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Your reference:
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4030996

Dear Megan

Amendment C243 to the Hume Planning Scheme

We act for Hi-Quality Quarry Products Pty Ltd (**Hi-Quality**) in relation to Amendment C243 to the Hume Planning Scheme (**Amendment**), which seeks to replace the interim Sunbury South and Lancefield Road Infrastructure Contributions Plan (**SSL ICP**) with an updated ICP.

1 Background

- 1.1 Hi-Quality owns land at 570, 580, 600 and 650 Sunbury Road (**Hi-Quality Land**) within the Sunbury South Precinct Structure Plan (**Sunbury South PSP**) area. The Hi-Quality Land comprises properties 94, 95, 96, 97, 98 and 99 on Plan 4 – Land Use Budget of the Sunbury South PSP.
- 1.2 This submission addresses the following key issues:
- (1) the impact of the supplementary levy on housing affordability in the Sunbury South PSP area;
 - (2) the appropriateness of including the Sunbury Ring Road in the SSL ICP and subject to further consideration of this issue, the appropriateness of apportioning most of the cost of the Sunbury Ring Road to the SSL ICP;
 - (3) whether the two bridge crossings of Jacksons Creek are currently required, and if so, whether they have been designed appropriately; and
 - (4) clarification on the timing of the payment of the monetary component where interim works or a temporary use of land are contemplated.
- 1.3 Hi-Quality wishes to note at the outset that it has not been provided with any justification for the amalgamation of the Sunbury South and Lancefield Road PSPs into a single ICP, which gives rise to questions of need, nexus and equity on a broad level.

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2 Supplementary levy

Impact on housing affordability

- 2.1 The levies proposed by the Amendment to fund the infrastructure items are identified in Table T1 below. The overall total amount of levies to be paid is \$486,985,498, with \$472,234,747 attributed to residential development and the remaining \$14,741,751 attributed to commercial and industrial development.
- 2.2 These levies include the standard levy of \$213,862 per net developable hectare (**NDHA**) for residential development and \$124,344 per NDHA for commercial and industrial development, as well as a supplementary levy of \$151,284 for all development (**Supplementary Levy**).
- 2.3 These levies exclude the contribution of land for ICP infrastructure totalling 140.89 ha with a value of \$102,020,751.

T1. Sunbury South and Lancefield Road Infrastructure Levies

Class of Development	Net Developable Area (Hectares)	Levy Rate	Levies to be Paid
Standard Levy			
Residential	1,293.30	\$213,862	\$276,587,924
Commercial and Industrial	53.48	\$124,344	\$6,650,441
Subtotal	1,346.79		\$283,238,365
Supplementary Levy			
Residential	1,293.30	\$151,284.07	\$195,655,824
Commercial and Industrial	53.48	\$151,284.07	\$8,091,310
Subtotal	1,346.79		\$203,747,133
Total Monetary Component			
Residential	1,293.30	\$365,146.07	\$472,243,747
Commercial and Industrial	53.48	\$275,628.07	\$14,741,751
Total	1,346.79		\$486,985,498

Source: Sunbury South and Lancefield Road Infrastructure Contributions Plan, VPA, April 2020

- 2.4 The PSPs for Sunbury South and Lancefield Road require an average dwelling yield of 15 dwellings per hectare for a total dwelling yield of 19,405.
- 2.5 The levies to be collected therefore equate to \$24,335 per dwelling based on the average dwelling density for Sunbury South and Lancefield. Of this amount, the Supplementary Levy equates to \$10,082 per dwelling. The land contribution equates to a further \$8,894 per dwelling. In total, the ICP costs equate to \$33,229 per dwelling. This is to be compared with:
- (1) \$16,819.90 per dwelling in Donnybrook-Woodstock;
 - (2) \$17,592.60 per dwelling in Plumpton and Kororoit; and
 - (3) \$18,112.99 per dwelling in Mt Atkinson and Tarneit Plains.
- 2.6 Further detail on these figures is set out below.

