

Economic Expert Witness Statement

Amendment C243 to the Hume Planning Scheme

Justin Ganly

Prepared for Sunbury Hills Pty Ltd
16 October 2020



Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

Contact

Deep End Services Pty Ltd
Suite 304
9-11 Claremont Street
South Yarra VIC 3141

T +61 3 8825 5888
F +61 3 9826 5331
deependservices.com.au

Enquiries about this report should be directed to:

Justin Ganly

Managing Director
justin.ganly@deependservices.com.au

Document Name

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This report should be read in its entirety, as reference to part only may be misleading.

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Introduction

1.1 Background

- ⁰¹ This statement addresses economic and other related issues relevant to the future development of land within the Sunbury South and Lancefield Road PSP areas, as well as in Sunbury in general.
- ⁰² The statement has been prepared for Sunbury Hills Pty Ltd (“Sunbury Hills”), the owner of the land at 725 Sunbury Road which is within the Sunbury South PSP area.
- ⁰³ The statement is to assist the Panel formed to consider Amendment C243 (“Am C243”) to the Hume Planning Scheme (“Scheme”).

1.2 Approach

- ⁰⁴ The tasks completed in the preparation of this statement have included:
- Reading and considering the exhibited Amendment documentation and relevant background documents to Am C243.
 - Reading and considering other relevant documents and reports produced or commissioned in relation to the Scheme (including those for the Sunbury South PSP, Lancefield Road PSP and Sunbury South and Lancefield Road Interim ICP).
 - Reading and considering relevant submissions made regarding Am C243.
 - Analysing data and other material contained within other ICPs and DCPs.
 - Reading and considering Ministerial directions and other documentation relevant to the preparation of ICPs.

1.3 Abbreviations ⁰⁵ The following abbreviations are used in this statement:

ABBREVIATION	EXPLANATION
Am C207	Amendment C207 to the Hume Planning Scheme (Sunbury South PSP)
Am C208	Amendment C208 to the Hume Planning Scheme (Lancefield Road PSP)
Am C230	Amendment C230 to the Hume Planning Scheme (Sunbury South and Lancefield Road Interim ICP)
Am C242	Amendment C242 to the Hume Planning Scheme (Sunbury South and Lancefield Road ICP)
Am C243	Amendment C243 to the Hume Planning Scheme (Sunbury South and Lancefield Road ICP)
Council	Hume City Council
DCP	Development Contributions Plan
GAIC	Growth Area Infrastructure Contribution
GTA Report	<i>Sunbury Growth Corridor, Strategy Modelling for Sunbury South PSP (1074) and Lancefield Road PSP (1075), Supplementary Modelling Report #2, 25 September 2020, GTA for the VPA</i>
ha	hectare
ICP	Infrastructure Contributions Plan
Interim Sunbury ICP	<i>Sunbury South and Lancefield Road Infrastructure Plan, November 2019, VPA</i>
NAC	Neighbourhood Activity Centre
NDHa	Net Developable ha
PSP	Precinct Structure Plan
Scheme	Hume Planning Scheme
Sunbury Hills	Sunbury Hills Pty Ltd
Sunbury ICP	<i>Sunbury South and Lancefield Road Infrastructure Plan, April 2020, VPA</i>
VPA	Victorian Planning Authority

1.4 Expert witness details

The following expert witness details are provided as required in Planning Panels Victoria's *Guide to Expert Evidence*.

Name and address of expert

Mr Justin Ganly
Managing Director
Deep End Services Pty Ltd
Suite 304, 9-11 Claremont Street
South Yarra Victoria 3141

Expert's qualifications and experience

- Graduate Diploma of Applied Finance & Investment, Securities Institute of Australia.
- Bachelor of Engineering (Chemical) (First Class Honours), University of Melbourne.
- Managing Director of Deep End Services since 2003.
- Retail and property consultant for KPMG, Coopers & Lybrand and Coles Myer from 1993 to 2003.
- A full CV is included at Appendix A.

Expert's area of expertise to make report

- Preparation and presentation of economic expert witness evidence.
- Population and residential demand forecasting.
- Feasibility analysis for property owners and developers of all forms of property.
- Thorough understanding of residential, retail, commercial and infrastructure land use and development patterns throughout Victoria.
- Demographic analysis.

Instructions that defined the scope of the report

I received written instructions from HWL Ebsworth in relation to Am C243 on 13 October 2020 (refer Appendix B) and these included the following:

We are writing to provide you with formal instructions to undertake a review of the ICP, our Client's submission to the Amendment, other landowners' submissions to the Amendment and any other document you consider to be relevant, and provide evidence summarising your views, particularly with respect to:

- *whether any infrastructure or land items ought to be excluded from the ICP, and the effect (if any) on the infrastructure contribution that would be payable in relation to the development of the Land;*
- *whether the Lancefield Road Precinct Structure Plan area ought to be excluded from the ICP, and the effect (if any) on the infrastructure contribution that would be payable in relation to the development of the Land;*
- *any issues regarding equity as amongst landowners that are included in the Final ICP; and*
- *any other matter you consider relevant.*

Facts, matters and assumptions upon which the report proceeds

- Stated in relevant sections of my report.

Documents, materials and literature used in preparing this report

- Stated in relevant sections of my report.

Assisting staff

- Nadav Alon, Analyst of Deep End Services assisted with data analysis and research in the preparation in this report.

Summary of the opinions of the expert

1. Use of the supplementary levy
 - It is apparent that what was foreshadowed by the VPA to the Panel which considered Am C207 and Am C208 did not occur, i.e. the subsequently prepared Sunbury ICP is not just funded by the standard levy but also includes a substantial supplementary levy.
 - The Panel considering Am C207 and Am C208 rightly reported that its role was not to consider the ICP.
 - However, what ensued does appear to represent a remarkable departure from what was foreshadowed to that Panel.
 - Significant scrutiny of the Sunbury ICP is therefore warranted by this Panel.
2. Items funded by the ICP
 - The southern and northern creek crossings – including bridges and approach roads – are very expensive projects which are regional in nature and well beyond the scope of projects typically funded by ICPs.
 - One or both projects should have funding provided by sources external to local PSPs.
3. Land affordability
 - Housing affordability starts with land affordability.
 - The levies proposed to be imposed by the Sunbury ICP will add a significant impost to residential land prices and will not assist with keeping Sunbury as an attractive housing market.

4. External cost apportionment

- Based on revised population growth expectations, the Sunbury ICP's external apportionment of the cost of the four identified projects to the Sunbury North and Sunbury West PSPs should increase from 26% to 41%.

5. One ICP or two ICPs?

- The subsidisation by Sunbury South PSP landowners of the levies payable by Lancefield Road PSP landowners is neither fair nor equitable and two separate ICPs should be prepared.

Provisional opinions not fully researched

- None.

Questions outside the expert's expertise

- None.

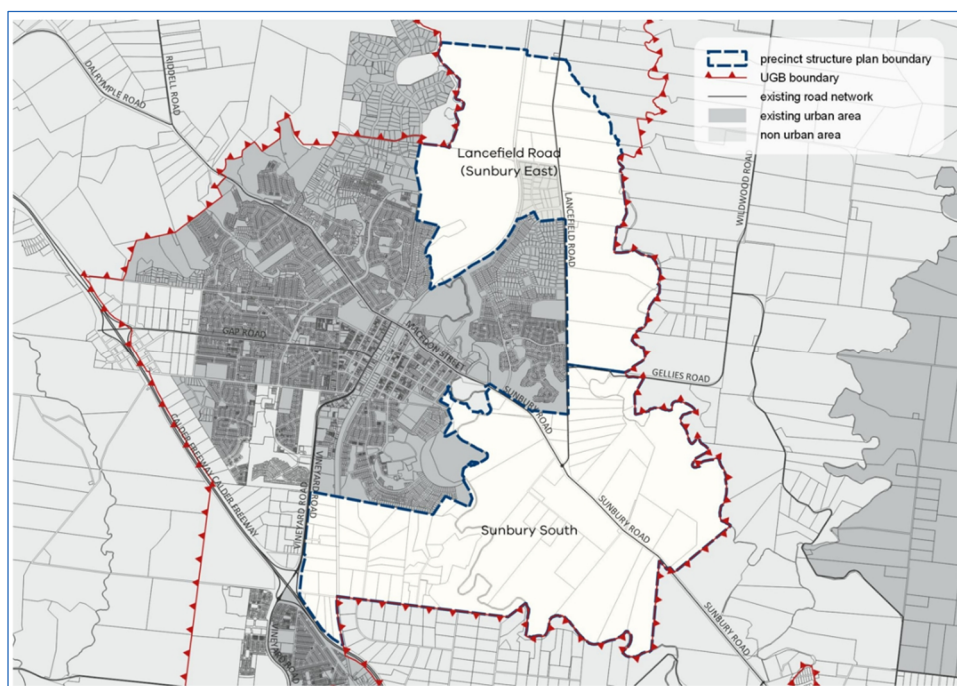
Report incompleteness or inaccuracies

- None.

2.1 Background

⁰⁷ The Amendment applies to the land within the Sunbury South PSP area and Lancefield Road PSP area as shown in Figure 1.

Source: Am C243
Explanatory Report



⁰⁸ As set out in the Am C243 Explanatory Report:

The amendment proposes to make changes to the Hume Planning Scheme to replace an Infrastructure Contributions Plan (ICP) that applies to land affected by the Sunbury South and Lancefield Road PSPs. These PSPs were approved by the Minister for Planning and gazetted on 17 January 2019 under Hume Amendments C207 and C208, respectively. This ICP will replace the ‘interim’ Sunbury South and Lancefield Road ICP incorporated in the Hume Planning Scheme, which was approved by the Minister for Planning and gazetted on 5 December 2019 under Hume Amendment C230hume.

