



| **Date:** 17 May 2021

## **Submission on behalf of the Planning Authority**

**Amendment C170 to the Darebin Planning Scheme**

| **Council's submission: Part A**

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## INTRODUCTION

1. This submission is made on behalf of Darebin City Council (**Council**).
2. Council is the Planning Authority for Amendment C170 (**Amendment**) to the Darebin Planning Scheme (**Scheme**). Council has prepared and is the proponent of this Amendment.
3. The Amendment applies to all land within the municipality.
4. The purpose of the Amendment is, simply stated, to introduce an approved development contributions plan into the Scheme so as to lawfully enable a development contribution levy to be imposed on development. More fully, as set out in the explanatory report the Amendment is required to :

... to implement a new municipal-wide Darebin Development Contributions Plan 2019 to help fund social and physical infrastructure to service a growing population.

The DCP applies a development infrastructure levy and community infrastructure levy to fund a range of infrastructure projects within the municipality, including roads and paths, as well as community facilities and upgrades. The identified infrastructure projects are required to service Darebin's growing and changing population and the DCP serves to share the cost of providing this infrastructure between new development and the existing community on a fair and reasonable basis.

The previous DCP does not collect levies but remains in the Darebin Planning Scheme to provide for the continued expenditure of remaining unspent funds. The 'City of Darebin Development Contributions Plan, June 2004' was introduced into the Darebin Planning Scheme in 2004, through Amendment C050. The 2004 DCP had an initial ten-year time-frame and ceased collecting levies in 2014, but was kept in place through Amendment C148 to the Darebin Planning Scheme to facilitate the expenditure of unexpended funds on the Darebin Multi-Sport Stadium which is still underway.

The Darebin Development Contributions Plan 2019 seeks to reinstate a levy on new development to deliver infrastructure required in the municipality to the year 2041.

The DCP will provide certainty to Council, developers and the broader community by identifying to what extent new residential, commercial, retail and industrial developments will be levied. The collection of contributions will support the timely delivery of the necessary infrastructure.

5. In summary, the Amendment proposes to implement the *Darebin Development Contributions Plan 2019* as an approved development contributions plan within the meaning of section 46H of the *Planning and Environment Act 1987* (**Act**) to charge a levy for all new development. More specifically, the Amendment (as exhibited) seeks to:
  - 5.1 Introduce a new Schedule 2 to Clause 45.06 (Development Contributions Plan Overlay) to facilitate the collection of contributions.
  - 5.2 Amend Clause 21.02 of the Local Planning Policy Framework to update references to Darebin Development Contributions Plan 2019 (October 2020).
  - 5.3 Amend the Schedule to Clause 72.04 to incorporate the Darebin Development Contributions Plan 2019 (October 2020) (**DCP**) into the Darebin Planning Scheme.

- 5.4 Amending planning scheme maps 1DCPO, 2DCPO, 3DCPO, 4DCPO, 5DCPO, 6DCPO, 7DCPO, 8DCPO, 9DCPO, 10DCPO, 11DCPO, 12DCPO, 13DCPO, 14DCPO, 15DCPO, 16DCPO, 17DCPO, and 18 DCPO as a result of the new schedule being introduced.

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## PANEL DIRECTIONS

6. This Part A submission responds to direction 2 of the Panel's Directions issued on 19 April 2021 (**Panel Directions**) requiring Council to circulate its Part A submission to all parties by 12 noon on Monday 17 May 2021 and specifying the items to be included in its submission.
7. The Part A submission is arranged under the following headings in accordance with the Panel Directions:
- 7.1 Background to the Amendment including history of the previous DCP
  - 7.2 Strategic context and assessment
  - 7.3 Suggested changes to the amendment in response to submissions
  - 7.4 DCP methodology.
8. Council's 'Part B' submission, to be made during the hearing, will address the following matters required by direction 10 of the Panel Directions:
- 8.1 An explanation of how DCP levies will work in conjunction with section 173 agreements (the proposed changed clauses in the DCP concerning exemptions and deferrals)
  - 8.2 Its response to submissions and evidence
  - 8.3 Its final position on the amendment.

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## BACKGROUND TO THE AMENDMENT

9. This section provides an overview of Darebin's previous Development Contributions Plan – City of Darebin Development Contributions Plan (**Original DCP**) – and the preparation of the DCP.
10. A chronology of events associated with the development of the DCP forms **Attachment 1** to Council's submission.

