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AMENDMENT C243HUME: SUNBURY SOUTH AND LANCEFIELD INFRASTRUCTURE CONTRIBUTIONS PLAN

EXPERT EVIDENCE STATEMENT

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NORTON ROSE FULBRIGHT, HI-QUALITY GROUP

22 OCTOBER 2020



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1. NAME AND QUALIFICATIONS

1. My name is Matt Jacques Ainsaar and I am the Managing Director and founder of Urban Enterprise Pty Ltd, with offices situated at Level 1, 302-304 Barkly Street, Brunswick, Victoria.
2. Urban Enterprise is a firm of urban planners, land economists and tourism planners based in Melbourne. The firm has more than 30 years' experience providing consultancy services to all levels of Government and a wide range of private sector organisations in Victoria and in other States of Australia.
3. I am a qualified planner and land economist with more than 40 years' experience.
4. I have expertise in the preparation of Development Contributions Plans for Councils as well as negotiating development contributions arrangements with Councils on behalf of developers. I also have experience in providing advice regarding urban economic matters.
5. I have appeared as an expert witness at numerous Planning Panel hearings and VCAT hearings in respect of development contributions and urban economics.
6. My educational qualifications and memberships of professional associations include:
 - Bachelor of Town and Regional Planning, University of Melbourne
 - Graduate Diploma of Property, RMIT University
 - Member, Planning Institute of Australia
 - Member, Victorian Planning and Environmental Law Association
 - Fellow, Australian Property Institute (Certified Practising Professional).

2. ENGAGEMENT

2.1. INSTRUCTIONS

7. I have been instructed by Norton Rose Fulbright to prepare an expert evidence statement to present at the Planning Panel hearing in relation to this matter on behalf of Hi-Quality Group.
8. My instructions received in writing are to:
 - a. prepare expert evidence considering economic and infrastructure funding matters arising from the Amendment, including:
 - i. An assessment of the impact, if any, of the proposed supplementary levy on housing affordability;
 - ii. A comparison of the proposed supplementary levy with other infrastructure contributions plans that are on exhibition or have been recently gazetted;
 - b. appear at the Panel hearing, if required, for the purpose of presenting your expert opinion concerning economic and infrastructure funding matters.

2.2. INFORMATION REVIEWED

9. I have reviewed the amendment documentation and other relevant documents and policies. Documentation reviewed includes:
 - a. Sunbury South and Lancefield Infrastructure Contributions Plan (the ICP), VPA, April 2020;
 - b. Exhibition materials in relation to Am C243hume;
 - c. Sunbury South Precinct Structure Plan (Sunbury South PSP), VPA, November 2019;
 - d. Lancefield Precinct Structure Plan (Lancefield PSP), VPA, November 2019;
 - e. Submissions to the Amendment;
 - f. Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans and Ministerial Reporting Requirements for Infrastructure Contributions Plans;
 - g. Infrastructure Contributions Plan Guidelines, DELWP, November 2019;
 - h. Sunbury South and Lancefield Road ICP Infrastructure Design and Costings Report; GHD, November 2019;
 - i. Planning and Environment Act, 1987;
 - j. Australian Bureau of Statistics data;
 - k. Standard Development Contributions Advisory Committee Reports 1 and 2, 2012 and 2013.
10. A copy of the relevant information that is required to accord with the Planning Panels Victoria – Expert Evidence is attached at Appendix A to this report.

3. DESCRIPTION OF THE AMENDMENT

3.1. OVERVIEW

11. Amendment C243hume seeks to implement the Sunbury South and Lancefield Infrastructure Contributions Plan and proposes the following changes to the Hume Planning Scheme:

Amends Schedule 1 (IC01) 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.

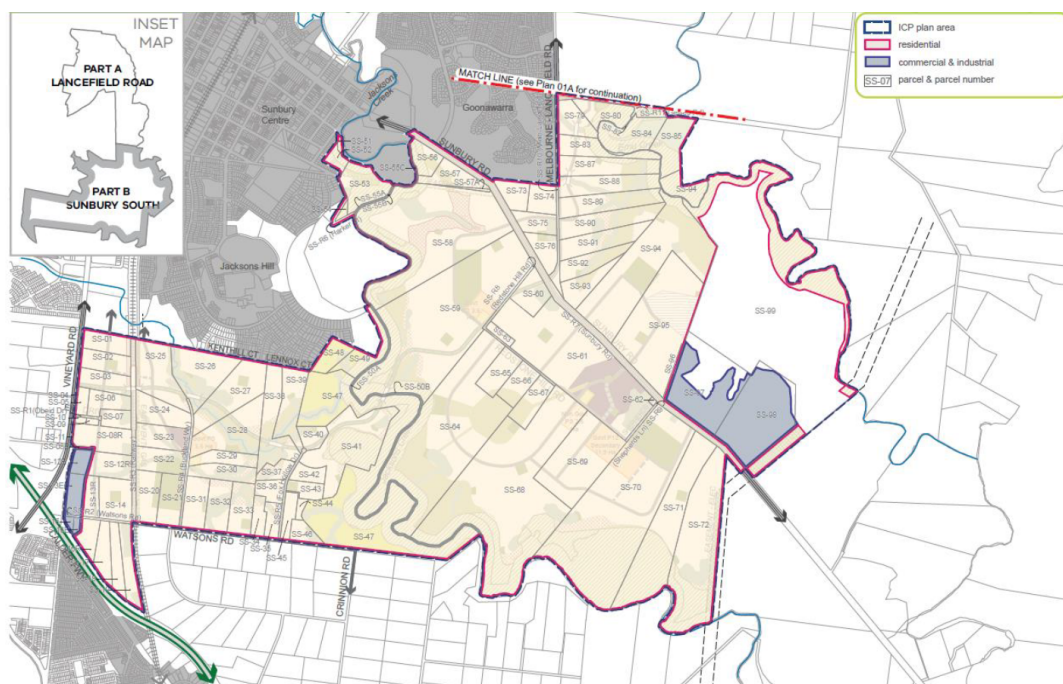
Applies the new Public Acquisition Overlay (PAO2) in favour of Hume City Council consistent with the extension and widening of Buckland Way between Jacksons Hill precinct to the north and Watsons Road to the south, as shown in the Sunbury South PSP.

Deletes the existing PAO2 in favour of Hume City Council, which is an obsolete alignment of the extension and widening of Buckland Way.