More specifically the proposed amendment:

- *Amends Schedule 1 (ICO1) to Clause 45.11 Infrastructure Contributions Overlay.*
- *Amends the Schedule to Clause 72.04 to delete the existing incorporated document titled Sunbury South and Lancefield Road Infrastructure Contributions Plan, November 2019 and include a new incorporated document titled Sunbury South and Lancefield Road Infrastructure Contributions Plan, April 2020.*
- *Applies the new Public Acquisition Overlay (PAO2) in favour of Hume City Council consistent with the extension and widening of Buckland Way between Jacksons Hill precinct to the north and Watsons Road to the south, as shown in the Sunbury South PSP.*
- *Deletes the existing PAO2 in favour of Hume City Council, which is an obsolete alignment of the extension and widening of Buckland Way.*

⁰⁹ I refer to the Sunbury South and Lancefield Road Infrastructure Plan of April 2020 as the “Sunbury ICP” or “ICP” in the balance of this report.

2.2 History

PSPs

¹⁰ Am C243 applies to the land contained within the Sunbury South PSP and Lancefield Road PSP areas.

¹¹ The Sunbury South PSP applies to approximately 1,799 ha of land and was:

- Exhibited via Amendment C207 (“Am C207”) to the Scheme in November 2016;
- The subject of a Panel hearing which ran from August to October 2017 (in conjunction with the Lancefield Road PSP);
- Endorsed, subject to some changes, by the Panel report of 15 December 2017;
- Updated to a version dated June 2018;
- Adopted by Council on 4 July 2018; and
- Gazetted on 17 July 2019.

¹² The Lancefield Road PSP applies to approximately 1,095 ha of land and was:

- Exhibited via Amendment C208 (“Am C208”) to the Scheme in November 2016;
- The subject of a Panel hearing which ran from August to October 2017;
- Endorsed, subject to some changes, by the Panel report of 15 December 2017;
- Updated to a version dated June 2018;
- Adopted by Council on 4 July 2018; and
- Gazetted on 17 July 2019.

Interim ICP

¹³ Amendment C230 (“Am C230”) to the Scheme was prepared by the VPA at the request of the Minister for Planning.

¹⁴ Am C230 implemented the Interim ICP (dated November 2019) for the Sunbury South and Lancefield Road PSPs and was approved by the Minister for Planning and gazetted on 5 December 2019.

¹⁵ I refer to this as the “Interim Sunbury ICP” or “Interim ICP” in the balance of this report.

¹⁶ Amendment C242 (“Am C242”) to the Scheme was prepared by the VPA at the request of the Minister for Planning.

¹⁷ Am C242 updated the PSPs for both Sunbury South and Lancefield Road to versions which are now both dated as “June 2018 (Amended November 2019)”.

¹⁸ The Am C242 Explanatory Report sets out the reasons why the amendment was required as follows:

Following gazettal of the Sunbury South PSP and Lancefield Road PSP on 17 January 2019 (Amendments C207 and C208 respectively), the VPA undertook the preparation of the interim Sunbury South and Lancefield Road ICP. Through the development of the interim ICP, the VPA reviewed the transport and infrastructure designs and costings for the infrastructure projects that had been strategically justified through the PSP processes.

As part of the review of transport infrastructure design and costings in each PSP, it was identified that several road layouts weren’t feasible from an engineering perspective and required alteration. These changes are minor in scope, largely consisting of changes in alignment within a one-kilometre range.

Sunbury South PSP

A bridge (SS-BR-01) has been realigned to be able to be delivered.

Two intersections (SS-IN-14 and SS-IN-15) have been included which were originally incorrectly omitted. The intersections are both at the junction of two connector roads required to be delivered as part of the ICP.

SS-76 has been added to the Parcel Specific Land Use Budget, as this was incorrectly omitted from the gazetted Sunbury South PSP.

Item descriptions in the Precinct Infrastructure Plan table have been amended to accurately describe the infrastructure items.

Subsequently, plans, tables, project descriptions and figures have been updated to reflect the changes to the future urban structure.

Lancefield Road PSP

Upon further review of the infrastructure strategically justified to be included in the PSP, three segments of road (LR-RD-02-1, LR-RD-02-2 and LR-RD-02-3) have been removed as they do not meet the allowable item criteria in Table 7 to Annexure 1 in the Ministerial Direction on the Form and Content of Infrastructure Contributions Plans.

It is also proposed to add in several segments of road (LR-RD-02-1B and LR-RD-02-2a, and LR-RD-02-3a and LR-RD-02-3b) which are required as part of LR-BR-01 and LR-BR-02 respectively. These road sections form necessary parts of the bridge items and have been separated as individual projects to assist and ease delivery by Hume City Council.

An intersection (LR-IN-06) that was originally incorrectly omitted has been included as it is required to provide functional connectivity between two connector roads included in the ICP.

An intersection (LR-IN-05) has been deleted from the ICP as three legs of the roundabout have been delivered, with the final leg to be delivered as part of developer works.

The bridge that crosses Jacksons Creek (LR-BR-01) has been redesigned to ensure functional viability including the inclusion of cut-and-fill for the bridge project.

The depiction of LR-25, LR-26, LR-27, LR-40, LR54 and LR-64 has been amended to show as Tree Reserve. These lots are owned by Hume City Council and encumbered land, unable to be developed. The inclusions of this land as developable within the gazetted PSP was an error and has been amended accordingly.

Subsequently, plans, tables, project descriptions and figures have been updated to reflect the changes to the future urban structure.

Amending both PSPs will ensure that the future ICP is able to be prepared and approved, as the land valuation process needs to consider each land parcel within a precinct for the calculation of the ICP land contributions. This occurs for each land parcel regardless of ownership and will ensure the PSP and a future ICP will be consistent by accurately identifying all land parcels within the precinct.

There have also been minor clerical updates made to both PSPs.

¹⁹ Am C242 was approved by the Minister for Planning and gazetted on 5 December 2019.

Final ICP

²⁰ The Am C243 Explanatory Report provides detail of differences between the Interim Sunbury ICP (i.e. the subject of Am C230) and the Sunbury ICP (i.e. Am C243):

The approval of the interim ICP on 5 December 2019 enabled Hume City Council, as responsible authority, to consider and grant permits within the PSP areas.

A final ICP has now been prepared and is the subject of this amendment and makes the following updates to the interim ICP:

- *Standard Levy Rate adjusted to 2019/20 rate and associated changes to the supplementary rate;*
- *Updated land valuation for property SS-59 and associated changes to land credit and equalisation amounts and rates.*

The interim ICP did not include the correct land valuation for property SS-59 resulting in an undervaluation of the equalisation rate. The result of this, is the interim ICP under-collects the total credit amount. Specifically, the interim ICP total credit amount came to \$100,558,853 whilst it should be collecting \$102,020,751. The total difference is \$1,461,898, equating to a 1.5% difference. The final ICP has been amended to correct this and includes changes to Tables 3, 10 and 11.

2.3 Exhibition

²¹ Am C243 was exhibited in May and June 2020.

²² 12 submissions were made regarding the exhibited documentation.

²³ One of the submissions was made by HWL Ebsworth Lawyers on behalf of Sunbury Hills and is included at Appendix C of this statement.

²⁴ Council, DELWP and Rail Projects support the ICP as exhibited.

²⁵ Major Road Projects and the Department of Transport list two additional road items which they believe need to be funded via the ICP.

²⁶ Melbourne Water submitted that road and rail crossings of waterways must be appropriately designed.

2.4 Post exhibition information

²⁷ The remaining submitters – Sunbury Hills, Asia Pacific Property, Resi Ventures, Villawood, Hi-Quality and Moremac – all raise issues with the exhibited ICP which include:

- The high costs associated with the delivery of the two major bridges SS-BR-01 and SS-BR-01;
- Unreasonable apportionment of the costs of the bridges (and other infrastructure items which provide benefits outside of the ICP area);
- Over-design of the bridges;
- Very high supplementary levy cost;
- Implications for housing affordability; and
- A lack of transparency as to how apportionment has been carried out.

²⁸ I have been provided with the following reports prepared by GTA for the VPA subsequent to exhibition of Am C243:

- *Sunbury Growth Corridor, Strategy Modelling for Sunbury South PSP (1074) and Lancefield Road PSP (1075), Supplementary Modelling Report, 9 September 2020*
- *Sunbury Growth Corridor, Strategy Modelling for Sunbury South PSP (1074) and Lancefield Road PSP (1075), Supplementary Modelling Report #2, 25 September 2020*
- *Sunbury Growth Corridor, Strategy Modelling for Sunbury South PSP (1074) and Lancefield Road PSP (1075), Supplementary Modelling Report #3, 25 September 2020.*

3

Strategic review

- 3.1 Introduction

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This section of my statement reviews the critical aspects of the Sunbury ICP and provides my comments, analysis and conclusions as relevant.
- 3.2 Use of the supplementary levy

Issues

30

The Sunbury ICP applies to 2,894 ha of land (1,799 ha within the Sunbury South PSP and 1,095 ha within the Lancefield Road PSP).

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The Sunbury ICP is based upon the development classes and areas as set out within Figure 2.

Figure 2—Sunbury ICP development classes & areas

Source: Sunbury ICP

Table 4 Development Classes & Areas		
CLASS OF DEVELOPMENT	NET DEVELOPABLE AREA (HECTARES)	CONTRIBUTION LAND (HECTARES)
Residential	1,293.30	1,430.39
Commercial and Industrial	53.48	53.97
Total for ICP plan area	1,346.79	1,484.36

Note: Discrepancy in numbers due to rounding of decimal point. Table 17 takes precedence.

Figure 3—Sunbury ICP monetary levy summary by component

Source/Notes/Desc

³² The total monetary payment imposed via the Sunbury ICP is \$487.0 million, as set out within Figure 3.

CLASS OF DEVELOPMENT	NET DEVELOPABLE AREA (HECTARES)	LEVY RATE	LEVY 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

Note: Discrepancy in numbers due to rounding of decimal point.

³³ Standard levies are applied as follows:

- Residential \$213,862 per NDHa
- Commercial & Industrial \$124,344 per NDHa

³⁴ Reference to Figure 4 shows that both standard levies are at the capped rates set for 2019/20.