### Existing Darebin DCP

11. In August 2004, Council introduced a municipal wide DCP into the planning scheme via Amendment C50. The Darebin DCP was one of the first municipal-wide DCP's in Victoria.
12. The DCP divided the municipality into 227 charge areas and included 879 projects worth approximately \$64M.
13. The DCP had a ten-year time-frame and expired in 2014. As at 2014, Council had collected more development contributions than it had expended and was left with an amount of unspent funds.
14. An independent audit of the Original DCP, prepared by SGS Economics and Planning in 2015, identified that the amount of 'Unspent Funds' totalled \$6,528,869.

15. In accordance with the requirements of section 46Q(4) of the Act, Council sought a planning scheme amendment to provide for the expenditure of the excess funds.
16. On 5 May 2016 the Minister for Planning approved Amendment C148 to the Darebin Planning Scheme which (among other things):
  - 16.1 included, within the Original DCP, an additional project of municipal wide benefit to be funded from the excess monies;
  - 16.2 extended the timeframe of the Original DCP by 6 years, to 30 June 2020, to allow excess funds to be spent; and
  - 16.3 determined that no contributions were to be collected after 30 June 2014.
17. The 'Darebin Outdoor Multi Use Sports Stadium' (the **MSS project**) was included in the amended Original DCP as the additional project of municipal wide benefit, with a total estimated cost of \$14,100,000.
18. During the course of 2019/20 it became clear that due to time delays experienced in the MSS project due to practical logistical issues involved in consulting, planning, designing and procuring a major infrastructure project, Council would be unable to fully spend the remaining unspent Original DCP funds prior to the 30 June 2020 expiry date.
19. Amendment C190dare to the Darebin Planning Scheme was therefore undertaken, in accordance with Section 46Q(4)(d) of the Act, to further extend the amended Original DCP timeframe by a further 12-months to allow Council to complete the MSS project with the previously collected funds.
20. Subsequently, substantial progress has been made on the MSS project, with the main structure and inground services complete. Construction of four outdoor netball courts has also been completed. The remaining works are expected to be complete by the end of December, with remaining Original DCP funds having been spent prior to the amended Original DCP expiry date of 30 June 2021.

### **Proposed new Darebin DCP**

21. With the Original DCP no longer collecting levies, and with an action in the *Darebin Council Plan 2017-2021* to create a developer contributions scheme, Council appointed HillPDA Consulting to prepare a new municipal wide DCP with the assistance of officers.
22. Initial work commenced on the DCP in late 2017 and HillPDA produced a Development Contributions Plan Structure Report to inform and guide the preparation of the DCP.
23. Drafting of the DCP progressed following a strategic review of infrastructure planning and the development of Council's 10-year Capital Works Plan. Preparing the project list for the DCP occurred throughout 2019, with refinements being made into early 2020.
24. The final draft DCP was settled in June 2020 and Council engaged SGS Economics and Planning to undertake a peer review of the document. The review found that the draft DCP complies with applicable legislation, directions and guidelines and was ready for exhibition. In response to observations made in the SGS peer review, additional wording was added at section 4.1 to differentiate 'analysis areas' and 'charge areas' for the reader.
25. The planning scheme amendment process commenced at the end of June 2020.

## Preparation of Amendment C170dare

### Authorisation

26. At its meeting on 29 June 2020, Council (amongst other things) resolved to:  
  
“Seek authorisation from the Minister for Planning prepare and exhibit Amendment C170dare to the Darebin Planning Scheme”
27. By letter dated 30 July 2020, the Department of Environment, Land, Water and Planning, under delegation from the Minister for Planning, authorised Council to prepare and exhibit the Amendment.
28. Authorisation was granted on condition that:  
  
