Merri-bek Development Contributions Plan

Final

Merri-Bek City Council

January 2015 (amended May 2021)

document name change from Moreland to Merri-bek done on 8/12/2022

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1 INTRODUCTION

1.1 Background

The City of Moreland is an inner to middle ring municipality in the Melbourne metropolitan area. The municipality is largely established but is undergoing a process of development intensification via infill in residential areas and redevelopment of activity centres and residual industrial sites.

As a consequence of this process of densification, the population of the municipality is expected to increase from approximately 155,000 in 2011 to around 179,000 in 2021, which represents about 24,000 additional people (or 15.0% change)[1]. The composition of the population is also expected to change over time. In tandem with this housing and population transformation, the employment base of the City is expected to climb from about 39,200 jobs in 2011 to roughly 48,500 jobs in 2021. This represents about 9,300 additional jobs in the City over this time period.[2]

This growing and changing population and employment base will demand and make use of many infrastructure items over time. This will include road, drainage and community facility projects. The cost of providing the infrastructure will be significant.

Moreland City Council has resolved that new development in the Local Government Area (LGA) will meet 100% of its share of the capital cost of scheduled infrastructure. The infrastructure will be funded in part through this Development Contributions Plan (DCP).

1.2 Purpose of the Development Contributions Plan

This DCP has been prepared:

- To list infrastructure items Moreland City Council expects to provide over time to service the DCP Area, which is the whole of the municipality;
- To calculate development contribution charges for all development types, based on anticipated share of usage; and
- To explain and justify all information inputs and the method of calculating charges.

This DCP is an incorporated document and forms part of the Moreland Planning Scheme.

