

Growth Areas Infrastructure Contribution Fund

2017-18 Application Guidelines

February 2017

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Overview

The Growth Areas Infrastructure Contribution (GAIC) was established in 2010 to help provide state funded infrastructure in Melbourne's growth areas.

What is GAIC?

GAIC is a contribution payable on growth area land that has been rezoned since 2005. It levies part of the value uplift of that land as contribution to the delivery of state funded infrastructure necessary for the successful development of that land into a new community.

The growth areas lie within the urban growth boundary in the seven municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham. Projects outside the urban growth boundary are not eligible for GAIC funding.

GAIC only becomes payable after certain events associated with urban development including the sale of land, sub-dividing and applying for a building permit. GAIC can be deferred or paid in instalments. There are some exempted events, which means that the GAIC becomes payable at the next liable event.

Contributions collected by the State Revenue Office are distributed equally between two special purpose accounts the Growth Areas Public Transport Fund (GAPTF) and the Building New Communities Fund (BNCF).

Who administers GAIC?

GAIC was introduced into the *Planning and Environment Act 1987* (Act) as Part 9B in 2010. Part 9B of the Act is jointly administered by the Minister for Planning and the Treasurer.

The Office for Suburban Development (OSD) in the Department of Environment, Land, Water and Planning (DELWP) is responsible for developing and administering GAIC guidelines, receiving and assessing applications and monitoring and managing revenue and expenditures. OSD undertakes this role in consultation with an inter-departmental panel, including the Planning Group in DELWP, the Department of Treasury and Finance (DTF) and the Victorian Planning Authority (VPA).

The Minister for Planning and the Minister for Suburban Development are jointly responsible for authorising the funding of projects and making recommendations to the Treasurer for approval in accordance with the Act.

Who is eligible to apply for GAIC funds?

Only State Government departments or agencies (through the relevant portfolio department) may apply for GAIC funds. All applications must be authorised by the responsible portfolio Minister to ensure coordination of priorities. Applications for projects must meet the legislative and funding criteria outlined in this document.

Growth Area Councils, developers and other interested parties are invited to propose priorities for infrastructure to be funded from GAIC, particularly where there is a proposal to share capital or operating costs. All proposals are to be directed to the appropriate department or agency for their consideration.

Proposals for GAIC Work in Kind (WIK) projects, including the provision of land for the purpose of future state infrastructure, are to be directed to the VPA for assessment and negotiation.

What can GAIC funds be spent on?

Under the legislation, GAIC funds are to be used to deliver state funded infrastructure (and related land acquisition), including public transport infrastructure, other transport infrastructure (e.g. walking or cycling) and regional, community, environmental or economic infrastructure.

GAIC funds must be spent in and for the benefit of growth areas. The funds are intended to be distributed to growth areas in proportion to the amount received from that growth area over time. However, there may be short to medium term variations in allocations depending on individual project priorities and revenue collected.

The progress of collection of GAIC payments and spending commitments is reported for each growth corridor in the annual reports of DELWP and the VPA.

[Note: These guidelines relate to the 2017-18 GAIC funding round. The guidelines will be revised annually.]

What can GAIC fund?

GAIC is intended to fund state and regionally significant infrastructure projects that support the needs of Melbourne's growing communities.

GAIC funds can only be used for the purposes of state-funded infrastructure projects.

Potential projects could include:

- integrated health, education, justice and/or community facilities
- acquisition of land for state infrastructure such as schools
- emergency services facilities such as ambulance stations
- interchange works at train stations to support integration of public transport routes.

A project that brings forward delivery of critical infrastructure to a growing community is highly desirable.

GAIC could also be applied to a discreet stage of a larger project, such as land purchase.

GAIC funding allocations for potential projects will generally be considered in the range from \$1 million to \$10 million to ensure significant contributions are being made to meet the strategic state infrastructure needs of growth areas.