“The proposed *Darebin Development Contributions Plan 2019* must be amended to remove any infrastructure project included in the project list that has already commenced construction or is already constructed as of 7 July 2020.”
29. In response to the condition of authorisation the DCP and Schedule 2 to the Development Contributions Plan Overlay (DCPO) were amended to:
  - 29.1 reduce the cost of Project Number 2 – the Reservoir Leisure Centre (RLC) Redevelopment from \$17M down to \$15.5M to reflect that some required works were completed prior to 7 July 2020 and to align with the cost estimate for the RLC in the draft Ten Year Capital Works Plan (2020/21-29/30)
  - 29.2 reduce the cost of Project Number 3 – Bill Lawry Pavilion Upgrade from \$6.27M to \$5.91M to reflect the works delivered prior to July 7 2020.
30. The letter of authorisation also advised Council to:
  - 30.1 update Clause 45.06 Schedule 2, Sub-clause 4.0 to provide a general exemption for the construction of a building or carrying out of works or a subdivision that does not generate a net increase in additional demand units.
  - 30.2 broaden the notice provided during exhibition to include major and regular developers and planning consultants for Darebin planning permits, applicants of current planning permit applications and peak development/housing industry organisations.
31. In accordance with the advice in the letter of authorisation:
  - 31.1 the DCP and Schedule 2 to the DCPO were amended to provide a general exemption for the construction of a building or carrying out of works or a subdivision that does not generate a net increase in additional demand.
  - 31.2 in addition to the notice requirements of section 19 of the Act, notice of amendment was given more broadly to stakeholder groups identified in advice provided in the letter of authorisation.
32. The following additional minor changes to the DCP were made subsequent to Council's resolution to seek authorisation for Amendment C170dare on 29 June 2020:
  - 32.1 corrections to the labelling of development data in Tables 2-5;
  - 32.2 updated references to the Darebin Outdoor Sports Infrastructure Framework to reflect its adoption by Council.

### **Exhibition**

33. The Amendment was formally exhibited between 12 November 2020 and 14 December 2020 in accordance with the Act.
34. Notice of the Amendment was:
  - 34.1 sent to all prescribed Ministers, local members of parliament, adjoining municipalities (Banyule, Yarra, Moreland and Whittlesea Councils), relevant infrastructure and service authorities, development/housing industry bodies and community groups, major developers and landowners, regular and current planning permit applicants, and recent planning permit recipients (approximately 590 emails and letters were sent in total); and
  - 34.2 published in The Age newspaper and the Victorian Government Gazette
35. In addition, the Amendment documentation, fact sheets and other background information was made available for inspection online<sup>1</sup> at the 'Your Say Darebin' engagement website, and updates were provided on Council's social media platforms.
36. There were also two online Community Information Sessions held via Zoom on 24 November and 3 December 2020.

### **Submissions**

37. In response to exhibition, Council received 12 submissions (including late submissions), comprising:
  - 37.1 Eight submissions objecting to or raising concerns with the Amendment
  - 37.2 Three submissions neutral to the Amendment; and
  - 37.3 One submission generally supportive of the Amendment.
38. All of the submissions have been referred to the Panel.
39. Of the submissions raising objections or concerns about the amendment, seven were from landowners/developers and one was a submission on behalf of two community groups.
40. The objections from landowners/developers raised the following issues including:
  - a) the DCP levy should not apply to all land/development, with several submitters arguing that particular land or proposals should be exempt from the levy
  - b) the levy will be passed on to buyers and will negatively affect housing affordability
  - c) the nexus between development and projects to be funded by the levy is not clear
  - d) levies should not be used to fund broader community infrastructure that is not on or connected to the development site
  - e) introduction of the levy is poorly timed given current economic conditions
  - f) there is a lack of clarity in relation to the application of an exemption where a section 173 agreement is in place.

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<sup>1</sup> In accordance with the changes made to the Act by the COVID-19 Omnibus (Emergency Measures) Bill 2020 requirements under Planning and Environment Act (1987), including that planning documents previously required to be physically available to view at state and local government offices are now only required to be available for online inspection.

41. Issues raised in the community groups' submission included:
- a) there has been a long delay in introducing a new DCP after the current one ceased collecting levies
  - b) there is inequity of the distribution of project spending between the north and south of the municipality
  - c) there was a lack of community and stakeholder consultation on the list of projects in the DCP.
42. The officers report for the consideration of submissions (see below) on 22 March 2021 provides a summary of the issues raised in the submissions, together with Council's response to these issues. Pages 7 and 8 of the officer's report includes a summary of the issues and Appendix A to the officer's report includes a summary of the individual submissions as well as Council's response to each submission.

