PIA Planning Institute Australia

28 April 2025

Infrastructure Victoria – Victoria's draft 30-year infrastructure strategy 2025-2055

PIA Victoria Submission

INTRODUCTION

The Planning Institute of Australia (PIA) is the national body representing planning and the planning profession. Through education, communication and professional development, PIA is the pivotal organisation serving and guiding thousands of planning professionals in their role of creating better communities. PIA is also the accrediting body for tertiary qualifications in planning in Australia.

In Victoria we represent over 1,300 planners and engage each year with upward of 7,000 through our communications, professional development program and planning-related briefings and events.

PIA does not represent any vested interests. Our advocacy is framed from a public interest perspective. Our members work in both public practice as part of both State and Local government, as well as affiliated agencies, and in private practice serving the development industry as well as government clients. Our members and committee also have strong representation not only from metropolitan Melbourne but across the state.

Victoria's 30-year infrastructure strategy makes 43 draft recommendations and provides 7 future options to the Victorian Government on the state's infrastructure priorities. This includes housing, energy, transport, health, social infrastructure and the environment.

The draft recommendations and future options are grouped under 6 objectives:

- Victorians have good access to housing, jobs, services and opportunities
- Victorians are healthy and safe
- Victoria has a thriving natural environment
- Aboriginal people have self-determination and equal outcomes to other Victorians
- Victoria is resilient to climate change and other future risks
- Victoria has a high productivity and circular economy.

Infrastructure Victoria has invited submissions on the draft 30-year infrastructure strategy. PIA Victoria welcomes the opportunity to provide this submission which includes some opening reflections on the draft strategy and some apparent 'gaps' before documenting responses to selected recommendations (where we feel it relevant to comment), mostly indicating our support for their intent and directions but including supplementary advice or suggestions for improvements.

COMMENTS ON THE DRAFT STRATEGY AND GAPS

PIA commends IV on the draft strategy which demonstrates a comprehensive review backed by evidence and includes thoughtful recommendations which are relevant to the range of challenges the Government needs to address across the 6 objectives.

PIA recognizes the important role IV has as an independent body able to highlight the range of infrastructure issues requiring a Government response.

It would be fair to say that PIA Victoria doesn't disagree with any of the recommendations relevant to our profession's public interest perspectives and given our explicit and stated policy positions. We nevertheless make the following 'high level' points about the draft strategy.

Greater integration of infrastructure with strategic land use priorities warranted

As planners we can see a gap in the integration of the range of proposed infrastructure investments and their catalytic potential, with the delivery of preferred strategic land use outcomes in key priority precincts (such as Activity Centres or major employment locations and clusters included in Plan for Victoria). Signals to encourage the market to develop housing in priority locations are missing without an integrated infrastructure delivery program. Changing land use controls as the Government has so far prioritized is not sufficient.

Recommendation 35 on infrastructure sector plans goes some way to covering this but in our commentary on this recommendation we have outlined refinements which we believe would better align infrastructure and land use planning and development and thereby provide more certainty about development prospects in these priority areas. The draft strategy could be more closely tied to desired spatial planning outcomes including the 'accessible jobs and services' pillar in Plan for Victoria.

Land assembly required to support precinct scale planning and delivery needs to be addressed

On a related matter we note that delivery of high quality housing and urban environments in priority precincts can be hampered by existing lot patterns. Developers do purchase and aggregate sites for more developable sites but this can take time and add to costs in the development process. In PIA Victoria's Better Places, Better Housing position paper[1] we noted the following:

[1] https://www.planning.org.au/resource?resource=142

> Many worthy suggestions for facilitating housing delivery in infill areas can overlook the biggest barrier in infill areas, which is the ‘land problem’. In particular, the issue of how to ‘remake’ suburbs and precincts with a mix of densities and uses and new public open space, when the land in these areas is principally available as long narrow single fronted blocks in multiple ownerships.

