



ESSENTIAL ECONOMICS

Hume Planning Scheme Amendment C207

Expert Witness Statement

Chris McNeill, B. Econ

Director, Essential Economics Pty Ltd

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Contact details

For further details please contact Essential Economics Pty Ltd at one of our offices:

96 Pelham Street
Carlton
Victoria 3053
Australia
PH +61 3 9347 5255
FAX +61 3 9347 5355

Level 26 / 44 Market Street
Sydney
New South Wales 2000
Australia
PH +61 2 9089 8654

EMAIL mail@essentialeconomics.com
WEB www.essentialeconomics.com

ABN 92 079 850 427

Project Number: **17160**

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1 INTRODUCTION

Professional Details

- 1.1 My name is John Christopher McNeill and I practice as a Director and Senior Economist at Essential Economics Pty Ltd of 96 Pelham Street, Carlton.
- 1.2 I hold the degree of Economics from Monash University. A copy of my CV is attached to this statement.

Area of Expertise

- 1.3 My area of professional expertise is urban economics and the economic analysis of urban policy.
- 1.4 My opinions expressed herein are, to the context relevant, made by me in reliance upon my above expertise.
- 1.5 I am a member of the Victorian Planning and Environmental Law Association, and a member of the planning committee of the Housing Industry Association.

Instructions

- 1.6 I have been instructed in this matter by HWL Ebsworth, lawyers acting on behalf of Capitol Property Group.
- 1.7 My instructions in this matter are as follows:
 - (a) To consider and provide comment on the background and methodology applied in preparing the Sunbury South Precinct Structure Plan in so far as it relates to the provision of infrastructure and, in particular, an Infrastructure Contributions Plan;
 - (b) To consider and provide comment on the role the Sunbury South Precinct Structure Plan Area plays in accommodating projected population growth in Melbourne's north west;
 - (c) To consider and provide comment on the how the demand for infrastructure is shaped by the demographic composition of growth areas; and
 - (d) To prepare this Expert Witness Statement.

Preparation

- 1.8 In preparing this statement:
 - (a) I have been instructed by HWL Ebsworth that, as a witness giving evidence (by report, or otherwise) in a proceeding as an expert, I have a duty to assist the Panel and that this duty overrides any obligation that I may have to any party to the proceeding or to any person who is liable for my fee or expenses in this matter;

- (b) I have neither received nor accepted any instructions to adopt or reject any particular opinion in preparing this report;
- (c) I have made all the enquiries which I believe are desirable and appropriate and that no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel;
- (d) I have considered the relevant documents disclosed by the parties to the proceeding and the documents listed in this report; and
- (e) I was solely responsible for the preparation of this Statement.

2 SUNBURY SOUTH PRECINCT STRUCTURE PLAN

- 2.1 This Chapter considers the background and context to Amendment C207 to the Hume Planning Scheme.

The Amendment Area

- 2.2 The Sunbury South Precinct Structure Plan (SSPSP) has been prepared by the Victorian Planning Authority (VPA) in consultation with Hume City Council and relevant agencies.
- 2.3 The SSPSP is intended to provide up to 11,800 homes accommodating a residential population of more than 33,000. The precinct will include:
- The Redstone Hill Major Town Centre comprising at least 25,000 square metres of retail and commercial floorspace
 - At least 5,000 square metres of retail and commercial floorspace in the Harpers Creek Local Town Centre
 - Several local convenience centres
 - Approximately 45 hectares of industrial land
 - Regional parklands along the Jacksons Creek corridor
 - A road crossing of Jacksons Creek
 - A new train station near Jacksons Hill
 - A range of local schools, sporting fields and community facilities.
- 2.4 The SSPSP applies to approximately 1,798 hectares of land generally bounded by:
- Watsons Road and the Jacksons Creek to the south
 - Gellies Road and the Emu Creek to the north and north-east
 - The transmission line easement to the east
 - Vineyard Road to the west.
- 2.5 The precinct abuts a number of existing communities within the Sunbury township, including Goonawarra and Jacksons Hill.