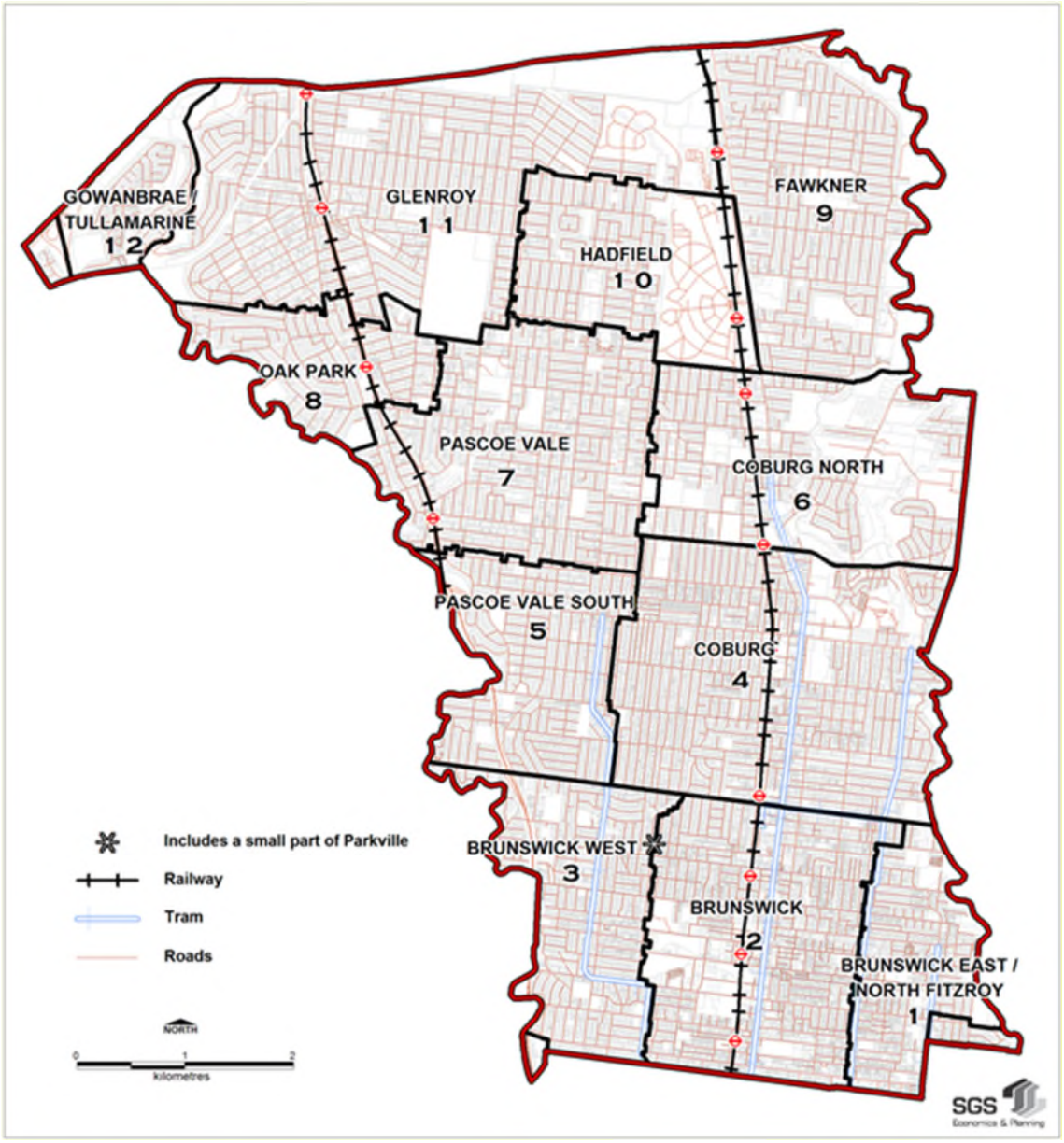
1.3 Area of Application

This DCP applies to the area within the red line in Figure 1.

[1] Id population forecast (June 2011)

[2] SGS employment projections (2012)

FIGURE 1. MORELAND DEVELOPMENT CONTRIBUTIONS PLAN AREA



1.4 Information Inputs and Justification

The following demarcation of responsibilities was followed in the production of this DCP:

- Infrastructure funding policy and procedural matters – Moreland City Council;
- Strategic base for the DCP – Moreland City Council;
- Development stocktake and projections – Moreland City Council and SGS Economics and Planning Pty Ltd;
- Infrastructure project information and justification – Moreland City Council; and
- Methodology and calculations – SGS Economics and Planning Pty Ltd.

1.5 DCP Report Structure

This DCP Report comprises the following sections:

- Section 2 – Infrastructure Funding Principles and Policy;
- Section 3 – Strategic Base for the DCP;
- Section 4 – Charging Areas and Development Scenario;
- Section 5 – Infrastructure Projects;
- Section 6 – Development Contribution Charging Rates; and
- Section 7 – Procedural Matters.

Detailed information inputs and calculations are presented in the Appendices as follows:

- Appendix 1 – Development Projections;
- Appendix 2 – Equivalence Ratios;
- Appendix 3 – Infrastructure Project Details;
- Appendix 4 – Present Value Discounting; and
- Appendix 5 – Infrastructure Project Calculations.

2 INFRASTRUCTURE FUNDING PRINCIPLES AND POLICY

2.1 Infrastructure Funding Principles

As development in the City of Moreland progresses, each developer will be required to build on-site infrastructure to service the development site to specifications approved by Moreland City Council. For these developments to fit properly as an extension of the urban community, certain off-site or shared works will also need to be constructed. These infrastructure projects include a series of road, drainage and community facility projects that will be shared by a number of developments.

The purpose of this DCP is to ensure that the cost of providing new infrastructure is shared between developers and the wider community on a fair and reasonable basis. Fairness requires that costs be apportioned according to share of usage of the required infrastructure.

The cost apportionment methodology adopted in this DCP relies on the nexus principle. A use or development is deemed to have a nexus with an infrastructure item if the occupants of, or visitors to, the site in question are likely to make use of the infrastructure in question. Costs are apportioned according to projected share of infrastructure usage.

This DCP calculates what each development based on a "*demand unit*" should pay towards provision of an infrastructure item. This is determined by taking the total cost of the infrastructure item and dividing it by the total demand units within its usage catchment. This provides a rate per demand unit. Where necessary, an allowance external usage of the infrastructure (from outside the main catchment area) is factored into the calculation to ensure users are charged fairly based on share of usage.

The DCP in practice is used to charge **new** development for its share of infrastructure cost. On this basis, **existing** development is not charged through this funding tool – but is taken into account in the calculation of charges. The proportion of infrastructure cost attributable to past or existing development is funded by means other than development contributions.

2.2 Infrastructure Funding Policy

New development in Moreland will be required to meet 100% of its share of the capital cost of warranted infrastructure – as measured by its projected share of usage of the infrastructure – through development contributions collected under this DCP. The balance of the capital cost of the infrastructure projects not recovered under the DCP will be funded from alternative sources such as general rates and Federal and State government funding.

3 STRATEGIC BASE FOR THE DCP

The strategic base for this DCP is provided by the Moreland City Council planning framework and a range of strategies and internal Council documents that address planning and infrastructure development. A brief summary of the reference documents follows.

3.1 Planning Framework

The reference documents are:

- Moreland Planning Scheme (incorporating Municipal Strategic Statement and Local Planning Policy Framework).
- Moreland Industrial Land Use Strategy, August 2004.

Moreland Planning Scheme

Clause 19.03-1 of the SPPF in the Moreland Planning Scheme states:

> **"Objective**
>
> To facilitate the timely provision of planned infrastructure to communities through the preparation and implementation of development contributions plans.
>
> **Strategies**
>
> Prepare Development Contributions Plans, under the Planning and Environment Act 1987 to manage contributions towards infrastructure.
>
> Collect development contributions on the basis of an approved Development Contributions Plan."

