

Casey C269 Minta Farm ICP

PART A PANEL SUBMISSION



August 2020

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ABBREVIATIONS AND TERMINOLOGY USED

VPA	Victorian Planning Authority
DELWP	Department of Environment, Land, Water and Planning
DoT	Department of Transport (formerly VicRoads)
ICP	Infrastructure Contributions Plan
PLC Act	<i>Planning and Environment Act (Public Land Contributions Act) 2018</i>
PE Act	<i>Planning and Environment Act 1987</i>
ICP Guidelines	<i>Infrastructure Contributions Plan Guidelines</i>
Cost(s)	Refers to “cost estimates” of ICP infrastructure items contained within cost sheets
Design(s)	Refers to the designs or “functional layout plans” of ICP infrastructure items
Line item	A row within the cost estimate sheet that specifies a particular component of the overall cost and includes a description, quantity and unit, P90 unit rate and P90 total
Benchmark	Refers to a “template” design or cost for an infrastructure item as taken directly from the Benchmark Costings Report April 2019
Bespoke	Refers to a non-template, site-specific design and/or cost for an infrastructure item
Hybrid	Refers to design and costs for an infrastructure item that sits on the spectrum between template and site-specific
Hybrid 1	Hybrid cost prepared based on benchmark design and can include either or both of (a) reduced/greater quantities applied to benchmark P90 rates, and (b) additional non-benchmark components (that is, additional line items)
Hybrid 2	Hybrid cost prepared based on bespoke design using quantities of the bespoke design applied to benchmark P90 rates, and can include additional non-benchmark components (that is, additional line items)

1 INTRODUCTION

1.1 Purpose of this Part A submission

This Part A submission is made by the Victorian Planning Authority (VPA) to the Planning Panel in relation to Amendment C269 to the Casey Planning Scheme (the Amendment). The VPA is the planning authority for the Amendment and has prepared it in collaboration with the Casey City Council, relevant authorities, stakeholders and landowners.

In its Direction of 18 December 2019, this Panel directed the VPA to address the following in its Part A Submission:

- a) a summary of the strategic context, including:
 - (i) relevant planning policies and controls (refer section 3)
 - (ii) other amendments that may be under preparation or recently approved that may impact on the Amendment (refer section 4.3)
- b) a chronology of events covering:
 - (i) the approval of the PSP (refer section 2.5)
 - (ii) preparation and approval of the interim ICP (refer sections 2.3 and 2.5)
 - (iii) preparation of the Amendment and the ICP before the Panel (refer section 2.5)
- c) an explanation of current landholdings and developer interests in the PSP/ICP area (refer section 2.7.1)
- d) any current permits or permit applications that may impact on the Amendment (refer section 2.7)
- e) a summary of the conditions of authorisation for the Amendment, and how those conditions have been met (refer section 2.6)
- f) an explanation of how the supplementary levy items in the ICP meet the criteria in Clause 17 of the Ministerial Direction (refer section 3.2.4)
- g) a summary of the main issues raised in submissions (refer section 5.1)
- h) a summary of any changes the VPA proposes in response to submissions (refer Appendix A)
- i) any other strategic material that the VPA intends to rely upon in support of the Amendment that has not yet been provided, or that might assist the Panel in its consideration of the Amendment (as referenced throughout the report, refer specifically to section 4 and 'background information' in section 2.8)

The purpose of this Part A submission is to respond to these Directions and explain to the Panel the history, background, strategic context and submissions made in relation to the Amendment.

1.2 Amendment C269 to the Casey Planning Scheme

The Amendment makes changes to the Casey Planning Scheme to replace the interim Minta Farm ICP with a final ICP that applies to land affected by the Minta Farm PSP.

Specifically, Casey Amendment C269 seeks to:

- Amend Schedule 2 (ICO2) to Clause 45.11 Infrastructure Contributions Overlay which applies to land within the Amendment area to include the details specified in the *Minta Farm Infrastructure Contributions Plan, July 2019*.
- Amend the Schedule to Clause 72.04 to delete the existing incorporated document titled *Minta Farm Infrastructure Contributions Plan, May 2019* and include a new incorporated document titled *Minta Farm Infrastructure Contributions Plan, July 2019*.
- Apply a Public Acquisition Overlay in favour of Casey City Council (PAO3) consistent with the north-south arterial road identified in the Minta Farm PSP.

2 BACKGROUND TO THE AMENDMENT

2.1 Land to which the Amendment applies

This Amendment applies to the land included in the incorporated *Minta Farm Precinct Structure Plan, October 2018* and as indicated on Figure 1 below.

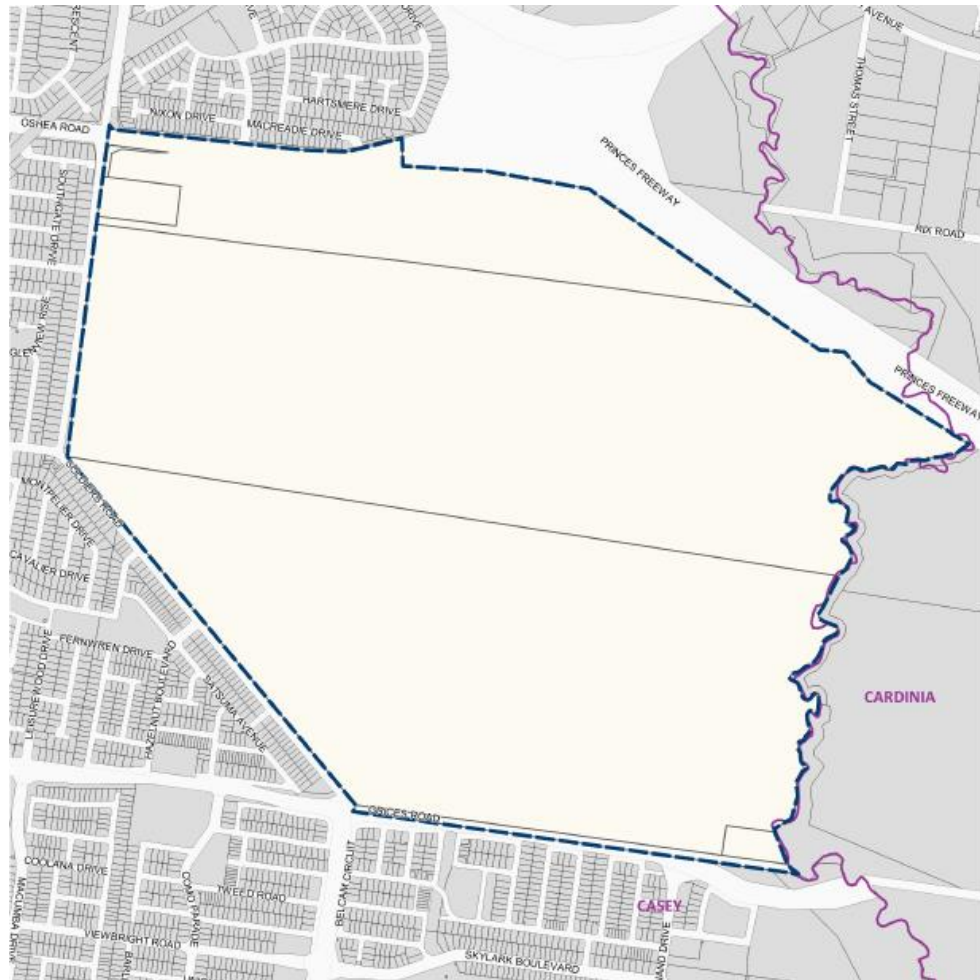


Figure 1 Land to which this Amendment applies

2.2 Summary of recent amendments at Minta Farm

There are five planning scheme amendments relevant to the development of the Minta Farm PSP:

- Amendment C228 to the Casey Planning Scheme was gazetted on 17 January 2019 and introduced the incorporated documents titled ***Minta Farm Precinct Structure Plan, October 2018*** and ***2-106 Soldiers Road, Berwick (December 2018)***. The VPA was the planning authority for this amendment.