The issue of land assembly is so important to achieving development at scale in infill areas, which IV has championed, that it warrants an IV focus. Potential benefits include higher yields and provision of more private and public open space with greater vegetation cover[2], and prospects for precinct-based energy[3] and drainage management innovations.

Land fragmentation is also a barrier to orderly development in greenfield areas. Land assembly interventions in this context are also warranted.

Interventions to achieve land assembly exist on a continuum from market based incentives often involving development ‘bonuses’, through better and systematic, careful brokering with private land-owners (making them more aware of financial opportunities, and advising them of options including development partnerships), through to land acquisition interventions (such as those allowed in declared project areas through the Development Victoria Act 2003).

In the Better Places, Better Housing position paper we recommended a renewed Development Victoria or new state development corporation that in addition to land assembly could be responsible for:

- strategic housing development (including facilitating the delivery of Social and Affordable Housing by Community Housing Providers)
- constructing demonstration projects to aid market testing
- undertaking mainstream development for ‘reduce-risked’ partnerships
- managing Expression of Interest for private sector partnerships on public land.

Regional infrastructure provision could be a greater focus

Aligning infrastructure provision with regional development priorities and opportunities should also be a focus. The suggested refinements to the process of preparing infrastructure sector plans (discussed for recommendation 35) should also extend to regional planning and development priorities especially in peri urban areas and regional cities in planned precincts. The lack of certainty about infrastructure provision in these areas is stifling viable regional development opportunities.

[2] See https://sgsep.com.au/publications/events/missing-middle-housing
[3] See https://new.gbca.org.au/news/gbca-media-releases/charging-ahead-designing-precincts-for-an-all-electric-future/

In general ideas and recommendations to expand or accelerate regional development deserve additional attention.

Multiple small-scale projects are supported and together can have a big impact

PIA supports the draft strategy's inclusion of many small scale projects and 'easy wins' which is a strategic approach given the current and projected state fiscal constraints. Assessing multiple small but linked projects in economic evaluations could demonstrate an outsized positive return.

Greater consideration of future state revenue prospects in context of infrastructure investment benefits is warranted

The draft strategy provides broad costings for the infrastructure ideas and recommendations it includes, as well as a discussion of funding issues in the final section. While it is the Government's responsibility to respond to and prioritise the recommendations within its understanding of future state fiscal prospects, the lack of a future revenue perspective in the draft strategy is emerging as a potential gap. The draft strategy identifies the envelope of required capital and operating costs and the notional economic return from implementing the recommendations but it would be valid to extend the analysis into future revenue scenarios, including additional taxation revenues to the Commonwealth and Victoria from implementing the recommendations. Innovations including tax reform (e.g. a recommendation to replace stamp duty with a land tax) could also be included, recognising that this (in our view appropriately) stretches IV's scope.

Australia needs a productivity lift and many of the recommendations and their long-term impact would contribute to this, with an associated economic and taxation 'pay-off'.

Stronger link to Victorian Climate Strategy required

PIA welcomes the sustainability and climate related recommendations. A clearer alignment to the Victorian Climate Change Strategy could be demonstrated. More on climate related issues is included in our commentary on the relevant recommendations.

EV charging infrastructure needs coverage

We suggest that the omission of a recommendation related to EV charging infrastructure is a 'gap', particular given the role of EVs in federal emission reduction targets and the state government's zero emission vehicles roadmap. Some issues here include:

- restructuring and coordinating infrastructure and integration with energy systems across both private and public land (the speed, coordination and funding of the delivery has not, to date, been the subject of sufficient consideration)

- fast changing technologies are a feature (for example BYD have apparently developed a battery than can be charged in 5 minutes for 400km travel[4]) raising redundancy as a prospect
- charging 'at home' (typically with energy from solar panels) is likely to remain the preferred approach.

While recommendations must retain flexibility given rapid technology and market changes, IV could usefully address the matter.

