



Strategic Framework for Contribution Schemes

Prepared for Banyule City Council

Final Report – March 2016

CONTENTS

Executive Summary.....	5
1 Introduction.....	7
Report Purpose.....	7
Report Structure.....	7
2 Contribution Schemes in Context.....	8
Introduction.....	8
Appreciation of Development Contributions Principles and Practice	8
Development Contributions Legislation and Guidelines	10
Collection Agencies and Development Agencies.....	12
Standard Development Contribution Advisory Committee	12
Auditor-General Review of Development Contributions	15
Conclusions.....	17
3 Example Contribution Models	18
Introduction.....	18
Darebin	18
Moreland	20
Port Philip	22
Melbourne	23
Casey	24
Conclusions.....	31
4 Planning Framework and Geographic Areas	32
Introduction.....	32
Planning Framework.....	32
Plan Melbourne	33
Banyule Planning Scheme.....	35
Geographic Areas.....	38
Analysis Areas in Banyule	39
Conclusions.....	41
5 Development Conditions and Projections	42
Introduction.....	42
Cost Apportionment Example	42
Development Estimates and Projections	44

	Conclusions.....	48
6	Infrastructure Project List.....	50
	Introduction.....	50
	Project Classifications.....	50
	Information Needs.....	51
	Banyule Infrastructure Project Information Base.....	52
	Review of Detailed Project List.....	53
	Estimated Return from a Scheme.....	56
	Indicative Charges Per Dwelling	58
	Conclusions.....	59
7	Relationship to Other Funding Tools.....	60
	Introduction.....	60
	Avoidance of Double Dipping	60
	Conditions for Infrastructure.....	60
	Voluntary Agreements.....	60
	Open Space Levy.....	61
	Special Rates and Charges	63
	Cash in Lieu of Parking Schemes.....	64
	Conclusions.....	64
8	Options and Evaluation	66
	Introduction.....	66
	Strategic Framework for Contributions.....	66
	DCP Options.....	67
	Evaluation of DCP Options.....	68
	Summary of Financial Estimates for DCP Options.....	73
	Conclusions.....	76
9	Recommendations.....	78
	Introduction.....	78
	DCP Model Design	78
	DCP Timing.....	79
	DCP Projects.....	79
	Strategic Justification for Projects	79
	Infrastructure Project Selection and Timing of Project Delivery .	80
	External Grant Funding.....	81

Analysis and Charge Areas.....	81
DCP Policies	82
Draft and Final DCP.....	82
Resource Allocation	82
Operational System	82
Stakeholder Engagement	83
On-line DCP Calculator	83
Periodic Review of DCP.....	83
Information Sharing with Other Councils.....	84
Estimated Financial Costs and Benefits.....	85
Project Plan.....	85
Gaps List.....	86
Appendix 1 - Development Conditions and Projections.....	88
Appendix 2 - Indicative Cashflow Estimates.....	90

EXECUTIVE SUMMARY

The purpose of this report is to identify development contribution scheme options and to recommend a preferred model for Banyule having regard to the local context and cost benefit considerations.

This report has uncovered a preferred DCP option generally described as follows: 15-Year DCP using selected infrastructure projects with a focus on high growth areas. In this report this is defined as Option 3 - All of Municipality and Selected Infrastructure DCP or Option 4 - Major Centres and La Trobe National Employment Cluster DCP.

The DCP would be based on selected projects from Council's four-year capital works plan and selected longer-term projects coupled with a longer timeframe to provide flexibility.

The financial cost estimate to implement the above process is:

- Up to \$120,000 one-off up-front DCP preparation and implementation cost including information management system establishment; and
- Approximately \$100,000 per annum to employ a DCP officer.

In Option 3 and 4, it is assumed that:

- Council commits to build \$25m in infrastructure over 15 years and recoups 21% of that cost from development; and
- Council will net over \$3.5m in nominal terms over 15 years from operating a DCP under these assumptions.

The financial return from a DCP is contingent on the final format of the DCP and may vary from these estimates. The cost recovery from developers is proportional to the infrastructure cost committed by Council; for example, using the above ratios suggests Council could net over \$7m over 15 years if it committed to build \$50m in infrastructure during that time.

The operation of a DCP requires Council to prepare an annual report on its progress, which can be externally audited. State Government auditing / reporting processes can be onerous.

It is likely that establishing a collaborative relationship with other councils (e.g. Casey and Moreland) could inform the creation of a Banyule DCP that finds the right balance.

A periodic monitoring or review cycle should be established for a Banyule DCP, so that the DCP review is integrated into Council's

evolving Planning Scheme review and four-year budget planning process.

The task to (1) Create a DCP and then (2) obtain Planning Scheme approval can vary from a minimum of 9 months to potentially two years.

For a DCP to be successfully developed, implemented and operated, it will need a corporate approach to consider workflow issues that are integrated into Council's financial systems and corporate budget planning processes.

The next steps in the process are outlined in this report's project plan and gaps list (in the recommendations section). Key initial steps are:

- Resolve to prepare a draft DCP;
- Council by formal resolution reserves the right to include all infrastructure projects from the 2016/17 works list and onwards in a future DCP; and
- Formalise a working group from planning, engineering and finance units of Council to guide the development of a draft DCP.

1 INTRODUCTION

Report Purpose

Banyule City Council seeks to identify the optimal framework for preparing one or more development or infrastructure contribution schemes, having regard to all issues and considerations that apply to such schemes. In this report contribution schemes refer to DCPs (Development Contribution Plans) and ICPs (Infrastructure Contributions Plans).

The purpose of this report is to identify contribution scheme options and develop a simply expressed cost benefit analysis of the options.

The brief for the project states that the report is to assess each option shall broadly estimate future annual operating costs that council would incur to create or implement and operate each option. This includes:

- Identifying data/information gaps to create the option (i.e. audit report);
- Doing work to create and endorse the option in the Planning Scheme;
- Annual operation of the option; and
- Periodically review to account for changing Council priorities and development rates.

The project will help Council identify the optimal framework for contributions schemes. The preferred option may or may not be deemed viable for implementation in the Banyule context.

Report Structure

This report is structured as follows:

- Section 2 - Contribution Schemes in Context
- Section 3 - Example Contribution Models
- Section 4 - Planning Framework and Geographic Areas
- Section 5 - Development Conditions and Projections
- Section 6 - Infrastructure Project List
- Section 7 - Relationship to Other Funding Tools
- Section 8 - Options and Evaluation
- Section 10 - Recommendations

2 CONTRIBUTION SCHEMES IN CONTEXT

Introduction

This section of the report provides context information on the development contribution topic. The focus on the section is on:

- Appreciation of development contributions principles and practice;
- Development contributions legislation and guidelines;
- Standard development contribution advisory committee recommendations; and
- Auditor-General review of development contributions.

Implications for Banyule are identified at the end of the section.

Appreciation of Development Contributions Principles and Practice

The 1990 Administrative Appeal Tribunal case *Eddie Barron Constructions Pty Ltd v Shire of Pakenham* established the foundation principles within the topic of development contributions in Victoria, these being:

- Need - the infrastructure that is in a contribution scheme must be needed by development in the area (as opposed to being optional);
- Nexus - the development sites that are required to contribute towards the nominated infrastructure must have a nexus with the infrastructure; with nexus defined as being used by the development site;
- Equity - the apportionment of costs of the infrastructure between development sites must be fair; and
- Accountability - the council that coordinates the contributions scheme must ensure the infrastructure is delivered to the agreed standard.

The principles were transferred into legislation and defined and detailed in Development Contribution Guidelines and Ministerial Directions. This framework covers the system of Development Contribution Plans (DCPs).

The more recent Standard Development Contributions review has led to the development of a proposed second 'system' of development contributions, however this system is yet to be approved by the

state. This proposed additional framework covers the system of Infrastructure Charges Plans (ICPs).

The current DCP system is used for 'shared' or 'off-site' infrastructure. The principle is that developers should pay their fair share for the cost of specified infrastructure, with fair share being defined as estimated share of use of the infrastructure. Because more than one developer / landholder is involved in a DCP scheme, and the infrastructure is ultimately public infrastructure, a council is provided with the responsibility to managed and co-ordinate the DCP process.

The simplest example of a DCP is provision of a public road that serves only two properties. The cost apportionment approach is 50% apportionment between the two properties. In a DCP, a council can build the road and charge the two properties at development permit stage (planning or building permit) for a 50% share of the cost of the road; however in practice for such a simple example the outcome would typically be executed by an agreement or works in lieu of payment arrangement.

For a more complex development setting, such as in an established area that will experience some growth, and having multiple different land uses and thousands of properties, the principles remain the same. Each individual developer should pay a sum equal to the share of demand their development will (or is estimated to) place on the infrastructure that is needed. An example is a drainage system that serves 1,000 properties (or units of demand). Each individual property should pay $1 / 1,000$ or a 0.1% share of the cost of that item.

The DCP process is often deemed complex because multiple projects with different characteristics are included. Sometimes hundreds of projects are included. The process is to undertake a separate calculation (as in the above examples) for each project and then sum up the total cost that applies to each area or site.

The proposed ICP system takes the calculation step out of the process. That system requires the identification of a list of allowable infrastructure items to be nominated for provision over time and then the actual charges that apply to development are not calculated but rather sourced from a set of state government 'off the shelf' rates that apply to different development settings.

Most other aspects of the two systems are the same. This includes that the list of infrastructure items that forms the basis of a DCP / ICP must be identifiable, needed and proposed to a reasonable standard

(i.e. not 'gold plated'). A basic standard of project nomination and commitment remains necessary in both development contribution systems.

Development Contributions Legislation and Guidelines

A DCP is enabled by the Planning and Environment Act Part 3B and further defined by state government's DCP Guidelines (2007) and two Ministerial Directions that have been issued to further define the system.

A DCP is legally enforceable when it is incorporated into a Planning Scheme as an Overlay. The DCP Overlay is a summary of a DCP report. The DCP specifies contributions development proponents are required to make as cash payments (or works in kind) to council to help pay for specified infrastructure items, from a specified DCP area.

A DCP can cover any form of capital works infrastructure investment, including roads, paths, drainage and community facility and open space projects (including open space land purchase and works). Councils can decide whether to use open space levies or a DCP for open space contributions but cannot use both tools for the same open space projects.

Under a DCP the default contribution method is cash payment to council but council can, at its discretion, accept land and / or works in lieu of cash contributions if it agrees.

A DCP must list infrastructure council will build over the life of the DCP. The contribution amount is directly linked to the list of committed infrastructure. The council must use the contributions for the purpose it was obtained. If the contribution is cash, the council must credit the money to a separate DCP account and deliver the infrastructure project or projects listed in the DCP within the timeline specified in the DCP.

On this basis, the accountability provisions in a DCP are strong. There is a clear nexus between development sites making use of (or deriving benefit from) infrastructure, payment of DCP charges and receiving infrastructure within a specified period of time.

Should a council resolve not to proceed with an infrastructure project listed in a DCP, the funds collected for the item can be used for the provision of additional works, services and facilities as approved by the Minister responsible for the Planning and Environment Act, or be refunded to owners of land subject to the infrastructure charges.

The method to prepare a DCP is stated in detail in the 2007 Guidelines. The steps are summarised in the following extract from the Guidelines. Essentially, the key steps are to:

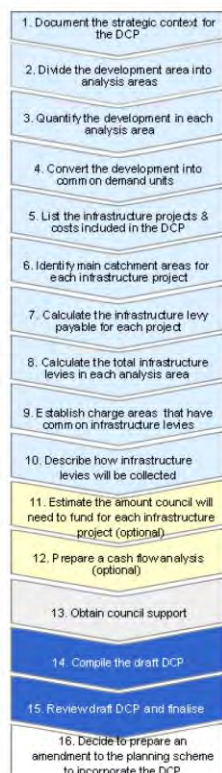
- Identify infrastructure that is required to service an area or areas or the municipality;
- Identify development and projected future development in the area that will make use of the infrastructure (based on strategic or structure plans and Planning Scheme);
- Apportion the cost of the infrastructure across all anticipated existing and future users of the infrastructure using the method specified in the Guidelines; and
- Summarise the information in tables that show: charges that are required to be paid by area; and the infrastructure that the charges are based on and will delivered within a specified period of time.

Figure 1 - Overview of Method to Prepare a DCP

Links to the 16 stages of preparing an FCA DCP

The following diagram is of the 16 stages of preparing an FCA DCP. You can view details of each stage in the diagram by:

- clicking on a stage to display details, or
- tabbing to the required stage the pressing <Enter> to display details.



Source: Development Contribution Guidelines (2007)

Collection Agencies and Development Agencies

Two agencies are involved in the operation of DCPs: Collection Agencies and Development Agencies. The Collection Agency is responsible for collection of DCP levies and the Development Agency is responsible for delivery of DCP infrastructure. In most cases a Council performs both roles. However, in some circumstances, the roles can be split between two agencies.

An example is where the Council is the Collection Agency for works to be delivered by a state agency, such as a declared road. VicRoads would be the Development Agency in that example. For the works to be included in a DCP, an agreement would need to be made between Council and VicRoads.

Standard Development Contribution Advisory Committee

The previous state government instructed an Advisory Committee to define standard development contribution levies for different development settings in Victoria. The purpose of the standard levies approach is to simplify the development and use of infrastructure contributions, and make the system easier to establish and use.

Two reports were issued by the Ministerial Advisory Committee (Report 1 "Setting the Framework" and Report 2 "Setting the Levies"). The previous and current state governments have responded to the recommendations and have stated that some of the recommendation would be adopted.

The current position is that a new standard levies system is intended to be introduced at some point in the near future. The proposed new system requires legislative change and development of implementation guidelines and governance models before it can be used.

The areas which can utilise the proposed new system (following its implementation) are Growth Areas and Strategic Development Areas. All other areas in the state will continue to utilise the existing DCP system as described above.

The outcome of the new system will be an Infrastructure Contribution Plan (ICP), which basically lists infrastructure that the council wishes to part fund from development. The infrastructure that can be part funded by the system would be drawn from a list of allowable items as shown in the figure below.

Figure 2 - Proposed Allowable Items List in the ICP System

Standard Levy - Allowable Items ^{1,2}			
Facility	Allowable Items	Included in Standard Levy?	
Community facilities	Contribution to expanding or upgrading space for: Multi-Purpose Community Centre/Library Kindergarten/Pre-School/Occasional childcare Maternal and Child Health consulting room Other community services facilities	Yes	
Public realm	Urban design elements that improve pedestrian access or enable high density living Creation of high quality public spaces – including paving, seating, landscaping, lighting	Yes	
Public transport	Council owned bus, tram shelters on council land	Yes	
Roads	Road widening and intersection upgrades on council roads including council local roads, collectors and arterials Installation of traffic management items to reduce the impact of increased traffic Improvements to bicycle and pedestrian connectivity	Yes	
Drainage	Upgrades to existing council drainage assets Stormwater treatment projects to improve water quality including Water Sensitive Urban Design treatments and wetlands	Yes	
Land	Land required as an integral part of providing any of the Allowable Items	Yes	
State owned infrastructure	VicRoads arterial roads State owned public transport facilities and services	No	
Public open space ³	Improvements to local sports facilities, local parks and open space reserves.	No	
Note 1 - Up to 1% of the revenue raised by the Standard Levy can fund the preparation of an ICP in Strategic Development Areas.			
Note 2 - Projects included in the Infrastructure Contribution Plan may be expansions or upgrades to existing facilities or may be part of a new or replacement facility.			
Note 3 - Contributions to open space purchase and improvement will be through Clause 52.01 of the Victoria Planning Provisions or Section 18 of the <i>Subdivision Act 1988</i> .			
Supplementary Levy – Allowable Items			
Facility	Allowable items	Land in Levy?	Construction in Levy?
Drainage ¹	New drainage scheme where council is the drainage authority. As specified in drainage plan for the catchment. Includes retarding basins and stormwater treatment	Yes	Yes
Roads	Including but not limited to: Upgrade or new council owned roads not funded directly by developers required to unlock access to the site Works on council arterial roads and intersections to restore network capacity to pre-development conditions	Yes	Yes
Transport	State road or public transport infrastructure	Yes	Yes
Public Realm Projects	Specific larger scale public realm improvement works as part of urban renewal projects.	Yes	Yes
Developer funded local or collector roads	Local or collector road projects that are fully developer funded but, for expediency, are managed through a Supplementary Levy	Yes	Yes
Note 1 - Only applies in non-metropolitan locations.			

Source: Source: State Government of Victoria (2014)

The main differences with the current DCP system are that:

- The ICP system is limited to some areas;
- The list of allowable items is more clearly defined;
- No calculations of charges are required unless there is an attempt to vary the rate, which is possible under limited circumstances; and
- The process to implement an ICP will be streamlined vis-à-vis the DCP system.

The definition of Growth Area and Strategic Development Area is shown below.

- "Greenfield Growth Areas: Land which is in, or planned to be included in, or is appropriate to be included in the Urban Growth Zone, in both metropolitan and non-metropolitan areas."
- "Strategic Development Areas: Areas that provide valuable development opportunities located close to public transport and other infrastructure. These locations have the capacity to accommodate a large proportion of Victoria's future housing and employment needs close to transport and services. They may be large-scale, under-utilised former industrial sites, areas around existing and planned transport infrastructure or under-utilised land and business parks on the existing and planned road network. In most cases, they will be high-density, mixed-use developments. The Strategic Development Areas Standard Levy will be applied in locations identified in Plan Melbourne or the regional growth plans."

The Growth Areas definition is not relevant to Banyule. The Strategic Development Area definition will be relevant to limited parts of Banyule as nominated in Plan Melbourne or as otherwise declared by the Metropolitan Planning Authority. Potential areas are the La Trobe National Employment Cluster and Watsonia Train Station (as nominated in Plan Melbourne).

The proposed standard levies that would apply to ICPs in the relevant areas are shown in the figure below.

Figure 3 - Proposed Standard Levies for Selected Development Areas

Standard Levy - Strategic Development Area (@ 2012 values)		
Metropolitan	Residential \$4,500 per dwelling	Retail \$46 per square metre, Gross Floor Areas Commercial and Industrial \$16 per square metre, Gross Floor Area
Non-Metropolitan	Residential \$3,600 per dwelling	Retail \$36 per square metre, Gross Floor Area Commercial and Industrial \$13 per square metre, Gross Floor Area

Standard Levy – Greenfield Growth Area (@ 2012 values)		
Metropolitan	Residential \$268,000 per Net Developable Hectare	Retail \$161,000 per Net Developable Hectare Commercial and Industrial \$80,000 per Net Developable Hectare
Non-Metropolitan	Residential \$210,000 per Net Developable Hectare or \$120,000 per Net Developable Hectare (small towns)	Retail \$126,000 per Net Developable Hectare Commercial and Industrial \$63,000 per Net Developable Hectare

Source: Department of Planning (2015)

Auditor-General Review of Development Contributions

In 2009 the Victorian Auditor-General reviewed the Use of Development Contributions by Local Government. The objective of the audit was to:

- "Assess the effectiveness and efficiency of councils' management of development contributions; whether they had effective arrangements for managing, monitoring and reporting on the collection and use of development contributions; and
- Whether they effectively used development contributions to deliver planned infrastructure."

