



INFRASTRUCTURE RECOVERY CHARGE

The Victorian Government has invested \$290 million in Revitalising Central Dandenong over a 15-20 year period. The investment is expected to generate more than \$1 billion of investment from the private sector and will make the city of Greater Dandenong a better place to work, live and raise a family.

The Revitalising Central Dandenong initiative will kick-start the regeneration of Dandenong and unlock the city's potential to become a thriving city centre in Melbourne's growing south-east corridor.

Dandenong has a rich and prosperous history but, like cities all over the world, it has changed in recent years and has had to compete with surrounding developments. The infrastructure program that includes the improvement of public spaces and facilities will be partly funded by an infrastructure recovery charge to apply to new developments of a commercial scale within the declared project area.

Commencing on the first of September 2006, the infrastructure recovery charge is levied only at the time of development – when developers are realising the benefit of the Government's significant investment in the area.

Investment on such a large scale would not be possible without the ability to recoup a portion of government's investment through a recovery charge.

Levied only at the time of development

The charge has been designed to ensure that developers will help contribute to the infrastructure which will enhance their investment. It does not apply to ordinary home owners or to businesses doing minor renovations.

Building works for which a charge is levied at the time of applying for a building permit, are:

- The construction of three or more dwellings on a lot; and
- Any work (could be residential) over the threshold amount that will be subject to the charge. This includes staged developments. If the total cost of building work carried out over any 3-year period (not including any development before the charge was gazetted) exceeds the threshold amount.

The charge is also levied on subdivisions into more than two lots.

The threshold amount as of 2 July 2009 is \$273,960 (see Victorian Government Gazette G27 Thursday 2 July 2009).

How to calculate the charge

The charge is based on 5 percent of 'development value'. For developments other than subdivisions, development value is the sum of the site value at the time of development (based on the unimproved site value listed on the most recent municipal rates notice), and the cost of the building work for the development. Site value is calculated the same way regardless of when the site was acquired. However, for subdivisions, the site value is the estimated value of the land after subdivision as estimated by a valuer appointed by the Valuer-General.

$$\text{COST OF BUILDING WORKS} + \text{SITE VALUE} = \text{DEVELOPMENT VALUE}$$

The charge in the Central Dandenong Declared Project Area is 5% of the 'development value'

$$5\% \text{ OF DEVELOPMENT VALUE} = \text{INFRASTRUCTURE RECOVERY CHARGE PAYABLE}$$

INFRASTRUCTURE RECOVERY CHARGE

THE PROCESS

The intention to apply a charge was announced by the Minister for Major Projects, Mr John Lenders at the time of the Revitalising Central Dandenong announcement on 26 September 2005. It was reported in newspapers, media releases and project publications.

The infrastructure recovery charge applies from the date that the charge was gazetted, being 1 September 2006. Developments for which a building or planning permit has been issued prior to the gazettal will be exempt from the charge. Developments for which a planning or building permit application has been lodged, but for which a permit has not yet been issued prior to the gazettal, will not be exempt from the charge.

The charge will have to be paid before the issue of a building permit or, in the case of subdivisions, before a statement of compliance will be issued. Refer to the flow chart here for clarification of process (for buildings and works).

