. Decisions made at this stage may result in the reworking of calculations before you prepare the full DCP documentation.

Outcome

The outcomes of this stage are:

- confirmation of the infrastructure levies
- confirmation of the projects that will be included in the DCP, and
- commitment to project funding and the infrastructure delivery schedule.

Process

Complete the following tasks.

Task	Description
1	<p>Using the information collated in Steps 11 and 12 for each infrastructure project, consider the following:</p> <ul style="list-style-type: none"> • Will the council have to borrow money in order to provide the infrastructure project within the DCP timeframe? • What are the options to fund the shortfall? Options might include special rates or charges schemes, general rates revenue or government grants or a combination of these options. • Is it possible to delay the project until further levies are collected? • Is the DCP a cost-effective funding mechanism for the project given the amount of infrastructure levies collected through the DCP? • On balance, does the DCP present a good option against other funding mechanisms?
2	<p>Prepare and submit a report to council. This report may include information and recommendations about:</p> <ul style="list-style-type: none"> • infrastructure levies in each charge area • commitment to delivery, including expected timing • the amount council will need to fund • cash flow analysis and budget implications, and • methods and procedures for collecting levies for each project.
3	Submit the report to council and incorporate any changes that result.

Stage 14—Compile the draft DCP

This stage involves collating all the information prepared from previous stages into a draft DCP in a format suitable for incorporation into the planning scheme. You may choose to compile the documentation either:

- progressively as you work through the stages, or
- once council support has been obtained.

The DCP document can be presented for review as a stand-alone document or as part of a related strategic planning document to be incorporated in the planning scheme, such as a structure plan, growth area plan or open space strategy. In this case, you should ensure that the DCP component of this documentation is clearly identifiable.

Outcome

The outcome of this process is a draft DCP ready for internal and external review.

Process

Complete the following task.

Task	Description
1	<p>Assemble the full DCP documentation and prepare all maps as required.</p> <p>For more information, go to:</p> <ul style="list-style-type: none"> • [Guidelines about the content of a DCP] • [Guidelines about the level of detail required in a DCP], and • [Guidelines about referencing other documents in a DCP].

Guidelines about the content of a DCP

It is important that the content of the DCP:

- meets the requirements of section 46K of the Planning and Environment Act 1987, and
- is capable of meeting the Strategic assessment guidelines for planning scheme amendments.

A DCP should include the following information:

- details of the geographical DCP area
- strategic context
- DCP timeframe
- overview of infrastructure projects included in the DCP
- detailed summary sheets for each individual infrastructure project
- method of calculating infrastructure levies
- details of the amount and application of the development infrastructure levies and community infrastructure levies, and
- procedures for collection and administration of levies.

Use the following table as a checklist for compiling the DCP.

	Type of Information	Specific Content	Reference
1	Details of geographical DCP area	<ul style="list-style-type: none"> description of DCP area map of DCP area map showing the boundaries of the charge areas 	[Stage 1] [Stage 9]
2	Strategic context	<ul style="list-style-type: none"> summary of strategic planning framework underpinning the DCP and which the DCP seeks to implement summary of existing development and new development projected within the DCP timeframe summary of existing infrastructure and new infrastructure required to service the future community reference to the corporate plan, planning scheme or other relevant documents 	[Stage 1]
3	DCP timeframe	<ul style="list-style-type: none"> the DCP timeframe basis for the selection of the timeframe in relation to the strategic context 	[Stage 1]
4	Overview of the infrastructure projects included in the DCP	<ul style="list-style-type: none"> provide a summary table describing each infrastructure project, including the following details: <ul style="list-style-type: none"> assigned project number project name description standard of provision timing of delivery estimated cost differentiate between community and development infrastructure projects 	[Stage 5]
5	Detailed summary sheets for each individual infrastructure project	<ul style="list-style-type: none"> information explaining the strategic basis for the project and the rationale for its selection, location, timing and standard reference to relevant parts of the strategic planning framework in the planning scheme justification of the standard of the infrastructure against the two level test in Stage 5 timing of provision breakdown of all project costs and any relevant assumptions explain any assumptions made about usage and the definition of the MCA list the types of development that are expected to use the infrastructure project map showing the location of the project and its MCA list of the analysis areas that make up the MCA estimates of external and future usage, and the proportion of the total cost of the project that will be funded by levies. 	[Stage 1] [Stage 5] [Stage 6] [Stage 11]

6	Method of calculating infrastructure levies	<ul style="list-style-type: none"> the principles underlying the calculations map of all analysis areas in the DCP and the basis for their selection tables showing the amount and type of development (existing and projected) within each analysis area assumptions and method used to estimate the amount of development in each analysis area the demand unit and the basis for its selection tables showing the amount of development in each analysis area converted into demand units the details of developable land or equivalence ratios used and the basis of any changes to the equivalence ratios the cost-apportionment formula for the calculation of the infrastructure levies per demand unit 	[Stage 7] [Stage 2] [Stage 3] [Stage 4] [Stage 7]
7	Details of the amount and application of development infrastructure and community infrastructure levies	<ul style="list-style-type: none"> map of the charge areas the basis of the charge areas table of development infrastructure and community infrastructure levies for each charge area indicating which infrastructure projects the charge area contributes to a list of the types of development that will be charged in each charge area a list of the types of development that are exempted from paying levies in each charge area, and any policy of rebate or waiver that might apply 	[Stage 9]
8	Procedures for the collection and administration of levies	<ul style="list-style-type: none"> collection procedures for development infrastructure levies when a planning permit is not required administrative procedures to track and account for levies collected and expended the options for payment of levies including works-in-kind, payment upfront and reimbursement at a later date 	[Stage 10]

Guidelines about the level of detail required in a DCP

The DCP documentation must:

- be clearly and easily understood
- be transparent, providing all relevant information, and
- provide an easy audit trail that can be tracked throughout the DCP implementation period.

It is important to provide a reasonable level of detail for the following reasons:

- Land owners and other stakeholders will want to understand how figures have been calculated and be clear about the rationale for including infrastructure projects. This information will be examined during the planning scheme amendment process.
- The level of information about the strategic basis and development projections has to be of sufficient detail to enable the council to identify changes that may be necessary as part of the regular review of the planning scheme and the DCP.
- Over time, there may be changes to the DCP. Changes can only be made through an amendment to the planning scheme. It is important that the review panel and stakeholders understand what is being changed and why. They may need to trace information back to when the DCP was first created.
- As the levies are collected and the infrastructure is provided over many years, it will be important for council to keep track of exactly what was included in the original DCP, the assumptions made in the costings and the funds required to meet the timing needs and standards of construction.

Guidelines about referencing other documents in a DCP

The strategic justification for the DCP and the individual infrastructure projects may make reference to documents that form part of the planning scheme.

It is important not to rely on referencing documents that do not have any statutory status. Documents that do not form part of the planning scheme may change over time and cannot be relied upon to form the strategic basis for the DCP.

The [planning practice note] on incorporated and reference documents provides further guidance on document referencing.

Stage 15–Review draft DCP and finalise

Once the draft is completed it is good practice to seek comments on the DCP from:

- stakeholders within council, and
- other stakeholders such as developers and State Government agencies, who may have an interest.