The Municipal Strategic Statement (MSS) identifies activity centres/urban villages as a focus for future development. Coburg, Brunswick/Brunswick East and Glenroy are identified as key centres to support additional housing. Development within these areas will enable a range of housing choices, including high density housing. Infill development in other areas will also contribute to pressures for additional infrastructure and replacement of existing infrastructure.

The vision for Moreland is to create a stronger, more vibrant and diverse local economy, maximising employment opportunities. According to the scheme, retailing and commercial activities will be consolidated in Moreland's principal retail centres in Glenroy and along Sydney Road in Coburg and Brunswick. Industrial land will be managed carefully to ensure a sufficient supply in the future. Council acknowledges that some former industrial land will be redeveloped to cater for significant forecast growth in non industrial employment activities related to retail, professional and managerial businesses and services.

Moreland Industrial Land Use Strategy

The Moreland Industrial Land Use Strategy was undertaken in August 2004. The Strategy provides an insight into the future outlook for existing industries in Moreland.

It is anticipated that around 54ha of industrial land will be rezoned to non-industrial uses including commercial, residential and mixed use. This will include isolated industrial clusters and individual sites in residential areas, employment corridors and nodes on former industrial zoned areas located at the rear of commercial areas fronting main roads such as Lygon Street, Brunswick Road and Nicholson Street and along main roads in the southern parts of the municipality.

As a result of the rezoning, the total amount of remaining industrial land in the City would be 255ha.

3.2 Infrastructure Projects

The reference document for infrastructure projects is the Moreland Capital Works Program and the Coburg Initiative Public Realm and Infrastructure Strategy.

Moreland Capital Works Program

Council's Capital Works Program has been confirmed for 2012 – 2023. The aim of Council's Capital Works Program is to identify the need for, and scope of, projects to support existing and future communities and businesses in the area. Capital Works Projects include:

- Roads, including footpath repairs and reconstructions.
- Drainage works.
- Building construction or upgrades, including pavilion upgrades, aquatic and leisure improvements, libraries, community centres and public toilet installations.

The Coburg Initiative Public Realm and Infrastructure Strategy

This Strategy has been prepared to identify and guide the development of service infrastructure that will support the future development of central Coburg. The Strategy includes a high-level program of works, with costs, timing and dependencies, to enable a planned delivery that will correlate with and support the staged development of Coburg.

Please refer to these documents for further details.

3.3 Relationship between infrastructure projects and development

The various projects which are to be funded by this DCP include:

- Roads;
- Drainage;
- Planning; and
- Community Facilities.

The Road projects include works such as rehabilitation and reconstruction of roads, installation of kerb and channel installation, reconstruction of kerb and channel, resurfacing of roads, construction of laneways, construction of footpaths, replacement of footpaths, installation of speed humps and other traffic control devices and road closures. These works are required to accommodate anticipated growth in the city, including higher levels of population and higher levels of vehicle usage.

The drainage projects include the renewal of existing drains, the upsizing of existing drains to cater for higher flows with more impervious surface areas, and the provision of drainage where there is presently no or inadequate drainage. These works are required to accommodate the anticipated growth in the city.

The costs of preparing this DCP are included in this DCP.

The community facilities include the provision of public toilets, neighbourhood houses and pavilions to provide for an expanded population.

4 CHARGE AREAS AND DEVELOPMENT SCENARIO

4.1 Charge Areas

In this DCP, contribution rates are set for areas known as 'charge areas'. All development within a particular charge area will be required to pay the same contribution amount per demand unit.

In this DCP, the City of Moreland has been broken into 12 charge areas numbered 001 to 012. The charge areas identified in Figure 1 of this DCP Report are listed below.

- Charge Area 001: Brunswick East/North Fitzroy
- Charge Area 002: Brunswick
- Charge Area 003: Brunswick West
- Charge Area 004: Coburg
- Charge Area 005: Pascoe Vale South
- Charge Area 006: Coburg North
- Charge Area 007: Pascoe Vale
- Charge Area 008: Oak Park
- Charge Area 009: Fawkner
- Charge Area 010: Hadfield
- Charge Area 011: Glenroy
- Charge Area 012: Gowanbrae/Tullamarine

The DCP charge areas match Moreland Planning Scheme's Schedule to Clause 52.01 Public Open Space Contribution and Subdivision areas.

4.2 Development Stocktake and Projections

A stocktake of, and projections for, all major anticipated development types (i.e. residential, commercial and industrial) are summarised in Table 1. Appendix 1 provides additional information on the development data.

This DCP is based on infrastructure and development within a 10 year horizon.

The development information is provided for the three primary land use types in the DCP Area:

- Residential (number of dwellings);
- Industrial (square metres of Net Lettable Area or leasable floorspace); and
- Commercial (square metres of Net Lettable Area or leasable floorspace).

