

DEVELOPMENT CONTRIBUTIONS POLICY

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Responsible Officer:	Coordinator Strategic Infrastructure Planning
Owner:	Strategic Planning
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1. PURPOSE

The Development Contributions Policy (the Policy) details the various development contribution schemes available to Council and the decision-making principles that guide the funding of major shared infrastructure projects required to service new urban development.

The Policy aims to guide the development of fit for purpose development contribution schemes that effectively manage the infrastructure needs of new and growing communities while minimising the financial risks to Council and the broader community.

The Policy is supported by the City of Greater Bendigo - Development Contributions Governance Framework (2024), that expands on the content of the Policy to provide further guidance.

2. BACKGROUND

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

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

Within regional Victoria, development contributions are primarily used for the management of new 'greenfield' urban growth areas that require the construction of significant infrastructure to transition these areas from farming land to new housing or industrial estates. However, development contributions schemes can also be used within inner urban change areas or smaller developments to address their impact on the broader suburb or 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 is supported by the *Regional DCP Toolkit – Development Contributions Information Manual (2020)* which expands on the principles of this Policy and provides guidance to regional Councils on the implementation of development contribution schemes. The Toolkit was a collaboration project between 16 regional Councils and the Victorian Planning Authority.

The Policy also builds upon the recently adopted City of Greater Bendigo *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).

3. SCOPE

The policy applies to:

- All shared essential infrastructure required to service the City's new development areas and change areas,
- Development contributions schemes that fall under:
 - Planning and Environment Act 1987 (section 3B)
 - Local Government Act 1989 (section 163)
 - Subdivision Act 1988 (section 18)
 - Water Act 1989 (section 215)
 - Greater Bendigo Planning Scheme (clause 53.01)

The Policy does not cover:

- The delivery of shared essential infrastructure required under a planning permit and usually servicing a single property or development. This could include footpaths, local streets, kerb and channel, small local parks, and local drainage infrastructure, potable water, reticulated sewerage, electricity and telecommunications.
- Major State or Commonwealth infrastructure that's funded and / or delivered to support the growth of the municipality.

4. DEFINITIONS

In this policy:

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 includes 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 process 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 this Policy, or used in combination.

Development Contributions Governance Framework means a City of Greater Bendigo guidance document detailing the key decision-making principles for development contributions schemes within the municipality and the governance framework that supports them.

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](#).

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

Shared Infrastructure Funding Plans (SIFP) means an infrastructure plan that details the essential shared 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 [Part 3, Section 18 of the Subdivision Act 1988](#) 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 Council's [Public Open Space Contributions Policy](#).

Regional DCP Toolkit – Development Contributions Information Manual (2020) means the [Development Contributions Information 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 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.

Special Rates and Charges 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 require a contribution to these works; be it full or in part. A scheme usually relates to projects such as footpaths, kerb and channel and local drainage works.

Works in Kind (WIK) means the provision works that are nominated within an approved development contribution scheme, whereby the value of these works is offset against any landowner development contributions liability owed to Council. These projects can also include the provision of land.

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

5. PRINCIPLES

The Policy principles that underpin the City's development contributions schemes and ensures their fairness, ease of implementation, and ultimately their success, include:

- **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.
- **Transparency**
Justification for the infrastructure and the selected scheme.
- **Accountability**
Ensure obligation are monitored and achieved by all parties.

The above 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 contribution and how this effects the liveability of the new communities and the financial viability of new development.

6. POLICY

In determining a Development Contributions Scheme, it is policy to:

Four (4) Policy Objectives:

- **Maximise equitable cost recovery**
The recovery of infrastructure costs that have a clear nexus with new development (be it through direct works or through development contribution schemes) is to be maximised.
- **Maximise the liveability of new development**
The liveability of the City's new development areas and change areas is to be maximised through the timely provision of essential infrastructure.
- **Minimise financial risk to Council**
The financial risk to the Council, its rate payers and development landowners, is to be minimised.
- **Facilitate development**
Development contributions schemes that focus on development facilitation and being fit for purpose are to be implemented.

To support the Policy, the *Development Contributions Governance Framework*, and its seven key stages, should be used to guide the development of fit-for-purpose and best practice Development Contributions Schemes.

7. ROLES AND RESPONSIBILITIES

The primary coordination role of the City's development contributions schemes is the responsibility of the Strategic Planning unit. To support the management of the various development contributions schemes the below governance groups will guide decision making and risk management.

- Development Contributions Steering Committee
- Development Contributions Working Group
- Public Space Committee
- Audit and Risk Committee

For more detail on the roles of each group above and relevant City departments, please refer to the *Development Contributions Governance Framework (2024)*.

Regular communication and engagement with relevant developers and landowners is recommended to help with the selection of an appropriate development contributions scheme.

All selected development contributions schemes will be presented to Council for ultimate adoption.

8. RELATED DOCUMENTS

Readers are encouraged to access relevant documents and/or resources which are available as per the below.

These include:

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

Further information or advice on this policy should be directed to the Strategic Planning unit.

9. HUMAN RIGHTS COMPATIBILITY

The implications of this policy have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

10. ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this, such a change may be made administratively. Examples include a change to the name of a City unit, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be made through consultation with the staff Consultative Committee and with the approval of EMT or where required, resolution of Council.

11. DOCUMENT HISTORY

Date Approved	Responsible Officer	Unit	Change Type	Version	Next Review Date
<i>26 August 2024</i>	<i>PG</i>	<i>Strategic Planning</i>	<i>New Policy</i>	<i>1.0</i>	<i>26 August 2028</i>