### **Consideration of submissions**

43. On 22 March 2021, at its ordinary meeting, the following resolution was passed:
- That Council having prepared and exhibited Amendment C170dare to the Darebin Planning Scheme under section 19 of the Planning and Environment Act 1987:
- (1) Formally considers all written submissions received in response to Amendment C170dare to the Darebin Planning Scheme.
  - (2) Endorses the officer's response to submissions outlined in this report and attached at Appendix A and recommended changes to the Amendment, including the changes as attached at Appendices B and C of this report, to form the basis of Council's submission to an independent Planning Panel.
  - (3) Requests that the Minister for Planning appoint an independent Panel under Part 8 of the Planning and Environment Act 1987 to consider submissions to Amendment C170dare to the Darebin Planning Scheme.
  - (4) Refers all submissions to the Panel to be appointed by the Minister for Planning.
  - (5) Authorises the Manager City Futures to support any minor changes to Amendment C170dare that may be required as part of Council's submission to the Panel.
  - (6) Writes to all submitters to inform them of Council's decision to proceed to the Panel stage.
44. The Panel has previously been provided with a copy of the officer's report and minutes from the Council meeting of 22 March 2020.

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## **STRATEGIC CONTEXT AND ASSESSMENT**

45. This section provides an overview of the strategic basis for the Amendment, including the relevant State policies, expressed through the Planning Policy Framework, and local planning policies. It is noted that the Explanatory Report exhibited with the Amendment (Attachment 2) includes a strategic assessment, including the relevant State policies, expressed through the Planning Policy Framework, and local planning policies. The proposed DCP itself outlines the strategic basis for the DCP, including Council adopted policies, strategies and reports which have development and/or infrastructure implications. These assessments are adopted for the purposes of Council's submission.



46. A response to the strategic issues raised in the submissions to the Amendment, and more particularly, those that questioned the strategic merit of particular aspects of the Amendment, will be addressed in Council's Part B submissions.

### **Why is the amendment required?**

47. The amendment is required to lawfully implement a new municipal-wide *Darebin Development Contributions Plan 2019* to help fund social and physical infrastructure to service a growing population. Under section 62(5) and (6) of the Act, in order to be able to impose a monetary levy on development by way of a condition in a planning permit, a prerequisite is the existence of an approved development contributions plan within the meaning of section 46H of the Act.
48. Darebin's population is expected to grow from 165,000 in 2019 to more than 230,000 in 2041 and it will be necessary to ensure that there is sufficient infrastructure to support that increased population. While the cost of the required infrastructure is significant, it cannot be funded merely by existing means or for that matter wholly by development contributions. The approach taken therefore is to seek a contribution to the overall estimated cost of the required infrastructure and fund the remaining cost of that infrastructure by other means. The implementation of a new municipal DCP that enables part of the cost of the infrastructure to be funded, will support Council's long-term financial sustainability and its ability to deliver infrastructure necessary to meet the needs of the Darebin community over the next 20 years.
49. The DCP applies two levies; a development infrastructure levy and a community infrastructure levy to fund a range of infrastructure projects within the municipality, including roads and paths, as well as community facilities and upgrades. The identified infrastructure projects are required to service Darebin's growing and changing population and the DCP enables Council to share the cost of providing this infrastructure between new development and the existing community on a fair and reasonable basis.
50. The Original DCP does not collect levies any longer but remains in the Darebin Planning Scheme to provide for the continued expenditure of remaining unspent funds on the MSS project (Darebin Multi-Sport Stadium).
51. The proposed *Darebin Development Contributions Plan 2019* seeks to apply a levy on new development to deliver infrastructure required in the municipality over the next planning period being to the year 2041.
52. The DCP will provide some certainty to Council, developers and the broader community by identifying the new infrastructure that is to be provided and to what extent new residential, commercial, retail and industrial developments will need to contribute to the cost of that infrastructure. It is anticipated that the collection of contributions will support the timely delivery of the necessary infrastructure. In this regard it is noted that most infrastructure planned and identified in the Original DCP was delivered within the 10 year time frame of that Original DCP.

### ***Planning and Environment Act 1987***

53. The Amendment implements the following objectives of planning in Victoria set out in Section 4(1) of the Act:
- (a) to provide for the fair, orderly, economic and suitable use, and development of the land;
  - ...
  - (c) to secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria;

...