The audit was based on a review of three sample councils that operated development contribution plans in the 2008-09 year: Port Phillip, Surf Coast and Wyndham.

The audit concluded that there is a lack of transparency in the use of development contributions and as such there is little assurance that the system is operating as intended. This means that councils may or may not be allocating contributions efficiently and effectively. The

audit was not able to always clearly distinguish contribution details in annual reports.

The audit did however find each council had appropriately used development contributions to deliver infrastructure they had committed to and all councils identified aggregate development contributions revenue in their annual reports.

The audit made a number of recommendations. The following are relevant for a potential Banyule scheme:

- "Councils should review and, where necessary, enhance the effectiveness of controls to make sure that development contributions due are collected.
- Councils should assure that contributions have been used for their intended purpose by:
 - Clearly identifying the standards and delivery time frames for infrastructure commitments contained within voluntary agreements and Development Contributions Plans;
 - Transparently identifying within council budgets and capital works programs the infrastructure commitments arising from all development contributions;
 - Accurately and regularly reconciling contributions collected and expended, including delivery of associated infrastructure against that planned.
- Councils should strengthen local governance arrangements for development contributions by:
 - Timely reporting to senior management on the collection and use of development contributions and delivery of infrastructure commitments against that planned;
 - Systematically identifying and managing all risks to the delivery of infrastructure associated with development contributions;
 - Assigning management responsibilities for the coordination and oversight of the management of development contributions.
- Councils should clearly report on the collection and use of development contributions revenue in their annual reports, as well as report on the associated infrastructure delivered against that planned."

The state government planning department has since issued guidelines to councils for more detailed and consistent monitoring and reporting of DCPs in line with the above recommendations.

Conclusions

Banyule is an established municipality that is experiencing infill and activity centre growth and planned National Employment Cluster growth. Overall across the municipality as a whole, the share of new development as a proportion of total development is relatively low. That context means that Banyule is likely to generate a corresponding low return from projects that are included in a DCP.

The DCP system would impose requirements on Council to commit a share of future budget allocations. It would also require time and cost to implement and operate a scheme.

In return for the above considerations, the system would provide a cash inflow stream not previously available to Council.

This report examines those considerations with a view to determine the model that could yield the optimal balance between income stream and financial management and operational flexibility. The optimal model may or may not be the one that delivers the highest income stream and may or may not be deemed suitable for implementation by Council.

3 EXAMPLE CONTRIBUTION MODELS

Introduction

This section of the report provides an overview of selected development contribution plan case studies focusing on established area councils.

The selected established-area councils are:

- Darebin - which has been operating a municipal-wide DCP for over 10 years;
- Moreland - which introduced a municipal-wide DCP in 2015;
- Port Phillip - which introduced an area specific DCP in 2006; and
- Melbourne - which sought to introduce two area-specific DCPs in 2014 but abandoned the process due to a Planning Panel recommending the amendment be abandoned.

The review also considers one growth area council:

- Casey - which has been operating area or precinct specific DCPs for over a decade and has relevant lessons for all DCP settings.

The section focuses on selected matters in each case that provide lessons for Banyule.

Darebin

The City of Darebin has operated a municipal-wide DCP since 2004. The DCP nominated a timeframe of 10 years.

The DCP was designed on the basis of an early version of the DCP Guidelines and sought a strict interpretation of user pays principles by using the smallest possible spatial unit for analysis area definition – ABS Census Collection Districts. As a result, the DCP contains 227 separate charge areas.

All development types - residential, retail industrial and commercial – were included in the DCP.

The DCP also sought to include a highly detailed and comprehensive list of infrastructure projects, drawn from a 10-year capital works plan. The initial DCP identified 879 infrastructure projects to be delivered over the course of the 10 year plan. The estimated cost of the nominated projects was identified as just over \$64 million. The bulk of these projects were road projects, accounting for around two thirds of the total infrastructure cost and 80% of the total number of projects identified in the 2004 DCP.

The charges levied by the DCP range from \$42.40 to \$3,977 per residential dwelling with the average charge being around \$850 (for both the Development Infrastructure and Community Infrastructure Levies). Charges for development exempt from paying the Community Infrastructure Levy vary from \$1.81 to \$3,941 per demand unit, with an average of \$690.

In terms of cost commitment and recovery, the DCP was estimated to:

- Commit \$64,364,342 in expenditure; and
- Collect \$4,899,033 from development, being approximately 8% of committed infrastructure cost.

An audit of the DCP was undertaken in 2015 to determine the status of the funding tool. It concluded that the DCP had raised more funds than was initially anticipated. This occurred for three reasons; namely:

- Council did not deliver some projects nominated in the initial infrastructure projects list;
- Development in some areas of the municipality exceeded the development projections shown in the DCP; and
- External funding was used to deliver some projects in the DCP. External funding was received by way of government grants and the Federal Government Road to Recovery program.

Non-delivery of some infrastructure within the DCP was attributed to:

- The slower than anticipated depreciation of infrastructure assets, meaning that assets that were expected to be replaced were no longer required to be replaced; and
- The introduction of new standards, which meant that some assets could not be delivered to the standard specified within the original DCP.

It is understood that the Darebin DCP is the most detailed and complex DCP in Victoria by having 227 areas and 879 projects covering all land use categories.

Whilst the Council was able to effectively operate the funding tool, key issues related to difficulty in provided accurate development projections for very small areas and difficulty is specifying up-front a highly specific infrastructure delivery program for areas.

Moreland

The Moreland DCP was implemented in 2015. It was first drafted in 2012 and took some time to be developed and implemented. The information below is drawn from published material and interview with Moreland's DCP project officer¹.

The DCP covers the whole of the municipality with the 12 charge areas being suburb boundaries. The size of the charge areas were noted by a Planning Panel as being appropriate – small enough to avoid unnecessary cross subsidisation, yet large enough to avoid unnecessary complexity in the preparation and administration of the DCP. The areas also align with an approved open space levy scheme which uses variable rates for the same 12 areas.

The DCP applies to residential, commercial and industrial development. Exemptions are made for certain land uses such as non-government schools and developments where there is no net increase in demand arising as a result of the development (e.g. one-for-one residential development). Council has flagged that it will review the list of exemptions to consider adding uses like charities or similar uses in the next review of the DCP.

The charges levied by the DCP range from \$323.64 to \$1459.99 per residential dwelling, from \$401.69 to \$4,239.26 per 100 sqm for leasable commercial floorspace and from \$84.89 to \$837.47 per 100 sqm for industrial floorspace.

The total infrastructure included in the DCP is 842 projects drawn from a 10-year capital works list. The projects are primarily in the categories of roads, drainage and community facilities.

In terms of cost commitment and recovery, the DCP was estimated to:

- Commit \$114,921,542 in expenditure; and
- Collect \$13,957,544 from development, being approximately 12% of committed infrastructure cost.

A feature of this DCP was the relatively long-time period it took for plan preparation to adoption. The DCP was originally drafted in 2012 and the amendment originally tabled in 2013, and subsequently withdrawn owing to the number of errors in the document. The amendment was re-exhibited and a second panel hearing held in late

¹ Anthony Broderick, Development Contributions Project Officer, City of Moreland

2014. In September 2015 the DCP was incorporated into the Planning Scheme.

It is understood that the relatively long time to prepare the DCP related to:

- Time taken to assemble and approve the infrastructure project list for the DCP;
- Errors made in coding catchments for projects in the DCP; and
- Changes in personnel in managing and preparing the DCP and associated management and administrative processes to finalise and approve the DCP.

These issues are typically avoided in most DCP preparation processes.

Moreland Council has appointed a DCP project officer to manage the operation of the DCP on a day-to-day basis. The officer is a trained accountant and reports to the finance directorate. DCP operation is also supported by a planner who provides ad hoc advice on planning and development matters.

Council is maintaining DCP records and is in the process of designing an IT system so that DCP data can be more readily integrated into Council's information systems.

An issue with implementation of the DCP was limited education and advocacy of the funding tool with the development community before it went 'live'. This had impacts in the lead up and early operation of the DCP. As a result there were notable resourcing and some public perception issues that Council had to manage.

Related to the above point, the development community called for transitional arrangements to be used to exempt projects that are part way through the application process. This was not included in the DCP.

Other matters warranting consideration in DCP preparation and operation were noted as follows.

- Appropriate resourcing and skill fit is critical to achieving an effective and timely DCP outcome;
- Each project in the DCP needs to be mapped, so the location of works with respect to charge areas is transparent and understood;
- Limit the number of charge areas and project line items in the DCP, otherwise administration can become too complex;

- Design of the DCP needs to consider specific sites or uses which should be exempt from DCP charging;
- Without a development forecasting model that is reviewed and periodically updated, the development contribution rate may become inaccurate over time;
- Fulfilling government accountability and reporting requirements can be resource intensive for Council;
- Accounting principles need to govern DCP reporting, data collection, systems, record keeping;
- Need to have an effective workflow model setup early in the project, to avoid resource impacts and understand IT/system impacts that may be needed; and
- Council will be subject to a DCP if undertaking land use development unless a public commitment is made to offset the DCP with works.

Port Philip

Port Phillip implemented the Port Melbourne Mixed Use area Development Contributions Plan (Streetscape Works) in 2006 based on a plan originally prepared in 1999.

The works identified were based on the Port Melbourne Landscape Masterplan and Streetscape Improvement Study (1998). The Study provided the basis for the upgrade of streetscapes and the costing of projects for a DCP. The works include streetscape works and installation of new medians and upgrading of existing medians.

The DCP area covers approximately 38 hectares and comprises 365 properties. All new development proposals are liable for a development contribution charge according to its street abuttal.

The areas identified in the DCP are determined by the block in which streetscape works will be undertaken. Blocks are further delineated by the direction faced by the premises where development takes place: north, south, east and west.

The DCP included a nominated \$8.082 million for works over a 20 year period from 2000 to 2020 with 5-year reviews to take account of changes in development projections.

Charges through the Port Melbourne DCP are levied on a per linear metre basis. Some blocks are noted as having no DCP charge payable - as no infrastructure is identified for either the block or for the facing components of that block. Charge per linear metre of street abuttal

across the charge areas averages \$667 with the highest rate per metre of street abuttal topping out at \$1,538.

A number of development types and categories are identified as not liable for the DCP charge. These are identified as:

- Home renovations and alterations;
- Minor refurbishments of office, shops and factories;
- Reinstatement to the pre-existing standard of buildings damaged;
- Advertising signs; and
- New development which does not substantially increase the number of vehicles that would be generated, or the number of persons that would be accommodated on the property.

New development is expected to fund the cost of perimeter works for the length of their street abuttal by either payment to Council or agreement to provide works in kind.

The DCP was reviewed in the 2011 Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review and it was found that 31% of the nominated works and infrastructure were outstanding. The review found that better monitoring and record keeping of the DCP was required. The review noted the following:

"A number of changes have been made to Council's internal processes to improve management and overview of the DCP and ensure that contributions are collected and spent. These changes will ensure that DCP contribution requirements are being placed on permits, works are being budgeted for and financial reconciliation and reporting is occurring with a summary reported in the Port Phillip Annual Report."

Melbourne

The City of Melbourne prepared a draft Development Contribution Plan for two growth precincts in the municipality: City North and Southbank. The DCP was proposed to be incorporated into the Melbourne Planning Scheme via Amendment C208.

The DCP is linked to and reflects the intent of the City North Structure Plan and Southbank Structure Plan.

The DCP identified the areas to which the DCP would apply but deviated in the way DCPs are typically prepared "taking into consideration the challenges unique to the City of Melbourne as a growing capital city."

The proposed DCP identified a general and long list of infrastructure projects such as streetscape works, community facilities and sustainability improvements. Specific projects and delivery commitments for those projects were not included in the DCP.

The DCP was forecast to collect approximately \$16.1 million over the 15 year life of the plan. Melbourne City Council indicated a commitment to spend \$60 million in the DCP areas and said it would, over time, nominate what infrastructure projects it will fund using DCP funds and other funding sources.

The DCP was challenged by a number of landholders and developers at a Planning Panel. The Panel concluded the following:

- "The CNSDCP as drafted cannot be understood as a stand-alone document and much of the information that it relies upon was not exhibited with the Amendment;
- The vast majority of the 53 local streetscape projects described in the (associated infrastructure scoping) report are aspirational; not sufficiently justified by traffic or technical analysis and are unlikely to come to fruition within the timeframe of the CNSDCP;
- The projects are not clearly specified in the CNSDCP, nor is the methodology clearly articulated;
- The CNSDCP does not meet the principles of need, equity, accountability and nexus;
- The CNSDCP does not meet the principles of the Development Contributions Guidelines (2007), including those relating to external demand and works in kind; and
- The development forecasts upon which the CNSDCP are based are not justified."

The Panel recommended the DCP be abandoned on the basis that it lacks the level of detail and transparency that is reasonably sought by the 2007 DCP Guidelines.

The Panel emphasised that it is reasonable for a contributor to a DCP to be able to discern what infrastructure will be delivered and when.

Melbourne City Council did not pursue the amendment and is exploring alternative funding options for the areas.

Casey

The City of Casey is a growth area municipality and has a significant DCP workload. A key learning from Casey is in the management of DCPs. The information below is drawn from published and

unpublished material and interview with Casey's DCP project co-ordinator².

DCPs in Casey operate in a growth area setting. There are 15 precinct-specific DCPs identified in operation in the City of Casey.

Charges levied by these DCPs are typically applied on a per hectare basis, with the exception of the Community Infrastructure Levy which is charged on a per dwelling basis (with an associated rate per hectare quoted).

The more recent DCPs have been developed under the guidance of the Metropolitan Planning Authority (formerly Growth Areas Authority) in tandem with Precinct Structure Plans.

The City of Casey has developed a strong system to administer and operate its DCPs. Two council officers are charged with the responsibility of operating DCPs, reporting to the manager of planning. The primary DCP officer is qualified as both accountant and planner and the support officer is a book-keeper.

This team responsible for managing the operation of the system, ensuring payments are made, expenditure are made and records are appropriately kept up-to-date.

Education of Council staff, Councillors and the development community has been an important step in DCP operations. Parties to the process are well aware of the system in Casey.

A key challenge with Casey DCPs is in timing of infrastructure delivery. Some growth areas develop faster than expected and some slower than expected. It is therefore difficult to predict project timing with certainty. To manage this issue, Council adopts a priority project management system.

Projects in a DCP area are classified into three groups: first priority group, second priority group and third priority group. The actual timing of project delivery of groups and projects within a group is monitored based on need and can shift as needs dictate. Whilst the DCP shows a nominal project delivery time, actual delivery will be dictated by development thresholds achieved and the placement of projects in groups.

Developers are able to bring forward delivery of projects at their own cost and be reimbursed over time from other developments as they occur.

² Helen Bowes, Development Contributions Program Co-ordinator, City of Casey

The identification of projects in a DCP under the three groups is a key management tool of Council. The projects are shown in colour coded sheets and related GIS maps. Each year (or more frequently if necessary) the list of projects will be reviewed by Council's executive team and passed to Council for decision. It was advised that the step of executive review is appropriate however once the DCP is established, annual Councillor review of projects was deemed not necessary as it can delay project delivery.

The DCP management system is embedded in Council's IT system. This ensures all records that relate to a DCP feed into the DCP tracking system.

The process for DCP record keeping utilises a standard template sheet, which is retained by Council and a copy is retained by the developer. This ensures that developers have the same record and can furnish that information when requested or as required. This avoids disputes regarding payments and records.

Council's DCP data sheets for DCP covers the following topics:

- Property No.;
- Property Address;
- Stages;
- Gross Area;
- Forecast Stage Area (NDA/ha);
- Unencumbered Land for Recreation;
 - Active Open Space;
 - Passive Open Space;
- Allowable Land Deductions (for Land Provision);
- DCP Items Provided by Developer/Credits or Payments;
- Notes Regarding DCP projects;
- Calculated Payments;
 - CIL Rate/Dwelling;
 - CIL Payment;
 - Actual DCP Rate/ha;
 - Projected DCs Due;
 - Actual DCs (Cash Payment);
 - Running Balance/Outstanding;
 - Accumulated Credits (Available to be Offset);

- Credit Left After Stage; and
- Claimed in Credits by Developer.

Casey's project co-ordinator of DCPs has drafted a collection agency operational toolkit. This is draft material and is shown in the text box below.

Figure 4 – City of Casey Draft DCP Management Toolkit

Development Contributions Plans / Infrastructure Levy Plans - Collection Agency Operators Toolkit

Understanding the Plan

- List the projects required to ensure the community can be provided with timely access to infrastructure and services necessary to support a quality and affordable lifestyle.
- Establish a framework for development proponents to make financial contributions towards the cost of the identified projects.
- Provide the details of the calculation of financial contributions that must be made by future developments towards the nominated projects.

Understanding the Roles

- Collection Agency- The Agency to whom all levies are payable.
- Development Agency- Agency responsible for the provision of the projects identified in the Plan. The lead Development Agency can sometimes be VicRoads.

