
City of Greater Bendigo

DEVELOPMENT CONTRIBUTIONS GOVERNANCE FRAMEWORK



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2 ACKNOWLEDGMENT OF COUNTRY

The City of Greater Bendigo is on Dja Dja Wurrung and Taungurung Country. We acknowledge and extend our appreciation to the Dja Dja Wurrung and Taungurung Peoples, the Traditional Owners of the land. We pay our respects to leaders and Elders past, present and future for they hold the memories, the traditions, the culture and the hopes of all Dja Dja Wurrung and Taungurung Peoples. We express our gratitude in the sharing of this land, our sorrow for the personal, spiritual, and cultural costs of that sharing, and our hope that we may walk forward together in harmony and in the spirit of healing.

3 ABBREVIATIONS, DEFINITION AND RELATED DOCUMENTS

Abbreviations

Community Infrastructure Levy	(CIL)
Development Infrastructure Levy	(DIL)
Development Contributions Plan	(DCP)
Net Developable Area	(NDA)
Public Open Space	(POS)
Section 173 Agreement	(\$173)
Public Open Space	(POS)
Shared Infrastructure Funding Plans	(SIFP)
Special Rates and Charges	(SRC)
Works in Kind	(WIK)

Definitions

Collecting agency means the agency to whom community and development infrastructure levies are payable under a Development Contributions Plan (DCP)).

Community Infrastructure Levy (CIL) means a levy payable for new development which is used to fund general community infrastructure under an approved DCP. The rate is set per dwelling and paid as part of the building permit process. The Maximum CIL is set by the Planning and Environment Act 1987 and indexed each year by the Planning Minister.

Development Agency means the agency specified in a development contributions plan (DCP) as being responsible for the provision of works, services or facilities for which a community infrastructure levy or development infrastructure levy or part of a levy is payable.

Development Contributions Plan (DCP) means a DCP incorporated in the Greater Bendigo Planning Scheme via the Development Contributions Plan Overlay and governed by [Part 3B of the Planning and Environment Act 1987](#). A DCP included a series of projects, estimate costs and apportionment to new development (usually via a \$/ha levy).

Development Contributions Scheme means the general term given to a development contribution scheme used to recover the cost of essential shared infrastructure from new development and change areas. It may take the form of those examples listed under section 2 of the Policy, or used in combination.

Development Contributions Governance Framework means a Council document detailing the key decision-making principle for developments construction schemes within the City of Greater Bendigo and the governance framework that supports them.

Development Infrastructure levy (DIL) means a levy payable for new development which is used to fund development infrastructure (such as the construction of roads, traffic intersections and drainage works) identified in DCPs.

Drainage / Stormwater Management Schemes mean a development contribution scheme setup for the sole purpose of delivering shared stormwater and / or drainage infrastructure, that may include the management of flooding, water quality or both, and is levied under [Section 215 of the Water Act 1989](#).

Net Developable Area (NDA) means the net area of land available for development, excluding items such as connector roads, current or proposed public land, encumbered land due to flooding, vegetation or cultural heritage. The NDA is the area of land the development contributions would be calculated or charged during development.

Section 173 Agreement (S173) means a voluntary agreement under [Section 173 of the Planning and Environment Act 1987](#) that's entered into between a landowner and the Council, and details various legal obligations of each party. It can be used as a development contributions scheme on its own and obligate the delivering of essential infrastructure and / or payment of funds to Council, or be a facilitation tool to implement large development contributions scheme such as DCPs. The S173 Agreement is registered on the title to the land to ensure obligations are protected.

Shared Essential Infrastructure means an infrastructure project of a moderate to large scale (be it costs, size or complexity) that services an area beyond that of an individual landowner, or benefits a large area of a suburb or precinct. Projects may include, but aren't limited to, roads and intersection upgrades, sports reserves and parks, shared paths and trails, community centres and drainage infrastructure. All projects may also include land.

Shared Infrastructure Funding Plans (SIFP) means an infrastructure plan that details the essential infrastructure required to service a new development area and sets out the obligations of landowners within the areas relating to works and / or payment of funds to Council. The SIFP is usually implemented via a voluntary agreements with Council under [Section 173 of the Planning and Environment Act 1987](#).

Public Open Space (POS) Levies means a levy applied to an area of the municipality that places an obligation on new development to pay a fixed percentage of the lands value to Council for open space purposes. The levy can be collected via [Part3, Section 18 of the Subdivision Act 1988](#) and / or via [Clause 53.01 of the Greater Bendigo Planning Scheme](#). The levy can also be collected via a DCP and would be based on the site specific land valuations of public open space land projects.

POS levies are guided by the Council's [Public Open Space Contributions Policy](#).

Regional DCP Toolkit – Development Contributions Manual (2020) means the [Development Contributions Manual](#) commissioned by 16 regional growth Council's to assist with the development of a consistent and practical development contributions schemes within the State growing regional municipalities (predominately focus on DCPs and SIFPs).

Shared Infrastructure means an infrastructure project of a moderate to large scale (be it costs, size or complexity) that services an area beyond that of an individual landowner, or benefit a large area of a suburb or precinct. Project may include, but aren't limited to, roads and intersection upgrades, sports reserves and parks, community centres and drainage basins.

Special Rates and Charges (SRC) means a formal Council scheme approved under [Section 163 of the Local Government Act 1989](#) for the funding of local or precinct based works that have a ‘special benefit’ to landowners and as such would be required them to contribute; whether in full or in part to the scheme. The scheme usually relates to projects such as footpaths, kerb and channel and drainage work.

Works in Kind (WIK) means the provision of goods, services and / or works that are nominated within a approved development contribution scheme, whereby the value of these works are offset against any landowner development contributions liability owed by the landowner. These projects can also include the provision of land.

Works in Kind (WIK) Agreement means a WIK agreement implemented under Section 173 of the Planning and Environment Act 1987 and placing an obligation on a landowner to deliver project(s) included within an approved Development Contributions Plan.

Related Documents

- Planning and Environment Act 1987
- Local Government Act 1989 and 2020
- Subdivision Act 1988
- Water Act 1989
- Greater Bendigo Planning Scheme
- Victoria Government Development Contributions Plan Guidelines (2007)
- Victoria Government Infrastructure Contributions Plan Guidelines (2018)
- City of Greater Bendigo - Public Open Space Contributions Policy (2020)
- City of Greater Bendigo - Procurement Policy
- City of Greater Bendigo - Development Contributions Policy (2024)
- Regional DCP Toolkit - Development Contributions Information Manual (2020)
- City of Greater Bendigo - Financial Plan
- City of Greater Bendigo - Asset Plan
- City of Greater Bendigo - Financial Reserves Management Policy

4 INTRODUCTION

4.1 BACKGROUND

Greater Bendigo is located on the lands of the Dja Dja Wurrung and Taungurung peoples who are the traditional owners of the land and who lived in the municipality for tens of thousands of years before European colonisation and the discovery of gold by European settlers in 1851.

Greater Bendigo is a creative and culturally diverse regional centre offering a broad range of economic opportunities, services and facilities which cater for a large regional catchment. The municipality is centrally located in the heart of Victoria, at the intersection of major highways, less than 150 kilometres to Melbourne. The municipality covers over 3,000 square kilometres and contains not only a vibrant urban area but many unique small towns such as Heathcote, Elmore, Goornong, Raywood, and Axedale, as well as a variety of agriculture activities such as livestock and cropping.

The population of Greater Bendigo has been steadily growing over the last decade, reaching over 121,000 in 2021. With a strong economy and the lifestyle opportunities on offer this growth is expected to continue. Inward migration of new residents, increasing life expectancy among existing residents, and local births will all contribute to more than 85,000 new residents calling Greater Bendigo home by 2056.

