

# Ballarat West Development Contributions Plan

Expert Evidence Statement – Matt Ainsaar

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# 1. QUALIFICATIONS

1. My name is Matt Ainsaar and I am the Managing Director and founder of Urban Enterprise.
2. Urban Enterprise is a firm of urban planners, land economists and tourism planners based in Melbourne. The firm has more than 23 years experience providing consultancy services to all levels of Government and a wide range of private sector organisations in Victoria and in other States of Australia.
3. I am a qualified planner and land economist with 35 years experience.
4. Urban Enterprise has a track record of successfully preparing Development Contributions Plans for Councils as well as negotiating development contribution arrangements with Councils on behalf of developers. We have also had experience in negotiating appropriate open space contributions for a range of development situations. I have appeared as an expert witness at Planning Panel hearings in respect of development contributions, for both developers and Councils.
5. My educational qualifications and memberships of professional associations include:
  - Bachelor of Town and Regional Planning, University of Melbourne
  - Graduate Diploma of Property, RMIT University
  - Member, Planning Institute of Australia
  - Associate, Australian Property Institute (Certified Practising Professional)
  - Member, Victorian Planning and Environmental Law Association.

## 2. ENGAGEMENT

6. I was instructed by Maddocks on behalf of the City of Ballarat to prepare an expert evidence statement to present at the Advisory Committee hearing in relation to this matter.
7. My instructions were to provide detail of the preparation of the Ballarat West Development Contributions Plan (DCP), a comparison of the levies with other relevant DCP levies in Victoria and to address specific matters relating to the issues raised in submissions to the DCP.
8. I have reviewed the amendment documentation and other relevant documents and policies. Documentation reviewed includes:
  - Ballarat West Development Contributions Plan (Exhibition Version);
  - Ballarat West Precinct Structure Plan;
  - Ballarat Planning Scheme.
  - All supporting documents for the DCP; and
  - Submissions made to the DCP.
9. I am familiar with the site and the surrounding area.
10. A copy of the relevant information that is required to accord with the Planning Panels Victoria - Expert Evidence is attached at Appendix A to this report.

### 3. THE PROPOSED BALLARAT WEST DCP

#### INTRODUCTION

11. Urban Enterprise prepared the Ballarat West Development Contributions Plan (DCP) on behalf of the City of Ballarat to support the funding of infrastructure in the Ballarat West Precinct Structure Plan (PSP) area.
12. The PSP area is located at the south-western edge of the existing urban area of Ballarat. The PSP area is generally bounded by Dyson Drive and the future Western Link Road to the west, existing urban development to the north and east, and the Glenelg Highway, Bonshaw Creek and Bells Road to the south.
13. The PSP area is made up of three precincts, Bonshaw Creek (Precinct 1), Greenhalghs Road (Precinct 2) and Carngham Road (Precinct 4). A combined Precinct Structure Plan was prepared for these precincts.
14. Urban Enterprise's role was to compile infrastructure items and costs identified by Council officers and technical consultants into a full cost apportionment DCP.
15. The DCP was prepared to identify the infrastructure required to service the development of the entire PSP Area, and to fairly apportion the costs of this infrastructure across all land owners and Council.
16. Development contributions are not the sole source of funding for the infrastructure items identified - Council's contribution is outlined later in this section.
17. The DCP has a life of 40 years, beginning from the date it is incorporated into the Ballarat Planning Scheme.

#### METHODOLOGY

18. The DCP relates to the entire Ballarat West PSP Area, including the 3 precincts. The entire PSP area constitutes the Main Catchment Area (MCA) for the DCP.
19. The following infrastructure assessments were undertaken to identify infrastructure required to support the development of the PSP area:
  - Transport: traffic assessment, infrastructure design and costings undertaken by SMEC Urban;
  - Drainage: initial assessment undertaken by Engeny, drainage scheme designed and costed by SMEC Urban;
  - Community Facilities: initial needs assessment by CPG, review undertaken by Council officers, facilities costed by Prowse Quantity Surveyors; and
  - Active Open Space Facilities: needs assessment undertaken by Council officers, facilities costed by Prowse Quantity Surveyors.
20. The majority of infrastructure items identified in the assessments were included in the DCP, with the costs apportioned to the MCA based on projected share of usage. The projected share of usage was informed by the relevant technical assessments.
21. The DCP applies to the Ballarat West PSP area as a single catchment.

## DCP INFORMATION

22. The Main Catchment Area (MCA) aligns with the Ballarat West PSP area, including all 3 precincts. All development in the MCA is subject to payment of development contributions.
23. Strategic planning for the Ballarat West PSP area identified the need for 120 Development Infrastructure items and 11 Community Infrastructure items. These items fall within the categories of roads, traffic management (intersections), drainage, open space, community facilities, community infrastructure and other items, and include both land acquisition and construction.
24. Items were classified as either Development Infrastructure or Community Infrastructure based on the *Ministerial Directions for Development Contributions* and the State Government's *Development Contributions Guidelines* (2007).
25. The total capital cost of infrastructure included in the DCP is \$285,634,554 in January 2012 dollars, including the cost of community infrastructure.
26. Three separate levies are proposed under the DCP to collect contributions towards this infrastructure, including:
  - A Development Infrastructure Levy applicable to residential development (Residential DIL);
  - A Development Infrastructure Levy applicable to commercial development (Commercial DIL); and
  - A Community Infrastructure Levy (CIL).
27. The Demand Units used in the DCP are as follows:
  - For the Development Infrastructure Levy, one demand unit is equal to one hectare of Net Developable Area;
  - For the Community Infrastructure Levy, one demand unit is equal to one dwelling.
28. The total number of demand units for each levy type is shown in Table 1.

