Plumpton and Kororoit Infrastructure Contributions Plan



Part B Submission

Amendment C195 to the Melton Planning Scheme

July 2018

CONTENTS

1 Inti	roduction	1
1.1	The Part A Submission	1
2 Up	odated Summary of the issues, resolved and outstanding matters	3
2.1	Submissions on the draft Plan	3
2.2	Key Issues raised by submissions	3
2.3	Resolved submissions	3
2.4	Outstanding submissions	3
Ministe	oposed Changes to Amendment Documentation arising from re- erial Directions on the preparation and content of infrastructure of	ontributions
4 Re	esponse to evidence	13
4.1	Dacland and Dahua Evidence	13
5 Co	onclusion	14

1 INTRODUCTION

This Part B submission is made on behalf of the Victorian Planning Authority (VPA) for the Planning Panel Hearing for Amendment C195 to the Melton Planning Scheme (the Amendment). The VPA is the Planning Authority for the Amendment.

The Amendment implements the *Plumpton and Kororoit Infrastructure Contributions Plan* (ICP), which is required to allow funding of infrastructure identified in the *Plumpton Precinct Structure Plan* and *Kororoit Precinct Structure Plan* (PSPs).

The Amendment has been prepared by the VPA in collaboration with Melton Council and relevant authorities, stakeholders and landowners.

Formal exhibition of the Amendment commenced on 17 May 2018 and concluded on 15 June 2018. A total of nine submissions were received.

A summary of submissions and outstanding matters is set out in Section 0 and detailed in Appendices 2-10 of the VPA's Part A Submission, filed and served on Wednesday, 17 July 2018 (Part A Submission).

The VPA has continued to work diligently with all submitters to resolve as many of the submissions as practicable.

1.1 The Part A Submission

In accordance with the Panel's directions, the Part A submission includes the following:

- A summary of the background to the Amendment, including a chronology of key events, an
 explanation of the purpose of the Amendment and details of public notice, exhibition and
 engagement that occurred.
- An explanation of Infrastructure Contributions Reform, including:
 - A summary of the changes introduced through the Planning and Environment (Public Land Contributions) Act 2018 to the Infrastructure Contributions System.
 - The VPA's interpretation of the extent of consideration the Panel may take in reviewing the ICP in its entirety, or the supplementary levy component.
 - The VPA's interpretation of the role of the Panel considering submissions to Melton Amendment C195, particularly matters it may and may not provide recommendations on
 - Any 'interim' ICP arrangements in place, and the relationship between 'interim' arrangements and Melton Amendment C195.
- A summary of the strategic context and assessment.
- Identification of the issues raised in submissions, the VPA's response and clarification on which submissions, or issues, are considered to be resolved; and
- A list of changes to the amendment documentation proposed as a result of the issues raised in the submissions.

Given the low number of submissions received, and the work undertaken by the VPA in engaging with submitters in seeking to resolve issues, there are relatively few matters that remain in dispute for consideration by the Panel.

It is noted also that as circulation of the Part A submission only occurred on Wednesday, 18 July 2018, it was possible to address most of the remaining matters in the Part Submission, rather than detailing this in the Part B submission, as is usually the case.

Accordingly, this Part B Submission has only need to address a relatively small number of new matters and issues, including:

- An updated response to submissions from Submitters 1,2 and 9.
- Whether any further changes to the Amendment documents arise out of a review of the Ministerial Direction on the preparation and content of Infrastructure Contributions Plans (1 July 2018)
- A response to the evidence tabled; and
- The VPA's final position on the Amendment..

2 UPDATED SUMMARY OF THE ISSUES, RESOLVED AND OUTSTANDING MATTERS

2.1 Submissions on the draft Plan

As noted in the Part A Submission, a total of 9 submissions were received on the exhibited ICP. Submitters can be generally categorised into the following groups:

- Landowners and developers (8)
- Local Government (1)

2.2 Key Issues raised by submissions

The key issues raised by submitters to Melton Amendment C195 can be summarised into the following issue categories:

- ICP project costings (Submitter 1)
- Exemption from Infrastructure Contributions Overlay (ICO) (Submitter 2)
- ICP project duplication (Submitter 3)
- Habitat compensation obligations (Submitter 4)
- Growth Area Infrastructure Charge (GAIC) (Submitter 4)
- Table figures associated with land equalisation amounts (Submitter 5)
- Extent of ICP land (Submitters 7 & 8)
- ICP and PSP consistency (Submitter 9)
- Community infrastructure cost deficiency (Submitter 9)
- Apportionment of infrastructure items (Submitter 9)
- Regional Park and certainty for the delivery of infrastructure items within Kororoit Part 2 PSPs; (Submitter 9)
- ICP implementation (Submitter 9)

Of the nine submissions, five submissions are considered to be resolved and four submissions remain outstanding.