The development industry is likely to be particularly interested in the following content of the DCP:

- estimates of infrastructure project costs
- selection of infrastructure projects and the standard of provision
- the MCAs for infrastructure projects
- estimates of external use
- projections of new development, and
- equivalence ratios used to define demand.

The purpose of this review stage is to give stakeholders an opportunity to provide feedback and to identify:

- whether the assumptions are reasonable
- any mistakes which need to be corrected
- areas of contention that may require further justification, and
- areas within the DCP document that can be adjusted through negotiation.

Outcome

The outcome of this stage is the final version of the DCP ready for exhibition as part of a planning scheme amendment.

Process

Complete the following tasks.

Task	Description
1	Ask the following stakeholders to review the draft DCP: <ul style="list-style-type: none"> • councillors • relevant internal staff • adjoining municipalities • State Government agencies (if the DCP includes State infrastructure), and • developers affected by the DCP.
2	Meet with stakeholders to discuss any issues that arise from their review.
3	Consider all comments and change the DCP, if required. This may involve adjusting the calculations.
4	Prepare the final version of the DCP ready for exhibition.

Stage 16—Decide to prepare an amendment to the planning scheme to incorporate the DCP

Outcome

The outcome of this stage is a decision of council to prepare an amendment to incorporate the DCP into the planning scheme.

Process

Complete the following tasks.

Task	Description
1	<p>Prepare a report to council recommending a decision to prepare and exhibit an amendment to incorporate the DCP into the planning scheme.</p> <p>The report may include the:</p> <ul style="list-style-type: none"> • strategic context and the infrastructure projects included in the DCP • levies for each charge area • funds expected to be collected over the timeframe of the DCP • budget implications resulting from a commitment to deliver the infrastructure projects, and • process involved in preparing the DCP, including stakeholder consultation.
2	Submit the report to council for consideration and decision.

For more information, go to [Incorporating the DCP into the planning scheme].

Incorporating the DCP into the planning scheme

Introduction

Having completed the preparation of a full cost apportionment development contributions plan (FCA DCP) and obtained council's decision to prepare and exhibit an amendment to the planning scheme to incorporate the DCP into the planning scheme, this section provides information about:

- [What is an approved DCP?]
- [Why is an amendment to the planning scheme required?]
- [Who can prepare an amendment to the planning scheme?]
- [What Victoria Planning Provisions tools should be used to give effect to the DCP?]
- [What amendment documentation is required for a DCP?]

What is an approved DCP?

An approved DCP forms part of a planning scheme. A DCP must be incorporated into a planning scheme before infrastructure levies can be collected from new development through the DCP.

Why is an amendment to the planning scheme required?

The incorporation of a DCP into the planning scheme will involve preparing and processing an amendment to the planning scheme. The amendment will follow the usual steps in the amendment process as set down in the Planning and Environment Act 1987, including public exhibition of the amendment.

Who can prepare an amendment to the planning scheme?

An amendment to a planning scheme must be prepared by a planning authority.

A planning authority will in most cases be the relevant council, but can be any agency that is authorised by the Minister for Planning under the Planning and Environment 1987. A State Government agency that is authorised to prepare a DCP can use these guidelines to prepare a DCP and incorporate it into the planning scheme.

What Victoria Planning Provisions tools should be used to give effect to the DCP?

The following tools in the Victoria Planning Provisions (VPPs) should be applied to give effect to the DCP:

- Clause 45.06 – Development Contributions Plan Overlay (DCPO)
- the schedule to the DCPO (as provided in the Ministerial Direction – The Form and Content of Planning Schemes), and
- the schedule to Clause 81 listing the incorporated documents.

The main benefit of using the DCPO is that properties affected by a DCP are immediately obvious by looking at the planning scheme maps. Prospective purchasers of land affected by the Overlay will be made aware of the requirement during the conveyancing process, as the DCPO appears on the planning scheme certificate.

Developers or prospective purchasers are then in a position to find out from the council what levies must be paid in accordance with a DCP, if they undertake development on the land.

What amendment documentation is required for a DCP?

The amendment documentation must include the explanatory report for the amendment.

The explanatory report should be sufficiently detailed to enable stakeholders to understand the effect of the introduction of the DCP as exhibited. It should include the following information:

- amount of levies
- when the levies will be applied
- the type, timing and location of infrastructure to be provided, and
- the timeframe of the DCP.

In preparing the amendment documentation, please refer to the following publications:

- [Preparing the documentation for a planning scheme amendment (May 2002)]
- [General Practice Note – Strategic assessment guidelines for planning scheme amendments (November 2001)]
- [VPP Practice note on incorporated and reference documents (August 2000)]
- [VPP Practice note on writing schedules (May 2000)]
- [VPP Practice note on using maps in planning schemes (May 2000)]
- [Ministerial Direction - The Form and Content of Planning Schemes (October 2002)]
- [Using Victoria's Planning System], and
- [Planning: A Short Guide].

Establishing an accounting and payment tracking system

The council is responsible for the collection and management of levies through a DCP. This section provides information about:

- [What are the council's financial responsibilities for a DCP?]
- [What does an effective accounting and payment tracking system involve?]
- [When should the accounting and payment tracking system be established?]
- [What should the accounting and payment tracking system deliver?], and
- [What are the council's options for unspent funds?].

What are the council's financial responsibilities for a DCP?

Once the DCP is in the planning scheme, the council is responsible for the financial management of the DCP. Specific requirements are set out in section 46Q of the Planning and Environment Act 1987 (the Act).

This involves:

- administering the accounting and payment tracking systems
- ensuring that due payments are made
- monitoring and reporting on the financial aspects of the DCP on an annual basis in council's annual report
- comparing the expected and actual cash flow
- advising council well in advance about expected expenditure for an infrastructure project in the DCP
- advising council well in advance when additional funds will be necessary from other sources to provide the infrastructure item
- collecting on behalf of and forwarding levies to State Government agencies, where the DCP includes infrastructure provided by the agency
- satisfying financial audit standards, and
- managing unspent funds.

What does an effective accounting and payment tracking system involve?

An effective accounting and payment tracking system is essential to support a DCP.

This involves:

- accounting for levies collected separately to differentiate them from other sources of funding
- demonstrating that the levies have been spent on the infrastructure projects they were collected to fund
- recording the payment of levies against property records to ensure levies are not collected twice from the same property, and
- recording the payment of levies against property records to ensure unspent funds can be returned to the current owners of the land, if necessary.

When should the accounting and payment tracking system be established?

As part of its corporate decision to prepare a DCP, a council should take steps to develop an accounting system that provides the information necessary to administer the DCP. Ideally, the system would integrate with council's existing property records and financial information systems. The accounting and payment tracking systems must be operational when the amendment is approved and the DCP becomes part of the planning scheme.

What should the accounting and payment tracking system deliver?

The accounting and payment tracking systems must be capable of:

- establishing one account per DCPO schedule (charge area) as a minimum requirement
- providing details for which individual infrastructure projects levies have been paid
- allocating the payment received against the relevant DCPO schedule
- matching the payment of the levy with the relevant property
- matching the payment to a particular planning or building permit
- recording the amount and date of individual payments
- issuing receipts for payments
- recording when works are provided by the developer in lieu of payment of a levy
- allowing for upfront payment for an infrastructure project by one developer and reimbursement as other payments are made over time
- notifying council if a payment has not been made by the due date, and
- presenting on an annual basis what levies have been collected for the year per DCPO schedule area and what funds have been spent delivering infrastructure projects.