SUNBURY SOUTH AND LANCEFIELD INFRASTRUCTURE CONTRIBUTIONS PLAN

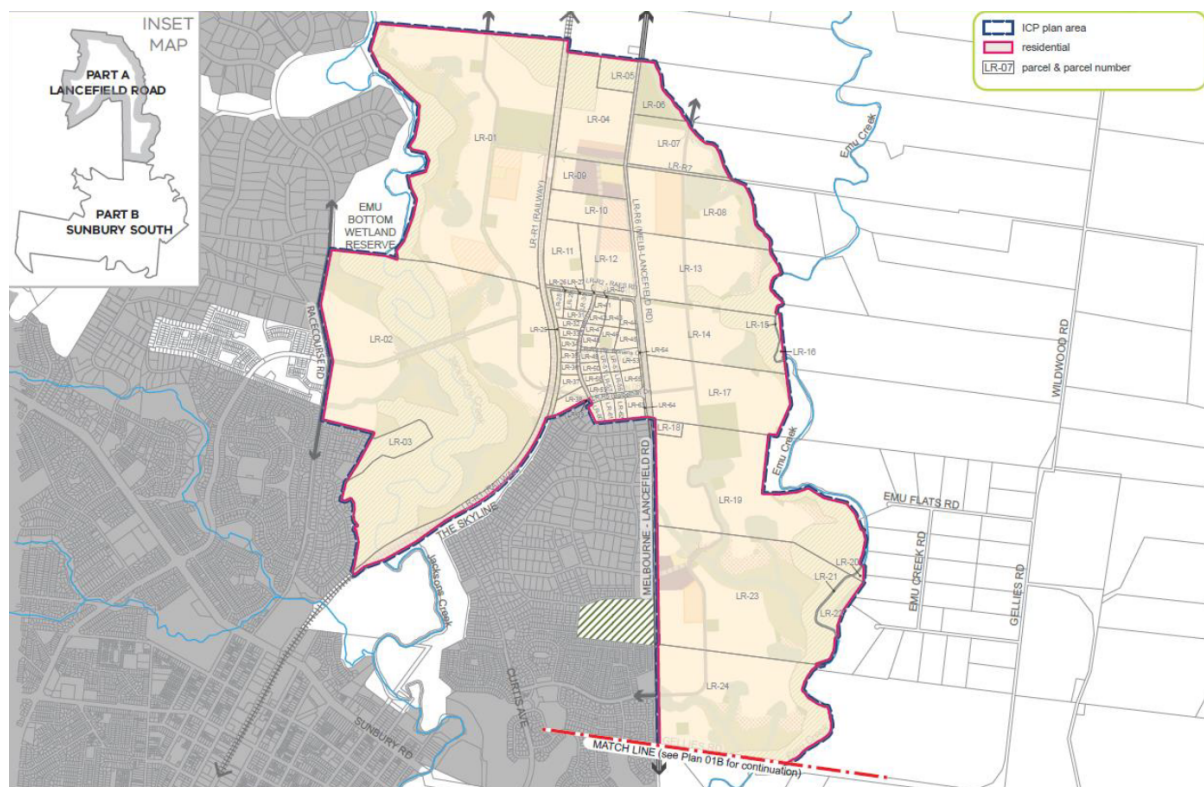
12. The Sunbury South and Lancefield Infrastructure Contributions Plan area is located approximately 40km north west of Melbourne and covers an area approximately 2,894 hectares in size. The Plan includes land within the Sunbury South Precinct Structure Plan (PSP) area and Lancefield Precinct Structure Plan area.
13. Figures F1 and F2 below identify the land covered by the Sunbury South PSP and Lancefield PSP.

F1. SUNBURY SOUTH PSP AREA



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

F2. LANCEFIELD PSP AREA



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

3.2. SUBJECT LAND

14. Hi-Quality Group is the proprietor of land at 570, 580, 600 and 650 Sunbury Road and comprises of properties 95 to 99 on Plan 4 of the Sunbury South PSP. The subject land is shown in Figure F3 below.

F3. SUNBURY SOUTH PSP LAND USE BUDGET



Source: Sunbury South PSP, VPA, November 2019. Annotated by Urban Enterprise.

4. ICP FRAMEWORK

15. In this section, I provide an overview of the framework for Infrastructure Contributions Plans (ICP) in Victoria. The ICP regime is relatively new having been introduced in 2016 for metropolitan greenfield growth areas, replacing the DCP (Development Contributions Plans) regime in those areas.
16. The main documents forming the 'ICP Framework' are:
 - a. The Planning and Environment Act (the Act);
 - b. The Ministerial Direction on the Preparation and Content of Infrastructure Contributions Plans, 1 July 2018 (**the Ministerial Direction**); and
 - c. The ICP Guidelines (the Guidelines), DELWP, November 2019.

4.1. PLANNING AND ENVIRONMENT ACT

17. Part 3AB of the Act provides for the introduction of Infrastructure Contributions Plans (ICP) and specifies the required content of an ICP.
18. The Act provides that an ICP can specify a Standard Levy rate to fund nominated infrastructure projects and can also specify a Supplementary Levy rate for certain projects.
19. In July 2018, the Planning and Environment Amendment (Public Land Contributions) Act 2018 came into effect. This resulted in changes to the legislation for ICPs, primarily by separating land contributions from monetary contributions and setting out a process by which land contributions must be provided, valued, acquired and equalised across landowners.
20. The legislative changes triggered the need to revise and update any Infrastructure Contributions Plans which had been prepared and gazetted on the basis of the previous provisions of the Act. The legislation changes also resulted in updates to the Ministerial Direction (July 2018) and ICP Guidelines (November 2019).

4.2. NEED, NEXUS AND EQUITY

21. The ICP Guidelines identify that infrastructure and public purpose land to be funded or provided through an ICP:

...Must be related to the proposed development of land in the ICP plan area. That is, planning authorities must demonstrate that the development will likely use the infrastructure to be provided.

The need for infrastructure should be considered in the context of the wider planning framework. That context may include existing and proposed development that may also use that infrastructure, as well as existing infrastructure that may have spare capacity. (p. 9)

22. The Guidelines also outline that an ICP must be equitable, stating:

Development which contributes to the need for new infrastructure should pay a fair and reasonable contribution towards its provision.

Developers, local government, state agencies and other stakeholders all share the responsibility for funding infrastructure and the contribution made by development should be proportionate to the need it

is projected to generate. Accordingly, infrastructure contributions will not necessarily fund the full cost of infrastructure to be provided through an ICP. (p. 9)

23. Infrastructure items allowable to be funded through an ICP must also be 'basic and essential' and provide for growing communities, with the ICP Guidelines identifying that:

Infrastructure contributions should fund infrastructure that is basic and essential to the health, well-being and safety of the community, and secure public purpose land required for construction of that infrastructure.

Infrastructure should be planned and designed to be fit for purpose ('basic') to ensure it does not result in unnecessary additional costs ('gold plating') that could impact the provision of other essential infrastructure. (p. 9).

4.3. LEVIES AND ALLOWABLE ITEMS

24. The ICP Guidelines describe the application of Standard and Supplementary Levies and the concept of allowable items. Standard Levies are set amounts that can be used to fund allowable items, while a Supplementary Levy can only be applied in particular circumstances and can only be introduced where specific criteria are satisfied.
25. The Ministerial Direction specifies the development settings where an ICP can apply and specifies the Standard Levy amount and how it must be indexed. At present, the only development setting specified is the Metropolitan Greenfield Growth Area setting.
26. The ICP Framework provides for a combination of a monetary levy and a public land contribution. The Standard Monetary Levy comprises two separate levy types:
- a. A Community and Recreation Levy, to be used to fund infrastructure such as community centres, sports fields and pavilions; and
 - b. A Transport Levy, to be used to fund infrastructure such as roads and intersections.
27. The Ministerial Direction includes a list of allowable items for a Standard Levy and a separate list for a Supplementary Levy. I have reproduced the list of allowable items later in this statement.

SUPPLEMENTARY LEVIES

28. Clause 16 of the Ministerial Direction notes that a Supplementary Levy may only fund Supplementary Levy Allowable Items.
29. Clause 17 requires that "before deciding whether to impose a Supplementary Levy, the planning authority must consider:
- a. Whether the plan preparation costs, works, services or facilities can be wholly or partially funded from a standard levy;
 - b. Whether the works, services or facilities are essential to the proper and 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.”
- 30. Clause 18 identifies that “if an infrastructure contributions plan imposes a supplementary levy the plan must specify:
 - a. The estimated cost of each of those works, services or facilities that are to be funded from the standard levy;
 - b. The estimated cost of each of those works, services or facilities that are to be funded from the supplementary levy as required by section 46GI(1)(r)(ii) of the Act;
 - c. The proportion of the total of the costs referred to in paragraph (b) to be funded from the supplementary levy as required by section 46GI(1)(r)(iv) of the Act.”
- 31. Section 46GI of the Act specifies the following requirements of the content of an ICP in respect of Supplementary Levies:

“An Infrastructure Contributions Plan must: ...

(r) specify the following in relation to any supplementary levy imposed under the plan—

- (i) the works, services or facilities to be funded from the supplementary levy;*
- (ii) the amount of the plan preparation costs and the estimated cost of each of the works, services or facilities to be funded from the supplementary levy;*
- (iii) the method and timing of annual indexation to be applied to the estimated cost of each of the works, services or facilities to be funded from the supplementary levy;*
- (iv) the proportion of the total of the costs referred to in subparagraph (ii) to be funded from the supplementary levy”*

4.4. SUNBURY SOUTH AND LANCEFIELD ROAD ICP

KEY FEATURES

- 32. The Sunbury South and Lancefield Road Infrastructure Contributions Plan (April 2020) (the ICP) has a total precinct area of 2,893.99 ha.
- 33. From this precinct area, there is 1,346.79 ha of Net Development Area (NDA), which comprises of 1,293.30 ha of Residential NDA and 53.48 ha of Commercial and Industrial NDA.
- 34. There is a total of 140.89 ha of Public Purpose Land (Public Land), resulting in a Total Contribution Area of 1,484.36 ha. Table T1 shows the contribution of Public Land by land use and the contribution percentages.
- 35. Table T1 shows the average ICP land contributions percentage by land use. Residential land must contribute an average of 9.75% of the Contribution Area, while Commercial and Industrial uses must contribute an average of 2.64%.