121,221 people (2021 Census)
54,342 dwellings (2021 Census)
Estimated additional population 2056 (growth at 1.5%): 85,000
Estimated additional dwellings 2056 (growth at 1.5%): 37,000

In basic terms, if all these 37,000 dwellings were provided in greenfield growth areas it would equate to approximately \$400M – \$650M in new shared infrastructure projects based on general housing yield and average development contributions per hectare. However, the aim of sound strategic town planning, and supported by the draft Managed Growth Strategy, is to maximise the development of land within infill areas, or close to the City, that already have access to infrastructure and services and only require minor augmentation to accommodate new growth.

4.2 DEVELOPMENT CONTRIBUTIONS

As the City grows, as does the need for new infrastructure that must keep pace with the needs of new and growing communities. Development Contributions play an important role to ensure this infrastructure burden doesn't not fall on existing residents and business, but instead is funded by the beneficiaries of new development and the origins of new service demand.

Development Contributions are a tool utilised by Local Government and other infrastructure authorities to ensure the delivery of essential shared infrastructure required to service new urban development or areas of significant change.

Development contributions require landowners / developers to pay a portion of the cost of major shared infrastructure that's required to service their land. These apportioned costs ensure a user pays approach and reflect the benefit and / or uplift in land value that results from the infrastructure delivery.

Development contributions do not fund all required infrastructure and services that are generated from new development and changes areas, but fund the 'essential' shared infrastructure required support the development. Major infrastructure and facilities that service much larger catchments are either funded directly by Local, State and Commonwealth Governments, or in some cases development contributions can 'contribute' a portion of the overall costs where there is a confirmed nexus between the infrastructure and the new development.

Within regional Victoria, development contributions are primarily used for the management of new 'greenfield' growth areas that require the construction of significant infrastructure projects to transition these areas from farmland to new housing or industrial estates. However, various development contribution schemes are used within inner City change areas or smaller development to reflect their impact on the broader suburb and community.

The development contributions schemes generally available to Local Government include:

- Development Contributions Plans (DCPs)
- Shared Infrastructure Funding Plans (SIFP)
- Public Open Space Levies
- Drainage / Stormwater Management Schemes
- Special Rates and Charges

The Policy has been guided by the Regional Development Contributions Plan Toolkit – Development Contributions Manual (2020) that expands on the principles within the Development Contributions Policy and provide guidance to regional Councils on the implementation of consistent and practical development contribution schemes for new development areas. The Toolkit was a collaboration project between 16 regional Councils and the Victorian Planning Authority.

The Policy also builds upon the recently adopted Public Open Space Contributions Policy (2020) that guides the collection and expenditure of open space contributions collected under the Subdivision Act 1988 and the Greater Bendigo Planning Scheme (Clause 53.01).

Figure 1 - The basic structure of a development contributions scheme

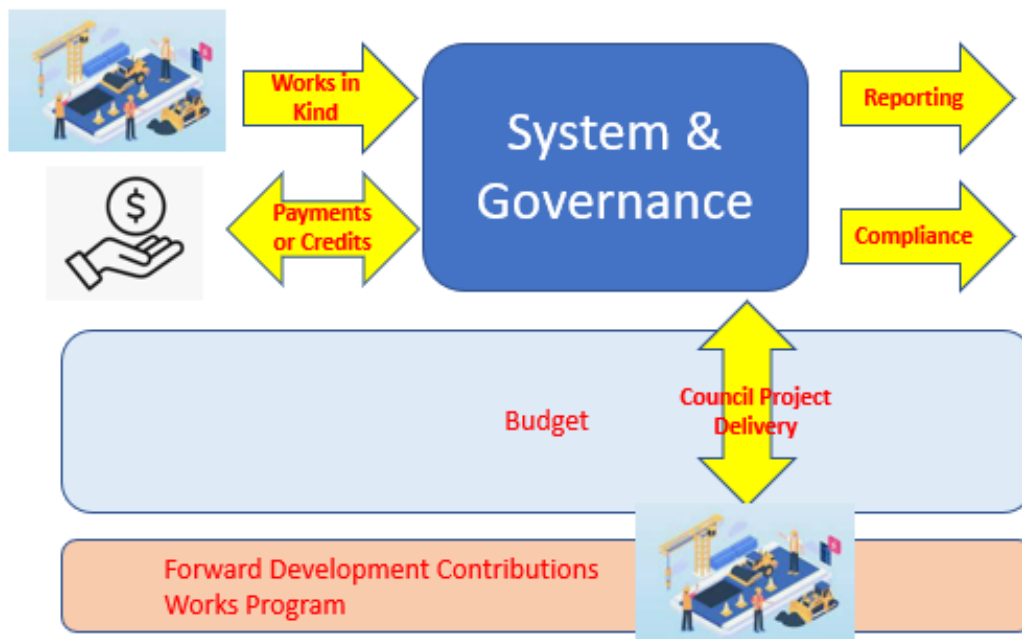
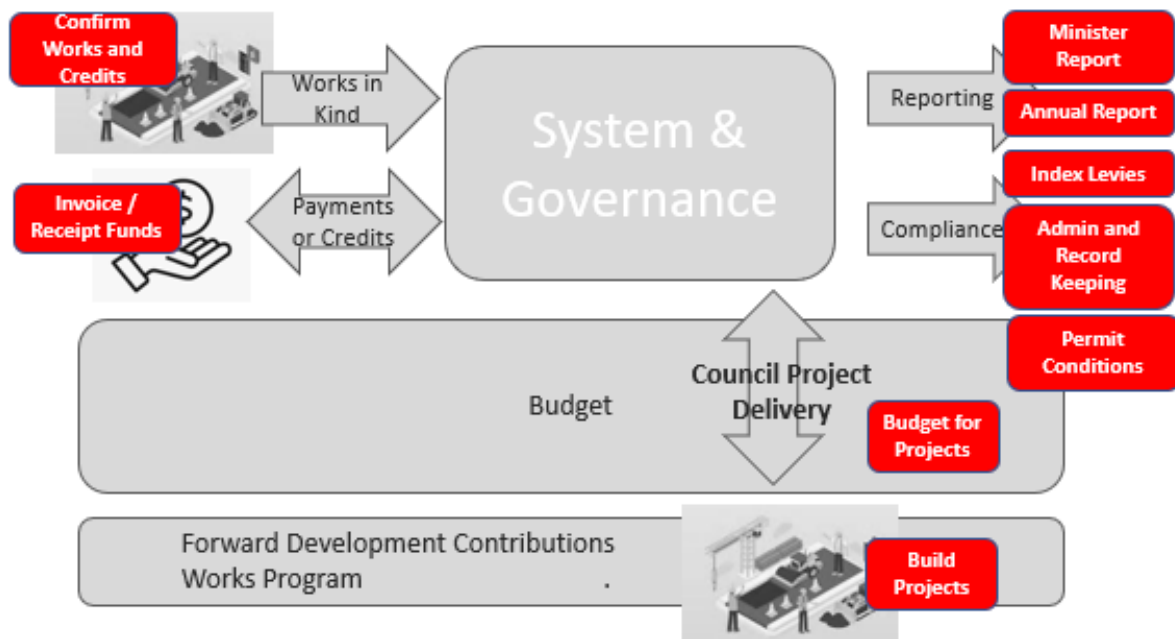


Figure 2 - The basic process and compliance areas of a typical development contributions scheme



4.3 DEVELOPMENT CONTRIBUTIONS PLANS

Currently the City has two approved DCP's incorporated in the Greater Bendigo Planning Scheme.

These being:

- Huntly Growth Area DCP (2020)
- Marong Business Park DCP (2017)

The current value of these approved DCPs relating to funded projects is approximately \$68M (2023 dollars), with approximately 88% of these costs being recovered through development contributions.

At this point in time, only the Huntly Growth Area DCP is active, with approximately 40% of the growth areas already developed.

4.4 SECTION 173 AGREEMENTS AND SIFP

Section 173 agreements and Shared Infrastructure Funding Plans (SIFP) are voluntary based agreements that capture the infrastructure requirements for moderate to large scale development and ensure these obligations are locked in for the life of the development.