- On the same day as Amendment C228, Amendment GC116 was gazetted and (as relevant) introduced a new **Schedule 2 of the Infrastructure Contributions Overlay** into the Casey Planning Scheme. The Minister for Planning was the planning authority for this amendment. The explanatory report provides that “to ensure subdivision, use and development within the PSP land does not commence prior to the inclusion of finalised ICPs, it is necessary to introduce an ICO and a blank schedule with no content for all land affected by the PSP¹”. As a consequence of this amendment, planning permits could not be issued until an ICP was put into place.
- Amendment GC120 was gazetted on 4 April 2019 and replaced the **2-106 Soldiers Road, Berwick (December 2018)** incorporated document with the incorporated document titled **2-106 Soldiers Road, Berwick (March 2019)**¹. This is further described in section 2.7.2.
- Amendment C266 was gazetted on 18 July 2019 and introduced an ‘interim’ **Minta Farm Infrastructure Contributions Plan, April 2019**. The Minister for Planning was the planning authority for this amendment and the amendment was made at the request of the VPA. The amendment included a ‘supplementary levy’ ICP and was therefore not a prescribed class of amendment under section 20A of the PE Act. In preparing this amendment, the Minister exercised his powers under section 20(4) of the PE Act to exempt himself from the requirements of sections 17, 18 and 19 of the PE Act and the regulations in respect of the amendment. As a consequence of this amendment, planning permits could now be issued by the Casey City Council.
- Amendment C269 (this Amendment) seeks to replace the interim ICP introduced via Amendment C266 with the final **Minta Farm Infrastructure Contributions Plan, July 2019**. This final ICP will replace the interim ICP as an incorporated document in the Casey Planning Scheme. The VPA is the planning authority for the Amendment, which has been subject to the requirements of sections 17, 18 and 19 of the PE Act.

2.3 Interim Minta Farm Infrastructure Contributions Plan

The ICP system came into effect in October 2016. The system was based on standard levies that are pre-set for particular classes of development in order to fund the construction of basic and essential infrastructure to service growing urban communities. This system also allows for a supplementary levy for transport construction costs, if required, in addition to the standard levy and where certain criteria are met.

The ICP system was updated on 2 July 2018 when *the Planning and Environment Act (Public Land Contributions Act) 2018* (PLC Act) came into effect.

Fundamental changes incorporated within the PLC Act include:

- Improving the method of securing land for public purposes by introducing a land contribution model for the ICP system;
- Introduction of a separate process to determine public purpose land values via the Valuer General of Victoria (VGV);
- Prescribing the method by which the cost of providing all public land is equalised across all landowners with an ICP area; and
- No transitional provisions

The key difference in the PLC Act compared to the ICP system introduced in 2016 was the removal of the land monetary component for public purpose land.

When the PLC Act came into effect, the unintended consequence of implementation without transition provisions was that all existing gazetted ICPs in the state government’s 100,000 lots (Homes for Victorians) program ceased to have effect. In addition, all draft ICPs for the remainder of the PSPs in the program (including Minta

¹ Amendment GC116 Explanatory Report, January 2019, page 5

Farm) were no longer compliant with the PE Act. This meant that all existing and draft ICPs had to be significantly reworked to be translated into the new system.

As permits were not allowed to be issued in a PSP that did not also have an ICP, an immediate response was therefore required by the VPA to fast track 'interim' ICPs to enable development to proceed. This included the Minta Farm PSP and the Stockland incorporated document for 2-106 Soldiers Road, Berwick' (December 2018).

In terms of the implementation of the new system a change occurred towards the end of 2018, whereby, the Minister for Planning requested the VPA and Department of Environment, Land, Water and Planning (DELWP) to review all ICPs to ensure that they were consistent with the land contribution model in accordance with the PLC Act.

The review identified that:

- inner public purpose land was incorrectly excluded from the contribution land for the purposes of calculating the ICP land contribution percentage and parcel contribution percentage; and
- inner public purpose land for transport purposes was apportioned across the entire precinct.

It was subsequently confirmed in accordance with the PE Act and the land contribution model:

- that the inner public purpose land should be included within the contribution land for the purposes of calculating the relevant percentages; and
- that inner public purpose land for transport purposes should be directly apportioned based on the need generated by each class of development (land use) within the precinct.

The outcome of this review was significant and required all ICP land contribution percentages to be recalculated i.e. public purpose land (IPPL + OPPL) divided by contribution land (NDA + IPPL) = ICP land contribution percentage. See section 4 of this submission for further details about the components of the land contribution model.

The interim Minta Farm ICP was finalised in May 2019 (following the review) and gazetted under Amendment C266 to the Casey Planning Scheme on 18 July 2019 under section 20(4) of the PE Act.

The interim Minta Farm ICP therefore implemented the current Ministerial Direction and the ICP was prepared consistent with the land contribution model in accordance with the PLC Act.

The interim Minta Farm ICP enabled the issuing of permits to occur. It aligns with the infrastructure items which were strategically justified through the PSP amendment processes and included in the Precinct Infrastructure Plan which forms part of the PSP.

Section 2.4 details the changes which have occurred from the interim Minta Farm ICP to the exhibited ICP.

2.4 Purpose of the Amendment

The final ICP for Minta Farm which has been prepared is the subject of this Amendment and makes the following updates to the interim ICP:

- Standard levy rate indexed to 2019/20 rate, apportionment of IN-03 and associated changes to the supplementary rate;
- Updated costing for the Major Culvert;
- Updated costing for the pedestrian bridge;
- Updated costing for the pedestrian signals; and
- Costing sheets and designs included at Appendix 3 of the ICP document.

The updated costings were made to better reflect the likely costs for the items.

Following the indexation of the standard levy rate there was additional capacity in the standard levy, therefore the apportionment to IN03 was adjusted to ensure all of the standard levy was allocated to projects. This is

consistent with the recommendation from the Panel report for Amendment GC102, Mitchell and Whittlesea Planning Schemes (the Donnybrook / Woodstock ICP).

Further modifications to the final ICP which are considered in response to submissions following exhibition are described in section 5 of this submission.

The Amendment also includes a public acquisition overlay (PAO) for the benefit of Casey City Council to identify the land required for the early delivery of the north-south arterial. A PAO is an appropriate tool in the Victoria Planning Provisions to identify land required for a public purpose and allow for its early acquisition.

2.4.1 General context informing the preparation of Casey Amendment C269

This Amendment incorporates a supplementary levy ICP, which will be applied to the Minta Farm PSP area by amending Schedule 2 to Clause 45.11 – Infrastructure Contributions Overlay (ICO2).

The ICP is necessary to deliver all the infrastructure items required within the Minta Farm precinct as identified in the PSP. Specifically, the supplementary levy component is included to cover the costs of construction of supplementary ICP transport items.

The ICP provides timeframes (short term: 0-5 years, medium term: 10-15 years and long term: 15 years onwards) for the delivery of ICP funded infrastructure projects.

2.5 Chronology of the Amendment

The following table provides a timeline for the preparation of the Minta Farm PSP (Amendment C228), the Minta Farm 'Interim' ICP (Amendment C266) and the Minta Farm 'Final' ICP (Amendment C269).