Better alignment between issues and recommendations

The evidence base and referencing in the report is welcome – and highly valued. Nevertheless we note that the 'issues discussion' is wide-ranging and not always addressed by or aligned with the recommendations. Clarity could be improved by better alignment of the 'issues discussion' with recommendations while where issues are not addressed by the recommendations this could be acknowledged.

[4] See https://www.abc.net.au/news/2025-03-25/byd-profits-surge-after-supercharger-ev-tesla-competition/105075394

PIA Planning Institute Australia

COMMENTS ON SELECTED RECOMMENDATIONS

Rec #1 – Build more social housing

This is fundamental to improving access and opportunity and addressing the 'right to a home'; it recognises the market can never provide housing for a cohort of households in disadvantage and rental stress. A program of social house building as proposed would build industry capability and productivity and provide a counter-cyclical construction boost when required.

Recs #3-#5 – Schools, TAFE and libraries and aquatic centres infrastructure provision

A shortage of accessible community and social infrastructure, such as TAFEs, and local infrastructure such as libraries and aquatic centres, for existing and new communities on the urban fringes and in the regions is a major source of spatial inequality that needs to be addressed. Spending should aim to specifically address backlogs to bring infrastructure up to benchmark standards.

In addition targeted infrastructure expansion in priority infill precincts can catalyse and underpin urban renewal. A short, medium and long-term program of expenditure in priority renewal precincts, including the infrastructure mentioned above should be established (see comments on Rec#35).

Recs #6 – Accessible government infrastructure

PIA strongly supports making public transport and government and other buildings more accessible. The focus in this recommendation is on disability access but parents with prams, elderly people with mobility challenges and the public in general will benefit from reduced friction associated with utilising government infrastructure.

Rec # 7 - Rezone locations near existing infrastructure for more home choices

The Government has already undertaken rezonings (through the Activity Centre program) and made changes to residential development provisions to facilitate housing development. Targeted additional rezoning may be supportable but only where in well serviced locations (consistent with planning objectives) and actual delivery of housing and unlocking of capacity is facilitated through other measures.

There is the potential for unintended consequences from the recommendation given its current 'broad brush wording' including for infill development in areas not well serviced or not readily serviced and in ad hoc ways that would harm urban character and liveability.

Additional rezoning should be supported by:

- evidence of minimum standards of infrastructure capacity and available services and facilities (for example linked to Public Transport Accessibility Levels, existing open space and the presence of opportunities for commercial and retail development to support new residents) – noting that this analysis could lead to areas being categorised for early uplift while other areas require infrastructure improvements (triggering an appropriate infrastructure plan/contribution).
- a commitment to new or upgraded infrastructure which will provide greater certainty to developers (e.g. drainage infrastructure, new open space, greening, and local public and active transport investment, schools, etc).

The risks of a broad-brush approach are evidenced by Plan for Victoria including Stony Point as an area for expansion merely because it has a rail station (though clearly few other supporting facilities or services). Ultimately housing development will be catalysed by the 'right' market conditions supported by confidence in infrastructure provision and capacity. Rezoning itself is no guarantee of delivery as the Fisherman's Bend lesson reminds us.

PIA Victoria has called for a commitment to five universal 'liveability targets' in priority infill precincts and activity centres, expressed as indicators to achieve reduced car reliance, accessible open space, minimum greening and tree cover, more walkable streets and social and affordable housing[5]. These can provide an enhanced social licence for densification.

Future Option – Mandate more affordable homes near existing infrastructure

PIA strongly supports a mandatory contribution to social and affordable housing and can't understand why this would be a 'future option' given Government already supported and then withdrew such a policy innovation in 2022. Given the escalation in the housing crisis the need is even greater so this shouldn't be a 'future option'.

Social and affordable housing contributions made through the development process will not meet all needs and complementary investment is clearly required (as envisaged by the bold ambition suggested in Recommendation #1), but SAH should be considered critical local infrastructure for local liveability and integrated into developing areas.

PIA Victoria's position on this matter can be found in our Social and Affordable Housing Position Paper[6].

