

Melbourne Strategic Assessment (Environment Mitigation Levy) Act 2020 (MSA Act) General Fact Sheet

Fact Sheet – MSA Act 2020
Version 4



What is the MSA Act and when does it take effect?

The MSA Act establishes a Victorian legislative framework for the existing MSA program. Its purpose is to impose a levy to fund measures to mitigate impacts on biodiversity caused by the development of land in Melbourne's growth corridors.

The key components of the MSA Act are:

- Identifying events that trigger the liability to pay MSA levies;
- Defining the area to which the levies apply;
- Setting the levies including their indexation; and
- Defining who is required to pay the levies and when.

The MSA Act will take effect from 1 July 2020

The Melbourne Strategic Assessment (MSA) program aligns State and Commonwealth biodiversity requirements under one program. It does this to ensure that urban development within Melbourne's growth areas complies with all biodiversity requirements in an efficient and effective way

What areas does the MSA Act apply to?

The MSA Act applies to areas declared by the Secretary of the Department of Environment, Land, Water and Planning as a levy area. The levy area covers the four growth corridors within the expanded 2010 Urban Growth Boundary. This includes properties covered by the Biodiversity Conservation Strategy for Melbourne Urban Growth Areas (BCS), where Habitat Compensation Obligations have not been met.

Full maps of the declared levy area can be accessed at <https://www.msa.vic.gov.au/melbourne-strategic-assessment-act-2020>

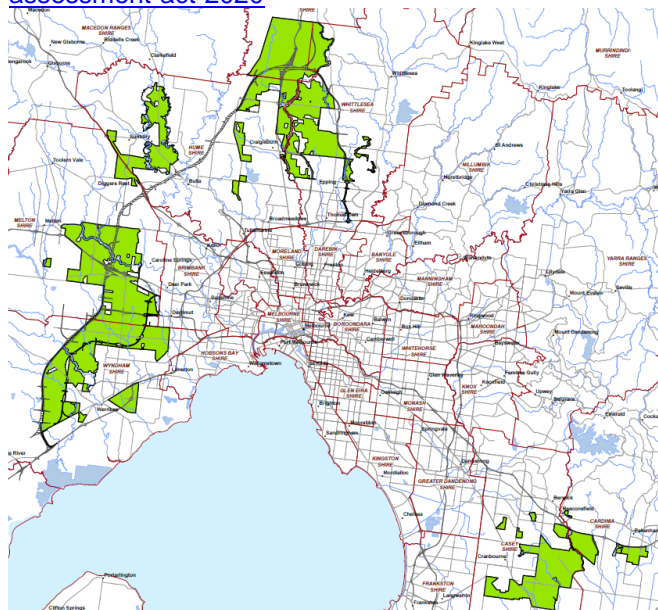


Figure 1: Levy area map

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How are levies triggered under the MSA Act?

The liability to pay an MSA levy is triggered when a levy event occurs within the levy area. The only levy events are the:

- issue of a Statement of Compliance for a plan of subdivision (i.e. subdivision of land),
- application for a building permit,
- approval of a work plan or variation of a work plan under the *Mineral Resources (Sustainable Development) Act 1990*,
- construction of utility infrastructure on Crown land,
- construction of a road on Crown land.

Any relevant event, undertaken in the levy area, will trigger a levy liability. The liability is triggered regardless of who undertakes the activity.

In almost all cases on private land it is the landowner who is liable to pay the MSA levies. The sole exception is for land subdivided under section 35 of the *Subdivision Act 1988* by an acquiring authority to create a reserve (for example, VicRoads creating a road reserve). In such an instance the acquiring authority is liable to pay the levy.

Once the MSA levy has been paid for a parcel of land no further levy liability will apply to that land.

There are some activities that are excluded from the payment of the levy, for example the subdivision of land to realign the common boundary between two lots is excluded. Exclusions exist for other minor events. See associated FAQ for further information on exclusions exemptions.

What are the new levy rates and how and when will they be adjusted?

The environment mitigation levies set out in the MSA Act replaces the BCS Habitat Compensation Obligations fee system.

The new levies are set out in Table 1 below.

Table 1: Rates after 1 July 2021.

| Levy Type | Rate per hectare from 1 July 2021 | Rate per hectare from 1 July 2022 |
|---------------------------|-----------------------------------|-----------------------------------|
| Native Vegetation patch | \$136,688.00 | \$166,874.00 |
| Scattered Tree (per tree) | \$18,999.00 | \$23,195.00 |
| Growling Grass Frog | \$8,257.00 | \$8,805.00 |
| Golden Sun Moth | \$12,773.00 | \$16,522.00 |
| Spiny Rice-flower | \$9,244.00 | \$10,160.00 |
| Matted Flax-lily | \$11,625.00 | \$12,063.00 |
| Southern Brown Bandicoot | \$4,309.00 | \$5,261.00 |

The MSA Act requires that the levy rates are adjusted annually according to a composite index designed to reflect changes to the cost of delivering the MSA program over time. The composite index is composed of one third *Consumer Price Index*, and two thirds *Wage Price Index*.

In addition to annual indexation, the legislation provides for an additional adjustment to be applied for the first five years of the operation of the MSA Act. This will bring the Program back to full cost recovery by the 2024/25 financial year. **From 2025/26, only the composite index will apply.**

The levies for FY2020/2021 have been calculated based on an updated cost model for the delivery of mitigation measures required by the Commonwealth approval and associated conditions. The base costs of implementing the program have almost doubled since the introduction of the BCS in 2013.

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How to pay the levy

Previously MSA habitat compensation obligation payments have been made through the process of lodging a case registration within the Native Vegetation Information Management (NVIM) system. As of 1 July 2020, that process will no longer be necessary.

The MSA Act introduces a similar process to the Growth Areas Infrastructure Contribution (GAIC) payment process. In most cases levies under the MSA Act will be triggered by subdivision. In this case there are a few simple steps:

1. DELWP will issue a levy assessment notice to the landowner (or the relevant lodging party) via email where a Statement of Compliance is issued for a plan of subdivision within the MSA Levy Area, for land where a levy liability remains).
2. Once the levy amount has been paid, DELWP will issue the appropriate certificate (usually a certificate of release or partial release) to the landowner (or the relevant lodging party).
3. This certificate must be presented to Land Use Victoria by the landowner or their representative, to demonstrate that payment has been made. Land Use Victoria cannot accept the lodgement of the plan of subdivision unless the appropriate MSA certificate has been issued.

For more specific detail on how to pay levies for subdivision and other levy events please refer to Instruction Sheet – meeting levy requirements under the MSA Act at: <https://www.msa.vic.gov.au/melbourne-strategic-assessment-act-2020>

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