Figure 4—ICP standard levy rates, 2019/20

The indexed standard levy rates for the 2019-20 financial year are specified in the following table:			
CLASS OF DEVELOPMENT	COMMUNITY AND RECREATION CONSTRUCTION	TRANSPORT CONSTRUCTION	TOTAL STANDARD LEVY RATE
All amounts in \$ per net developable hectare			
Residential development	\$89,518	\$124,344	\$213,862
Commercial and industrial development	\$0	\$124,344	\$124,344

Source: <https://www.planning.vic.gov.au/policy-and-strategy/infrastructure-contributions>

³⁵ The Sunbury ICP will impose supplementary levies of \$151,284 per NDHa on both Residential and Commercial & Industrial Land.

³⁶ Total levies payable are therefore:

- Residential \$365,146 per NDHa
- Commercial & Industrial \$275,628 per NDHa.

³⁷ The Sunbury ICP contains details of projects with a value of \$565.8 million which are to be fully or partially funded by the standard and supplementary levies.

³⁸ I summarise this below within Table 1.

Table 1—Sunbury ICP project costs and funding sources

Projects	Internal apportionment			External apportionment			Total	Total
	Standard levy	Supp levy	Total	Sunbury West & North PSPs	MRPA Northern Roads Upgrade	Unknown		
Standard levy transport	167.5	0.0	167.5	0.0	6.1	0.0	6.1	173.5
Supplementary levy transport	0.0	203.7	203.7	45.9	0.0	0.0	45.9	249.7
Sub-total transport	167.5	203.7	371.2	45.9	6.1	0.0	52.0	423.2
Standard levy community & recreation	115.8	0.0	115.8	0.0	0.0	26.8	26.8	142.6
Total	283.2	203.7	487.0	45.9	6.1	26.8	78.9	565.8

Source: Sunbury ICP

³⁹ Table 1 shows that the levies imposed by the Sunbury ICP will provide funding for \$487.0 million of the \$565.8 million required to complete the identified projects. This represents 86% of the total project costs.

⁴⁰ Of the \$78.9 million of external apportionment, \$45.9 million is applied to the yet to commence Sunbury North and Sunbury West PSPs and \$6.1 million to the MRPA Northern Roads upgrade.

⁴¹ Due to the identified community and recreation construction projects exceeding the cap for such projects of \$89,518 per residential NDHa, \$26.8 million (or 19% of the total of \$142.6 million of these costs) is unfunded.

⁴² The total value of land to be contributed via the Sunbury ICP is \$102.0 million, with land contribution percentages as per Figure 5.

Figure 5—Sunbury ICP land contribution percentage

Source: Sunbury ICP

Table 2 ICP Land Contribution Percentage

Class of development	ICP land contribution percentage
Residential	9.75%
Commercial & industrial	2.64%

⁴³ The Sunbury ICP therefore funds infrastructure and land valued at \$589.0 million as follows:

- Levies \$487.0 million
- Land \$102.0 million
- **Total \$589.0 million.**

Discussion

⁴⁴ The Panel report issued in relation to Am C207 and Am C208 on 15 December 2017 includes the following on page 25:

The VPA has stated that, in its view, the ICP would be based on standard levies without the need for a supplementary levy.

⁴⁵ This is consistent with the VPA's Part A submission to the Panel as per the footnote which is found at the bottom of page 35:

A standard levy ICP is proposed across the PSP area.

⁴⁶ Further, the following is found on page 4 of the VPA's Part B submission to the Panel:

Capitol Property Group has requested the opportunity to provide a more detailed response to the ICP when it is available. As the VPA expects the ICP will be based on a standard levy only, the opportunity is unlikely to be provided for public comment.

⁴⁷ As is now apparent, what subsequently occurred was the gazettal of the Interim Sunbury ICP which included not just a standard levy at the capped amount but also a supplementary levy at a rate of \$151,284 per NDHa and recovering 72% more (\$203.7 million) than the amount which would be charged via a standard levy only (\$283.2 million).

⁴⁸ It is against this backdrop that one must ask the question "What happened?"

⁴⁹ I have set out at paragraph 18 the infrastructure items which were changed in the Sunbury South and Lancefield Road PSPs as a result of the process used to develop the Interim Sunbury ICP.

⁵⁰ I am not an infrastructure costing expert but those items would not appear to have contributed significantly to the need for the introduction of the supplementary level at the rate which was introduced via the Interim Sunbury ICP and which is maintained in the Sunbury ICP.

⁵¹ One must therefore surmise that either the VPA was making assertions to the Panel considering Am C207 and Am C208 which were not backed by actual costing data and/or the costings changed significantly.

- ⁵² I note Council's scepticism at the time of the Panel as per below on page 25 and page 26 of the Panel report:

Council is not convinced on the cost information provided so far by the VPA that a supplementary levy would not be needed and requested that the Panel make a determination on this matter.

The Panel was not presented with an ICP nor cost estimates for all infrastructure items and is therefore not in a position to determine whether a supplementary levy will be required. In any event, the Panel does not consider such a determination to be part of its role in assessing the Amendments before it. An ICP is not part of the two amendments.

The ICP process being followed by the VPA should provide ample opportunity for the VPA and Council to determine whether a supplementary levy is needed.

Capitol asked that all parties be involved in the informal process to confirm PIP project costings and the ICPs for the two PSPs. The Panel considers that some limited consultation is not an unreasonable request and should not unduly delay finalisation of the ICPs and approval of the PSPs.

- ⁵³ Given what subsequently ensued, it would also be of interest to know if such "limited consultation" did indeed occur.
- ⁵⁴ It would appear, however, from Council's submission to the Panel considering Am C243 that it has played a significant part in the process of developing the Sunbury ICP and that it now provides "support for the Sunbury ICP as exhibited".
- ⁵⁵ It is also apparent that Council is now prepared to accept that all funding of the major infrastructure items in the PSP areas – including bridges – is to be achieved by the ICP rather than via the GAIC as per the following from the Council submission:

It is noted that a number of the landowner submitters seek to reduce the Sunbury ICP contribution to the cost of the bridge infrastructure projects on the basis that the connections afforded by the bridges are regional. Some submitters have suggested the use of GAIC for partial funding.

Council has previously contended that the bridges should be entirely funded through GAIC though this has not been supported by State Government and so Council is focused on ensuring that the bridges are appropriately funded through the ICP.

Conclusion

- ⁵⁶ It is apparent that what was foreshadowed by the VPA to the Panel which considered Am C207 and Am C208 did not occur, i.e. the subsequently prepared Sunbury ICP is not just funded by the standard levy but also includes a substantial supplementary levy.
- ⁵⁷ The Panel considering Am C207 and Am C208 rightly reported that its role was not to consider the ICP.

⁵⁸ However, what ensued does appear to represent a remarkable departure from what was foreshadowed to that Panel.

⁵⁹ I conclude that significant scrutiny of the Sunbury ICP is therefore warranted by the Panel considering Am C243.

3.3 Items funded by the ICP

Issues

⁶⁰ As set out within my Table 1, the total cost of infrastructure items included within the ICP is \$565.8 million.

⁶¹ Of this, \$487.0 million (or 86%) is funded by the ICP.

⁶² Transport construction items included within the ICP comprise:

- Roads (new and widening);
- Intersections;
- Bridges;
- Culverts;
- Overpasses; and
- Underpasses.

⁶³ Community & recreation construction projects comprise:

- Community centres; and
- Local sporting fields and pavilions.

⁶⁴ The most significant individual projects included within the ICP are:

6. LR-BR-01	2-lane bridge	\$103.9 million
7. SS-BR-01	2-lane bridge	\$41.7 million
8. LR-RD-02-2A	Approach road for bridge	\$25.0 million.

⁶⁵ These three projects have a total cost of \$170.6 million, equivalent to 30% of all projects included within the ICP.

Discussion

⁶⁶ The VPA website provides a range of material at its website in relation to the exhibited ICP (see <https://vpa.vic.gov.au/project/sunbury-south-lancefield-road-icp/>).

⁶⁷ This includes four fact sheets under the heading “More information”.

⁶⁸ Fact Sheet #4 is “Infrastructure Contributions Plans – FAQs” and I have provided a copy of this factsheet at Appendix D.

⁶⁹ The fact sheet includes the following:

What kind of infrastructure is funded through infrastructure contributions? Infrastructure contributions fund basic and essential infrastructure that new and growing communities need, such as local roads, community centres, kindergartens, maternal and child health facilities, local parks and sporting facilities.

⁷⁰ It is against this backdrop that an analysis of the major projects to be funded via ICP should be assessed.

⁷¹ The most expensive project is the northern creek crossing, with total cost of \$134.7 million as per below:

- LR-BR-01 \$103.9 million
- LR-RD-02-1B \$5.8 million
- LR-RD-02-2A \$25.0 million
- **Total** **\$134.7 million.**

⁷² The northern creek crossing's cost represents almost 25% of the cost of all projects to be funded by the ICP.

⁷³ The question must then be asked, "Is this basic and essential infrastructure needed for a new and growing community?". If not, why is to be funded via an ICP?"

⁷⁴ The second most expensive project funded by the ICP is the major southern creek crossing, with a total cost of \$63.6 million as per below:

- SS-BR-01 \$41.7 million
- SS-RD-04-1 \$15.5 million
- SS-RD-04-2 \$6.4 million
- **Total** **\$63.6 million.**

⁷⁵ The delivery of this major southern creek crossing has been identified for some time as a key piece of regional infrastructure within Sunbury, starting with the *Sunbury HIGAP Spatial Strategy* of July 2012.

⁷⁶ In fact, the associated *Sunbury HIGAP Delivery & Infrastructure Strategy* of July 2012 states:

Providing an orbital road and public transport connection in Sunbury is important to connect neighbourhoods and communities without the need to travel through Sunbury Town Centre. The Southern Link will be particularly important in the short to medium term to open up access to the southern part of Sunbury and to connect new communities on the eastern side of Sunbury to the Calder Freeway whilst the Bulla Bypass and upgrade to Sunbury Road are being constructed. It will also provide connectivity to the future Jacksons Hill Train Station.

⁷⁷ The Southern Link is identified as "Fundamental Infrastructure" with a required timeframe of 0-5 years and the funding agency being the State Government.

⁷⁸ I note that the same document lists the Northern Link – which included the northern creek crossing proposed to be funded by the ICP – as "Required Infrastructure" with a time frame of 15+ years and the funding agency also being the State Government.