Amendment C207

- 2.6 The amendment proposes to incorporate a new document into the Hume Planning Scheme titled “Sunbury South Precinct Structure Plan”. The amendment also rezones the land to Urban Growth Zone Schedule 9 to facilitate the development of the land and makes a number of other changes to the Hume Planning Scheme.

- 2.7 Concurrent with the amendment process, Villawood Properties is seeking a planning permit to facilitate residential development of its significant landholding in the SSPSP area.

The Sunbury South Precinct Structure Plan

- 2.8 The structure of the SSPSP is generally consistent with other Precinct Structure Plans (PSPs) undertaken by the VPA for Melbourne’s greenfields growth areas.
- 2.9 The SSPSP envisages the amendment area will be developed over a 25 to 40 year period.
- 2.10 The SSPSP provides a new road network building on the existing roads in the area. Most significantly, the SSPSP facilitates a new road crossing of Jacksons Creek, which will form part of an ultimate Sunbury Ring Road. The new Jacksons Creek road crossing is expected to improve connectivity from east to west within the township, and provide an important link back onto the Calder Freeway to areas in the east of Sunbury.

Lancefield Road Precinct Structure Plan

- 2.11 Concurrent with Amendment C207, the independent Panel will also consider Amendment C208; the Lancefield Road Precinct Structure Plan (LRPSP). The LRPSP is located directly north of the SSPSP area and comprises an area of 1,095 hectares. It will provide for up to 8,000 dwellings and a residential population of 22,000.

Sunbury Infrastructure Co-ordination and Delivery Strategy

- 2.12 The Sunbury Infrastructure Co-ordination and Delivery Strategy (SICDS) prepared by the VPA (November 2016) is a facilitative document that sets out the:
- infrastructure assets required to support Sunbury’s future growth;
 - partners (public and private) responsible for the delivery of different infrastructure items; and
 - optimal prioritisation and development staging associated with the delivery of infrastructure.
- 2.13 In addressing the third bullet point (above), the SICDS notes the strategy *“does not seek to mandate a development sequencing plan”* (Page 4). This position is further reinforced at page 23; *“The Sunbury Infrastructure Co-ordination and Delivery Strategy is intended to be a dynamic document, responding to development as it rolls out, as well as potential funding opportunities for key projects as they emerge. It will need to be reviewed and updated from time to time.....”*
- 2.14 In setting out infrastructure requirements associated with early development in the SSPSP area (nominally ‘Stage 1’), the SICDS notes that, *“the Bulla Bypass is a critical infrastructure constraint, and Sunbury’s capacity to grow will be limited until this*

project is delivered. For this reason it's critical that delivery of the project commences in Stage 1, given the complexity associated with detailed design and site acquisition."

Council Submission (6 February 2017)

- 2.15 Hume City Council's submission (6 February 2017) to the exhibited SSPSP raises a number of issues, including:
- Lack of recognition of the importance of upgrading Sunbury Road and the Bulla Bypass;
 - A lack of evidence in traffic modelling to support the prioritisation of delivering the southern link road (including the road crossing of Jacksons Creek);
 - A concern that the southern link road may be prioritised at the expense of other infrastructure needs;
 - The absence of an Infrastructure Contributions Plan (ICP) with the exhibited SSPSP and LRPSP and therefore a lack of information in regard to infrastructure costings;
 - A lack of clarity as to whether an ICP will be subject to exhibition;
 - A request from Council that the SSPSPS and LRPSP not be approved until ICPs have been prepared, reviewed and endorsed by Council;
 - A lack of support for the SICDS, specifically the extent to which the document seeks to control the staging of infrastructure. Council argues that as it is the collection and development agency for infrastructure contributions, it should determine the priority and staging of infrastructure. In this regard Council again expresses concern with the prioritisation of the southern link road noting that *"the prioritisation of this item will mean that all contributions for the next 5-10 years will be required to fund this crossing, limiting the ability of Council to fund any other infrastructure within the precincts"*.