T1. ICP LAND CONTRIBUTION PERCENTAGE

Land Use	ICP land contribution percentage
Residential	9.75%
Commercial and Industrial	2.64%

Source: Sunbury South and Lancefield Road ICP, April 2020

36. The ICP funds a total of \$513,812,785 worth of infrastructure apportioned to the ICP area. This results in levy rates which I have summarised in Table T2. All costs in the ICP are shown in 2019/20 Financial Year dollars.

T2. LEVY SUMMARY (RESIDENTIAL)

Levy Category	Standard Levy	Supplementary Levy (3)	Total Levy (1+2+3)
Transport (1)	\$124,344	\$151,284.07	\$365,146.07
Community and Recreation (2)	\$89,518		

Source: Sunbury South and Lancefield Road ICP, April 2020

4.5. SUPPLEMENTARY LEVY

37. The Supplementary Levy proposed in the ICP of \$151,284.07 per hectare of NDA represents 41.4% of the total residential levy payable.
38. This levy rate attributable to the Supplementary Levy is driven by 16 infrastructure items, which have a cost apportioned to the ICP of than \$203,747,134.
39. Three of these Supplementary Levy items contribute \$132,779,687 to the infrastructure cost apportioned to Sunbury South and Lancefield. These items are:
- LR-BR-01 Construction of 2 lane bridge – \$76,862,129;
 - SS-BR-01 Construction of 2 lane bridge – \$30,884,523; and
 - LR-RD-02-2A Construction of approach road for 2 lane bridge - \$25,033,035.

4.6. COMPARISON WITH OTHER INFRASTRUCTURE CONTRIBUTIONS PLANS

40. I have prepared Table T3 that compares the monetary levy components (in 2019/20 dollars) for all approved and exhibited ICPs. There are seven ICPs in total and this reflects the relatively limited period of time that the ICP regime has been in operation. I have included Beveridge North West in the Table because the VPA in the Planning Panel hearing for the Beveridge North West PSP has indicated that this will be a standard levy ICP.
41. Table T3 shows that five of the seven ICPs have a Supplementary Levy ranging from \$10,849 per net developable hectare (NDHa) to \$151,284 per NDHa. The Sunbury South and Lancefield Road ICP has the highest of all Supplementary Levies, at \$151,284 per NDHa which is significantly higher than most of the other ICPs.
42. The total monetary levy for Sunbury South is the highest of all ICPs at \$365,146 as shown in Table T3.
43. Table T3 also shows that the total apportioned infrastructure cost for Sunbury South is the highest of all ICPs at \$513,812, 785.

T3. ICP MONETARY LEVY COMPARISON

ICP	1A	1B	1C	1D	1E	1F
	Standard Monetary Levy (2019-20)	Supplementary Levy (2019-20)	Total Monetary Levy (2019-20)	Total Standard Item Cost (2019-20)	Total Supplementary Item Cost (2019-20)	Total Apportioned Infrastructure Cost (2019-20)
Sunbury South and Lancefield Road	\$213,862	\$151,284	\$365,146	\$310,065,652	\$203,747,133	\$513,812,785
Minta Farm (Exhibited Final)	\$213,862	\$105,267	\$319,129	\$46,843,533	\$22,120,754	\$68,964,287
Cardinia Creek South	\$213,862	\$0	\$213,862	N/A	N/A	N/A
Donnybrook Woodstock	\$213,862	\$37,912	\$251,774	\$273,820,509	\$39,151,777	\$312,972,286
Mt Atkinson Tarneit Plains	\$213,862	\$10,849	\$224,711	\$170,572,931	\$9,835,571	\$180,408,502
Plumpton Kororoit	\$213,862	\$35,754	\$249,616	\$194,661,104	\$153,241,006	\$347,902,110
Beveridge North West PSP	\$213,862	\$0	\$213,862	N/A	N/A	N/A
<i>Average of Comparison ICPs (% difference to Sunbury South)</i>	<i>\$213,862 (0%)</i>	<i>\$48,724 (210%)</i>	<i>\$262,586 (39%)</i>			

Source: Urban Enterprise, VPA

4.7. ASSESSMENT OF ALLOWABLE ITEMS

PSP GUIDELINES – SUNBURY RING ROAD

44. The Precinct Structure Planning Guidelines (**PSP Guidelines**) is a document prepared by the then Growth Areas Authority (revised in 2013) which sets out what needs to be addressed in preparing a PSP. Section 5 of this document, *Our Roads: Connecting People*, provides guidance for design principles, outcomes and cross section of road types to be included in PSP. The PSP Guidelines are currently under review by the VPA.
45. The Sunbury Ring Road (SS-RD-02) in the PSP and ICP is described as a “2-lane boulevard connector within a 34m road reserve”. (ICP, p.18). This is consistent with the road cross-section shown in the Sunbury South PSP at Appendix B.
46. The PSP Guidelines state that “the primary purpose of a connector street is to connect neighbourhoods and to link local streets to the arterial road network”. (p.12) I have replicated the summary of road types from the PSP Guidelines in Table T4 below.

T4. SUMMARY OF ROAD TYPES

Road Type	Lanes	Reserve Width	Traffic Volume	Plan reference
Primary Arterial (6 lane)	6 lanes	41 metres	More than 30,000	Figure 10 (p.15)
Secondary Arterial (4 lane)	4 lanes	34 metres	12,000 – 40,000	Figure 9 (p.14)
Connector Street - Shared Landscaped Trail	2 lanes	31 metres	3,000 – 7,000	Figure 5 (p.11)
Connector Street	2 lanes	25 metres	3,000 – 7,000	Figure 4 (p.11)
Access Street – level 2	2 lanes	20 metres	2,000 – 3,000	Figure 3 (p.10)
Access Street – level 1	2 lanes	16 metres	Up to 2,000	Figure 2 (p.10)

Source: PSP Guidelines,

47. In Table T5, I compare the PSP Guidelines for road types with the Sunbury Ring Road. This comparison shows that the Sunbury Ring Road falls between the “Connector Street – Shared Landscaped Trail” and “Secondary Arterial” in the PSP Guidelines in terms of traffic volume and reservation width but falls within the “Connector Street – Shared

Landscaped Trail” in terms of the number of traffic lanes. The designation given to the Sunbury Ring Road in the PSP and ICP is “Connector Boulevard”.

T5. COMPARISON WITH SUNBURY RING ROAD CLASSIFICATION

Road Type	PSP Guidelines			Sunbury Ring Road		
	Lanes	Reserve Width	Traffic Volume	Lanes	Reserve Width	Traffic Volume (GTA, 2020)
Primary Arterial (6 lane)	6 lanes	41 metres	More than 30,000	2 lanes	34 metres	11,300 to 14,700
Secondary Arterial (4 lane)	4 lanes	34 metres	12,000 – 40,000			
Connector Street - Shared Landscaped Trail	2 lanes	31 metres	3,000 – 7,000			
Connector Street	2 lanes	25 metres	3,000 – 7,000			
Access Street – level 2	2 lanes	20 metres	2,000 – 3,000			
Access Street – level 1	2 lanes	16 metres	Up to 2,000			

Source: PSP Guidelines; Sunbury South PSP

MINISTERIAL DIRECTION

48. The preparation of an ICP must comply with the Ministerial Direction for Infrastructure Contributions Plans (**the Ministerial Direction**). Specifically, the Planning and Environment Act 1987 (**the Act**) Sect 46GI states:

“An infrastructure contributions plan must – (w) include any other matter required to be included in the plan by a Minister’s direction.”

Section 46GK states:

“A planning authority must comply with a Minister’s direction that applies to the authority.”