Rec #8-#13 - Expanded PT services and fare reform

PIA strongly support expansions to public transport and active transport and pricing/fare changes that encourage mode shifts away from car use and provide

[5] See https://planning.org.au/resource?resource=78
[6] See https://www.planning.org.au/resource?resource=187

affordable access options and choices to a wider range of people. The push for increased density in infill areas has to come with reduced car reliance otherwise the average of around 1.5 cars per dwelling will lead to an unsustainable expansion in car usage given the projected dwelling increase, with all the costs of road infrastructure and road trauma it will entail.

The outer suburbs and regions have a shortage of public transport options and this limits employment and opportunities to those with car access. An expansion and reordering of bus services as suggested by the rapid transit network is an over-due reform which would make a genuine difference in expanding access and opportunity to suburban communities. A progressive plan to achieve the ultimate network commencing with incremental reform to provide more and more direct bus services is required. Train extensions are required to provide more rapid access to inner area job concentrations.

We make no comment on the specific projects suggested and expect these to be justified by reference to adopted strategic policy and appropriate business cases.

Rec #14 - Local streets safer, reduce speeds to 30km/hr

PIA supports measures for safer streets for the reasons outlined by IV which are included in the 'healthy and safe' category of recommendations. We would also like to see an extension of ideas such as reduced speed limits to activity centres to prioritise pedestrian and active transport and improve street ambience. This would support the attractiveness of activity centres as destinations for activity and for residential development.

There is a link here to the ideas in Victoria's Movement and Place Framework[7] though it doesn't canvass changes such as reduced speed limits in 'place' priority areas such as activity centres.

Rec #15- Safe cycling networks

PIA supports expansions in active transport networks. This is fundamental to enhanced transport choice, reducing car reliance and making living in established areas more attractive. An additional focus would include incremental and targeted improvements to improve current on-street cycling lanes including filling small gaps which can be frustrating to the cycling experience. From a net community benefit perspective a major project of bikeways, though supported, might be weighed against numerous small interventions and 'less engineered solutions' to make on-street cycling safer and more attractive.

[7] See https://www.vic.gov.au/movement-and-place-victoria

Rec #22 - Secure homes for Aboriginal Victorians

PIA strongly supports building more secure homes for Aboriginal Victorians including, with traditional owner engagement and support, including utilizing cooperative models of ownership and management to build capacity and support and thereby involving tenants in decisions.

Rec #26 - Better use government land for open space and greenery

Given Victoria's significant projected housing and population growth PIA is concerned about the looming liveability challenge from the lack of attention to new open space provision. Access to greenspaces and open space has been a loved feature of our cities and towns and we welcome IV's focus on the issue.

We support the recommendation here to "open at least 450 more hectares of public land where most population growth will happen" (with IV noting that this is half the open space Victoria needs by 2036). We note the IV focus only on public land, and indeed understand that in many cases the use of public land for open space might need to take precedence over, for example, its use for social and affordable housing, given the critical shortage of open space and the fact that such housing can be provided through and integrated with redevelopment of private land.

But the looming open space shortage is such that IV could have included a recommendation here about how to leverage more private land into the future stock of open space. This might mean addressing the current and inadequate development contribution requirements (metropolitan councils typically have a contribution rate that requires five per cent of developable residential, commercial, industrial land to be set aside for POS, or the financial value provided to council as a cash contribution).

PIA welcomes IV's recognition of greening or vegetation as 'infrastructure' and note the recommendation to 'set targets for Melbourne's established suburbs using Living Melbourne's target of 30% to 50% land covered by tree canopy and shrubs by 2050' and PIA notes that this (on page 49 of the Living Melbourne document[8]) includes the target that 30% of the cover should be on private land. This stretch to private land for vegetation cover is supported and critical.

Evidence documented in the recent past by RMIT researchers established that it is challenging, if not impossible, to balance removal of canopy vegetation from private land by increasing provision on public land to 30%. There is simply not enough public land. As such, private land plays a critical role in the delivery of canopy vegetation.