Relevant Acts

- Section 46 of the Planning and Environment Act 1987
- Local Government Act 1993
- Subdivision Act 1988
- Privacy Act

Funds Administration

Operating Tasks:

1. Record Keeping

a. Sufficient records must be kept to account for:

- i. The amount and timing of funds collected (Tool 1).
- ii. The source of the funds collected (Tool 1).
- iii. Details of any works-in-kind arrangements for project provision (Tool 1).

iv.	The amount and timing of expenditure on specific projects.
v.	Budget for cash payments for over-providers.
vi.	The project on which the expenditure was made.
vii.	The account balances for individual projects.
viii.	Whether any pooling of funds to deliver specific projects is proposed/has occurred, where applicable.
ix.	Appropriate retention of records to enable winding up of the Plan at a much later date.
2.	Interest Bearing Reserve Accounts
a.	The Collection Agency must establish interest bearing accounts and all monies held in these accounts will be used solely for the provision of infrastructure as specified in the relevant plan, as required under Section 46QB(2) of the <i>Planning and Environment Act 1987</i> .
3.	Indexation of Projects
a.	Each Plan will advise the commencement date for calculation of project indexation, timing of indexation and index to be used (Tool 2).
b.	Care must be taken as different projects may have different types of index applied to various projects (Tool 2).
4.	Valuation of Projects
a.	This is generally applied to Land projects.
b.	Each Plan will advise the commencement and timing of updated valuations to be applied to the projects.
c.	Each Plan will advise who is considered qualified to undertake the valuations.
5.	Notification of Contribution Rates
a.	Within 14 days of new index rates applied and land values updated, new Plan contribution rates are to be published on the Collection Agency's website.
<u>Operating Guidelines:</u>	
6.	Prioritising Projects

	a. It is recommended that the Collection Agency thoroughly research the most appropriate delivery sequence of the projects within the Plan, taking into account, community needs, Collection Agency and Development Agency capacity and forecast of income.
	b. Once adopted by the Collection Agency, the short-term items of Prioritised projects (Priority List) would have formal support by the Collection Agency to claim for WIK or payment.
	c. The Priority List can be reviewed on an as-needs basis.
7.	Council consent and authority
	a. All decisions to allow WIK and provide cash for over-provision of projects or general refunds of contributions where appropriate, must be undertaken in accordance with all signing authority within the Collection Agency.
8.	Works-In-Kind
	a. Provision of WIK projects, and subsequent claims for credit must be to the satisfaction of the Collection Agency in accordance with the relevant section of the Plan.
	b. Sufficient records must be maintained to account for credits provided against developer contributions due (Tool 2).
	c. Sufficient internal processing systems in place (with due authority) to ensure efficient subdivision processing in accordance with the <i>Subdivision Act 1988</i> , and allowance/recording for WIK credits in accordance with s173 agreements (Tool 3).
	d. Provision of WIK credit to a developer must not create negative financial impacts on the Plan to the satisfaction of the Collection Agency.
9.	Community Infrastructure Levy
	a. Sufficient records must be maintained to account for collection of this levy. In some instances CIL will be required to be indexed using a method identified in the Plan.
	b. Where developers have undertaken to enter into an s173 agreement for new home builders to pay the levy per lot, a process will be required to ensure that collection of the individual fees occur.
	c. An audit process will also be required.
10.	Annual Reconciliation

a.	It is recommended that status of projects in order of prioritisation is reconciled annually. At this time, any savings that have been achieved on any projects, the funds collected for these items will be used for alternative works in the same infrastructure class as specified by the Plan. Likewise, any projects resolved not to proceed, funds should be directed to replacement works in the same class.
b.	Such funds may also be used for the provision of additional works, services or facilities where approved by the Minister responsible for the <i>Planning and Environment Act</i> , or be refunded to developers/owners of land subject to these infrastructure charges.
11. Annual Reporting	
a.	Annual reporting must be in accordance with section 46GM and 46QC of the <i>Planning and Environment Act 1987</i> and included in the Financial Reports of the Annual Report of the Collection Agency.
b.	Additional reporting will be required from time to time by the Minister.
12. Internal Audit	
a.	An audit process is required to ensure permits are issued with the appropriate conditions.
b.	Additional care needs to be taken where payment of levies is required before building commences as building permits are issued outside of Collection Agency control.
c.	Appropriate audit must be undertaken to ensure all infrastructure contributions are collected.
13. Periodic Review	
a.	The Plan must be reviewed in accordance with the relevant section of the Plan, generally a 5 year review period. It is recommended that these reviews occur concurrent with the review of the Priority List.
14. Glossary	
15. Tools	
a.	Tool 1- Developer spreadsheet
b.	Tool 2- Indexation of projects sample
c.	Tool 3- Schedule of Development Contributions

Source: City of Casey (Helen Bowes, Development Contributions Program Co-ordinator,)

Conclusions

The review of sample DCPs provides practical lessons for Banyule in preparing a DCP, implementing a DCP in the Planning Scheme, operating a DCP and periodically reviewing a DCP. Lessons follow.

- The level of detail provided in the Darebin DCP is generally understood to be excessive, and has generally not been replicated by any other municipality. Other DCPs have typically used fewer and bigger DCP areas and a more consolidated but still specific list of infrastructure projects.
- The Moreland DCP also has a highly detailed list of projects that may cause management issues as the DCP is operated over time, although the charging areas are reasonably consolidated and simple compared to the Darebin example. Challenges with this DCP have related to an elongated preparation process and limited up-front operational set-up before the tool was approved for use.
- The Port Phillip DCP example is an old format DCP that focuses on limited infrastructure in a particular precinct. The DCP has been operating for some time with the main challenge being record keeping and operational oversight to ensure the scheme operates as intended.
- The City of Melbourne experience shows that a DCP is unlikely to be approved unless it has robust information inputs in terms of infrastructure project specification and reasonable development data and projections information. The primary failing of this DCP was lack of infrastructure project specification and commitment.
- The City of Casey provides a good example of DCP operations, given it has a long-standing and significant DCP workload. Whilst Casey deals with growth area settings, the management task is similar (but perhaps less time intensive) in established area settings. The management topics include information collection, management systems and record keeping. The toolkit provided by this Council for review should be used as a guide for Banyule.

4 PLANNING FRAMEWORK AND GEOGRAPHIC AREAS

Introduction

This section of the report provides an overview of the planning framework as it relates to contributions schemes. This includes an overview of development directions by planning areas or precincts within the municipality.

Planning Framework

The planning framework for Banyule is established by:

- Banyule Planning Scheme;
- Plan Melbourne (the State Government's Metropolitan Planning Strategy); and
- Supporting reports that provide specific strategies or plans and are incorporated in the Planning Scheme.

The primary supporting documents are activity area plans for the three largest centres of the municipality:

- Greensborough;
- Heidelberg; and
- Ivanhoe.

Other plans have been developed for smaller centres and specific precincts:

- Heidelberg West - Bell Street Mall;
- Heidelberg West - Olympic Village; and
- Ivanhoe Civic Precinct Master Plan.

A current major planning project that is in progress is the Metropolitan Planning Authority led project for the La Trobe National Employment Cluster, which is a precinct that includes parts of Banyule and Darebin councils around La Trobe University. The precinct is being planned to accommodate intensified employment and residential land uses.

Plan Melbourne

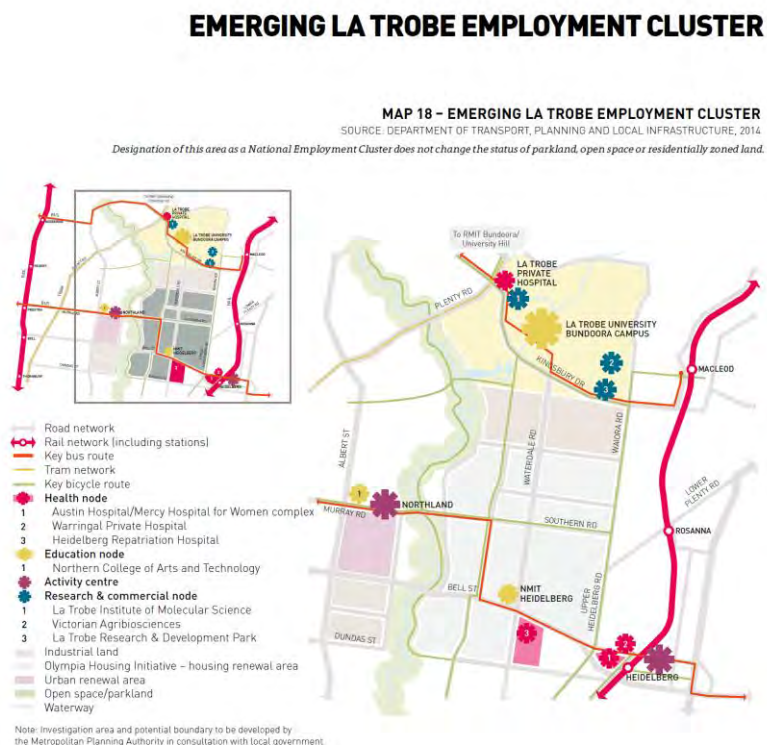
Plan Melbourne identifies areas of state significance and areas of local significance. The planning for areas identified as being of state significance will be led by the Metropolitan Planning Authority in partnership with local government. Areas of local significance will continue to be managed by local government.

As noted above, Plan Melbourne identifies two areas of state significance in Banyule, these being the La Trobe National Employment Cluster and Watsonia Train Station Urban Renewal Area. These two areas are identified as Strategic Development Areas.

The potential future designation of such areas in Banyule is significant from a development contributions perspective because these areas will be able to use the proposed ICP model of contributions, when that model is formally approved.

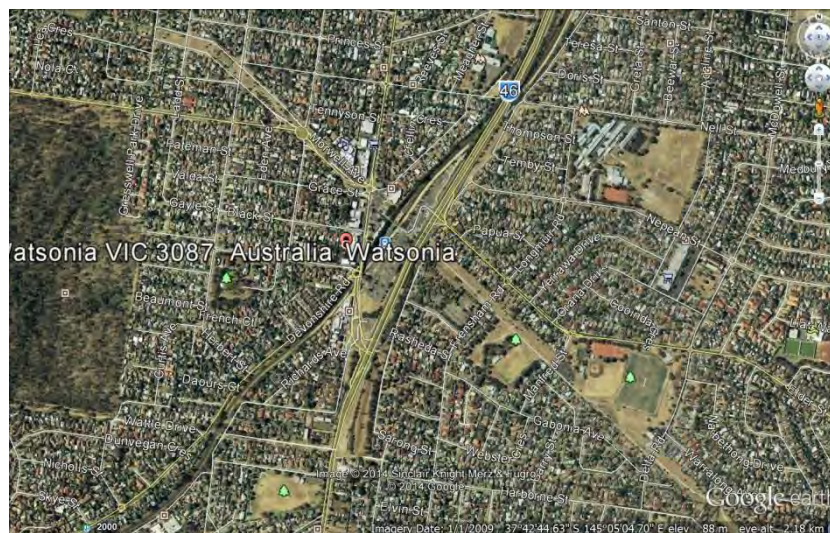
The two figures below show the general location of these two precincts.

Figure 5 - Indicative National La Trobe Employment Cluster Area



Source: Source: Plan Melbourne (2014)

Figure 6 - Watsonia Train Station and Surrounds



Source: Google Earth (2014)

Banyule Planning Scheme

Banyule's Municipal Strategic Statement (MSS) nominates the vision for the municipality and documents aims, actions and key strategic directions.

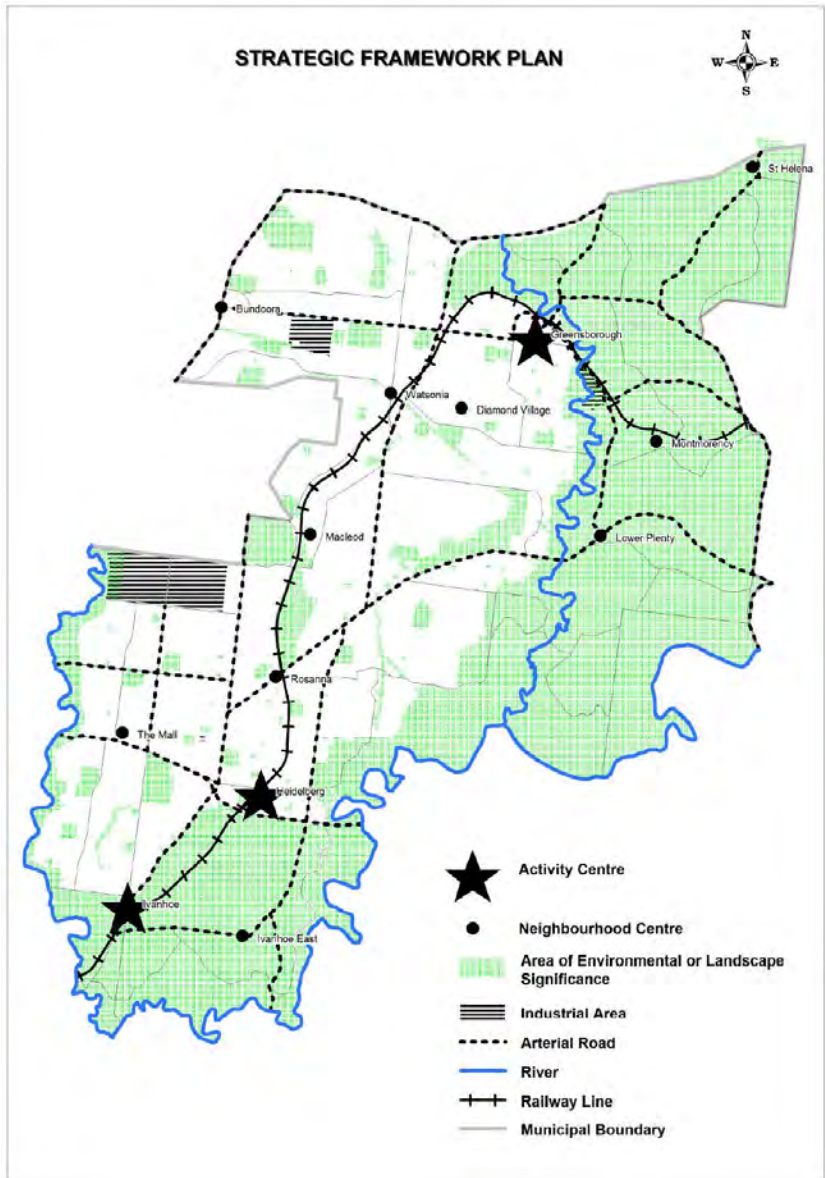
The vision nominates that Banyule will be regarded as a city offering a range of quality lifestyles in an urban setting enhanced by the natural environment.

An overarching Strategic Framework nominates the broad land use precincts of the municipality including large areas of landscape value and open space. The framework shows Banyule's Activity Centres, which generally sit within surrounding residential neighbourhoods.

Clause 21.06 identifies the built environment features of significance in the municipality. The Residential Areas Framework Map within this clause nominates six classifications of residential area within the municipality and shows major transport networks. The classifications relate to the level of density and future development that is expected in the municipality and has been relied upon to inform housing development projections prepared by ID Consulting for Banyule City Council.

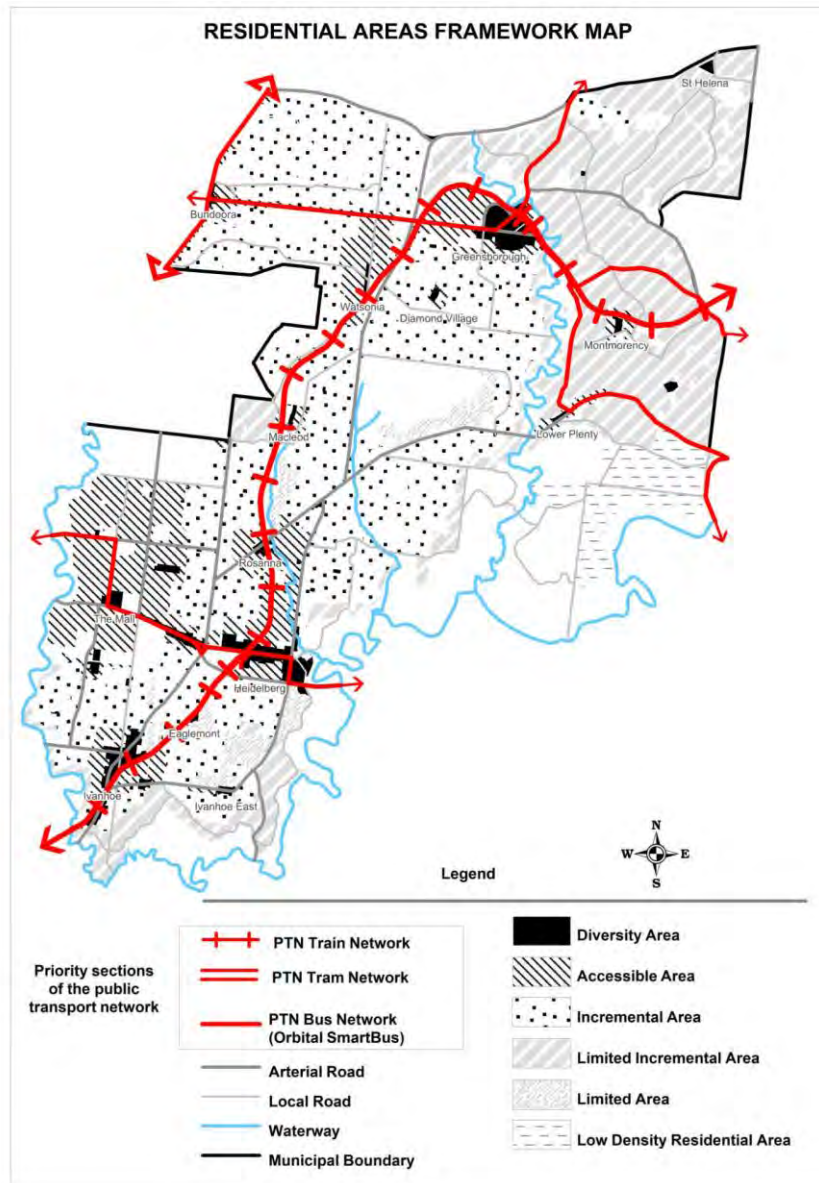
The City's Strategic Framework Plan and Residential Areas Framework Map are shown below.

Figure 7 - Banyule's Strategic Framework Plan



Source: Banyule MSS (2016)

Figure 8 - Banyule's Residential Areas Framework Map



Note: This map shows the indicative location of the Residential Areas described in the Residential Areas Framework.

Source: Banyule MSS (2016)

Geographic Areas

For a contribution scheme, development must have a nexus with infrastructure that is included in the contribution scheme. Nexus is defined primarily in spatial terms; that is: development that abuts or is near infrastructure and is deemed a user or likely user of the infrastructure can be included in the cost apportionment process.

For that reason, contribution schemes are based on area units. In a DCP, the unit of area has two applications:

- Analysis Areas - which is an area that is used for calculation of development contribution charges (or levies) based on user pays principles; and
- Charge Areas - which are administrative units that have a specific charge listed in the contribution payment table.

In a DCP, the two areas defined above can be the same or alternatively the analysis areas can be merged into fewer and larger charge areas (as long as charges are not increased for any one analysis area).

The proposed ICP system has one area unit, being the planning area for which the standard levy applies. It is assumed that nexus principles are reasonable within each of the precincts under this model.

A review of selected DCPs in a range of different development settings shows the following area definitions used:

- Growth Area Precinct Structure Plans – these typically have an approximate 10 sq km precinct and DCP area;
- Moreland - this DCP has 12 municipal-wide DCP areas based on suburbs (average 3.25 sq km);
- Sunshine Town Centre – this DCP has one (approximate) 1 sq km structure plan and DCP area;
- Ringwood Town Centre – this DCP has one (approximate) 11 sq km structure plan and DCP area; and
- Darebin - this early model DCP has 225 municipal-wide DCP areas based on Census Collection District data areas (average 0.24 sq km).

Analysis Areas in Banyule

A review of potential analysis areas in Banyule has been made based on the planning framework and review of potential future infrastructure projects.

It is assessed that the options for consideration, from smallest to largest, are:

- Suburbs with Major Structure Plan Disaggregation - Banyule has 18 suburbs and three major structure plan areas plus the proposed La Trobe National Employment Cluster boundary. Using these boundaries breaks up the municipality into 25 areas (average area 2.5 sq km);
- Suburbs - Banyule has 18 suburbs (average area of 3.5 sq km);
- Planning Precincts - 7 precincts used for open space planning and other similar strategic projects (average area 9 sq km); and
- Sectors of the municipality - this could be defined as an amalgamation of the Planning Precincts into 3 sectors (average area 21 sq km).