What are the council's options for unspent funds?

Section 46Q(4) of the Act sets out the provisions that apply in the event that the funds collected have not been spent within the period required by the approved DCP.

Within 6 months after the end of that period the council must consider and implement one of the following options:

- pay the amount to the current owners of the land in the area with the consent of the Minister for Planning
- prepare an amendment to the approved DCP that provides for the expenditure of that amount and submit it to the Minister for Planning for approval, or
- expend that amount for the provision of other infrastructure in that area with the consent of the Minister for Planning.

Depending on the delivery date nominated in the approved DCP, the 6 month period may be calculated from the:

- end of the year specified for delivery of the infrastructure project
- date that the threshold nominated in the DCP is reached, or
- end date of the DCP time frame.

Implementing a DCP

Introduction

Once the DCP is part of the planning scheme and the Development Contributions Plan Overlay (DCPO) and schedule is in operation, the responsible authority (usually council) can apply the infrastructure levies to new development in accordance with the schedule. The infrastructure levies are collected through the planning permit and building permit processes.

This section provides information about:

- [Calculating the infrastructure levies payable for a new development]
- [Using the planning permit process to collect development infrastructure levies]
- [Enforcing the payment of levies collected through the planning permit process]
- [Collection of development infrastructure levies when no planning permit is required]
- [Using the building permit process to collect community infrastructure levies], and
- [Enforcing the payment of levies collected through the building permit process].

Calculating the infrastructure levies payable for a new development

This section explains how to calculate the levy payable for a particular development.

The basis for calculating the levy payable is documented in the planning scheme. It is found in the relevant schedule to the Development Contributions Plan Overlay (DCPO) that applies to the land to be developed.

Process

Complete the following tasks.

Task	Description
1	Check the planning scheme maps to confirm that the DCPO applies to the land subject to the planning permit or building permit application, and note the schedule number.
2	Check whether a levy is payable for the proposed development by referring to any exemption identified in the relevant DCPO schedule.
3	Determine whether a development or community infrastructure levy is payable for the proposed development. The schedule will specify the types of development that will be charged for one or both types of levy. This may be related to whether the proposed application involves a residential or a non-residential land use.
4	Determine from the schedule whether indexation applies to the levy and calculate the indexed levy by using the [Formula to adjust levies in accordance with the specified index]. For more information, go to [Guidelines for adjusting infrastructure levies in accordance with the specified index].
5	Check the schedule to determine the demand units used for charging the levy. For example the demand units could be per dwelling, per lot, per square metre of additional site coverage or impervious surface.
6	Consider the development proposal and determine what is proposed relative to the demand units i.e. the number of additional dwellings, the number of additional lots, the additional square metre of site coverage or area of impervious surface.
7	For residential development apply the [Formula to calculate the infrastructure levy payable for the development]. For non-residential development, you may need to apply the applicable equivalence ratio set out in the schedule to calculate the number of demand units proposed by the application. For more information, go to [Formula for using an equivalence ratio to calculate the number demand units for a non-residential development proposal and the levy payable].
8	Repeat Tasks 3-7, if more than one type of infrastructure levy applies.
9	Collect the development infrastructure levy by including the levy payable in a planning permit condition. Collect the community infrastructure levy by ensuring that the applicant for the building permit pays the levy prior to the appointed building surveyor issuing the building permit.

Guidelines for adjusting infrastructure levies in accordance with the specified index

The infrastructure levies in the DCPO schedule should be adjusted according to the specified index on an annual basis at the beginning of each new financial year within the timeframe of the DCP.

The specified index in the schedule may be:

- set at a particular annual rate
- reference the consumer price index (CPI) All Groups table as set out in the Australian Bureau of Statistics publication 'Consumer Price Index Australia 6401.0', or
- reference another relevant annual index such as a construction cost index or building materials cost index.

If using the CPI or another annual index, select the June quarter index figure for Melbourne in the financial year that the DCP was approved, and the June quarter index figure for the financial year for which you are calculating.

Formula to adjust levies in accordance with the specified index

To calculate the indexed levy for any year after the first financial year the DCP is approved use the following formula:

(Original levy calculated in the DCP x by the index figure for the year you are calculating) divided by the index figure for year 1 of the DCP = Indexed DCP levy for year n of the DCP.

Example:

Calculate the year 4 indexed charge for development infrastructure in charge area 1.

Original development infrastructure levy in charge area 1	\$1,406.77 per demand unit
Specified index in year 1 of DCP operation	119.9
Specified index in year 4 of DCP operation	133.0

$$(\$1,406.77 \times 133) / 119.9 = \$1,560.47$$

The levy payable for development infrastructure in charge area 1 in year 4 of the DCP is \$1,560.47 per demand unit.

Formula to calculate the infrastructure levy payable for the development

Indexed infrastructure levy per demand unit x Number of demand units proposed in the application = Levy payable for the development

Example:

In year 1 of the DCP, a medium density housing development involving the construction of 5 dwellings requires a planning permit on land that is subject to a DCPO requiring payment of a development infrastructure levy for a retarding basin (i.e. it falls into charge area 1). In this case, the demand unit is an equivalent dwelling.

Indexed infrastructure levy per demand unit in charge area 1 for year 1	\$1,406.77 (i.e. year 1 charge)
Number of demand units proposed in the application	5 dwellings

$\$1,406.77 \times 5 = \$7,033.85$.

The levy payable for the development is \$7,033.85.

Formula for using an equivalence ratio to calculate the number demand units for a non-residential development proposal and the levy payable

(Amount of development divided by the applicable equivalence ratio) x indexed infrastructure levy payable per demand unit = Levy payable for the non-residential development proposal

Example:

In year 4 of the DCP (2005), a retail development is proposed on a 698m² site that falls into charge area 1. Due to the DCPO that applies to this land, a condition of the planning permit will be that the development proponent pays the applicable development infrastructure levy for the retarding basin that is to be constructed in the creek line (i.e. D001).

To calculate the levy payable, it is necessary to convert the 698 square metres of retail site area into the relevant demand unit (in this example 'equivalent dwellings' are the demand units being used). This conversion is achieved by applying the relevant equivalence ratio specified in the schedule to the DCPO. In this example, the [standard equivalence ratios] apply.

Retail site area in square metres	698
Equivalence ratio for retail development	300 m ² of site area = 1 demand unit
Indexed development infrastructure levy per demand unit for year 4 (Refer to Step 4)	\$1,560.47 (i.e. the permit application occurs in year 4 of the DCP)

$(698 \text{ divided by } 300) \times \$1,560.47 = \$3,630.69$

\$3,630.69 is the levy payable for the 698 square metres of retail site area.

Using the planning permit process to collect development infrastructure levies

The Planning and Environment Act 1987 provides that the requirement to pay a development infrastructure levy in accordance with a DCP must be specified in a condition on the planning permit.