Table 1 - Chronology of Minta Farm PSP and ICP

Date	Milestone
2010	The project commenced as C21 Business Park, significant background work was undertaken on drainage and potential employment development in the precinct. This work delayed further advancement of the PSP for several years.
2014	The project re-commenced as part of 2014 Growth Areas Authority program. VPA undertook informal consultation with government agencies and relevant stakeholders and commenced background studies to prepare the PSP and Future Urban Structure options.
August 2017	Formal agency consultation on the draft PSP and proposed ordinance
August – September 2017	Additional testing of employment, transport and traffic was undertaken to inform the final PSP and ICP
23 October – 4 December 2017	VPA formally exhibited Amendment C228 to the Casey Planning Scheme - Minta Farm PSP without an ICP
April 2018	Amendment C228 Minta Farm PSP Planning Panel hearing
December 2018	PSP approved by Minister for Planning
January 2019	PSP gazetted ICO inserted into the Casey Planning Scheme and schedule 2 applied to land affected by the Minta Farm PSP. The ICO2 was introduced as a blank schedule with no content to ensure development within the PSP could not commence until an ICP was in place.
July 2019	Minta Farm 'Interim' ICP approved by the Minister for Planning and gazetted
8 August 2019 – 9 September 2019	VPA exhibited Amendment C269 to the Casey Planning Scheme - Minta Farm Supplementary ICP
13 March 2020	VPA circulated updated 60km an hour design speed interim plans following consultation with DoT and Council which results in revised turn lane and taper lengths for the intersections. Under these changes, there is no longer the need for a third through lane as part of the interim works and RD-01, RD-02 and RD-04 as exhibited are no longer required and the interim form of the north-south arterial road is a two-lane carriageway only.
7 April 2020	The Cardno expert evidence report adopts the 60km interim design plans.
1 May 2020	Circulation of Functional Design Expert Witness Meeting Statement. The expert witness meeting took place on 23 April 2020.
2 July 2020	Circulation of Cost Estimates Expert Witness Meeting Statement. The expert witness meetings took place over 3 days on 22 June 2020, 25 June 2020 and 1 July 2020.

26 August 2020	Circulation of VPA Part A submission
3 September 2020	Amendment C269 Minta Farm Supplementary ICP Planning Panel hearing

2.6 Authorisation to exhibit the Amendment

The Minister for Planning has authorised the VPA under section 9(1) of the PE Act to prepare an amendment to any part of the State standard provisions and local provisions of a Planning Scheme, subject to the following conditions:

- the land is within a growth area council and subject to a direction by the Minister for the VPA to undertake work in accordance with the VPA Act;
- the amendment gives effect to a PSP, ICP or DCP; and
- the VPA must consult with the Minister, the relevant Council, DELWP and any other public sector body which is likely to be significantly affected by the amendment.

The VPA is satisfied that it has met all the above criteria for authorisation of the Amendment and notes the following:

- The Minta Farm ICP is within the municipality of Casey, a nominated growth area council under the PE Act.
- The VPA has undertaken extensive consultation with Casey City Council throughout the preparation of the Amendment which includes regular and ongoing meetings.
- DELWP and the Minister have supported exhibition of the Amendment.
- The VPA has undertaken considerable consultation with the Department of Transport in its role and function as the Roads Corporation and with Major Road Projects Victoria as delivery authority of State significant road projects which includes works along the northern perimeter of the precinct.

2.7 Existing permits and developer interests

2.7.1 Summary of developer interests in the precinct

Figure 2 below is contained within the exhibited Amendment and illustrates the individual parcels of land attributable to each landowner in the ICP area. There are two landowners in the precinct which are affected by this Amendment including the PAO:

- Mutual Trust and Ian Marshall Baillieu (Minta Farm Group), which own parcels 1-R, 1-E, 3, 4-R and 4-E;
- Stockland, which owns parcels 5 and 6.

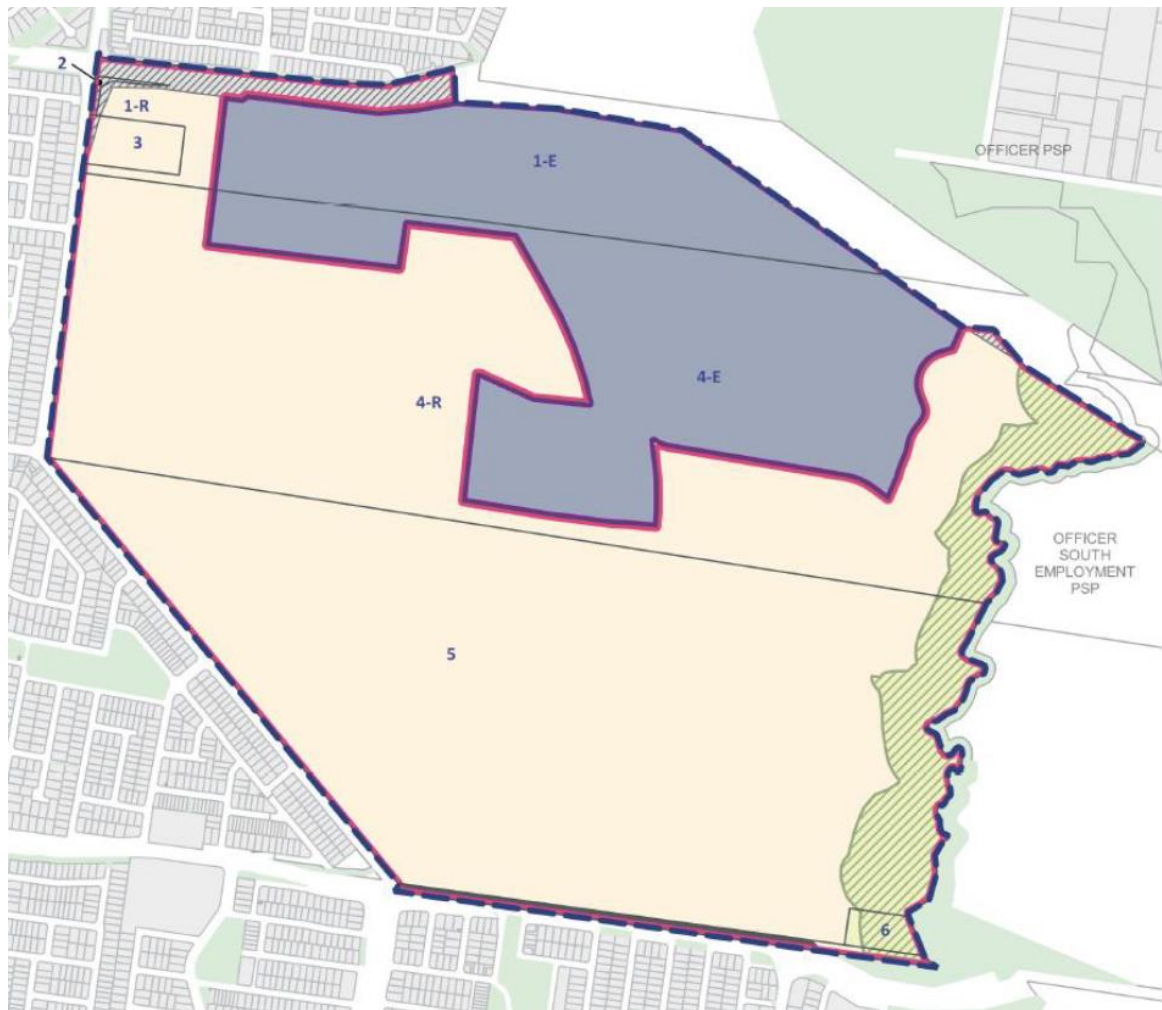


Figure 2 - Parcel and property boundaries (Minta Farm ICP, July 2019)

2.7.2 Planning approval for development at 2-106 Soldiers Road, Berwick

Through the progression of the Minta Farm PSP and ICP, the approval of development at 2-106 Soldiers Road, Berwick has been considered on several occasions. A brief summary of the approval history and the current permits applicable to the site at 2-106 Soldiers Road follows:

- A permit for development of the site at 2-106 Soldiers Road, Berwick was considered under section 96A of the PE Act during exhibition and adoption of Amendment C228. The permit was refused by the Minister when Amendment C228 was approved as it was determined that a permit could not be granted until an ICP was incorporated into the Casey Planning Scheme.
- On the same day Amendment C228 was approved (1 January 2020), the Minister for Planning also approved and gazetted Amendment GC116, which inserted Clause 45.11 (ICO) into the Casey Planning Scheme and applied schedule 2 (ICO2) to land affected by the Minta Farm PSP. The ICO2 was introduced as a blank schedule with no content to ensure development within the PSP could not commence until an ICP was in place. This impacted development at 2-106 Soldiers Road by preventing development and subdivision prior to infrastructure contributions being required by an ICP.
- In lieu of an approved planning permit, Amendment C228 introduced a Specific Controls Overlay (SCO2) to the land at 2-106 Soldiers Road, Berwick to facilitate development in accordance with the incorporated document titled *'Minta Farm Site Specific Subdivision Incorporated Document, December 2018'*. The incorporated document specifies conditions required for a future permit to facilitate the subdivision of the land along Soldiers Road, being the south-western portion of parcel 5 identified in Figure 2 of the incorporated document. The incorporated document effectively duplicated the conditions in the proposed section 96A permit. Clause 4.1 of the incorporated document states "A permit cannot be granted until an Infrastructure Contributions Plan is incorporated into the Casey Planning Scheme and applies to the land".

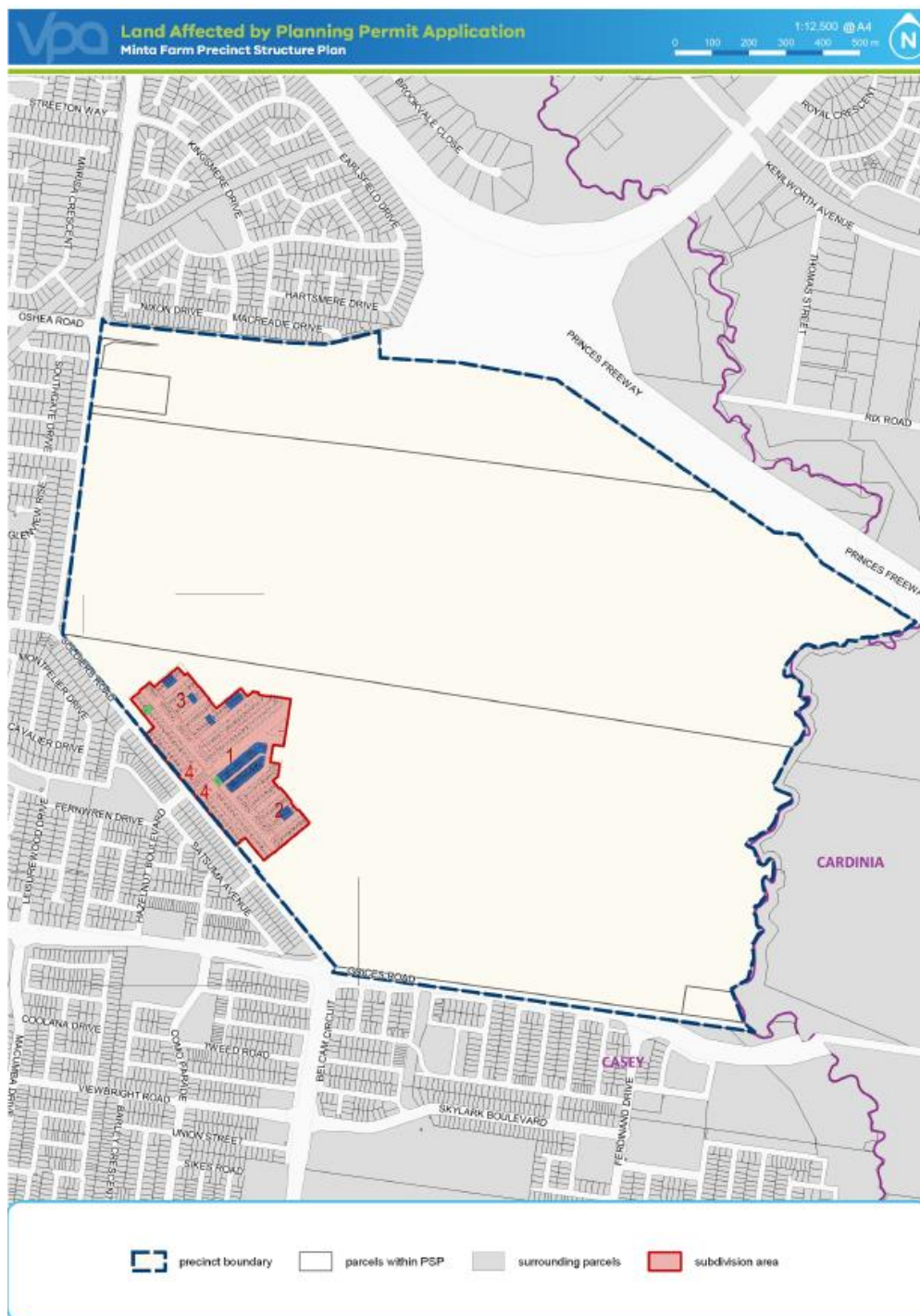


Figure 3 - Location of land subject to development at 2-106 Soldiers Road, Berwick

On 4 April 2019, a further amendment was gazetted which affects the land at 2-106 Soldiers Road. Amendment GC120 made changes to the incorporated document under the SCO2 for the land at 2-106 Soldiers Road, Berwick to increase clarity and operation of the incorporated document in response to feedback received from the affected councils after the gazettal of Amendment C228. The Minister for Planning was the planning authority for GC120. The effect of Amendment GC116 continued to ensure a permit could not be granted under the incorporated document until an ICP was put in place. The updated incorporated document for 2-106 Soldiers Road, Berwick was dated March 2019.

The interim ICP met the requirements of the incorporated document, which enabled a subdivision permit to be issued by Casey City Council for the land at 2-106 Soldiers Road.

2.7.3 Permit for plan of subdivision for 80 Grices Road, Berwick

A plan of subdivision was certified on 9 January 2020 by Casey City Council for 80 Grices Road, Berwick and allows for development of 697 lots across a site area of 46.1 ha. This subdivision is yet to be registered with Land Use Victoria.

Figure 4 - Location of land subject to development at 80 Grices Road, Berwick



2.8 Background documents

The Minta Farm ICP has been informed by a number of background documents. These include:

- Background documents relating to the Amendment, including:
 - Benchmark Infrastructure Report prepared by Cardno dated 11 April 2019;
 - Benchmark Infrastructure Costing – Selected Minta Farm ICP Items – Result Application – Minta Farm prepared by Cardno dated 14 March 2019 (inclusive of February 2019 Functional Layout Plans);
 - Gazetted 'Interim' Minta Farm Infrastructure Contributions Plan dated May 2019 and gazetted July 2019; and
 - Stakeholder submissions.
- Interim Functional Layout Plans prepared by Traffix Group dated 31 August 2018.
- Ultimate Functional Layout Plans prepared by Traffix Group dated 21 September 2018.
- First Principles Traffic Modelling – IN-02 & IN-03 – Minta Farm PSP 11 – North-South Arterial Road memorandum prepared by Traffix Group dated 22 March 2018.
- Refinements of IN-02 & IN-03 Intersection Layouts – Minta Farm PSP 11 – North-South Arterial Road memorandum prepared by Traffix Group dated 22 March 2018.
- Finalised Intersection Layouts – Minta Farm PSP 11 – North-South Arterial Road memorandum prepared by Traffix Group dated 21 September 2018.
- Background documents relating to Amendment C228 for the Minta Farm PSP:
 - Gazetted Minta Farm Precinct Structure Plan dated October 2018 and gazetted January 2019, including Interim Functional Layout Plans prepared by Traffix Group dated 31 August 2018;