TABLE 1 DEMAND UNITS

Levy Type	Community Infrastructure Levy	Development Infrastructure Levy	
		Residential Rate	Commercial Rate
DCP Rate Type	Residential Rate	Residential Rate	Commercial Rate
Demand Units	Dwellings	Hectares	Hectares
Total Demand Units	14,276	909.74	37.77

Source: Urban Enterprise, Ballarat West DCP

## COST APPORTIONMENT

29. The capital costs of infrastructure items included in the DCP were apportioned to the MCA based on the projected share of usage. That is, where supporting technical studies identified that the design of a certain item catered for demand from users outside the MCA, the DCP only includes the share of usage generated from within the MCA. The balance of usage (i.e. from users outside the MCA) is described in the DCP as external usage.
30. Where external usage of DCP infrastructure was identified through the relevant technical studies, Council is responsible for contributing funds on behalf of those external users.

31. Under this DCP, Council will provide funding contributions towards a range of infrastructure items, including:
  - Road construction (including Dyson Drive, the first carriageway of the future Western Link Road, duplication of Cherry Flat Road, and Bells Road;
  - Construction of all DCP intersections; and
  - Construction of community infrastructure which exceeds the \$900 per dwelling cap.
32. Council is expecting to contribute \$41,380,930 towards DCP items (in January 2012 dollars). This includes \$19,864,360 towards roads and intersections which represents 7% of the total infrastructure cost. It also includes a contribution by Council of \$21,516,570 towards the cost of community infrastructure. This represents the shortfall between the amount collected under the CIL (capped at \$900 per dwelling) and the cost of the community infrastructure.
33. In other words, Council will be contributing 14% of the total cost of the infrastructure. This exceeds the contribution by Council under the Armstrong Creek DCPs in the City of Greater Geelong, where the Armstrong Creek West DCP has a Council contribution of 3%, and the Armstrong Creek East Precinct has a Council contribution of 1% (taking into account costs apportioned to other Armstrong Creek Precincts).
34. Council will also bear the costs of road and intersection upgrades required outside the MCA.
35. It should also be noted that Council will be contributing 18 hectares of land towards the development of a Regional Active Open Space Reserve, namely MR Power Reserve. This represents a saving to the DCP by developers not having to fund this portion of the overall active open space land contribution.
36. The level of external usage was calculated based on quantitative assessments of traffic volumes generated from areas internal and external to the MCA. The method for calculating these volumes is addressed in the evidence provided by SMEC Urban.
37. Residential development is required to contribute towards all infrastructure categories, including roads, traffic management, drainage, community infrastructure, community facilities, open space and 'other' items.
38. Commercial development is not required to contribute towards all infrastructure categories, hence the overall Commercial DIL is lower than the Residential DIL. Commercial development is required to contribute towards roads, traffic management, drainage and 'other' items.

#### CALCULATION OF LEVIES

39. The amount of external usage is deducted from the total infrastructure cost to result in a Cost to the MCA for each infrastructure item.
40. The Cost to the MCA is then divided by the total number of demand units for each item to result in a levy amount for each item. The number of demand units reflects the fact that some infrastructure types are contributed to by all development (eg. roads), while others are only contributed to by residential development (eg. open space).
41. The levy amounts for each item are tallied to result in overall levies, including the Residential DIL, Commercial DIL and Community Infrastructure Levy.
42. The Community Infrastructure Levy was then capped at \$900 per dwelling, the maximum amount that can be collected as specified in the Planning and Environment Act 1987, compared to the actual requirement of \$2,407 per dwelling to fund all of the community infrastructure items. In other words, Council will need to fund the shortfall between \$900 per dwelling and \$2,407 per dwelling.

43. Table 2 shows the final levy amounts as published in the exhibition version of the DCP.

**TABLE 2 LEVY AMOUNTS**

Infrastructure Type	Land Use	Demand Unit	Levy per demand unit (before cap)	Levy (after cap)
Community	Residential	14,276	\$2,407.18	\$900
Development	Residential	909.74	\$247,562.17	
Development	Commercial	37.77	\$163,834.06	

Source: Urban Enterprise, Ballarat West DCP

#### ADMINISTRATION AND IMPLEMENTATION

44. The DCP includes a range of administration and implementation requirements, including:

- Annual indexation of the levies amounts for construction items in line with the Producer Price Indexes Australia, Victoria (Table 15 Selected Output of Division E - Construction Industry, Building Construction Victoria (for buildings) and Road and Bridge Construction Victoria (for roads, bridges, trails, etc.) published by the Australian Bureau of Statistics (Series 6427.0);
- Annual indexation of the levies amounts for land items based on an annual revaluation of relevant parcels;
- The requirement to review the DCP every 5 years;
- Process and timing for the payment and collection of levies;
- Procedures for the provision of works in-kind; and
- Sequencing, funding and alternatives for construction of drainage scheme infrastructure.



## 4. COMPARISONS WITH OTHER DCPs

### OVERALL LEVY

45. In order to understand the contributions proposed as part of the Ballarat West DCP relative to other DCPs, a table has been prepared which compares DCP amounts with the recently approved Armstrong Creek West Precinct DCP and the Armstrong Creek East Precinct DCP.
46. The Armstrong Creek DCPs are the most comparable approved DCPs, because as with Ballarat West, these DCPs are major greenfield growth areas located at the edge of a large regional centre. The DCPs were each recently the subject of detailed scrutiny (Planning Panel in the case of Armstrong Creek East, and Advisory Committee in the case of Armstrong Creek West).
47. Table 3 shows the comparison between Ballarat West and the Armstrong Creek DCPs. It should be noted that adjustments were made to remove the costs of land acquisition for active open space due to the Armstrong Creek Precincts collecting land for local Active Open Space through Clause 52.01 of the Planning Scheme.
48. The table shows the levy for each infrastructure category in the base value of the DCP. In order to accurately compare the overall levy value, each total levy is shown at the July 2012 value. The Armstrong Creek values are actual figures as published by the City of Greater Geelong, whereas the Ballarat West value was calculated by Urban Enterprise using the method specified in the DCP (with CPI used to index land values in the place of annual revaluation which is unavailable).

