

Growth Areas Infrastructure Contribution Fund

Policy Statement



*The **Growth Areas Infrastructure Contribution (GAIC)** is designed to help fund essential state infrastructure where it is needed most – in Melbourne's fastest growing suburbs in the seven major growth area councils.*

Greenfield development will support a significant proportion of Melbourne's population growth. It creates unique challenges and a progressive demand for new infrastructure that needs to be closely linked to the release of new land.

GAIC is specifically structured to ensure it addresses the unique infrastructure needs of the growth areas. This Policy Statement explains GAIC, what it can be spent on, how spending will be prioritised, and how funds will be allocated.

What is GAIC?

GAIC was introduced in 2010 to respond to the state infrastructure challenges facing new communities in the municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham

GAIC is a one-off contribution paid by developers. It collects some of the increased value of growth area land, that has been rezoned for new development since 2005. These contributions help to fund the state infrastructure requirements of new communities.

The payment of contributions is triggered by certain events associated with urban development, such as land sales and subdivision. Contributions are collected by the State Revenue Office and distributed equally

between two special purpose accounts – the Building New Communities Fund (BNCF) and the Growth Areas Public Transport Fund (GAPTF) – known collectively as GAIC funds.

GAIC funds are expected to collect between \$3.0 billion and \$3.5 billion over the 30 years to 2040. This was originally estimated to equate to around 15 per cent of the total funding needs for state infrastructure in the designated growth areas.

GAIC was introduced in 2010 in Part 9B of the *Planning and Environment Act 1987* (the Act). In 2011 the ability for developers to provide land or works-in-kind, in lieu of making GAIC payments, was included.

Progress in collecting the contributions and committing expenditure to and from GAIC funds is reported for each growth council in the annual reports of both the Department of Environment, Land, Water and Planning (DELWP) and the Victorian Planning Authority (VPA).

What can GAIC funds be spent on?

GAIC funds can only be spent on state-funded infrastructure projects located inside the Urban Growth Boundary in any of the seven designated growth area councils. GAIC funds must be spent in, or for the benefit of, these growth areas.

Sections 201VA and VB of the Act provide more specific information about the types of projects that can be funded. These can include land acquisition, capital works and start-up operating costs for new public transport services.

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How will applications for GAIC funds be prioritised?

All applications for GAIC funding will be assessed by an inter-departmental panel convened by DELWP's Office for Suburban Development. The panel will undertake due diligence to ensure eligibility and deliverability, assess the priority of projects and recommend funding proposals for consideration by the Minister for Planning and the Minister for Suburban Development.

Funding decisions will be informed by a strategic pipeline of state infrastructure projects in the growth areas, drawn from Precinct Structure Plans and corridor-level infrastructure needs assessments.

In general, funding preference is given to projects located in areas that have made, or will make, contributions to GAIC. Projects located on land developed or zoned for development before 2005, which are not subject to the contribution, may still be considered for funding if there are clear regional benefits to the newer growth area communities.

GAIC funds will be distributed to growth area councils broadly in proportion to the amount received over time from development in each municipality. However, short to medium term variations will occur so the Government can direct investment to the areas of greatest need and leverage other investments.

What are the current infrastructure priorities for GAIC funds?

The following new or upgraded infrastructure and land acquisition project types are priorities for GAIC funds.

Building New Communities Fund

- primary and secondary government schools and other education facilities
- state emergency services facilities including fire stations and ambulance stations
- health, community health, wellbeing and family violence prevention facilities
- justice facilities including courts and police stations
- open space improvements
- walking and cycling
- regional level sporting and recreational facilities.

Growth Areas Public Transport Fund

- new railway stations and associated works
- new bus interchanges
- future transport corridors
- bus services for the first five years of operation
- associated infrastructure for public transport such as car parking and access
- redesigned or reconstructed state roads for the primary purpose of improving public transport services.

How will GAIC funds be allocated?

Under the Act, The Minister for Planning is responsible for authorising recommended projects to the Treasurer for approval. This role is shared with the Minister for Suburban Development.

At the beginning of each year, the Minister for Planning and the Minister for Suburban Development will call for funding applications from all Ministers.

All applications must be authorised by the responsible portfolio Minister to ensure coordination of priorities. Applications also must meet legislative and eligibility criteria. Final assessment of shortlisted projects will occur in April and May, with announcements of approved projects to be made from June onwards.

Further details of the application process for GAIC funds can be found in the GAIC Application Guidelines, which are updated annually.

GAIC Agreements

Developers can seek to provide works or land for future state infrastructure in lieu of paying the contribution. Proposals for GAIC "works-in-kind" (WIK) agreements are to be directed to the VPA.

The VPA can also negotiate GAIC Agreements with developers, including prior to rezoning, to secure land as a WIK at a future time it is required – for example, for schools or train stations. These transfers are offset against reduced future GAIC payment liabilities.

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