The potential area definitions are shown below.

Figure 9 - Potential Area Definitions

25 Suburb and Planning Areas



18 Suburbs and 7 Precincts



3 Sectors



Conclusions

The planning framework for Banyule identifies communities of interest and areas which are expected to accommodate future development. Future development is expected to focus on the major activity centres of Ivanhoe, Heidelberg and Greensborough. The La Trobe National Employment Cluster may also be a future focus for growth.

These planning areas and suburb boundaries are spatial units that could be used for development contribution scheme design. There is no case to use smaller spatial units based on the available information.

Other options are to use bigger spatial units for development contribution scheme design such as suburbs (without planning area boundaries), planning precincts and sectors.

5 DEVELOPMENT CONDITIONS AND PROJECTIONS

Introduction

This section of the report provides a guide to future development possibilities to inform decision making on development contribution scheme design.

The section begins with a simple example of the cost apportionment process in contributions schemes and then provides development projections for the spatial units nominated in the previous report section.

Cost Apportionment Example

In a contribution scheme, development pays for provision of infrastructure and is charged at a permit stage. The development pays according to the charges specified in the contribution scheme for the development type and location in question.

The charges are calculated in a contribution scheme using a user pays calculation approach, which is the mandatory method of setting the charges under a DCP. A very simple example of the calculation is shown below for four different development scenarios.

Common across all four development scenarios is:

- The total development expected at the end of the planning period, which is assumed to be 1,000 development units by 2031;
- The cost of infrastructure committed to the area by the relevant council, which is assumed to be \$1,000,000; and
- The resulting DCP charges shown in the planning scheme, which is \$1,000 per development unit in all four scenarios.

The only difference between the scenarios is the balance between development that exists today (2016) and expected future development during the planning period (2016 to 2031).

That balance affects the income return to the council for the committed infrastructure works.

Figure 10 - Example Cost Apportionment Scenarios

	Greenfield Area	Activity Centre	Residential Area Moderate Change	Residential Area Limited Change
Existing Development Units (2016)	0	500	850	950
Future Projected Development Change to End of Planning Horizon (2031)	+1,000	+500	+150	+50
Total Development Units at End of Planning Horizon (2031)	1,000	1,000	1,000	1,000
Future Development as a Share of Total Development at 2031 (Equates to Return from a DCP System)	100%	50%	15%	5%
Example DCP Infrastructure Committed to Area (Commitment by Council and Shown in Planning Scheme)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
DCP Charge for 1 Development Unit (Shown in Planning Scheme)	\$1,000	\$1,000	\$1,000	\$1,000
Collected From Development Between 2016 and 2031	\$1,000,000	\$500,000	\$150,000	\$50,000
Funded by Other Council Sources	\$0	\$500,000	\$850,000	\$950,000

The decision to use a contribution scheme in the first example is perhaps easier for a council than it is in the fourth example. In the first example the council expects to obtain 100% of the cost of the committed infrastructure from development as it occurs over time. However, in the fourth example, the council expects to obtain 5% of the cost of the committed infrastructure from development.

The utility of including the infrastructure commitment in the fourth scenario in a contribution scheme is debatable, with common arguments for such examples being:

- Not worth it - the expected income from development does not justify council having to commit to deliver the nominated

infrastructure within a specified timeframe and to maintain externally auditable records to track scheme performance; or

- Is worth it - the council will build that infrastructure whether it has a scheme or not so it might as well collect some funds from development over time to help pay for the works.

The decision may vary on an infrastructure project-by-project basis depending on:

- Expected financial return;
- Effort and cost to prepare and implement a scheme;
- Management effort and accountability responsibilities; and
- Strategic importance of the infrastructure.

Development Estimates and Projections

For the purpose of this report, development conditions and projections data was compiled for the period 2016 to 2031 for small areas and for residential, commercial and industrial land uses. The data provides a guide to potential future use of contribution schemes in Banyule. The general approach of assembling the data is described in the text box below.

Figure 11 - Overview of Development Data Sources

- Banyule property rates and GIS data was reviewed to derive estimates of development conditions by major land use groups for small area at 2010 and 2014.
- Council's latest dwelling forecasts (prepared by id consulting) to 2031 was used for dwelling projections.
- Non-residential land uses were amalgamated into two broad groups: commercial and industrial.
- Non-residential land uses are projected from 2014 to 2031 based on trends between 2010 and 2014 and the ratio of residential to non-residential development to 2031.
- The data is shown for five-yearly data points between 2011 and 2031.

Appendix 1 shows the data separately for the three land uses and by detailed data area.

For the purpose of the analysis in this section of the report, all development types are represented as total floorspace (square metres or sqm).

The table below shows total floorspace by suburbs and planning areas between 2016 and 2031. The figure that follows the table shows the areas in more detail.

The percentage change figures on the right hand column show the anticipated return that could potentially be obtained for infrastructure by area in a DCP model.

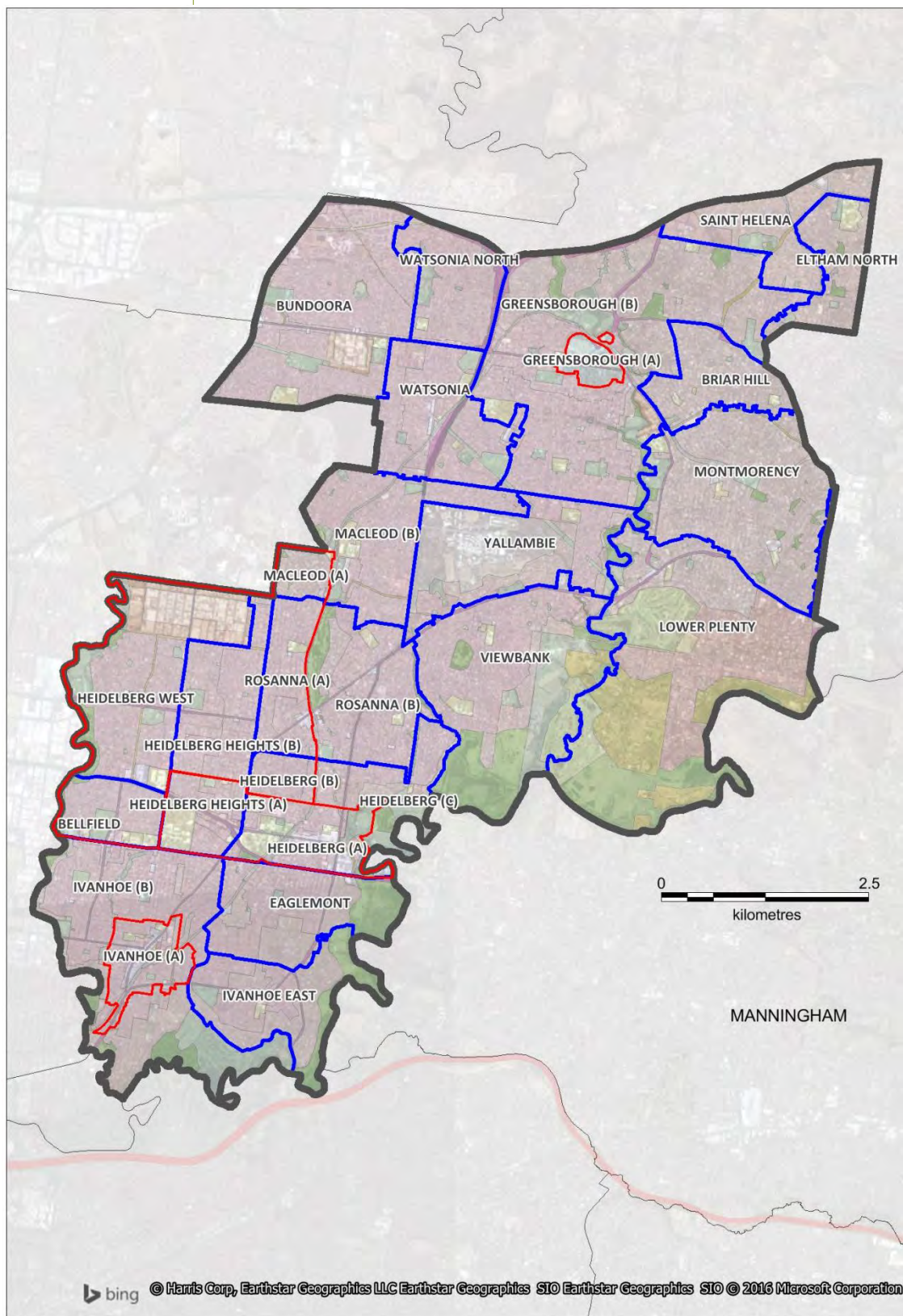
The estimated percentage change figures range from approximately 59% in Heidelberg Part B - Latrobe Employment Cluster to a low of 0.5% in Lower Plenty.

Eleven of the 25 areas are expected to achieve at least 10% growth.

Table 1 - Estimated Total Floorspace 2016 and 2031 by Suburb and Planning Area

TOTAL FLOORSPACE					Change	
Suburb (and Planning Area If Applicable)	Precinct	Sector	2016	2031	No	%
Heidelberg Part B - Latrobe Employment Cluster	Mid	South	111,020	175,810	64,790	58.4%
Heidelberg Part A - Structure Plan area & Latrobe Employment Cluster	Mid	South	350,970	510,360	159,390	45.4%
Ivanhoe Part A - Structure Plan area	South	South	405,300	582,960	177,660	43.8%
Heidelberg Heights Part A - Structure Plan area & Latrobe Employment Cluster	West	South	160,070	228,530	68,460	42.8%
Heidelberg Part C - Balance of suburb	Mid	South	260,990	370,790	109,800	42.1%
Ivanhoe Part B - Balance of suburb	South	South	650,740	797,360	146,620	22.5%
Heidelberg West - Bellfield	West	South	1,135,950	1,359,900	223,950	19.7%
Heidelberg Heights Part B - Latrobe Employment Cluster	West	South	352,690	418,090	65,400	18.5%
Greensborough Part B - Balance of suburb	North	North	1,126,400	1,291,130	164,730	14.6%
Greensborough Part A - Structure Plan area	North	North	193,780	221,450	27,670	14.3%
Ivanhoe East	South	South	283,280	316,870	33,590	11.9%
Rosanna Part A - Latrobe Employment Cluster	Mid	South	243,070	266,790	23,720	9.8%
Rosanna Part B - Balance of suburb	Mid	South	391,220	429,060	37,840	9.7%
Macleod Part B - Balance of suburb	Mid	Middle	489,700	532,550	42,850	8.8%
Watsonia North	North West	North	258,680	277,830	19,150	7.4%
Watsonia	North West	North	428,220	459,310	31,090	7.3%
Eaglemont	South	South	287,810	307,920	20,110	7.0%
Macleod Part A - Latrobe Employment Cluster	Mid	Middle	82,320	87,930	5,610	6.8%
St Helena - Eltham North	North East	North	323,820	345,300	21,480	6.6%
Viewbank	East	Middle	488,880	518,540	29,660	6.1%
Bundoora	North West	North	798,050	845,760	47,710	6.0%
Yallambie	East	Middle	239,880	248,630	8,750	3.6%
Briar Hill	North East	North	256,980	259,270	2,290	0.9%
Montmorency	North East	North	686,570	692,260	5,690	0.8%
Lower Plenty	East	Middle	300,810	302,460	1,650	0.5%
TOTAL			10,307,200	11,846,860	1,539,660	14.9%

Figure 12 - Suburbs and Planning Areas



The table below shows the data by suburb. The estimated percentage change figures range from a high of approximately 46% in Heidelberg. Six of the 18 suburbs are expected to achieve at least 10% growth.

Table 2 - Estimated Total Floorspace 2016 and 2031 by Suburb

TOTAL FLOORSPACE					Change	
Suburb	Precinct	Sector	2016	2031	No	%
Heidelberg	Mid	South	722,980	1,056,960	333,980	46.2%
Ivanhoe	South	South	1,056,040	1,380,320	324,280	30.7%
Heidelberg Heights	West	South	512,760	646,620	133,860	26.1%
Heidelberg West - Bellfield	West	South	1,135,950	1,359,900	223,950	19.7%
Greensborough	North	North	1,320,180	1,512,580	192,400	14.6%
Ivanhoe East	South	South	283,280	316,870	33,590	11.9%
Rosanna	Mid	South	634,290	695,850	61,560	9.7%
Macleod	Mid	Middle	572,020	620,480	48,460	8.5%
Watsonia North	North West	North	258,680	277,830	19,150	7.4%
Watsonia	North West	North	428,220	459,310	31,090	7.3%
Eaglemont	South	South	287,810	307,920	20,110	7.0%
St Helena - Eltham North	North East	North	323,820	345,300	21,480	6.6%
Viewbank	East	Middle	488,880	518,540	29,660	6.1%
Bundoora	North West	North	798,050	845,760	47,710	6.0%
Yallambie	East	Middle	239,880	248,630	8,750	3.6%
Briar Hill	North East	North	256,980	259,270	2,290	0.9%
Montmorency	North East	North	686,570	692,260	5,690	0.8%
Lower Plenty	East	Middle	300,810	302,460	1,650	0.5%
TOTAL			10,307,200	11,846,860	1,539,660	14.9%

The table below shows the data amalgamated into the seven planning precincts. The change share ranges from a high of approximately 23% in the South Precinct to a low of approximately 2% in the North East Precinct.

Four of the seven precincts are expected to achieve at least 10% growth.

Table 3 - Estimated Total Floorspace 2016 and 2031 by Planning Precinct

TOTAL FLOORSPACE			Change	
Precinct	2016	2031	No	%
South	1,627,130	2,005,110	377,980	23.2%
Mid	1,929,290	2,373,290	444,000	23.0%
West	1,648,710	2,006,520	357,810	21.7%
North	1,320,180	1,512,580	192,400	14.6%
North West	1,484,950	1,582,900	97,950	6.6%
East	1,029,570	1,069,630	40,060	3.9%
North East	1,267,370	1,296,830	29,460	2.3%
TOTAL	10,307,200	11,846,860	1,539,660	14.9%

The table below shows the data amalgamated into the three sectors as defined in the previous report section. The change share ranges from a high of approximately 24% in the South Sector to a low of approximately 6% in the Middle Sector.

Table 4 - Estimated Total Floorspace 2016 and 2031 by Sector

TOTAL FLOORSPACE			Change	
Sector	2016	2031	No	%
South	4,633,110	5,764,440	1,131,330	24.4%
North	4,072,500	4,392,310	319,810	7.9%
Middle	1,601,590	1,690,110	88,520	5.5%
TOTAL	10,307,200	11,846,860	1,539,660	14.9%

Shown below is the estimate for the La Trobe National Employment Cluster Area. It is estimated that the rate of change over the 15 year data period will be in the order of 25%.

Table 5 – Estimated Total Floorspace 2016 and 2031, La Trobe National Employment Cluster

TOTAL FLOORSPACE			Change	
	2016	2031	No	%
Latrobe Employment Cluster	2,436,090	3,047,410	611,320	25.1%

Conclusions

The utility of adopting an infrastructure commitment in a DCP from the perspective of council in part depends on the share of the committed infrastructure cost it can expect to recoup from new development over time.

Development conditions and projections data provides a guide to potential future return from contributions schemes in Banyule. The results indicate:

- If using 25 Planning Areas – The estimated percentage change figures range from approximately 59% in Heidelberg Part B - Latrobe Employment Cluster to a low of 0.5% in Lower Plenty. Eleven of the 25 areas are expected to achieve at least 10% growth.
- If using 18 suburbs - The estimated percentage change figures range from a high of approximately 46% in Heidelberg. Six of the 18 suburbs are expected to achieve at least 10% growth.
- If using 7 Planning Precincts – The change share ranges from a high of approximately 23% in the South Precinct to a low of approximately 2% in the North East Precinct. Four of the seven precincts are expected to achieve at least 10% growth.
- If using 3 Sectors - The change share ranges from a high of approximately 24% in the South Sector to a low of approximately 6% in the Middle Sector.
- The La Trobe National Employment Cluster Area is expected to change by approximately 25% in the 15-year outlook period used for this review.

6 INFRASTRUCTURE PROJECT LIST

Introduction

A key component of a development contributions scheme is the list of infrastructure that will form the basis of the funding tool.

This section of the report provides a review of the infrastructure project information base available from Council.

Project Classifications

A DCP or ICP is able to obtain contributions from development for the delivery of certain infrastructure. The infrastructure allowable is generally capital works and land purchase for infrastructure.

Capital works is defined as new construction, renovation or extension to existing assets or replacement of assets at the end of their useful life.

A contributions scheme is not able to include repairs and maintenance of assets and associated recurrent or operational expenditure.

The Planning and Environment Act requires that a DCP classify infrastructure into two categories: development infrastructure and community infrastructure. The distinction is required because the former can be levied at any stage of the development process that requires a permit, such as planning permit, subdivision permit or building permit stage. Community infrastructure is only able to be levied at the building permit stage by legislation.

This distinction harks back to debate in the 1990s regarding levies for community facilities, with the development industry arguing that developers should contribute to development infrastructure on a fair and reasonable basis but not community facilities, which should instead be paid out of taxes from residents in an area. The legislators of the day instead made a compromise to include community facilities within the DCP system but made a distinction between infrastructure types and placed limits on community infrastructure levies. The levies for community infrastructure are limited to being levied at the building permit stage and capped at \$900 per dwelling (with equivalent caps for non-residential uses if applicable).

The definitions are as follows:

- Development infrastructure, which is generally defined as infrastructure that is required for basic health, safety and urban development and includes:
 - Land for infrastructure;
 - Engineering infrastructure such as roads,, paths, drains and other similar assets; and
 - A limited range of facilities (in accordance with a Ministerial Direction), namely kindergartens and maternal and child health care centres.
- Community infrastructure, which is generally defined as higher order community facilities such as buildings for community events, libraries, arts and sport.

A DCP will, as required, specify a Development Infrastructure Levy (DIL) and Community Infrastructure Levy (CIL).

Information Needs

A development contributions scheme must specify infrastructure to be delivered. The general practice is to identify infrastructure to its highest level of specification, for example a consolidated drainage scheme that serves one drainage catchments may have many sub-components. It is reasonable for the DCP to show the drainage scheme as one project (with a number of components) as opposed to listing each of the components as separate DCP projects.

Another example is a road that has a number of sections that serve different areas. It would be appropriate to break up the road into sections according to user characteristics for the purpose of a DCP, such as Road Part A and Road Part B.