The planning permit condition may require the applicant to either:

- pay the levy by a certain date
- pay the levy prior to being issued a building permit under the Building Act 1993 or Statement of Compliance under the Subdivision Act 1988, or
- enter into an agreement regarding the timing and staging of payments, or provide works-in-kind to meet requirements.

The planning permit conditions must be complied with if the development is to proceed, otherwise the responsible authority can take steps to enforce the conditions.

When a planning permit has been issued with a condition requiring payment of a development infrastructure levy, the requirement for a payment should be registered on council's accounting and payment tracking system.

Enforcing the payment of levies collected through the planning permit process

If the council becomes aware that a payment in accordance with a planning permit condition has not been made, the council may send a letter to the owner and occupier of the land requesting compliance with the condition within a certain timeframe (for example 14 days).

If the levy remains unpaid, the council may take steps that are necessary to secure payment and compliance with the planning permit condition.

The options available are to:

- serve a planning infringement notice (section 130 of the Act)
- apply to the Victorian Civil and Administrative Tribunal (VCAT) for an enforcement order (section 114 of the Act)
- start prosecution proceedings through the Magistrates Court (sections 26 and 27 of the Magistrates' Court Act 1989), or
- commence council's established debt collection procedures (section 46Q(5) of the Act).

To obtain more information about general planning permit enforcement procedures under the Act, refer to the Department of Infrastructure's publication [Using Victoria's Planning System].

Further assistance can be found in the VCAT publication, Practice Note Planning List (No.4) – Enforcement Orders and Interim Enforcement Orders.

Collection of development infrastructure levies when no planning permit is required

In some cases, a planning permit will not be required for new development that is subject to the DCP. In this case an alternative method of collection will be provided for in the approved DCP. The council will have addressed this circumstance as part of the preparation of the DCP.

Refer to the approved DCP to confirm and apply the required collection method when a development infrastructure levy applies, but a planning permit for the new development is not required.

One alternative method that may be used and documented in the approved DCP is the collection of the development infrastructure levy through the building permit process. There may be other options documented in the approved DCP.

Using the building permit process to collect community infrastructure levies

The Planning and Environment Act 1987 requires the building permit applicant to pay the community infrastructure levy prior to the building permit being issued.

Before issuing a building permit, the building surveyor must check whether the building permit applicant has:

- paid the community infrastructure levy, or
- entered into an agreement with the council to pay the levy at a later date.

A developer may, by agreement with the council, either pay or provide works-in-lieu to meet the community infrastructure levy at the planning permit stage.

In order for the building surveyor to ensure that the payment has been made, it is necessary to check:

- whether a community infrastructure levy is payable
- the amount of the levy due, and
- the receipt provided to the applicant by council that shows that the correct levy has been paid.

The building surveyor should obtain this information in writing from the council. The building surveyor can proceed to issue the building permit if satisfied that the levy has been paid.

When a building surveyor seeks information from the council about the community infrastructure levy payable in relation to a particular building permit application, the requirement for a payment should be registered on council's accounting and payment tracking system.

Enforcing the payment of levies collected through the building permit process

If the council becomes aware that the building permit was issued and the payment has not been made, the council may send a letter to the owner the land and the applicant for the building permit requesting payment within a certain timeframe (for example 14 days).

If the infrastructure levy remains unpaid, the council may take steps to secure payment through council's established debt collection procedures, and if necessary start prosecution proceedings through the Magistrates Court or court of competent jurisdiction (section 46Q(5) of the Planning and Environment Act 1987).

The council may advise a building surveyor who issued a building permit without first ensuring the payment of the levy of their responsibilities under section 24(5) of the Building Act 1993.

Reviewing a DCP

This section provides information about:

- [Monitoring and reviewing a DCP]
- [Unspent funds], and
- [Altering a DCP].

Monitoring and reviewing a DCP

The council has a responsibility to monitor the DCP on annual basis and to review the DCP every three years as part of the review of the planning scheme.

The annual monitoring of a DCP will involve:

- tracking the financial aspects of the DCP including levies collected and spent, cash flow, unspent funds, etc
- identifying the need for additional funding from other sources if the funds collected through the DCP are not enough to provide an expected infrastructure project in the DCP
- requesting budget for capital expenditure in the upcoming 12 month period
- comparing the actual cost of infrastructure projects compared to the expected cost specified in the DCP.

The three year review will involve identifying any changes to the DCP resulting from:

- a review of the municipality's strategic planning framework
- an unexpected change in planning circumstances related to development or policy
- a mismatch between the actual/emerging needs of the community compared to the expected needs outlined in the DCP, and
- a change in the expected timing and quantum of new development that formed the basis of the approved DCP.

Towards the end of the DCP timeframe, the council should consider whether it is appropriate to prepare a new DCP:

- with all new infrastructure projects for the area
- that includes infrastructure projects part-funded through a previous DCP, or
- that includes infrastructure projects to be funded from unspent funds collected from the current approved DCP.

As a result of the regular monitoring and review of an approved DCP over its life, a council may decide that a change to the DCP is required and could be justified. Any change to an approved DCP will require an amendment to the planning scheme.

Unspent funds

Section 46Q(4) of the Act sets out the provisions that apply in the event that the funds collected have not been spent within the period required by the approved DCP.

Within 6 months after the end of that period the council must consider and implement one of the following options:

- pay the amount to the current owners of the land in the area with the consent of the Minister for Planning
- prepare an amendment to the approved DCP that provides for the expenditure of that amount and submit it to the Minister for Planning for approval, or
- expend that amount for the provision of other infrastructure in that area with the consent of the Minister for Planning.

Altering a DCP

Once the DCP is incorporated into the planning scheme, any change to the content of the DCP will require a new amendment to the planning scheme.

Guidelines for altering a DCP

For an existing approved DCP that a council wants to change, there is scope for the council to make limited adjustments to the calculations without having to prepare a completely new DCP. In these cases, changes can be made on the basis of the calculation process and apportionment principles that applied at the time the DCP was originally prepared and approved.

This opportunity is limited to small scale changes to the DCP, such as the:

- deletion of infrastructure projects, or
- increase of estimated costs for the infrastructure projects that are already in the DCP, and
- resulting change in infrastructure levies.

Existing approved DCPs prepared by principles different to those in the guidelines should not be extended once the DCP timeframe expires. Extensions to the timeframe for an approved DCP should be assessed in accordance with the principles contained in these guidelines.

If an amendment to an existing DCP is proposed, it is necessary to set out in the Explanatory Report for the amendment:

- what change to the DCP is proposed
- the reasons why the change is necessary including its strategic justification, and
- the implications of the change in terms of the type of infrastructure, the cost and timing of its provision and any change to the levy.

The amendment will follow the usual amendment processes.

Site utilities

Glossary

This glossary contains commonly used development contribution terms and their meaning.

Click on any of the following to browse the glossary by letter.