⁷⁹ According to HIGAP, the Southern Link therefore has a higher priority with Council than the Northern Link.

⁸⁰ Council's Planning Scheme emphasises the need for the orbital road network to be developed in Sunbury at Clause 21.03-2:

A new orbital road which provides connectivity across Jacksons Creek and the train line will enhance accessibility within the township, connect new activity centres with residential and employment areas, and minimise through traffic in the expanded Town Centre.

⁸¹ However, the Scheme then goes on to state the following at Clause 21.07-1:

There are a number of creeks, train lines and freeways that present significant barriers to transport connectivity, notably in Sunbury and the southern and eastern areas of the Hume Corridor. Overcoming these barriers is expensive but necessary to connect communities, increase accessibility to jobs, and provide genuine travel choice.

⁸² It is apparent that delivery of this critical piece of regional infrastructure to Sunbury has been known to be "expensive" to Council and would need to be delivered by the State Government.

⁸³ Indeed, Council states the following in its submission to the exhibited ICP:

Whilst not a matter for the VPA or a planning panel to consider as part of this amendment, Council notes that the two major bridges and the grade separated rail crossing are projects that extend beyond the scale and complexity of typical Council projects. They are more akin to the scale of projects delivered by specialist State agencies like the LXRA and MRPV.

For this reason, Council will likely be seeking the support and assistance of these or similar specialist State agencies in delivering these project items in the future and will seek VPA support for this at the relevant time.

⁸⁴ Is it then appropriate that the major new southern and northern creek crossings be funded by the ICP via Am C243?

⁸⁵ I believe it is inappropriate.

⁸⁶ Further, I am also concerned by the following comment made by Council in its submission to the exhibited Am C243:

The costs have been peer reviewed by costing experts commissioned by Council and include/allow for a design that will help to minimise their visual impact in the Jacksons Creek [sic]. This is considered a crucial outcome given the creek's significant heritage and landscape values.

⁸⁷ It is already acknowledged that the creek crossings are very expensive items of infrastructure. It is then of concern that there is no detail provided regarding the additional cost of minimising the "visual impact" of the bridges.

⁸⁸ This is certainly not an ICP where "gold plating" of infrastructure is supportable.

⁸⁹ My opinion here is also based upon the analysis of the six other ICPs either completed or exhibited elsewhere in Melbourne.

⁹⁰ I provide data for these other ICPs in the next sub-section of my statement but note the following single most expensive identified projects within those ICPs:

• Donnybrook-Woodstock	Bridge over rail line and creek	\$23.1 million
• Beveridge Central	Sports reserve	\$13.6 million
• Minta Farm	Sports reserve	\$13.1 million
• Plumpton and Kororoit	Bridge over creek	\$7.8 million
• Lindum Vale	n/a	n/a

⁹¹ The contrast with the Sunbury South and Lancefield Road ICP is stark, with the following three individual projects all being more expensive than any single project in any of the other ICPs:

1. LR-BR-01	2-lane bridge	\$103.9 million
2. SS-BR-01	2-lane bridge	\$41.7 million
3. LR-RD-02-2A	Approach road for bridge	\$25.0 million.

Conclusion

⁹² The southern and northern creek crossings – including bridges and approach roads – are very expensive projects which are regional in nature and well beyond the scope of projects typically funded by ICPs.

⁹³ One or both projects should have funding provided by sources external to local PSPs.

3.4 Land affordability

Issues

⁹⁴ The ICP seeks to impose levies of \$487.0 million to deliver the infrastructure deemed necessary in the PSP areas.

⁹⁵ Of this, \$472.2 million will be paid by owners of residential land.

⁹⁶ The gazetted PSPs state expectations of dwelling yields as follows:

• Sunbury South	11,470
• Lancefield Road	7,965
• Total	19,435

⁹⁷ The ICP levies will therefore be equivalent to an average impost of \$24,299 per dwelling.

Discussion

⁹⁸ As I have stated earlier, the VPA's position at the Panel considering Am C207 and C208 was that all infrastructure would be funded via a standard levy and no supplementary levy would be required.

⁹⁹ Instead, the exhibited ICP includes both the standard levy (\$283.2 million) and supplementary levy (\$203.7 million).

¹⁰⁰ I have set out in Figure 6 a comparison of the levies sought to be imposed via Am C243 to those imposed via other ICPs.

Figure 6—ICP levy comparisons

ICP	Date of ICP	Status	Net developable area (ha)	Standard levy		Supplementary levy		Total monetary component	
				Levy rate (\$/ha)	Levy to be paid (\$m)	Levy rate (\$/ha)	Levy to be paid (\$m)	Levy rate (\$/ha)	Levy to be paid (\$m)
Residential									
Plumpton and Kororoit	April 2018	Gazetted 21 November 2019	1,131.1	\$195,500	221.1	\$31,256	35.4	\$226,756	256.5
Lindum Vale	March 2019	Gazetted 18 July 2019	102.1	\$114,062	11.6	\$86,627	8.8	\$200,689	20.5
Mt Atkinson and Tarneit Plains	January 2020	Gazetted 6 February 2020	410.6	\$213,862	87.8	\$10,849	4.5	\$224,711	92.3
Donnybrook Woodstock	August 2018	Panel report released 9 December 2019	1,032.7	\$200,689	207.3	\$412	0.4	\$201,101	207.7
Minta Farm	July 2019	Panel report pending	144.7	\$213,862	30.9	\$105,267	15.2	\$319,129	46.2
Beveridge Central	April 2020	Awaiting Panel hearing	225.8	\$213,862	48.3	\$83,641	18.9	\$297,503	67.2
Sunbury South and Lancefield Road	April 2020	Awaiting Panel hearing	1,293.3	\$213,862	276.6	\$151,284	195.7	\$365,146	472.2
Commercial									
Plumpton and Kororoit	April 2018	Gazetted 21 November 2019	112.2	\$108,700	12.2	\$31,256	3.5	\$139,956	15.7
Lindum Vale	March 2019	Gazetted 18 July 2019	-	-	-	-	-	-	-
Mt Atkinson and Tarneit Plains	January 2020	Gazetted 6 February 2020	496.1	\$124,344	61.7	\$10,849	5.4	\$135,193	67.1
Donnybrook Woodstock	August 2018	Panel report released 9 December 2019	-	-	-	-	-	-	-
Minta Farm	July 2019	Panel report pending	65.4	\$124,344	8.1	\$105,267	6.9	\$229,611	15.0
Beveridge Central	April 2020	Awaiting Panel hearing	-	-	-	-	-	-	-
Sunbury South and Lancefield Road	April 2020	Awaiting Panel hearing	53.5	\$124,344	6.7	\$151,284	8.1	\$275,628	14.7
Total									
Plumpton and Kororoit	April 2018	Gazetted 21 November 2019	1,243.2	\$187,669	233.3	\$31,256	38.9	\$218,924	272.2
Lindum Vale	March 2019	Gazetted 18 July 2019	102.1	\$114,066	11.6	\$86,630	8.8	\$200,695	20.5
Mt Atkinson and Tarneit Plains	January 2020	Gazetted 6 February 2020	906.6	\$164,883	149.5	\$10,848	9.8	\$175,732	159.3
Donnybrook Woodstock	August 2018	Panel report released 9 December 2019	1,032.7	\$200,690	207.3	\$412	0.4	\$201,102	207.7
Minta Farm	July 2019	Panel report pending	210.1	\$185,983	39.1	\$105,267	22.1	\$291,249	61.2
Beveridge Central	April 2020	Awaiting Panel hearing	225.8	\$213,859	48.3	\$83,640	18.9	\$297,499	67.2
Sunbury South and Lancefield Road	April 2020	Awaiting Panel hearing	1,346.8	\$210,308	283.2	\$151,285	203.7	\$361,592	487.0

Source: Various VPA documents

- ¹⁰¹ It is apparent that the rate of supplementary levy sought to be imposed via Am C243 is significantly higher than has been imposed elsewhere (if a supplementary levy has been imposed at all).
- ¹⁰² Indeed, the rate – at \$151,284 per NDHa – is 43% higher than the recently-established high-water mark of \$105,267 per NDHa at Minta Farm.
- ¹⁰³ This in contrast to Council's submission which states (my emphasis added):
- It is recognised that the levies in the exhibited ICP are significant and one of the highest under the ICP regime.*
- ¹⁰⁴ The total amount proposed to be raised via the supplementary levy is \$203.7 million, a figure which is almost an order of magnitude higher than the next highest at Plumpton and Kororoit (i.e. \$38.9 million).
- ¹⁰⁵ In fact, the proposed supplementary level at Sunbury South and Lancefield Road would raise \$104.8 million more than is to be raised by the combined supplementary levies at the six other ICPs.

¹⁰⁶ The impact is also apparent when considering the residential levy amount to be raised on a per dwelling basis as I have set out within Figure 7.

