

Donnybrook-Woodstock (GC201)
and Mt Atkinson & Tarneit Plains
(C201)
Infrastructure Contributions
Plans



Part A (Part 1) Submission

Amendment GC102 to the Mitchell and Whittlesea Planning Schemes

Amendment C201 to the Melton Planning Scheme

March 2019

CONTENTS

1	Introduction	2
1.1	Application of the Amendments	2
1.2	Panel Directions – Preliminary Issues Raised	2
1.3	Whole of Government Position	3
2	Infrastructure Design & Costing	4
2.1	Purpose of an infrastructure levy	4
2.2	Purpose of the benchmark costs	4
2.3	Preparation of the benchmark costs	5
2.4	Application of the Benchmark Costings	8
2.5	Bespoke Costs.....	8
2.6	Application of the Benchmark Costings to Amendment C201 (Mt Atkinson & Tarneit Plains ICP) ...	8
2.7	Application of the Benchmark Costings to Amendment GC102 (Donnybrook-Woodstock ICP)	11
3	List of appendices	13
	Appendix 1 – Final Draft Benchmark Infrastructure Costings Report (March 2019).....	13
	Appendix 2 – Stakeholder Comments Review – Benchmark Infrastructure Costings Project.....	13
	Appendix 3 – Draft Benchmark Costings (July 2018) in comparison to Final Draft Benchmark Costings (March 2019).....	13

FIGURES

Figure 1 – Summary of the methodology applied to the Benchmark Costings	6
Figure 2 – Consultation timeline	7
Figure 3 – Application of Benchmark Costings to ICP Items	8
Figure 4 – Melton C201 ICP items (as exhibited) – application of benchmarks	10
Figure 5 – Mitchell and Whittlesea GC102 ICP items (as exhibited) - application of benchmarks	11

1 INTRODUCTION

This Part A (Part 1) submission is made by the Victorian Planning Authority (VPA) in relation to the Planning Panel Hearing for Amendment GC102 to the Mitchell and Whittlesea Planning Schemes (Amendment GC102) and Amendment C201 to the Melton Planning Scheme (Amendment C201) (the Amendments). The VPA is the Planning Authority for the Amendments. Due to the commonality of issues relevant to the Amendments and commonality of matters raised through submissions, the Panel directed that the Amendments be heard concurrently, with common issues across the Amendments to be heard together, to ensure a consistent response.

The Amendments have been prepared by the VPA in collaboration with Melton City and Mitchell Shire and Whittlesea City Councils (GC102), government agencies, relevant stakeholders and landowners.

The Amendments seek to implement Infrastructure Contributions Plans (ICP) to provide the mechanism to fund the infrastructure identified in the respective gazetted Precinct Structure Plans (PSP) as summarised below.

ICP AMENDMENT NO	PLANNING SCHEME	PSP NAME	PSP AMENDMENT NO (GAZETAL DATE)
Amendment GC102	Mitchell and Whittlesea	Donnybrook-Woodstock	Mitchell and Whittlesea GC28 (3 November 2017)
Melton Amendment C201	Melton	Mt Atkinson & Tarneit Plains	Melton C162 (12 September 2017)

The Amendments concurrently underwent exhibition from 13 August 2018 to 14 September 2018. A total of six submissions (including one submitted since the Panel Directions) have been received for Amendment GC102, and three for Amendment C201, all of which will be considered by Planning Panels Victoria (PPV).

The Part A submission has been divided into two components as directed by the Panel. This Part A (Part 1) submission will present background information that informed the content of the two ICPs including the methodology and application of the *Draft Benchmark Infrastructure Costings* report (Appendix 1). The VPA led preparation of this report in consultation with stakeholders. The Part A (Part 2) submission will provide information on the Amendments and submissions.

1.1 Application of the Amendments

Amendment GC102 applies to the Donnybrook-Woodstock PSP land which sits across the Mitchell and Whittlesea municipalities.

Amendment C201 applies to the Mt Atkinson & Tarneit Plains PSP land within the City of Melton.

More detailed information on the Amendment areas will be provided in the Part A (Part 2) submission.