Each project should be specified as follows:

- Project name (and reference number);
- Project description (short statement);
- Estimated total project cost (today's dollars);
- Proposed delivery year or span or threshold (which can be the life of the DCP such as 15 year span and include a margin around the end date to cover for lower than anticipated development rates for example);
- Location (street or suburb or specific address If known);

- Source or reference document of project (such as structure plan or capital works plan);
- Project status (confirmed or proposed);
- Project category / levy type (development or community infrastructure);
- Land use nexus (residential only or residential and non-residential);
- Main catchment area (defined by area units used in the DCP);
- External demand allowance (estimated share of use of the project estimated to be derived from outside the main catchment area); and
- Beyond DCP timeline allowance (estimated share of demand from development expected beyond the DCP time horizon if applicable).

Banyule Infrastructure Project Information Base

Banyule City Council has developed a four-year capital works planning system. The approach provides a detailed list of works for a four-year outlook period and supplemented by a longer-term 10 draft list of works. At the end of each year, the new fourth year is re-populated with projects and as such the list is a rolling four-year list.

The total estimated cost of works is shown in the table below. This shows total cost minus various take-outs that may not be suitable for a DCP, these being: expenses, open space levy allocation, special charge allocation, government grant allocation and community contributions allocation. This provides a net cost estimate or approximately \$102.2m over four years that may be considered for a DCP.

Table 6 - Overview of Banyule City Council Budget Plan (March 2016)

Year	Total Cost*	Expenses	Open Space Fund	Grant Funding	Special Charge	Community Contribution	Net Capital Works For DCP Consideration
2016/17	\$43,800,240	\$5,452,845	\$1,999,000	\$2,074,129	\$582,596	\$439,226	\$33,252,444
2017/18	\$37,400,966	\$5,093,345	\$1,690,000	\$576,759	\$582,596	\$205,000	\$29,253,266
2018/19	\$34,658,491	\$7,047,945	\$1,853,000	\$826,759	\$582,596	\$110,000	\$24,238,191
2020/21	\$25,894,739	\$7,438,490	\$2,002,000	\$476,759	\$521,367	\$25,000	\$15,431,123
Total 4 Years	\$141,754,436	\$25,032,625	\$7,544,000	\$3,954,406	\$2,269,155	\$779,226	\$102,175,024

* Includes New Assets and Asset Renewal, Upgrade and Expansion

Source: Banyule City Council

The information base that has been developed by Council has detail to support a DCP. The list of projects is specific and costed.

The process to develop a DCP from the list would be:

- Line-by-line review of each project to check suitability;
- Populating other DCP information for each project that is selected as shown earlier in this report section, with the main items needing provision being project location (e.g. geo-coded to GIS information) and catchment area of the project (which is provided on a Council Ward basis in existing data but would need confirmation in a DCP preparation process).

Typically, a DCP uses a first draft list of projects to generate charges and financial draft implications and is then refined in an iterative process to confirm funding scheme design (usually involving a trimming process).

In most cases, DCPs tend to include only a share of Council's total infrastructure plans, focusing on those projects that will be delivered with a degree of certainty and providing a reasonable income stream.

Review of Detailed Project List

A 2015 list of potential infrastructure projects was reviewed and is summarised below. The actual list has many line items.

The table shows the list of projects by ward for the following infrastructure categories:

- Arts and Cultural;

- Building;
- Drainage;
- Fixtures and Fittings;
- Parks;
- Playgrounds; and
- Roads, Streets, Bridges.

The total cost of this list is \$57.3m. Whilst this list is drawn from a draft four-year capital works list, for the purpose of a DCP such a list would be nominated for delivery over the life of the funding plan, such as between years 1 and 15 (and potentially a margin in excess of 15 years subject to certain conditions being met such as lower than expected rates of development).

Table 7 - Projects by Ward (December 2015)

Area (Precinct / Ward)	Category	Cost - Year 1 to 4
North / Bakewell	Buildings	\$270,000
	Parks	\$155,000
	Roads, Streets, Bridges	\$1,572,015
North East / Beale	Building	\$38,500
	Drainage	\$155,000
	Parks	\$150,000
	Roads, Streets, Bridges	\$564,813
South / Griffin	Building	\$13,800,000
	Drainage	\$20,000
	Parks	\$698,000
	Playgrounds	\$90,000
	Roads, Streets, Bridges	\$2,197,263
North West / Grimshaw	Building	\$1,000,000
	Parks	\$525,000
	Roads, Streets, Bridges	\$580,549
East / Hawdon	Drainage	\$400,000
	Parks	\$360,000

	Roads, Streets, Bridges	\$1,227,310
Mid / Ibbott	Building	\$30,000
	Fixtures and Fittings	\$35,000
	Parks	\$190,000
	Roads, Streets, Bridges	\$746,427
West / Olympia	Building	\$424,000
	Fixtures and Fittings	\$113,500
	Parks	\$90,000
	Roads, Streets, Bridges	\$1,577,623
City Wide	Arts and Cultural	\$140,000
	Building	\$7,699,000
	Drainage	\$2,620,000
	Fixtures and Fittings	\$558,500
	Parks	\$4,760,000
	Playgrounds	\$900,000
	Roads, Streets, Bridges	\$13,582,000
TOTAL		\$57,269,500

Source: Banyule City Council Website

The following list is the same as above except parks and playground are taken out on the assumption those projects would be delivered in part under the open space levy. The cost of the revised list below is \$49.4m.

Table 8 - Projects by Ward (Excluding Parks and Playgrounds) (December 2015)

Area (Precinct / Ward)	Category	Cost - Year 1 to 4
North / Bakewell	Buildings	\$270,000
	Roads, Streets, Bridges	\$1,572,015
North East / Beale	Building	\$38,500
	Drainage	\$155,000
	Roads, Streets, Bridges	\$564,813

South / Griffin	Building	\$13,800,000
	Drainage	\$20,000
	Roads, Streets, Bridges	\$2,197,263
North West / Grimshaw	Building	\$1,000,000
	Roads, Streets, Bridges	\$580,549
East / Hawdon	Drainage	\$400,000
	Roads, Streets, Bridges	\$1,227,310
Mid / Ibbott	Building	\$30,000
	Fixtures and Fittings	\$35,000
	Roads, Streets, Bridges	\$746,427
West / Olympia	Building	\$424,000
	Fixtures and Fittings	\$113,500
	Roads, Streets, Bridges	\$1,577,623
City Wide	Arts and Cultural	\$140,000
	Building	\$7,699,000
	Drainage	\$2,620,000
	Fixtures and Fittings	\$558,500
	Roads, Streets, Bridges	\$13,582,000
TOTAL		\$49,351,500

Estimated Return from a Scheme

The table below provides a first pass analysis of possible return to Council from a DCP. This uses the table above (Projects by Ward Excluding Parks and Playgrounds) and applies the estimated rates of growth by planning precinct as shown earlier in this report. In this analysis it is assumed the rate of growth in the planning precinct is the same for the nearest ward (on a best-fit basis), which have similar but slightly different boundaries.

Table 9 - Estimated Return From a DCP - First Pass Analysis Subject to Detailed Plan Development and Confirmation

Area (Precinct / Ward)	Total Cost	Estimated Return %	Estimated Return \$
North / Bakewell	\$1,842,015	14.6%	\$268,451
North East / Beale	\$758,313	2.3%	\$17,627
South / Griffin	\$16,017,263	23.2%	\$3,720,788
North West / Grimshaw	\$1,580,549	6.6%	\$104,256
East / Hawdon	\$1,627,310	3.9%	\$63,318
Mid / Ibbott	\$811,427	23.0%	\$186,739
West / Olympia	\$2,115,123	21.7%	\$459,033
City Wide	\$24,599,500	14.9%	\$3,674,603
TOTAL	\$49,351,500	17.2%	\$8,494,814

This analysis is preliminary only and suggests that the overall return to Council would be around 17% of committed infrastructure cost. This means Council would fund 83% of the cost of committed infrastructure over the life of a DCP and received about 17% from development contributions.

In this estimate the cash return over 15 years is around \$8.5m or \$567,000 per annum on average.

It should be noted however that this is one scenario and is subject to verification in a DCP preparation process. The return would move up or down based on:

- The value of infrastructure committed in a DCP; and
- The location of the infrastructure (such as being in high or low growth areas).

Other possibilities are described generally as follows:

- If DCP projects are spread evenly across the municipality the expected return would be in the order of 15%, reflecting the City-wide projected growth rate; or
- If DCP projects are concentrated in the south of the municipality (more so than shown in the table above), then the return would be higher than 17%.

Indicative Charges Per Dwelling

Based on the use of wards as contribution scheme charge areas and the cost estimate shown above (Projects by Ward Excluding Parks and Playgrounds), a preliminary DCP charge per dwelling estimate is made. This is a first pass guide to possible charges and would need to be confirmed in a DCP preparation process. The actual outcome depends directly on the data inputs used, in particularly the cost and nature of projects included and the location of those projects.

The South Precinct has a significant share of project cost in relation to the amount of development expected and as such the preliminary charge estimate is higher in that area than other areas.

Table 10 - Estimated DCP Charges - First Pass Analysis Subject to Detailed Plan Development and Confirmation

Area (Precinct / Ward)	Indicative Charge per Dwelling
North / Bakewell	\$576
North East / Beale	\$466
South / Griffin	\$1,761
North West / Grimshaw	\$538
East / Hawdon	\$630
Mid / Ibbott	\$423
West / Olympia	\$548

As noted above, the charges would move up or down depending on the number of projects included in DCP catchment areas.

The above shows charges based on using planning precincts as analysis areas. These analysis areas can be used as the charge areas in the DCP Overlay. Alternatively, Council could merge analysis areas to create fewer charge area for a DCP Overlay, if it so desired. An example of three charge areas (based on the above table) is shown below.

If this approach is taken, the lowest charge in the analysis area is taken for the whole charge area. An area cannot have a charge increased in this step of the process. As such, the funding return to Council would reduce in line with the foregone revenue by this merging process.

Table 11 – Example of Merging Analysis Areas to Form Charge Area

Charge Area	Area Description	Indicative Charge per Dwelling (Using Lowest Charge of Merged Analysis Areas)
Charge Area 1	South / Griffin	\$1,761
Charge Area 2	North / Bakewell + North East / Beale + North West / Grimshaw	\$466
Charge Area 3	East / Hawdon + Mid / Ibbott + West / Olympia	\$423

Conclusions

A DCP must list capital works projects that Council will commit to deliver over the life of a DCP, which could be set at 15 years (or longer if desired).

The projects in a DCP are typically only a share of overall projects Council intends to deliver, and reflects a list best suited to a DCP based on considerations like likelihood of delivery, financial return and availability of other funding tools and options.

Banyule City Council has developed a capital works planning system which provides the detailed basis from which a DCP can be developed.

A preliminary review of the current information suggests that the overall return to Council from a DCP would be around 17% of committed infrastructure cost. It should be noted however that this is one scenario and is subject to verification in a DCP preparation process. The final figure could be higher or lower and the actual outcome would be determined by:

- The specific infrastructure projects that are included; and
- The location and catchment characteristics of the infrastructure - and the expected development growth in those catchment areas.

7 RELATIONSHIP TO OTHER FUNDING TOOLS

Introduction

This section of the report considers the use of other funding tools, in relation to DCP / ICP contribution schemes, namely conditions, agreements, open space levies, special rate and charge schemes and cash in lieu of parking provision schemes.

Avoidance of Double Dipping

Some projects nominated for a DCP or ICP could also be funded in full or in part by other funding tools. The key point to note with use of funding tools is the need to avoid 'double dipping'. This means that if a particular project is used as a basis for justifying one funding tool, the same project should not be used to justify another tool.

It is possible to allocate some projects of one 'type' to multiple tools, as long as individual projects do not appear in multiple tools.

Conditions for Infrastructure

Infrastructure that is required for a particular development site is provided by the landholder / developer and formalised by a condition on development approval (enabled by Section 62 of Planning and Environment Act). The condition will seek to implement planning, building and engineering requirements that apply to the site.

With respect to infrastructure, conditions will usually apply to the development site and in some cases also cover infrastructure located off-site but directly connected to the development site. An example of an on-site infrastructure condition is a requirement to construct an on-site drainage detention system to a defined standard. An off-site example is a condition to construct a new traffic management treatment that is required to gain access to a development site.

Conditions are identified during the development assessment process and assessed on a case-by-case basis.

Conditions are typically not able to be used for infrastructure that is associated with multiple development sites and can be planned in advance. Such projects fall under the DCP system.

Voluntary Agreements

Councils are able to enter into a legal agreement with developers for any legal purpose (enabled via Section 173 of Planning and Environment Act). This can include formalising infrastructure provision and contribution requirements.

In the realm of development contributions, legal agreements are often used to formalise and 'lock in' a contribution requirement. The legal agreement provides parties subject to the agreement with more certainty especially where some elements of a contribution requirement are otherwise implied or not explicit.

Open Space Levy

Councils may be able to obtain a contribution for open space land acquisition or works from some subdivision proponents. This is enabled by the joint operation of the Subdivision Act and Victorian Planning Provisions. The contribution amount is up to 5% (unless modified in the Planning Scheme) of land area or cash value of the site value or a combination of both if it can be justified, based on an assessment of need.

Some subdivisions are exempt from this requirement, including two lot subdivisions that are unlikely to be further subdivided and land and buildings that have made the contribution (or deemed to have made the contribution) previously.

The open space levies that are collected must be set aside in a separate account and used for open space improvement in the municipality.

Clause 52.01 of all Planning Schemes in Victoria expressly recognises the power of councils to obtain open space contributions under the Subdivision Act, and provides a mechanism for councils to amend the provisions to suit local circumstances via a schedule to that clause.

Open space levy projects can be included in a DCP or in an open space levy scheme. It is possible to include some projects in a DCP and some in an open space levy scheme.

This is the approach typically used by the Metropolitan Planning Authority for open space in precinct structure plans. Large and strategic open space assets that form part of the structure of a precinct and integrated with drainage systems and community facilities for example, are typically included in a whole of precinct DCP. Local level open space and improvements, being a separate list of open space works, are funded by the open space levy. In this model the DCP is deemed to more clearly apportion costs to properties and specify a clearer delivery timeline (and reimbursement or equalisation scheme) for the area. The open space levy provides greater flexibility to accumulate funds for improvements to open space.

In an established area setting however, the need for a DCP to establish the urban structure is less relevant. Arguably, the income stream and expenditure flexibility is more important to an established area setting.

The open space levy enables a council to nominate the level of open space investment it chooses to make each year and thus the share of open space levy funds to be used. A council could elect to make open space investments equal to the open space levy funds it receives in a year or a larger or smaller sum depending on priorities. This is a key difference to a DCP which must establish up-front charges that relate to pre-planned open space investments.

Another difference is that the DCP is able to charge all development that triggers a permit whereas the open space levy exempts residential dual occupancies. On face value the DCP tool has the advantage of being able to charge dual occupancy developments. However in practice the open space levy will typically provide a council with more income and more flexibility in use of funds compared to a DCP. This is shown in the simple example below.

In the example, the council commits to \$40m for open space projects over 15 years via a DCP. No similar binding commitment is required under the open space levy although it is necessary to demonstrate a need for the levy income via a list of projects that are intended to be delivered over time to justify a schedule to clause 52.01.

The example below suggests an additional \$20m in income may be obtained for open space via the open space levy in Banyule along with greater flexibility in expenditure of funds.

Table 12 - Overview of DCP and Open Space Levy Tools

Funding Tool;	DCP		Open Space Levy	
Commitment	\$40m	Assumption	Set by Council each year	-
Possible Return Over 15 Years	15.0%	Municipal-wide estimate	-	-
Estimated Income Over 15 Years	\$6m	From above percentage	\$26m	Estimate by HILLPDA
Funded by Other Sources	\$34m	From above assumption	Set by Council each year	-
Potential Charge Per Dwelling	\$600	Preliminary estimate	\$6,250	Assumption: average subdivision pays \$25,000 and has three lots

Special Rates and Charges

A special rate or charge is applied to a defined area for a defined period of time in addition to the general rate to pay for a particular project or program that benefits the defined area (enabled by Section 163 of the Local Government Act).

The scheme can be set to recover part or the full cost of the project from property owners.

The special rate or charge is generally applied to selected properties to recover all or a share of the cost of works or projects that directly benefit the defined properties.

A typical example is a local road or drainage scheme upgrade, which provides a special benefit to abutting properties. The properties that receive a special benefit from the project can be charged a share of the cost of the project over a selected period of time, to pay in full or part for the project.

Each scheme requires an implementation process to be followed, including formal consultation and potentially VCAT review if a party appeals. If more than two-thirds of the cost of the project or program is intended to be recovered by the scheme, a majority of the landholders must agree to the scheme for it to be approved.

This special rate and charge tool is generally suited to projects or programs that have a tight relationship to particular properties. Such schemes are prepared for an individual project. On the other hand a

DCP can have an unlimited number of projects and be apportioned to a larger area.

Another approach that can be considered is to apply part of the cost of the project (e.g. road) to abutting properties via a special date and charge scheme (such as Road Part A), and part of the project to a DCP (such as Road Part B).

Cash in Lieu of Parking Schemes

Activity centres generally require careful management of parking and traffic to ensure a good balance of walking, sustainable transport and car access and circulation is achieved. In centres that have limited land stocks and growing parking demand pressures, a Parking Precinct Plan can be used to nominate how parking management is to be achieved.

There is scope within a Parking Precinct Plan to include a cash in lieu of off-street parking supply provision for land uses if it can be justified. This typically occurs in instances where a use is required to provide a certain number of spaces on-site in accordance with the Planning Scheme but is unable to do so due to site limitations.

Where this occurs, the Parking Precinct Plan may nominate a cash in lieu of parking supply payment to council.

The funds obtained via this tool are usually tied to meeting parking projects as stated in the Parking Precinct Plan such as shared parking stations. Typically, the development of shared parking stations are not included in a DCP because there can be doubt about whether a development type will make use of the parking station (which is a test of DCP projects). For example, a retail use may provide sufficient parking on-site in accordance with the Planning Scheme standard and thus argue that a further contribution for off-site via a DCP is not justified.

Conclusions

Councils have access to a range of infrastructure funding tools in addition to the DCP / ICP system, namely conditions, agreements, open space levies, special rate and charge schemes and cash in lieu of parking provision schemes.

It is possible to use a range of tools to help deliver infrastructure as long as avoidance of 'double dipping' is respected; this means that a particular infrastructure project should not be used to justify the adoption or operation of more than one tool.

Each infrastructure funding tool has a specific intended purpose. The general application of the tools with respect to delivering infrastructure is summarised as follows:

- Conditions – For infrastructure that is required for a particular development site and typically cannot be pre-planned;
- Voluntary Agreements - Can be used to formalise or clarify infrastructure contribution requirements;
- Open Space Levy – A specific tool for assisting with the delivery of and funding for open space. For an established area council, the open space levy approach will typically raise more money and provide the council with greater expenditure flexibility compared to a DCP;
- Special Rates and Charges – A scheme that can be established to recover part or the full cost of individual projects from property owners. This tool is generally suited to projects that have a tight relationship to particular properties;
- Cash in Lieu of Parking Schemes – A tool that can be used to obtain cash contributions to help deliver pre-defined council parking solutions from land uses and developments that cannot satisfy on-site parking requirements; and
- DCP / ICP - Best suited to infrastructure that is used by multiple sites and can be planned in advance of provision.