Figure 7—ICP levy per dwelling comparisons

ICP	Dwellings	Standard levy			Supplementary levy			Total monetary component		
		Levy rate (\$/ha)	Levy to be paid (\$m)	Levy per dwelling	Levy rate (\$/ha)	Levy to be paid (\$m)	Levy per dwelling	Levy rate (\$/ha)	Levy to be paid (\$m)	Levy per dwelling
Residential										
Plumpton and Kororoit	19,973	\$195,500	221.1	\$11,071	\$31,256	35.4	\$1,770	\$226,756	256.5	\$12,841
Lindum Vale	1,700	\$114,062	11.6	\$6,850	\$86,627	8.8	\$5,202	\$200,689	20.5	\$12,052
Mt Atkinson and Tarneit Plains	7,952	\$213,862	87.8	\$11,042	\$10,849	4.5	\$560	\$224,711	92.3	\$11,602
Donnybrook Woodstock	17,041	\$200,689	207.3	\$12,162	\$412	0.4	\$25	\$201,101	207.7	\$12,187
Minta Farm	3,043	\$213,862	30.9	\$10,169	\$105,267	15.2	\$5,005	\$319,129	46.2	\$15,175
Beveridge Central	3,389	\$213,862	48.3	\$14,248	\$83,641	18.9	\$5,572	\$297,503	67.2	\$19,820
Sunbury South and Lancefield Road	19,435	\$213,862	276.6	\$14,231	\$151,284	195.7	\$10,067	\$365,146	472.2	\$24,299

Source: Various VPA documents

- ¹⁰⁷ The proposed levy at Sunbury South and Lancefield Road equates to \$24,299 per dwelling. This is 23% higher than the next highest (i.e. \$19,820 per dwelling at Beveridge Central).
- ¹⁰⁸ More significantly, the proposed levy is almost twice that to be imposed within the two other large ICP areas at Plumpton and Kororoit (19,973 dwellings - \$12,841 per dwelling) and Donnybrook-Woodstock (17,041 dwellings - \$12,187 per dwelling).
- ¹⁰⁹ I would expect that, all else being equal, a larger PSP area should be better placed to deliver lower levies per dwelling through efficiencies of scale.
- ¹¹⁰ The result at Sunbury South and Lancefield will be that the significantly higher levies will be passed on via higher land prices.
- ¹¹¹ This will impact detrimentally upon housing affordability within Sunbury, with the embedded levy cost already representing approximately 8.2% of the average retail price of a 400-500 sqm lot within Villawood's Redstone Estate of about \$298,000.
- ¹¹² By way of comparison, embedded costs observed at Stockland Mt Atkinson (within the Mt Atkinson and Tarneit Plains ICP area) are just 3.1% for a 400-500 sqm block retailing at an average of \$375,000.

Conclusion

- ¹¹³ Housing affordability starts with land affordability.
- ¹¹⁴ The levies proposed to be imposed by the Sunbury ICP will add a significant impost to residential land prices and will not assist with keeping Sunbury as an attractive housing market.

3.5 External cost apportionment

Issues

¹¹⁵ There are five transport projects within the Sunbury ICP which are proposed to be funded by external sources. These are set out within Table 2.

Table 2—Sunbury ICP items with external apportionment

Source: Sunbury ICP

Project	Description	Total cost (\$m)	External apportionment source	External apportionment (%)	External apportionment (\$m)	Internal apportionment (\$m)
SS-IN-03	4-way intersection at Sunbury Rd	8.1	MRPA Northern Roads Upgrade	75%	6.1	2.0
LR-BR-01	Northern creek crossing	103.9	Sunbury North and Sunbury West PSPs	26%	27.0	76.8
LR-BR-02	Road underpass of rail line	8.2	Sunbury North and Sunbury West PSPs	26%	2.1	6.1
SS-BR-01	Major southern creek crossing	41.7	Sunbury North and Sunbury West PSPs	26%	10.9	30.9
SS-BR-04	Road underpass of rail line	17.2	Sunbury North and Sunbury West PSPs	26%	4.5	12.8
Total		179.2			50.6	128.6

¹¹⁶ The projects with external apportionment have a total cost of \$179.2 million, with \$50.6 million (or 28%) externally apportioned.

¹¹⁷ The two bridge projects are the largest proposed to be funded by the ICP and their total cost of \$145.6 million represents more than a third of the total cost of transport infrastructure projects proposed to be funded by the ICP (i.e. \$423.2 million).

¹¹⁸ The total cost of projects externally apportioned to the Sunbury North and Sunbury West PSPs is \$171.0 million.

¹¹⁹ There is no justification provided within the Sunbury ICP as to the projects which are externally apportioned, the sources of external apportionment and/or the rates of external apportionment.

Discussion

¹²⁰ It would appear that the source of the external apportionment of 26% to the Sunbury North and Sunbury West PSPs for four of the five projects is the VPA, with the following contained within its Part B submission to the Panel considering Am C207 and Am C208 (page 3):

The VPA anticipates apportioning a percentage of costs associated with the Sunbury Ring Road into the Sunbury North and West PSPs, in particular, the two crossings of Jacksons Creek and two road underpasses beneath the railway line. Apportionment will be based on the percentage of growth that each of the four PSPs contribute towards the total population increase. The apportionment for these future PSPs towards the specific projects above has been determined at 26%.

¹²¹ Unfortunately, no further details are provided regarding the 26% “determination”.

¹²² The Panel considering Am C207 and Am C208 stated the following at page 25 of its report:

The VPA advised that it is anticipating apportioning a percentage of costs associated with the Sunbury Ring Road into the Sunbury North and West PSPs, in particular, the two crossings of Jacksons Creek and two road underpasses beneath the railway line. The VPA intended to base the apportionment on the percentage of growth that each of the four PSPs contribute towards the total population increase with the apportionment for the two future PSPs towards the specific projects above being determined at 26 per cent.

Council expressed concerns with the proposed apportionment methodology because it does not consider appropriately the equity of apportioning the items having regard to the nexus between the future PSPs and the need for the items. Council submitted that apportionment should be based on traffic modelling rather than the PSPs’ percentage share of the total PSP population increase.

Capitol supported the VPA’s ... more simplistic, definite and less subjective rational towards apportionment and requested that:

the panel expressly address the apportionment issue between the Lancefield Road PSP, Sunbury South PSP, Sunbury North PSP and Sunbury West PSP, as this is clearly a very important issue that should not be allowed to ‘slip through the cracks’ during the s20(4) amendment process for the ICP.

¹²³ The Panel then stated the following in its discussion on page 26 of its report:

There is agreement that the cost of the significant PIP items for the delivery of the Sunbury Ring Road, notably the two crossings of Jacksons Creek and the two road under rail crossings, should be apportioned between the two current and two future PSPs. The issue is what methodology should be used to determine that apportionment. The Panel is inclined to agree with Capitol’s submission that the VPA’s approach of basing the apportionment on the proportion of the population growth within each PSP is appropriate. The VPA approach is straightforward and based on population growth proportions which are not in dispute. The alternative proposed by Council, which is based on traffic generation modelling, is by its nature open to debate.

¹²⁴ This was followed by the recommendation that:

- *Apportioning infrastructure costs associated with the Sunbury Ring Road between the Sunbury South PSP, the Lancefield Road PSP, the Sunbury North PSP and the Sunbury West PSP should be on the basis of each PSP’s proportion of population growth.*

¹²⁵ I have already discussed the significant transport infrastructure items to be funded by the ICP and agree with Council's submission that they are of a significance which places them above typical Council-led implementations.

¹²⁶ On this basis, there should be some further apportionment beyond just the growth areas of Sunbury, with the residents of the existing Sunbury area beneficiaries of the infrastructure as it will, for example, ease congestion in and around the Sunbury town centre.

¹²⁷ Traffic modelling is the best way to determine relative benefits in this sense and I leave that to the experts in that field.

¹²⁸ When considering the apportionment rates between the four PSPs, the approach suggested by the VPA, and endorsed by the Panel considering Am C207 and Am C208, was to base this on population growth.

¹²⁹ At the time the Panel was considering Am C207 and Am C208, the two relevant PSPs indicated population capacities of "almost 33,000" and "more than 22,600" respectively. The total was therefore approximately 55,600.

¹³⁰ The PSPs for Sunbury North and Sunbury West were not started at that time (and, in fact, have still not started).

¹³¹ In order to arrive at an apportionment of 74:26, an estimated population capacity of approximately 19,500 for the Sunbury North and Sunbury West PSPs must have been used by the VPA in its determinations.

¹³² As I set out in paragraph 28, GTA has recently prepared the report *Sunbury Growth Corridor, Strategy Modelling for Sunbury South PSP (1074) and Lancefield Road PSP (1075), Supplementary Modelling Report #2* on 25 September 2020 for the VPA ("GTA Report").

¹³³ Contained within the GTA Report is the following at page 1:

On the 11th of September my firm was further instructed to prepare an addendum report which updates the population figures in the modelling:

- *'in accordance with the PSPs for Sunbury South and Lancefield Road; and*
- *in accordance with the Council's current figures for Sunbury North and Sunbury West precincts.'*

¹³⁴ Further on, at page 7 and page 8, are the following excerpts:

The land use forecasts for the Sunbury Growth Corridor have been updated to reflect the exhibited land use estimates outlined in the PSP documentation as well as current policy for Metropolitan Melbourne, specifically, Plan Melbourne. The assumptions used for determining the land use for the Sunbury Growth Corridor are summarised as follows:

1. The residential and employment inputs for Sunbury South and Lancefield Road are as per the PSP document dated June 2018, (Amended November 2019).

...

4. For Sunbury North PSP and Sunbury West PSP a residential yield of 20 lots per hectare of Net Developable Area (NDA) and 3.1 residents per dwelling have been applied which is consistent with Plan Melbourne's Policy 2.2.5. The NDA's have been provided by the VPA.

¹³⁵ The resulting key assumptions used in the GTA Report are set out in Table 3.2 on page 8 of that report and reproduced in Figure 8.

Figure 8—Land use projections in Sunbury, 2046

Source: GTA Report

Table 3.2 Land Use Projections in the Sunbury Area - 2046

Area	Population (People)	Household (Dwelling)	Employment (No. of Jobs)	Enrolment (No. of Students)
Revised Land Uses				
Sunbury Township	45,915	17,518	9,939	8,002
Sunbury South PSP	32,100	11,470	4,570	2,488
Lancefield Road PSP	22,000	7,965	1,672	11,588
Sunbury West PSP	11,585	3,737	280	463
Sunbury North PSP	26,315	8,489	1,520	925
Total	137,915	49,179	17,981	23,465
Previous Land Uses				
Sunbury Township	45,915	17,518	9,939	8,002
Sunbury South PSP	29,370	10,490	4,113	2,853
Lancefield Road PSP	21,580	7,707	1,664	11,502
Sunbury West PSP	7,155	2,650	350	450
Sunbury North PSP	17,373	6,205	552	451
Previous Total	121,394	44,569	16,618	23,258
Difference	16,521	4,610	1,363	207

Table 3—Sunbury population apportionment ratios, previous land use assumptions

Source: GTA Report

¹³⁶ I present in Table 3 the apportionment ratios for the Sunbury ICP for population growth based on the “Previous Land Uses” section of the GTA Report’s Table 3.2 (my Figure 8).