- Panel Report – Casey Planning Schemes Amendment C228 – Minta Farm Precinct Structure Plan dated 11 July 2018;
 - Strategic Transport Modelling Assessment (Ultimate Scenario) – McPherson, Croskell and Minta Farm Precincts prepared by Cardno dated 31 August 2015;
 - Traffic Engineering Assessment – Additional Traffic Modelling at Minta Farm PSP 11 prepared by Traffix Group dated 5 September 2017; and
 - Concept Road Design Report – Minta Farm Precinct Structure Plan prepared by Traffic Works dated 5 October 2017.
- VicRoads Guidance for Planning Road Networks in Growth Areas (working document).
 - Austroads Guide to Road Design.
 - Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans and Ministerial Reporting Requirements for Infrastructure Contributions Plans.
 - Minta Farm Borrowing Costs prepared by Paul Shipp, dated 29 April 2019

3 STRATEGIC CONTEXT AND ASSESSMENT

Gazettal of the PSP in accordance with Amendment C228 forms the strategic justification for the infrastructure items included in the ICP, the subject of this Amendment.

3.1 Casey Planning Scheme

3.1.1 State Planning Provisions

The Amendment is consistent with Clause 19 – Infrastructure of the Planning Policy Framework as it implements mechanisms to collect developer contributions to fund infrastructure throughout the PSP.

3.1.2 Local Planning Provisions

The Local Planning Policy Framework of the Casey Planning Scheme was considered during the preparation of the PSP and this Amendment ensures developers financially contribute to infrastructure identified as necessary for the precinct by the PSP.

3.2 Ministerial Directions

3.2.1 Ministerial Direction 9 – Metropolitan Strategy

Direction 9 was considered in preparing the Amendment. In accordance with Direction 9, the Amendment will facilitate the collection of developer levies to fund the required infrastructure to service future urban land within the UGB.

3.2.2 Ministerial Direction 11 – Strategic Assessment of Amendments

Direction 11 seeks to ensure a comprehensive strategic evaluation of a planning scheme amendment. This submission addresses the requirements outlined in this direction.

3.2.3 Ministerial Direction on the Preparation and Content of Infrastructure Contribution Plans

The final ICP has been exhibited with the 2019/20 standard levy rate. Appendix C includes adjustments to use the 2020/21 standard levy rate and also applies indexing to the costs, that were not yet indexed as part of the Cardno costing evidence.

The ICP includes financing for the early works delivery of the north-south arterial. Following receiving the Panel report for this Amendment and confirmation of the final cost estimates, the early delivery works will be recalculated.

The ICP also reflects the public land contribution model in response to the PLC Act and has been prepared in accordance with the Ministerial Direction.

3.2.4 Clause 17 of the Ministerial Direction on the Preparation and Content of Infrastructure Contribution Plans

Clause 17 of the Ministerial Direction provides requirements for the implementation of a supplementary ICP levy. These requirements are:

- a) 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;
- b) whether the works, services or facilities are essential to the orderly development of the area;

- c) whether the works, services or facilities are identified in a precinct structure plan or equivalent strategic plan applying to the land;
- d) whether the land has particular topographical, geographical, environmental or other physical constraints or conditions that significantly affect the estimated cost of allowable items to be funded through the infrastructure contributions plan; and
- e) any other criteria specified in the applicable Annexure to this Direction.

With respect to criteria b) and c), all items nominated under the ICP are included within the Precinct Infrastructure Plan of the *Minta Farm Precinct Structure Plan, October 2019* (Incorporated Document) approved under Amendment C228. The strategic justification and significance of each item, including its nexus to the orderly development of the area, were the subject of submissions and findings of the panel during the Amendment C228 process; it was through this process that the strategic justification for each item was established.

The VPA submits that there is no scope for this Panel to reconsider the strategic justification for inclusion of an infrastructure item within the PSP nor the accompanying ICP.

With respect to criteria a) and d), the rationale for inclusion as a supplementary item is set out in Table 2 below. Each item has been costed and the cost determined to be in excess of the standard levy. Detailed costings information is contained in Table 6 of the exhibited ICP.

With respect to criteria e), Tables 4 and 5 in the Annexure to the Direction list the supplementary levy allowable items and further criteria for their inclusion. Table 2 below addresses these criteria for each item in the supplementary levy.

Table 2 - ICP supplementary levy item in accordance with Ministerial Direction (Clause 17) (Note: Appendix C includes the updated proposed list of supplementary items with IN02 moving to the Standard Levy)

ICP project ID	Project title & description	Rationale for inclusion as a supplementary item against Criteria a) and d)
IN-02	Intersection: North-South Arterial Road/ East-West Connector (North) Construction of a primary arterial to connector signalised 4-way intersection (interim treatment).	Supplementary due to additional number of intersections above the standard, design requirements for intersection legs above the standard and limited precinct NDA to fund construction
IN-03	Intersection: North-South Arterial Road/ East-West Connector (Central) Construction of an arterial to connector signalised 4-way intersection (interim treatment)	Supplementary due to design requirements for intersection legs above the standard and limited precinct NDA to fund construction
IN-04	Intersection: North-South Arterial Road/ East-West Connector (South) Construction of an arterial to connector signalised 4-way intersection (interim treatment)	Supplementary due to additional number of intersections above the standard, design requirements for intersection legs above the standard and limited precinct NDA to fund construction
CU-01	Culvert Construction of culvert crossing over the constructed waterway	Supplementary due to major culvert with internal cross section greater than 1.75 sqm and limited precinct NDA to fund construction
BR-01	Bridge Construction of a shared pedestrian and cyclist bridge over Cardinia Creek	Supplementary due to accessway being required to cross a waterway corridor and limited precinct NDA to fund construction
EDW-01	Early Delivery of Works (EDW) Financing first two lanes of North-South Arterial Road from IN-01 to IN-05 including: - IN-01 (EDW) - RD-01-04 (EDW) - IN-05 (EDW)	Supplementary due to early delivery being essential for orderly development of the area, financing costs being incurred by the development agency responsible for providing the item and associated with the delivery of a standard or supplementary item.

3.3 Minta Farm PSP

As is intended with the ICP system, the gazetted PSP provides the strategic justification for all infrastructure items to be funded through the ICP by:

- confirming that the items are essential to the health, well-being and safety of the community;
- ensuring that items are provided in a timely and/or orderly sequence; and
- establishing the need and nexus of items including the external apportionments.

The gazetted PSP lists all infrastructure required to support development of the PSP. The infrastructure items from the PSP that are listed in the ICP are consistent with the definitions of allowable items in the Ministerial Direction.

3.3.1 Panel Report for the Minta Farm PSP (Casey C228)

The Panel report for Amendment C228 – Minta Farm PSP made some key recommendations of relevance to this Amendment.

The Minta Farm PSP Panel report records the agreement of the expert conclave that the north-south arterial road was an important link that would benefit the region and the precinct and that it would be important to deliver the road as soon as possible. The Panel found that the road was a key element of the Minta Farm PSP street network and its construction would be required to enable development of the precinct. The Panel concluded that the north-south arterial road would play a critical role in the regional road network as well as providing access to the precinct to enable its development and that early delivery of the north south arterial over its full length was essential. The Panel found the objective should be to construct the road to at least an interim standard at the same time as the 2022 extension of O'Shea Road.

Further, the Panel accepted that financing costs for infrastructure items associated with the north-south arterial road would be an allowable item for inclusion in a supplementary levy.