8 OPTIONS AND EVALUATION

Introduction

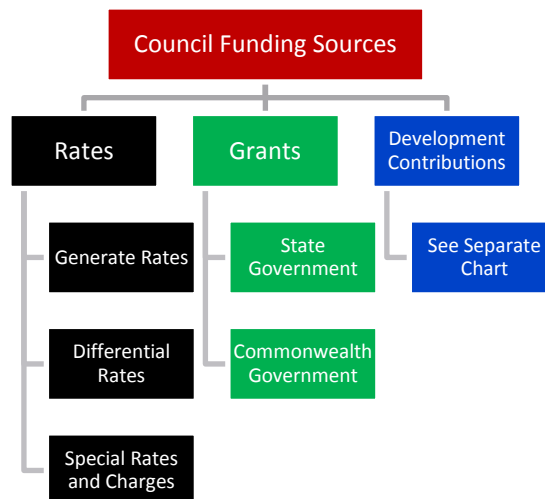
This section of the report summarises the overall development contribution field in context of funding options available to Council and then focuses specifically on the DCP options for Banyule. For the purpose of this report, five options are nominated and tested against strengths, weaknesses, costs, benefits and identification of key risks.

The recommended option is then identified. Details of the recommended option are presented in the next section of the report.

Strategic Framework for Contributions

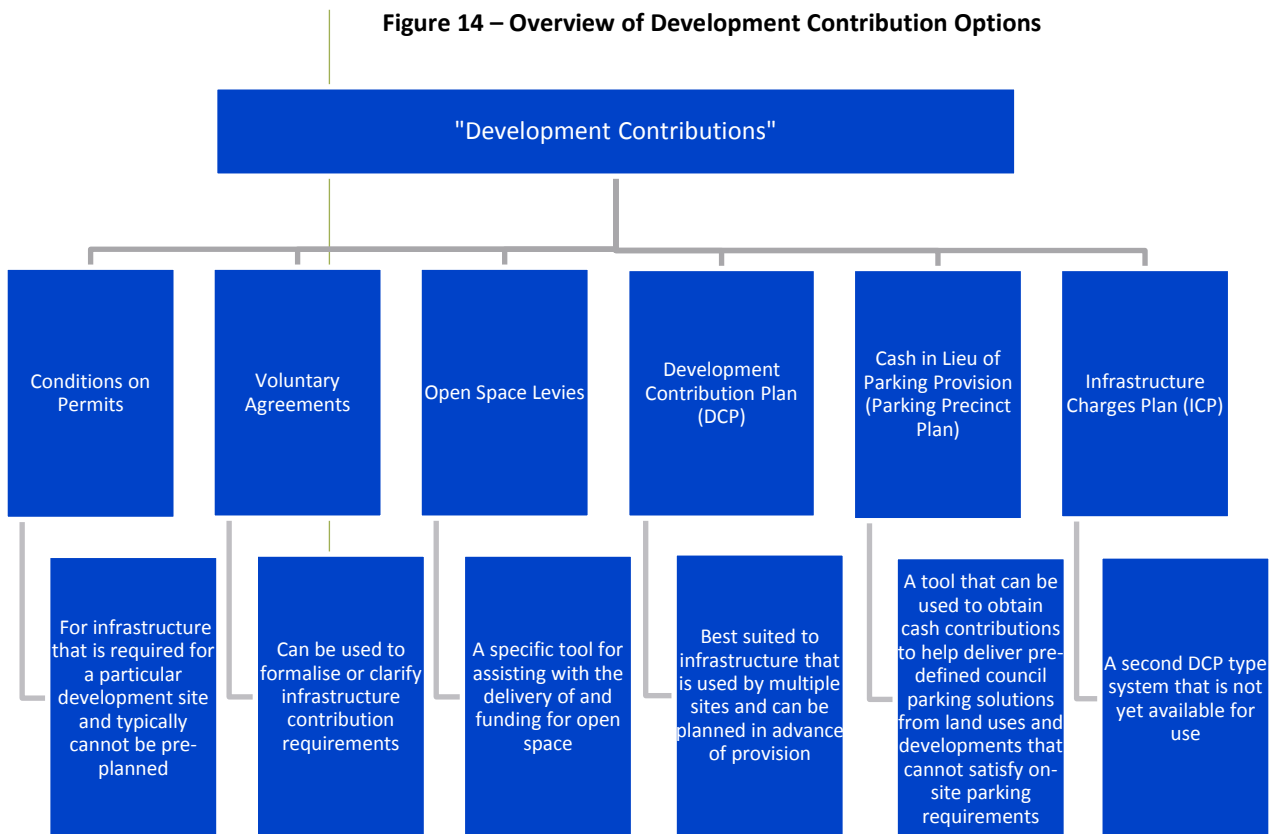
The following figure summarises the context for development contributions as a general concept within the broad range of Council funding options for infrastructure.

Figure 13 – Overview of Infrastructure Funding Options



The figure below shows the various “development contribution” options or concepts in more detail. Five existing options are shown along with the proposed ICP model.

The remainder of this section of the report focuses on the DCP option, which as noted is best suited to assist with the delivery of infrastructure that is used by multiple sites and can be planned in advance of provision.

Figure 14 – Overview of Development Contribution Options

DCP Options

The options for a DCP are expressed in the following table. The options fall within a spectrum covering two topics:

- Areas to be included in a DCP; and
- Infrastructure projects to be included in a DCP.

A 'maximum' DCP would cover all areas and include all known infrastructure projects. The Darebin and Moreland DCP examples summarised earlier in this report approximate to this approach.

Another option is to limit the areas and / or projects to be included in a DCP. Under this approach, a selective assessment of each project would be undertaken for inclusion or exclusion in a DCP, and the nature of those projects would determine the areas that are included in a DCP.

The land uses that are covered by a DCP are determined by (or an outworking of) the nature of infrastructure projects included in a DCP and standard concepts regarding user nexus. For example, all land use development categories (i.e. residential, commercial and industrial) are deemed 'users' of roads, paths and drainage.

Community facilities are typically only linked to residential development.

Table 13 – DCP Framework Options in Simple Terms

Topic	Maximum DCP	Tailored DCP Version 1	Tailored DCP Version 2	Minimum DCP
Areas	All Areas	All Areas	Some Areas	One Area
Infrastructure Projects	All Projects	Some Projects	Some Projects	One Project
Options*	Option 1	Option 2 Option 3	Option 4 Option 5	-

*See option description below

The options selected for evaluation are as follows:

- Option 1 - All of Municipality and All Known Capital Works Infrastructure DCP;
- Option 2 - All of Municipality and All Known Development Infrastructure DCP (Excluding Community Infrastructure);
- Option 3 - All of Municipality and Selected Infrastructure DCP;
- Option 4 - Major Centres and La Trobe National Employment Cluster DCP; and
- Option 5 - ICP in La Trobe National Employment Cluster.

Evaluation of DCP Options

The table below describes and evaluates the options noted above against the following factors:

- Description;
- Strengths;
- Weaknesses;
- Cost Items and Estimates;
- Total Financial Cost Estimate;
- Benefits; and
- Risks.

It should be noted that the infrastructure commitment and potential income estimates quoted below provide a rough guide based on information available at the time of report preparation. The results of such analysis require confirmation in a DCP preparation process.

Table 14 – Evaluation of the Main DCP / ICP Options in Banyule

	Option 1 - All of Municipality and All Known Capital Works Infrastructure DCP	Option 2 - All of Municipality and All Known Development Infrastructure DCP (Excluding Community Infrastructure)	Option 3 - All of Municipality and Selected Infrastructure DCP	Option 4 - Major Centres and La Trobe National Employment Cluster DCP	Option 5 - ICP in La Trobe National Employment Cluster
Description	A maximum DCP that covers the whole municipality and includes all foreseeable planned infrastructure works over a nominal 15-year period.	A DCP that covers the whole municipality and includes all foreseeable planned development infrastructure works in over a nominal 15-year period. This DCP would exclude infrastructure classified as community infrastructure and thus avoid the Community Infrastructure Levy system of collections.	A DCP that covers the whole municipality and includes selected planned infrastructure works over a nominal 15-year period.	A DCP that focuses infrastructure project selection and areas on precincts that are planned to experience high growth. The actual DCP charge areas would however be determined by projects selected and some may have municipal catchments and if so this options would become a municipal-wide DCP.	This adopts an ICP approach for the cluster area. The ICP tool is not yet available for use but may become available in the future (subject to legislative change).
Strengths	Maximum collection from development over the life of the DCP.	Significant but less than maximum collection from development over the life of the DCP	Significant but less than maximum collection from development over the life of the DCP	Significant but less than maximum collection from development over the life of the DCP	Significant collection of funds based on proposed standard levy charges (see below).
	All areas will have at least some charge for development.	Same as Option 1.	Same as Option 1.	-	It is proposed that document preparation will be streamlined under the ICP system.
	-	Similar to Option 1 but avoids having to obtain payments via private building surveyors as required under the Community Infrastructure Levy component of DCPs.	-	-	The distinction between Development Infrastructure and Community Infrastructure may be deleted under the ICP system.

	Option 1 - All of Municipality and All Known Capital Works Infrastructure DCP	Option 2 - All of Municipality and All Known Development Infrastructure DCP (Excluding Community Infrastructure)	Option 3 - All of Municipality and Selected Infrastructure DCP	Option 4 - Major Centres and La Trobe National Employment Cluster DCP	Option 5 - ICP in La Trobe National Employment Cluster
Weaknesses	Commits Council to deliver the specified infrastructure within the DCP period, and thus limits discretion in spending over the life of the DCP.	Same as Option 1 but to a lesser commitment extent.	Same as Option 1 but to a lesser commitment extent.	Same as Option 1 but to a lesser commitment extent.	Commits Council to deliver a list of works to the area but this list could be less costly than a DCP list.
	Requires the Community Infrastructure Levy payment system to be added to the administrative process.	-	Same as Option 1.	Same as Option 1.	-
	-	-	-	Some areas may not have DCP charges. A model of this nature may be questioned by some landholders as not being equitable.	Charges in the ICP area are likely to be higher than other established areas and DCP areas. Developers / landholders may object to relatively high charges proposed by the ICP system.
Cost Items and Estimates	DCP document preparation: \$40,000 external cost plus internal staff time.	Same as Option 1.	Same as Option 1.	Same as Option 1.	ICP document preparation: \$20,000 external cost plus internal staff time.
	DCP Planning Scheme amendment process: \$40,000 expert evidence and lawyer / advocate costs, plus internal staff time.	Same as Option 1.	Same as Option 1.	Same as Option 1.	ICP Planning Scheme amendment process: \$20,000 expert evidence and lawyer / advocate costs, plus internal staff time.
	Full time DCP officer employment by Council: \$100,000 pa.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.
	Council information systems review or upgrade to include DCP tracking: \$40,000 estimate.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.
Total Financial Cost Estimate	\$120,000 one-off up-front plus \$100,000 pa plus other staff time	Same as Option 1.	Same as Option 1.	Same as Option 1.	\$80,000 one-off up-front plus \$100,000 pa plus other staff time

	Option 1 - All of Municipality and All Known Capital Works Infrastructure DCP	Option 2 - All of Municipality and All Known Development Infrastructure DCP (Excluding Community Infrastructure)	Option 3 - All of Municipality and Selected Infrastructure DCP	Option 4 - Major Centres and La Trobe National Employment Cluster DCP	Option 5 - ICP in La Trobe National Employment Cluster
Benefits	Estimated income is a function of cost of projects included in the DCP and rate of development.	Same as Option 1.	Same as Option 1..	Same as Option 1.	Estimated income is a function of the standard levy and rate of development.
	Estimated return may be 14% to 17%	Estimated return may be 14% to 17%	Estimated return may be 17% to 25% (estimate only).	Estimated return may be 17% to 25% (estimate only).	Estimated return may have no direct link to the cost of infrastructure in the area.
	Project commitment assumption: \$50m	Project commitment assumption: \$25m	Project commitment assumption: \$25m	Project commitment assumption: \$25m	Draft information suggests \$3m infrastructure spend in the area and a further \$24.6m in City-wide infrastructure.
	\$7.5m to \$8.5m return using above assumptions.	\$3.5m to \$4.3m return using above assumptions	\$4.3m to \$6.3m return using above assumptions.	\$4.3m to \$6.3m return using above assumptions.	Estimated income could be \$15.7m based on proposed charges and assuming development projections occur as shown in this report. This assumes the charges in the area would not discourage development from occurring in the area.
	Development charges anticipated to be in the vicinity of \$500 to \$2,000 per dwelling.	\$250 to \$1,000 per dwelling based on above assumptions.	\$250 to \$1,000 per dwelling based on above assumptions.	\$250 to \$1,000 per dwelling based on above assumptions.	Proposed charges of \$4,500 per dwelling.
	Assists in co-ordination of infrastructure delivery based on Council's strategic framework.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.

	Option 1 - All of Municipality and All Known Capital Works Infrastructure DCP	Option 2 - All of Municipality and All Known Development Infrastructure DCP (Excluding Community Infrastructure)	Option 3 - All of Municipality and Selected Infrastructure DCP	Option 4 - Major Centres and La Trobe National Employment Cluster DCP	Option 5 - ICP in La Trobe National Employment Cluster
Risks	Poor document preparation would impact on the cost and time taken to prepare a DCP.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1. (however, it is proposed that document preparation will be streamlined under the ICP system).
	Project selection and specification is undertaken poorly which can commit Council into delivery of not needed or low priority projects.	Same as Option 1.	Same as Option 1.	Same as Option 1.	
	Development rates do not occur as expected and DCP income is less than expected.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.
	Poor communication to external stakeholders / developers regarding the DCP can create administrative problems and associated negative feedback.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.
	Poor operational and administrative systems and accountability standards may negatively impact on Council.	Same as Option 1.	Same as Option 1.	Same as Option 1.	Same as Option 1.

Summary of Financial Estimates for DCP Options

The financial estimates for the DCP options is summarised in the three figures below and shown in more detail in Appendix 2.

The estimates are provided for Options 1, 2 and 3 & 4 (the last two in one figure given these are similar). Further information is not provided for Option 5 because that option is not available at this time.

Appendix 2 shows financial estimates for the options addressing the following topics:

- DCP Document Preparation External Costs (Consultant);
- Planning Scheme Amendment External Costs (Lawyer, Expert Witness);
- Council Information System Review / Upgrade;
- Full Time DCP Officer Employment;
- DCP Income Assumption (Developer Payments);
- NET (1) OF DCP COSTS AND INCOME EXCLUDING INFRASTRUCTURE CONSTRUCTION;
- Infrastructure Construction Cost Commitment Assumption; and
- NET (2) AFTER CONSTRUCTION OF INFRASTRUCTURE.

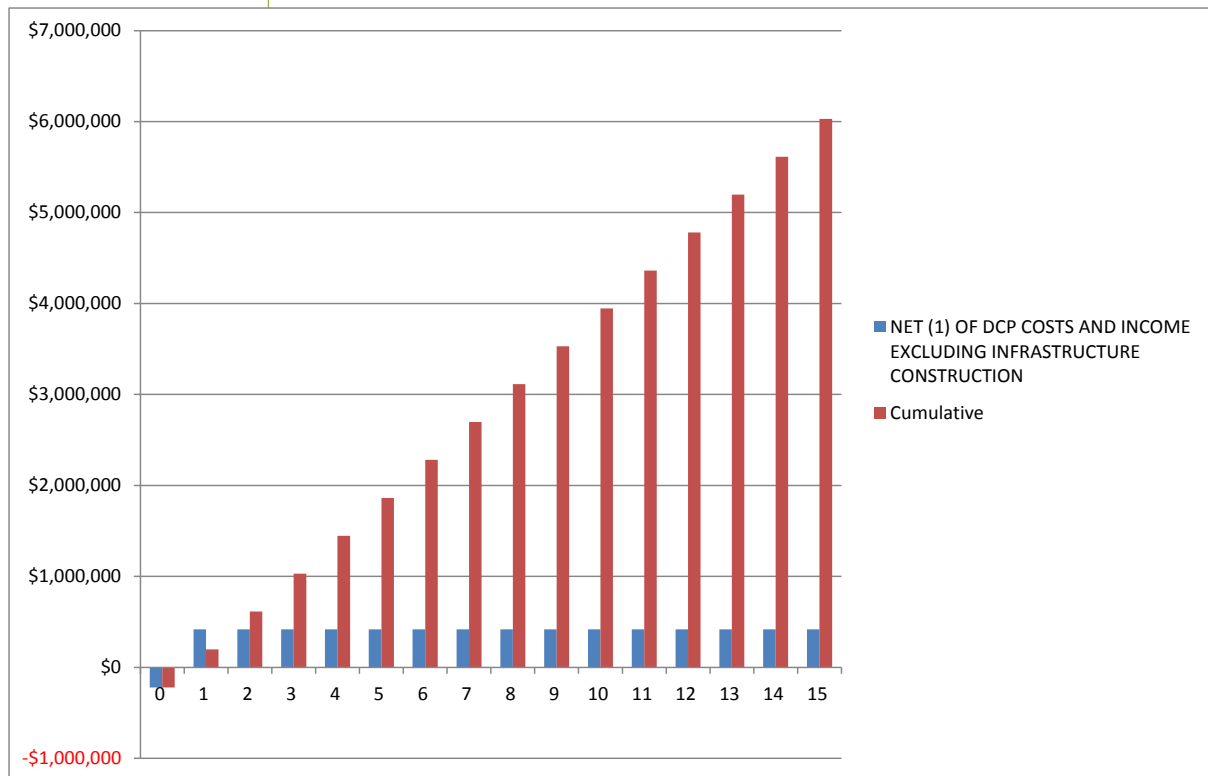
The following figures provide a summary of the above information up to NET (1) OF DCP COSTS AND INCOME EXCLUDING INFRASTRUCTURE CONSTRUCTION.

The cost of infrastructure construction is not shown within the figures in this section of the report but the cost is referenced in the figure title. Council will be required to build infrastructure over time with or without a DCP and on that basis the figures focus on the additional DCP implications in financial terms (over and above infrastructure construction costs).

In Option 1, it is assumed that:

- Council commits to build \$50m in infrastructure over 15 years and recoups 15.5% of that cost from development; and
- Council will net over \$6m in nominal terms over 15 years from operating a DCP.