Projects requiring over \$10 million should rely in the first instance on the annual state budget process, but are not precluded from applying for a GAIC funding contribution.

Operating costs will not generally be funded from GAIC, except where explicitly eligible under legislation (refer to third dot point under "Growth Areas Public Transport Fund" below).

It is intended that investment proposals funded by GAIC are sufficiently advanced in project development that the project can commence within 12 months of funding approval.

Section 201, VA and VB of Part 9B of the *Planning and Environment Act 1987* provides details about what can be funded and is summarised below.

Growth Areas Public Transport Fund

The GAPTF may be used for public transport in a growth area including:

- capital works for state funded public transport infrastructure
- the acquisition of land and other infrastructure necessary or required for the establishment, operation or maintenance of the state funded public transport infrastructure
- payment of recurrent costs relating to the provision of a new public transport service in any growth area for a maximum of 5 years after the commencement of that service.

Building New Communities Fund

Projects funded from the BNCF may be used for capital works for state funded infrastructure in growth areas, including the following:

- community infrastructure, such as health, education, justice and emergency facilities, regional libraries and major recreation facilities
- environmental infrastructure, such as regional open space, trails and creek protection
- economic infrastructure, such as the provision of access to information and technology, and infrastructure supporting the development of commerce and industry
- transport infrastructure, such as walking and cycling but excluding major public transport infrastructure
- the acquisition of land and other infrastructure necessary or required for the establishment or maintenance of these types of infrastructure.

[Note: Roads are not excluded from GAIC funding but are not a current priority, except where their construction is for the primary purpose of supporting the efficient operation of public transport services and therefore are eligible under the Growth Areas Public Transport Fund. The focus of the Building New Communities Fund is on projects supporting economic and community infrastructure.]

How will GAIC applications be assessed?

Investment proposals seeking GAIC funding must be consistent with the legislative criteria and applications will be assessed against the four strategic criteria below.

Information contained in a GAIC application may be shared with other State Government departments and agencies to assist with cross government coordination and enable DELWP to seek clarification on an application.

Criterion 1 - Enhances liveability and sustainability

Applications must demonstrate how the project will enhance liveability and sustainability of local communities improving where they live and work.

- How will the project contribute to community building and local community infrastructure use?
- How will the project improve local places and/or improve access?
- How will the project implement environmental technology innovations and minimise environmental impact?

Criterion 2 - Builds on state investment

Applications must demonstrate how the project builds on State Government investment to deliver State policy priorities and leverage existing State Government projects and funding.

- What State Government policy will the project implement and how?
- How will this project complement existing or committed state infrastructure?
- What other state funding is committed to this project and when was it allocated?

Criterion 3 - Delivers a strategic opportunity

Applications must demonstrate how the project delivers a strategic opportunity to capture locational, timing and stakeholder synergies for investments that result in multi-level benefits.

- Why is this project needed? Provide evidence of the need and the impact of not delivering this project.
- What clearly defined and quantified benefits, including social, environmental and economic, will be provided?
- How will this funding bring forward critical infrastructure?
- How is the project supported by and aligned with stakeholders' policy priorities (e.g. local government, community)?
- Does the project have the potential to deliver benefits from coordinated stakeholder investment?

Criterion 4 - Project viability

Applications must demonstrate the ability for the project to be delivered within scope, on time, on budget and to a high quality.

- What is the governance structure and organisational commitment and capacity to deliver the project?
- How does the project demonstrate financial viability and value for money to government?
- Will the project be ready to start upon approval of funding?

How to apply for GAIC funding?

Application process

Applications will be received through an annual application round commencing in February 2017.

An overview of each stage is outlined below:

Stage 1 - Applications

Applications for projects seeking funding in 2017-18 will be open in February and close 31 March 2017.

Applicants are required to submit an online application form that:

- addresses the strategic criteria
- outlines the project's scope, timing, budget and risks
- provides a primary contact for any follow-up.