**TABLE 3 LEVY COMPARISON TABLE (RESIDENTIAL DIL PER HA OF NDA)**

Category	Ballarat West	Armstrong Creek West	Armstrong Creek East
Roads and intersections	\$72,217	\$29,648	\$25,421
Trails	\$0	\$5,788	\$9,614
Public Transport	\$0	\$0	\$3,266
Drainage	\$90,831	\$85,817	\$70,139
Active Open Space	\$59,804	\$61,178	\$44,464
Community Facilities	\$11,340	\$47,706	\$48,211
Planning and Other	\$784	\$4,609	\$4,741
<b>Total DIL</b>	<b>\$234,976</b>	<b>\$234,747</b>	<b>\$205,856</b>
Base Values	January 2012	July 2011	July 2010
<b>Total Levy indexed to July 2012</b>	<b>\$240,112</b>	<b>\$246,225</b>	<b>\$228,810</b>

Source: Urban Enterprise; City of Greater Geelong, 2013.

49. Table 3 shows that the levy amounts, once indexed to July 2012 and adjusted to remove land for active open space to allow for accurate comparison, vary only slightly across the three precincts. The Ballarat West DCP levy (\$240,112) sits between the Armstrong Creek West levy (\$246,255) and the Armstrong Creek East levy (\$228,810). I point out that the Ballarat West levy will reduce to \$238,405

(in July 2012 dollars<sup>1</sup>) as a result of corrections that should be made to the DCP which I outline later in this evidence.

50. It is clear from Table 3 that the Ballarat West DCP has a significantly higher levy component for 'roads and intersections', and significantly lower levy components for 'community facilities' and 'planning and other' items. I now explain the factors which led to these differences.

#### ROADS AND INTERSECTIONS

51. The levy amount for 'roads and intersections' items in Ballarat West is \$72,217 (January 2012 values), compared with \$29,648 (July 2011) and \$25,421 (July 2010) for Armstrong Creek West and East Precinct respectively.
52. This difference in roads costs and levies is largely due to the fact that the Armstrong Creek Urban Growth Area is serviced by an existing arterial road network, comprising the Surf Coast Highway, Boundary Road, Horseshoe Bend Road and Barwon Heads Road.
53. Excluding the construction of intersections, neither the Armstrong Creek East or West Precinct DCPs include any road construction items, whereas the requirement to upgrade the existing arterial road network, as well as construct new arterial and link roads in Ballarat West, contributes \$56,802 to the overall Development Infrastructure Levy.

#### COMMUNITY FACILITIES

54. The levy amount for 'community facilities' in the Ballarat West DCP is \$11,340, compared with \$47,706 and \$48,211 for the Armstrong Creek West and East Precinct respectively.
55. The difference in these levies is largely due to the fact that the Armstrong Creek DCPs included all components of community facilities as Development Infrastructure (maternal and child health, kindergarten, childcare and community meeting rooms), whereas the Ballarat West DCP separates community facilities into two components:
  - Development Infrastructure - Early Years Hub Kindergarten, childcare and maternal child health components; and
  - Community Infrastructure - Early Years Hub community meeting room components, and Multi-purpose community centres.
56. The Ballarat West Community Infrastructure Levy (\$2,407 per dwelling before cap) is significantly higher than the CIL for the Armstrong Creek DCPs (\$1,226 for the West Precinct and \$913 per dwelling). Given that the CIL is currently capped at \$900, the City of Ballarat will need to fund a greater proportion of the community facilities costs compared with the City of Greater Geelong.

#### PLANNING COSTS

57. The levy amount for 'Other' items in the Ballarat West DCP is \$784 per ha, primarily relating to provisional budgets for investigations into site constraints (including contamination) for the active open space reserves. The levy amount is significantly lower than the Armstrong Creek DCPs in this category (\$4,609 and \$4,701 respectively) due to Council having been successful in attracting Federal Government funding for the PSP and DCP preparation costs, hence developers are not required to contribute to these costs. I note that Council has also absorbed all previous costs associated with planning for the Growth Area.

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<sup>1</sup> Taking into account a \$1,658.17 reduction in January 2012 dollars, indexed to \$1,706.74 in July 2012 dollars.

## 5. ISSUES

### SUBMISSIONS

58. A total of 24 submissions were received by Council relating to the DCP prior to the closing date of 10 July 2012. An additional 3 submissions were received in December 2012 following the decision of the Planning Minister to approve the Ballarat West PSP without the accompanying DCP, and 1 late submission was received by the Advisory Committee in June 2013.
59. The submissions addressed a wide variety of issues. The main issues raised in submissions can generally be summarised into the following categories:
- Inclusion of 'non-basic' and 'regional' infrastructure;
  - Selection of roads for inclusion in the DCP;
  - Excessive infrastructure costs, design fees and contingency amounts;
  - Excessive infrastructure standards and specifications;
  - The need to include higher levels of external apportionment;
  - The cost, apportionment and suitability of the drainage scheme;
  - The likely density of new development; and
  - The potential to use a 'Standard Levy'.
60. I will now address each of these issues in turn.