Figure 15 - DCP Option 1 Estimate

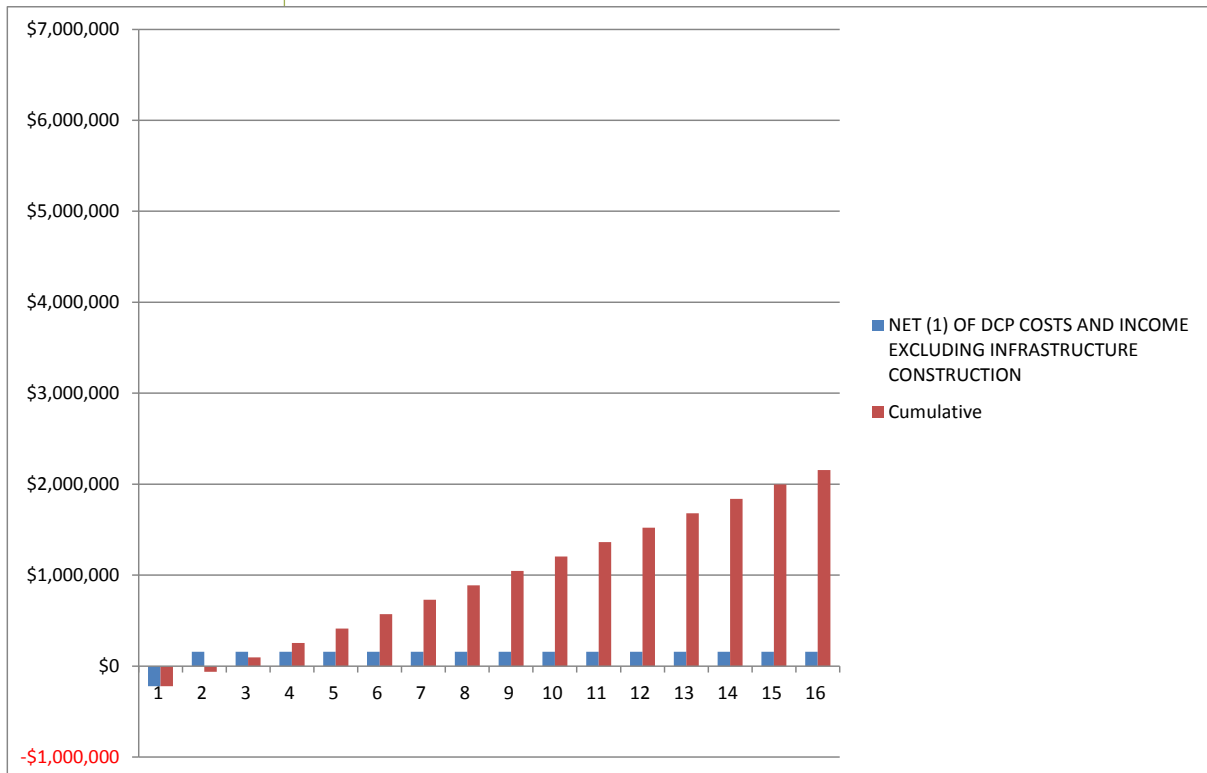


Note: Figure does not show \$50m infrastructure cost over 15 years

In Option 2, it is assumed that:

- Council commits to build \$25m in infrastructure over 15 years and recoups 15.5% of that cost from development; and
- Council will net over \$2m in nominal terms over 15 years from operating a DCP.

Figure 16 - DCP Option 1 Estimate

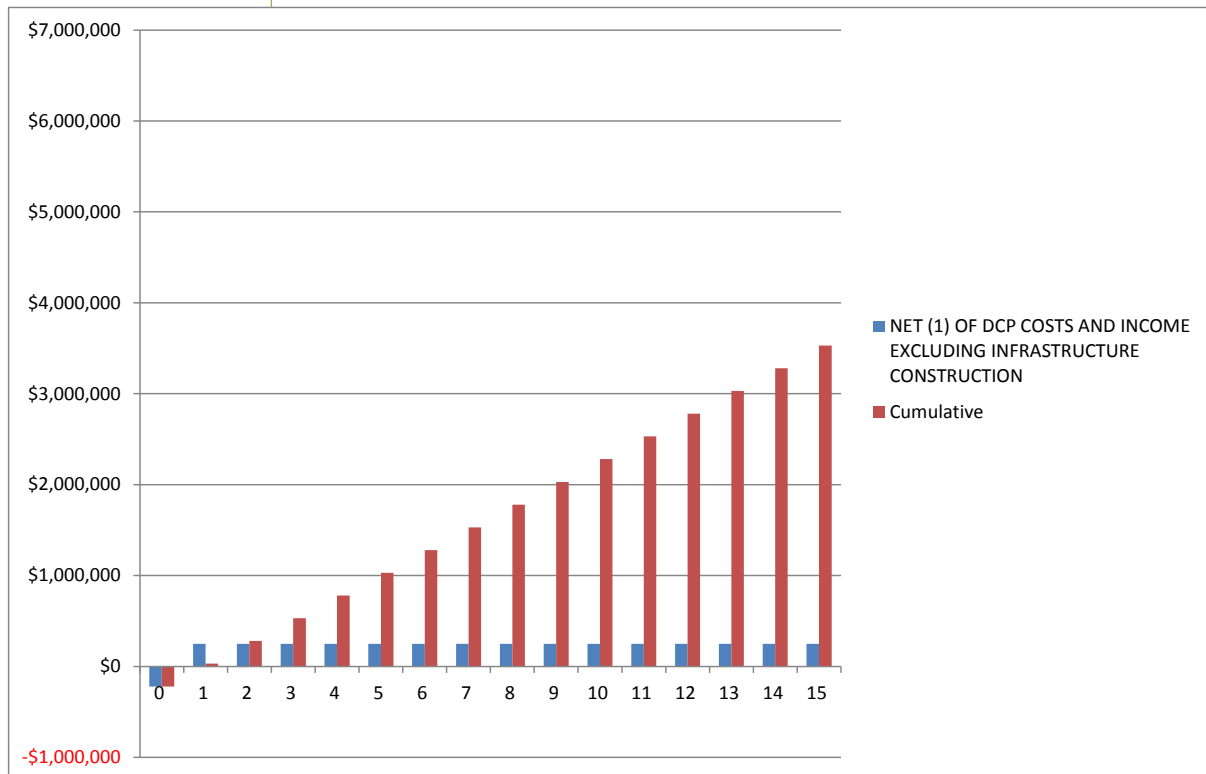


Note: Figure does not show \$25m infrastructure cost over 15 years

In Option 3 and 4, it is assumed that:

- Council commits to build \$25m in infrastructure over 15 years and recoups 21% of that cost from development; and
- Council will net over \$3.5m in nominal terms over 15 years from operating a DCP.

Figure 17 - DCP Option 3 and 4 Estimate



Note: Figure does not show \$25m infrastructure cost over 15 years

Conclusions

The selection of a DCP model is considered to be best designed based on a project-by-project assessment of infrastructure, selecting those projects that are deemed strategic and likely to be needed and delivered. A secondary assessment can then be made of income likely to be returned by each project. The aggregate sum of projects will then define an optimal DCP.

On that basis, the most likely optimal outcome for Banyule would be Options 3 or 4 and potentially also Option 5 if that model becomes available.

The full commitment of Option 1 may include projects that should be discretionary and funded fully by other sources. This will help keep

budgets to some extent flexible and more responsive to needs as they arise.

Also, the exclusion of community infrastructure projects as a group may not be justified simply because of the additional administrative task required to collect Community Infrastructure Levy charges. The decision should be based on the importance of the project and likelihood of delivery and potential return that could be generated.

9 RECOMMENDATIONS

Introduction

This section of the report provides recommendations tailored for Banyule (and where necessary discussion) for the following topics:

- DCP Model Design;
- DCP Timing;
- DCP Projects;
- Strategic Justification for Projects;
- Infrastructure Project Selection and Timing of Project Delivery;
- External Grant Funding;
- Analysis and Charge Areas;
- DCP Policies;
- Draft and Final DCP;
- Resource Allocation;
- Operational System;
- Stakeholder Engagement;
- On-line DCP Calculator;
- Periodic Review of DCP;
- Information Sharing with Other Councils;
- Estimated Financial Costs and Benefits;
- Project Plan; and
- Gaps List.

DCP Model Design

This process is likely to deliver a DCP under the following options as identified in this report:

- Option 3 - All of Municipality and Selected Infrastructure DCP; or
- Option 4 - Major Centres and La Trobe National Employment Cluster DCP.

Option 5 - ICP in La Trobe National Employment Cluster - is not yet available and is awaiting state legislation and other policy approval. This system may or may not become available in the foreseeable future. If it does it should be considered in the DCP preparation process or at some later time.

DCP Timing

It is recommended that a DCP model adopt at least a 15-year outlook period in terms of collection period and project commitment, using the short-list of projects.

DCP Projects

Banyule Council has a well-developed four-year capital works list and longer term list of potential future projects. This information provides a basis to generate a DCP.

It is recommended that the available project list be assessed (by a designated officer and consultant panel) on a project-by-project basis in a DCP preparation process and assessed against the following criteria:

- Strategic importance of the project to the City; and
- Likelihood of project delivery within 15 years or so.

DCP catchment information should then be compiled for the short-listed projects and DCP income calculations made. This should include GIS mapping of projects.

An income threshold should be selected to further refine the list of projects, such as 5% or 10% or some other figure selected by Council.

It is likely that this process will deliver a list of DCP projects which are a component part of the full list of proposed future works. The outcome will be a list of works with some nominated for-DCP and some not-for-DCP. Council has access to other funding tools in addition to the DCP system for non-DCP projects.

Strategic Justification for Projects

DCP projects are required to be justified to be included in a DCP. The tests are specified in the DCP Guidelines and generally require that projects be capital works items that are required for general health, safety or community well-being or consistent with community expectations. The more recent Standard Development Contribution Advisory Committee report provides a further interpretation of allowable items for a DCP.

Furthermore, projects must pass the “needed” test for the areas to which it is being delivered and as such may need strategic policy or strategy support to be included in a DCP. The level of justification typically increases for higher-order community facilities but is generally accepted for engineering items that are routinely delivered.

It is understood that projects on Council's capital works list have varying policy or strategy backing and as such the DCP project selection process will need to critically assess the basis for the projects and whether they are likely to be suitable for a DCP. That is, the creation of the DCP projects list will need to ensure the 'strategic justification' of specific projects has been established.

Infrastructure Project Selection and Timing of Project Delivery

Council has flexibility to deliver a list of projects within a nominated DCP timeline. Projects included in a DCP can be delivered:

- Before the DCP is formally gazetted;
- Early in the DCP process;
- Throughout the DCP process; or
- At the end of the DCP process.

Council can include its 2016/17 and onward capital works list in a DCP that is activated after 2016/147, say for example 2018.

For this to occur, Council should note a resolution that Council reserves the right to use a DCP to part fund all or some of its current and future capital works projects via a DCP.

If the DCP has a 15 year time horizon for example, Council will collect from development in that time frame for the listed projects, even if the projects have been delivered by the time the DCP comes into operation.

The recommended steps:

- Council by formal resolution reserves the right to include projects from the 2016/17 works list and onwards in a DCP;
- The actual list of projects would be determined in the DCP preparation process and it is anticipated that only some of the candidate projects would be included in a DCP;
- Council can deliver DCP projects in full before a DCP is formally in operation (subject to the above resolution), or during DCP operation;
- Funds collected over the life of the DCP, say 15 years, are paid into the DCP account and credited to relevant projects for record keeping; and
- The funds for the completed projects are paid to Council because Council has paid the DCP share in advance of receiving the funds.

Furthermore, DCP charges can be adjusted up or down to take into account whether projects are delivered early or late in the DCP process if desired (i.e. time value of money adjustment to charges).

External Grant Funding

When developing a DCP, external to Council grant funding for a project must not be included in a DCP and passed onto development. For example, if a project costs \$1m and Council receives a \$600,000 grant from another level of government, the cost allocated to calculating DCP charges is the balance (\$400,000).

In many situations Council does not have a confirmed or committed grant allocation for projects when preparing a DCP. To address this uncertainty, two methods are typically used:

- The requested or to-be-requested grant sum is nominated in the DCP on the assumption the grant application will be successful. If unsuccessful, Council will not recover the funds from the DCP and will have to accept that loss; or
- Council does not include an allowance for grant funding in the DCP and if it is successful the amount equivalent to the grant funding can be interpreted as being the same as a non-delivered project and one of the two non-delivery options are taken.

A judgement call is made as to which option is best for a project that may obtain grant funding.

Analysis and Charge Areas

In order to minimise potential critique during scheme preparation, it is recommended that the analysis areas use the 25 planning units (or similar alternative). This will satisfy nexus principles required in DCP preparation. The end charges can then be aggregated into fewer administrative charge areas to simplify the outputs if desired.

Charge area boundaries would be defined from a review of analysis areas used to derive DCP charges. The analysis areas are used in the cost apportionment process to define project catchments based on the characteristics of projects included in the DCP.

The final definition of analysis areas may take various forms and could include:

- Planning Scheme zone maps for Activity Centre boundaries, for example Heidelberg (inclusive of Rosanna), Ivanhoe and Greensborough; or

- Planning Precincts; or
- Some other formation of areas such as property sub-markets or suburbs.

DCP Policies

The adoption of DCP operational policies should also be confirmed during scheme preparation. This should consider use of transitional exemptions for development projects that meet timing conditions and permanent exemptions to DCP charges for selected land use developments.

Draft and Final DCP

Following drafting of a DCP on the above basis, a final decision can be made as to whether Council wishes to adopt and commit to such a scheme. The DCP system would impose requirements on Council to commit a share of future budget allocations. In return, the system would provide a cash inflow stream not previously available to Council. This income could equate to 14% to 25% of cost committed.

Resource Allocation

The potential resourcing allocation for the operation of the DCP (using the City of Moreland as a guide) is as follows:

- One new EFT officer to operate the DCP;
- About 0.4 reallocated EFT GIS/Systems/Statutory Planner support to participate in DCP related processes; and
- Unspecified EFT allocation for future DCP systems/process review and resourcing for auditing obligations/reporting.

The DCP officer should have a finance or accounting background, ideally with planning and development knowledge.

Operational System

In terms of implementation if a DCP is adopted, a management and information tracking system will need to be implemented within Council. This can be designed in detail based on systems employed in other councils. It is recommended that the established and operational City of Casey system be reviewed by Banyule in addition to the in-development Moreland system.

The operation of a DCP will need an operational model which could be designed around the following points:

- The need for DCP workflow / in-house process / systems and a workflow to be established as part of any project to create a DCP;
- That DCP workflow / in-house process / systems should be developed and tested before the DCP “goes live”;
- That, if done early in the project then DCP workflow / processes are tested and fine-tuned as part of public exhibition of a DCP Planning Scheme amendment; and
- That a new EFT allocation should be considered for the project, so above can be done.

Stakeholder Engagement

Another key action is to develop and implement a stakeholder education program to advise on scheme purpose and responsibilities prior to the system being activated. Stakeholders include major landholders, developers, development industry professionals and private building surveyors.

It is also advisable to test a draft DCP with selected developer stakeholders before the document is placed on exhibition. This will provide an opportunity to make refinements prior to the exhibition process.

On-line DCP Calculator

Another tool Council can consider is development of an on-line DCP calculator that is provided in addition to the EDCP overlay in the Planning Scheme for external users to calculate the level of contributions required for their development proposal.

Periodic Review of DCP

The DCP system requires annual reporting and regular review. The DCP guidelines suggests DCPs be reviewed in line with a whole-of-Planning Scheme review every three years.

A comprehensive review of a DCP every three years can be used to check whether the general form of the DCP is reasonably consistent with:

- Expected development trends and income; and
- Relevance of DCP projects and project scope.

At each major review point, Council can decide whether to let the DCP continue ‘as is’ or whether changes are required. If changes are required within the operating DCP this would need to be undertaken as a Planning Scheme amendment.

If the nature of change relates to identification of new projects that are suitable for a DCP the options are to:

- Generate a separate DCP in addition to the original DCP. It is possible to apply multiple DCP overlays to an area. If this option is taken the original DCP would not be subject to Planning Scheme amendment but the proposed second DCP would; or
- Modify the original DCP to include the new projects.

This report recommends that Council should select a group of projects, principally from its four-year capital works plan in addition to selected longer term strategic projects, for a DCP. The four-year list is a rolling list meaning that the fourth year re-populated each year.

On that basis, Council will have new information available each year. The accumulation of such information every three years or so will enable Council to make a decision as to whether the original DCP needs to be modified or supplemented.

By making a resolution that all future capital works projects may be included in a DCP, Council can select projects to be included for DCP consideration on an ongoing basis.

If the outcome of a review determines some approved DCP projects are no longer required, Council has legislative options to modify its DCP implementation plan without a Planning Scheme amendment; these being:

- Request approval from the Minister for Planning that money collected for the no-longer-required project(s) be spent on some other project(s) that benefits the same areas as the DCP project(s); or
- Return the money to the land owners of properties that paid the contribution.

Information Sharing with Other Councils

Council could develop formal relationships with other Councils to learn from experiences and share information regarding DCP implementation and operation.

Candidate councils are:

- Casey City Council - which is a different development setting (greenfield focused) but has a well-established operational model for DCP operation; and

- Moreland City Council - which has a similar development setting and has recently worked through a DCP development and establishment process.

Estimated Financial Costs and Benefits

The financial cost estimate to implement the above process is:

- Up to \$120,000 one-off up-front DCP preparation and implementation cost including information management system establishment; and
- Approximately \$100,000 pa cost to employ a DCP officer.

In Option 3 and 4, it is assumed that:

- Council commits to build \$25m in infrastructure over 15 years and recoups 21% of that cost from development; and
- Council will net over \$3.5m in nominal terms over 15 years from operating a DCP.

The financial return from a DCP is contingent on the final format of the DCP.

Project Plan

The steps to progress a draft DCP for decision are:

- Resolve to prepare a draft DCP or abandon the process;
- Council by formal resolution reserves the right to include projects from the 2016/17 works list and onwards in a DCP;
- If proceeding to draft a DCP, formalise a working group from planning, engineering and finance units of Council to guide the development of a draft DCP;
- Appoint a suitable qualified and experienced consultant to prepare the DCP document;
- At this stage or before a DCP is implemented, appoint a DCP project officer in line with the above recommendations;
- Develop a draft short list of infrastructure projects in accordance with the above findings for DCP development;
- Develop a draft DCP on the basis of the short listed projects and other information shown in this report (such as analysis areas and development projections with refinements as required);
- Iteratively test and refine the draft DCP using income return thresholds and any other hurdles established for DCP viability;
- Finalise a draft DCP;

- Submit the draft DCP for Council review and decision and resolve to implement or abandon the process;
- If proceeding, test the draft DCP via a stakeholder engagement process and refine the document as required;
- Proceed to the Planning Scheme amendment process;
- Assess requirements for further representation based on submissions received;
- Undertaken further Planning Scheme amendment steps as required (e.g. planning panel process, revisions, post panel decisions, submission for approval);
- Seek DCP approval and implementation from the Minister for Planning / State Government;
- Develop and implement a broader DCP education and advocacy program in line with above recommendations;
- Develop and implement a DCP information management system within Council in line with recommendations above (including City of Casey toolkit information);
- Operate the DCP and provide for annual reporting in accordance with legislation and state government guidelines; and
- Operate the DCP and undertake three-yearly reviews on progress, giving consideration to potential updates to the DCP or development of additional DCPs.