3 PROJECTED POPULATION GROWTH IN THE AIRPORT/CALDER CORRIDOR

- 3.1 Since August 2010, when the Melbourne’s Urban Growth Boundary was significantly expanded by the Brumby Government, future growth expectations for Sunbury have also increased. The Sunbury Hume Integrated Growth Area Plan (HIGAP) Spatial Strategy (July 2012), undertaken by Hume City Council, noted that Sunbury was set for a “*very significant period of growth*” that “*could see the town grow to a population of 80,000 people by 2040 and ultimately over 100,000 people*”.
- 3.2 In the five years since the HIGAP Spatial Strategy was released, this kind of growth trajectory has not changed. The Victorian Government’s official population projection series, Victoria In Future 2016 (VIF2016) anticipates an increase in Sunbury’s population from around 38,000 persons in 2016 to 55,000 persons in 2031, an average annual increase of more than 1,150 persons.
- 3.3 Aggregating Victoria In Future Small Area (VIFSA) population projections into a logical grouping to represent what can be described as ‘Airport/Calder Corridor’ (effectively those areas that comprise Melbourne’s outer north-west) it can be seen that Sunbury plays an important role in accommodating future growth in this broader area (Table 3.1). The grouping, which includes Bulla-Craigieburn, Gisborne, Keilor-Sydenham (as well as Sunbury) has a population of 249,000 in 2016 and is projected to increase to 346,000 by 2031. Of the total increase in population projected over this period, Sunbury is expected to account for 18% of total growth, or around 17,500 persons.

Table 3.1: Airport/Calder Corridor – Projected Population Growth (2016-2031)

Population (VIFSA)	LGA	2016	2031	2016 to 2031		Total
		No.	No.	Avg/p.a.	%/p.a.	
Sunbury	Hume	37,714	55,152	1,163	18%	17,438
Bulla-Craigieburn	Hume	91,150	158,250	4,473	69%	67,100
Gisborne	Macedon Ranges	23,085	29,575	433	7%	6,490
Keilor-Sydenham	Brimbank	97,178	103,291	408	6%	6,113
TOTAL		249,127	346,268	6,476	100%	97,141

Source: Victoria In Future 2016 (Department of Environment, Land, Water and Planning)

- 3.4 Logically, a similar set of numbers occurs when population growth is expressed in terms of dwelling growth. Table 3.2 provides an overview of the number of new dwellings required to provide for population growth in the Airport/Calder Corridor of Melbourne’s north-west.

3.5 Once again, Sunbury is expected to accommodate 19% of total dwelling growth in the Airport/Calder Corridor in the 15 year period between 2016 to 2031.

Table 3.2: Airport/Calder Corridor – Projected Dwelling Growth (2016-2031)

Dwellings (VIFSA)	LGA	2016	2031	2016 to 2031		Total
		No.	No.	Avg/p.a.	%/p.a	
Sunbury	Hume	14,657	22,717	537	19%	8,060
Bulla-Craigieburn	Hume	30,042	56,246	1,747	62%	26,204
Gisborne	Macedon Ranges	8,946	11,782	189	7%	2,835
Keilor-Sydenham	Brimbank	34,954	40,323	358	13%	5,369
TOTAL		88,600	131,068	2,831	100%	42,468

Source: Victoria In Future 2016 (Department of Environment, Land, Water and Planning)

3.6 The anticipated dwelling yield in the SSPSP area is 11,800 dwellings, accommodating a population of around 33,000 persons. The LRPSP area is anticipated to accommodate some 8,000 dwellings and a residential population of around 22,000 persons. In total, the two PSP areas will provide for some 19,800 dwellings, accommodating around 55,000 residents (equivalent in size to the urban population of Shepparton).

3.7 Based on the Victorian Government’s VIF2016 projections, around 41% off all the lots created the Sunbury South and Lancefield Road PSP areas will be required to support projected population growth in the period between 2016 and 2031.

3.8 In short, Sunbury is expected to play a very significant role in providing for future population growth projected in the Airport/Calder corridor.