1.2 Panel Directions – Preliminary Issues Raised

A Panel Directions Hearing was held on the 14 December 2018. The Panel directed that this Part A (Part 1) submission include the following:

- (a) VPA's revised benchmark costings, along with an explanation of how the benchmark costs were derived, including the methodology used, the assumptions made in calculating the costs and any exclusions.
- (b) An explanation of how benchmark costs have been tested or verified.
- (c) An explanation of how the bespoke costs were derived, including the methodology used, the assumptions made in calculating the costs and any exclusions.
- (d) Clarification of the P50 and P90 costings.
- (e) An explanation of which projects are costed using benchmark costs, and which are costs using bespoke costs, and why.

These matters are addressed in subsequent sections of this submission.

1.3 Whole of Government Position

This submission made by the VPA represents a whole of government submission. Transport for Victoria made a submission to Amendment C201, but raised no objection.

The infrastructure items identified in the gazetted Donnybrook Woodstock and Mt Atkinson & Tarneit Plains PSP were resolved by all relevant State Government agencies and departments as follows:

- Department of Environment, Land, Water and Planning (DELWP);
- Department of Economic Development, Jobs, Transport and Resources (now Department of Jobs, Precincts and Regions);
- Transport for Victoria and VicRoads;
- Department of Education and Training;
- Melbourne Water;
- Country Fire Authority; and
- Environment Protection Authority.

2 INFRASTRUCTURE DESIGN & COSTING

2.1 Purpose of an infrastructure levy

The legislative framework for the infrastructure contributions system is set out in the Part 3AB of the Planning and Environment Act 1987 and in the *Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans 2018* (Ministerial Direction).

The purpose of an ICP is to provide a framework for the collection of levies to contribute to the basic and essential transport and community infrastructure needs of new communities. An ICP sets out the monetary amount, that is the infrastructure levy, that developers must pay for construction of transport and community infrastructure at the time of development.

An ICP also identifies the land that must be provided for infrastructure as guided by the *Planning and Environment Amendments (Public Land Contributions) Act 2018*, which is subject to a process separate from the Amendments.

An ICP can impose a standard levy or a supplementary levy:

- The standard levy is a specific monetary rate, which is capped for community and recreation infrastructure and pre-set for transport infrastructure and dependent on the class of development.
- The supplementary levy is an optional levy that may be applied to fund transport infrastructure that cannot be adequately funded through a standard levy or as otherwise determined by the planning authority. In Metropolitan Greenfield Growth Areas, a supplementary levy may only fund works, services or facilities that are listed as supplementary levy allowable items in Annexure 1 of the Ministerial Direction.

As set out by the Ministerial Direction, allowable items may be funded from the standard levy or supplementary levy (or a combination of both).

2.2 Purpose of the benchmark costs

In Melbourne's growth areas, PSPs and ICPs are the key planning tools to coordinate infrastructure delivery to support new communities. In essence, the PSP identifies the type, size, location and timing of infrastructure delivery and the ICP identifies the costs.

The Ministerial Direction identifies the matters a planning authority is to consider when applying either a standard or supplementary levy, as well as the allowable items and a description of any applicable provision within each levy. The Ministerial Direction contemplates cost estimations for each allowable item in a standard levy ICP and requires cost estimations for allowable items in a supplementary ICP. The cost estimations are used to determine if a standard levy is sufficient or whether a supplementary levy is justified.

To guide the preparation of cost estimations, the VPA has prepared the *Final Draft Benchmark Infrastructure Costings* report (the Benchmark Costings). By calculating benchmark costs for a range of basic and essential infrastructure items, the Benchmark Costings aims to systematically, consistently and transparently guide ICP cost estimations. This approach is consistent with the premise of the new ICP system which is focussed on the application of a standard levy.

2.3 Preparation of the benchmark costs

2.3.1 Overview

The *Final Draft Benchmark Infrastructure Costings* report was produced by Cardno for the VPA in consultation with a technical working group that included the Growth Area Councils¹.