The City currently has approximately six of these agreements in place (as of October 2023) that deliver some form of development contribution and / or works.

4.5 PUBLIC OPEN SPACE LEVIES

The City of Greater Bendigo has various open space schemes across the municipality, with the most common forms of levies being:

- Greater Bendigo Planning Scheme via clause 53.01 – *Public Open Space Contribution and Subdivision*
- Subdivision Act 1988
- S173 Agreements and / or Shared Infrastructure Funding Plans.
- Development Contributions Plans (DCPs)

4.6 REGIONAL COUNCILS' DEVELOPMENT CONTRIBUTIONS PLAN (DCP) TOOLKIT (2020)

The *Regional DCP Toolkit – Development Contributions Information Manual (2020)* was a joint initiative between 16 regional Councils' and the Victorian Planning Authority.

The purpose of the project was to assist regional Councils with the development of consistent and practical development contributions schemes, and enable the easier take up of development contribution schemes.

The [DCP Toolkit](#) addresses matters such as:

- How to prepare, manage and review a development contributions scheme (focus being DCPS, SIFP and S173 Agreements)
- Education and upskilling of regional planners
- Internal governance frameworks, policies, procedures as well as defined roles and responsibilities
- Risk assessments of existing DCPs
- Innovation in how to manage financials and reporting requirements

Beyond the DCP Toolkit, the project also produced the below supporting documents.

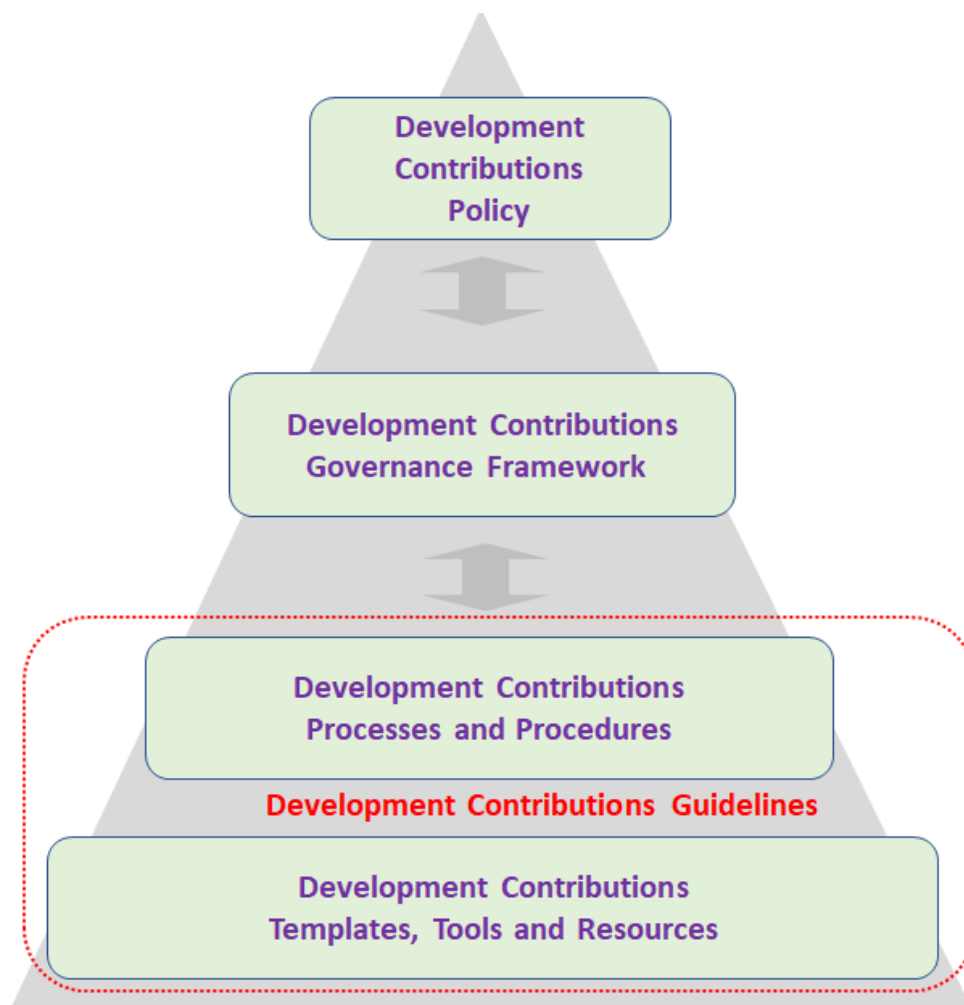
- Regional DCP Toolkit – Development Contributions Policies & Procedures – July 2020
- Regional DCP Toolkit – Development Contributions Fact Sheet – July 2020
- Regional DCP Toolkit – Excel Templates – July 2020

5 PURPOSE OF GOVERNANCE FRAMEWORK

The purpose of this Governance Framework is to:

- Clearly define the Policy Principles and Objectives that govern City's development contributions schemes,
- Clearly define the City's opportunities for funding shared essential infrastructure as part of new development and change areas,
- Ensure the City adopted development contributions schemes are fit for purpose,
- Outline the structure for decision making relating to the establishment and management of development contributions,
- Provide clarity on the roles and stakeholders involved in the management and administration of development contributions scheme.

Figure 3 - Development Contributions Framework



The key principles that will underpin development contributions schemes and ensures their fairness, ease of implementation, and ultimately their success, are detailed below in Table 1.

These policy principles have been a foundation of the development contributions system for over 30 years and ensure a balanced approach is taken on the collection of development contributions and how this effects the liveability of the new communities and the financial viability of new development.

Table 1 - Development Contributions Policy Principles

Primary Principle	Description
NEED	Clearly established need for the infrastructure.
NEXUS	Clear nexus between the infrastructure and the land it services.
EQUITY	Fair and equitable distribution of funding obligations.
TRANSPERANCY	Justification of the infrastructure and the selected scheme.
ACCOUNTABILITY	Ensure obligation are monitored and achieved by all parties.

This Framework also reflects the adopted Policy Objectives relating to the City's role as a significant regional growth Council and how best to implementation development contributions within the development environment. These policy principles can be seen below in Table 2.

Table 2 - Development Contributions Policy Objectives

Secondary Principle	Description
EQUITABLE COST RECOVERY	Maximising the recovery of infrastructure costs that have a clear nexus with new development (be it through direct works or through development contribution schemes).
MAXIMISE LIVEABILITY OF NEW DEVELOPMENT	Maxmising the liveability of the City's new development areas and change areas through the timely provision of essential infrastructure.
MINIMISE FINANCIAL RISK	Minimising the financial risk to the Council, its rate payers and development landowners.
DEVELOPMENT FACILITATION	Implementing development contributions schemes that focus on development facilitation and being fit for purpose.

6 LEGISLATIVE ENVIRONMENT

6.1 LEGISLATIVE AND REGULATORY SUMMARY

The primary legislative environment for development contributions schemes are anchored off the Greater Bendigo Planning Scheme and the various pieces of legislation that inform specific planning and infrastructure outcomes. This is an important context, as the trigger for infrastructure and / or development contributions occurs through the development process, and more specially the planning permit process (eg: subdivision of land or development).

Greater Bendigo Planning Scheme

The *Victorian Planning Provisions* regulate many forms of development contributions. Clause 19.03 – *Development Infrastructure* of the *Planning Policy Framework* confirms the role of development contributions (including DCPs) for planned infrastructure.

The Development Contributions Plan Overlay (DCPO) referred to in clause 45.06 is the primary mechanism for implementing DCPs which are incorporated into local planning schemes.

Clause 53.01 – *Public Open Space Contribution and Subdivision* is the primary mechanism for implementing public open space via the nomination of specific percentages of open space contributions.

Planning and Environment Act 1987

The Planning and Environment Act 1987, along with its amending legislation, provides the legislative framework for the preparation and administration of DCPs, sets up the machinery for ‘accountability’ in the administration of DCPs, sets out the requirements for the contents of a DCP, and imposes financial responsibilities on councils relating to development contributions.