4 RESPONSE TO KEY ISSUES AND STATEMENT OF FINDINGS

Infrastructure Contributions Plan

- 4.1 It is my understanding that an Infrastructure Contributions Plan (ICP) has yet to be finalised and has not been exhibited. This is not the first PSP in which an ICP has not been exhibited in tandem with the PSP, and it could be argued that with standardised contribution rates, the need for dealing with ICP's at this stage of the planning process is less important than it was under the previous Development Contributions Plan regime.
- 4.2 That said, I largely agree with the points made by Council in its submission of 6 February 2017. For example, and having regard for the Principles of the ICP system as set out at page 9 in the Infrastructure Contributions Plan Guidelines (October 2016), the principle of Certainty is arguably not met when an ICP is not provided at the point a PSP is considered by an independent Panel. It is questionable as to whether "*there is certainty about the.....infrastructure that can be funded*" when costings have not been made public.

The role of Sunbury in Melbourne's future growth

- 4.3 As noted in section 3 of this evidence statement, there is an expectation that Sunbury will make a substantial contribution towards accommodating future population growth in the Airport/Calder corridor. Although Council's concerns about traffic congestion on Sunbury Road and the need for the Bulla Bypass are understandable and represent legitimate local (and regional) concerns, there is a broader picture to consider in terms of ensuring anticipated growth is accommodated in a timely and efficient manner.
- 4.4 If municipalities seek to 'plan' their way out of accommodating population growth or if development is 'capped' pending the delivery of ideal infrastructure outcomes, the need to accommodate future population growth does not go away. Rather, underlying demand builds or population growth shifts elsewhere; usually to a nearby growth area. The result is the potential for distortions in the housing market from decreased competition and insufficient supply in particular areas as a result of unexpected surges in demand. The ultimate outcome is likely to be upward pressure on land and house prices.

Infrastructure provision in the Sunbury South area

- 4.5 The prioritisation of a second crossing of Jacksons Creek, along with early construction of road projects to facilitate an improved connection with the Calder

Freeway can be expected to provide some relief to traffic bottlenecks in Sunbury Town Centre.

- 4.6 Council's submission of 6 February 2017 expresses concern that the emphasis on prioritising early road projects (specifically the Jacksons Creek crossing and associated works) in the ICP will come at the expense of providing community infrastructure. The concern itself is not without merit, though it is important to note that there are almost always gaps in the funding of infrastructure. The 'infrastructure funding gap' even applies to inner urban areas where significant urban consolidation has occurred. In short, a perfect solution where infrastructure is fully funded and provided in a timely manner is rarely achieved. Moreover, determining what infrastructure should be provided first requires judgements that are subjective in nature and challengeable depending on the perspective of the submitter.
- 4.7 It is important to understand that any provision that 'caps' the amount of development pending the delivery of specific infrastructure also puts a halt to the collection of development contributions.
- 4.8 It is also important to note there is generally a time lag between the payment of infrastructure contributions and the need for infrastructure. In reality, the completion of a residential lot does not immediately translate to demand for infrastructure including for roads, open space and community facilities. Typically, a six to 12 month lag ensues between the payment of amounts due under the ICP and demand for infrastructure generated by the new residential population.
- 4.9 In greenfields growth areas, a further time lag frequently occurs between the establishment of a new residential community and the achievement of a peak population for that area. This is particularly the case in locations where there is a relatively high proportion of first home buyers. In these areas, communities frequently experience a marked increase in population several years into development as new stages of development are added concurrent with an increase in household size (ie the birth of children). In this regard, peak demand for community infrastructure such as kindergartens, primary school and local parks is often delayed by several years from the date at which infrastructure contributions are collected.
- 4.10 Finally, it should be noted that Sunbury differs from many greenfields growth areas in metropolitan Melbourne in that there is established infrastructure in reasonable proximity to the SSPSP area. For example, the Sunbury town centre is just 3.5 kilometres from the intersection of Sunbury and Lancefield Road, and Sunbury contains established schools, cultural infrastructure and sports facilities. This is not to suggest that established infrastructure is adequate for the SSPSP or LRPSP growth areas, only to note that for early residents in the growth areas there will be established and useable infrastructure nearby.