Net Lettable Area is defined in accordance with Property Council's Method of Measurement. It covers only the net component of non-residential buildings (excludes external walls, building cores and

standard service areas such as toilets, access passageways, storerooms etc). Common areas, equipment installations, private outdoor space, other outdoor space and uncovered parking are also excluded.

TABLE 1. DEVELOPMENT STOCKTAKE AND PROJECTIONS

Development Type	Units	Existing (2011) Conditions	Future Development (2012-2022)	Full Development Conditions (2022)
Residential	**Dwellings**	63,924	11,866*	75,790
Industry	**Floor space (Sqm)**	1,131,764	138,925**	1,270,689
Commercial	**Floor space (Sqm)**	662,590	214,711 **	877,301

Source:* id Consulting, 2011;** SGS, 2012

4.3 Development and Infrastructure Usage Nexus

This DCP has four infrastructure categories:

- Roads;
- Drainage;
- Planning (being the cost of designing projects and preparing delivery arrangements, including this DCP); and
- Community Facilities.

Residential development will make use of all four infrastructure categories and therefore must pay a contribution for provision of these items.

Industrial and Commercial development is deemed to make use of three infrastructure categories – Roads, Drainage and Planning. Industry and Commercial development is assumed not to use Community Facilities.

These principles are summarised in Table 2.

TABLE 2. INFRASTRUCTURE USAGE NEXUS

	Roads	Drainage	Planning	Community Facilities
Residential	Yes	Yes	Yes	Yes
Industrial	Yes	Yes	Yes	No
Commercial	Yes	Yes	Yes	No

4.4 Equivalence Ratios

Where more than one development type is identified as a user of an infrastructure project (as is the case for Roads, Drainage and Planning), recognition is given to the fact that different land uses place a differential demand loading on the project per unit area of development. This is done by expressing all development types in an equivalent 'demand unit' format before DCP calculations are made. This is not done for Community Facility projects because only residential units are required for the calculations.

For the purpose of this DCP, one dwelling is adopted as one Demand Unit. Other development forms are then converted into this Demand Unit based on equivalence ratios as shown in Table 3.

Table 3 shows the accepted rates adopted by Moreland City Council.

TABLE 3. EQUIVALENCE DEMAND UNITS

	Roads	Drainage	Planning	Community Facilities
Residential	1 dwelling	1 dwelling	1 dwelling	1 dwelling
Industrial	132.0sqm = 1 Demand Unit	183.6sqm= 1 Demand Unit	500sqm= 1 Demand Unit	
Commercial	25.5sqm= 1 Demand Unit	154.8sqm= 1 Demand Unit	122sqm= 1 Demand Unit	

Note: sqm = square meters of Net Lettable Area
Source: derived using Development Contribution Guidelines, 2007

The above equivalence ratios have been used to calculate total demand units (existing and projected) for each charge area and for each infrastructure category.

For example, the ratios show that 25.5 sqm of commercial floorspace is assumed to generate the same demand loading on a road as one dwelling. The equivalent industrial unit for road demand loading is 132.0 sqm of development.

The individual infrastructure project sheets forming part of this DCP identify total demand units by main catchment area for each project. Refer to Appendix 2 for more information about equivalence ratios.

4.5 Development Types

In this DCP:

- **Residential** includes those uses nested as Accommodation at clause 75 of the Moreland Planning Scheme.
- **Industrial** includes those uses nested as Industry or Warehouse at clause 75 of the Moreland Planning Scheme.
- **Commercial** includes those uses nested and not nested as Retail Premises, Office, Leisure and Recreation, Education Centre or Place of Assembly, Art and craft centre, Brothel, Car park, Cinema based entertainment facility, Funeral parlour, Display home, Hospital, Research Centre, Saleyard, Service Station and Veterinary centre at clause 75 of the Moreland Planning Scheme.

5 INFRASTRUCTURE PROJECTS

5.1 Works Required

842 infrastructure projects are included in this DCP as follows:

- 712 Road projects (coded RD);
- 19 Drainage projects (coded DR);
- 1 Planning project (coded PL); and
- 110 Community Facility projects (coded CF)

The works, services and facilities to be funded through this DCP are each set out in Appendix 3.

5.2 Division between Development Infrastructure and Community Infrastructure

The *Planning and Environment Act 1987* requires that infrastructure in a DCP be classified in one of two categories: "Development Infrastructure" and "Community Infrastructure". The collection of contributions for Community Infrastructure is limited to the building permit stage and there is a statutory cap on the level of Community Infrastructure contributions.

Development Infrastructure is charged generally at the planning permit stage and the amount of the levy is determined by this DCP. In this DCP, all road and drainage infrastructure works are classified as Development Infrastructure.