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Term	Explanation
analysis area	An analysis area is a small geographic unit that is used as the basis for collecting and quantifying information about existing and future development.
approved DCP	See [approved development contributions plan]
approved development contributions plan	An approved DCP means a DCP that forms part of a planning scheme. The Minister for Planning has to approve an amendment to the planning scheme in order to incorporate a DCP. In approving the amendment to incorporate a DCP in the planning scheme, the Minister approves the DCP.
building	The Planning and Environment Act 1987 defines the term building to include: <ul style="list-style-type: none"> • a structure and part of a building or a structure; and • fences, walls, out-buildings, service installations and other appurtenances of a building; and • a boat or a pontoon which is permanently moored or fixed to land.
capital cost	The capital costs for an infrastructure project means expenditure incurred by: <ul style="list-style-type: none"> • constructing new infrastructure, and • extending the economic life of an existing asset, where the cost required would be equal to or greater than the cost that was required to provide the asset in the first instance.
CCD	See [census collector districts]
census collector districts (CCDs)	Census collector districts (CCDs) are defined by the Australian Bureau of Statistics for the purpose of collecting and analysing census information. They are the smallest geographical area for which statistics such as dwelling numbers are available (most CCDs consist of around 200-300 dwellings). They can be used as the basis for defining analysis areas.
charge area	A charge area is an area where the same infrastructure levies apply to all demand units. The purpose of creating charge areas is to simplify how infrastructure levies are applied within the planning scheme. Defining charge areas relates directly to the requirements of the Development Contributions Plan Overlay in the Victoria Planning Provisions. Charge areas are created by aggregating analysis areas with common levies for common infrastructure projects.

community infrastructure	<p>Community infrastructure describes a classification of infrastructure projects for the purposes of calculating and charging the community infrastructure levy.</p> <p>It includes the construction of a building or facility used for a community or social purpose, but does not include the land on which the facility or building is constructed. The land acquisition is classified as development infrastructure.</p> <p>It does not include:</p> <ul style="list-style-type: none"> the acquisition of land for community facilities, or the construction of maternal and child health care centres, child care centres, preschools, and multi-purpose community meeting facilities. <p>These are classified as development infrastructure.</p>
community infrastructure levy	<p>Community infrastructure levies are charged through an approved DCP for community infrastructure. They are collected at the building permit stage and are capped at:</p> <ul style="list-style-type: none"> \$450 per dwelling, and 0.25 cents in the dollar of the cost of the building work in any other case.
CPI	See [consumer price index]
consumer price index (CPI)	<p>The weighted average cost of a standard basket of retail goods expressed in relation to a base period. This is usually expressed as a figure above a base of a 100 percent. For example, in June 2002 the CPI was 136.9 percent. The figures for each year are available in the Australian Bureau of Statistics publication 'Consumer Price Index Australia 6401.0'.</p>
cross-subsidy	A cross-subsidy occurs when developments are charged for infrastructure that they will not use.
DCP	See [development contributions plan]
DCPO	See [Development Contributions Plan Overlay]
demand unit	<p>A demand unit is an individual unit that provides the basis on which infrastructure levies are calculated.</p> <p>Converting the development into demand units enables common units to be used to calculate the total demand for infrastructure generated by all land uses.</p>
developable land	<p>A hectare of developable land is one type of demand unit that can be selected when preparing a DCP.</p> <p>Developable land is land that can be converted to urban purposes, and includes those uses that are usually associated with the establishment of an urban community such as all aspects of residential, commercial and public use.</p> <p>It does not include land subject to some form of development control such as an easement or an Environmental Significance Overlay, which would not be charged infrastructure levies.</p>

development	<p>The term development is used in two ways in the guidelines depending on the context.</p> <p>Development is defined in the Planning and Environment Act 1987, as including the:</p> <ul style="list-style-type: none"> (a) construction or exterior alteration or exterior decoration of a building, and (b) demolition or removal of a building or works, and (c) construction or carrying out of works, and (d) subdivision or consolidation of land, including buildings and airspace, and (e) placing or relocation of a building or works on land, and (f) construction or putting up for display of signs and hoardings. <p>Development is also used to describe the amount of area that:</p> <ul style="list-style-type: none"> • has been already developed for a particular land use (i.e. existing development), • is likely to experience future growth or expansion in certain types of land use (future, new or projected development).
development contributions plan (DCP)	<p>A development contributions plan (DCP) is a mechanism used to levy new development for contributions to fund planned infrastructure that will be needed by the future community.</p>
Development Contributions Plan Overlay and schedule	<p>An approved DCP should be implemented through the Development Contributions Plan Overlay (DCPO) and schedule, as provided for in the Victoria Planning Provisions.</p> <p>The Development Contributions Plan Overlay indicates the area covered by the DCP. The schedule indicates the infrastructure levies that apply in a particular area.</p>
development infrastructure	<p>Development infrastructure describes a classification of infrastructure projects for the purposes of calculating and charging the development infrastructure levy.</p> <p>The following works, services or facilities may be funded from a development infrastructure levy:</p> <ul style="list-style-type: none"> • acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list • construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices • construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops • basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment • drainage works, and • buildings and works for or associated with the construction of maternal and child health centers, child care centers, kindergartens, or any center which provides these facilities in combination. <p>Levies for development infrastructure projects are generally collected through the planning permit process.</p>

development infrastructure levy	Infrastructure levies calculated and charged for development infrastructure projects generally collected through the planning permit process.
DU	See [demand unit]
equivalence ratio	<p>Equivalence ratios are used to convert estimates of existing and future development into common units (demand units) to enable the total demand for an infrastructure project to be added up. They also enable the appropriate infrastructure levy payable for an individual development proposal to be calculated once the DCP has been incorporated into the planning scheme.</p> <p>Equivalence ratios are expressed as the quantum of land use that generates the equivalent amount of usage as one demand unit. For example, for road infrastructure, 19m² of retail floor space = 1 dwelling = 1 demand unit.</p> <p>These ratios will differ depending on the infrastructure item.</p>
ER	See [equivalence ratio]
external usage	The proportion of usage drawn from outside the main catchment area.
facilities	Facilities are buildings constructed for a specific public purpose(s) and the land which is needed to accommodate the buildings. Services are generally carried out from facilities.
FCA DCP	See [full cost apportionment development contributions plan]
full cost apportionment development contributions plan (FCA DCP)	An FCA DCP is a DCP prepared using the full cost apportionment method of calculating levies. The full cost apportionment method is explained in detail in [Preparing a DCP].
future community	The total population or development that is expected to live or occur in an area within the timeframe of the DCP. It includes both existing and projected new development.
future usage	The proportion of usage generated by future development expected beyond the timeframe of the DCP from inside and outside the main catchment area.
infrastructure project	<p>An infrastructure project is a description of activities or outputs required to provide an item of infrastructure that is needed by the community.</p> <p>DCPs are prepared in order to charge new development for the provision of one or more infrastructure projects.</p> <p>An infrastructure project can involve:</p> <ul style="list-style-type: none"> • the acquisition of land • the construction of a building or works, and/or • land forming and landscaping. <p>The Planning and Environment Act 1987 uses the terms works, services and facilities to describe infrastructure projects.</p>
MCA	See [main catchment area]
main catchment area	The main catchment area (MCA) is the area from which an infrastructure project will draw all or most of its usage. The MCA must be identified for each infrastructure project.
nexus	The reasonable connection between the development and infrastructure that will be provided. This connection is demonstrated by the likelihood that new development will use the infrastructure to be provided.