The Act also provides opportunities for Council’s and landowners to negotiate voluntary agreements under Section 173 to lock in the infrastructure requirements and development contributions schemes. The benefit of S173 agreements is that they are registered on the title of the land and ensure these obligations are implemented, even if ownerships of the land changes.

S173 Agreements are also used for DCPs relating to formalising agreements for works in kind and using these works to offset their development contributions liability for the development.

Local Government Act 1989

The Local Government Act 1989, and its amendments in 2020, provides opportunities for development contributions, as well as obligations on Councils relating to the management of development contributions.

Section 163 of the Act (1989), allows councils to implement Special Rates and Charges Schemes that can be used for small to moderate development conditions scheme, usually within existing suburbs and for infrastructure gaps in footpaths, kerb and channel and drainage.

The Local Government Act 2020 places obligation on Councils relating to financial management and procurement that have overlaps with the development contributions system. This includes Audit and Risk Committee (Part 2, Division 8), Financial Management (Part 4, Division 4) and Procurement Part 5, Division 2).

Framework Note:

The City's role as Planning Authority

The City of Greater Bendigo is the planning authority with responsibility for carrying out planning functions primarily under the Greater Bendigo Planning Scheme and Planning and Environment Act.

The roles of the Planning Authority include:

- Assessment of development proposals to ensure they are consistent with the Greater Bendigo Planning Scheme;
- Issuing planning permits, including conditions relating to infrastructure provision.
- Imposing and enforcing planning permit conditions (including those levying developer contributions).
- Prepare and adopted planning scheme amendments, including rezonings and changes to planning controls that would allow / facilitate development.

The City's role as Responsible Authority

The City of Greater Bendigo is the authority responsible for various assets and services under the Local Government Act, Water Act, Planning and Environment Act and the Greater Bendigo Planning Scheme. These Responsibility Authority roles include:

- Road Authority
 - Guidance, approval and management of local government transport assets.
- Drainage Authority
 - Guidance, approval and management of local government drainage assets.
- Municipal Authority
 - The development and adoption of various strategies, plans and policies that serve the interests of the community and their infrastructure needs.
- Collecting Agency and Development Agency
 - Collection and use of DCP funds under an approved DCP.

Subdivision Act 1988

The Subdivision Act 1988 guides the subdivision of land within Victoria and also includes a default open space contribution of 5% (maximum) that Councils' can use as a safety net for open space contributions, usually in lieu of a formal public open space policy or changes to Clause 53.01 of the planning scheme.

The levy can be collected via Part 3, Section 18 of the Subdivision Act 1988 and / or via Clause 53.01 of the Greater Bendigo Planning Scheme. The levy can also be collected via a DCP and would be based on the site specific land valuations of public open space land projects.

Water Act 1989

The Water Act 1989 is the primary legislation for the management, use and discharge of water within the state of Victoria. It also provides guidance of the management of adverse impacts resulting from water running off new development and the need for effective flood mitigation and water quality management. To support this role, Section 215 of the Act allows water authorities (eg: regional Councils' manage drainage infrastructure) for the creation of 'water management schemes' (as known as Drainage or Stormwater Management Schemes).

These schemes are setup for the sole purpose of delivering shared stormwater and / or drainage infrastructure, and focus on the collection of funds to delivery flooding mitigation infrastructure, major drainage pipes, water quality infrastructure, or all three.

DCP and ICP Guidelines

To support the formal DCP system, the Victorian Government has prepared two guideline documents that inform the general preparation and management of DCPs and Infrastructure Contributions Plans (ICP). ICPs are currently only applicable within metropolitan Melbourne and do not apply to regional Victoria.

These guidelines are:

- Victoria Government Development Contributions Plan (DCP) Guidelines (2007)
- Victoria Government Infrastructure Contributions Plan (ICP) Guidelines (2018).

Although the ICP Guidelines are not formally applicable to regional Victoria and DCP area, they do provide guidance on the evolution of development contributions and areas such as benchmark infrastructure designs and costings.

7 VICTORIAN AUDITOR GENERAL'S OFFICE REPORTS

The Victorian Government, via the Victorian Auditor General's Office (VAGO), has conducted several audits of the Victorian Development Contributions system, with three notable reports focusing solely on the development contributions system being completed in 2009, 2015 and 2020.

Appendix 7 provides a summary of all findings / recommendations from these three reports.

A general summary of the themes coming out of the three VAGO reports are listed below and reflect themes within the control of Local Government.

1. Improved governance and decision making associated with the development, management and reporting of development contributions.
2. Improved documentation of consistent process and procedures.
3. Improved cashflow assessment and forecasting of development contributions income, expenditure and works triggers.
4. Ensure development contributions funds are being spent for the purposes of their collection.
5. Lack of transparency, reporting and monitoring of informal and voluntary infrastructure agreements, such as S173 Agreements.
6. Improved risk management for all development contributions.
7. Improvement the framework, guidance and material available to Local Government relating to development contribution (via both Department of Transport and Planning and the Victorian Planning Authority).
8. Seek ways to reduce the time, cost and admin burden of development contributions.

In relating to point 7 above, 16 Councils' and the VPA have jointly funded and develop a DCP Toolkit – *Development Contributions Information Manual* to assist improve the knowledge and tools available to regional Councils.

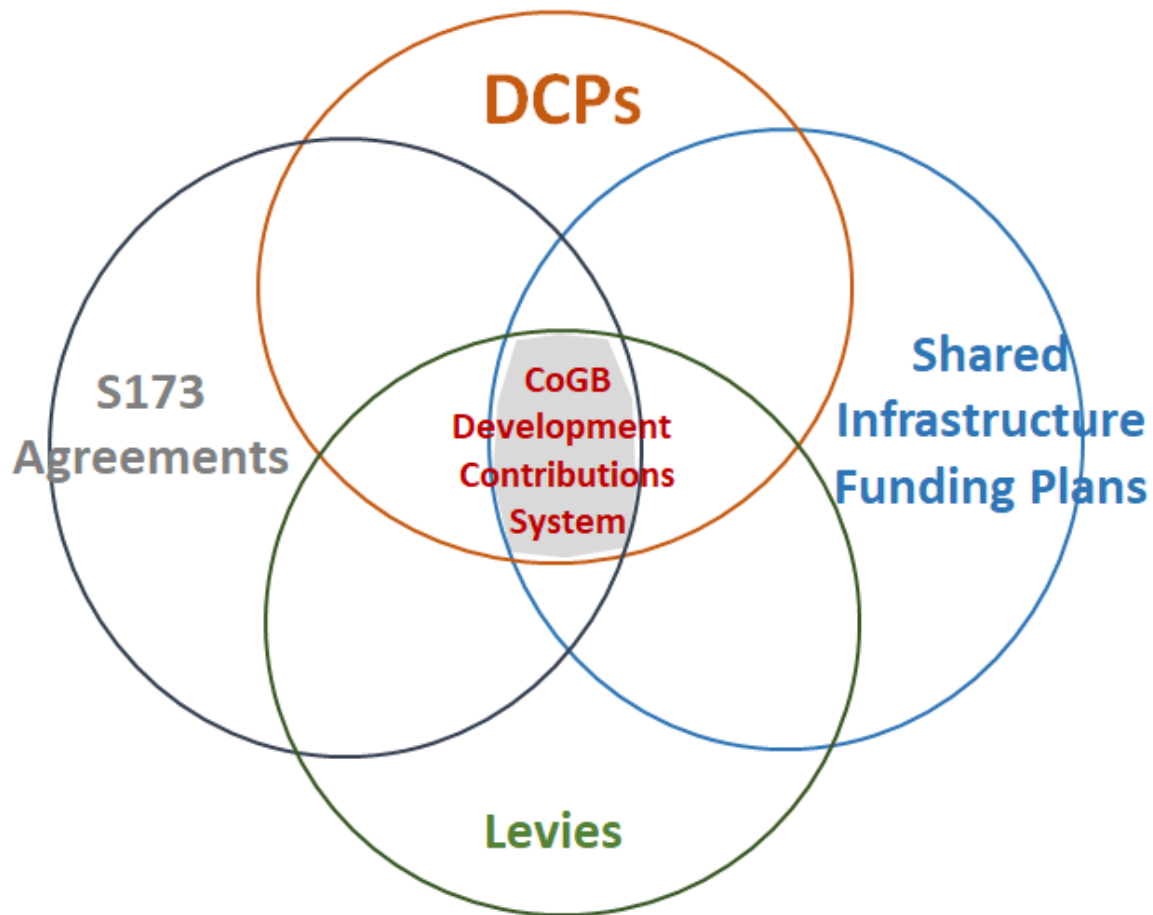
In relation to point 8 above, various Councils will continue to explore development contributions systems outside of a full DCP to will enable a more streamlined and fit for purpose development contributions scheme for small or medium size development. The City has also made recent improvements to the Public Open Space development contributions system to improve transparency and ease of implementation for open space percentages across the municipality.