The community facility projects are classified as Community Infrastructure or Development Infrastructure in accordance with Ministerial Directions.

5.3 Project Timing and Delivery

Notional delivery dates have been identified for the infrastructure projects listed in this DCP. In terms of actual project delivery, the projects shall be provided in accordance with the timing shown for each project in Appendix 3 and Appendix 4 subject to a five year margin beyond the specified date. Council reserves the right to deliver projects earlier than the dates shown.

5.4 Collecting Agency and Development Agency

Moreland City Council is the Collecting Agency and the Development Agency for each Infrastructure Project.

The Development Infrastructure Levy is payable to Moreland City Council as the Collecting Agency.

The Community Infrastructure Levy is payable to Moreland City Council as the Collecting Agency

6 DEVELOPMENT CONTRIBUTION CHARGING RATES

6.1 Method of Calculating Charges

In this DCP, costs have been apportioned according to projected share of infrastructure usage. The general cost apportionment method is to:

- Define and schedule the infrastructure items required to service the area, other than on-site work carried out by the developer;
- For each infrastructure project, identify the main catchment area;
- Project the growth in demand units in each catchment area over the life of the funding plan;
- Adjust the cost of each infrastructure item downwards in line with the estimated share of usage coming from outside each project's main catchment area;
- Divide the infrastructure cost by the number of demand units to arrive at a charge per demand unit; and
- Aggregate all charges that apply to a particular charging area to arrive at a total charge.

This DCP has made calculations using present value discounting to take into account time value of money, in terms of when funds are expected to be collected versus when they are expected to be spent. Refer to Appendix 4.

Appendix 5 shows the DCP calculations for each infrastructure project. This provides the charge rate by each project, and all information inputs used for each project.

For this DCP, infrastructure projects that cross multiple charge area boundaries had their costs apportioned according to the length of the project located within each charge area. This has resulted in some projects having a Part A and Part B, which represent the parts of the project located in each charge area. Details of these projects have also been included in Appendix 3.

The total levy for each charge area is the sum of the individual project charges that relate to each area. This is aggregated separately for Development Infrastructure and Community Infrastructure for each charge area.

6.2 Development Contribution Rates Per Demand Unit and Development Type

The development contributions that apply to each charging area for each equivalent Demand Unit are shown in Table 4. The rates payable or each development type are set out in Tables 5, 6 and 7 using the equivalent Demand Unit rate set out in Table 4. For industry and commercial development, charges set out in Table 4 are converted and expressed as per 100 square metres of Net Lettable Area or leasable floorspace to assist in usability.

Development contribution amounts have been calculated for prices as at 01 July 2012. They must be adjusted annually on July 1 each year to reflect the rise or fall in prices according to the following method:

- The capital cost for each infrastructure item is adjusted by applying the Building Price Index, as published in the latest edition of Rawlinsons Australian Construction Handbook (or equivalent) on 1st July each year for the previous 12 month period.

TABLE 4 DEVELOPMENT CONTRIBUTION RATES FOR ONE DEMAND UNIT

Area	Suburb	DI Drainage	DI Roads	DI Planning	DI Community Facility	Total Development Infrastructure Contributions	CI Community Facility	Total Community Infrastructure Contributions	Total Infrastructure Contributions
		Per demand unit	Per demand unit	Per demand unit	Per demand unit	**Per demand unit**	Per demand unit	**Per demand unit**	**Per demand unit**
1	**Brunswick East/North Fitzroy**	$17.22	$99.28	$1.50	$0.00	**$118.00**	$205.64	**$205.64**	**$323.64**
2	**Brunswick**	$62.33	$193.79	$1.50	$28.24	**$285.86**	$253.50	**$253.50**	**$539.36**
3	**Brunswick West**	$0.00	$174.28	$1.50	$104.71	**$280.49**	$65.04	**$65.04**	**$345.53**
4	**Coburg**	$43.97	$1,073.46	$1.50	$163.93	**$1,282.86**	$177.13	**$177.13**	**$1,459.98**
5	**Pascoe Vale South**	$0.00	$410.32	$1.50	$88.65	**$500.47**	$231.27	**$231.27**	**$731.75**
6	**Coburg North**	$18.23	$567.09	$1.50	$141.95	**$728.77**	$421.54	**$421.54**	**$1,150.31**
7	**Pascoe Vale**	$127.03	$571.26	$1.50	$0.00	**$699.79**	$609.86	**$609.86**	**$1,309.65**
8	**Oak Park**	$43.65	$201.15	$1.50	$0.00	**$246.31**	$391.46	**$391.46**	**$637.76**
9	**Fawkner**	$0.00	$473.97	$1.50	$0.00	**$475.47**	$586.77	**$586.77**	**$1,062.24**
10	**Hadfield**	$19.88	$369.47	$1.50	$50.88	**$441.73**	$203.90	**$203.90**	**$645.64**
11	**Glenroy**	$0.00	$259.00	$1.50	$58.82	**$319.32**	$407.48	**$407.48**	**$726.80**
12	**Gowanbrae/Tullamarine**	$0.00	$288.51	$1.50	$0.00	**$290.01**	$168.80	**$168.80**	**$458.81**