Gaps List

The additional information required to prepare a DCP is nominate as follows:

- **Geo-coding** – Geo-code infrastructure project locations (specific location of suburb) in Council’s capital works list. GeoCoding is an important task and that data creation, checking, review and updating of Geocoded data is needed through the project to create the DCP and for future annual maintenance and operation (when projects are completed, accrued, postponed, etc).
- **DCP projects** - From available information generate a short-list of infrastructure projects list for DCP assessment (e.g. 4-year list plus any selected longer term projects).
- **Catchment of projects** – identify the catchment of projects using analysis areas (consultant input).
- **DCP data base** - For each short-listed project generate the following information (consultant input):

- Project Reference No.;
- Project Name;
- Project Description;
- Estimated Total Project Cost (Today's Dollars);
- Proposed Delivery Year / Span (or Threshold);
- Location (Street / Suburb / Address If Known);
- Source / Reference Document;
- Project Status (Confirmed / Proposed / Mooted).
- Project category / levy type;
- Land use nexus;
- Main catchment area;
- External demand allowance; and
- Beyond DCP timeline allowance.

- **Development data and projections** – Review and confirm the development data shown in this report for analysis areas. The data generated in this report can be confirmed with geo-coded property data (as supplied in this report but without geo-coding).

In latter stages if needed:

- Develop a broader **DCP education and advocacy program**; and
- Develop a **DCP information management system** within Council.

APPENDICES

Appendix 1 - Development Conditions and Projections

Table 15 - Residential Conditions and Projections, 2011 - 2031

RESIDENTIAL DWELLINGS							
Suburb (and Planning Area If Applicable)	Precinct	Sector	2011	2016	2021	2026	2031
Briar Hill	North East	North	1,340	1,380	1,390	1,400	1,410
Bundoora	North West	North	3,740	3,940	4,030	4,100	4,140
Eaglemont	South	South	1,550	1,600	1,660	1,680	1,710
Greensborough	North	North	6,230	6,400	6,670	7,100	7,380
Greensborough Part A - Structure Plan area	North	North	150	170	180	200	220
Greensborough Part B - Balance of suburb	North	North	6,080	6,230	6,490	6,900	7,160
Heidelberg	Mid	South	2,550	3,080	3,910	4,420	4,900
Heidelberg Part A - Structure Plan area & Latrobe Employment Cluster	Mid	South	800	1,010	1,350	1,600	1,870
Heidelberg Part B - Latrobe Employment Cluster	Mid	South	520	630	790	900	1,000
Heidelberg Part C - Balance of suburb	Mid	South	1,230	1,440	1,770	1,920	2,030
Heidelberg Heights	West	South	2,560	2,720	3,000	3,250	3,440
Heidelberg Heights Part A - Structure Plan area & Latrobe Employment Cluster	West	South	680	760	880	1,000	1,120
Heidelberg Heights Part B - Latrobe Employment Cluster	West	South	1,880	1,960	2,120	2,250	2,320
Heidelberg West - Bellfield	West	South	3,020	3,160	3,370	3,470	3,570
Ivanhoe	South	South	5,070	5,340	6,300	6,840	7,110
Ivanhoe Part A - Structure Plan area	South	South	1,560	1,720	2,140	2,440	2,670
Ivanhoe Part B - Balance of suburb	South	South	3,510	3,620	4,160	4,400	4,440
Ivanhoe East	South	South	1,440	1,510	1,610	1,640	1,690
Lower Plenty	East	Middle	1,540	1,570	1,580	1,580	1,580
Macleod	Mid	South	3,050	3,130	3,270	3,320	3,390
Macleod Part A - Latrobe Employment Cluster	Mid	South	420	430	450	450	460
Macleod Part B - Balance of suburb	Mid	South	2,630	2,700	2,820	2,870	2,930
Montmorency	North East	North	3,700	3,800	3,810	3,820	3,830
Rosanna	Mid	South	3,330	3,420	3,550	3,650	3,760
Rosanna Part A - Latrobe Employment Cluster	Mid	South	1,250	1,280	1,330	1,370	1,410
Rosanna Part B - Balance of suburb	Mid	South	2,080	2,140	2,220	2,280	2,350
St Helena - Eltham North	North East	North	1,730	1,800	1,910	1,910	1,920
Viewbank	East	Middle	2,680	2,700	2,750	2,800	2,870
Watsonia	North West	North	2,210	2,260	2,290	2,370	2,450
Watsonia North	North West	North	1,450	1,470	1,500	1,540	1,580
Yallambie	East	Middle	1,360	1,360	1,370	1,380	1,410

Table 16 - Commercial Conditions and Projections, 2011 - 2031

COMMERCIAL FLOORSPEACE SQM							
Suburb (and Planning Area If Applicable)	Precinct	Sector	2011	2016	2021	2026	2031
Briar Hill	North East	North	6,280	10,980	11,320	11,440	11,590
Bundoora	North West	North	30,780	38,240	37,350	36,430	35,650
Eaglemont	South	South	7,070	7,810	8,630	8,750	8,670
Greensborough	North	North	137,330	172,010	177,760	186,580	191,860
Greensborough Part A - Structure Plan area	North	North	130,950	164,030	169,500	177,920	182,950
Greensborough Part B - Balance of suburb	North	North	6,380	7,980	8,260	8,660	8,910
Heidelberg	Mid	South	105,900	178,050	187,460	187,780	187,130
Heidelberg Part A - Structure Plan area & Latrobe Employment Cluster	Mid	South	103,630	174,220	183,440	183,750	183,110
Heidelberg Part B - Latrobe Employment Cluster	Mid	South	460	770	810	810	810
Heidelberg Part C - Balance of suburb	Mid	South	1,810	3,060	3,210	3,220	3,210
Heidelberg Heights	West	South	23,610	26,210	28,500	30,050	31,290
Heidelberg Heights Part A - Structure Plan area & Latrobe Employment Cluster	West	South	21,550	23,930	26,020	27,430	28,560
Heidelberg Heights Part B - Latrobe Employment Cluster	West	South	2,060	2,290	2,480	2,620	2,730
Heidelberg West - Bellfield	West	South	32,990	36,270	39,430	41,580	43,300
Ivanhoe	South	South	87,870	111,970	123,680	125,440	124,220
Ivanhoe Part A - Structure Plan area	South	South	81,850	104,300	115,210	116,840	115,710
Ivanhoe Part B - Balance of suburb	South	South	6,020	7,670	8,470	8,600	8,510
Ivanhoe East	South	South	15,440	19,010	21,000	21,300	21,090
Lower Plenty	East	Middle	19,850	25,910	25,770	25,690	25,770
Macleod	Mid	South	20,020	22,600	23,800	23,840	23,750
Macleod Part A - Latrobe Employment Cluster	Mid	South	6,260	7,070	7,440	7,460	7,430
Macleod Part B - Balance of suburb	Mid	South	13,760	15,530	16,360	16,380	16,320
Montmorency	North East	North	18,190	20,700	21,330	21,560	21,830
Rosanna	Mid	South	25,290	35,550	37,430	37,490	37,360
Rosanna Part A - Latrobe Employment Cluster	Mid	South	13,570	19,070	20,080	20,110	20,040
Rosanna Part B - Balance of suburb	Mid	South	11,720	16,480	17,350	17,380	17,320
St Helena - Eltham North	North East	North	15,760	8,820	9,090	9,190	9,300
Viewbank	East	Middle	4,750	16,380	16,290	16,240	16,290
Watsonia	North West	North	24,670	32,470	31,710	30,930	30,260
Watsonia North	North West	North	1,100	1,430	1,390	1,360	1,330
Yallambie	East	Middle	1,420	1,830	1,820	1,820	1,820

Table 17 - Industrial Conditions and Projections, 2011 - 2031

INDUSTRIAL FLOORSPACE SQM							
Suburb (and Planning Area If Applicable)	Precinct	Sector	2011	2016	2021	2026	2031
Briar Hill	North East	North	9,530	4,500	2,660	1,570	930
Bundoora	North West	North	65,860	70,310	75,080	80,170	85,610
Eaglemont	South	South	0	0	0	0	0
Greensborough	North	North	27,830	28,170	28,520	28,870	29,220
Greensborough Part A - Structure Plan area	North	North	0	0	0	0	0
Greensborough Part B - Balance of suburb	North	North	27,830	28,170	28,520	28,870	29,220
Heidelberg	Mid	South	4,270	5,930	7,570	9,660	12,330
Heidelberg Part A - Structure Plan area & Latrobe Employment Cluster	Mid	South	0	0	0	0	0
Heidelberg Part B - Latrobe Employment Cluster	Mid	South	0	0	0	0	0
Heidelberg Part C - Balance of suburb	Mid	South	4,270	5,930	7,570	9,660	12,330
Heidelberg Heights	West	South	9,910	10,530	11,390	12,320	13,330
Heidelberg Heights Part A - Structure Plan area & Latrobe Employment Cluster	West	South	2,950	3,140	3,390	3,670	3,970
Heidelberg Heights Part B - Latrobe Employment Cluster	West	South	6,960	7,400	8,000	8,650	9,360
Heidelberg West - Bellfield	West	South	505,240	546,680	591,330	639,620	691,850
Ivanhoe	South	South	5,520	9,570	10,280	11,040	11,850
Ivanhoe Part A - Structure Plan area	South	South	0	0	0	0	0
Ivanhoe Part B - Balance of suburb	South	South	5,520	9,570	10,280	11,040	11,850
Ivanhoe East	South	South	0	20	20	20	30
Lower Plenty	East	Middle	0	150	160	180	190
Macleod	Mid	South	1,000	1,670	2,140	2,730	3,480
Macleod Part A - Latrobe Employment Cluster	Mid	South	0	0	0	0	0
Macleod Part B - Balance of suburb	Mid	South	1,000	1,670	2,140	2,730	3,480
Montmorency	North East	North	1,830	870	510	300	180
Rosanna	Mid	South	280	240	300	390	490
Rosanna Part A - Latrobe Employment Cluster	Mid	South	0	0	0	0	0
Rosanna Part B - Balance of suburb	Mid	South	280	240	300	390	490
St Helena - Eltham North	North East	North	0	0	0	0	0
Viewbank	East	Middle	0	0	0	0	0
Watsonia	North West	North	220	250	270	280	300
Watsonia North	North West	North	0	0	0	0	0
Yallambie	East	Middle	30	50	60	60	60

Table 18 - Total Floorspace (All Land Uses) Conditions and Projections, 2011 - 2031

TOTAL FLOORSPACE (Assumes Residential is 175 SQM / Unit)							
Suburb (and Planning Area If Applicable)	Precinct	Sector	2011	2016	2021	2026	2031
Briar Hill	North East	North	250,310	256,980	257,230	258,010	259,270
Bundoora	North West	North	751,140	798,050	817,680	834,100	845,760
Eaglemont	South	South	278,320	287,810	299,130	302,750	307,920
Greensborough	North	North	1,255,410	1,320,180	1,373,530	1,457,950	1,512,580
Greensborough Part A - Structure Plan area	North	North	157,200	193,780	201,000	212,920	221,450
Greensborough Part B - Balance of suburb	North	North	1,098,210	1,126,400	1,172,530	1,245,030	1,291,130
Heidelberg	Mid	South	556,420	722,980	879,280	970,940	1,056,960
Heidelberg Part A - Structure Plan area & Latrobe Employment Cluster	Mid	South	243,630	350,970	419,690	463,750	510,360
Heidelberg Part B - Latrobe Employment Cluster	Mid	South	91,460	111,020	139,060	158,310	175,810
Heidelberg Part C - Balance of suburb	Mid	South	221,330	260,990	320,530	348,880	370,790
Heidelberg Heights	West	South	481,520	512,740	564,890	611,120	646,620
Heidelberg Heights Part A - Structure Plan area & Latrobe Employment Cluster	West	South	143,500	160,070	183,410	206,100	228,530
Heidelberg Heights Part B - Latrobe Employment Cluster	West	South	338,020	352,690	381,480	405,020	418,090
Heidelberg West - Bellfield	West	South	1,066,730	1,135,950	1,220,510	1,288,450	1,359,900
Ivanhoe	South	South	980,640	1,056,040	1,236,460	1,333,480	1,380,320
Ivanhoe Part A - Structure Plan area	South	South	354,850	405,300	489,710	543,840	582,960
Ivanhoe Part B - Balance of suburb	South	South	625,790	650,740	746,750	789,640	797,360
Ivanhoe East	South	South	267,440	283,280	302,770	308,320	316,870
Lower Plenty	East	Middle	289,350	300,810	302,430	302,370	302,460
Macleod	Mid	Middle	554,770	572,020	598,190	607,570	620,480
Macleod Part A - Latrobe Employment Cluster	Mid	Middle	79,760	82,320	86,190	86,210	87,930
Macleod Part B - Balance of suburb	Mid	Middle	475,010	489,700	512,000	521,360	532,550
Montmorency	North East	North	667,520	686,570	688,590	690,360	692,260
Rosanna	Mid	South	608,320	634,290	658,980	676,630	695,850
Rosanna Part A - Latrobe Employment Cluster	Mid	South	232,320	243,070	252,830	259,860	266,790
Rosanna Part B - Balance of suburb	Mid	South	376,000	391,220	406,150	416,770	429,060
St Helena - Eltham North	North East	North	318,510	323,820	343,340	343,440	345,300
Viewbank	East	Middle	473,750	488,880	497,540	506,240	518,540
Watsonia	North West	North	411,640	428,220	432,730	445,960	459,310
Watsonia North	North West	North	254,850	258,680	263,890	270,860	277,830
Yallambie	East	Middle	239,450	239,880	241,630	243,380	248,630

Appendix 2 - Indicative Cashflow Estimates

Table 19 - Option 1 – Estimated Cash Flow

DCP Option 1 Estimate																		
Assumes Council commits to build \$50m in infrastructure over 15 years and recoups 15.5% of that cost from development																		
Year	Present Value at 6%	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
DCP Document Preparation External Costs (Consultant)		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Planning Scheme Amendment External Costs (Lawyer, Expert Witness)		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Council Information System Review / Upgrade		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Full Time DCP Officer Employment		-\$1,071,225	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$1,600,000
DCP Income Assumption (Developer Payments)		\$5,017,995	\$0	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$516,667	\$7,750,000
NET (1) OF DCP COSTS AND INCOME EXCLUDING INFRASTRUCTURE CONSTRUCTION		\$3,826,770	-\$920,000	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$416,667	\$6,030,000
Cumulative			-\$920,000	\$196,667	\$613,333	\$1,030,000	\$1,446,667	\$1,863,333	\$2,280,000	\$2,696,667	\$3,113,333	\$3,530,000	\$3,946,667	\$4,363,333	\$4,780,000	\$5,196,667	\$5,613,333	\$6,030,000
Infrastructure Construction Cost Commitment Assumption		-\$32,374,163	\$0	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$3,333,333	-\$50,000,000
NET (2) AFTER CONSTRUCTION OF INFRASTRUCTURE		-\$28,547,393	-\$920,000	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$2,916,667	-\$43,970,000
Cumulative			-\$920,000	-\$3,136,667	-\$6,053,333	-\$8,970,000	-\$11,886,667	-\$14,803,333	-\$17,720,000	-\$20,636,667	-\$23,553,333	-\$26,470,000	-\$29,386,667	-\$32,303,333	-\$35,220,000	-\$38,136,667	-\$41,053,333	-\$43,970,000

Table 20 - Option 2 – Estimated Cash Flow

DCP Option 2 Estimate																		
Assumes Council commits to build \$25m in infrastructure over 15 years and recoups 15.5% of that cost from development																		
Year	Present Value at 6%	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
DCP Document Preparation External Costs (Consultant)		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Planning Scheme Amendment External Costs (Lawyer, Expert Witness)		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Council Information System Review / Upgrade		-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Full Time DCP Officer Employment		-\$1,071,225	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$1,600,000
DCP Income Assumption (Developer Payments)		\$2,508,998	\$0	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$258,333	\$3,875,000
NET (1) OF DCP COSTS AND INCOME EXCLUDING INFRASTRUCTURE CONSTRUCTION		\$1,317,773	\$220,000	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$158,333	\$2,155,000
Cumulative			\$220,000	-\$61,667	\$96,667	\$255,000	\$413,333	\$571,667	\$730,000	\$888,333	\$1,046,667	\$1,205,000	\$1,363,333	\$1,521,667	\$1,680,000	\$1,838,333	\$1,996,667	\$2,155,000
Infrastructure Construction Cost Commitment Assumption		-\$16,187,082	\$0	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$25,000,000
NET (2) AFTER CONSTRUCTION OF INFRASTRUCTURE		-\$14,869,309	\$220,000	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$1,508,333	-\$22,845,000
Cumulative			\$220,000	-\$1,728,333	-\$3,236,667	-\$4,745,000	-\$6,253,333	-\$7,761,667	-\$9,270,000	-\$10,778,333	-\$12,286,667	-\$13,795,000	-\$15,303,333	-\$16,811,667	-\$18,320,000	-\$19,828,333	-\$21,336,667	-\$22,845,000

Table 21 - Option 3 and 4 – Estimated Cash Flow

DCP Option 3 and 4 Estimate																		
Assumes Council commits to build \$25m in infrastructure over 15 years and recoups 21% of that cost from development																		
Year	Present Value at 6%	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
DCP Document Preparation External Costs (Consultant)	-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Planning Scheme Amendment External Costs (Lawyer, Expert Witness)	-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Council Information System Review / Upgrade	-\$40,000	-\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$40,000
Full Time DCP Officer Employment	-\$1,071,225	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$100,000	-\$1,600,000
DCP Income Assumption (Developer Payments)	\$3,399,287	\$0	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$5,250,000
NET (1) OF DCP COSTS AND INCOME EXCLUDING INFRASTRUCTURE CONSTRUCTION	\$2,208,062	-\$220,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$3,530,000
Cumulative		-\$220,000	\$30,000	\$280,000	\$530,000	\$780,000	\$1,030,000	\$1,280,000	\$1,530,000	\$1,780,000	\$2,030,000	\$2,280,000	\$2,530,000	\$2,780,000	\$3,030,000	\$3,280,000	\$3,530,000	
Infrastructure Construction Cost Commitment Assumption	-\$16,187,082	\$0	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$1,666,667	-\$25,000,000
NET (2) AFTER CONSTRUCTION OF INFRASTRUCTURE	-\$13,979,019	-\$220,000	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$1,416,667	-\$21,470,000
Cumulative		-\$220,000	-\$1,636,667	-\$3,053,333	-\$4,470,000	-\$5,886,667	-\$7,303,333	-\$8,720,000	-\$10,136,667	-\$11,553,333	-\$12,970,000	-\$14,386,667	-\$15,803,333	-\$17,220,000	-\$18,636,667	-\$20,053,333	-\$21,470,000	

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This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.



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