The Benchmark Costings provide cost estimates for a range of basic and essential infrastructure items that correspond to the allowable items listed in the Ministerial Direction, including:

- Intersections
- Mid-block roads
- Culverts
- Bridges
- Community facilities
- Sports pavilions

The key outputs of the Benchmark Costings that will be used to guide preparation of cost estimations for ICP are:

- A verified set of rates defined by cost per unit, for example, dollars per square metre of road pavement
- Standard designs for a range of allowable items
- Cost estimations (cost sheets) for the standard designs using the verified set of rates

2.3.2 Status

The exhibited Amendments were informed by the draft Benchmark Costings (dated July 2018). The Benchmark Costings has since been revised in response to ongoing consultation with stakeholders and having regard to submissions made to the Amendments.

The revised costings as provided in sections 2.6 and 2.7 of this submission have been informed by the final draft Benchmark Costings (dated March 2019).

The final draft Benchmark Costings will receive approval from the VPA Board and DELWP at a future date.

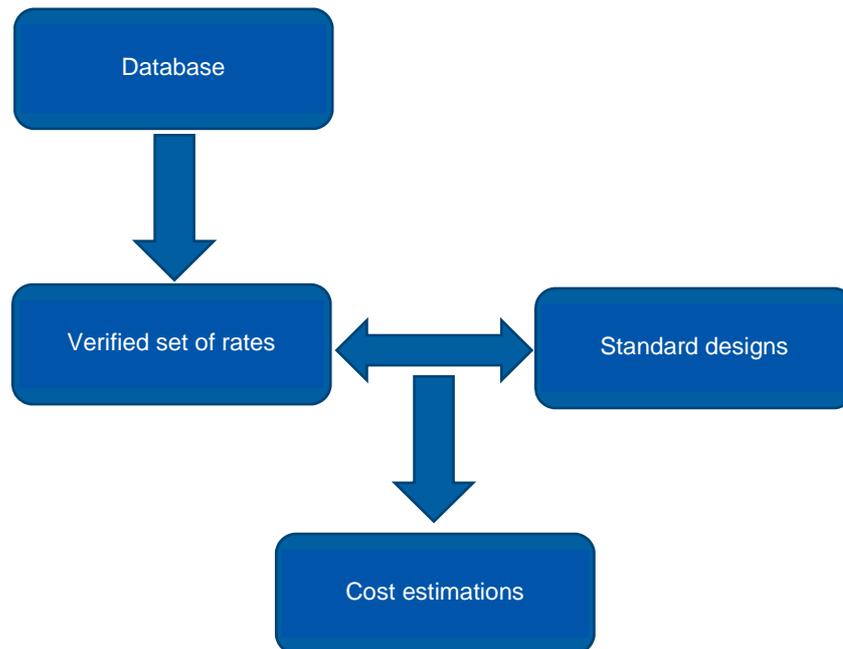
The Benchmark Costings is expected to be reviewed approximately every five years or in response to a relevant policy shift.

2.3.3 Methodology

The methodology to develop the key outputs above is detailed in the Benchmark Costings report. The methodology flow chart in the report can be summarised as:

¹ As defined by Section 201RAA(2) of the Planning and Environment Act 1987

Figure 1 – Summary of the methodology applied to the Benchmark Costings



- The database was created using information from 26 gazetted greenfield Development Contributions Plans (DCP) that had previously undergone public consultation and were considered at a Planning Panel, where necessary.
- Extraction and analysis of the database included assessment of civil components, geographical and topographical variances, site-specific versus standard cost items and ensuring the database accounted for all relevant civil details.
- The Monte Carlo estimation was used to verify the rates to reflect the degree of certainty associated with the specific value. This technique is an internationally accepted tool to simulate a range of possibilities. Cardno conducted 200,000 simulations to produce a distribution of possible project costs. The Benchmark Costings apply the P50 and P90 cost estimates for each standard allowable item, which respectively denote there is a 50 percent or 90 percent probability of meeting project cost. As agreed through targeted consultation with the property industry and Growth Area Councils, the P90 cost estimates will be adopted as it provides less risk of funding shortfalls in the delivery of infrastructure. The P90 cost estimate includes a contingency (of 15 to 20 percent) as permitted by the Ministerial Direction. The P90 cost estimates generally exceeded the P50 cost estimates by 10 to 15 percent.
- The standard designs have been created in accordance with the applicable standards and guidelines as outlined in the Benchmark Costings.