2.3 Resolved submissions

A summary of resolved matters is set out in Section 5.3 of the Part A Submission.

2.4 Outstanding submissions

A summary of outstanding issues raised by Submitters 1, 2 and 9 is set out in Section 5.4 of the Part A Submission.

For the purpose of this Part B Submission, the VPA has updated its response to those submitters, as follows.

2.4.1 Submitter 1: Dacland on behalf of Dahua Group (land owner)

Dacland on behalf of Dahua Group has submitted on the cost sheets developed for transport infrastructure projects located on parcels P-31 and P-32. The infrastructure projects subject to dispute are RD-04, RD-08, IN-09, PS-01, PS-02, CU-03 and PBR-01. It was submitted that the exhibited cost of these projects are considerably lower in comparison to Dacland's preliminary cost assessment.

The VPA has met with Dacland and its engineering consultant, Charlton Degg, to discuss the discrepancies in cost for the various transport projects. The VPA understands that the main reasons attributed to the varying costs are due to Dacland's costs including:

- Additional line items addressing site specific conditions.
- Rates and allowances based on current industry experience.
- Quantities and subgrade improvements based on more detailed topographical information.
- Line items that go beyond the typical ICP scope for transport infrastructure items (e.g. bus bays).
- Assumptions relating to design that are unknown until detailed design is undertaken (e.g. drainage upgrades).

The VPA does not support the proposed costings and requires further information to form a formal response. At the time of writing, the submitter's detailed costings for the disputed items had just been provided for review. The VPA will continue to meet with the submitter and its consultant to resolve these matters insofar as is possible prior to the hearing.

VPA's updated response:

Pedestrian signals

The VPA accepts that the cost for pedestrian signals prepared by Chartlon Degg are more aligned with what has been seen in recent DCPs and ICPs and should be adopted.

Rate assumptions

The VPA acknowledges the advice from Dacland that costs for construction materials may have surged in the last six months resulting from the increased construction activity throughout Victoria.

However there has been no substantiation of the specific increased costs and how this might impact on the overall estimated cost of the subject projects. In addition it is not clear how long any such increase in costs would apply. Constructions costs will vary depending upon the market conditions and infrastructure program of the State. It is artificial to base cost estimates for infrastructure items that might not be delivered for a considerable period of time on an inflated market.

Dacland have also advised that based on their experience there is expected to be additional cost for excavation in rock in this location which directly impacts on costs for drainage trenching and road construction. Again, this has not been fully substantiated and it is not clear how this would affect the overall estimated cost of projects. It should be noted that, generally, for previous DCP/ICP estimates for other projects in this region, an allowance for rock excavation has not been included.

The VPA notes that the PE Act requires the standard levy to be indexed annually to keep pace with industry movements, including the escalation of construction rates. Therefore, the VPA does not support the submitter's request to amend the rates that underpin the ICP estimates to reflect what could possibly be short term market trends for drainage and road construction works.

Quantities and earthworks

The usual approach for DCP/ICP cost estimating for transport infrastructure is to prepare these based on two-dimensional functional designs. This is standard practice for DCPs and ICPs and this is the approach adopted by SMEC. Charlton Degg has advised that its cost estimates are based on the assumption that the topographical nature of the site will require additional cut and fill for the intersection and culvert. Charlton Degg has advised that this is based on an assessment of site topography and experience and will forward additional information to the VPA to substantiate their position on this matter.

The VPA acknowledges site constraints, however, notes that there is already a 15% contingency allowance in the cost sheet to address costs attributed to unforeseen matters at the detailed design stage, and this fully is supported by Council.