- (e) to protect public utilities and other assets and enable the orderly provision and co-ordination of public utilities and other facilities for the benefit of the community;
- (f) to facilitate development in accordance with the objectives of planning in Victoria, and
- (g) to balance the present and future needs of all Victorians

54. The amendment seeks to implement these objectives by:

- 54.1 Providing a formal, lawful and equitable method to collect contributions for the provision of essential social and physical infrastructure.
- 54.2 Providing certainty as to the required development contributions for residential, retail, commercial and industrial development.
- 54.3 Aiding the orderly and timely provision of necessary social and physical infrastructure throughout the municipality.

### **Ministerial Directions**

- 55. The Amendment is consistent with the *Ministerial Direction on the Preparation and Content and Reporting Requirements for Development Contributions Plans*
- 56. The amendment is generally consistent with the *Ministerial Direction on the Form and Content of Planning Schemes*. With the endorsement of DELWP, the new Schedule 2 to the DCPO has been prepared and exhibited in the form and content prescribed under a previous Ministerial Direction. In particular, the Summary of Costs Table in Section 2 and the Summary of Contributions table in Section 3 are altered from the currently prescribed DCPO Schedule.
  - 56.1 The Summary of Costs table at Section 2.0 is altered so that the categories of infrastructure are arranged to correspond with the project types identified in the DCP.
  - 56.2 The Summary of Contributions table in Section 3.0 is altered to enable the levies to be displayed for each of the DCP charge areas. This improves usability and transparency in the schedule.
  - 56.3 Notes are included below both of the tables to provide clarity on matters relevant to each.
- 57. The specified planning scheme amendment process and associated timeframes set out in *Ministerial Direction No 15 Planning Scheme Amendment Process* have been complied with, although some extensions of time have been sought and granted through the appropriate channels.
- 58. The amendment has been evaluated in accordance with the strategic considerations set out in *Minister's Direction No.11 Strategic Assessment of Amendments* and is consistent with those considerations.
- 59. The Amendment is consistent with *Ministerial Direction No. 9 Metropolitan Planning Strategy* that requires planning authorities to have regard to the Metropolitan Planning Strategy. The amendment is consistent with, supports and gives effect to the relevant aspects of Plan Melbourne as follows:

- 59.1 Direction 5.2: Create neighbourhoods that support safe communities and healthy lifestyles: This direction seeks to improve neighbourhoods to enable walking and cycling as part of everyday life, and acknowledges a whole-of-population approach to health planning.
- 59.2 Direction 5.3: Deliver social infrastructure to support strong communities: This direction seeks to ensure that future growth in Melbourne is supported with improvements and upgrades in local social infrastructure that meets the needs of this growing population and supports the health and wellbeing of communities.

## Planning Policy Framework

- 60. Council submits the Amendment supports the Planning Policy Framework (PPF).
- 61. Clause 19 *Infrastructure*, encourages the provision of social and physical infrastructure in an efficient, equitable, accessible and timely manner and encourages authorities to consider the use of development contributions to fund the provision of infrastructure.
- 62. In particular the Amendment supports Clause 19.03-1S *Development and infrastructure contributions plans* which seeks to:

‘facilitate the timely provision of planned infrastructure to communities through the preparation and implementation of development contributions plans...’.

[our emphasis]

## Local Planning Policy Framework

- 63. The Amendment also supports and is consistent with the Local Planning Policy Framework and specifically the Municipal Strategic Statement as follows:
- 63.1 Clause 21.02-3 Built Environment: promotes the role of the design and quality of the built environment, including buildings, public spaces, infrastructure and streetscapes, in enhancing civic pride, liveability and social connectedness, and identifies the role of development contributions in supporting streetscape upgrades.
- 63.2 Clause 21.05-2 Integrated and Sustainable Transport: includes objectives to integrate transport and land use, and improve access, safety and quality of environment for walkers, cyclists and people with limited mobility.
- 63.3 Clause 21.05-3 Physical and Community Infrastructure: has the objective of ensuring the provision and planning for physical and community infrastructure meets existing and future needs of the community and identifies the strategy to: Require a Development Contribution from developers to fund the provision of physical and community infrastructure in accordance with an adopted Development Contributions Plan
- 64. In addition to the above, Clause 21.03-2 *Housing Development* identifies the following in Other Actions, which is supported by the Amendment:

Review and update the municipal Development Contributions Plan Overlay and Capital Works 10 year budget to ensure ongoing efficacy to address local infrastructure needs and public realm improvements in accordance with residential growth outcomes.