Given the uncertainty about whether there would be sufficient funds in the ICP by 2022, the Panel also suggested a works in kind agreement with Stockland and the Minta Group should be pursued by Casey City Council to provide greater certainty on the early delivery of this road.

3.3.2 Proposed north-south arterial road, intersections and early delivery of works

The VPA relies on the findings of the Panel about the need for the north-south arterial road to enable development of the precinct and the importance of its early delivery.

Drawing from an anticipated development scenario, the VPA sought expert advice regarding the cost of financing and repayments to be made over the development life cycle for the early delivery works items, including:

- IN-01
- IN-05
- Standard interim road from IN-01 to IN-05
- Road culvert.

The inclusion of financing toward these works has implications for interim designs and the cost estimates for the delivery of other items in the ICP. Cost estimates for road and intersection projects are typically prepared without considering the sequence of delivery. In the absence of early delivery of works, an ICP would include the cost of delivering new intersections and roads in a greenfield setting and may not always accommodate detailed design treatments. However, as some projects have been identified for early delivery, cost estimates for items to be delivered subsequently have assumed these works will have already been delivered.

3.3.3 Infrastructure contributions – supplementary levy items

The Panel report records the VPA's advice that as the land component of the ICP will no longer be a cash levy but will instead be a direct land contribution, the land levy will no longer be able to top up any shortfall in the transport levy, and that accordingly it was likely that a supplementary levy would be needed for the ICP.

As well as noting the advice of the VPA that it was likely that a supplementary levy would be required, the Panel also noted the Minta Group and Stockland submissions (and the disagreement of the VPA with these submissions) that a supplementary levy would not be allowable for the north-south road under the Ministerial Direction. The Panel did not offer a view on the matter other than to note that whether or not a supplementary levy is needed and can be legally applied would be determined during the preparation of the ICP and ultimately subject to the approval of the Minister.

3.3.4 Lot cap on development

The VPA submitted to the Panel that a 1,000 lot cap on interim development (prior to delivery of the north-south arterial road), informed by traffic modelling, would contribute substantial funds to the ICP for construction of the road. Therefore, it was appropriate to allow initial development to proceed up to this cap in order to secure contributions for the north-south arterial road, subject to additional traffic management measures.

The Panel supported a cap on development of 1,000 lots to mitigate the traffic impacts, particularly on Soldiers Road, and to provide some incentive for the early delivery of the north-south arterial road.

4 THE ICP SYSTEM AND PRECEDENTS

4.1 The Infrastructure Contributions System

The ICP system first came into effect in October 2016. It was updated on 2 July 2018 when the PLC Act was introduced. The ICP system comprises two key parts: the monetary component and the land component. See Figure 5 for an illustration of the components.

4.1.1 Components of an ICP

The infrastructure contribution to be provided by each landowner consists of either or both of the following:

- **Monetary component** – a monetary levy that may be used to fund the provision of works, services, facilities and plan preparation costs. The monetary construction component is based on standard levies that are pre-set for particular classes of development. This system also allows for a supplementary levy, in addition to the standard levy, to fund infrastructure where certain criteria are met. The levy may consist of a standard levy, a supplementary levy or both.
- **Land component** – The land component of an ICP consists of inner public purpose land (IPPL), outer public purpose land (OPPL) and any land equalisation amount. Inner public purpose land is the land specified in the ICP as land to be set aside for public purposes (such as land for roads, parks and community facilities) and must be vested in, transferred to or acquired by the collecting agency and/or development agency. The land equalisation amount is discussed below. Note the Minta Farm ICP does not include any OPPL.

4.1.2 Planning & Environment Amendment (Public Land Contributions) Act 2018 (PLC Act)

The PLC Act improves the method of securing land for public purposes from the initial ICP system by introducing a land contribution model. The land contribution model enables land for public purposes to be provided as part of an infrastructure contribution when land is developed, replacing the monetary land contribution.

The concept of the model is that public land is equalised across all landowners within an ICP area. The planning authority calculates the average amount of land required for infrastructure across the precinct. Individual parcels within the precinct are then compared to the average. Those providing under the average percentage pay an equalisation amount (in recognition of their lower contribution), while those providing above the average receive a credit payment (in recognition of their greater contribution and greater loss of developable area). This is calculated for each class of development. In simple terms, the “underproviders” pay the “overproviders” resulting in net zero dollars.

The PLC Act prescribes the equalisation method. It does this by requiring that the ICP land contribution percentages are calculated for each class of development within an ICP area. These percentages are then used to calculate the “underproviders” and “overproviders” and to distribute costs accordingly per parcel:

- The **ICP land contribution percentage** (across class of development) is expressed as a percentage of total public purpose land to total contribution land.
- If the **parcel contribution percentage** (per parcel, for the applicable class of development) is:
 - Less than the ICP land contribution percentage, a land equalisation amount is owed
 - More than the ICP land contribution percentage, a land credit amount is entitled.
- The **land credit amount** (per parcel) is calculated by establishing a per hectare rate for all public purpose land on that parcel, then multiplying the rate against the number of hectares that are being overprovided.
- The **land equalisation rate** (across the ICP area) is calculated by the sum of the land credit amounts, divided by the number of hectares of underproviding land. The **land equalisation amount** (per parcel) is then calculated by the land equalisation rate multiplied by the number of hectares of underproviding land.

Figure 6 illustrates how land credit amounts and land equalisation amounts are calculated.

Figure 5 - ICP metropolitan greenfield growth area development setting components