Out of scope items

There are a number of items which the VPA considers to be out of scope and should be removed from the Charlton Degg cost estimates:

- Capture and divert flows for culvert construction
- Delete 50 year flows as it is a Council road.
- Demolition (should be associated with development costs)
- Bus bays and traffic islands
- SCATs (traffic counters)
- Service conduits

In addition to the above, the VPA has general concerns about the following:

- Dacland have only focussed on the works related to their land holdings, it does not comment on any other of the projects in this ICP;
- Adopting Dacland's rates would have a serious impact on costs of the entire ICP program for this PSP;
- Adopting this methodology would represent a fundamental shift in how ICPs are prepared and may have serious impacts on other ICPs in the future;
- Adopting the Charlton Degg cost assumptions would be likely to require the ICP to be reexhibited:
- An ICP levies a *contribution* for infrastructure and is not necessarily intended to cover 100% of funding for all infrastructure items.

2.4.2 Submission 2: HWL Ebsworth on behalf of Western Victoria Sri-Lankan Buddhist Association (land owner)

Western Victoria Sri-Lankan Buddhist Association submitted that their property should be exempted from the requirement to pay infrastructure contributions under the Infrastructure Contributions Overlay as they are a charitable non-profit organisation and intends in developing the site into a Buddhist Temple.

The submitter seeks that this amendment exempts this site from the requirement to pay contributions for the following reasons:

- The land owner is a charitable non-profit organisation and intends in developing the site into a Buddhist Temple.
- The proposed development is a community service with facilities available to members of the community.
- Will be a financial burden to the submitter.

Its submission recommends that Schedule 1 to the Infrastructure Contributions Overlay be amended to include the Buddhist Temple, 663 – 669 Neale Road, Rockbank under section 9.0 "Land or development exempt from payment of an infrastructure contribution".

VPA's updated response:

The VPA acknowledges that the Buddhist Temple will offer a place of worship with ancillary functions that will provide a community facility, and acknowledges the benefits this use will deliver to the local community. However, the VPA submits that there is no power under the relevant provisions of the PE Act and the Ministerial Direction for the Minister to allow site specific or use specific exemptions from paying an infrastructure levy as is proposed by the submitter.

Section 46GJ of the Act addresses what the Minister can direct for infrastructure contributions and stipulates:

- (1) The Minister may issue written directions to planning authorities in relation to the preparation and content of infrastructure contributions plans.
- (2) Without limiting subsection (1), a Minister's direction may specify any one or more of the following—

. . . .

(i) the classes of development of land in respect of which a standard levy or a supplementary levy or both of those levies may or must not be imposed under an infrastructure contributions plan;

At the time this submission was lodged (June 2018), the Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plan identified the following classes of development that are exempt from an infrastructure levy:

- a non-government school; or
- housing provided by or on behalf of the Department of Health and Human Services.

On 2nd July an update to this Direction was released as a result of the changes to the Act. As part of this update, the classes of development exempt from an infrastructure contribution were expanded. The updated Direction now provides that an infrastructure contribution must not be imposed in respect of the development of land for:

- a government school;
- a non-government school; or
- housing provided by or on behalf of the Department of Health and Human Services; or
- any other <u>class</u> of development approved by the Minister.

To comply with the PE Act and the Direction, the VPA submits that the Minister would need to direct that the <u>class</u> of development that applies to the Buddhist Temple, which we submit is a 'Place of Worship', is exempt from an infrastructure contribution.

It is noted that clause 45.11-6 of the ICO and Clause 9.0 provide for "Land or development exempt from infrastructure contributions". The title of these provisions is consistent with the corresponding section for Clause 45.10 Development Contributions Plan Overlay. However, the VPA is of the view that the drafting of this section of the ICO and schedule is not consistent with the Act or Ministerial Direction and that it is remnant from the corresponding wording of the DCPO and schedules. The VPA has raised this issue with the Department. The VPA is of the view that if these provisions are to accurately reflect legislation, they should exclude reference to *land* and be reworded to "Class of development exempt from infrastructure contributions".

In any event, the VPA does not support the exemption as it would have implications in the overall collection of infrastructure contributions for the overall precincts. In addition, this may open up the potential for further community facilities to also seek exemptions and thus creating further pressures on collection of infrastructure contributions.

2.4.3 Submitter 9: Melton City Council

Melton City Council has submitted on a series of issues including:

- ICP and PSP consistency;
- Plumpton Aquatics Centre;
- Community infrastructure cost deficiency;
- · Regional Park and certainty for the delivery of infrastructure items within Kororoit Part 2 PSPs;
- Implementation of the ICP.

The VPA has resolved two of the above matters, being ICP and PSP consistency and the Plumpton Aquatics Centre.

ICP and PSP consistency

Melton City Council has identified a number of inconsistencies between the exhibited ICP and the gazetted PSPs. Council requests that the information in the ICP and the PSPs should contain consistent language.

