

Planning and Subdivision Fees Review

REGULATORY IMPACT STATEMENT FACT SHEET

JUNE 2016

Why are we reviewing the fees?

Most of the planning fees currently in place were set in 2000 and many have remained unchanged, or have been increased on an ad-hoc basis to account for some changes in CPI since then. Consequently, the fees are substantially out of date.

The *Subordinate Legislation Act 1994* requires that regulations expire after ten years in operation. The *Subordinate Legislation Act 1994* also requires a Regulatory Impact Statement to be prepared for regulations that create a significant economic or social burden. As fees are generally deemed to impose a significant economic or social burden, a Regulatory Impact Statement is required for the proposed Regulations.

Principles guiding the review

The department identified the following principles, which reflect the Department of Treasury and Finance *Cost Recovery Guidelines*, to guide the review of fees:

- The fees charged for the planning and subdivision functions of municipal councils should support Victoria's planning objectives
- The fees should be set to encourage the optimal use of the planning and subdivision functions of municipal councils
- The fee should not over-recover costs and fees are to be based on efficient cost
- The fees should be equitable
- The fees should be simple to understand and administer.

How are the fees changing?

The proposed Regulations increase the fees that can be charged by local councils (or other responsible planning authorities) for the services provided under the *Planning and Environment Act 1987* and the *Subdivision Act 1988*.

The proposed fees aim to recover no more than the full costs from those making applications. However, some categories of fees have been set below full cost recovery in order to achieve fairness or other policy objectives.

Some of the key changes are:

- Total revenue collected from the proposed fees of around \$80-90 million per annum, which is an increase of around \$40 million from what is currently collected.
- Full cost recovery across all categories with the exception of \$0-\$10,000 VicSmart permits, single dwellings less than \$2 million and other development less than \$100,000.
- Three fee categories: up to 10 submissions, up to 20 submissions and over 20 submissions for considering a planning scheme amendment.
- Conversion of the fees into fee units which will be subject to annual indexation according to the value of fee units set by the Treasurer.

New fee categories

New fee categories are proposed for:

- a VicSmart application
- development related to a single dwelling up to \$10,000

- ending or varying a s.173 agreement
- a permit application other than a use, development or subdivision
- a request to amend a certified subdivision plan
- a request to amend an application to certify a subdivision plan
- a statement of compliance.

What do the proposed fees mean for councils?

Generally, the fees councils charge are proposed to increase, but there are some exceptions (such as the fee for certification of plans and the \$0-\$10,000 fee for single dwellings). The proposed changes to the fees are designed to bring the fees more into line with what it generally costs councils to deliver statutory services. The table on page 3 sets out the summary of proposed fees.

Growth area councils

- Subdivision permit fees will increase and satisfaction matters can be charged per item.
- Removal of the per-lot certification and statement of compliance fee and its replacement with a \$307 flat fee. For councils with a high level of subdivisions, increases in other fees (such as subdivision permits) more than offsets lower revenue from the proposed fee to certify a subdivision plan. Refer to page 12 of the Regulatory Impact Statement for a more detailed explanation.
- A new fee is proposed for a request to amend a certified subdivision plan.

All councils

- Separate fees for VicSmart applications.
- Fees for planning scheme amendments have increased substantially to reflect the cost of providing this service. There is now a three-tier approach to charging for the consideration of submissions: up to 10 submissions, up to 20 submissions and over 20 submissions.

What do the proposed fees mean for applicants?

A new fee of \$188 has been introduced for development relating to a single dwelling valued up to \$10,000. Previously there was no fee for this development category. However, if a landowner wants to make some minor changes to a boundary, build a garage, consolidate the block with an adjoining lot or build a single dwelling, this will attract a lower fee than most other applications. The table below sets out the summary of proposed fees.

Next steps?

After consultation closes, the Minister for Planning must consider all submissions and comments received about the Regulatory Impact Statement and proposed Regulations. The Department will provide a statement (on the DELWP website) that provides reasons for the direction taken in the final regulations that broadly addresses the issues raised in submissions. Any changes made to the regulations as a result of submissions must be approved by the Minister. New regulations will be made by October 2016.

Queries and further information

For further information and details on how to make a submission, please visit www.delwp.vic.gov.au/planning-and-subdivision-fees-review

Queries related to the Regulatory Impact Statement can be directed to the Victorian Government Contact Centre on 1300 366 356 (local call cost), or by email to planning.systems@delwp.vic.gov.au

The closing date for submissions is Friday 24 June 2016.