Planning and Environment Act, 1987	The [Planning and Environment Act, 1987] establishes a framework for planning the use, development and protection of land in Victoria in the present and long-term interest of all Victorians.
planning authority	Any person or body that is given power under section 8 of the Planning and Environment Act 1987 to prepare a planning scheme or an amendment to a planning scheme.
Printer friendly version	Displays the content area of the webpage in a new browser window with all website navigation tools removed, for example section tabs, left menu and breadcrumb trail. This means the content area will print on A4-sized paper.
RA	See [responsible authority]
recurrent cost	Recurrent costs are those costs which occur repeatedly or periodically, such as maintenance costs or operational costs.
responsible authority (RA)	The person who is responsible for the administration or enforcement of a planning scheme or provision of a planning scheme under the Planning and Environment Act 1987.
services	Services are activities carried out from facilities for the care and benefit of residents.
standard equivalence ratios	Standard equivalence ratios are generic [equivalence ratios] provided in the guidelines for the purposes of calculating and charging infrastructure levies. These ratios can be varied to more accurately reflect local circumstances and patterns of infrastructure usage.
voluntary agreements	<p>A voluntary agreement is an agreement between landowners, the council and other parties for the provision of infrastructure, at the time a development proposal is considered.</p> <p>An agreement can be used to place an obligation on the parties to:</p> <ul style="list-style-type: none"> • provide infrastructure, and/or • pay for infrastructure. <p>Entering into an agreement for development contributions requires all parties to freely and voluntarily agree to commit to their obligations, as set out in the agreement. Therefore, the establishment of a voluntary agreement cannot be a requirement of a planning scheme amendment or planning permit.</p> <p>Voluntary agreements provide an alternative mechanism to a DCP for obtaining development contributions towards infrastructure provision.</p>
works	The Planning and Environment Act 1987 defines the term works to include any change to the natural or existing condition or topography of land including the removal, destruction or lopping of trees and the removal of vegetation or topsoil.

Development Contributions site map

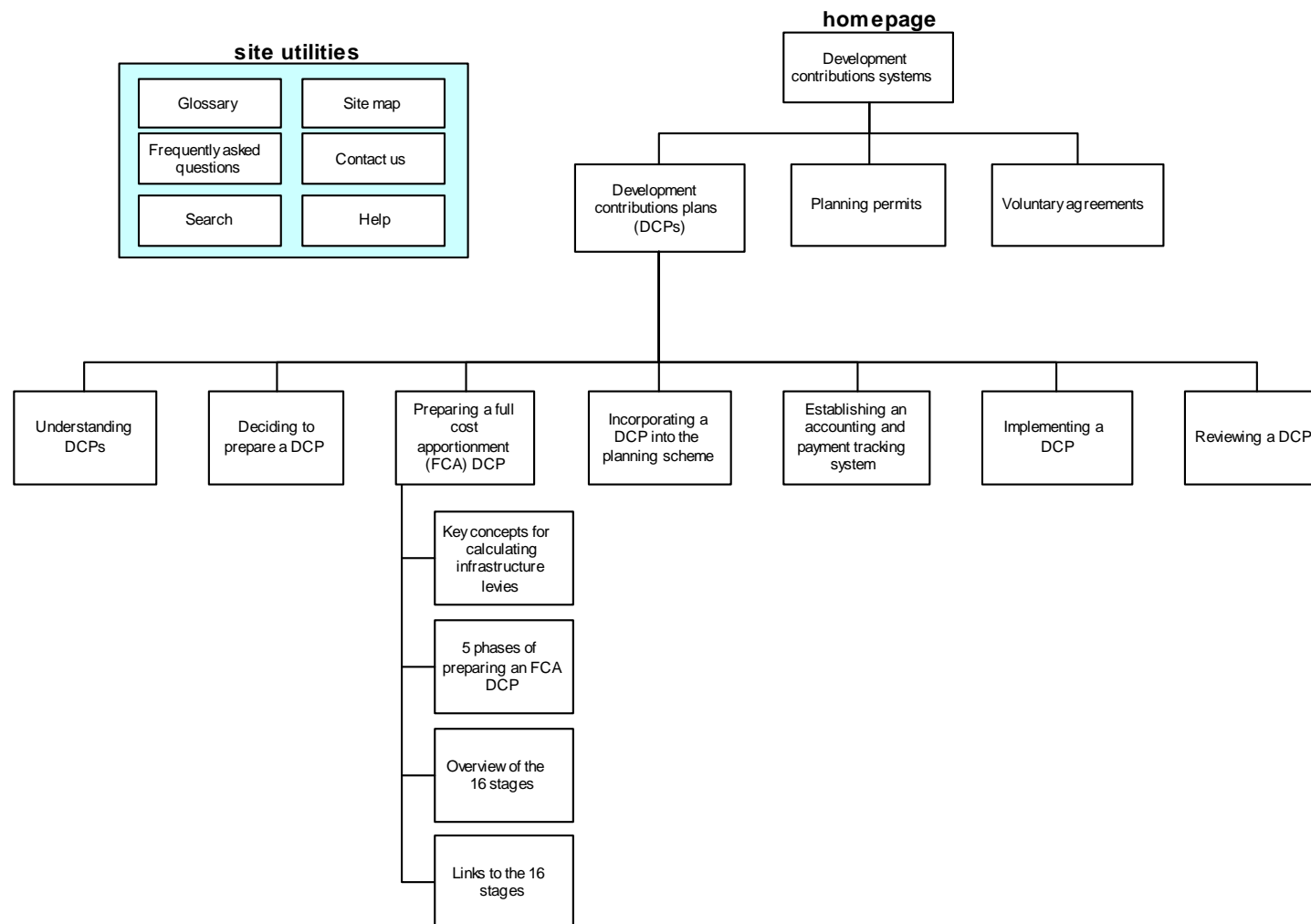
This page contains two versions of the Development Contributions site map. The first version is a [graphical representation] of the site. Following the graphical representation is a text-based version of the site map.

Graphical representation of the site map

The graphical representation of the site is a high level view of how information is organised in the [Development Contributions Guidelines (DCG) website].

You can move to and select the topics and site utilities directly from this page by:

- moving your mouse over the diagram below, then clicking on the topic you want to view, or
- tabbing through the topics in the diagram below, then pressing <Enter> to select the topic you want to view.



Text-based representation of the site map

[Development contributions system]

- [Development contributions plans (DCPs)]
 - [Understanding DCPs]
 - [Deciding to prepare a DCP]
 - [Preparing an FCA DCP]
 - [Key concepts for calculating infrastructure levies]
 - [5 phases of preparing an FCA DCP]
 - [Overview of the 16 stages of preparing an FCA DCP]
 - [Links to the 16 stages of preparing an FCA DCP]
 - [Incorporating the DCP into the planning scheme]
 - [Establishing an accounting and payment tracking system]
 - [Implementing a DCP]
 - [Reviewing a DCP]
- [Planning permits]
- [Voluntary agreements]

Site Utilities

- [Glossary]
- [Frequently asked questions FAQs]
- [Search]
- Site map
- [Contact us]
- [Help]

FAQs

This is the list of Frequently Asked Questions (FAQs) about development contributions.

