



9 March 2021

Stuart Moseley  
Chief Executive Officer  
Victorian Planning Authority  
**By email:** [stuart.moseley@vpa.vic.gov.au](mailto:stuart.moseley@vpa.vic.gov.au)

Dear Mr Moseley

## **Proposed Deferral of Regional Infrastructure Contribution Plans**

We write to you in response to the Victorian Planning Authority's (VPA) ongoing consultation about the Government's proposed introduction of the Infrastructure Contributions Plan system in regional greenfield growth areas (Regional ICP system).

Based on the reasons set out below, both the Property Council of Australia and the Urban Development Institute of Australia propose that the Regional ICP system be deferred, and the current Development Contributions Plan (DCP) system remain in place.

There are outstanding issues with the ICP system in metropolitan greenfields growth areas. The metropolitan greenfields growth areas ICP is far from perfect and issues continue to be encountered by all parties. These issues should be resolved before a complex and uncertain system is applied across different geographical areas.

There are outstanding issues with the Regional ICP system. There remain genuine issues of concern with the proposed Regional ICP system, particularly the critical issue of whether there ought to be standard rates for the regions. Notwithstanding the recommendation of a tiered system of standard levies, the approach to setting those standard levies is problematic given the varied and case-by-case nature of each setting. Setting the levies too high will have a negative impact on the viability of delivering serviced lots to market, contrary to the Government's policy intent.

The development industry needs certainty in the current environment, more than ever. There are several reasons why the timing of the implementation of the proposed Regional ICP system adds uncertainty to the development industry:

1. the VPA has just completed a DCP Toolkit for regional councils to use in preparing DCPs and, at the same time, is looking to introduce a new system altogether;
2. the Infrastructure Contributions Advisory Committee is currently undertaking an extensive review of Victoria's infrastructure contributions system with a view to holistic reform. We do not know what the Committee might say about Regional ICPs or

whether they will continue to exist – in their existing form or at all – following the Advisory Committee’s review; and

3. certainty and consistency is key to facilitate development in any setting. There are so many factors at play, not least of which is the economic uncertainty brought about by the COVID-19 pandemic.

**Recommendation:**

**The Property Council of Australia and the Urban Development Institute of Australia propose that implementation of the Regional ICP System is paused pending the review and recommendations of the Advisory Committee to be delivered to Government later this year and, in the interim, the current DCP system remain in place.**

Regional Victoria is currently experiencing a shortage of new housing supply and housing delivery challenges as the industry works hard to deliver new stock within the time constraints of Government stimulus funding including the HomeBuilder Scheme and the Victorian Government’s stamp duty discount scheme.

Government should avoid any shock to the housing and development industry caused by the introduction of new and untested systems at this point of limited new housing supply. Regional developers are all struggling to deliver enough new housing to meet demand within the required constrained timeframes. Delays and uncertainty must be avoided to ensure adequate supply and fast-paced delivery is maintained to meet demand created by Government stimulus. Now is not the time for the Government to push ahead with switching on the Regional ICP system.

We urge you to reconsider the implementation program in light of these issues and welcome the opportunity to speak with you in greater detail. Please contact either of us for further information and to arrange a time to meet.

Yours sincerely



**Danni Hunter**  
**Executive Director, Victoria**  
**Property Council of Australia**



**Angela Gaedke**  
**Acting Victorian CEO**  
**Urban Development Institute of Australia**