Summary of proposed fees

Fee category	Proposed fee (fee units)	Proposed fee amount from October 2016
Planning permit applications:		
Use only	89	\$1,241
Single dwelling use or development:		
up to \$10,000	13.5	\$188
more than \$10,000 and up to \$100,000	42.5	\$592
more than \$100,000 and up to \$500,000	87	\$1,213
more than \$500,000 and up to \$1 million	94	\$1,310
more than \$1 million and up to \$2 million	101	\$1,408
VicSmart permit		
Use and development up to \$10,000	13.5	\$188
Development more than \$10,000	29	\$404
Develop land		
Up to \$100,000	77.5	\$1,080
More than \$100,000 and up to \$1 million	104.5	\$1,457
More than \$1 million and up to \$5 million	230.5	\$3,213
More than \$5 million and up to \$15 million	587.5	\$8,196
More than \$15 million and up to \$50 million	1732.5	\$24,151
More than \$50 million	3894	54,282*
Subdivision		
Subdivide existing building, subdivide land into 2 lots, give effect to a realignment of common boundary between 2 lots or to consolidate lots	89	\$1,241
Create, vary remove a restriction, create or remove a right of way, create vary or remove an easement, vary or remove a condition in the nature of an easement	89	\$1,241
Other subdivisions	89 per 100 lots	\$1,241 per 100 lots
Permit application other than use, development or subdivision	89	\$1,241
Amend an application after notice but before decision	–	40% of fee applicable to the original permit class plus the difference in fees if the amendment moves the application into a different class
Amend an application for an amendment to a permit	–	40% of fee applicable to the original permit class plus the difference in fees if the amendment moves the application into a different class
Amend an existing planning permit	–	75% of fee applicable to the original permit class plus the difference in fees if the amendment moves the permit into a different class

Fee category	Proposed fee (fee units)	Proposed fee amount from October 2016
Amend a planning scheme *		
Request with up to 10 submissions	1292	\$18,010
Request with more than 10 and up to 20 submissions	2311	\$32,215
Request with more than 20 submissions	2998	\$41,792
Planning scheme amendment under section 20A	65	\$906
Issue a certification of compliance (planning permit)	22	\$307
Issue a planning certificate	1.5	\$21
Satisfaction matter	22	\$307
Amend or end a s.173 agreement	44.5	\$620
Certify a subdivision plan	9.5	\$132
Amend an application to certify a subdivision plan	7.5	\$105
Request to amend a certified subdivision plan	9.5	\$132
Statement of Compliance (subdivision)	2.3	\$32
Consider engineering plans	–	Cap of 0.75% of works
Prepare engineering plans	–	Cap of 3.5% of works
Supervision of works	–	Cap of 2.5% of works

*Note: Due to the size of the increase in fees in dollar terms for planning scheme amendments and for planning permits with a development value of over \$50 million, it is proposed that the fee for these categories be set at 50 per cent of the proposed fee in the first year of the Regulations, before increasing to the full fee in the second year.

© The State of Victoria Department of Environment, Land, Water and Planning 2015



This work is licensed under a Creative Commons Attribution 4.0 International licence. You are free to re-use the work under that licence, on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Environment, Land, Water and Planning (DELWP) logo. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

ISBN 978-1-76047-147-7 (pdf/online)

Disclaimer

This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Accessibility

If you would like to receive this publication in an alternative format, please telephone DELWP Customer Service Centre 136 186, email customer.service@delwp.vic.gov.au, via the National Relay Service on 133 677 www.relayservice.com.au. This document is also available in accessible Word format at www.delwp.vic.gov.au/planning

The proposed fee changes – summary

Planning permit applications	Current fee	Proposed fee (fee units)	Proposed fee amount	Percentage change
Use only	\$502	89	\$1,241	147%
Single dwelling	\$0 to \$490 (depending on value of works)	13.5 to 3894 (depending on value of works)	\$188 to \$54,282	Variable (depending on value of works)
Development	\$102 to \$16,130 (depending on value of works)	77.5 to 3894 (depending on value of works)	\$1,080 to \$54,282	Variable (depending on value of works)
Subdivision	\$249 to \$781 (depending on nature of change)	89 per 100 lots	\$1,241 per 100 lots	Variable (depending on nature of change and number of lots)
Permit application other than use, development or subdivision	–	89	\$1,241	New fee category
VicSmart	(Fee charged as standard permit fee)	13.5 (for works between zero and \$10,000) 29 (for works over \$10,000)	\$188 or \$404	New fee category
Amend an application after notice but before decision	\$102	–	40% of fee applicable to the original permit class plus the difference in fees if the amendment moves the application into a different class	Variable
Amend an application for an amendment to a permit	\$102	–	40% of fee applicable to the original permit class plus the difference in fees if the amendment moves the application into a different class	Variable
Amend an existing planning permit	\$102 to \$815 (depending on type of permit and value)	–	75% of fee applicable to the original permit class plus the difference in fees if the amendment moves the permit into a different class	Variable
Amend a planning scheme	\$2,918	1292 to 2998 (depending on number of submissions)	\$18,010 to \$41,792	500% to 1330%
Planning scheme under section 20(4) of the Planning and Environment Act	\$2,918	270	\$3,764	29%
Planning scheme amendment under s. 20A	\$2,918	65	\$906	-69%

Planning permit applications	Current fee	Proposed fee (fee units)	Proposed fee amount	Percentage change
Issue a certification of compliance (planning permit)	\$147	22	\$307	108%
Issue a planning certificate	\$18.20	1.5	21	15%
Satisfaction matter	\$102	22	\$307	200%
Amend or end a s.173 agreement	–	44.5	\$620	New fee category
Certify a subdivision plan	\$100 + \$20 per lot	9.5	\$132	Variable
Amend an application to certify a subdivision plan	–	7.5	\$105	New fee category
Request to amend a certified subdivision plan	–	9.5	\$132	New fee category
Statement of Compliance (subdivision)	–	2.3	\$32	New fee category
Consider engineering plans	Cap of 0.75% of works	–	Cap of 0.75% of works	No change
Prepare engineering plans	Cap of 3.5% of works	–	Cap of 3.5% of works	No change
Supervision of works	Cap of 2.5% of works	–	Cap of 2.5% of works	No change