2.3.4 Cost Estimate Requirements of the Ministerial Direction

The cost estimates within the Benchmark Costings have been prepared in accordance with the requirements of the Ministerial Direction. Of relevance, the Direction sets the allowable items permitted by the standard and supplementary levies, sets the rate for the standard levy as well as the criteria for applying the supplementary levy including the requirement to prepare cost estimations for a supplementary levy ICP.

An ICP may only fund allowable items listed in the Ministerial Direction. An unidentified infrastructure item cannot be included in an ICP. Similarly, “out-of-scope” work beyond the provisions set out in the allowable items list cannot be included.

There is no standard definition or description of what a “basic and essential” infrastructure item is. The list of allowable items with cost estimations in the Benchmark Costings were guided by gazetted DCPs and in consultation with the technical working group.

The community and recreation infrastructure standard levy is capped and cost estimations are used to determine if there is capacity in the levy to be applied to transport construction. There are no provisions identified for the allowable items listed under this levy.

2.3.5 Consultation

The Benchmark Costings were prepared in consultation with representatives from the industry including Growth Area Council and the Urban Development Institute of Australia (UDIA) (see consultation timeline as Figure 1). Submissions made to the Amendments also informed preparation of the report.

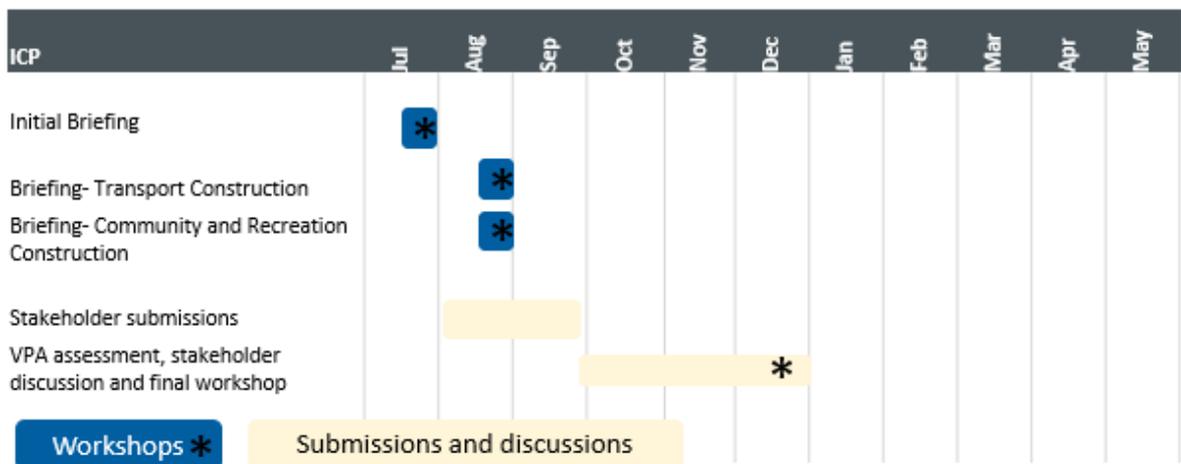
The technical working group comprised:

- Growth area Councils;
- UDIA;
- Property Council Australia;
- Housing Industry Association;
- Victorian Planning & Environmental Law Association; and
- DELWP.

The technical working group provided input on the scope of the overall project and, through a series of workshop and written submissions, it provided feedback on the various cost estimates and designs.

Cardno summarised this feedback, as well as relevant aspects of the submissions to the Amendments, and provided responses in the *Stakeholder Comments Review – Benchmark Infrastructure Costings Project*, December 2018 (Appendix 2).