The VPA has recently requested Amendment C203 to the Melton Planning Scheme. This is a 20(4) amendment that will update the 'Interim' ICP July 2018 that was recently incorporated into the Melton Planning Scheme. The 'Interim' ICP will be amended by updating the credit and equalisation amounts for public purpose land following the resolution of disputed estimates of value as set out in Division 4 of *the Planning and Environment Amendment (Public Land Contributions)* Act 2017. This amendment will also update inconsistencies in PSPs identified by Council and the VPA with the exception of proposed new staging for infrastructure items.

The VPA and Melton City Council have reached an agreed position on the revised staging for ICP projects. The PSPs and 'interim' ICP will be amended as part of C203 to reflect the agreed staging (see updated ICP Key Changes Table).

Plumpton Aquatics Centre

Melton City Council has submitted that it objects to the change of description for the Plumpton Aquatics Centre (IR-01) in the exhibited ICP. Council has expressed concerns that this change may redefine the project which has been subject to a Panel Hearing as part of C146 and C147 and the Panel provided the view that it is an allowable item to be 50% funded by the ICP and 50% apportioned to Melton City Council.

The description of the Plumpton Aquatics Centre has since been amended in the 'Interim ICP'. It was exhibited as 'Indoor Recreation Component (Plumpton Aquatics Centre)'. The 'Interim' ICP now shows 'Plumpton Aquatics Centre'. The VPA notes that the purchase of land for an indoor sports facility was mistakenly not included on the list of allowable items in the Ministerial Direction. This has been confirmed by DELWP.

Community and Recreation Construction Levy

Melton City Council has submitted that there is a serious shortfall on the amount to be collected through the capped Community and Recreation Levy compared to what has been identified in the ICP for delivery.

The VPA notes that the levy will collect \$97,981,286 (interim ICP). The cost for delivery is \$133,961,408.66.

VPA's response:

The VPA notes that the strategies under the Planning Scheme at Clause 19.03 speak to 'contributions towards infrastructure'. The ICP regime is not intended to constitute a mechanism for the delivery of all infrastructure in Growth Areas. Instead ICPs provide a contribution. This is encapsulated in the Infrastructure Contributions Plan Guidelines which provide variously that 'a standard levy is a pre-determined maximum monetary rate set by the Minister through the Ministerial Direction. It is designed to provide a fair and reasonable 'budget' for funding infrastructure that is basic, essential and 'standard' for new urban development'.

In any event, the VPA has no ability to change or recommend the Minister for Planning amend the levies specified in the Ministerial Direction. It is not appropriate that this Panel comment on a matter of Ministerial discretion that is not the subject of any current amendment let alone the amendment before it.

The VPA supports the extent of infrastructure proposed for delivery in the ICP. The quantum of community infrastructure and open space identified is required to support the future communities of the two precincts based on population provision ratios for local infrastructure. The demand for community and open space infrastructure is also supported by Capire's 2015 Open Space and Community Needs Assessment and infrastructure proposed has also been subject to the C146 and C147 Panel Hearing in 2016.

Regional Park and infrastructure excised from the ICP within the Kororoit Part 2 PSP

Melton City Council has submitted that due to the current state of uncertainty with regards to the Kororoit Regional Park boundary and the area of land that will be excised from the park to be available for future development, Neale Road, PBR-03 and IN-24 should be fully apportioned to the Plumpton and Kororoit ICP, to ensure their certainty for delivery.

Melton City Council also submits that further urgent attention is required towards the future of Neale Road.

Council's submission also recommends that the culverts (CU-01, CU-04, CU-05, CU-07), which are funded through the standard levy, should be funded through the supplementary levy in order to fund Neale Road and IN-24 via the standard levy.

VPA's response:

The extent of the Kororoit Regional Park is to be determined through a Ministerial Advisory Committee and Commonwealth approval. The final park boundary will inform the amount of available residential NDA within that precinct and the subsequent ICP Levy. The VPA is working with Council to determine the appropriate apportionment of certain infrastructure items to the Kororoit Part 2 PSP.

The VPA has also instructed SMEC to undertake a review of the cost for Neale Road as it appears that it was previously costed based on a proposed ultimate standard, and not its proposed interim

standard. The VPA requires further work in determining the ultimate standard of Neale Road to inform whether it requires widening for its ultimate standard.