The remaining themes have been considered as part of the new Development Contributions Policy, Governance Framework and internal guidelines.

8 DEVELOPMENT CONTRIBUTIONS SCHEMES

This section covers the six (6) main development contributions scheme utilised by Local Government.

Figure 4 - Development Contributions Schemes



Development Contributions Plans	Planning and Environment Act (1987)
SIFP and S173 Agreements	
Open Space Levy	Subdivision Act (1988) OR Greater Bendigo Planning Scheme Clause 53.01
Drainage and Stormwater Management Levies	Water Act 1989
Special Rates and Charges (levy)	Local Government Act 1989

8.1 DEVELOPMENT CONTRIBUTIONS PLANS (DCP)

A DCP is a mechanism used to levy new development for contributions to planned infrastructure needed by a future community as allowed for under the Planning and Environment Act.

A DCP sets out the justification for infrastructure and the calculations of cost and apportionment, allows the City to collect Development Contributions and specifies the infrastructure that is to be provided.

Approved DCPs are included in the Greater Bendigo Planning Scheme as Incorporated documents in the schedule to Clause 72.04 and are implemented by applying a Development Contributions Plan Overlay and associated schedule to affected land.

The Planning and Environment Act identifies two types of infrastructure which can be levied and collected through a DCP: development and community infrastructure, the levies for which are referred to as the Development Infrastructure Levy (DIL) and the Community Infrastructure Levy (CIL).

The Development Contribution Levy (DIL) is generally paid when land is subdivided. If a development is proposed without the subdivision of land, the payment is triggered prior to the issue of a building permit. The DIL collected from developers forms the majority of funding for projects within a DCP.

The Community Infrastructure Levy (CIL) is paid by homeowners prior to the issuing of a building permit for the construction of a dwelling. Despite this, wherever possible, the City encourages developers to pay the CIL in advance on behalf of future landowners.

DCP Development Agency

Section 46H of the *Planning and Environment Act* defines a “development agency” as:

....a person specified in a development contributions plan as a person responsible for the provision of works, services or facilities or for the plan preparation costs for which a community infrastructure levy or development infrastructure levy or part of a levy is payable under this Part;

As a Development Agency, the Council must comply with the responsibilities of development agencies outlined under the *Planning and Environment Act*, including the delivery of all projects provided for in DCPs. It is responsible to provide all works and/or services nominated in the DCP, unless delegated to a landowner / developers as part of an approved works in kind agreement.

DCP Collecting Agency

Section 46H of the *Planning and Environment Act* defines a “collecting agency” as:

....a person specified in a development contributions plan as a person to whom a community infrastructure levy or development infrastructure levy is payable under this Part;

Councils are subject to legislative regulation and monitoring of development contribution levies in their roles as a Collecting Agency through the *Local Government Act*.

Section 136 of the *Local Government Act* outlines councils’ obligations to prudentially manage financial risk, which includes the management of each DCP.

Under Section 46Q of the *Planning and Environment Act* a Council must keep proper accounts of any amount of levy paid to it as a collecting agency or a development agency.

The Council’s role as a Collecting Agency also allows it to negotiate WIK and LIK in lieu of cash payments for development contributions.

Contributions collected under a DCP must be accounted for and ultimately spent only on the infrastructure items specified in the DCP. Transparent and clear internal procedures are necessary to appropriately manage DCPs.

8.2 SHARED INFRASTRUCTURE FUNDING PLANS (SIFP)

A Shared Infrastructure Funding Plans (SIFP) is a simplified DCP that avoids the need for the complexity and cost of a planning scheme amendment process (required for a DCP), while still achieving the same outcomes.

A SIFP details the essential shared infrastructure required to service a new development area and sets out the obligations on landowners relating to works and / or payment of funds to Council. The SIFP is usually implemented via a S173 agreement and is registered on the title of all landowners within the development area.

A SIFP is best suited to areas that have low number of landowners (allows easier negotiation), a small to medium number of projects, and low project complexity.

Unlike a DCP, a SIFP is not governed by the requirements of Part 3B of the Planning and Environment Act relating to DCP preparation, management and reporting, however The City will usually manage these SIFP in a very similar manner.

8.3 VOLUNTARY AGREEMENTS – CONTRIBUTIONS VIA SECTION 173 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.

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

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

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.

8.4 PUBLIC OPEN SPACE LEVIES

Unlike other forms of development contributions, Public Open Space contributions can be collected via various development contributions schemes.

A public open space levy places an obligation on new development to pay a fixed percentage of the land's value to Council for open space purposes, or when agreed the provision of land as an offset (in part of in full). The levy can be collected via Section 18 of the Subdivision Act 1988 and / or via Clause 53.01 of the Greater Bendigo Planning Scheme. The levy can also be collected via a DCP and would be based on the site specific land valuations of public open space land projects.

In the City of Greater Bendigo, the most common forms of Public Open Space contributions are:

- Greater Bendigo Planning Scheme via clause 53.01 – *Space Public Open Space Contribution and Subdivision*, where:
 - Residential subdivision within locality Bendigo contributes 2%, and
 - All other residential subdivisions contribution 5%
- Subdivision Act 1988
 - Historically used as the default contribution for open space (5% Public Open Space safety net), but has since been superseded by recent updates to the Clause 53.01.
- S173 Agreements and / or Shared Infrastructure Funding Plans.
- Development Contributions Plans (DCPs)

The percentage of Public Open Space contributions are guided by the Council's Public Open Space Contributions Policy.

In relation to works, the delivery of public open space and recreation projects are guided by the Council's Public Spaces Plan (2019)

8.5 DRAINAGE / STORMWATER MANAGEMENT SCHEMES

Drainage / Stormwater Management Schemes are development contribution schemes setup for the sole purpose of delivering shared stormwater and / or drainage infrastructure, that may include the management of flooding, water quality or both, and is levied under Section 215 of the Water Act 1989.

Under the Act they're referenced as Water Management Scheme, or more commonly by Melbourne Water as Development Service Schemes (DSS); noting Melbourne Water is the largest user of these schemes across metropolitan Melbourne.

A Scheme comprises a drainage strategy for an area together with a pricing arrangement that allows a Water Authority to require developers to contribute to the cost of the construction of works in connection with a development. Planning permit referrals received from councils under the Subdivision and Planning and Environment Acts are one trigger for this process.

For further details on drainage / stormwater management schemes refer to the Melbourne Water guide; [*Principles for Provision of Waterway and Drainage Services for Urban Growth*](#).

8.6 SPECIAL RATES AND CHARGES SCHEMES

Although not as common as other development contributions schemes, special rates and charges are a formal Council scheme approved under [Section 163 of the Local Government Act 2020](#) for the funding of local or precinct based works that have a 'special benefit' to landowners and as such would be required them to contribute.