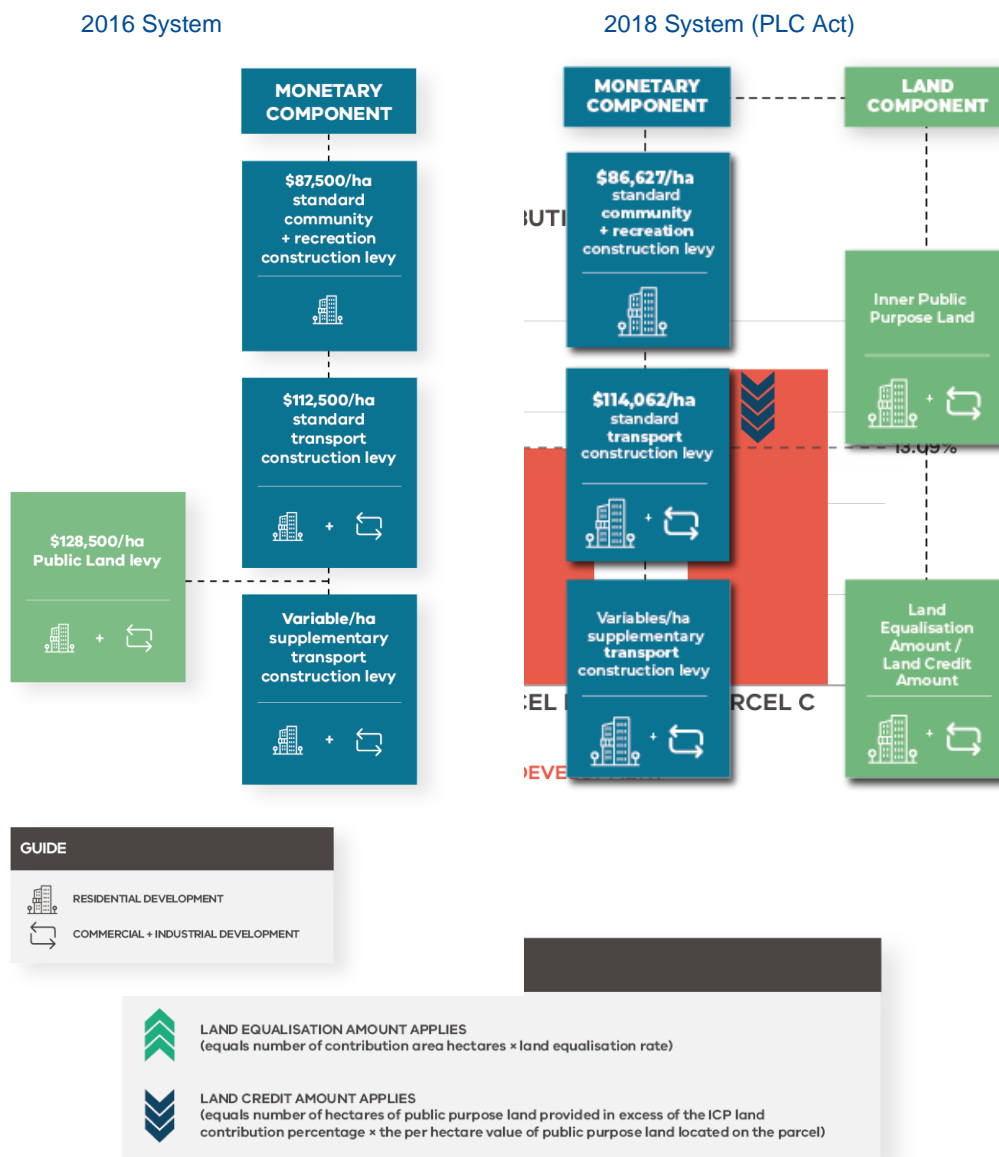


Figure 6 - Implementation of ICP land component

4.2 Benchmark costings

A Benchmark Costings report was commissioned by VPA and prepared by Cardno to inform the ongoing determination of whether infrastructure items in ICPs should be funded through a standard levy or a supplementary levy. The report was completed and finalised in April 2019. Stakeholder review and comment from local government and the UDIA informed the final report. The VPA Board endorsed the methodology of the Benchmark Costings report on 9 October 2019.

The Benchmark Costings report is used to inform the preparation of ICPs. Standard levy ICPs will be informed by the Benchmark Costings report insofar as the VPA (or other planning authority) seeks to confirm whether the standard levy rate is sufficient.

It is proposed that any recommendations for changes to benchmark designs and costs within an ICP as a result of a panel process will be updated in that individual ICP.

The Benchmark Costings report provides:

- Benchmark designs
 - These are considered basic and essential, usual practice, template designs for a range of standard infrastructure items
- Verified set of benchmark rates
 - These can be used when preparing cost estimates for designs that are non-benchmark, that is either bespoke or combination hybrid (benchmark and bespoke) designs. These rates have been scenario tested to provide a high degree of probability that the costs will be within budget. The quantities from the hybrid or bespoke designs can be measured and applied to the verified set of rates to prepare a cost estimate.
- Cost estimates for the benchmark designs
 - Using the benchmark rates applied to the benchmark designs.

For this Amendment:

- Benchmark infrastructure items and costings have been adopted for community, bridges and culverts items for the ICP and no submissions were received for these items;
- Bespoke designs and cost estimates have been adopted for road and intersection items for the ICP and a number of submissions were received on these items which have generally been resolved through the conclaves;
- It is noted that the community infrastructure levy is capped, however the benchmark costings indicate that the entire community levy will be required.

4.3 Infrastructure Contribution Plans – relevant amendments

This section will briefly summarise some comments and recommendations of recent panel reports on previous ICP amendments. The Amendment has been prepared to be consistent with these previous panel reports.

4.3.1 Mt Atkinson and Tarneit Plains (Amendment C201 Melton)

The panel report for Amendment C201 Melton (7 August 2019) noted the following key issues in respect of Benchmark Costings:

- *“discrepancy between the benchmark and bespoke costings on which the ICP is based and various submitter cost estimates, and the impact these cost differences have on the adequacy of the levies”*
- *“whether whole projects should be funded from a supplementary levy, or whether the supplementary levy should only be used to fund the particular line items that meet the criteria for a supplementary levy.”*

With respect to the Benchmark Costings prepared by the VPA, the panel made the following comments:

“The Panel broadly supports the principle of using benchmark costs to guide ICP cost estimations. This should theoretically result in a greater degree of consistency and transparency in the design and costing of projects that are able to be based on standard template functional layouts. That said, bespoke designs and/or costings will often be needed, due to the variation in topography, geology, physical constraints and the like across Melbourne’s growth areas, or particular design requirements for particular projects.

This Amendment is consistent with this finding where bespoke designs and costs have been prepared for the arterial road and related intersections.

The issue of works in kind (WIK) credits was raised at the panel hearing and the panel concluded that:

Works in kind credits should be negotiated between the developer and the Collecting and Development Agencies. They should not be fixed at the cost estimate specified in the ICP.

This Amendment is consistent with this principle.

Further, the panel considered the appropriateness of considering line items of a project, in contrast with an entire project, as a supplementary item. The amendment as exhibited proposed to apply a supplementary levy only to the allowable items for which it was appropriate and noted a preference to retain standard levies for the residual aspects of the project for which they could be applied. The panel disagreed, and recommended:

“If the particular line item arises from particular topographical, geographical, environmental or other physical constraints or conditions that significantly affect the estimated cost of the project, then the whole project qualifies for a supplementary levy, not just the line item (provided the remaining criteria in clause 17 of the Ministerial Direction are also met).”

These comments were further clarified in the Donnybrook – Woodstock panel report discussed below.

4.3.2 Donnybrook-Woodstock (Amendment GC102)

The panel report for Amendment GC102 (9 December 2019) also made findings that are relevant to this Amendment.

The panel made further commentary on applying a supplementary levy when considering the meaning of ‘wholly or partially funded from the standard levy’ and concluded

“The Panel considers that the phrase “wholly or partially funded from a standard levy” in the Ministerial Direction is intended to encourage the use of any funds ‘left over’ in the standard levy pool to fund any supplementary levy allowable items before a supplementary levy is applied. It should not be interpreted to preclude the application of a supplementary levy where supplementary levy items can be partially (but not wholly) funded from the standard levy pool. The VPA has taken this approach in preparing this ICP, and the Panel supports that approach.”

This Amendment is consistent with this finding.

The panel also confirmed their view of WIK credits and went on to say:

Works in kind are a matter of negotiation and agreement between the developer and the collecting agency, and in the Panel’s view these negotiations should be subject to as few restrictions as possible to allow the parties to reach a mutually satisfactory outcome.

This Amendment is consistent with this view.

5 SUBMISSIONS

5.1 Summary of submitters

There were five submissions received following the exhibition of the Amendment. A full list of submissions and responses is provided in Appendix B and a summary is provided below:

- **Department of Transport (DoT):** DoT submitted mostly in relation to infrastructure works which interact with the Monash Freeway Upgrade Stage 2 Project, occurring along the north boundary of the precinct and intersection designs. At the Panel directions hearing, DoT and VPA were instructed to undertake a transport design expert witness meeting with respect of these matters. Final resolution of two outstanding matters from the DoT submission is pending.
- **Cardinia Shire Council (Cardinia):** Cardinia submitted in favour of the Amendment, having regard to its interaction with the adjacent future PSP for Officer South (within Cardinia's local government boundary). Cardinia sought clarity on apportionment and staging information specifically relating to Grices Road and the proposed bridge crossing of Cardinia Creek. There are three unresolved matters at the time of making this submission. These matters include
 - Funding for Grices Road and connection into Officer South Employment PSP;
 - Grices Road bridge should be declared as State infrastructure; and
 - Costs associated with the pedestrian bridge BR-01.
- **Casey City Council (Casey):** Casey submitted in favour of the Amendment, noting this was subject to minor edits which it requested be made. This primarily involved addition of a PAO to the Amendment package to secure land for the primary north-south connector road. There are no unresolved matters at the time of making this submission.
- **Minta Farm Group:** Minta Farm Group were broadly supportive of the Amendment subject to clarification on detailed information for a number of items. There are two unresolved matter at the time of making this submission. These matters include:
 - Concern regarding all non-developer landholders triggering GAIC liability through the subdivision of land; and
 - Consideration to whether IN-03 should sit wholly within the standard or supplementary levy.
- **Stockland:** Stockland submitted in detail and raised several matters it views as significant or threshold matters for the Amendment. It also raised a number of concerns regarding the systematic implementation of the ICP program which lie outside the scope of the Panel and this Amendment process. There are six relevant unresolved matters at the time of making this submission. These matters include:
 - Apportionment of Bells Road (referred to elsewhere as the north-south arterial road);
 - Selection of projects funded by the standard versus supplementary levy;
 - Project design and costings preference for Version 2 plans for IN02 and IN03;
 - Cost recovery of the ICP inconsistent with the draft Infrastructure Contributions Plan Guidelines (June 2019);
 - Under Section 5.10, Works in Kind should be equal to the value of works identified in the ICP, taking into account indexation, and that credits apply to items contained in both the standard and supplementary levies; and
 - Provision to enable EDW-01 to be 'switched off' or distributed to the entity delivering the infrastructure.