Summary of findings

- 4.11 The SSPSP and neighbouring LRPSP areas represent major growth opportunities for Sunbury over the next 30 and more years.
- 4.12 As with all new growth areas, there is a significant challenge involved in providing adequate and timely infrastructure for the residents of the SSPSP area. It is apparent that Hume City Council is concerned that community infrastructure will be potentially delayed as preference is given in the SSPSP to the provision of a southern link road including a new road crossing of Jacksons Creek. There is some suggestion, including in the SICDS, that development in the SSPSP and LRPSP areas should be capped, pending the provision of the Bulla Bypass.
- 4.13 In my opinion, any such scenario should be considered with caution given that:
- Sunbury is expected to play a major role in providing for future growth in Melbourne's north-west (Sunbury is project to provide almost 20% of growth in Melbourne north-western growth areas between 2016 and 2031);
 - The southern link road is expected to provide some relief to traffic congestion in the Sunbury area;
 - Any cap on development will cause a cessation in the collection of Infrastructure Contributions;
 - There are inevitably gaps in the timely provision of community infrastructure. In my experience, the infrastructure gap is not unique to growth areas;
 - Unlike many growth areas, the SSPSP and LRPSPs are built around an established urban area with an existing town centre along with social, recreational and cultural infrastructure. In this regard, the situation is similar to the expansion of a regional city rather than a typical metropolitan growth area.

I have made all the inquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have to my knowledge been withheld.



Chris McNeill
Director and Senior Economist
Essential Economics Pty Ltd

11 August 2017

ATTACHMENT:

Chris McNeill CV



Chris McNeill

BACHELOR OF ECONOMICS (MONASH)

Director



Chris is a demographer and urban economist with more than 25 years of experience. He is armed with a deep knowledge of Australia's urban landscape and is a regular conference presenter and expert witness in matters relating to urban planning and development.

DISCIPLINES, SKILLS, QUALIFICATIONS

Chris has a Bachelor of Economics degree and post-graduate Certificate qualifications in international business from the Siemens business school in Germany. He is a Member of the Victorian Planning and Environmental Law Association and a former Sessional Member of Planning Panels Victoria. .

Chris has worked in the manufacturing industry as a commercial manager, and as an urban economist with an industry association and as a consultant in private practice. Chris was appointed as a Sessional Member of Planning Panels Victoria for an eight year period between 2005 and 2031 during which he chaired a

number of significant Panels and Advisory Committees.

His urban economics experience covers a range of projects in urban and regional economic development and land use planning; industry sector analysis; residential, commercial, industrial and retail location and development; development contributions plan analysis and review; community infrastructure planning; urban policy analysis and concept feasibility testing; and appearing as expert witness at planning appeal tribunals and panels.

Chris has a passion for regional Australia and he also has extensive experience in both growth area economics and urban renewal projects. Chris has extensive experience in analysing demographic trends and projections and casting his mind forward to how current trends may shape our future. He has been a regular and entertaining presenter at a range of conferences and boardroom presentations, exploring various aspects of Australia's demographic future.

ACADEMIC QUALIFICATIONS

Bachelor of Economics, Monash University, 1990



PAST POSITIONS

Director, Spade Consultants Pty Ltd,
2007 -2017

Policy Director, Urban Development
Institute of Australia (Victoria) , 2002-
2006

Senior Manager, Ernst & Young, 2001-
2002

Commercial Manager, Telstra Limited,
2000

Commercial Manager, Australian
Defence Industries Limited , 1997-1999

Senior Commercial Officer, Siemens
Limited, 1991-1996

*Studied and worked in Germany as part
of Siemens Limited Management
Program, 1992-1993

*Sessional Member, Planning Panels
Victoria, 2005-2013

RELEVANT EXPERIENCE

The following represents a sample of
projects undertaken by Chris McNeill in
his former role as a Director with Spade
Consultants Pty Ltd.