### NON-BASIC AND REGIONAL INFRASTRUCTURE

61. The inclusion of certain items in the DCP has been challenged, including items considered by some submitters to be non-basic or not usually included in DCPs, and items that serve a large catchment and are considered by some submitters to be excessive or warrant external apportionment.
62. Items suggested for removal from the DCP by some submitters due to their non-basic or regional nature include:
- Major highway infrastructure;
  - Branch library (CI\_CF\_1);
  - Athletics track (part of DI\_OS\_1);
  - Public art (part of DI\_OS\_1, 2, 3, 4 and 5) ;
  - Dog obedience area; and
  - Sport and Recreation Levy.
63. Major highway infrastructure is not included in the DCP. The Western Link Road (**WLR**) is referred to in a submission as inappropriate for inclusion in the DCP due to its role serving a wider catchment. However, it should be noted that the DCP includes only the first carriageway of the WLR is funded through the DCP, along with land acquisition for the full road reservation. This approach is consistent with the usual approach applied in recent growth area DCPs. I note that this approach is referred to in Report 1 of the Standard Development Contributions Advisory Committee as part of the VicRoads *Draft Arterial Road Planning Protocol for Growth Areas* (p.72).

64. The branch library was identified by Council based on the CPG Social and Community Infrastructure Needs Assessment as required to service the growth area. Libraries are typically included in DCPs as Community Infrastructure, which is the case for this DCP. The library, at a cost of \$6,323,000, is to be funded under the CIL. The cost of community infrastructure to be funded under the CIL exceeds the \$900 per dwelling cap, hence Council will bear the cost of community infrastructure over the cap (a shortfall of \$21,516,570).
65. It was submitted that the athletics track serves a population catchment of 50,000 or more and is not an appropriate DCP item. This may be the case if the facility was a high specification synthetic track, however the item included in the DCP is turf, not synthetic, and forms part of a flexible active open space which is combined with a rectangular field. The athletics component of the cost is very low (\$50,000) and is considered to be a reasonable inclusion in a DCP.
66. It was submitted that the Sport and Recreation Levy should be removed from the DCP as it represents an ongoing cost. I confirm that the Sport and Recreation Levy was included in the Prowse Cost Estimates, but these costs are not included in the cost of Active Open Space items in the DCP.
67. It was submitted that the Dog Obedience Area identified in the Prowse cost sheets should be removed from the DCP. I confirm that the cost of the Dog Obedience area was included in the Prowse Cost Estimates, but not included in cost of the Mining Park Active Open Space reserve in the DCP.
68. Appendix B provides detail on the compilation and translation of costs for the Active Open Space items from the Prowse Cost Estimates to the DCP, showing the removal of items as noted above.
69. Submitters argued that the inclusion of public art is not consistent with the DCP Guidelines and Planning and Environment Act. I note that there are some examples where public art has been included in approved and proposed DCPs, namely:
- Doncaster Hill DCP;
  - Torquay Jan Juc DCP; and
  - Epping Central DCP (proposed - currently at Panel stage).
70. In the Panel Report considering the Doncaster Hill DCP, the panel considered the inclusion of public art in the DCP, noting that “where public art is to become an intrinsic part of the development of publicly owned land, and that land is identified as part of the municipal space system, the Panel agrees that it is acceptable to include public art in the list of projects to be funded by the contributions”.<sup>2</sup>
71. Based on the above Panel findings, and given that public art was identified by Council as an important embellishment of municipal public open space (active open space reserves), I consider it an appropriate inclusion in this DCP. In any event, public art contribution is a very small component of the DIL, namely \$143 per ha.

#### SELECTION OF ROADS FOR INCLUSION IN THE DCP

72. Submitters argued that the construction of Cuzens Road should be included as a DCP item.
73. In preparation of the DCP, roads that perform a higher order function than local and collector roads were included as DCP items (including Link Roads 2 and above). SMEC Urban noted that Cuzens Road is identified as a Collector Road, which is below the status of Link Road, and is therefore not included in the DCP.

<sup>2</sup> Section 10.2, Manningham Planning Scheme Amendments C30 and C37 Doncaster Hill Development Contributions Plan Panel Report.

74. I note that a decision was made by Urban Enterprise and SMEC Urban to include 'Link Roads' in the DCP to ensure that these important sections of the road network could be delivered given the relatively high level of land fragmentation existing across the majority of the Growth Area.

#### INFRASTRUCTURE COSTS, DESIGN AND CONTINGENCIES

75. Submitters argued that some cost estimates and allowances such as design fees and contingency amounts associated with certain infrastructure items were excessive. In most cases, the submissions did not provide detail or peer review of the infrastructure costs to allow comparison. One submission sought to estimate the extent to which costs and contingency amounts were believed to be overstated.

76. Cost estimates, specifications, design fees and contingency amounts were calculated and applied by technical experts in the relevant field, predominantly SMEC Urban (roads and drainage) and Prowse Quantity Surveying (community and active open space facilities).

77. I note that it is standard practice for DCPs to include allowances over and above raw construction cost estimates to allow for contingencies, design and project management and other fees associated with construction.

78. Urban Enterprise adopted the design and contingency allowances recommended through the technical studies which underpinned the DCP on the basis that the amounts are generally consistent with the allowances included in recently approved DCPs.

79. Urban Enterprise compiled the DCP based on the cost inputs provided by SMEC Urban and Prowse Quantity Surveyors. The overall costs of DCP infrastructure items were developed based on the assumptions that are set out in the evidence of those parties.

80. The contingency and design allowances vary depending on the infrastructure type. Table 4 outlines the contingency and design allowances included for each category of infrastructure.