49. The ICP Guidelines state that for a Standard Levy, “the monetary component may consist of:
- a standard levy only
 - a supplementary levy only
 - a standard levy and a supplementary levy.” (p.17)
50. Further, “a standard levy may also be used to fund supplementary levy allowable items if:
- there are surplus standard levy funds
 - the Ministerial Direction allows the infrastructure to be funded from a standard levy.” (p.17)
51. My interpretation of this statement is that if the cost of standard levy infrastructure items is less than the standard levy rate, then the cost of supplementary items may be covered by the standard levy (up to the cap). Using the analogy of “buckets” of funds, if the standard levy bucket has not been emptied by standard levy items, the left-over funds can be used on the supplementary items.

STANDARD LEVY ALLOWABLE ITEMS

- 52. The Ministerial Direction is a document that provides requirements for all ICPs, including development setting, exemptions, levy rates, allowable items, public purpose land, methods for calculating the value of public purpose land, land credit and equalisation payments and indexation.
- 53. The Ministerial Direction states that "A planning authority must comply with this Direction if it prepares an infrastructure contributions plan." (p.2)
- 54. As such, the specific requirements and criteria identified to determine an allowable item must be met for inclusion in an ICP.
- 55. At Table T6 I provide an extract of the transport construction standard levy allowable items listed in the Ministerial Direction for ICPs.

T6. TRANSPORT CONSTRUCTION STANDARD LEVY ALLOWABLE ITEMS

Standard levy allowable item	Standard of provision	
Arterial roads This includes: <ul style="list-style-type: none"> • upgrades to existing local roads to arterial road standards; and • new arterial roads. 	Arterial road spacing	Based on a typical 1.6 km arterial road grid network with alternating: <ul style="list-style-type: none"> • primary (six lane) arterial roads comprising a 41 metre wide reservation; and • secondary (four lane) arterial roads comprising a 34 metre wide reservation.
	Arterial road design	Designed to generally accommodate the forecast ultimate traffic volumes generated by the new development.
	Arterial road lanes	Construction of one through lane in each direction.
	Walking and cycling infrastructure	On both sides of the arterial road as specified in the Precinct Structure Plan or equivalent structure plan.
	Signalised pedestrian crossings	As specified in the Precinct Structure Plan or equivalent structure plan.
Intersections (traffic signals or roundabouts) with council or declared State arterial roads This includes: <ul style="list-style-type: none"> • arterial and arterial road intersections; and • arterial and connector road intersections. 	Intersection spacing	Based on a typical 800 metre spacing within the standard 1.6 km arterial road grid network.
	Through lanes at intersection approach	One through lane plus one short through lane in each direction.
	Left turn lane/slip lane	One left turn lane/slip lane where required in ultimate design.
	Right turn lane	As specified in the Precinct Structure Plan or equivalent structure plan.
	Traffic signals	Signals to be located at the ultimate intersection position.
	Walking and cycling infrastructure	As specified in the Precinct Structure Plan or equivalent structure plan.
Minor culverts		Based on an internal cross-sectional area which is less than that of a major culvert described in Table 4. As specified in the Precinct Structure Plan or equivalent structure plan.

Source: Ministerial Direction

SUNBURY SOUTH AND LANCEFIELD ROAD STANDARD TRANSPORT ITEMS

56. At Table T7 I show a full list of the Standard Levy transport items listed in the ICP. As shown in Table T6, only arterial roads may be funded through the standard levy. For

intersections, only “arterial and arterial road intersections” and “arterial and connector road intersections” may be funded through the standard levy.

57. In Table T7 below, I assess each standard levy transport item against the Ministerial Direction.

T7. STANDARD LEVY TRANSPORT INFRASTRUCTURE ITEMS

	Project Title	ICP Description	Explanation	Allowable Supp item?
Road Projects				
SS-RD-04-1	Sunbury Ring Road - Southern Link: Sunbury Road to Jacksons Creek	Land and construction of 2-lane boulevard connector within 34m road reserve	<ul style="list-style-type: none"> Not allowable Boulevard Connector is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-04-2	Sunbury Ring Road - Southern Link: Jacksons Creek to Fox Hollow Drive	Land and construction of 2-lane boulevard connector within 34m road reserve	<ul style="list-style-type: none"> Not allowable Boulevard Connector is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-04-3	Sunbury Ring Road - Southern Link: Harpers Creek East to Harpers Creek West	Land and construction of 2-lane boulevard connector within 34m road reserve	<ul style="list-style-type: none"> Not allowable Boulevard Connector is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-04-4	Sunbury Ring Road - Southern Link: Harpers Creek West to Jacksons Creek Link Road (ultimate)	Land and construction of 2-lane boulevard connector within 34m road reserve	<ul style="list-style-type: none"> Not allowable Boulevard Connector is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-04-5	Sunbury Ring Road - Southern Link: Rail Line to Vineyard Road	Land and construction of 2-lane boulevard connector within 34m road reserve	<ul style="list-style-type: none"> Not allowable Boulevard Connector is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-05	Buckland Way: Sunbury Ring Road to Watsons Road	Construction of a 2-lane connector and land to widen the existing reserve to 25m in part and to connect to the Sunbury Ring Road	<ul style="list-style-type: none"> Not allowable Connector road is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-04	Balbethan Drive Upgrade: Lancefield Road to Railway Line	Land and construction of 2-lane connector within existing road reserve, with new road reserve at western end	<ul style="list-style-type: none"> Not allowable Connector road is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-03	Stockwell Drive Upgrade: Balbethan Drive to Raes Rd	Construction of 2-lane connector within existing road reserve	<ul style="list-style-type: none"> Not allowable Connector road is not a standard levy allowable item. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
Intersection Projects				

LR-IN-01	Intersection: Sunningdale Avenue and Lancefield Road	Construction of interim 4 way signalised intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
LR-IN-02	Intersection: Rolling Meadows Drive and Lancefield Road	Construction of interim 4 way signalised intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
LR-IN-03	Intersection: Balbethan Drive and Lancefield Road	Construction of interim 4 way signalised intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
LR-IN-04	Intersection: Sunbury Ring Road and Lancefield Road	Construction of interim 4 way signalised intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
LR-IN-06	Intersection: Stockwell Drive and Balbethan Drive	Construction of ultimate 3 leg roundabout (item not in PSP)	<ul style="list-style-type: none"> • Neither of these roads are arterial. • Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-01	Intersection: Sunbury Road and Southern Connector	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
SS-IN-02	Intersection: Sunbury Road and Main Street (Redstone Hill MTC)	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
SS-IN-03	Intersection: Sunbury Road and Lancefield Road/ Sunbury Ring Road	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
SS-IN-04	Intersection: Sunbury Road and Northern Connector	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
SS-IN-05	Intersection: Vineyard Road and Sunbury Ring Road	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Neither of these roads are arterial. • Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-07	Intersection: Vineyard Road and Moore Road/Old Vineyard Road	Construction of interim configuration	<ul style="list-style-type: none"> • Neither of these roads are arterial. • Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-08	Intersection: Gellies Road and Lancefield Road	Construction of interim configuration 4 way intersection	<ul style="list-style-type: none"> • Arterial to connector intersection. • Allowable 	N/A
SS-IN-09	Intersection: Southern Link, Buckland Way and Jacksons Hill Link	Construction of interim configuration	<ul style="list-style-type: none"> • Neither of these roads are arterial. • Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-10	Intersection: Southern Link and Fox Hollow Drive	Construction of ultimate configuration 3 way intersection	<ul style="list-style-type: none"> • Neither of these roads are arterial. • Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)

SS-IN-11	Intersection: Crinion Road and Bulla Diggers Rest	Construction of ultimate configuration	<ul style="list-style-type: none"> Neither of these roads are arterial. Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-12	Intersection: Lancefield Road and Central Connector	Construction of interim configuration	<ul style="list-style-type: none"> Arterial to connector intersection. Allowable 	N/A
SS-IN-13	Intersection: Fox Hollow Drive and Watsons Road	Construction of ultimate 3 leg roundabout	<ul style="list-style-type: none"> Neither of these roads are arterial. Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-14	Intersection: Buckland Way and Watsons Road	Construction of ultimate 3 leg roundabout (item not in PSP)	<ul style="list-style-type: none"> Neither of these roads are arterial. Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-IN-15	Intersection: Crinnion Rd and Watsons Rd	Construction of a curved road corner treatment with a traffic island and reverse priority within existing road reserve (item not in PSP)	<ul style="list-style-type: none"> Neither of these roads are arterial. Only arterial, or arterial to connector intersections are allowable items. 	No – unless criteria are met for “Other Supp Items” (see Table T9)

Source: Sunbury South and Lancefield Road ICP, April 2020

58. As outlined in Table T7, I am of the opinion that 10 of the 27 items listed under the standard levy of the ICP are standard levy allowable items. The remaining items are not allowable items under a standard levy. They may be considered as supplementary levy items if the relevant criteria in the Ministerial Direction for “Other Supplementary Items” are met (see Table T9).
59. I have also noted 3 items listed in the ICP, being LR-IN-06, SS-IN-14 and SS-IN-15, which are not included in either of the PSPs which I have highlighted in yellow in the Table. It is not clear why these items have been included in the ICP, when they are not included in the PSP.