Browse the following categories to see answers to Frequently Asked Questions:

- [\[New FAQs\]](#)
- [\[Contacting us\]](#)
- [\[Printing\]](#)

New FAQs

To find the answer to any of the following frequently asked questions, click on the question. Clicking on the link will take you to the relevant content within the Development Contributions Guidelines (DCG) website.

Voluntary agreements

- [\[What are voluntary agreements?\]](#)
- [\[When can a voluntary agreement be used?\]](#)

Conditions on planning permits

- [\[When is it appropriate to use a planning permit condition for the payment or provision of infrastructure?\]](#)
- [\[When is it inappropriate to use a planning permit condition for the payment or provision of infrastructure?\]](#)DCPs

DCPs

Understanding DCPs

DCP Basics

- [\[What is a development contributions plan \(DCP\)?\]](#)
- [\[What are the principles of a DCP?\]](#)
- [\[Who can prepare a DCP?\]](#)

Including infrastructure projects in a DCP

- [\[What infrastructure projects can be included in a DCP?\]](#)
- [\[What justification is required for infrastructure projects to be included in a DCP?\]](#)
- [\[What sorts of infrastructure projects should be classified as development infrastructure?\]](#)
- [\[What sorts of infrastructure projects should be classified as community infrastructure?\]](#)
- [\[What costs can be included in a DCP?\]](#)

DCP requirements and good practice

- [\[What are the requirements of the Act?\]](#)
- [\[What will be considered through the planning scheme amendment process?\]](#)
- [\[What is good practice?\]](#)

Considerations before preparing a DCP

- [\[What are the advantages of using a DCP?\]](#)
- [\[What should be considered before preparing a DCP?\]](#)

Preparing an FCA DCP

- [How do I prepare a DCP?]

Incorporating a DCP into the planning scheme

- [What is an approved DCP?]
- [Why is an amendment to the planning scheme required?]
- [What Victoria Planning Provisions tools should be used to give effect to the DCP?]
- [What amendment documentation is required for a DCP?]

Establishing an accounting and payment tracking system

- [What are the council's financial responsibilities for a DCP?]
- [What does an effective accounting and payment tracking system involve?]
- [When should the accounting and payment tracking system be established?]
- [What are the council's options for unspent funds?]

Implementing a DCP

- [How do I adjust the levies in accordance with the specified index?]
- [How do I calculate the infrastructure charges for a particular project?]
- [How do I collect development infrastructure levies?]
- [How do I collect development infrastructure levies when no planning permit is required?]
- [How do I collect community infrastructure levies?]
- [How do I enforce the payment of infrastructure levies collected through the planning permit?]
- [How do I enforcement the payment of infrastructure levies collected through the building permit process?]

Reviewing a DCP

- [How often should council monitor and review the DCP?]
- [How do I alter a DCP?]

Contacting us

If you need:

- further information about development contributions, please contact your [local DOI regional office]
- help in using this website, you can visit our:
 - [Help page], or
 - [Contact details] for further help.
- to send us feedback about this website, visit the [feedback section] on our Contact details page.

Printing

Can I print a copy of the whole website?

The Development Contributions Guidelines has been designed to be used as an online reference. While we haven't provided a print version of the whole website, you can print each page on a page-by-page basis.

How do I print a single webpage?

For more information about printing a webpage, see [Help].

Contact us

Department of Infrastructure (DOI) welcomes your comments, questions and suggestions. Please include your relevant contact details (full name and post or email address) when contacting us. We adhere to our [privacy statement] when resolving all DOI correspondence.

Please contact us:

- [For queries about development contributions]
- [For help using this website or to send feedback]

For queries about development contributions

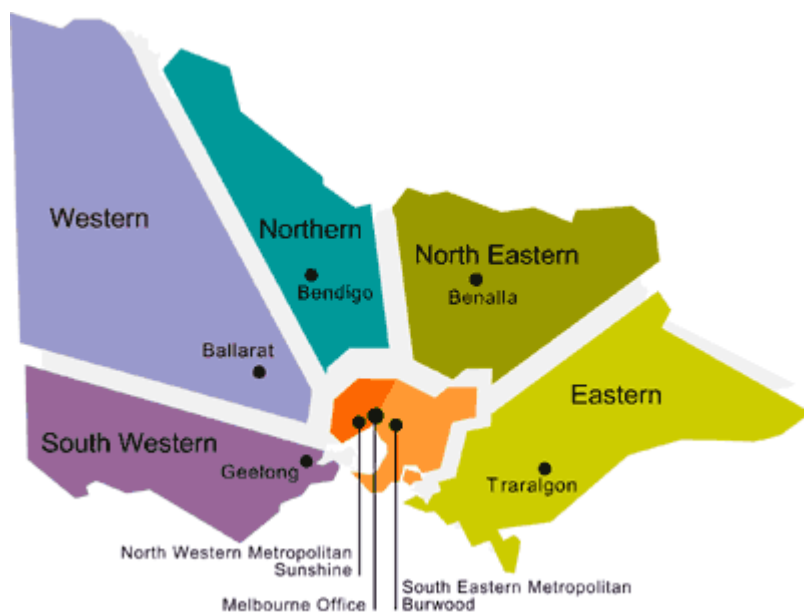
To find information about the development contributions system, please read our [Frequently Asked Questions (FAQs)].

If you cannot find an answer to your questions, please contact your [local regional office].

If you would like to be notified whenever there are changes to the Development Contributions Guidelines, please [join our mailing list].

DOI regional offices

For information and contact details of the regional office nearest you, click on the relevant section of this map.



[Eastern - Traralgon] | [Northern - Bendigo] | [North Eastern - Benalla] | North West Metropolitan - Sunshine]

[South Western - Geelong] | [South East Metropolitan - Burwood East] | [Western - Ballarat] | [Head Office - Melbourne]

For help using this website or to send feedback

If you need assistance using this website, and have read our [Help] page, please contact the [Policy Development Unit].

To provide feedback on this website, or if you have any other queries, please contact the [Policy Development Unit].

Policy Development Unit (DOI Melbourne office)

Electronic

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Help

This section provides you with help to use the Development Contributions Guidelines website (DCG). It contains help about:

- [How each webpage is organised]
- [Finding information]
- [Printing a webpage]
- [Accessibility]
- [Site navigation using a keyboard only]
- [Browsers]
- [Multilingual and translation services]

How each webpage is organised

The following diagram is of a standard webpage in the DCG website. Each webpage will have:

- [links to site utilities]
- a [breadcrumb trail]
- [content area], which may contain hypertext links, and
- a [footer].

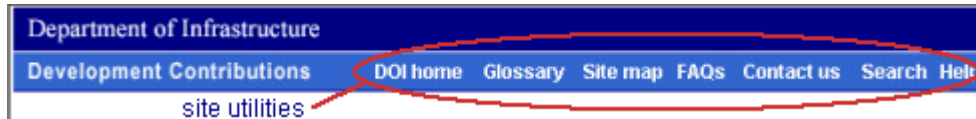
A page may have:

- [section tabs], and
- a [left menu].



Links to site utilities

Links to site utilities appear in the banner area at the top of every webpage. All site utilities (except DOI home) are for the DCG website only.



The following table describes what happens when you click on each site utility link.