Figure 2 – Consultation timeline



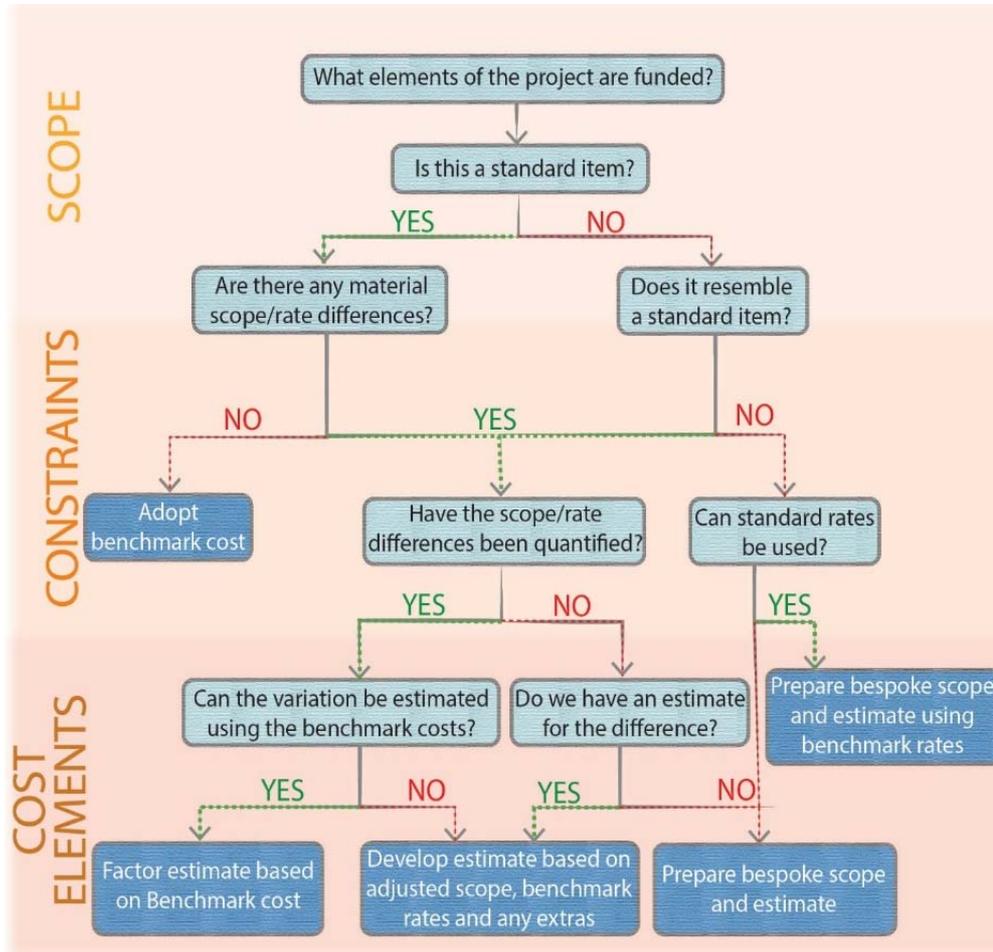
Following stakeholder engagement the Benchmark Costings were revised to the rate per unit for each standard piece of infrastructure, as identified in the table in Appendix 3.

The draft Benchmark Costings (July 2018) was the first draft of the report and associated cost sheets. Since then, the costs have been developed incrementally in response to each stage of consultation, as well application of the ABS cost index increases.

2.4 Application of the Benchmark Costings

The way in which the Benchmark Costings will be applied to prepare cost estimations for an ICP is provided in Figure 3 below.

Figure 3 - Application of Benchmark Costings to ICP Items



2.5 Bespoke Costs

The standard designs and costs sheets are provided within the Benchmark Costings. Bespoke designs and costs will be prepared when a PSP identifies ICP items that are out of scope from those items identified in the Benchmark Costings. There are two key ways this will be applicable:

- When a standard design applies but the scope has increased, additional quantities of rate per unit can be added to the cost estimation. For example, for a road that requires additional pavement the additional quantity can be factored by the pavement rate set out in the Benchmark Costings.
- When a standard design does not apply, and the item is basic and essential, a bespoke design and cost estimate will be prepared. For example, if the construction of a road requires heavy rock extraction then a bespoke cost will be calculated for this part of the project.

2.6 Application of the Benchmark Costings to Amendment C201 (Mt Atkinson & Tarneit Plains ICP)

Figure 4 summarises the application of the Benchmark Costings to the Mt Atkinson & Tarneit Plains ICP, including where bespoke designs or costs have been provided.

As the Benchmark Costings were prepared after the relevant PSP was gazetted, some of the ICP items include bespoke designs that were developed as part of that amendment process.