SUPPLEMENTARY ALLOWABLE ITEMS FOR TRANSPORT

Ministerial Direction

60. As with standard levy items, the Ministerial Direction outlines specific criteria that must be met for an item to be included as a supplementary levy allowable item in an ICP.
61. At Table T8 I have included an extract from the Ministerial Direction outlining the supplementary levy allowable items.
62. At Table T9 I have included an extract from the Ministerial Direction that shows “other” supplementary levy allowable items and the associated criteria that must be met for these items to qualify as supplementary levy items.

T8. TRANSPORT CONSTRUCTION - SUPPLEMENTARY LEVY ALLOWABLE ITEMS

Supplementary levy allowable item	Criteria for applying a supplementary levy
<p>Arterial roads</p> <p>This includes:</p> <ul style="list-style-type: none"> upgrades to existing local roads to arterial road standards; and new arterial roads. 	<p>At least one of the following apply:</p> <ul style="list-style-type: none"> The Precinct Structure Plan or equivalent strategic plan requires: <ul style="list-style-type: none"> arterial road spacing above the standard set out in Table 3; or the interim construction of two through lanes in each direction. Construction costs of the council arterial road cannot be wholly or partially funded from the standard levy because: <ul style="list-style-type: none"> of the topographical, geographical, environmental or other physical conditions of the land; or the road is designed to primarily service industrial development; or the area of the precinct in net developable hectares is limited.
<p>Intersections with council and declared State arterial roads</p> <p>This includes:</p> <ul style="list-style-type: none"> arterial and arterial road intersections; and arterial and connector road intersections. 	<p>At least one of the following apply:</p> <ul style="list-style-type: none"> The Precinct Structure Plan or equivalent strategic plan requires: <ul style="list-style-type: none"> additional number of intersections above the standard set out in Table 3; or intersection design requirements above the standard set out in Table 3. Construction costs of the intersections cannot be wholly or partially funded from the standard levy because: <ul style="list-style-type: none"> of the topographical, geographical, environmental or other physical conditions of the land; or the road is designed to primarily service industrial development; or the area of the precinct in net developable hectares is limited.
Road bridges (including rail overpasses)	<p>The constructions costs of the bridge cannot be wholly or partially funded from the standard levy.</p> <p>The bridge forms part of the council arterial road network.</p>
Pedestrian bridges and accessways	<p>The constructions costs of the pedestrian bridge or accessway cannot be wholly or partially funded from the standard levy.</p> <p>The pedestrian bridge or accessway is required to provide access across a railway, arterial road, waterway corridor, major easement or other major obstacle.</p>
Major culverts	<p>The constructions costs of the major culvert cannot be wholly or partially funded from the standard levy.</p> <p>The internal cross-sectional area of the culvert is at least 1.75 square metres.</p>

Source: Ministerial Direction

T9. OTHER SUPPLEMENTARY ITEMS

Supplementary levy allowable item	Criteria for applying a supplementary levy
Other local works, services or facilities	<ul style="list-style-type: none"> The item is essential to the development of the area; The item is not listed as a standard levy allowable item; and The Minister agrees to the item being funded from a supplementary levy.
Early delivery of works, services or facilities	<ul style="list-style-type: none"> The early delivery of the item is essential to the orderly development of the area; and The financing costs are: <ul style="list-style-type: none"> incurred by the development agency responsible for providing the item; and associated with the early delivery of the item which is listed as a standard levy allowable item or a supplementary levy allowable item; or associated with the early acquisition of public purpose land referred to in section 46GV(8) of the Act which is required for the early delivery of the item.
Intersections with council local roads	The intersection is on or adjoins land in fragmented ownership.
<ul style="list-style-type: none"> Local or collector roads; Local road or pedestrian bridges; or Local pedestrian accessways. 	<ul style="list-style-type: none"> The item, normally provided by a developer to develop the land for urban purposes, is on or adjoins land in fragmented ownership; The fragmented land ownership makes the delivery of the item by the developer difficult; The item is essential to the orderly development of the area; The relevant municipal council has agreed to be the development agency for the item; and The cost of the item can be fairly levied amongst the developers who will benefit from the delivery of the item.

Source: Ministerial Direction

SUNBURY SOUTH AND LANCEFIELD ROAD ICP - SUPPLEMENTARY TRANSPORT ITEMS

64. There are 16 supplementary items listed in the ICP, with a total apportioned cost of \$203,747,134. This includes 7 bridge items and 9 road items, as shown in Table T10.
65. According to the Ministerial Direction (Table T8), specific criteria must be met for a Bridge item to be included as a Supplementary item, specifically:
 - i. The construction costs of the bridge cannot be wholly or partially funded from the standard levy; and
 - ii. The bridge forms part of the council arterial road network.
66. Road bridge items are allowed to be included as Supplementary items, as long as they form part of the council arterial network. These bridges are part of a Boulevard Connector street and, as such, do not form part of the arterial road network. It is not clear on what basis these road bridges have been included as Supplementary items.
67. The ICP states that the Minister has provided an exemption to include the land required for SS-BR-04 and LR-BR-02 in the Supplementary item list on the basis that 'underpasses' were unintentionally excluded from the Ministerial Direction when it was revised (p 22). There is no explanation in the ICP as to why the road bridges and overpasses have been included.

68. Table T10 assesses each supplementary levy item against the allowable items in the Ministerial Direction. In my view, all the bridge items other than the rail underpasses are not allowable items.

T10. SUPPLEMENTARY ITEMS

	Project Title	ICP Description	Explanation
LR-BR-01	Sunbury Ring Road: Northern Link - Jacksons Creek Crossing	Construction of 2 lane bridge	<ul style="list-style-type: none"> Not Allowed. Does not form part of Council arterial road network
LR-BR-02	Sunbury Ring Road: Northern Link Grade Separation	Construction of 2 lane road underpass of rail line	<ul style="list-style-type: none"> Allowed. Minister exemption.
LR-BR-03	Balbethan Drive Grade Separation	Construction of 2 lane road overpass of rail line	<ul style="list-style-type: none"> Not Allowed. Does not form part of Council arterial road network
SS-BR-01	Sunbury Ring Road – Southern Link: Jacksons Creek Crossing	Construction of 2 lane bridge	<ul style="list-style-type: none"> Not Allowed. Does not form part of Council arterial road network
SS-BR-02	Sunbury Ring Road – Southern Link: Harpers Creek East Crossing	Construction of 2 lane bridge	<ul style="list-style-type: none"> Not Allowed. Does not form part of Council arterial road network
SS-BR-03	Sunbury Ring Road – Southern Link: Harpers Creek West Crossing	Construction of culvert	<ul style="list-style-type: none"> Allowed.
SS-BR-04	Sunbury Ring Road – Southern Link: Grade Separation	Construction of 2 lane road underpass of rail line	<ul style="list-style-type: none"> Minister exemption.
LR-RD-02-1B	Sunbury Ring Road: Northern Link - Jacksons Creek Crossing - Western Road Approach	Construction of approach road for 2 lane bridge	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-02-2A	Sunbury Ring Road: Northern Link - Jacksons Creek Crossing - Eastern Road approach	Construction of approach road for 2 lane bridge	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-02-3A	Sunbury Ring Road: Northern Link Grade Separation - Western Road Approach	Construction of approach road for 2 lane road underpass of rail line	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-02-3B	Sunbury Ring Road: Northern Link Grade Separation - Eastern Road Approach	Construction of approach road for 2 lane road underpass of rail line	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-06	Fox Hollow Drive: Sunbury Ring Road to Watsons Road	Construction of a 2-lane connector within 25m road reserve.	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-07	Watsons Road: Crinion Drive to Vineyard Road	Construction of 2-lane connector within existing road reserve	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-08	Crinion Drive: Watsons Road to Bulla-Diggers Rest Road	Upgrade of existing 2-lane road within existing road reserve	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
SS-RD-09	Jacksons Hill Link Road	Construction of ultimate 2-lane connector within 25m road reserve	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)
LR-RD-03	Balbethan Drive Upgrade: Lancefield Road to Rail Line	Construction of 2-lane connector within existing road reserve and within new road reserve at western end	<ul style="list-style-type: none"> No – unless criteria are met for “Other Supp Items” (see Table T9)