5.1.1 ICP systemic matters

Stockland raised a number of matters pertaining to the systemic implementation of the ICP program. In particular:

- It sought that submissions be referred to an Advisory Committee so that matters outside of the Amendment, but regarding the implementation of ICPs, may be considered. It sought an opportunity to reassess the strategic basis for infrastructure items in the PSP, which Stockland contends no longer aligns with the ICP and for consideration to be given to the valuations methodology which is prescribed under the Ministerial Direction.
- It identified concerns regarding the valuation methodology for land credits, and further that it harbours concerns for the application of the methodology in the Minta Farm ICP.
- It asserted that there is an 'imbalance of rights' under Part 3AB of the PE Act which does not grant landowners which are considered 'under-providers' an opportunity to contest valuations.

The VPA confirms its position is that these matters are not before this Panel and should not be ventilated further.

5.2 Recommended changes to exhibited ICP

5.2.1 Changes to the Amendment documentation

A full list of proposed changes is attached in Appendix A.

The list of proposed changes includes the changes which were agreed by the expert witness meetings. It is noted that the costing expert witness meeting included two options for IN-02 and IN-03. The VPA is proposing to include option one for these intersections.

APPENDICES

APPENDIX A – PROPOSED LIST OF CHANGES

APPENDIX B –SUBMISSION SUMMARY AND PROPOSED VPA RESPONSE

APPENDIX C –SUMMARY OF CHANGES

The VPA has undertaken the following changes in response to submissions and the expert witness meetings since exhibition.

The VPA has:

- Applied the 2020/21 standard levies.
- Provided cost indexing to the items that did not form part of the expert witness meetings.
- Implemented the expert witness meeting costings, noting option one for IN02 & IN03 costings has been used.
- Deleted RD01, RD02 and RD04, (RD01-04) remains and is renamed RD01.
-
- Moved IN02 from the supplementary levy to the standard levy (to ensure the full standard levy is used)
- Altered the apportionment for IN03 between the standard and supplementary levy (to ensure the full standard levy is used)

These changes have resulted in a reduced supplementary levy rate of \$89,610/NDHa from \$105,267/NDHa as exhibited which is detailed in figure 9.

Note: The costs detailed below have not incorporated an update of the financing costs; this update is proposed to be made following the panel hearing.

Proposed ICP Table 5 Monetary Component Standard Levy Transport Projects

ICP Project ID	Project Title & Description	Staging	Internal Levy Apportionment	Apportionment Funding Source	Estimated Cost	Cost Apportioned to ICP	Cost per Hectare (NDHA)
Road Projects							
RD 01	North-South Arterial Road Construction of 1 through lanes in each direction (Interim treatment)	S	100%	N/A	\$6,111,433	\$6,111,433	\$29,083
Sub-Total					\$6,111,433	\$6,111,433	\$29,083
Intersection Projects							
IN-01	Intersection: O'Shea Road/North-South Arterial Road Construction of a primary arterial to primary arterial T-signalised intersection (interim treatment)	S	100%	N/A	\$3,818,293	\$3,818,293	\$18,170
IN-02	Intersection: North-South Arterial Road/ East-West Connector (North) Construction of a primary arterial to connector signalised 4-way intersection (interim treatment).	S-M	100%	N/A	\$6,569,925	\$6,569,925	\$31,265
IN-03	Intersection: North-South Arterial Road/ East-West Connector (Central) Construction of an arterial to connector signalised 4-way intersection (interim treatment) (Incorporates RD-03 as shown in PIP)	S-M	11%	Remaining balance covered by Minta Farm ICP Supplementary levy	\$5,098,310	\$537,511	\$2,558
IN-05	Intersection: North South Arterial Road/ Grices Road Construction of a modification to an existing intersection, including truncation of Soldiers Road and addition of new northern leg (interim treatment), to connect to the north south arterial road	S	100%	N/A	\$9,449,248	\$9,449,248	\$44,967
Sub-Total					\$24,935,776	\$20,374,977	\$96,959
Pedestrian Signals							
PS-01	Pedestrian Signals Construction of pedestrian operated signals along O'Shea Road at Wordsworth Drive	M-L	50%	External apportionment 50% to Casey City Council	\$281,883	\$140,942	\$671
TOTAL					\$31,329,092	\$26,627,352	\$126,713

Proposed ICP Table 6 Monetary Component Supplementary Levy Transport Projects

ICP Project ID	Project Title & Description	Staging	Internal Apportionment	Apportionment Funding Source	Estimated Cost	Cost Apportioned to ICP	Cost per Hectare (NDA)
Intersection Projects							
IN-03	Intersection: North-South Arterial Road/ East-West Connector (Central) Construction of an arterial to connector signalised 4-way intersection (interim treatment)	S-M	89%	Remaining balance covered by Minta Farm ICP standard levy	\$5,098,310	\$4,560,799	\$21,704
IN-04	Intersection: North-South Arterial Road/ East-West Connector (South) Construction of an arterial to connector signalised 4-way intersection (interim treatment)	S-M	100%	N/A	\$4,542,240	\$4,542,240	\$21,615
Culvert Projects							
CU-01	Culvert Construction of culvert crossing over the constructed waterway	S	100%	N/A	\$731,168	\$731,168	\$3,479
Bridge Projects							
BR-01	Bridge Construction of a shared pedestrian and cyclist bridge over Cardinia Creek	M-L	50%	External apportionment 50% to the (future) Officer South Employment Precinct ICP	\$1,961,975	\$980,988	\$4,668
Early Delivery of Works							
EDW-01	Early Delivery of Works (EDW) Financing first two lanes of North-South Arterial Road from IN-01 to IN-05 including: - IN-01 (EDW) - RD-01-04 (EDW) - IN-05 (EDW)	S	100%	N/A	\$8,015,430	\$8,015,430	\$38,143
TOTAL					\$20,349,123	\$18,830,624	\$89,610

Proposed ICP Table 1 Monetary Component ICP Levy Summary

Class of Development	Net Developable Area (Hectares)	Levy Rate (\$/NDHa)	Total Levy To Be Paid
Standard levy			
Residential	144.70	\$217,763	\$31,509,276
Commercial and Industrial	65.44	\$126,713	\$8,292,580
Subtotal	210.14		\$39,801,856
Supplementary levy			
Residential	144.70	\$89,610	\$12,966,186
Commercial and Industrial	65.44	\$89,610	\$5,864,438
Subtotal	210.14		\$18,830,624
Total levy			
Residential	144.70	\$307,373	\$44,475,462
Commercial and Industrial	65.44	\$216,323	\$14,157,019
Total	210.14		\$58,632,481