Source: SGS, 2015

TABLE 5 DEVELOPMENT CONTRIBUTION RATES FOR RESIDENTIAL DEVELOPMENT (PER DWELLING UNIT)

	Residential								
		Development Infrastructure					Community Infrastructure		
Area	Suburb	Drainage	Road	Planning	Community Facility	Total Development Infrastructure Charge	Community Facility	Total Community Infrastructure Charge	Total Infrastructure Charge
		Per Dwelling	Per Dwelling	Per Dwelling	Per Dwelling	**Per Dwelling**	Per Dwelling	**Per Dwelling**	**Per Dwelling**
1	**Brunswick East/North Fitzroy**	$17.22	$99.28	$1.50	$0.00	**$118.00**	$205.64	**$205.64**	**$323.64**
2	**Brunswick**	$62.33	$193.79	$1.50	$28.24	**$285.86**	$253.50	**$253.50**	**$539.36**
3	**Brunswick West**	$0.00	$174.28	$1.50	$104.71	**$280.49**	$65.04	**$65.04**	**$345.53**
4	**Coburg**	$43.97	$1,073.46	$1.50	$163.93	**$1,282.86**	$177.13	**$177.13**	**$1,459.98**
5	**Pascoe Vale South**	$0.00	$410.32	$1.50	$88.65	**$500.47**	$231.27	**$231.27**	**$731.75**
6	**Coburg North**	$18.23	$567.09	$1.50	$141.95	**$728.77**	$421.54	**$421.54**	**$1,150.31**
7	**Pascoe Vale**	$127.03	$571.26	$1.50	$0.00	**$699.79**	$609.86	**$609.86**	**$1,309.65**
8	**Oak Park**	$43.65	$201.15	$1.50	$0.00	**$246.31**	$391.46	**$391.46**	**$637.76**
9	**Fawkner**	$0.00	$473.97	$1.50	$0.00	**$475.47**	$586.77	**$586.77**	**$1,062.24**
10	**Hadfield**	$19.88	$369.47	$1.50	$50.88	**$441.73**	$203.90	**$203.90**	**$645.64**
11	**Glenroy**	$0.00	$259.00	$1.50	$58.82	**$319.32**	$407.48	**$407.48**	**$726.80**
12	**Gowanbrae/Tullamarine**	$0.00	$288.51	$1.50	$0.00	**$290.01**	$168.80	**$168.80**	**$458.81**

Source: SGS, 2015

TABLE 6 DEVELOPMENT CONTRIBUTIONS PER DEMAND UNIT CALCULATED FOR EACH 100 SQM OF INDUSTRIAL FLOORSPACE

	Industrial								
		Development Infrastructure					Community Infrastructure		
Area	Suburb	Drainage	Road	Planning	Community Facility	Total Development Infrastructure Charge	Community Facility	Total Community Infrastructure Charge	Total Infrastructure Charge
		Per 100 sqm Floorspace	Per 100 sqm Floorspace	Per 100 sqm Floorspace	Per 100 sqm Floorspace	**Per 100 sqm Floorspace**	Per 100 sqm Floorspace	**Per 100 sqm Floorspace**	**Per 100 sqm Floorspace**
1	**Brunswick East/North Fitzroy**	$9.38	$75.21	$0.30	$0.00	**$84.89**	$0.00	**$0.00**	**$84.89**
2	**Brunswick**	$33.95	$146.81	$0.30	$0.00	**$181.06**	$0.00	**$0.00**	**$181.06**
3	**Brunswick West**	$0.00	$132.03	$0.30	$0.00	**$132.33**	$0.00	**$0.00**	**$132.33**
4	**Coburg**	$23.95	$813.22	$0.30	$0.00	**$837.47**	$0.00	**$0.00**	**$837.47**
5	**Pascoe Vale South**	$0.00	$310.85	$0.30	$0.00	**$311.15**	$0.00	**$0.00**	**$311.15**
6	**Coburg North**	$9.93	$429.61	$0.30	$0.00	**$439.84**	$0.00	**$0.00**	**$439.84**
7	**Pascoe Vale**	$69.19	$432.77	$0.30	$0.00	**$502.26**	$0.00	**$0.00**	**$502.26**
8	**Oak Park**	$23.78	$152.39	$0.30	$0.00	**$176.46**	$0.00	**$0.00**	**$176.46**
9	**Fawkner**	$0.00	$359.07	$0.30	$0.00	**$359.37**	$0.00	**$0.00**	**$359.37**
10	**Hadfield**	$10.83	$279.90	$0.30	$0.00	**$291.03**	$0.00	**$0.00**	**$291.03**
11	**Glenroy**	$0.00	$196.21	$0.30	$0.00	**$196.51**	$0.00	**$0.00**	**$196.51**
12	**Gowanbrae/Tullamarine**	$0.00	$218.57	$0.30	$0.00	**$218.87**	$0.00	**$0.00**	**$218.87**