The VPA is working on the various apportionment options for infrastructure currently apportioned for Kororoit Part 2.

The VPA agrees that all items currently nominated in the Plumpton Kororoit ICP should be fully apportioned to the ICP due to the uncertainty around the Kororoit Regional Park Boundary and the future yield of the Kororoit Part 2 precinct. Currently IN-24 is 50% apportioned to Kororoit Part 2 along with 10% of the PBR-03. It is reasonable that the Plumpton and Kororoit ICP fund these projects in their entirety as they are basic and essential infrastructure needed for the timely and orderly development of the precincts and there is a demonstrated need and nexus for these pieces of infrastructure. It is also equitable for these projects to be wholly funded through the Plumpton and Kororoit ICP.

The VPA also considers it reasonable that the Plumpton Kororoit ICP should partially fund 25% of the Neale Road upgrade, with the balance to be apportioned to a future Kororoit Part 2 ICP. The VPA does not consider that full apportionment of Neale Rd to the PK ICP would meet the equity, need and nexus tests. This position is based on the following:

- The location of the town centres and community hubs within the Kororoit precinct will reduce the number of residents utilising Neale Road to access Caroline Springs Town Centre.
- The northern portion of the Kororoit precinct and the Plumpton precinct will access to the east using Taylors Road, the extension to Hume Drive and the Melton Highway.
- No development in the Plumpton Kororoit ICP will require Neale Road for access arrangements.

Based on the proposed Regional Park boundary, the VPA submits that this is a reasonable cost apportionment. Although the NDA yield for Kororoit Part 2 is unconfirmed, based on the exhibited regional park boundary and the boundary identified in the 'Defining Boundaries for Three New Metropolitan Parks Kororoit Creek Regional Park' report prepared for DELWP, it is expected that a yield of approximately 40ha of NDA (see Figure 1 (below): Regional Park boundary based on: 'Defining Boundaries for Three New Metropolitan Parks Kororoit Creek Regional Park Report¹) will result, which is expected to be sufficient to fund the balance of Neale Road construction. If any land is required for the delivery of Neale Road this will be provided through the future Kororoit Part 2 PSP.

In response to submissions made during exhibition, the following changes have also been agreed:

- RD-15 will only be partially funded through the ICP, as it is largely funded through the Taylors
 Hill West DCP (apart from a small section to be funded through the Plumpton Kororoit ICP,
 due to the change in footprint of IN-17)
- RD-16 is to be fully funded through the Taylors Hill West DCP
- The pedestrian signal costs have been removed as they were accounted for in the costs of the relevant road projects.

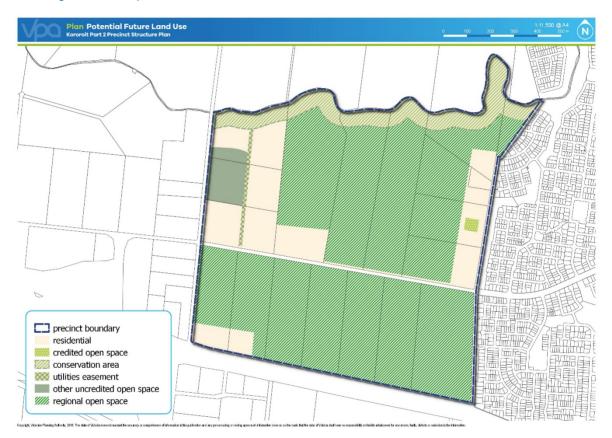
These changes will reduce the overall levy from that exhibited. The VPA are currently finalising the transport construction cost reduction arising from the removal of these projects (expected to be approximately \$4million).

¹ 'Defining Boundaries for Three New Metropolitan Parks Kororoit Creek Regional Park Report https://www.planning.vic.gov.au/ data/assets/pdf_file/0011/214211/Kororoit-Creek-FEP-01.4-Boundary-Report-2018.pdf

By reapportioning all of the projects currently part apportioned to Kororoit Part 2 to the Plumpton Kororoit ICP (IN-24 and PBR-03), it is expected that this will increase the overall construction costs by approximately \$1.4million.

These change, together with the apportionment of 25% of Neale Road, will result in a small increase in the supplementary levy, currently estimated at less than \$1,000 per ha, however this will need to be confirmed following detailed cost estimates.