T2. Precinct Structure Plans cost apportioned per dwelling

PSP	Donnybrook-Woodstock (Currently being finalised)	Plumpton and Kororoit	Mt Atkinson and Tarniet Plains
Dwelling yield	17,041.0	20,000.0	8,000.0
Dwellings per ha	16.5	17.7	19.5
NDA - Residential	1,032.8	1,131.1	410.6
Monetary Cost Apportioned (Residential)	\$207,693,315.00	\$256,473,689.00	\$92,261,053.00
Land equalisation amount (Residential)	\$78,934,595.19	\$95,378,368.47	\$52,642,877.00
Total Cost (Infrastructure and Land)	\$286,627,910.19	\$351,852,057.47	\$144,903,930.00
Levy Rate	\$277,528.34	\$311,076.19	\$352,924.96

Cost Apportioned per dwelling	\$16,819.90	\$17,592.60	\$18,112.99
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Source: Urban Enterprise, 2020.

Comparison with recent ICPs

- 2.7 The Planning Panel for Amendment C207 and 208 to the Hume Planning Scheme, which considered the introduction of the Sunbury South PSP, noted that the Victorian Planning Authority had commissioned costings for the ICP infrastructure and considered that only a standard levy would apply to Sunbury South and Lancefield. This clearly has not been the case.
- 2.8 The proposed ICP levies for SSL are the highest in Melbourne.
- 2.9 Tables T3 and T4 below identify the standard levy, supplementary levy and total levy for the SSL ICP and compares these with recently gazetted ICPs or current amendments seeking to introduce an ICP into a planning scheme.
- 2.10 Of the seven ICPs identified in the tables below, the SSL ICP has the highest residential levy rate (\$365,146.07 per NDHA) and will collect the highest amount from the levies (\$472,234,747) by a substantial margin.

T3. Comparison of levy rates

ICP	Land Use Type	Standard Levy Rate	Supplementary Levy Rate	Total Levy Rate (per NDHA)
Sunbury South and Lancefield Road	Residential	\$213,862	\$151,284.07	\$365,146.07
	Commercial and Industrial	\$124,344	\$151,284.07	\$275,628.07
Donnybrook-Woodstock	Residential	\$200,689.00	\$412	\$201,100
	Commercial and Industrial	\$114,062	\$412	\$114,473
Lindum Value	Residential	\$200,689	N/A	N/A
	Commercial and Industrial	N/A	N/A	N/A
Minta Farm	Residential	\$213,862	\$105,267	\$319,129
	Commercial and Industrial	\$124,344	\$105,267	\$229,611
Plumpton and Kororoit	Residential	\$213,862	\$26,206	\$240,068
	Commercial and Industrial	\$124,344	\$26,206	\$150,540
Mt Atkinson and Tarneit Plains	Residential	\$213,862	\$10,849	\$224,711
	Commercial and Industrial	\$124,344	\$10,849	\$135,193
Beveridge	Residential	\$213,862	\$83,641	\$297,503

T4. Comparison of levies to be collected

ICP	Land Use Type	Standard Levy	Supplementary Levy	Total Levies to be Collected
Sunbury South and Lancefield Road	Residential	\$276,587,924	\$195,655,824	\$472,234,747
	Commercial and Industrial	\$6,650,441	\$8,091,310	\$14,741,751
Donnybrook-Woodstock	Residential	\$207,268,001	\$425,314.5	\$207,693,315
	Commercial and Industrial	\$0.00	\$0.00	\$0.00
Lindum Value	Residential	\$20,488,970	N/A	N/A
	Commercial and Industrial	N/A	N/A	N/A
Minta Farm	Residential	\$30,944,820	\$15,231,668	\$46,176,488
	Commercial and Industrial	\$8,137,544	\$6,889,087	\$15,026,630
Plumpton and Kororoit	Residential	\$241,893,144	\$29,640,560	\$271,533,703
	Commercial and Industrial	\$13,945,426	\$2,939,262	\$16,884,688
Mt Atkinson and Tarneit Plains	Residential	\$87,806,904	\$4,54,149	\$92,261,053
	Commercial and Industrial	\$61,681,115	\$5,381,422	\$67,062,537
Beveridge	Residential	\$48,285,091	\$18,884,291	\$67,169,383

Source: Urban Enterprise, 2020.

- 2.11 The quantum of the ICP levies and land contributions in SSL will adversely impact housing affordability.
- 2.12 According to the Valuer General's data, the median house price in Sunbury in 2019 was \$520,000.
- 2.13 The total contributions required under the ICP therefore equate to 6.3% of the median house price. The supplementary levy alone accounts for 2% of the median house price. This may not seem a significant figure but when housing affordability in Sunbury is already an issue, these levy costs will likely have an adverse impact.