**TABLE 4 CONTINGENCY AND DESIGN ALLOWANCES**

Infrastructure Type	Contingency Amount	Design / Project Management	Other allowances
Roads and Intersections	15%	10%	-
Intersections	15%	10%	-
Drainage (pipes, bioretention areas)	10%	15%	3.25% (Council fees)
Drainage (wetlands, retarding basins)	20%	15%	3.25% (Council fees)
Community Facilities and Active Open Space	5%	-	5% (design variable)

Source: SMEC Urban, Prowse Quantity Surveying.

81. Based on my experience and by reference to recently approved DCPs, I consider that the contingency and design allowances as shown in Table 4 are reasonable.

82. The issue of an appropriate contingency amount has been discussed at length in previous Planning Panel hearings, including for example, in respect of the Cranbourne East DCP where a contingency amount of 30% was proposed. The Panel considered this was too high and the DCP was subsequently approved with a contingency of 20% for road projects and 10% for open space projects.

83. I have included a Table in Appendix C that shows the contingency amounts contained within DCPs approved since 2008. The Table shows that the maximum contingency applied is generally 20%. In many cases, for example for open space and community facility projects, the contingency amount is 10% to 15%.

84. The contingency amounts applied in the Ballarat West DCP for community and active open space facilities are at the lower end of typical allowances.
85. I note that the active open space and community facility costings prepared by Prowse excluded professional fees such as design and project management. Such fees are typically included in DCPs, at around 10% of project costs.
86. Some submitters also argued that the active open space costings may have double counted some components relating to site establishment and preparation. Prowse Quantity Surveyors have advised that this is not the case, and will address this issue specifically in their evidence.
87. I note that the administrative processes of the DCP facilitate the payment of levy liabilities through works in-kind. The credit for works provided in-kind is to be the value of works as shown in the DCP. In this regard, it is important to ensure that cost estimates are reliable and an appropriate allowance for contingency and professional fees is included.

#### INFRASTRUCTURE STANDARDS AND SPECIFICATIONS

88. Submitters argued that infrastructure included in the DCP is 'gold-plated' or over-specified.
89. Urban Enterprise compiled infrastructure items identified by technical experts as required to support development of the Ballarat West Growth Area. During the process of compilation, various comparisons with other DCPs were made to ensure that the standards and costs of infrastructure were generally in line with those included in other DCPs.
90. Details on demand generation and specific requirements and specifications of infrastructure items included in the DCP are provided in the evidence of technical experts.
91. Indoor Recreation Facilities (also referred to as stadiums) are included in the DCP, apportioned completely to the MCA. I note that such facilities are also included in the Armstrong Creek West and East DCPs with a cost sharing arrangement between the DCP, Council and the Department of Education and Early Childhood Development (DEECD). A similar agreement does not exist in the case of Ballarat West and hence the full cost of the facilities were apportioned to the MCA.

#### EXTERNAL APPORTIONMENT

92. It was submitted that some items should include greater allowances for external apportionment to account for the likely usage of the infrastructure from existing residents outside the Main Catchment Area. These items include:
  - MR Power Park Active Open Space Reserve;
  - Indoor Recreation Stadiums; and
  - Roads, in particular the Western Link Road.
93. Under a full cost apportionment DCP, external apportionment is only required where existing and new residents of established areas are generating demand that cannot be met through the existing facilities.
94. In the case of Active Open Space, Community facilities and drainage infrastructure, all infrastructure included in the DCP was identified as required to support demand generated by MCA residents. These infrastructure items include no allowance for external apportionment.
95. In the case of roads and intersections, construction of the road network and upgrades to the existing road network are designed to cater for some traffic generated from existing areas near the MCA. This

has been acknowledged by the application of an external apportionment percentage for those items which are designed to support external usage.

96. The proportion of demand and therefore external apportionment for each road and intersection item was calculated by SMEC Urban based on anticipated traffic volumes. As previously noted, external roads outside the MCA will need upgrading at Council's expense.
97. In the case of the active open space reserve at MR Power Park, it is noted that the location of this reserve was chosen to make use of land already in Council ownership, thus significantly reducing the cost to the DCP. Although the reserve is located near existing development, the cost of all infrastructure items intended to be constructed on the reserve was identified as required to support the development of the MCA only. That is, the reserve is not designed to meet demand from external areas. As such, the full cost of improving the reserve is apportioned to the MCA.
98. I note that the DCP does not assume that existing residents in close proximity to MR Power Park will not use the reserve, rather, the need for the infrastructure is driven by development of the Growth Area. Existing residents are already adequately catered for by existing facilities such as Marty Busch Reserve. The facility in its entirety is needed to support the growth area. In any case, Council is contributing 18ha of land towards this reserve, resulting in a significant saving to the DCP.

#### DRAINAGE SCHEME

99. Submitters argued that the drainage scheme is not appropriate for the area and that the cost of the scheme is too high. It was also submitted that the costs of the drainage scheme were incorrectly apportioned in the DCP.
100. The drainage scheme was prepared by Engeny and costed by SMEC Urban. Urban Enterprise's role was to compile this information into the DCP. Each of these parties have outlined the various assumptions and findings of their studies in their evidence.
101. I understand that the drainage scheme was designed to minimise the cost of acquiring developable land through the location of key drainage infrastructure (such as wetlands and retarding basins) within encumbered land.
102. I note that the Ballarat West levy per hectare for drainage infrastructure (\$90,831 in January 2012 dollars) is only slightly higher than the Armstrong Creek West DCP (\$86,428 in January 2012 dollars) and higher than the Armstrong Creek East DCP (\$76,982 in January 2012 dollars).
103. Drainage costs are largely a factor of the geology and topography of the land, and hence I consider this difference to be reasonable. I understand this will be addressed in the evidence provided by Engeny.
104. The DCP apportions the costs of the entire drainage scheme on the basis of demand units within the entire Main Catchment Area. This was undertaken based on advice from the technical experts (including Engeny and SMEC Urban) that all land in the MCA formed part of a single drainage catchment and the drainage scheme was designed to carry flow from the northern section of the MCA to the south-eastern section of the MCA as part of a continuous system.
105. The method for calculating the drainage levy for the MCA is shown in Table 4. The total cost of all drainage infrastructure required to support development in the MCA was divided by the total number of demand units (Net Developable Hectares in the MCA) to arrive at a drainage levy per hectare.