Area	Population	Proportion of PSPs	Proportion of total Sunbury
Sunbury South PSP	29,370		
Lancefield Road PSP	21,580		
Sub-total	50,950	68%	42%
Sunbury West PSP	7,155		
Sunbury North PSP	17,373		
Sub-total	24,528	32%	20%
Sub-total PSPs	75,478	100%	62%
Sunbury Township	45,915		38%
Total Sunbury	121,393		100%

¹³⁷ I am unable to reconcile these calculations with those used by the VPA in either Am C207 and Am C208 or, indeed, Am C243 where a ratio of 74:26 is applied.

¹³⁸ Rather, based on the data provided by GTA, it appears that a ratio of 68:32 should have been applied.

¹³⁹ This is despite the following Figure 9 – copied from the evidence statement of Reece Humphreys prepared for the VPA on 8 October 2020 – which attempts to show how the 74:26 ratio might have been previously determined by the VPA.

Figure 9—Sunbury apportionment ratios, various population assumptions

Source: Reece Humphreys evidence statement, 8 October 2020

Applying the approach recommended by the panel resulted in an apportionment for both bridges for the two PSP’s of 74%, which I have assumed is based on the forecast land use stated in the PSP documentation and the previous estimates for Sunbury North and Sunbury West. I have summarised how I believe that this has been calculated along with a revised estimate based on the updated population forecasts for the Sunbury Growth Corridor provided by the VPA in Table 6.4.

Table 6.4 Apportionment by population (applied across both bridges evenly)

PSP	Previous Land Use		Updated Land Use	
	Population (People)	Proportion (%)	Population (People)	Proportion (%)
Sunbury South PSP	32,100	44%	32,100	35%
Lancefield Road PSP	22,000	30%	22,000	24%
Sunbury West PSP*	5,724	8%	11,585	13%
Sunbury North PSP*	13,898	19%	26,315	29%
Total	73,722	100%	92,000	100%

*Sunbury West and North PSP previous population numbers have been adjusted to reflect the 74% proposed apportionment

The updated population figures provided by the VPA indicate that the apportionment for the two bridges could be amended to 59%.

Table 4—Sunbury population apportionment ratios, revised land use assumptions

Source: GTA Report

Area	Population	Proportion of PSPs	Proportion of total Sunbury
Sunbury South PSP	32,100		
Lancefield Road PSP	22,000		
Sub-total	54,100	59%	39%
Sunbury West PSP	11,585		
Sunbury North PSP	26,315		
Sub-total	37,900	41%	28%
Sub-total PSPs	92,000	100%	67%
Sunbury Township	45,915		33%
Total Sunbury	137,915		100%

¹⁴⁰ I then present in Table 4 the apportionment ratios for the Sunbury ICP for population growth based on the “Revised Land Uses” section of the GTA Report’s Table 3.2 (my Figure 8).

¹⁴¹ It is apparent that, based upon key inputs provided by the VPA and Council, the apportionment ratio between the internal and external PSPs has now changed to 59:41. This is consistent with the commentary in Mr Humphrey’s expert statement after the table in my Figure 9.

¹⁴² I also note that, in this revised land use assumptions scenario, the ratio of the population of the Sunbury township to the four PSP area is 33:67. Should traffic modelling not be preferred as a manner to examine further external apportionment, then this ratio could be a substitute.

¹⁴³ Finally, I note the following statement from Council in its submission to the exhibited Am C243:

Cost apportionment across the four Sunbury PSP areas (Sunbury West, Sunbury North, Sunbury South and Lancefield Road) was considered by the Sunbury Road and Lancefield Road PSP Panel and the recommended apportionment has been reflected in the exhibited Sunbury ICP.

Council considers the apportionment of all infrastructure items in the exhibited ICP to be appropriate.

¹⁴⁴ It is important to note that the Panel considering Am C207 and Am C208 did not recommend the actual apportionment percentages, rather recommending the use of population growth ratios for the two groups of PSPs.

¹⁴⁵ Given this, and the revised land use assumptions (to which Council has contributed), I expect that Council will endorse an apportionment ratio of 59:41 rather than 74:26 between the Sunbury South/Lancefield Road PSPs and Sunbury North/Sunbury West PSPs.

¹⁴⁶ I would also expect this to be endorsed by the VPA.

¹⁴⁷ Such external apportionment would reduce the amount to be funded by the Sunbury South and Lancefield Road PSPs by \$25.65 million and would reduce the supplementary levy from \$151,284 per NDHa to \$132,238 per NDHa.

Conclusion

¹⁴⁸ Based on revised population growth expectations, the Sunbury ICP's external apportionment of the cost of the four identified projects to the Sunbury North and Sunbury West PSPs should increase from 26% to 41%.

3.6 One ICP or two ICPs?

Issues

¹⁴⁹ The Sunbury ICP being considered in Am C243 includes all land in both the Sunbury South PSP and the Lancefield Road PSP.

¹⁵⁰ The nature, location and scale of infrastructure to be supplied results in the Sunbury South PSP subsidising the Lancefield Road PSP.

Discussion

¹⁵¹ The VPA in its Part B submission to the Panel considering Am C207 and AM C208 stated the following on page 3:

Section 1.3 in each PSP notes that development proponents within the precinct will be bound by the Sunbury South ICP or Lancefield Road ICP as relevant. This section explains that the ICP will set out requirements for infrastructure funding across the precincts and will be a separate document incorporated in the Scheme.

¹⁵² It is clear that the intent was to prepare two separate ICPs.

¹⁵³ However, what transpired is that one combined Interim ICP was prepared which covered both PSPs and the exhibited ICP continues to adopt that position.

¹⁵⁴ The total cost of projects – excluding identified external apportionments – in the ICP is set out within Table 5 as \$513.8 million.

Table 5—Sunbury ICP project costs excluding identified external apportionment (by PSP area)

Source: Sunbury ICP

Projects	Sunbury South PSP	Lancefield Road PSP	Total
Transport	\$203.0m	\$168.2m	\$371.2m
Community & recreation	\$75.8m	\$66.8m	\$142.6m
Total	\$278.8m	\$235.0m	\$513.8m
NDHa	815.8 ha	531.0 ha	1,346.8 ha
Total per NDHa	\$341,750	\$442,628	\$381,497

¹⁵⁵ It is obvious from Table 5 that the cost of infrastructure to be delivered on a per NDHa basis is significantly more expensive in Lancefield Road than it is in Sunbury South.

¹⁵⁶ I have then enhanced the calculations to take into account NDHa allocations within the two PSP areas as set out within Table 6.

Table 6—PSP NDHa allocations

Source: Sunbury ISP

PSP	Residential	Commercial & Industrial	Total
Sunbury South	762.3 ha	53.5 ha	815.8 ha
Lancefield Road	531.0 ha	0.0 ha	531.0 ha
Total	1,293.3 ha	53.5 ha	1,346.8

¹⁵⁷ I then proceed on the basis that both PSPs contain transport construction projects which exceed the standard levy cap and could be allocated to the supplementary levy in separate ICPs.

¹⁵⁸ The resulting ICP levy rates are set out within Table 7 and Table 8, noting that these tables are also prepared on the basis of the same identified external apportionment as the exhibited ICP.

Table 7—Sunbury South ICP levies if prepared separately to Lancefield Road (excluding identified external apportionments)

Source: Sunbury ICP

Projects	Residential levy per NDHa	Commercial & Industrial levy per NDHa	Total levy per NDHa	Cost (\$m)
<u>Total cost</u>				
Transport	-	-	-	203.0
Community & recreation	-	-	-	75.8
Sub-total	-	-	-	278.8
<u>Standard levy</u>				
Transport	\$124,344	\$124,344	\$124,344	101.4
Community & recreation	\$89,518	\$0	\$83,649	68.2
Sub-total	\$213,862	\$124,344	\$207,993	169.7
<u>Supplementary levy</u>				
Transport	\$124,489	\$124,489	\$124,489	101.6
Community & recreation	\$0	\$0	\$0	0.0
Sub-total	\$124,489	\$124,489	\$124,489	101.6
<u>Total monetary component</u>				
Transport	\$248,833	\$248,833	\$248,833	203.0
Community & recreation	\$89,518	\$0	\$83,649	68.2
Sub-total	\$338,351	\$248,833	\$332,482	271.2
<u>Underfunded</u>				
Transport	-	-	-	-
Community & recreation	-	-	-	-7.5
Sub-total			-	-7.5

Table 8—Lancefield Road ICP levies if prepared separately to Sunbury South (excluding identified external apportionments)

Source: Sunbury ICP

Projects	Total (residential) levy per NDHa	Cost (\$m)
<u>Total cost</u>		
Transport	-	168.2
Community & recreation	-	66.8
Sub-total	-	235.0
<u>Standard levy</u>		
Transport	\$124,344	66.0
Community & recreation	\$89,518	47.5
Sub-total	\$213,862	113.6
<u>Supplementary levy</u>		
Transport	\$192,451	102.2
Community & recreation	\$0	0.0
Sub-total	\$192,451	102.2
<u>Total monetary component</u>		
Transport	\$316,795	168.2
Community & recreation	\$89,518	47.5
Sub-total	\$406,313	215.7
<u>Underfunded</u>		
Transport	-	-
Community & recreation	-	-19.3
Sub-total	-	-19.3

¹⁵⁹ The extent of subsidisation of the Lancefield Road PSP is apparent from this process.

¹⁶⁰ Sunbury South residential landowners will have to pay a total levy of \$365,146 per NDHa when the PSPs are combined within one ISP but this would be \$338,351 per NDHa if the PSPs were separated into individual ISPs.

¹⁶¹ Of course, Lancefield Road residential landowners would be faced with a higher total levy of \$406,313 per NDHa if separate ICPs were prepared.

¹⁶² This extraordinarily high rate was, in my opinion, the likely reason why separate ICPs were not prepared.

**Figure 10—
Recommended
apportionment
ratios for bridge
costs based on
traffic and transport**

Reece Humphreys
evidence statement,
8 October 2020

- ¹⁶³ This opinion is strengthened by my opinion that the residents and businesses of the Sunbury South PSP area will benefit little from infrastructure to be delivered within the Lancefield Road PSP area.
- ¹⁶⁴ My opinion is consistent with Figure 10 which is reproduced from Mr Humphrey's evidence statement and shows that his suggested apportionment for the northern bridge to the Sunbury South PSP is 0%.