The scheme usually relates to projects such as footpaths, kerb and channel and drainage work.

A SRC scheme requires a detailed evidence-based process relating to the justification for the project(s), the estimated cost (including costs per landowner) and a clear community consultation process. If approved, the landowners are charged the actual costs of the works once they're completed.

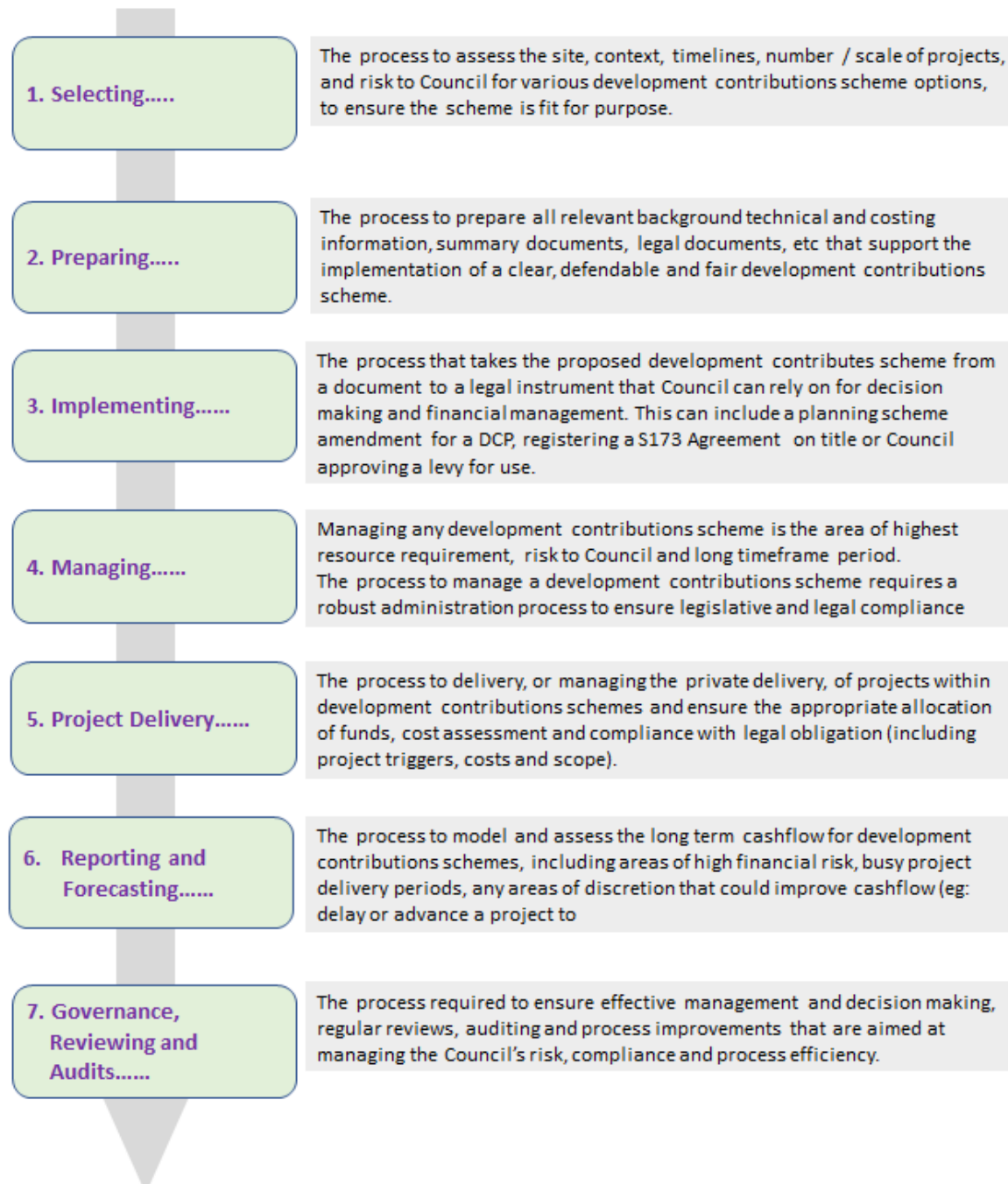
Community consultation will usually involve the agreement of a set percentage of impacted landowners, with most Councils establishing agreements rates of 80 – 100% acceptance. In some cases, the Council can mandate a SRC scheme if there is an urgent need or unique circumstances (eg: public safety).

9 THE SEVEN (7) STAGES OF A DEVELOPMENT CONTRIBUTIONS SCHEME

The foundation of the Development Contributions Governance Framework covers seven key stages that are critical to the success of a fit for purpose and best practice Development Contributions Scheme.

These stages are reflected as a common thread across the City's full development contributions framework, including various guidelines, internal procedures and templates.

Figure 5 - The Seven (7) Stages of the Development Contributions Framework



9.1 STAGE 1: SELECTING A DEVELOPMENT CONTRIBUTION SCHEME

The selection of an appropriate development contribution scheme must consider:

- The scale of the development / change area,
- The amount and certainty of change proposed by the new development or change area,
- The number of landowners involved,
- The number, cost and complexity of the shared infrastructure projects, and
- Maximising the recovery of shared essential infrastructure cost that have a clear nexus with the development areas and types (eg: residential, industrial, etc).

The above attributes are critical to selecting the right scheme for the right area, and must balance the risks to Council and stakeholders, the total life of the scheme (often 5 – 20 years), and the ease of implementation and management.

Figure 6- The General Spectrum of Development Contributions Schemes

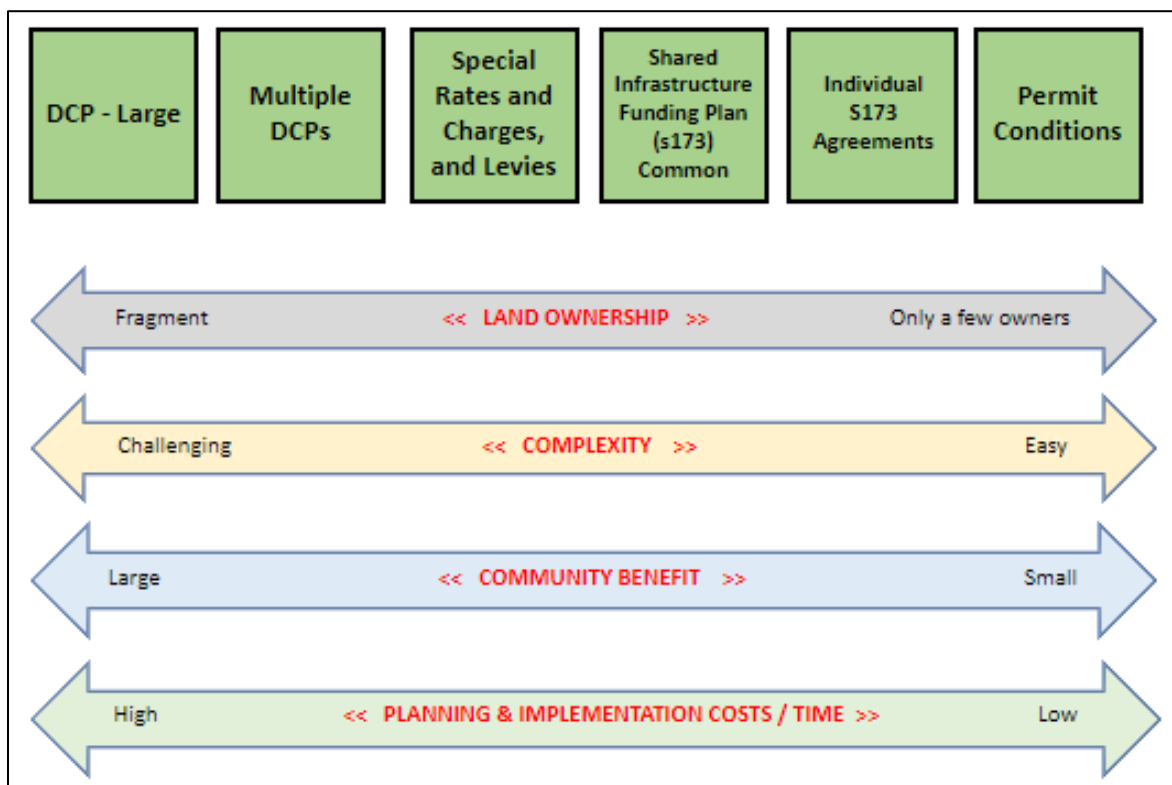


Table 3 - Development Contributions Scheme Suitability Matrix

Scheme	Size of Development Area	Land Ownership	Project No., Cost & Complexity	Community Benefit	Prep. Costs / Time
DCP	Medium to Large	>10 land owners	H	H	H
SIFP	Medium to Large	< 10 land owners	M	M	M
S173	Small to Medium	1 – 5	L	L - M	L
Open Space	Small to Large	Various	L	M	L – M
SRC	Small	~ 20 – 50	H	L	M
Drainage / Stormwater	Generally for parcels >0.4ha	>10 land owners	M	L - M	H