**TABLE 5 CALCULATION OF DRAINAGE LEVY**

Total Drainage Scheme Cost	\$86,063,888
No. of Demand Units (NDA)	947.51
Drainage Levy per Demand Unit	\$90,831.64

Source: Urban Enterprise.

**COMMERCIAL LEVY**

- 106. Submitters argued that the Development Infrastructure Levy for commercial development is unreasonably high in comparison with previous DCPs.
- 107. I note that the commercial DIL (\$163,834 per ha) reflects the higher than average drainage and road costs associated with development in Ballarat West. In the case of Ballarat West, the DIL is heavily weighted towards roads and drainage infrastructure - these two components form the majority of the levy for commercial development.
- 108. For comparison, selected other recent commercial levies include:
  - Armstrong Creek East \$103,000 per ha;
  - Armstrong Creek West \$120,000 per ha;
  - Officer \$183,000 per ha; and
  - Truganina South \$169,000 per ha.
- 109. Commercial contributions in Armstrong Creek are lower largely because of the existing of a strong arterial road network through the growth area as discussed previously.

**DEVELOPMENT DENSITY**

- 110. Submitters argued that demand is currently low for the lot sizes that will be required to meet the PSP target of 15 lots per hectare and lower density development would generate less infrastructure demand, thus reducing the overall infrastructure cost to developers and Council alike.
- 111. The average residential density is prescribed by the PSP (15 lots per hectare) and all infrastructure included in the DCP has been identified on the basis of that density. Given that the PSP has been approved, it is not possible for the DCP to apportion costs based on a density different to that prescribed in the PSP. I also note that the Growth Areas Authority Precinct Structure Planning Guidelines stipulate that an average density of 15 dwellings per hectare should be achieved.
- 112. I note that recent subdivisions in surrounding areas have ranged from 9 to 14 lots per hectare, with one example adjoining the DCP area<sup>3</sup> developed over the past 3 years at an average density of 28 lots per ha. Initial stages of the neighbouring Alfredton West development have ranged from 9.2 - 12.3 lots per hectare<sup>4</sup>. Whilst these densities are generally below the density prescribed for Ballarat West, I note that the Alfredton West PSP<sup>5</sup> also prescribes an average density of 15 lots per hectare, which can be achieved through medium density development of approximately 25 lots per hectare near the Neighbourhood Activity Centre, close to public open space, education and community facilities and public transport.

<sup>3</sup> City of Ballarat, Tait Street location, development area 4.6ha.

<sup>4</sup> City of Ballarat, 2013

<sup>5</sup> Page 25, 29; Alfredton West Precinct Structure Plan, Integra and City of Ballarat, 2011



113. Given that medium density development typically takes places in the later stages of a multi-stage development, it is reasonable to expect that average densities in Alfredton West, and later Ballarat West, will increase over the life of the development. I note also that this DCP has a lifespan of 40 years and it would be reasonable to assume that densities will increase over time.
114. Further, the use of a 'Net Developable Hectare' demand unit in DCPs creates a certain level of incentive to develop at higher densities - thus helping to achieve broader planning aims such as walkable neighbourhoods, reduced car dependence and lower infrastructure costs to Council and residents.

#### PROCESS AND STANDARD LEVIES

115. It was submitted that the application of a Standard Levy (once available) may be more appropriate given that the current DCP system review has recommended a Standard Levy based system.
116. I note that the Standard Development Contributions Advisory Committee Stage 1 report recommends the establishment of a Standard levy system. However, in 'Growth Areas' or 'Large Scale Strategic Development Areas', the Stage 1 Report foreshadows the potential to prepare a tailored Development Levy Scheme (DLS) where it can be strategically justified.
117. It is also important to note that whilst the DCP system is currently under review, any changes to the system will most likely require legislative change which could take some time.
118. Based on these points, I consider that it is appropriate for Council to pursue this DCP for Ballarat West.

#### CORRECTIONS AND CLARIFICATIONS

119. Following review of submissions and discussions with other experts, I make the following clarifications and corrections regarding the DCP.
120. I reiterate that the following items were removed from the Active Open Space costings and are not to be funded by the DCP:
- Sport and Recreation Levy;
  - Dog Obedience Area; and
  - Lawn Bowls facility.
121. Urban Enterprise was directed by Council during the preparation of the DCP to apply a reduction of \$100,000 to the Prowse cost estimate for each Active Open Space facility that included a playground. This reduction reflected Council's view that it could deliver the playground infrastructure at a reduced cost based on previous experience.
122. A component of the provisional budgets for MR Power Park and Mining Park active open space reserves relates to initial environmental assessments and audits, heritage conservation works and geological works. These items were separated from the active open space improvements items (DI\_OS\_1 and DI\_OS\_2) and included as a separate item in the 'Other' category (DI\_O\_2 and DI\_O\_3). This was to reflect that these studies and investigations were required early in the DCP timeframe to ascertain the treatments required to make the sites fit for purpose as active open space reserves.
123. To clarify the compilation of Active Open Space costs, I have included a table showing the various components and calculations undertaken as described above in Appendix B.
124. I would like to make the following corrections to the DCP:

- The costs of items DI\_OS\_2 and DI\_OS\_3 in the DCP were transposed in error. That is, the cost of DI\_OS\_2 relates to the infrastructure for DI\_OS\_3, and the cost for DI\_OS\_3 relates to the infrastructure for DI\_OS\_2. This correction has no impact on the overall levy amounts.
- External apportionment for items associated with Schreenans Lane and Ross Creek Road were incorrectly translated from the SMEC Urban model to the DCP. Table 6 shows these corrections and the impact on the overall levy, a total reduction to the Development Infrastructure Levy for both commercial and residential development of \$1,658.17 per ha (January 2012 dollars).