Source: SGS, 2015

TABLE 7 DEVELOPMENT CONTRIBUTIONS PER DEMAND UNIT CALCULATED FOR EACH 100 SQM OF COMMERCIAL FLOORSPACE

	Commercial								
		Development Infrastructure					Community Infrastructure		
Area	Suburb	Drainage	Road	Planning	Community Facility	Total Development Infrastructure Charge	Community Facility	Total Community Infrastructure Charge	Total Infrastructure Charge
		Per 100 sqm Floorspace	Per 100 sqm Floorspace	Per 100 sqm Floorspace	Per 100 sqm Floorspace	**Per 100 sqm Floorspace**	Per 100 sqm Floorspace	**Per 100 sqm Floorspace**	**Per 100 sqm Floorspace**
1	**Brunswick East/North Fitzroy**	$11.12	$389.34	$1.23	$0.00	**$401.69**	$0.00	**$0.00**	**$401.69**
2	**Brunswick**	$40.27	$759.95	$1.23	$0.00	**$801.45**	$0.00	**$0.00**	**$801.45**
3	**Brunswick West**	$0.00	$683.46	$1.23	$0.00	**$684.69**	$0.00	**$0.00**	**$684.69**
4	**Coburg**	$28.40	$4,209.63	$1.23	$0.00	**$4,239.26**	$0.00	**$0.00**	**$4,239.26**
5	**Pascoe Vale South**	$0.00	$1,609.11	$1.23	$0.00	**$1,610.34**	$0.00	**$0.00**	**$1,610.34**
6	**Coburg North**	$11.78	$2,223.88	$1.23	$0.00	**$2,236.89**	$0.00	**$0.00**	**$2,236.89**
7	**Pascoe Vale**	$82.06	$2,240.24	$1.23	$0.00	**$2,323.53**	$0.00	**$0.00**	**$2,323.53**
8	**Oak Park**	$28.20	$788.83	$1.23	$0.00	**$818.26**	$0.00	**$0.00**	**$818.26**
9	**Fawkner**	$0.00	$1,858.71	$1.23	$0.00	**$1,859.94**	$0.00	**$0.00**	**$1,859.94**
10	**Hadfield**	$12.84	$1,448.91	$1.23	$0.00	**$1,462.98**	$0.00	**$0.00**	**$1,462.98**
11	**Glenroy**	$0.00	$1,015.70	$1.23	$0.00	**$1,016.93**	$0.00	**$0.00**	**$1,016.93**
12	**Gowanbrae/Tullamarine**	$0.00	$1,131.40	$1.23	$0.00	**$1,132.63**	$0.00	**$0.00**	**$1,132.63**

Source: SGS, 2015

7 PROCEDURAL MATTERS

7.1 Liability for Development Contributions

Proponents of all development types anywhere in the DCP Area identified in Figure 1 shall be liable for development contributions.

If a development proposal does not fall readily into the definitions of Residential, Commercial or Industry set out in this DCP, the Collecting Agency must determine the most appropriate development type or types as the basis for the levying of a charge upon that development proposal.

Exempt Development
The following development is exempt from the requirement to make development contributions under this Development Contributions Plan:

- A non-government school as defined in Part 3 of the Ministerial Direction on Development Contributions Plans of 25 January 2012;
- A development that comprises :
    - renovations or alterations to an existing dwelling;
    - demolition of a dwelling followed by construction of a replacement dwelling on the same land. The exemption applies to a single dwelling but not to a second or subsequent dwellings on the same land.
    - outbuildings normal to an existing dwelling and fences;
    - reinstatement of a building which has been unintentionally damaged or destroyed provided that for a building other than a dwelling, the exemption relates only to the extent that the floor area of the new building is not greater than the damaged or destroyed building.

7.2 Method of Payment

Payment of development contributions is to be made in cash. Council, at its discretion, may consider accepting any works or land comprising an infrastructure project in this DCP in lieu of cash contributions.

Payment of Development Infrastructure Levy
The Development Infrastructure levy is payable as follows:

For subdivision of land

A Development Infrastructure Levy must be paid to the Collecting Agency after certification of the relevant plan of subdivision but not more than 21 days prior to the issue of a Statement of Compliance in respect of that plan under the Subdivision Act.