Table 6.6 Recommended apportionment based on traffic and transport considerations

PSP	Northern Bridge (LR-BR-01)	Southern Bridge (SS-BR-01)	Total
Sunbury South PSP	0%	90%	32%
Lancefield Road PSP	40%	4%	27%
Sunbury West PSP*	0%	0%	0%
Sunbury North PSP*	59%	6%	40%
Total	100%	100%	100%

Conclusion

- ¹⁶⁵ The subsidisation by Sunbury South PSP landowners of the levies payable by Lancefield Road PSP landowners is neither fair nor equitable and two separate ICPs should be prepared.

4

Conclusions and recommendations

¹⁶⁶ My conclusions and recommendations are as follows regarding the Sunbury ICP:

1. Use of the supplementary levy
 - It is apparent that what was foreshadowed by the VPA to the Panel which considered Am C207 and Am C208 did not occur, i.e. the subsequently prepared Sunbury ICP is not just funded by the standard levy but also includes a substantial supplementary levy.
 - The Panel considering Am C207 and Am C208 rightly reported that its role was not to consider the ICP.
 - However, what ensued does appear to represent a remarkable departure from what was foreshadowed to that Panel.
 - Significant scrutiny of the Sunbury ICP is therefore warranted by this Panel.
2. Items funded by the ICP
 - The southern and northern creek crossings – including bridges and approach roads – are very expensive projects which are regional in nature and well beyond the scope of projects typically funded by ICPs.
 - One or both projects should have funding provided by sources external to local PSPs.
3. Land affordability
 - Housing affordability starts with land affordability.
 - The levies proposed to be imposed by the Sunbury ICP will add a significant impost to residential land prices and will not assist with keeping Sunbury as an attractive housing market.
4. External cost apportionment
 - Based on revised population growth expectations, the Sunbury ICP's external apportionment of the cost of the four identified projects to the Sunbury North and Sunbury West PSPs should increase from 26% to 41%.

5. One ICP or two ICPs?

- The subsidisation by Sunbury South PSP landowners of the levies payable by Lancefield Road PSP landowners is neither fair nor equitable and two separate ICPs should be prepared.

¹⁶⁷ In arriving at my conclusions, I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.



JUSTIN GANLY

Managing Director, Deep End Services

16 October 2020

Appendix A Curriculum vitae for Justin Ganly

Current Position:	Managing Director, Deep End Services Pty Ltd
Previous Positions:	<p>Associate Director, KMPG February 1999 – June 2003</p> <p>National Real Estate Analyst, Coles Myer January 1998 – February 1999</p> <p>Managing Consultant, Coopers & Lybrand Consultants August 1993 – December 1997</p> <p>Senior Consultant, Andersen Consulting January 1990 – July 1993</p>
Academic Qualifications:	<p>Graduate Diploma of Applied Finance and Investment Securities Institute of Australia, 2003</p> <p>Bachelor of Chemical Engineering (First Class Honours) University of Melbourne, 1989</p>
Professional Affiliations:	<p>Board Member, MAB Corporation Advisory Board</p> <p>Member, Property Council of Australia</p> <p>Member, Victorian Planning & Environmental Law Association</p> <p>Associate Member, Large Format Retail Association</p>
Skills / Attributes:	<ul style="list-style-type: none"> • Experienced economic expert • Well developed modelling and forecasting skills • Clear and thorough communicator in both written and verbal presentations • Detailed knowledge of all major property and infrastructure classes within Australia and New Zealand • Specific knowledge of the operations of all forms of residential property • Well regarded expert in demographics and population analysis and forecasting • Through understanding of activity centre operation and network planning.

Professional
Experience:

Managing Director, Deep End Services (July 2003 – current)

- Justin established Deep End Services in July 2003 and now employs twelve staff based in Melbourne
- Deep assists clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. “DEEP” represents three core service areas:
 - Demand Evaluation
 - Economics
 - Planning
- Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered included:
 - Store network planning and sales forecasting
 - Acquisition due diligence
 - Feasibility analysis
 - Economic impact assessment
- Deep’s property clients include:
 - Arkadia, Aventus Property, Axiom Properties, Cbus Property, Charter Hall Retail REIT, Dennis Family Corporation, Hamton, Harvey Norman, HomeCo, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Peet, Pellicano, Primewest, Stockland, Villawood and Walker Corporation
- Deep’s retail clients include:
 - 7-Eleven, Adairs, ALDI, Anaconda, Baby Bunting, Beacon Lighting, Coles, Costco, Dusk, Laser Clinics Australia, Noni B, Petbarn, Pillow Talk, Spotlight, The Good Guys and Woolworths
- Deep’s other clients include:
 - Alex Fraser Group, Archer Capital, City of Melbourne, Cleanaway, Development Victoria, InterContinental Hotels Group, Hanson, Large Format Retail Association, Medibank, National Storage, NSW Department of Planning & Environment, Reading Entertainment, Victorian Department of Transport and Victorian Planning Authority

Professional
Experience (cont):

Associate Director, KPMG (February 1999 - 2003)

- Based in Melbourne, but working on assignments throughout Australia and New Zealand, Justin worked closely with Bernard Salt, Australia's leading business demographer, to provide consulting services to clients requiring independent assistance on retail, property, demand and/or demographic issues.
- Services and clients at KPMG and Coopers & Lybrand Consultants included:
 - Planning & litigation support (AMP, Coles, Myer, Macquarie CountryWide)
 - Shopping centre development (AMP, Gandel, Leda, Macquarie CountryWide)
 - New location feasibility studies (Bunnings, Melbourne Museum, Reading Cinemas)
 - Store location network strategies (Freedom Furniture, Barbeques Galore, Rebel Sport)
 - Demand analysis (Strandbags, Just Jeans, Jeans West)
 - Specialty store micro-siting (Australia Post, Terry White, Strandbags).

National Real Estate Analyst, Coles Myer (January 1998 - 1999)

- Employed as Coles Myers' National Estate Analyst in a position within the Shared Services team based at Tooronga in Melbourne.
- The key responsibilities in this position were the development of store sales forecasting models for all major Coles Myer brands (including Myer Grace Bros, Kmart, Target, Coles and Bi-Lo) plus delivery of sales forecasts for proposed new or refurbished stores for use in capital allocation decisions.

Managing Consultant, Coopers & Lybrand Consultants (August 1993 - December 1997)

- Employed as a Managing Consultant in C&LC's Property Group, which comprised up to 40 staff located in offices in Melbourne, Sydney, Brisbane, Adelaide and Canberra.
- The Melbourne operation was responsible for providing consulting advice to clients involved in retail, property ownership and property development in Australia, New Zealand and South East Asia. This group transferred to KPMG in early 1998.

Senior Consultant, Andersen Consulting (January 1990 - 1993)

Employed as a Senior Consultant in the Systems Integration Group in the Melbourne office and was involved in systems installation such as the design and installation of a retail property management system in Auckland.

Appendix B Letter of Instruction, HWL Ebsworth Lawyers, 13 October 2020

Our Ref: JL:AG:949312

13 October 2020

By Email

Justin Ganly
Managing Director
Deep End Services

Email: Justin.ganly@deependservices.com.au

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Dear Justin

**Sunbury South and Lancefield Road Infrastructure Contributions Plan
Amendment C243 to the Hume Planning Scheme**

We act on behalf of Sunbury Hills Pty Ltd (**Client**), the registered proprietor of the land at 725 Sunbury Road, Sunbury (**Land**).

Our Client is a submitter in relation to Amendment C243 to the Hume Planning Scheme (**Amendment**), which seeks to implement the Sunbury South and Lancefield Road Infrastructure Contributions Plan (**ICP**). We refer you to our Client's attached submission to the Amendment in this regard.

Instructions

We are writing to provide you with formal instructions to undertake a review of the ICP, our Client's submission to the Amendment, other landowners' submissions to the Amendment and any other document you consider to be relevant, and provide evidence summarising your views, particularly with respect to:

- whether any infrastructure or land items ought to be excluded from the ICP, and the effect (if any) on the infrastructure contribution that would be payable in relation to the development of the Land;
- whether the Lancefield Road Precinct Structure Plan area ought to be excluded from the ICP, and the effect (if any) on the infrastructure contribution that would be payable in relation to the development of the Land;
- any issues regarding equity as amongst landowners that are included in the Final ICP; and

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Melbourne
Norwest
Perth
Sydney

Doc ID 771480793/v1

- any other matter you consider relevant.

Relevant dates

The panel has been appointed to consider submissions to the Amendment on the following dates:

- Hearing to commence on **4 November 2020 (Hearing)**;
- Our Client is scheduled to present on **13 November 2020 and 18 November 2020**.

Relevant dates relating to infrastructure contributions are:

- circulation of expert witness reports for Infrastructure Costings by **19 October 2020**;
- infrastructure costings conclave takes place the week of **19 October 2020**; and
- costings statement to be circulated by **23 October 2020**.

Billing

Please note that our Client will be responsible for the payment of your invoices. Could you please direct all such invoices to our Client as follows:

Sunbury Hills Pty Ltd
C/- Capitol Property Group
Level 7, 468 St Kilda Road
MELBOURNE VIC 3004

Should you have any queries or wish to discuss any of the above in further detail please do not hesitate to contact us.

Yours faithfully



James Lofting
Partner
HWL Ebsworth Lawyers

+61 3 8644 3414
jlofting@hwle.com.au



Alex Gelber
Senior Associate
HWL Ebsworth Lawyers

+61 3 8644 3720
agelber@hwle.com.au

Appendix C Submission to exhibited Am C243 made by
HWL Ebsworth Lawyers on behalf of Sunbury Hills Pty Ltd,
9 June 2020

Our Ref: JL:AG:949312

9 June 2020

By Email

Victorian Planning Authority
Level 25, 35 Collins Street
MELBOURNE VIC 3000

Email: amendments@vpa.vic.gov.au

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Dear Sir / Madam

**Sunbury South and Lancefield Road Infrastructure Contributions Plan
Amendment C243 to the Hume Planning Scheme**

We act on behalf of Sunbury Hills Pty Ltd (**Client**), the registered proprietor of the land at 725 Sunbury Road, Sunbury (**Land**).