**TABLE 6 EXTERNAL APPORTIONMENT CORRECTIONS FOR ROADS**

Code	Description	Cost	Demand Units	DCP External	DCP Levy	Corrected External	Corrected Levy	Reduction in Levy
DI_RD_31a	Schreenans Lane upgrade	\$1,090,857	947.51	0%	\$1,151.29	11%	\$1,024.65	\$126.64
DI_RD_31b	Schreenans Lane extension west	\$842,935	947.51	0%	\$889.63	11%	\$791.77	\$97.86
DI_RD_31c	Schreenans Lane Creek Crossing	\$8,915,678	947.51	0%	\$9,409.59	11%	\$8,374.53	\$1,035.05
DI_RD_31d	Schreenans Lane extension east	\$785,913	947.51	0%	\$829.45	11%	\$738.21	\$91.24
DI_RD_38	Ross Creek Road Upgrade	\$2,647,631	947.51	0%	\$2,794.30	11%	\$2,486.93	\$307.37
Total Reduction in Levy as a result of corrections								\$1,658.17

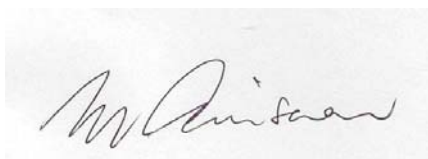
## 6. CONCLUSIONS

125. I make the following conclusions in respect of my evidence:

- a. The DCP was prepared by Urban Enterprise on behalf of the City of Ballarat in accordance with the Planning and Environment Act (1987), the relevant Ministers Directions and the DCP Guidelines (2007). I consider the methodology used to prepare the DCP is appropriate.
- b. Urban Enterprise's role was to compile information provided by others, including Council officers and technical experts, into a full cost apportionment DCP. During this process, Urban Enterprise took necessary steps to ensure that the DCP aligned with the DCP framework and included infrastructure items and levies that generally accorded with comparable DCPs in regional Victoria.
- c. When compared with relevant, recently approved regional DCPs (Armstrong Creek West Precinct and Armstrong Creek East Precinct), the Ballarat West Development Infrastructure Levy (\$238,405 per ha, after the corrections have been made<sup>6</sup>) sits between the Armstrong Creek West levy (\$246,255) and the Armstrong Creek East levy (\$228,810) once indexed to July 2012 and adjusted to remove land for active open space to allow for accurate comparison.
- d. The Ballarat West DCP has a higher levy component for 'roads and intersections', and lower levy components for 'community facilities' and 'planning and other' items when compared with the Armstrong Creek examples. This is largely due to differences in the existing arterial road networks, topography and decisions regarding the classification of community facilities in the DCP.
- e. I consider the infrastructure costs are appropriate and generally consistent with the amounts and standards of provision typically included in approved DCPs.
- f. I have noted some minor corrections that should be made to the DCP as outlined in my evidence.

## DECLARATION

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



Matt J Ainsaar

Managing Director, Urban Enterprise Pty Ltd

BTRP, Grad Dip Prop, MAPI, AAPI, CPP

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<sup>6</sup> Adjusted to account for corrections outlined in this evidence and indexed to July 2012

## APPENDIX A REQUIREMENTS OF PLANNING PANELS VICTORIA – EXPERT EVIDENCE

### NAME:

Matt Jacques Ainsaar, Managing Director, Urban Enterprise

### ADDRESS:

389 St Georges Road, North Fitzroy, Vic 3068

### QUALIFICATIONS:

- Bachelor of Town and Regional Planning, University of Melbourne
- Graduate Diploma of Property, RMIT University
- Member, Planning Institute of Australia
- Associate, Australian Property Institute (Certified Practising Professional)
- Member, Victorian Planning and Environmental Law Association

### EXPERIENCE

I have over 35 years experience as a planner and land economist and have extensive expertise in the Development Contributions area.

Urban Enterprise has a track record of successfully preparing Development Contributions Plans for Councils as well as negotiating development contribution arrangements with Councils on behalf of developers.

I have appeared as an expert witness in most of the recent growth area panel hearings in respect of development contributions.

### AREAS OF EXPERTISE

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

### EXPERTISE TO PREPARE THIS REPORT

My experience in urban planning, land economics and property over the past 35 years provided the tools to develop a specialisation in development contributions. I have undertaken numerous Development Contributions Plans and have given advice to public and private sectors in regards to development contributions. I have appeared as an expert witness in most of the recent growth area panel hearings in respect of development contributions. I am therefore qualified to prepare this report and expert witness statement.

### INSTRUCTIONS

My instructions were to provide detail of the preparation of the Ballarat West Development Contributions Plan (DCP), a comparison of the levies with other relevant DCP levies in Victoria and to address specific matters relating to the issues raised in submissions to the DCP.

### FACTS, MATTERS AND ASSUMPTIONS RELIED UPON:

I have relied on the following for my assessment:

- Ballarat West Precinct Structure Plan;
- Ballarat West Development Contributions Plan (Exhibition Version);
- Ballarat Planning Scheme.
- Supporting infrastructure documents and costings prepared by Prowse Quantity Surveyors, SMEC Urban and Engeny.
- My familiarity with the site and the surrounding area;
- Relevant experience.