3 Sunbury Ring Road

- 3.1 One of the primary reasons why the levies in SSL are so high is the inclusion of the majority of costs associated with the Sunbury Ring Road, and in particular, the two bridge crossings of Jacksons Creek.
- 3.2 Table T5 identifies that the total cost of the Sunbury Ring Road apportioned to the SSL PSP area is approximately \$196 million, or \$145,665 per hectare. 100% of the cost of the road infrastructure (apart from bridges and culverts) is apportioned to the SSL PSP area, with 75.6% of the cost of bridges and culverts apportioned to the SSL PSP area.
- 3.3 Notably, the two bridge crossings of Jacksons Creek alone account for \$107.8m of the costs apportioned to the SSL ICP.

T5. Cost of Sunbury Ring Road infrastructure

Levy	Internal Apportionment	Total Cost	Cost Apportioned to ICP	Cost per Hectare (NDHA)
Standard Levy	100%	\$58,220,917	\$58,220,917	\$43,229
Supplementary	75.6%	\$182,446,124	\$137,959,600	\$102,436
Total		\$240,667,041	\$196,180,517	\$145,665

Source: Sunbury South and Lancefield Road Infrastructure Contributions Plan, April 2020.

- 3.4 The cost of the Sunbury Ring Road represents 39.9% of the ICP costs (excluding land).
- 3.5 Hi-Quality submits that the Sunbury Ring Road is a piece of regional infrastructure that will serve a much broader area than SSL. Whilst some of the cost (24%) of the two bridge crossings of Jacksons Creek has been apportioned to the Sunbury North and Sunbury West PSP areas, the existing developed areas of Sunbury will also benefit. Indeed, the Sunbury Ring Road was first touted as a vital road connection for Sunbury commuters three decades ago and proposed to be built by the Hume City Council more than two decades ago.
- 3.6 In light of this, Hi-Quality submits that the cost of the Sunbury Ring Road, including the two bridges over Jacksons Creek, should be removed from the ICP on the basis that the Sunbury Ring Road is regional infrastructure.
- 3.7 Hi-Quality also submits that the northern bridge is not required. Residents of the Lancefield Road PSP area have alternative forms of access to Sunbury South that are sufficient.
- 3.8 If the bridge crossings are to remain in the ICP, Hi-Quality submits that the designs of the two bridge crossings of Jackson Creeks should be reviewed on the basis that the bridge designs are not basic and essential, but rather are 'gold plated' and will result in unnecessary additional costs.

4 Interim works and temporary uses

- 4.1 An opportunity has arisen for Hi-Quality to potentially utilise the designated employment land for an expansion to its existing Sunbury Eco-Hub to build and operate a temporary facility that will treat and safely dispose of soil excavated from the West Gate Tunnel Project. This would be a temporary facility that would operate for approximately 18 months after the first fill is received at the facility.

- 4.2 Works associated with the temporary facility would include:
- (1) construction of 50-60 specially engineered and constructed containment bays with environmental controls and leachate drainage;
 - (2) construction of temporary buildings/structures to accommodate administration, weighbridge and truck wash;
 - (3) construction of access ways, landscaping and fencing and construction of signals on Sunbury Road to facilitate access to the site; and
 - (4) construction of water treatment ponds and treatment of water from spoil, resulting in water that is within Australian Drinking Water Guideline levels.
- 4.3 It has always been envisaged that the employment land on Sunbury Road in Sunbury South would develop over the medium to long term, with the residential development of the PSP area providing the catchment to drive the employment uses. Section 5 of the ICP is silent on the payment of levies for uses that are interim or temporary. The ICP Guidelines also do not provide any guidance on this.
- 4.4 Hi-Quality submits that it should not be required to pay the ICP levies for the temporary development of the employment land. The ICP levies have been calculated on the basis of demand generated by the expected long-term development of the employment land, as per the PSP and it is appropriate that levies are paid at the time that this development occurs.
- 4.5 We request that Section 5 of the ICP include a paragraph that clarifies that levies are payable for the subdivision and development of land that is in accordance with the PSP, and not for any interim or temporary use or development of the PSP area that does not generate a need for any of the ICP infrastructure.

We would be happy to meet with you discuss any of the matters raised in this submission with a view to resolving them prior to the panel hearing.

Yours faithfully



Elisa de Wit
Partner
Norton Rose Fulbright Australia