The protection of existing canopy vegetation needs recognition as being of fundamental importance. Wholesale removal of existing canopy cannot be 'replaced' by the planting of new canopy, not least as canopy takes decades to mature, and presuming there are

[8] https://livingmelbourne.org.au/wp-content/uploads/2022/10/Strategy_online.pdf

no barriers to this occurring following planting. Furthermore, new canopy planting in existing streetscapes is a complex and often expensive process which may require the ‘redesign’ of existing streets in areas subject to the greatest urban heat impacts. As such, we would strongly encourage IV to include a more robust approach to the delivery of ‘green infrastructure which encompasses:

- The protection and enhancement of canopy on private land, with due consideration for alternate approaches such as green walls and roofs in areas where there is a net community benefit in greater density
- The proper funding of streetscape works to deliver green infrastructure, ideally prioritised according to urban heat vulnerability.
- Improved recognition of green infrastructure into other infrastructure decision making framework and obligations to better balance infrastructure related design and maintenance decisions.

Rec #27 - Better prepare infrastructure for climate change

PIA strongly supports this recommendation but suggests potential improvements. These include:

- Explicit consideration of whether the rebuilding of significant infrastructure in the same place (but more resilient) is appropriate in the context of potential long term retreat from some areas which are likely to face unacceptably high levels of risk under climate change scenarios. Continual rebuilding, even where a rebuild is more resilient, may not always be the best outcome.
- Similarly, acknowledging the benefits and costs of long term investment in some high risk areas should also be explicitly on the table. PIA encourages IV to review existing Adaptation Action Plans, particularly those relating to the built environment and whether the scope and delivery of these is such that they should be the key mechanism for determining investment in adaptation infrastructure.
- The inclusion of a separate recommendation relating specifically to coastal infrastructure. This issue – with major cost implications - has had limited attention in the context of infrastructure affected by climate change. There are significant gaps in Victoria’s coastal protection defences, and more explicit advice to the government in this area would be welcome.
- While we appreciate that some attention was paid to these matters in the Weathering the Storm report prepared by IV, there is no requirement for the Government to respond to Weathering the Strom in the same way there is a requirement for it to respond to recommendations included in the strategy. As such, we would strongly urge IV to consider how coastal infrastructure will be designed, funded and delivered over the next 30 years and to embed recommendations relating to this in its Strategy. Commentary on processes

aligning place based adaptation action planning are currently underway as part of *Victoria Resilient Coast 2100+* with forthcoming Adaptation plans. Current programs are developed at municipal and regional scales. Expenditure associated across a wide range of mitigation infrastructure is not being clearly coordinated and prioritised at state level, which will be necessary.
- Additional consideration of the impacts on the interaction of climate change with these and other recommendations. For example, the loss of coastal reserves and public open space at foreshores may exacerbate shortages in open space provision while being very difficult to mitigate.

While we strongly support the identification of an energy sector report we encourage IV to also explicitly include commentary around:

- The importance of precinct-based outcomes (note the Green Building Council of Australia has produced a useful guide[9])
- The importance of improved energy efficiency at lot scale in balancing increasing energy requirement (for example from increased EV take up over the next 30 years) with grid stability. While the NCC sets minimum standards these may not be compatible with grid stability, particularly given the role improved energy efficiency standards for new development and energy efficiency retrofits for existing buildings will play in the ability to meet emission reduction targets should be noted.
- The importance of micro-grid / integration of generation and storage, particularly in regional areas to support broader climate resilience.
- The opportunities offered by Vehicle to Grid / Grid to Vehicle systems (noting recent AEMO changes) to improve grid stability and overall energy management.
- The important role the planning system plays in delivering these outcomes