Source: Sunbury South and Lancefield Road ICP, April 2020

69. Given that the VPA has not made it clear in any available material as to what justification has been made to include items as meeting the Standard or Supplementary items criteria,

I have looked at potential reasons as to why these items may have been considered as allowable.

70. Table T9 shows “other supplementary levy allowable items” listed in the Ministerial Direction. It is possible that the VPA have considered the connector road items to be allowable for the following reasons:
- Fragmented ownership;
 - Essential to the orderly development of the area;
 - The municipal council has agreed to be the development agency; and
 - The cost of the item can be fairly levied amongst the developers who will benefit.
71. While it is possible that this justification has been used, there is no explanation in the PSP or ICP to that effect.
72. If the criteria are met, the ICP would have 10 standard levy allowable items (based on the assessment in Table T7), namely connector roads, connector intersections and underpasses, that would be allowable supplementary levy items.
73. However, the bridges (other than those rail underpasses exempted by the Minister) would not be an allowable item under either the standard levy or supplementary levy, because they are not part of the arterial road network and therefore cannot be included in the ICP.
74. I have not seen the Minister’s exemption for the two rail underpasses. If these exemptions are for arterial roads only (similar to other bridges), then these two items would similarly be not allowable.

ALLOWABLE ITEMS – CONCLUSIONS

75. Within the three sets of criteria referred to above, the Ministerial Direction refers to and provides criteria for inclusion in an ICP for:
- a. “Arterial roads”, “connector roads” and “local roads”;
 - b. “Arterial and arterial” and “arterial and connector” intersections;
 - c. “Road bridges” that form part of the arterial road network and “local road and pedestrian bridges”; and
 - d. “Major culverts” and “minor culverts”.
76. However, within all the defined allowable items and associated criteria, bridges on connector roads are not listed as an allowable item.
77. The PSP identifies cross sections for the various road items to be provided:
- Arterial roads are shown in Appendix B (p.74-76) of the Sunbury South PSP and Section 4.2 (p.64) of the Lancefield Road PSP;
 - Connector roads and boulevards are shown in Appendix B (p.77-81) of the Sunbury South PSP and Section 4.2 (p.65-68) of the Lancefield Road PSP; and
 - Local roads and boulevards are shown in Appendix B (p.82-88) of the Sunbury South PSP and Section 4.2 (p.69-75) of the Lancefield Road PSP.

**PLANNING PANEL REPORT - AMENDMENT C207 AND C208, SUNBURY SOUTH AND LANCEFIELD ROAD
PRECINCT STRUCTURE PLANS**

78. I have reviewed the Panel Report to investigate whether the Panel and the VPA considered, explained or justified the reason for including all connector roads in the ICP and whether the use of a supplementary levy was identified as a need in the preparation of the ICP.
79. As I have identified in the previous section, I am of the opinion that there are items included in the ICP that do not meet the criteria for allowable items as listed in the Ministerial Direction. It is important to review the background and decision making that may have occurred to result in these items being included in the ICP.
80. The Planning Panel Report provides an outline of the key issues that are to be resolved by the process. The Panel Report highlights the following key infrastructure issues relating to the preparation of the ICP in the Panel Report:
- “The process for its preparation;
 - Whether projects listed in the Precinct Infrastructure Plan (PIP) can be accommodated within an ICP based on standard costings or whether a supplementary levy is required for specified items;
 - Whether all connector road intersections along Sunbury Road should be included in the ICP, and
 - The basis for apportioning the costs of infrastructure associated with the Sunbury Ring Road (two Jacksons Creek crossings and two road under rail crossings) between the Sunbury South, Lancefield Road, Sunbury North and Sunbury West PSPs.” (p.23)
81. By identifying these key issues, the Panel sought to resolve any issues relating to the inclusion of items in an ICP (“allowable items”) and whether any supplementary levy is required for the preparation of an ICP.
82. The Panel Report includes the following points from the Part B of the Submission made by the VPA include:
- “Each PSP also includes Table 10 (Precinct Infrastructure Plan) which identifies which infrastructure projects are to be included in the ICP;
 - It (the VPA) is satisfied that the items identified in Table 10 (Precinct Infrastructure Plan) of each PSP for inclusion in the ICP are allowable items under the ICP Guidelines;
 - It has estimated project costs based on commissioned technical work;
 - It expects a standard levy ICP only to be incorporated for these PSPs.” (p.24)
83. The Panel Report makes a conclusion regarding allowable items which states that “unsignalised left-in/left-out intersections with Sunbury Road should not be included in the ICP” (p.26). However, there is no comment on the appropriateness of any other items to be included or excluded from the ICP.

4.8. STANDARD DEVELOPMENT CONTRIBUTIONS ADVISORY COMMITTEE

PURPOSE OF THE STANDARD LEVY REGIME (ICP)

84. The Standard Development Contributions Advisory Committee (the Committee) was established by the Minister for Planning to provide advice on the establishment of a standard levy system in Victoria. I have included commentary in respect of the Committee's reports because this work underpinned the introduction of the ICP regime.
85. A Terms of Reference document (dated 25 September 2012) was provided by the Minister for Planning to give a framework for the Committee to prepare its report. Amongst other things, the Terms of Reference stated "that in setting standard development levies, the Committee should seek to ensure that levies:
- Are simple to implement and administer.
 - Are based on the basic and essential local infrastructure required to support the development of land and support the foundation of new communities.
 - Do not unreasonably affect housing affordability for new home owners.
 - Retain a nexus to the development which triggers the levy." (p.7)
86. The Committee prepared a document in December 2012 called Report 1 – 'Setting the Framework' (Report 1). The intention of Report 1 was to prevent and avoid the significantly escalating costs and levies that had been occurring within the Development Contributions Plans (DCP) regime. The Committee identified that this was largely due to (p.54):
- Scope creep;
 - Better understanding and cost estimates;
 - Change in standards;
 - Change in community expectation;
 - Transport infrastructure; and
 - Relevance of historically agreed items.
87. The Committee stated that each of these considerations contributed to the escalation of cost in DCPs and a diversion from the original intention to deliver a clear standard of 'basic and essential infrastructure'.
88. The Committee considered that the application of a standard levy would provide the following benefits:
- A Benchmark rate at which other levy schemes (ie. Development Levy Scheme) could be compared;
 - May be preferred in the case where development is under time pressure;
 - Can be used as an 'interim levy', while the process proceeds through a Planning Scheme Amendment.
89. Further advantages of defining a standard levy are listed by the Committee as being (p.64):
- It is more clearly defined;
 - It removes any argument about the proportion of costs to be paid by the developer;