H = High, M = Medium / Moderate, L = Low

The above suitable matrix is a guide only but provide general guidance on the suitability of various development contributions scheme relevant to different development settings and context.

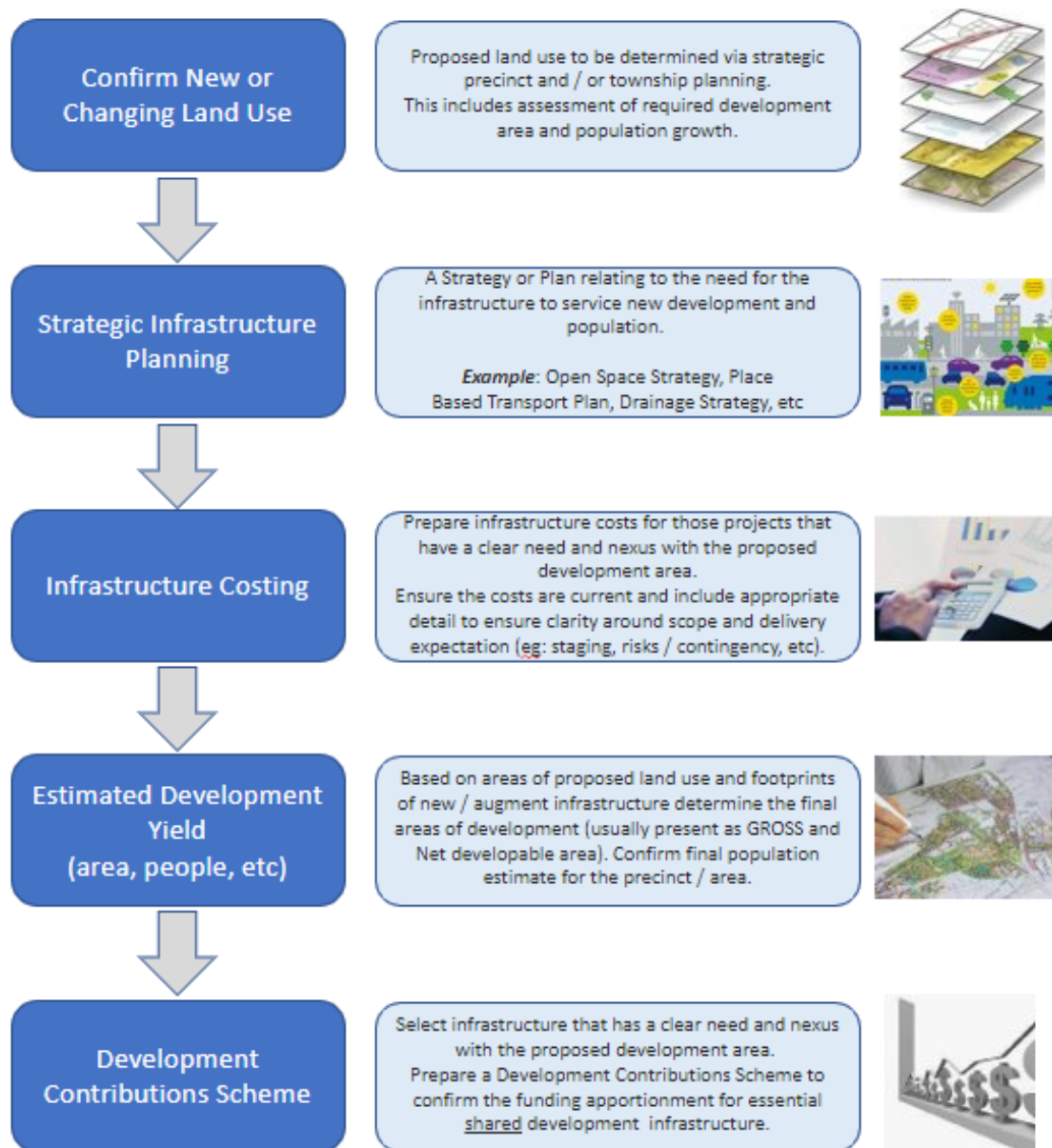
9.2 STAGE 2: PREPARING A DEVELOPMENT CONTRIBUTIONS SCHEMES

The preparation of a development contributions scheme must ensure:

- The Policy Principles of Need, Nexus, Equity, Transparency and Accountability are achieved,
- The Policy Objectives, listed below, are achieved:
 - Maximise Cost Recovery
 - Maximise Liveability of New Development
 - Minimise Financial Risk
 - Development Facilitation
- High quality background technical assessment has been undertaken to justify the need, scope and timing of essential shared infrastructure projects,
- If required, project costing should be prepared and be evidence based,
- All documentation should be consistent with the City's adopted structure, language and standards used within previous development contributions schemes or latest best practice,
- Development contributions are predictable and consistent across the municipality,
- Wherever possible, the scheme be developed in collaboration with the area's landowners and / or future developers, and maximise opportunities for consultation and input.

- As required, the documentation should be reviewed by Council's legal representatives to ensure legislative compliance and appropriate management of Council risk.
- The scheme does not inadvertently overlap with other development contribution schemes and create a real or implied case of 'double dipping',
- The scheme does not reflect a scale of infrastructure and / or funding contributions that would clearly impact the viability of the new development area.
- Projects that have very high external apportionment of costs (ie: low nexus with the development / change area) be discouraged, or alternative funding models considered.

Figure 7- The Basic Steps for Preparing Development Contributions Schemes



In relation to DCPs, SIFP and S173 agreements refer to the Regional DCP Toolkit – Development Contributions Information Manual (2020) for more detailed guidance.

Framework Note:

The default indexation methodology for Council’s development contributions schemes are listed below:

Construction Projects	-	ABS Producer Price Index (PPI) – Roads and Bridges, Victoria
Building Projects	-	ABS Producer Price Index (PPI) – Non-Residential Buildings, Victoria
Land	-	<i>DCPs and SIFPs</i>
		Site Specific Land Valuation (before and after impact model for DCPs and SIFPs), OR
		ABS Consumer Price Index (CPI) for Melbourne, Victoria, OR
	-	<i>Open Space Levy</i>
		Site specific property valuation (for Open Space levy)

9.3 STAGE 3: IMPLEMENTATION A DEVELOPMENT CONTRIBUTIONS SCHEMES

The implementation of development contributions schemes must ensure:

- Effective management of legal, financial, reputational, and precedent risks to Council,
- Compliance with legislative procedures and processes (especially in relation to planning scheme amendments and special rates and charge schemes),
- The approved documentation is easy to read, is practical to implement and reflects the likely duration of the scheme (noting a DCP can take 20+ years to complete),
- The scheme is implemented in advance of any development and / or any projects being delivered.