Rec #28 - Use new flood maps to revise planning schemes

PIA strongly supports this recommendation, which is aligned with our long-term advocacy. PIA Victoria is very concerned that recent changes to Victoria's planning controls have undermined the ability of councils to consider flood risk. The process by which development is allowed in high-risk areas needs to be subject to much greater transparency and industry consultation. Plan for Victoria supports this recommendation for instance but does not contain any detail as to which modelling has been completed and on which standards that modelling was based (i.e. ARR2019 with a 0.8m SLR may result in overlays which are not aligned with current best practice). PIA is concerned that current approaches may leave gaps in the consideration of coastal inundation including in many regional areas. Additional items would strengthen the recommendation:

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[9] See https://new.gbca.org.au/green-star/green-star-strategy/electrification/

- Recognise and encourage use of the latest Australian Standard flood modelling. Much modelling currently done or underway is based on ARR2019. A new standard was released in 2024 (ARR24) which fundamentally 'reset' flood modelling assumptions – essentially recognising that the 'starting' point from which models had been based was an underestimate[10]. Flood maps should be based on the best available science. Failing to base modelling on this creates issues for professionals where they are required to consider this given legal obligations through codes of conduct.
- PIA Victoria also applauds the recognition that the sea level rise benchmark, which was identified in government strategy as needing to be updated a number of years ago, is not consistent with the IPPC's Sixth Assessment. If there is a sound rationale for why this update has not occurred – i.e. modelling has been undertaken which has established that a lesser benchmark is appropriate in the context of Victoria - then this should be released publicly. Greater transparency (i.e. on a web portal) as to which catchments have had modelling undertaken, when the last updates were done and the basic parameters on which they were done would support a whole range of decision-makers, while avoiding numerous misinterpretations which currently characterise on the ground decision-making processes in this complex space.

Rec #30 - Environmental assessments and site selection for energy projects

PIA notes emerging tensions in many locations between the necessary and worthy aims of expanding renewable energy infrastructure and preserving environmental values. We support reforms to improve environmental assessments. We note here an absence of references to affected host communities. The social license for renewable energy developments will come from assurances in relation to environmental protection but also effective property owner and community engagement including in relation to benefits for host communities and impacts on agricultural production and sustainability. The energy transition is critical and deserves world class engagement and approval processes. Consequently, more focus on enhanced community engagement including the value and approach to community benefit schemes would not have been 'out of place' in the context of this recommendation.

Rec #31 - Invest in home, neighbourhood and big batteries for more energy storage

PIA strongly supports this recommendation but notes it needs to be integrated in place-based planning, especially greenfield precinct planning to ensure land set aside and infrastructure planned for and delivered (through all electric precincts) is the same as that for other infrastructure at this stage. A distinct and different process needs to be established for renewal areas but with the same ambitions (see previous comments on

[10] See https://www.dcceew.gov.au/about/news/better-guidance-climate-change-planning-future-floods

Rec #27 as to the importance of precinct scale planning to this outcome). Some councils have begun considering what this looks like. We encourage IV to reach out to Councils such as the City of Greater Geelong who are pursuing a ‘zero carbon neighbourhood’ approach in their growth areas to learn more about some of the challenges.

Rec #34 - Speed up household energy efficiency and electrification

PIA strongly supports this recommendation as a critical part of Victoria’s energy transition, but we also note the deletion of energy efficiency as a requirement from Victoria new Townhouse Code. Given the critical need for energy efficiency upgrades in existing stock it is reasonable to take a view that new housing stock should be ensuring they are ‘ahead of the curve’. Siting and design requirements are a fundamental platform on which energy efficiency improvements can be delivered and removing these as considerations in this new Code is not acceptable. We also note that Australia’s NCC 7 star rating compares poorly to relevant global standards.

Rec #35 - Prepare and publish infrastructure sector plans to shape Victoria’s cities

PIA supports this recommendation which alludes to the potential for critical and fundamental land use and infrastructure integration. The fact that the Government doesn’t have shared and common base assumptions for infrastructure provision aligned to development goals is deeply problematic: it is an indication that agency silos are alive and well and that coordination to achieve strategic outcomes is lacking.