- It retains the flexibility for councils to decide priorities;
 - It provides certainty for developers;
 - It prevents uncontrolled 'scope creep'; and
 - It enables simpler indexing and review on a regular basis.
90. The Committee clearly defined the framework principles as follows:
- **Need** – “The planning unit across which a charge is levied must have a demonstrated need for the proposed infrastructure. The degree and level of detail to which this principle must be demonstrated will inevitably vary according to the development setting and the nature of the infrastructure needs which exist in that setting.” (p.37)
 - **Nexus** – “There must be a reasonable nexus between the infrastructure that is levied for, and the planning unit across which it is intended to impose the levy. It may not be necessary to demonstrate that an individual development causes the need for the infrastructure, but that it forms part of a wider planning unit that will need the social and physical infrastructure. How need and nexus are demonstrated in a development setting with a standard charge is addressed further in this report.” (p.37)
 - **Apportionment** – “Levies should be fair and represent a reasonable apportionment of the cost of delivering infrastructure, having regard to the quantum of development and its likely use as a percentage of the overall use of the facility. The concept of 'user pays' underpins this principle but in the context of overall metropolitan development over time and complex usage patterns, this is a difficult concept to operationalise fairly or precisely” (p.37)
91. The Committee prepared a number of operation objectives, the key and relevant objectives being:
- **Housing affordability** – “The new system should not result in levies that unreasonably affect housing affordability for new homeowners.” (p.38)
 - Development levies are not full cost recovery.
 - **Basic and essential infrastructure** – “Only infrastructure that is needed to establish new communities should be levied for through the new system. In determining the quantum of the standard levies or any modification from the standard, the Committee believes that it is necessary to clearly define the scope and specifications for basic and essential infrastructure as a benchmark. What is considered basic infrastructure will vary between development settings and will also need to be reviewed over time.” (p.39)

CIRCUMSTANCES FOR A SUPPLEMENTARY LEVY

92. A second report was prepared by the Committee as part of preparing the new framework, being Report 2 – 'Setting the levies' (Report 2), prepared in May 2013.
93. Report 2 seeks to set a maximum rate for the Standard Levy. However, it also identifies the possibility of utilising a Supplementary Levy “for genuine 'exceptional' circumstances” and “only where specific criteria can be met” (p.iii).
94. “Supplementary levies can be applied for the following items:
- Items of transport infrastructure contained in the supplementary Allowable Items; or

- Public land where certain pre-conditions are met (see Chapter 5.7); or
 - In circumstances where there is diverse land ownership, the Planning Authority may utilise a Supplementary Levy to implement items of fully developer funded infrastructure. In this situation the Supplementary Levy may be seen as a convenient mechanism to manage contributions to shared items of fully developer funded infrastructure.” (p.21)
95. “A Supplementary Levy is not available for Community and Recreation infrastructure items.” (p.21)
96. “In order to apply for a Supplementary Levy, the planning authority or Council must demonstrate that the supplementary item cannot be funded from within the Standard Levy” (p.25)
97. “The purpose of Supplementary Levies is not to allow for differences in soil conditions or climatic conditions” (p.36)
98. When assessing the introduction of one or more Supplementary items, the following should be considered:
- “Whether there are physical or other conditions that warrant introduction of one or more Supplementary Levies for particular items;
 - Whether the Standard Levy could achieve an acceptable level of infrastructure provision without introduction of a Supplementary Levy/s;
 - Whether other infrastructure could be provided at a lesser standard/cost to avoid introduction of a Supplementary Levy/s;
 - The standard and costing of the Supplementary Levy project/s to ensure that they have been reasonably defined and costed; and
 - The affordability implications of the inclusion of a Supplementary Levy.” (p.61)
99. The Committee makes it clear that “affordability should be considered when assessing whether there is sufficient justification to pursue introduction of a Supplementary Levy”. (p.60)

4.9. USE OF SUPPLEMENTARY LEVIES

100. As I have outlined from the ICPs that have been prepared/approved (Table T3), the majority of development areas have a Supplementary Levy imposed. With reference to the Committee’s reports, this would mean that most of the ICP areas to date have exceptional circumstances that require an additional levy beyond the standard levy.
101. In my view this indicates that a Supplementary Levy is not being applied as the ‘exception’, but rather as the ‘norm’. I consider that this is clearly at odds with the intent of the Committee.
102. Furthermore, I consider that the application of Supplementary Levies in many ICPs is seeing a substantial escalation in levy rates which the Committee’s work sought to prevent.

5. HOUSING AFFORDABILITY

5.1. AFFORDABLE HOUSING AS A CONSIDERATION

- 103. The two reports prepared by the Committee, which I have referred to earlier, identify housing affordability impacts as a consequence of applying high levy rates.
- 104. Further, the Terms of Reference provided by the Minister for Planning to the Committee highlighted that in setting levies, housing affordability for homeowners should not be unreasonably impacted.
- 105. Both the Sunbury South PSP and the Lancefield Road PSP identify in the introductory section, that each PSP "outlines the projects required to ensure that future residents, visitors and workers within the area can be provided with timely access to services and transport necessary to support a quality, affordable lifestyle". (p.5)
- 106. There are no other mentions or explicit considerations of housing affordability in either the PSP or the ICP.

5.2. THE EFFECT OF THE SUPPLEMENTARY LEVY ON AFFORDABILITY

- 107. I have analysed affordability in terms of purchasing a home and the extent to which the supplementary levy in the ICP may reduce the opportunity for households to purchase a house and land package in Sunbury South. I emphasise that this is assessing the impact of one factor only on housing affordability and that there would be many other factors that could negatively (or positively) impact affordability such as interest rates, regulatory requirements on lenders (APRA), construction costs, other taxes and charges that apply to the development area and an adequate supply of residential land and housing.

HOUSE AND LAND PRICES

- 108. The median house price in Sunbury as identified in the 2019 Victorian Valuer General's A Guide to Property Values report is \$535,000.
- 109. I have researched house and land packages that are currently being marketed in three estates located in Sunbury South. There are a range of prices available, depending on the house and land product and the estate. In my view, the pricing of these house and land packages will have incorporated the expected costs of the ICP, as exhibited.
- 110. In Table T11, I summarise the average price for each of the estates. The Table shows that the average price ranges from \$521,334 in the Everley Estate to \$652,201 in the Redstone Estate. This is not unusual in that the respective developers are attempting to differentiate their product offer rather than all compete for the same market.
- 111. I have also calculated the average price across the estates at \$568,360. This is the figure I have used for the purposes of my analysis.

T11. AVERAGE HOUSE AND LAND PACKAGE COST - SUNBURY SOUTH BY ESTATE

Estate	Median House and Land Price (2020)
Everley	\$521,335
Rosenthal	\$531,545
Redstone	\$652,201
Average	\$568,360

Source: Urban Enterprise, 2020.

112. I have also compared the Sunbury South prices with those being marketed in a selection of other new estates in the Northern Growth Corridor. The range of prices is shown in Table T12 and range from \$526,728 to \$627,398. The average price across these estates is \$574,804 which is slightly more than the average price in Sunbury South.

T12. AVERAGE HOUSE AND LAND PACKAGE COST – NORTHERN GROWTH CORRIDOR BY ESTATE

Estate	Average House and Land Package
Riverhills (Wollert)	\$627,398
Kinbrook (Donnybrook)	\$526,728
Merrifield (Mickleham)	\$595,298
Wollert Rise (Wollert)	\$583,661
Kallo (Kalkallo)	\$568,632
Mandalay (Beveridge)	\$547,103
Average	\$574,804

113. I consider that the estates analysed in Sunbury South and other parts of the Northern Growth Corridor are selling at price points that are primarily targeting first home buyers.

AFFORDABILITY FOR FIRST HOME BUYERS

114. My assessment of affordability for first home buyers utilises the lending criteria currently used by banks and other home loan lenders to assess first home buyers' capacity to service a loan. These criteria include a minimum deposit of 5% and a monthly loan repayment of no more than 30% of gross household income.

115. To service a home loan for the average house and land package in Sunbury South would require an average weekly household income of \$1,851 as identified in Table T12 below.