The implementation of a development contributions schemes can be a resource-intensive and time-consuming part of the process. This stage of the process may require several rounds of documentation review by stakeholder legal representatives, refinement of project design, scope and / or costings, formal or informal community / stakeholder consultation, a planning scheme amendment process for DCPs or SIFP (where the SIFP accompanies a rezoning amendment) and the formal approval process through Council or even the Minister for Planning in the case of DCPs and changes to Public Open Spaces obligations under Clause 53.01 of the planning scheme.

Ultimately all development contributions schemes will require the formal adoption by Council. Depending on the scheme used, there may be cases where approval occurs under Council delegation.

9.4 STAGE 4: MANAGING A DEVELOPMENT CONTRIBUTIONS SCHEMES

The management of a development contributions scheme must ensure:

- Easy access to information for both external shareholders and internal departments,
- Clear process steps and, wherever practical, integration with existing Council processes and systems,

-
- Easy administration over the total life of the scheme,
 - The use of robust governance systems to oversee management of Development Contributions Schemes. These are reflected in more detailed within the attached Development Contributions Governance Framework (2024).
 - The use of up-to-date data and information to monitor the success of the Scheme, and inform high quality decision making.

General Administration

Process, procedures and templates to assist with the consistent, transparent and seamless delivery of administration services that deal with the day to day management of Development Contribution Schemes, especially those relating to DCP management.

Major areas covered by these procedures include:

- Assessment of developer liability and works in kind credits
- Practical completion certificates for completed works
- Works in Kind agreements

Procurement of DCP Projects

The Council can delegate the delivery of DCP projects via a works in kind process. These are formalised under S173 Agreement and approved by Council (or under delegation).

In these situations, the landowner / developer agrees to construct a project(s), and as such accepts the risks associated with its delivery, in exchange for a financial credit against their DCP liability.

All development contribution scheme projects delivered by the City will align with the obligation set-out under the Council's Procurement Policy.

Works in Kind and Land in Kind

DCPs require payment of development contributions in cash, however, section 46P of the Planning and Environment Act provides the option for developers to deliver infrastructure works or provide land, a credit is then applied against the DIL liability for the developer.

These types of contributions are referred to as 'Works in Kind' (WIK) or 'Land in Kind' (LIK).

The decision lies with the City to accept or decline WIK or LIK in lieu of cash contributions. Careful management of this process can provide benefits for the DCP and also the City, in particular reducing some of the construction risk and financial risk associated projects delivery.

Contributions provided as WIK or LIK are secured via the registration of an agreement under section 173 of the *Planning and Environment Act* on the title of the subject land. Section 173 Agreements are binding on any future landowners. A condition is required to be included on the relevant planning permit requiring the preparation of the agreement.

Section 173 Agreements require careful management to ensure that contributions are either paid, delivered as works, or transferred as land in a manner that is compliant with the agreement requirements, including, but not limited to quality and timing.

9.5 STAGE 5: PROJECT DELIVERY

The delivery of projects included within a development contributions scheme must ensure:

- Projects are delivery in a timely manner based on the primary needs of the new / growing community, not the individual needs of landowners.
- Where practical (both physically and financially), development contributions projects are delivered early in the life of the development,
- Where practical, encourages the use of works in kind to deliver development contributions scheme projects (noting the significant benefit of delivering projects as an integrated part of the development),
- Works in Kind Agreements are approval by Council prior to the commencement of works,
- Projects are part of a long-term delivery pipeline to accommodate planning, design and delivery prior to agreed triggers or need.
- Projects are reflected in Council's long term financial plan to ensure a strategic approach to project delivery, income forecasting and deliver efficiency with other non-development construction capital works.
- Projects completed to the standards and specifications detailed in the Development Contribution Scheme or as agreed.

Framework Note:

Works in kind is a tool utilised by Councils' to facilitate the efficient delivery of projects included or nominated under a development contributions scheme.

These works in kind can include the construction of works such as roads, drainage and parks, or the provision of land for projects or open space.

The works in kind process allows the works to be delivered seamlessly as part of the development and avoids rework and conflicts due to Council works occurring within a private development setting.

9.6 STAGE 6: REPORTING AND FORECASTING

The reporting and forecasting of development contributions scheme must include:

- Regular reporting on performance and progress,
- A modelling or forecasting tool that ensure the long-term risk of the scheme(s) are proactively managed,
- Tracking of development contributions revenue and works in kind (including the use of a development contribution financial reserve(s)),
- Compliance with legislative reporting requirements,

Tavle 4 provides an overview of internal and external reporting to be undertaken on development contributions.

Table 4 - Reporting Program for Development Contributions

Reporting Commitments	Report	Frequency	Recipient	Responsible Officer
Monthly project updates and cost variations	INTERNAL non statutory	Monthly	Executive Management Team (EMT)	Coordinator Strategic Infrastructure Planning, and Manager Active and Healthy Communities, and Project Delivery Managers
Development Contribution Schemes progress and status	INTERNAL non statutory	Quarterly	Development Contributions Steering Committee Public Space Committee	Coordinator Strategic Infrastructure Planning, and Manager Active and Healthy Communities.
Development Contribution Schemes progress and financial status	INTERNAL statutory	Annual	Audit and Risk Committee	Coordinator Strategic Infrastructure Planning, and Manager Active and Healthy Communities.
Development Contribution Schemes progress and status	EXTERNAL statutory	Annual	Council	Coordinator Strategic Infrastructure Planning, and Manager Active and Healthy Communities.
For DCPs in accordance with Planning & Environment Act , Section 46QD and the Ministers Direction for DCPs.	EXTERNAL statutory	Annually, by 30 September	Minister for Planning and for inclusion in Council Annual Report	Coordinator Strategic Infrastructure Planning

9.7 STAGE 7: GOVERNANCE, REVIEW AND AUDITING

A Governance, Review and Auditing stage of the development contributions scheme must ensure:

- The implementation of formal governance and decision-making arrangements to oversee the seven stages of the development contributions process,
- The scheme is regularly reviewed, at frequencies reflective of its scale and complexity,
- Reviews are built into the obligations of the scheme to ensure is currency,
- The findings and actions from any review should, wherever possible, be implemented as soon as practical to minimise long term risk.
- Internal and external audits of the scheme should be encouraged and utilised as continuous improvement opportunities.

9.7.1 Committees and Working Groups

The following internal committees provide oversight and play a decision-making role in the management of development contributions.

9.7.1.1 Development Contributions Steering Committee

The Development Contributions Steering Committee will support the City's development contributions program to ensure Council meets its legislative requirements, demonstrates sound financial management and facilitates the timely delivery of infrastructure.

9.7.1.2 Development Contributions Working Group

The Development Contributions Working Group will support the Development Contributions Steering Committee in preparation and implementation of the City's development contributions program. The working group will coordinate the day to day management of the various development contributions schemes.

9.7.1.3 Public Space Committee

The Public Space Committee supports the preparation and implementation of the City's public open space development contribution schemes to ensure the City meets its legislative requirements, demonstrates sound financial management and facilitates the timely acquisition and / or delivery of open space infrastructure projects.

9.7.1.4 Audit and Risk Committee

The Audit and Risk Committee is an advisory committee formally appointed by Council and is responsible to the Council. It plays an important role in providing oversight of the City's financial and performance reporting, risk management, compliance with legislation and internal and external audit functions.

9.7.2 Delegations

Council has put in place a delegation structure that ensures the effective and efficient management of development contributions schemes to allow processing, management and project assessment.

Delegations will be regularly reviewed to ensure they maintain a fit for purpose approvals processes, including appropriate risk management and compliance with legislative and policy obligations.

Refer the City of Greater Bendigo [Delegation and Authorisation Policy \(19 Jul 2021\)](#) and [Instruments of Delegation](#).

9.7.3 Annual Report to Council

A Council report will be prepared on an annual basis to provide Council with an update on the City's development contributions arrangements, including:

- Development contributions plans
- Major section 173 agreements
- Public open space contributions