The recommendation is one of the few which references a much-needed process reform to improve land use and infrastructure integration. But the recommendation could go further and include more detail for greater impact to drive land use change.

Firstly, it is unrealistic to base the population, job and land use forecasts for use by agencies on the Plan for Victoria housing targets. These are aspirational 28 year targets with no interim time-frame resolution. From 2011-21 Victoria grew by almost 47,000 dwellings per year. The already aspirational VIF forecasts identify dwelling growth of 54,111 per year (2024-51). The Housing Targets imply growth of about 86,000 dwellings per year (2023-2051). While these might be suited for use as ‘capacity’ targets for land use planning purposes and even to guide extra-long-term planning by agencies, they are less useful for short to medium term infrastructure planning purposes where resources are scarce and can’t be wasted on multiple development fronts. Government should agree on a common spatial pattern of population, housing and jobs growth in three or four five year tranches (15 to 20 years), reflecting existing capacity and commitments, respecting trends and feasibility, but also with a realistic policy or strategic bias. The generation of these projections could involve iteration between agencies to ensure a close to least cost pathway consistent with the policy aims.

Secondly, the agencies would establish their plans on the basis outlined by IV but the ultimate resolution of priorities should be place oriented and identify an integrated preferred sequence of development **and** infrastructure provision in five year increments out to 15-20 years. This would provide a very clear guide as to which locations are preferred for development in the short term and what the roll-out of associated spending on infrastructure will look like. This approach would fill in the gap that exists in encouraging housing delivery in the current activity centre program of planning reform, which is an incentive to develop based on certainty about supplementary or new infrastructure provision.

Thirdly, the sequencing commitment has to be meaningful. This means where development is proposed 'out of sequence' (e.g. it is proposed in years 0-5 when it was planned for years 10-15) it needs to be responsible for additional or 'bring-forward' costs that the government will incur. This is not to say that the out-of-sequence development is not allowed, just that the additional costs to the public need to be mitigated or 'made good'. This creates an incentive for in-sequence development consistent with strategic priorities.

Rec #36 - Reform infrastructure contributions

Under the theme heading of 'Harnessing Development Contributions and Development Rights for Housing and Liveability' in the Better Places, Better Housing: A Planning Reform Agenda Position Paper[11] PIA Victoria outlines recommendations for infrastructure funding reform.

This paper suggests that reform should understand that development contributions in general fall into one of four mutually exclusive and additive categories – 1) user pays charges, 2) impact mitigation payments, 3) value sharing or value capture and 4) inclusionary provisions. These four frames or categories provide a key reference for any development contributions reform agenda.

Two key recommendations amongst others are noted here:

> **8. Fit for purpose local infrastructure charges: Reform local infrastructure charging mechanisms with appropriate resourcing, training and technology, and simplify their application while ensuring they direct development to 'least cost' locations based on appropriate 'price signals'.**
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> Improved mechanisms to deliver infrastructure alongside growth is critical. Elements of a reformed system would include:
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> - DCPs and 'off the shelf' infrastructure charges operating in parallel - provided the latter rates vary by development context and/or place typology and are set conservatively (i.e. lower) than what is likely to be possible via an appropriately prepared DCP.

[11] See https://www.planning.org.au/resource?resource=142

- A requirement for future local infrastructure planning – linked to anticipated land use change - as foundational to either approach
- More centrally provided support and assistance in the preparation and administration of DCPs, including enhanced technology and software platforms, and clear guidelines and advice about appropriate infrastructure provision and standards
- In regional contexts in particular, establishing the option of a financing facility for local infrastructure 'paid back' by development contributions.

10. A consolidated mechanism to capture windfall gains for the community's benefit. Replace the GAIC and WGT with a consolidated value capture mechanism (a 'development licence fee') to improve delivery of community benefits.