## Clause 71.02 (Operation of the Planning Policy Framework)

- 65. Clause 71.02-1 sets out the purpose of the PPF as follows:

The Planning Policy Framework provides a context for spatial planning and decision making by planning and responsible authorities. The Planning Policy Framework is

dynamic and will be built upon as planning policy is developed and refined, and changed as the needs of the community change. The Planning Policy Framework seeks to ensure that the objectives of planning in Victoria (as set out in section 4 of the Act) are fostered through appropriate land use and development planning policies and practices that integrate relevant environmental, social and economic factors in the interests of net community benefit and sustainable development.

66. Clause 71.02-3 requires Council as the Planning Authority (as well as in the context of considering an application a Responsible Authority) to:
- ... integrate the range of planning policies relevant to the issues to be determined and balance conflicting objectives in favour of net community benefit and sustainable development for the benefit of present and future generations.
67. Council submits the Amendment strikes an appropriate balance in facilitating the delivery of necessary public infrastructure in an equitable manner for its existing and future residents.

## CHANGES TO THE AMENDMENT

### Post-exhibition

68. Following exhibition and in consideration of submissions, two changes are being recommended to the exhibited version of the DCP as part of Council's preferred version of the DCP.
69. These arise on account of La Trobe University's submission which requested that the campus be **exempt** from the DCP on the basis that the university already provides a significant contribution to community infrastructure to the benefit of the wider community.
70. La Trobe University submitted that the future development of the campus as a 'University City' will provide future community infrastructure and additional contributions sought through the DCP levy would be inequitable.
71. Other submitters made similar claims due to their individual contributions to public realm type infrastructure albeit on a different scale but nevertheless based on the same principle.
72. In response specifically to the university submission, but relevant more broadly, Council acknowledged that there could be a case to argue that because of the type and extent of infrastructure being provided by a particular development such as, in this case the university, through the provision of sporting and other facilities that are used by, and provide considerable value to, the wider community the obligation to pay levies should be reviewed and considered not at the outset by the grant of a broad exemption to any land user in the DCP as sought by the university (and others) but rather by a more focussed mechanism that enables a closer consideration and a more nuanced approach to the issue.
73. As a principle and as a matter of fact, Council maintains that all new development on the university campus will generate additional usage and demand for the type of infrastructure provided by Council in the broader area and therefore a broad based exemption is not considered appropriate.
74. Instead Council proposes in the DCP a mechanism whereby Council can agree, (by section 173 agreement), to defer all or part of a developer's Community Infrastructure Levy payment liability, if it is providing alternative community infrastructure that meets specified criteria.
75. Consequently, the deferral mechanism in the DCP has been expanded to clearly explain in what circumstances a deferral of liability may be contemplated.

76. Furthermore, a deferral is proposed rather than an exemption because it is essential to ensure that the non-payment of contributions is met by a continuing obligation to provide community infrastructure especially where it is not in public ownership. There is also a concern that from a statutory perspective, adhoc exemptions are not permissible under the statutory scheme for development contribution plans.
77. In the context of the university, La Trobe's future development plans are not at this stage sufficiently progressed and the nature of any future community infrastructure provision, including the level of broader community benefit, is not yet known such as to warrant an exemption at the outset. In these circumstances an up-front exemption should not be contemplated.
78. In response to a submission raising concerns about a lack of clarity with respect to exemptions where a section 173 agreement is in place changes were made to the wording of proposed exemption relating to section 173 agreements to provide greater clarity on the circumstances where it would operate.
79. These recommended changes were proposed through part 2 of Council's resolution at the ordinary meeting of 22 March 2021, with respect to consideration of submissions to the Amendment. The form of the recommended changes are highlighted in the Proposed DCP (Attachment 3) and Proposed Schedule 2 to the DCPO (Attachment 4).
80. To be clear, no change has yet been made. These are changes which Council is recommending to the Panel as part of these submissions.

### **Other changes**

81. Since the preparation of the DCP for exhibition, the KP Hardiman Hockey Pitch Redevelopment project has received state government funding. As the DCP cannot include costs to be met through external funding, an adjustment will need to be made to reduce the project cost in the DCP.
82. As Council may receive further external funding for other DCP projects in the coming weeks, it is proposed that project costings will be reconciled at the next stage of the amendment, prior to Council's adoption and any project which receives committed external funding will be adjusted to that extent out of the DCP.
83. A small number of minor errors in the DCP and Schedule to the DCPO, identified after exhibition, will also be corrected prior to adoption.