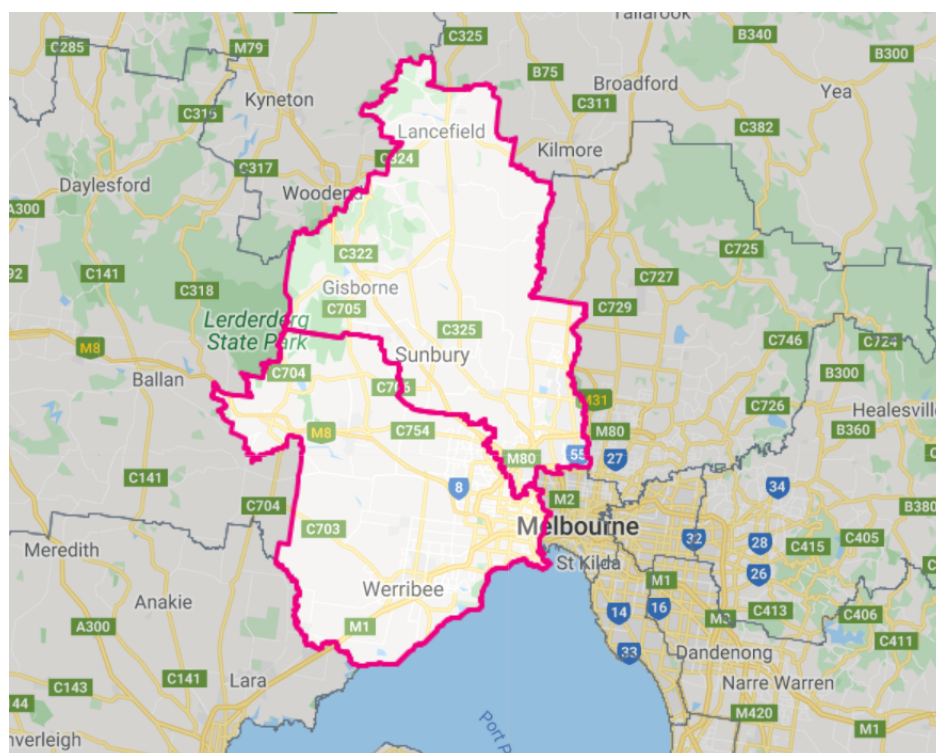
T13. LOAN REQUIREMENTS, FIRST HOME BUYERS - SUNBURY SOUTH

Median House and Land Price 2020	Loan Amount (95%)	Monthly Loan Payment Required	Weekly Household Income Required @ 30% Spend
\$568,360	\$539,942	\$2,407	\$1,851

Source: Urban Enterprise, 2020.

116. In my view, the likely primary catchment area for Sunbury South house purchasers is the North West and West Melbourne Statistical Local Area 4. I identify these areas in Figure F4 below.

F4. SUNBURY SOUTH CATCHMENT AREA



Source: REMPLAN Mapbuilder, 2020.

- 117.** For the purposes of my analysis, potential purchasers are households that fall within the income range required and that are currently renting. This will not capture all households/individuals seeking to purchase a house. For example, potential households currently living with parents are excluded. Of these households, I estimate that 28,187 (32.5%) are currently able to afford the average house and land package in Sunbury South as identified in Table T13.

T14. RENTING HOUSEHOLDS ABLE TO AFFORD HOUSING IN SUNBURY SOUTH

Average House and Land Price 2020	Loan Amount (95%)	Monthly Loan Payment Required	Weekly Household Income Required @ 30% Spend	Estimation of % of Households for which housing is affordable	Estimation number of households for which housing is affordable
\$568,360	\$539,942	\$2,407	\$1,851	32.5%	28,187

Source: Urban Enterprise, 2020.

- 118.** If the supplementary levy was eliminated, this would reduce the levy on a per dwelling basis, from \$24,299 to \$14,231.
- 119.** If the reduced cost was then fully passed on to the purchaser, then 28,675 households in the primary catchment would be able to afford a house in Sunbury South – an increase of 488 households.

6. CONCLUSIONS

120. My conclusions in respect of the proposed Amendment C243hume are as follows:

- a. The total monetary levy for Sunbury South is the highest of all ICPs at \$365,146 and substantially higher than most other ICPs.
- b. The bridges (other than those rail underpasses exempted by the Minister) are not an allowable item under either the standard levy or supplementary levy, because they are not part of the arterial road network and therefore cannot be included in the ICP.
- c. The majority of ICPs have a Supplementary Levy imposed. This indicates that a Supplementary Levy is not being applied as the 'exception', but rather as the 'norm'. This is clearly at odds with the intent of the Standard Development Contributions Advisory Committee. Furthermore, the application of Supplementary Levies in many ICPs is seeing a substantial escalation in levy rates which the Committee's work sought to prevent.
- d. The quantum of the Supplementary Levy in Sunbury South and Lancefield will have a negative impact on the ability of first home buyers to purchase a house in Sunbury South. Within the primary catchment an additional 488 households who are currently renting, would be able to afford a house in Sunbury South if the Supplementary Levy was eliminated.

DECLARATION

I have made all the enquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have to my knowledge been withheld from the Panel.



Matt J Ainsaar
Managing Director, Urban Enterprise Pty Ltd
BTRP, Grad Dip Prop, MAPI, FAPI, CDP

APPENDIX A REQUIREMENTS OF PLANNING PANELS VICTORIA – EXPERT EVIDENCE

NAME:

Matt Jacques Ainsaar, Managing Director, Urban Enterprise

ADDRESS:

Level 1, 302-304 Barkly Street, Brunswick, Victoria, 3056.

QUALIFICATIONS:

- Bachelor of Town and Regional Planning, University of Melbourne
- Graduate Diploma of Property, RMIT University
- Professional Affiliations: Member, Planning Institute of Australia
- Member, Victorian Planning and Environmental Law Association
- Fellow, Australian Property Institute

EXPERIENCE

I have more than 40 years' experience as a planner and land economist and have extensive expertise in the Development Contributions area and in urban economics.

Urban Enterprise has a track record of successfully preparing Development Contributions Plans and for Councils as well as negotiating development/infrastructure contributions and open space arrangements with Councils on behalf of developers.

I have provided advice to numerous developers, landowners, Councils as well as State government in respect of these matters, including advice to the Standard Development Contributions Advisory Committee, DELWP, VPA and VAGO.

I have appeared as an expert witness in numerous planning panel hearings and VCAT hearings in respect of development contributions and open space contributions.

AREAS OF EXPERTISE

Areas of expertise include strategic urban planning, Development Contributions planning, urban economics, property and tourism planning.

EXPERTISE TO PREPARE THIS REPORT

I have given advice to the public and private sectors in regard to development contributions and open space contributions over many years. I have appeared as an expert witness in these matters over many years.

INSTRUCTIONS

My instructions were to:

- prepare expert evidence considering economic and infrastructure funding matters arising from the Amendment, including:

- (a) an assessment of the impact, if any, of the proposed supplementary levy on housing affordability;
- (b) a comparison of the proposed supplementary levy with other infrastructure contributions plans that are on exhibition or have been recently gazetted;
- appear at the Panel hearing, if required, for the purpose of presenting your expert opinion concerning economic and infrastructure funding matters.

FACTS, MATTERS AND ASSUMPTIONS RELIED UPON:

I have relied on the following for my assessment:

- Sunbury South and Lancefield Infrastructure Contributions Plan, (the ICP), VPA April 2020;
- Hume Planning Scheme;
- Sunbury South Precinct Structure Plan (Sunbury South PSP), VPA, November 2019;
- Lancefield Precinct Structure Plan (Lancefield PSP), VPA, November 2019;
- Submissions to the Amendment including Submission 8 prepared by Norton Rose Fulbright on behalf of Hi Quality.
- Ministerial Directors on the Preparation and Content of Infrastructure Contributions Plans and Ministerial Reporting Requirements for Infrastructure Contributions Plans;
- Infrastructure Contributions Plan Guidelines, DELWP, November 2019;
- Sunbury South and Lancefield Road ICP Infrastructure Design and Costings Report; GHD, November 2019;
- Planning and Environment Act, 1987;
- Australian Bureau of Statistics data;
- Standard Development Contributions Advisory Committee Reports 1 and 2, 2012 and 2013.

DOCUMENTS TAKEN INTO ACCOUNT:

See above.

IDENTITY OF PERSONS UNDERTAKING THE WORK:

Matt J Ainsaar

Assisted by: Madeleine Hornsby, Urban Planner and Brett Hannah, Strategic Planner, in respect of data compilation and research.

SUMMARY OF OPINIONS:

Refer Section 6: Conclusions.