The incomplete approach to capturing land value uplift or unearned windfall gains in Victoria can be addressed by establishing a consolidated development licence fee as an effective value capture charge, explicitly based on the value of the 'development rights' received through planning approvals. This would be similar to the fees charged for access to other government regulated markets, for example, liquor distribution, commercial fisheries and broadcasting bands. Development licence fees would be calculated on the uplift in value generated through more intensive use of land made possible by development consents or rezonings, varying on a $/sqm by use by precinct. The funds should be available for catalyst infrastructure funding and other initiatives. The mechanism would be transparent and replace the recently introduced WGT and GAIC and apply to all rezonings or consents which provide additional development rights.

In relation to the latter the Lease Variation Charge in the ACT is referenced. Through the leasehold land tenure system the Territory Government explicitly retains ownership of development rights. Development proponents must pay a charge geared to 75% of the uplift in lease value once planning permission has been secured. The relevant per square metre or per dwelling $ charge is published for different types of uses and for different locations. In this way it is pre-signalled and non-contestable.

The Public Benefit Uplift Framework provisions enabled by the Built Form Overlay introduced by Amendment VC257 for Activity Centres, and as proposed in the SRL East Precincts, and already operating via Amendment C270 in the Melbourne CBD, are all predicated on explicitly valuing development rights and capturing value for community benefits. Unfortunately these provisions 'give away' development rights by only applying to floorspace granted above and beyond the height or floor area nominated by the relevant zone or scheme (rather than that above the existing height or floor area).

Consistent with our position on social and affordable housing mentioned for the Future Option after recommendation 7 the Better Places, Better Housing position paper also recommends a social and affordable housing contribution to recognize its 'role as critical local infrastructure'. Under recommendation 11 (A Social and Affordable

Housing Contribution) we note some detail on the design of a contribution mechanism as follows.

> The development process has a role to play in the delivery of (subsidised) social and affordable housing, given this is essential infrastructure benefitting all development and communities. The withdrawal of the previous proposal for a contribution of this nature should not be an impediment to future schemes, given Councils, the development industry and community housing providers have all identified that the current approach of site by site negotiations is ineffective. Areas where the previous proposal could be improved include:
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> - Application to more than just the residential property class. (A broader base would also mean that a lower rate of contribution would be possible)
> - Application across the whole state and not specific locations for simplicity and addressing key worker housing needs in many regional areas.
> - Contribution amounts that are as clear as possible, and pre-scheduled if possible, rather than subject to an 'as-if-complete' valuation process.
> - Contributions occurring or required at a point in the development process which has regard to the timing of cashflow/holding charges.
> - Contributions should initially be introduced with a reasonable lead time (e.g. 2-3 years) and then phased – so that the rate of contribution is low initially and increases incrementally over time.
> - Transparency regarding the funds collected, with an advisory body being established to help government allocate where and how proceeds raised by a scheme would be invested, in a strategic way that responds to housing needs and demands and meet strategic planning objectives across the state. The retention of regional contributions in the relevant regions is particularly noted.

Noting that the Government has already commenced a review and reform of infrastructure charging we have a baseline position which is to ensure that proposed State Government reforms to infrastructure funding arrangements maintain or preferably increase the resources available for investment in necessary local and catalysing infrastructure while providing more certainty and transparency for developers. Many councils have invested heavily in preparing DCPs and the associated funding is providing vital (though often insufficient) funds for local infrastructure. This can not be at risk from any reforms.

Rec #43 - Create and preserve opportunities for future major infrastructure projects

Long term planning for infrastructure, including rigorously evaluating options, undertaking business cases, aligning with desired land use change, preserving corridors where relevant, and identifying financing and funding opportunities is fundamental to the strategic planning that PIA naturally supports as the industry body of planners. We support this recommendation but are frustrated by the acknowledgement that ‘the Victorian Government has limited capacity to fund new major projects’ and that this means that the important projects referenced by IV will be deferred to a potentially long distant future. We would prefer commitments to delivery of these and many of the other projects noted in the draft Strategy, aligned to a future land use and settlement vision. We do agree that effective sector plans, modified by the refinements we recommend under recommendation 35, will help the government plan and use its resources more effectively.