Our Client requests the following changes to Amendment C243 to the Hume Planning Scheme:

1. The works component of Bridge Projects SS-BR-01 and LR-BR-01 (**Bridges**) should be excluded from the Infrastructure Contributions Plan (**ICP**), or alternatively should be funded substantially from other sources, on the basis that
 - (a) the Bridges serve a regional function that is beyond the scope of both the Sunbury South and Lancefield Road Precinct Structure Plans;
 - (b) the inclusion of the Bridges in the ICP exacerbates inequities as between the Sunbury South PSP area and the Lancefield Road PSP area;
 - (c) the respective apportionment of each of the Bridges to each of the PSP areas is not apparent in the ICP or associated documents;
 - (d) the Bridges are substantial pieces of infrastructure, and are unlikely to be delivered by any one landowner as part of a Works-in-Kind arrangement. Similarly, the scale of the Bridges is likely to be significantly larger than infrastructure typically being delivered by local government;
 - (e) the Bridges are identified as critical pieces of infrastructure in the PSP documents and ought to be delivered at any early stage, rather than waiting for sufficient funds to accrue in the ICP works account; and

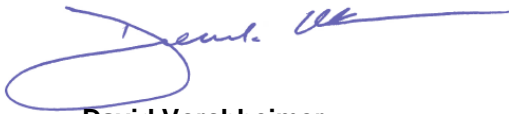
Adelaide
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Hobart
Melbourne
Norwest
Perth
Sydney

Doc ID 740292533/v1

- (f) the inclusion of the Bridges in the ICP results in a levy that is the most expensive in Victoria and which is significantly higher than comparable ICPs. For example, the supplementary levy is nearly 33% higher than the Minta Farm ICP and more than 80% higher than the Beveridge Central ICP.
2. The ICP ought to be separated into two discrete ICPs, relating to the Sunbury South PSP area and the Lancefield Road PSP area, as the currently proposed ICP effectively results in inequities and unreasonable cross subsidisation as between the two areas;
3. Various infrastructure items (including but not limited to LR-RD-03, SS-IN-03, bridges and rail underpasses) have been apportioned less than 100% to the ICP area, although the underlying basis for the apportionment is not apparent in the ICP or associated documents. The rationale for the apportionment should be fully detailed in the ICP, together with any variations that might result; and
4. The intersection of the Southern Bypass and Redstone Hill Road is located adjacent to a future school, community centre and a local convenience centre, and thus serves a regional function and should be funded by the ICP.

On behalf of our Client we welcome further discussions with the VPA in relation to the above. Should you have any queries please do not hesitate to contact us.

Yours faithfully



David Vorchheimer
Partner
HWL Ebsworth Lawyers

+61 3 8644 3421
dvorchheimer@hwle.com.au



Alex Gelber
Senior Associate
HWL Ebsworth Lawyers

+61 3 8644 3720
agelber@hwle.com.au

Appendix D Fact Sheet #4, Infrastructure Contributions
Plans – FAQs, Victorian Planning Authority, May 2020

Fact Sheet #4

Infrastructure Contributions Plans – FAQs

What are infrastructure contributions?

When land is developed for urban purposes, new or upgraded essential infrastructure is needed to support the new development and its future communities. Infrastructure contributions are provided by developers to help fund essential infrastructure for new communities when they develop their land.

What kind of infrastructure is funded through infrastructure contributions?

Infrastructure contributions fund basic and essential infrastructure that new and growing communities need, such as local roads, community centres, kindergartens, maternal and child health facilities, local parks and sporting facilities.

What is an Infrastructure Contributions Plan?

An Infrastructure Contributions Plan (ICP) is a statutory document incorporated in a planning scheme for the purposes of imposing infrastructure contributions to fund the provision of works, services or facilities and securing land for public purposes.

What can the Infrastructure Contributions Plan do?

An Infrastructure Contributions Plan (ICP) can impose infrastructure contributions on the development land to fund the provision of infrastructure in the ICP plan area of outside of the plan area, if it is essential to, and the need for it is generated by, the development of land in the ICP plan area.

The ICP can also:

- require the provision of land for public purposes in the ICP plan area (known as inner public purpose land); and
- fund the acquisition of land for public purposes outside of the ICP plan area if it is essential to, and the need for which is generated by, the development of land in the ICP plan area (known as outer public purpose land).

Where are Infrastructure Contributions Plans applied?

An Infrastructure Contributions Plan (ICP) can only be applied to land in a development setting specified in the Ministerial Direction. A development setting may be defined by zoning, geographic area or some other means.

What is the Ministerial Direction?

The Minister for Planning has issued the Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans (ICP) under section 46GJ of the *Planning and Environment Act 1987* (the Act) and reporting requirements for ICPs under section 46GZI of the Act.

The Ministerial Direction specifies where ICPs can be used (development settings) and the requirements for preparing an ICP including standard levy rates, land valuation and indexation methods, and the infrastructure that can be funded by an ICP.

When can an Infrastructure Contributions Plan be applied?

An Infrastructure Contributions Plan (ICP) must be strategically justified and linked to the planning policy framework in the planning scheme. In a metropolitan greenfield growth area, a Precinct Structure Plan (PSP) is the key tool for planning land use and infrastructure provision in an area designated for urban development.

What does the infrastructure contribution in an ICP consist of?

An infrastructure contribution may consist of either or both of the following two components:

A monetary component

- This is a monetary levy that may be used to fund the provision of works, services or facilities (that is, construction of community, recreation and transport infrastructure). The levy may consist of a standard levy, a supplementary levy or both levies.

A land component

- This is land that is required to be provided for public purposes, such as land for roads, parks and community facilities. The land component may also consist of a 'land equalisation amount' which is a monetary amount used to fund land credit amounts and acquisition of land outside the Infrastructure Contributions Plan (ICP) plan area.

What is a land credit?

Landowners who contribute a greater percentage of their land for public purposes are compensated by the landowners who contribute a lesser percentage of their land for public purposes. This is done by requiring each landowner who 'under provides' inner public purpose land to pay a land equalisation amount. The land equalisation funds the payment of a land credit amount to each landowner that 'over provides' inner public purpose land and the acquisition of any outer public purpose land.

The methods for calculating the land equalisation amounts and land credit amounts are specified in the Ministerial Direction.

How is the ICP land contribution percentage calculated?

The Infrastructure Contributions Plan (ICP) land contribution percentage is calculated for each class of development by dividing the total area of the public purpose land (inner and outer public purpose land) attributable to the class of development by the total area of the contribution land (including any inner public purpose land) in the ICP plan area in that class of development.

How is the parcel contribution percentage calculated?

The parcel contribution percentage is calculated for each parcel of land by dividing the total area of inner public purpose land in a parcel by the area of contribution land in that parcel (including inner public purpose land in the parcel).

What are the allowable infrastructure items in an Infrastructure Contributions Plan?

The Ministerial Direction specifies the basic and essential infrastructure that may be funded from a standard levy and/or a supplementary levy to provide certainty about what plan preparation costs and infrastructure may be funded by an Infrastructure Contributions Plan (ICP). These are referred to as 'allowable items'. An ICP may only fund infrastructure and planning preparation costs that are specified as an allowable item in the Ministerial Direction.

What is a standard levy?

A standard levy is a pre-determined monetary rate set by the Minister for Planning through the Ministerial Direction. The standard levy is designed to provide a fair and reasonable budget for funding the infrastructure that is basic and essential for new urban development. The Ministerial Direction may specify different standard levy rates for different development settings and for different classes of development. The Ministerial Direction will also specify how the amount of standard levy to be paid is to be determined.

The standard levy rates for the Metropolitan Greenfield Growth Areas development settings are indexed on 1 July each year in accordance with the indexation method specified in the Ministerial Direction.

What is a supplementary levy?

A supplementary levy is an additional levy that may be used to fund 'non-standard' infrastructure or costs. A supplementary levy is only intended to be used in limited circumstances. A development context can vary in terms of size, location, scale and infrastructure requirements, and so a standard levy, by itself, may not always provide enough funding to deliver the basic and essential infrastructure needed by the community.

The supplementary levy is indexed on 1 July each year in accordance with the indexation method specified in the Ministerial Direction.

How is the value of inner public purpose land estimated?

Division 4 of Part 3AB of the *Planning and Environment Act 1987* specifies a valuation process that must be followed for estimating the value of inner public purpose land. The value of inner public purpose land is only estimated if the landowner is entitled to a land credit amount (that is, where the parcel contribution percentage is more than the relevant ICP land contribution percentage).

Who is responsible for collecting the infrastructure levy?

The collecting agency is responsible for collecting the infrastructure levy. In most instances this will be the local council, but it can also be a Minister or a public authority. The ICP must also specify who is responsible for developing the land and providing the infrastructure items being funded by the plan (development agency).

When does the infrastructure contribution come into effect?

The infrastructure contribution arises on the date on which the amendment to the planning scheme to incorporate the ICP comes into operation under Section 37 of the *Planning and Environment Act 1987* (Act). This is when the Minister for Planning's notice of approval of the planning scheme amendment is published in the government gazette in accordance with Section 36 of the Act, or on a later day specified in the notice.

When is the infrastructure contribution imposed on a site?

In most cases a development proposal will be made by way of a planning permit application (or possibly a building permit application). Therefore, the obligation to provide the infrastructure contribution, including setting aside the required land for public purposes, is imposed on the grant of a permit. If a development proposal is not made for a site, the obligation to provide a contribution is not yet imposed.

When does the infrastructure contribution need to be paid for site?

The monetary component and any land equalisation amount of the infrastructure contribution is due before the before the earliest of the following:

- if the development of the land involves a plan under the *Subdivision Act 1988*, at the time of issue of the statement of compliance in relation to that plan;
- if the development of the land requires a building permit, at the time of issue of the building permit;
- a time specified in the approved infrastructure contributions plan; or
- before a time specified in an agreement entered by the collecting agency and the applicant.