The Benchmark Costings have been applied as follows:

- The road items included in the ICP had no material scope or rate differences to the standard designs; the Benchmark Costings design and costs were applied.
- The intersection items are bespoke designs, as identified in the gazetted PSP. The cost estimations were factored on the Benchmarks Costings.
- The bridge items used bespoke designs as the land conditions required designs that diverged too significantly from the Benchmark Costings designs. In particular:
 - BR-01 was costed and apportioned to the Plumpton and Kororoit ICP prior to the preparation of the Benchmark Costings.
 - BR-02 required a bespoke design and costings as it spanned a railway line and diverged too significantly from the Benchmark Costings' rates per unit.
- Bespoke design and costs for pedestrian signals were required as these are not included in the list of items costed the Benchmark Costings.
- The designs and costs of the Benchmark Costings have been applied to the community and recreation items as the associated levy is capped.

Figure 4 - Melton C201 ICP items (as exhibited) - application of benchmarks

Melton C201	DESIGN		COST			
	Project title	Benchmark	Bespoke	Benchmark	Factored on benchmark rates	Bespoke
Road projects						
RD-01						
RD-02						
RD-03						
RD-04						
RD-05						
RD-06						
RD-07						
RD-08						
RD-09						
RD-10						
RD-11						
RD-12						
Intersection projects						
IT-01						
IT-02						
IT-03						
IT-04						
IT-05						
IT-06						
IT-07						
IT-08						
IT-10						
IT-11						
IT-12						
IT-13						
IT-14						
IT-15						
IT-16						
Bridge projects						
BR-01						
BR-02						
BR-03						
CU-01						
Pedestrian crossing						
PS-01						
PS-02						
PS-03						
Community Building projects						
CI-01						
CI-02						

CI-03		
CI-04		
Open space projects		
SR-01		
SR-02		
SR-03		

2.7 Application of the Benchmark Costings to Amendment GC102 (Donnybrook-Woodstock ICP)

Figure 5 summarises the application of the Benchmark Costings to the Donnybrook-Woodstock ICP, including where bespoke designs or costs have been provided.

As with the Mt Atkinson & Tarneit Plains PSP, the Donnybrook-Woodstock PSP was gazetted after the Benchmark Costings were prepared and as a result include bespoke designs.

The Benchmark Costings have been applied to the Donnybrook-Woodstock ICP with similar outcomes to the Mt Atkinson & Tarneit Plains ICP as follows:

- The road items used the Benchmark Costings designs and costs, with additional cost per unit rates where applicable.
- The intersection items are bespoke designs, as identified in the gazetted PSP. The Benchmarks Costings rates per unit were applied to the bespoke designs to calculate cost estimates.
- The bridge items were bespoke designs as identified in the gazetted PSP and as well as required bespoke costings.
- Bespoke design and costs for pedestrian crossing were required as these are not included in the Benchmark Costings.
- The designs and costs of the Benchmark Costings have been applied to the community and recreation items as the associated levy is capped.

Figure 5 - Mitchell and Whittlesea GC102 ICP items (as exhibited) - application of benchmarks

GC102	DESIGN		COST			
	Project title	Benchmark	Bespoke	Benchmark	Factored on benchmark rates	Bespoke
Road projects						
RD-01						
RD-02						
RD-03						
RD-04						
RD-05						
Intersection projects						
IT-01						
IT-02						
IT-03						
IT-04						
IT-05						
IT-06						

IT-07		
IT-08		
IT-09		
IT-10		
IT-11		
IT-12		
IT-13		
IT-14		
IT-15		
IT-16		
IT-17		
Bridge projects		
BR-01		
BR-02		
BR-03		
BR-04		
BR-05		
Pedestrian crossing		
PS-01		
PS-02		
PS-03		
Community Building projects		
CI-01		
CI-02		
CI-03		
CI-04		
CI-05		
CI-06		
CI-07		
Open space projects		
SR-01		
SR-02		
SR-03		
SR-04		
SR-05		
SR-06		
SR-07		

3 LIST OF APPENDICES

Appendix 1 - Final Draft Benchmark Infrastructure Costings Report (March 2019)

Appendix 2 - Stakeholder Comments Review - Benchmark Infrastructure Costings Project

Appendix 3 - Draft Benchmark Costings (July 2018) in comparison to Final Draft Benchmark Costings (March 2019)



PSP 1210 Pakenham East Part A Submission - May 2018