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## **OVERVIEW OF METHODOLOGY**

84. The DCP has been prepared in accordance with the relevant legislation, directions and guidelines which form the DCP system in Victoria.

### **Project selection**

85. Projects to be part funded through the new DCP have been selected based on Council's 10-Year Capital Works Plan and according to the criteria established by the DCP guidelines and relevant Ministerial Direction.
86. Council's 10-year Capital Works is informed by (among other things):
  - 86.1 building and other asset condition data
  - 86.2 existing strategies, masterplans, asset management plans, structure plans and approved business cases

86.3 Council resolutions

86.4 population and demographic projection data.

87. During preparation of the DCP project list, refinements were made to the 10-year Capital Works Plan, and these were reflected in the DCP. The 10-year Capital Works Plan was adopted by Council, along with the Annual Budget 2020-21 and the Strategic Resource Plan 2020-2024 at a Special Council Meeting on 15 July 2020. The 10-year Capital Works Plan guides Council's decision making on future infrastructure projects and informs the four-year Strategic Resource Plan and Long Term Financial Plan. It was adopted as a 'live' document that would be regularly updated.
88. It is noted that in accordance with Council's resolution at its ordinary meeting of 8 April 2021, the 10-year Capital Works Plan 2020-21 to 2029-30 will be superseded by the Financial Plan 2021-31 on adoption. The 10-year Capital Works Plan is expected to remain the key tool for long term infrastructure delivery planning.
89. A prudent project selection process was undertaken bearing in mind that adopting a DCP creates an obligation for Council to proceed with the works identified within the specified time frame. Selection of projects for the DCP was made in consultation with Managers from relevant Council departments, based on which capital projects had the required level of information and certainty for inclusion. The DCP project list only represents a fraction of the total works identified in the 10-year Capital Works Plan.
90. Where projects were known to be receiving federal or state government funding, the project costings in the DCP were reduced to exclude costs to be met through this funding.
91. The source of costing estimates is outlined in the DCP and varies with scale and type of project, with estimates for major projects generally informed by quantity surveyor estimates or cost plans, and smaller projects such as cycling and walking treatments informed by in-house estimates.
92. The DCP includes 72 projects with a total estimated cost of nearly \$120M, of which developers will only be required to contribute a share through the DCP levy. Through the DCP, future development is estimated to contribute \$29M, or about 24% of the total project costs.
93. Some projects included in the DCP have been the subject of individual consultation processes and others are supported by broader Council policies or strategies which have themselves been through a community consultation process.
94. Each DCP project is linked to an adopted strategy. Strategic documents which specifically relate to DCP projects are identified and listed in Appendix A of the DCP.

### **Charge areas**

95. The DCP has adopted charge areas and project catchment principles that reflect fair cost apportionment in accordance with the DCP guidelines and established practice.
96. There are 16 charge areas with an average size of 334 ha which is comparable with recently gazetted DCPs. This is a departure from Council's previous DCP, which included a large number of smaller charge areas (227) making it very complicated to administer.
97. The charge area boundaries generally follow suburbs with refinements for roads, rail, waterways and planning zones. The DCP areas are deemed to be of an adequate size but not so large as to break the nexus between infrastructure and the population within the charge area. This is not an exact science though.

## **Development projections**

98. Development projections have been generated for a 20-year period for the purpose of the DCP, that is, 2021 to 2041.
99. HillPDA Consulting prepared the projections according to the methodology described below.

### **Residential**

100. 20-year dwelling projections for the 16 Analysis Areas were provided by id consultants early in the preparation of the DCP. These were updated by HillPDA in February 2020 to extend them out to 2041, based on id forecast data and checked against Victoria in Future 2019 data.

### **Retail**

101. As the DCP explains, Council's rate databases for the years 2010, 2016 and 2020 were used to provide an audit of all retail floorspace located in each of the 16 Analysis Areas in the City of Darebin. The total retail floorspace at each of these points in time were compared with the corresponding population in order to develop a ratio of retail floorspace per resident.
102. A ratio of retail floorspace per resident was adopted for the purposes of forecasting retail floorspace development in the City of Darebin over the DCP period. This was assessed against trends in past development and capacity of land to generate a future floorspace estimate. For each DCP Analysis Area, the distribution of retail floorspace was allocated based on their share of total floorspace in the audit.