Figure 1:Regional Park boundary based on: 'Defining Boundaries for Three New Metropolitan Parks Kororoit Creek Regional Park Report"



(Note: Updated Figure 1 to show the correct amount of land for regional open space)

With regards to apportionment, in accordance with the Ministerial Directions, the VPA is required to ensure that the Standard Levy is fully exhausted before it begins to allocate Supplementary Levy ICP items.

Clause 17 in Part A of the Ministerial Direction set out criteria for application of a supplementary levy. This includes: 'whether the plan preparation costs, works, services or facilities can be wholly or partially funded from a standard levy, unless the applicable Annexure to this Direction specifies those supplementary levy allowable items must not be funded from a standard levy'.

The Direction also specifies, in Table 4, the allowable items for transport construction that may be funded by a supplementary levy. These items may only be funded by a supplementary levy if clause 17 is satisfied.

ICP implementation

In respect of the implementation of the ICP, Melton City Council has requested the following advice:

- Council seeks clarification on when the Infrastructure Contributions Plan Guidelines will be prepared, as these will provide guidance on the works, services and facilities that are normally provided by developers in a development setting.
- Whilst the revised Ministerial Direction provides guidance on the methodology for reviewing land values, it is unclear who will undertake this review. Council seeks guidance on whether this will be undertaken by the VPA, Council or the Valuer-General Victoria.
- Council still seeks clarification on whether land equalisation money received can be deposited within an account that accrues interest.

VPA's response:

- The VPA is in a position where it can only advise that the ICP Guidelines are due to be released at any time.
- Discussions had between DELWP and the VPA indicate that Council will be responsible for reviewing land values, however, it can request the Valuer-General to undertake the review.
- It is the VPA's understanding that Council can deposit land equalisation collections into an
 interesting accruing account in accordance with its powers under the Local Government Act
 1989 (LG Act). Council, however, will be required to report annually on any infrastructure
 contribution it receives or spends including any land equalisation amounts under both the LG
 Act and the PE Act.

3 PROPOSED CHANGES TO AMENDMENT DOCUMENTATION ARISING FROM REVIEW OF THE MINISTERIAL DIRECTIONS ON THE PREPARATION AND CONTENT OF INFRASTRUCTURE CONTRIBUTIONS PLANS

The Ministerial Direction applies to planning authorities in relation to the preparation and content of infrastructure contribution plans. As noted in the Part A Submission, the Direction was considered in preparing this Amendment.

The Part A Submission addresses the exclusion of 'land for indoor sports facilities' as an allowable item in the Ministerial Direction and how this error is proposed to be dealt with.

Since preparation of the Amendment, the Ministerial Direction was updated (on 1 July 2018) to address the new requirements for land contributions, arising out of the commencement of the *Planning and Environment Amendment (Public Land Contributions) Act* 2018.

The updated Direction also allows for the indexation of the standard levy rates, as set out in Annexure 1, Table 1 (p.9) and this informs a requirement to amend the ICP (this has been noted in the Appendix 1, Key Changes Table in the Part A Submission)

The Land Component sections of the Ministerial Direction set out the requirements and methods for calculating estimated value of land and the land credit and equalisation amounts per parcel and the methods of adjustment. It is noted that the land credit and equalisation amounts in Table 3 of the ICP will be subject to change once the valuer-general has finalised the valuation process under Part 3AB of the PE Act. These changes will be introduced by way of a separate, 20(4) amendment.

Otherwise, the VPA has cross checked all standard and supplementary ICP items against the allowable items in the annexures to the Ministerial Direction to ensure consistency. It has also checked the Land items against the allowable public purpose provisions of the Directions to ensure that each land item and the purpose for which it may be developed accords with the PSPs and is consistent with the Directions.

4 RESPONSE TO EVIDENCE

4.1 Dacland and Dahua Evidence

Dacland and Dahua rely on the expert evidence of Mr Adam Charlton of Charlton Degg. Mr Degg's evidence addresses his estimated delivery costs for the 7 infrastructure items which are disputed.

In response to Mr Degg's evidence, the VPA relies on the evidence of Mr Chrzanowski and refers to the updated response to submissions in Section 2.4 above.

5 CONCLUSION

Review of the submissions made to the Plumpton and Kororoit ICP show general support across landowners, State Government and associated key agencies.

The VPA is appreciative of the high level of cooperation it has received from landowners and stakeholders and the City of Melton.

The VPA commends the Amendment to the Panel.

Rory O'Connor, Hall & Wilcox

Stephanie Harder, Victorian Planning Authority