

Melbourne's population is growing strongly and is expected to reach five million people faster than previously anticipated.

*Melbourne @ 5 million* outlines that around 284,000 new homes will be needed in the growth areas of Casey, Melton-Caroline Springs, Hume-Mitchell-Whittlesea and Wyndham over the next 20 years.

An expansion of the Urban Growth Boundary (UGB) is expected to be in place by mid to late 2009 to meet this growth and maintain housing affordability.

The Growth Areas Infrastructure Contribution will apply to owners of land brought into the UGB from 2005.

In general when land is brought within the Urban Growth Boundary and is zoned for urban development purposes its value can be expected to increase substantially.

The contribution will help to share the cost of building new infrastructure for the growth areas more fairly.

#### WHAT DO THESE CHANGES MEAN FOR OWNERS OF LAND IN THE GROWTH AREAS?

The Growth Areas Infrastructure Contribution (GAIC) outlined in the recent *Melbourne @ 5 million* publication confirms that an infrastructure contribution of \$80,000 per hectare will be applied to land which was brought into Melbourne's Urban Growth Boundary (UGB) in 2005. This is consistent with the previous contribution announced in *A Plan for Melbourne's Growth Areas* in November 2005.

In addition, for any land brought into the UGB in or after 2009, a simple flat-rate charge of \$95,000 per hectare applies.

Land inside the UGB before 2005 will have the previously announced contribution removed as a one-off measure to boost housing affordability. This will benefit approximately 60,000 new homes to be built over the next 10 years.

The GAIC will be incurred on the first relevant property transaction usually the sale or subdivision of the land, and is payable only once. Subsequent transactions (eg. sales or subdivision of the land) will not attract a further contribution.

All land that is zoned for development is liable for the payment (normally land zoned Urban Growth Zone or equivalent). Land not zoned for development will not attract the GAIC, unless it subsequently becomes available for development. Reasons for land being considered not developable include an easement for utilities (such as water or electricity transmission lines), or where substantial areas are subject to inundation, or protected native vegetation and are therefore unsuitable for building. In these cases land can be rezoned and therefore the contribution will not apply.

The GAIC will be indexed annually.

The GAIC will not apply where the individual property is less than 0.41 hectares in area or where planning permits for urban development of the property have been granted prior to:

**2 December 2008** in the investigation areas announced 2 December 2008 or  
**19 May 2009** in the investigation areas announced 19 May 2009.

#### WHICH AREAS WILL THE CONTRIBUTION APPLY TO?

1. Areas brought into Melbourne's UGB in 2005; and
2. Land in the recently announced 'Investigation Areas' which is subsequently brought into the UGB in 2009 that is zoned for urban development.

#### WHAT TRIGGERS THE CONTRIBUTION?

Once the GAIC legislation is in effect, the contribution will apply to either the first sale of the land or its subdivision, or the building permit for major building works, whichever occurs first. A change in the details of the land title will trigger the contribution.

## WHO WILL PAY THE CONTRIBUTION?

The contribution will be payable by the vendor either at the date of settlement in the case of sale of the land or required as a condition of issue of a permit for subdivision or major building works where subdivision is not required.

The contribution is only paid once - all subsequent sales, subdivisions or building permits will not attract further contributions. In the case of land which is not sold prior to its subdivision or development the land owner will pay the contribution as part of the development process.

## WHAT IF I BUY OR SELL LAND BEFORE THE GAIC LEGISLATION COMES INTO EFFECT (TRANSITION ARRANGEMENTS)?

Transition arrangements apply to any land in these areas that is sold or subdivided during the period from the announcement of the investigation areas (being 2 December 2008 and 19 May 2009 respectively) and when the GAIC legislation comes into effect, anticipated to be in the latter part of 2009.

During this transition period, all of the above land will be regarded as liable to attract the GAIC.

**If land is sold or subdivided during this Transition Period it will be the responsibility of the land owner at the time the legislation comes into effect to pay the GAIC.** The contribution will have to be paid at the date that the legislation comes into effect, or in the case of Investigation Areas, when the land is brought into the UGB if that occurs after the legislation is enacted.

Buyers or sellers of land that have had a pre-existing totally binding sale arrangement at:

**2 December 2008** for land brought within the urban growth boundary in 2005 or land in the originally announced investigation areas or

**19 May 2009** for land in the additional investigation area

are not required to pay the contribution on this transaction, but the next relevant property transaction in relation to this property will attract the contribution.

## WHAT ARE INVESTIGATION AREAS?

Defined areas of land (Investigation Areas) currently outside the existing UGB are being considered as possible locations for future urban development as Melbourne grows to a city of five million people (see map at [www.dpcd.vic.gov.au](http://www.dpcd.vic.gov.au)).

## HOW WILL I KNOW IF MY PROPERTY IS IN AN INVESTIGATION AREA?

Maps of all Investigation Areas including the location of property boundaries are on the Department of Planning and Community Development website at [www.dpcd.vic.gov.au](http://www.dpcd.vic.gov.au).

## WHAT IF I HAVE LAND IN AN 'INVESTIGATION AREA'?

Over the next few months the Government will assess the suitability of land in the Investigation Areas to accommodate future urban growth. Only a portion of the land in these areas will be brought into the UGB.

For any land brought into the UGB in or after 2009, the GAIC will be set at \$95,000 per hectare. This will be indexed annually using a published Construction Cost Index approved by the Treasurer.

The Government, through the GAA, will be consulting with interested parties in regard to the land within the Investigation Areas to be brought into the UGB. Information on the submission process in relation to the Investigation Area is available on the GAA website ([www.gaa.vic.gov.au](http://www.gaa.vic.gov.au))

## HOW WILL THE MONEY BE USED?

All funds raised by the GAIC will be used to provide vital infrastructure and to oversee development in the growth areas of Melbourne.

The GAIC is expected to contribute approximately 10 – 20% of the cost of providing infrastructure and services in the growth areas. The majority of funding will still be provided by the Government.

The GAIC will be collected by the State Revenue Office, administered by the Growth Areas Authority and used in the following way:

- 50 per cent will be allocated to partially offset the costs of important infrastructure projects in the growth areas; and
- 50 per cent will be paid into a new Growth Areas Development Fund. This will be allocated to infrastructure projects as well as going towards the costs of the Growth Areas Authority.

Modelled on the successful Regional Infrastructure Development Fund, the Growth Areas Development Fund will provide financial assistance for capital works in the growth areas. The criteria for the application of funds will be finalised in consultation with local government with a focus on projects supporting economic and community infrastructure in the growth areas.

## WHAT WILL HAPPEN TO LOCAL INFRASTRUCTURE CHARGES?

The Government has announced that it intends to reform local infrastructure charges in the growth areas and will consult in 2009 with growth area councils and the development industry to design a new system.

The existing local infrastructure charge arrangements will remain in place, pending the outcome of the review.

## HOW CAN I FIND OUT MORE?

[www.gaa.vic.gov.au/planning\\_reform](http://www.gaa.vic.gov.au/planning_reform) or call the GAA on (03) 9651 9600.