Urban Policy Analysis

*Armstrong Creek Development
Contributions Analysis*, for Coles

*Ballarat West Development Contributions
Plan analysis and expert evidence*, for
G&N Closter

*Cost Benefit Analysis of Level Crossing
Removals (Mitcham, Rooks and
Springvale Roads)*, for VicRoads

*Fishermans Bend High Density Residential
Concept Testing*, for Urban Development
Institute of Australia (Victoria)

*Heidelberg Parking Strategy and expert
evidence*, for Banyule City Council

*Northland High Density Residential
Development Concept Testing*, for
Department of Sustainability and
Environment

*Viability of higher density residential
development in middle Melbourne*, for the
Priority Development Panel

*Watergardens High Density Residential
Concept Testing*, for QIC

*Werribee Riverbend Precinct Concept
Testing*, for Department of Sustainability
and Environment

Strategic and Urban Planning

*Cape Bridgewater Structure Plan
economic inputs*, for Mesh Planning

*Darebin Economic Land Use Strategy and
expert evidence* , for City of Darebin

Horsham North Urban Design Framework,
with SJB Urban

Mornington Aged Care Analysis, for AMP
Capital Investments

*Nathalia and Numurkah Industrial Land
Demand and Feasibility Study*, for
Nathalia Community Bank

Numurkah Economic Development Plan,
for Moira Shire Council

Seymour Structure Plan, with Tract
Consultants for Mitchell Shire Council

Residential and Aged Care Assessment

*Armstrong Creek Residential Land
Assessment and expert evidence*, Dennis
Family Corporation

*Bacchus Marsh Residential Land
Assessment*, for Planning Studio on Peel

Ballarat Residential Land Assessment, for
Thorney Investments

Ballarat Residential Land Assessment, for
G&N Closter Pty Ltd

*Bendigo Housing Strategy review and
evidence*, for Urban Development
Institute of Australia (Victoria)

*Cape Patterson Residential Land
Assessment and expert evidence*, for
Wallis Watson

Churchill Residential Land Assessment,
for Tract Consultants

*Coronet Bay Residential Land Assessment
and expert evidence*, for Thorney
Investments



Cowes Residential Land Assessment and expert evidence, for Lechte Corporation

Drouin Residential Land Assessment and expert evidence, for Planning Central

Koo Wee Rup Residential Land Assessment, for Brosnan Engineering Services

Kyneton Residential Land Assessment and expert evidence, for ZFN Management Services

Melbourne Inner North Residential Market Assessment, for Department of Planning and Community Development

Nyora Residential Land Assessment, for Wallis Watson

Riddells Creek Residential Land Assessment, for Alan Bravo

Shepparton North East Growth Area Residential Land Assessment, Mondous Property

Torquay Residential Land Assessment and expert evidence, Amex Corporation

Warragul Residential Land Assessment and expert evidence, for Planning Central

Warrnambool Housing Strategy Analysis and expert evidence, for Rodgers Properties

Woodend Residential Land Assessment and expert evidence, for Villawood Properties

Retail, Commercial, Industrial and Tourism Analysis

Mildura Industrial Land Assessment and expert evidence, for Turk Superannuation Fund

Nathalia and Numurkah Industrial Land Demand and Feasibility Study, for Nathalia Community Bank

Proposed Theme Park Economic Assessment, for Beveridge Williams

Regional Urban Development Program (Industrial), for Department of Planning and Community Development

Tocumwal Foreshore Masterplan Economic Benefits Analysis, Berrigan Shire Council

Wangaratta CBD Master Plan Economic Benefits Analysis, Wangaratta City Council

Other

VCAT and Planning Panels Victoria - Role as Expert Witness on behalf of private and public sector clients

Sessional Member, Planning Panels Victoria (2005 - 2013)

Urban Economics for Property Developers – UDIA Victoria, preparation and presentation for industry property development course (annual, between 2009 and 2013)