**DOCUMENTS TAKEN INTO ACCOUNT:**

See above.

**IDENTITY OF PERSONS UNDERTAKING THE WORK:**

Matt J Ainsaar, assisted by Paul Shipp, Associate.

**SUMMARY OF OPINIONS:**

Refer to Section 6: Conclusions.

## APPENDIX B ACTIVE OPEN SPACE COST COMPILATION

DI_OS_1		DI_OS_2		DI_OS_3		DI_OS_4		DI_OS_5	
MR Power		Mining		MAC (Glenelg)		LAC (Greenhalghs)		NAC (Carngham)	
Item	Cost	Item	Cost	Item	Cost	Item	Cost	Item	Cost
Basic improvements	\$3,604,000	Basic improvements	\$2,240,000	Basic improvements	\$1,076,400	Basic improvements	\$1,924,000	Basic improvements	\$1,189,400
Rectangular field / Aths.	\$1,345,000	Soccer	\$2,006,000	Ovals	\$2,546,000	Ovals	\$2,414,000	Ovals	\$1,200,000
Ovals	\$2,414,000	Play area	\$451,000	Netball	\$190,500	Netball	\$190,500	Tennis	\$1,200,000
Netball	\$190,500	Provisional budget	\$2,171,000	Community YAN	\$1,290,000	Playground	\$451,000	Playground	\$451,000
Regional Playspace	\$1,483,000	Playground discount	-\$100,000	Playground discount	-\$100,000	Playground discount	-\$100,000	Playground discount	-\$100,000
Provisional Budget	\$3,824,000	Dog obedience	\$0			Lawn Bowls	\$0		
Playground discount	-\$100,000	Prov. Budget discount	-\$257,600 <sup>2</sup>						
Prov. Budget discount	-\$448,000 <sup>1</sup>								
<b>Sub-total</b>	<b>\$12,312,500</b>	<b>Sub-total</b>	<b>\$6,510,400</b>	<b>Sub-total</b>	<b>\$5,002,900</b>	<b>Sub-total</b>	<b>\$4,879,500</b>	<b>Sub-total</b>	<b>\$3,940,400</b>
Sport levy removal (2%)	-\$246,250	Sport levy removal (2%)	-\$130,208	Sport levy removal (2%)	-\$100,058	Sport levy removal (2%)	-\$97,590	Sport levy removal (2%)	-\$78,808
<b>Final cost</b>	<b>\$12,066,250</b>	<b>Final cost</b>	<b>\$6,380,192</b>	<b>Final cost</b>	<b>\$4,902,842</b>	<b>Final cost</b>	<b>\$4,781,910</b>	<b>Final cost</b>	<b>\$3,861,592</b>

1. \$448,000 = \$100,000 (Environmental) + \$100,000 (heritage)+\$200,000 (geotechnical)+12%(contingency, design and sport and recreation levy)
2. \$257,600 = \$60,000 (environmental)+\$60,000(heritage)+\$110,000(geotechnical) +12%(contingency, design and sport and recreation levy).

## APPENDIX C CONTINGENCY AMOUNTS IN RECENTLY APPROVED DCPS

Municipality	DCP	Commentary
Casey	Cranbourne West	30% for infrastructure including buildings and roadworks. 10% for open space.
Cardinia	Cardinia Road Precinct	Community Facilities/Open Space/Roundabouts 10%, Roads / Intersections / Trails 20%, Grade Separation / Bridges / Underpasses 25%
Whittlesea	Epping North East LSP	
Casey	Cranbourne East	20% infrastructure, 10% open space
Melton	Taylors Hill West	Not Given
Melton	Melton North	Not given - Road, intersection and shared path construction costs were estimated by Cardno Grogan Richards.
Melton	Toolern	10% standard, 20% for Road items, 30% for bridges and east west road intersection, not listed for other items
Hume	Craigieburn R2 Precinct	Not given - "All road, intersection and shared path construction costs have been determined by external consultants (project cost sheets can be obtained the Growth Areas Authority and Hume City Council)."
Wyndham	Tarneit West	5% Wooten road
Casey	Clyde North	20% standard
Wyndham	Truganina South	20% for intersections
Cardina	Officer	10% community facilities / open space / trails, 15% roads / traffic signals, 20% rail underpass / Cardinia Creek District parklands / bridges for trails, 25% at grade crossing
Hume	Greenvale North (R1)	Not given - All road construction costs have been determined by a certified engineer (detailed project cost sheets can be obtained from the City of Hume).
Hume	Greenvale North (R1)	Not given - All road construction costs have been determined by a certified engineer (detailed project cost sheets can be obtained from the City of Hume).
Hume	Greenvale West (R3)	Not given -All road construction costs have been determined by a certified engineer (detailed project cost sheets can be obtained from the City of Hume).
Casey	Cranbourne North (Stage 2)	20% standard
Casey	Botanic Ridge	roads/community centre/active rec - 20%, 1 major intersection 30%
Mitchell, Whittlesea, Hume	Lockerbie	Not Given
Wyndham	Manor Lakes	roads - 20%, pavilions - 5%, tennis courts 20%,
Hume	Merrifield West	Not Given - 'All road, intersections, sports field and community building construction have been determined by external consultants (project cost sheets can be obtained from the Growth Areas Authority).'
Melton	Diggers Rest	Not Given - supposedly listed in 'Diggers Rest Precinct Structure Plan – Development Contributions Costs (February 2012)' not available on internet
Melton	Rockbank North	Not given
Mitchell, Whittlesea	Lockerbie North	Not given
Geelong	Armstrong Creek East	Ranges from 2.5% to 5% based on QS costings
Geelong	Armstrong Creek West	Ranges from 2.5% to 5% based on QS costings