Click on...	To open a new window containing...
DOI home	The DOI Internet homepage. The DOI Internet website is separate from the DCG website.
Glossary	A glossary of development contributions terms and meanings.
Site map	A site map of the DCG website.
FAQs	Frequently asked questions about development contributions and the DCG website.
Contact us	Contact details for the DCG website.
Search	A search page that enables you to search for a word or phrase within the DCG website.
Help	Information to help you use the DCG website.

Breadcrumb trail

The breadcrumb trail appears on each webpage, just below the banner at the top of each webpage.



The breadcrumb trail:

- shows you where the current page is located in the structure of the website
- displays the webpages you moved through to get to the current webpage; these make up the closest direct path back to the homepage, and
- enables you to jump directly to the webpages within the path by clicking on their name in the trail.

Content area

The content area contains the general content. There may be hypertext links within the content. Links provide an easy way to quickly move to detailed information. Hypertext links may be for information that is part of the DCG website or external to the DCG website.

If the link takes you to information that is specific to the webpage, then the link content is somewhere on the same webpage. When you select the link, the webpage will automatically scroll (up or down) to the link's content.

If the link takes you to information that is external to the website, a new browser window will open and the link content will be displayed in it. When you have finished reading the content in the new browser window, you should close it to return to the DCG website.

Button links

There are three main button links that may be on a webpage. These button links move you to a location within the webpage. The following table describes each link.

Click on...	To jump...
▲ top of page	to the top of the current webpage.
▲ return to process	back to the process task to which the currently displayed information relates.
▲ return to topic	back to the topic to which the current information relates.

Footer

The footer appears at the bottom of each webpage in the website. The footer contains links to useful information, such as the site disclaimer. The links in the footer are for the DOI Internet website, not for the DCG website.

Use the [site utilities] at the top of the page if you need a site map, help or contact details for the DCG website.



The footer contains links to useful information, such as the site disclaimer.

Section tabs

Section tabs appear on all webpages except for site utility pages. When section tabs appear, they appear just below the breadcrumb trail.

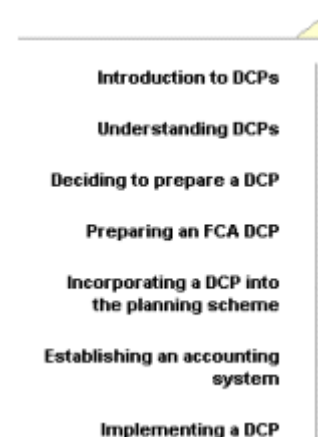


Each section tab is a link to the main sections of the DCG website. The following table describes each section tab.

Section tab...	Links to...	Description
Development contributions	DCG homepage	Introduction to the DCG website.
DCPs	Development contributions plans	Information about: <ul style="list-style-type: none"> what a development contributions plan (DCP) is when a DCP should be used, and step-by-step processes for preparing a DCP and implementing it in the planning scheme.
Planning permits	Conditions on planning permits	High level information about the use of conditions on planning permits to obtain development contributions.
Voluntary agreements	Voluntary agreements	High level information about the use of voluntary agreements to obtain development contributions.

Left menu

When the left menu appears, it appears on the left of the webpage.



The left menu appears when the selected tab has more than one menu item. For example, the left menu appears when the DCPs tab is selected. The menu items displayed are specific to DCPs.

There may be up to three levels of menu items in the left menu. If a main menu item contains submenus, the submenu items will be displayed when you select the main menu item.

For example, in the DCPs section, selecting 'Preparing a FCA DCP' will display its four submenu items:

- Key concepts for calculating infrastructure levies
- 5 phases of preparing an FCA DCP
- Overview of the 16 stages, and
- Links to the 16 stages.

Finding information

There are two main ways of finding information in the Development Contributions Guidelines (DCG) website:

- [Site map]
- [Search facility]

Site map

The [Site map] provides a high level view of how information is organised in the DCG website. You can jump to the major topics by clicking on them in the site map.

Search facility

Each topic in the DCG website is fully text referenced. This enables you to search for content by typing a word, phrase, or string of words into the [Search] facility.

Printing a webpage

Use the following instructions to print a webpage from this website.

Step	Action
1	Display the webpage to be printed.
2	Click on the 'Printer friendly version' link (at the bottom of the page just above the footer). Result: The content area of the webpage is displayed in a new browser window.
3	Select the 'Print' option from the File menu. Result: The Print dialog box displays.
4	Set the printing options as required.
5	If you use: <ul style="list-style-type: none"> • Netscape, click on the OK button. • Internet Explorer, click on the Print button. Result: The webpage is printed.

Accessibility

This website has been designed with reference to the W3C accessibility guidelines.

Accessibility features on the site include:

- use of alternative text for images
- meaningful titles for tables
- use of bulleted or numbered lists

- limited use of layout tables
- limited use of Javascript
- limited use of PDF files

For further information about W3C accessibility guidelines, see the [W3C homepage].

Site navigation using a keyboard only

The following keyboard shortcuts apply to Microsoft Internet Explorer and Netscape Navigator running under Microsoft Windows. Most of the shortcuts work on Apple Macintosh systems by using the Command key (with the 'Apple' logo) instead of the Control <Ctrl> key. Similarly, most shortcuts work on UNIX systems by using the <Alt> key instead of the control <Ctrl> key.

Action needed	Microsoft Internet Explorer	Netscape Navigator
Move to next link	Tab	Tab
Move to previous link	Shift tab	Shift tab
Activate a selected link	Enter	Enter
Find text on the current page	Ctrl F	Ctrl F
Find again	Not available	Ctrl G or F3
Go to next page	Shift backspace or Alt right arrow	Alt right arrow
Go to previous page	Backspace or Alt left arrow	Alt left arrow
Move to next frame	Ctrl tab	Not available
Move to previous frame	Shift ctrl tab	Not available
Scroll toward the beginning of a document	Up arrow	Up arrow
Scroll toward the end of a document	Down arrow	Down arrow
Scroll toward the beginning of a document in larger increments	Page up	Page up
Scroll toward the end of a document in larger increments	Page down	Page down
Move to the beginning of a document	Home	Ctrl home
Move to the end of a document	End	Ctrl End
Refresh the current page	F5 or Ctrl R	Ctrl R
Stop downloading a page	Esc	Esc
Go to a new location	Ctrl O	Ctrl O
Open a new window	Ctrl N	Ctrl N
Save the current page	Ctrl S	Ctrl S
Add bookmark	Not available	Ctrl D
Print the current page or active frame	Ctrl P	Ctrl P
Select All	Ctrl A	Ctrl A
Copy selection	Ctrl C	Ctrl C
Display a shortcut menu for a hyperlink	Shift F10	Shift F10
Increase font size	Not available	Ctrl (version 4 only)
Decrease font size	Not available	Ctrl (version 4 only)
Close the window	Ctrl W	Ctrl W

Quit program	ALT F4	Ctrl Q, ALT F4
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This information was developed by the [Arts Victoria] website.

Browsers

Recommended browsers are:

- Internet Explorer, version 4.0 and above
- Netscape Navigator, version 4.7 and above

The latest browsers can be downloaded from the [Netscape] or [Internet Explorer] websites.

Multilingual and translation services

Do you need a translation? See our [Multilingual & Translation Services] page for more information.