Applications must be received by DELWP no later than **1pm, 31 March 2017** and will require executive level approval in line with individual departmental practices.

All applications are required to be authorised by the responsible portfolio Minister through a letter to the Minister for Suburban Development before they can be considered for funding.

Applications are to be submitted to OSD via an online application form.

To start an application, please follow this link:
<https://delwp1.force.com/publicform?id=GAIC1718>

To access draft and submitted applications, please follow this link:
<https://delwp1.force.com/GrantsPortalLogin>

Departments and agencies with potential projects are encouraged to speak to the OSD about eligibility and scope early in the process.

OSD Contact:

Monica Glenn
Senior Program Officer - Infrastructure Investment
Email: GAIC@delwp.vic.gov.au
Phone: 03 9948 8552

Stage 2 - Shortlisting

Applications will be shortlisted in April through the following steps:

- an inter-departmental panel, chaired by OSD will assess all applications submitted against the four strategic criteria and shortlist projects
- projects that have been shortlisted will progress to the next stage and applicants will be advised of the outcome in writing by the department.

Stage 3 - Project development

Shortlisted projects will be subject to further development throughout April and May, such as:

- shortlisted applications that are considered to be high risk or of substantial value will be required to prepare a detailed business case. DTF's standard short form business case template should be used
- all other projects may be subject to requests for further information and confirmation of timing, scope, and cost estimates before assessment by the panel.

Stage 4 - Final assessment and approval

An assessment of all shortlisted projects will be undertaken, including the following steps:

- the inter-departmental panel will assess all shortlisted projects and business cases, and recommend projects for further consideration
- DELWP will brief the Minister for Suburban Development and the Minister for Planning on the outcomes of the assessment
- the Minister for Suburban Development and the Minister for Planning will authorise projects to receive funding
- all projects seeking GAPTF and projects seeking greater than \$2 million from the BNCF will then require the Treasurer's approval.

Stage 5 - Announcement

Successful projects will be announced to the public from July 2017.

Key timing

Applications open	February 2017
Applications close	31 March 2017
Shortlisting and project development	April-May 2017
Assessment	June 2017
Announcements	From July 2017

Funding arrangements

Funding from other sources

Projects receiving GAIC funds must be ready to deliver upon receipt of the funding, and therefore a project may not be funded if it is contingent on funds being approved from other organisations, for example Commonwealth or local government.

If another funding source has been confirmed then GAIC can be used to complement and add value, provided the project meets GAIC funding eligibility.

Funding Conditions

Funding will not be provided retrospectively.

If a stage of a multi-stage project is already built or funded from other state funding sources, then another stage of the project can be funded with GAIC funds as long as there is a discreet project stage that can be managed and reported on.

Funding recipients are required to comply with project monitoring and reporting requirements, including providing information to support legislative reporting requirements.

Payment will be received following the approval of completed milestones which will be negotiated following announcement of a GAIC funding contribution. Typical phasing of funding distribution would be 40%, 40%, 20%.

All projects will receive the final 20% payment on practical completion of the project, subject to a detailed project acquittal.

Payments for land acquisition will likely occur in full, at the point of contracts being signed.

Any overspend on projects will be the responsibility of the applicant and no further funding from GAIC will be provided.

If a project is not meeting key project milestones, the project team will be asked to “show cause” to explain why this has occurred and demonstrate how the relevant issues will be appropriately addressed.

If a project fails to be delivered in accordance with the approved project plan, funds will need to be repaid.

Projects with unspent funds will have deductions made from the final 20% payment. Where the unspent funds equate to more than the 20% of final payment, those funds are required to be repaid in full. Unspent funds are not transferrable to other projects.

Successful applicants will be required to contribute information on the outcomes delivered as a result of the project for use in program evaluation or in DELWP’s communication materials.

If GAIC funding is provided directly to a Growth Area Council to deliver the approved state funded infrastructure, the council will be required to enter into a Victorian Common Funding Agreement with DELWP.