### **Commercial**

103. The commercial floorspace audit and projections adopted a method similar to that shown for retail above. Alternative ratios were used, based on number of jobs and relationship of retail to commercial floorspace

### **Industrial**

104. Council's rates databases for the years 2010, 2016 and 2020 were used to provide an audit of all building floorspace (by use) located in Darebin's industrial zones. The audit included industrial uses such as factories, warehouses, workshops, maintenance depots and other similar activities.
105. The industrial floorspace figures were compared to provide indicative take-up rates for each identified DCP Analysis Area over the data period.
106. Vacant land stock by Analysis Area was estimated through an audit of Council's rates database. The amount of vacant Commercial 2 (C2Z), Industrial 1 (IN1Z) and Industrial 3 (IN3Z) zoned land in each Analysis Area was analysed, noting that land vacancy figures do not take into consideration constraints on existing vacant parcels such as access, easements and drainage. It is further noted that Areas 4 and 11 were the only DCP Analysis Areas to have more than one hectare of vacant land stock.
107. Site coverage ratios (i.e. floorspace to site area) were examined to define a future potential coverage ratio for vacant industrial land. For the purposes of projections, vacant land stock is assumed to achieve a 75% site coverage ratio in order to provide estimated future building projections and this result was compared against construction rates experienced between 2010 and 2020 to provide an indication of potential development.

### **DCP review**

108. Regular monitoring and review of the DCP should ensure that the document is reasonably consistent with estimates of future development, while accepting that future conditions will inevitably vary to some extent from future estimates generated for the new DCP.

### **Equivalence ratios**

109. The DCP nominates one dwelling as the common demand unit. Equivalence ratios are used to define the quantum of other development types (industrial, commercial and retail) that would generate the same demand for DCP infrastructure as one dwelling, noting that the non-residential development is assumed not to use community facilities:

**Table 6: Equivalence Ratios**

	Residential	Retail	Commercial	Industrial
	dwelling units	sqm floorspace	sqm floorspace	sqm floorspace
Community Facility CFCI	1	-	-	-
Community Facility CFDI	1	-	-	-
Path PADI	1	75	50	500
Road RDDI	1	19	121	67

110. The development projections (see above) are converted into common demand units to quantify the demand for infrastructure and allow levies to be calculated.

### **DCP levies**

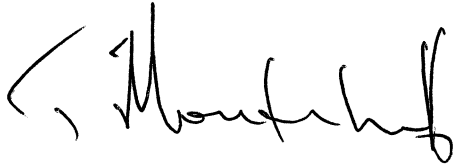
111. Levies have been calculated in accordance with the Victorian Government's *DCP Guidelines 2007*.
112. A unique project catchment was defined for each project in the DCP based on the extent of its expected service area. The 16 DCP Charge Areas provide the geographic basis for defining catchments. So projects were identified as serving a catchment area made up of one or more Charge Areas.
113. Levies were generated by apportioning the cost of each project across the total number of demand units in the catchment area.
114. An allowance was made for external usage of infrastructure from outside the catchment area and from beyond the time horizon of the DCP.

### **Exemptions**

115. The DCP includes statutory exemptions from the imposition of a levy as prescribed by Ministerial Direction, being development of land for non-public schools or public housing.
116. In addition to the prescribed exemptions a range of common-sense local exemptions are included in the DCP, which generally align with best-practice recently prepared or approved DCPs in other municipalities.
117. These include development which is replacing or reinstating a dwelling, alterations or additions to an existing dwelling, outbuildings and fences normal to a dwelling, servicing infrastructure (utilities), Council delivered projects, social housing development delivered by or for registered housing associations, and land where an existing Section 173 agreement exempts the development from the DCP.



118. This completes the Part A submission for the Council.

A handwritten signature in black ink, appearing to read 'T. Montebello', with a stylized flourish at the end.

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**Terry Montebello - Partner**  
**Maddocks for the Planning Authority**

**17 May 2021**

**LIST OF ATTACHMENTS**

ATTACHMENT 1 – Chronology of events

ATTACHMENT 2 – Explanatory Report

ATTACHMENT 3 – Darebin Development Contributions Plan 2019

ATTACHMENT 4 – Schedule 2 to the DCPO