Where the subdivision is to proceed in stages the Development Infrastructure Levy for the stage to be developed only must be paid to the Collecting Agency within 21 days prior to the issue of a Statement of Compliance in respect of that stage provided that a Schedule of Development Contributions is submitted with each stage of the plan of subdivision. This Schedule must show the amount of the development

contributions payable for each stage and value of the contributions in respect of prior stages to the satisfaction of the Collecting Agency.

For development of land where no subdivision is proposed

Provided a Development Infrastructure Levy has not already been paid in respect of the land, a Development Infrastructure Levy must be paid to the Collecting Agency in accordance with the provisions of the Development Contributions Plan for each Demand Unit proposed to be developed prior to the commencement of any development. The Collecting Agency may agree to the deferral of the payment of the portion of the Development Infrastructure Levy payable to it.

Where no planning permit is required

Unless some other arrangement has been agreed to by the Collecting Agency in a section 173 agreement made under the Act, prior to the commencement of any development, a Development Infrastructure Levy calculated in accordance with the provisions of the Development Contribution Plan must be paid to the Collecting Agency prior to the issuance of a Building Permit, or if no Building Permit is required, prior to the commencement of construction works.

Community Infrastructure Levy
Payment of the Community Infrastructure levy is to be made prior to the issuance of a Building Permit under the Building Act 1993 and the relevant Building Regulations or at any other time which is set out in an agreement with the Collecting Agency. If no building permit is required, the Community Infrastructure Levy must be paid prior to the commencement of building works or at any other time which is set out in an agreement with the Collecting Agency.

7.3 Funds Administration

All collection of DCP levies will cease at 30 June 2023. All projects funded via this DCP will be delivered by 30 June 2026.

Funds collected through development contributions will be held in a specific interest-bearing reserve account in accordance with the provisions of the Local Government Act 1989 (Part 3b section 46Q(1)(a)). All monies held in this account will be used solely for the provision of infrastructure as itemised in this DCP or otherwise in accordance with the Planning and Environment Act 1987.

Moreland City Council will provide for regular monitoring, reporting and review of the monies received and expended in accordance with this DCP through a separate set of audited financial statements.

If Council resolves not to proceed with any of the infrastructure projects listed in this DCP, the funds collected for these items will be used for the provision of other works, services and facilities as approved by the Minister responsible for the Planning and Environment Act, or will be refunded to owners of land subject to these infrastructure charges.

8 APPENDIX 1 – DEVELOPMENT DATA

Residential Development Projections

Existing (2012) and projected (2013-2023) residential development is based on id consulting forecasts that were last updated in June 2011 for Moreland City Council.

The residential development projections by charge area are presented below:

TABLE 8 RESIDENTIAL DEVELOPMENT BY CHARGE AREA, CITY OF MORELAND, 2012 & 2023

Area	Suburb	2012	2023	Difference
1	Brunswick East/North Fitzroy	4,735	7,425	2,690
2	Brunswick	10,407	12,980	2,573
3	Brunswick West	6,608	7,425	817
4	Coburg	10,344	12,496	2,152
5	Pascoe Vale South	3,865	4,253	388
6	Coburg North	2,765	3,370	605
7	Pascoe Vale	6,513	7,119	606
8	Oak Park	2,429	2,826	397
9	Fawkner	4,805	5,087	282
10	Hadfield	2,380	2,655	275
11	Glenroy	8,020	9,004	984
12	Gowanbrae/Tullamarine	1,053	1,149	96
	Total Dwellings	**63,924**	**75,790**	**11,866**

Source: id Consulting, 2011

Industrial Development Projections

SGS was provided with an estimate of existing industrial floor space in 2012 for each relevant catchment area by Council. Based on current trends, SGS estimated employment growth within the City of Moreland and translated this into floorspace. The difference between the 2012 base year and total industrial floor space in 2023 was then distributed based on a linear trend over each year between 2013 and 2023.

The estimated development of industrial floorspace was checked against the current and anticipated supply of industrial land within the City of Moreland, to test the robustness of these projections.

In accordance with the *Moreland Industrial Land Use Strategy* (August 2004) total industrial zoned land within the City will be 255 ha, after a proposed 54 ha is rezoned to a non-industrial zone, such as Business 3, Mixed Use or Residential.

The industrial floor space (sqm) projections by charge area are as follows.

TABLE 9 INDUSTRIAL FLOORSPACE BY CHARGE AREA, CITY OF MORELAND, 2012 & 2023

Area	Suburb	2012	2023*	Difference
1	Brunswick East/North Fitzroy	397,356	428,884	31,528
2	Brunswick	250,518	292,766	42,248
3	Brunswick West	2,687	26,443	23,756
4	Coburg	83,677	126,001	42,324
5	Pascoe Vale South	-	4,386	4,386
6	Coburg North	184,944	209,109	24,165
7	Pascoe Vale	54,995	65,941	10,946
8	Oak Park	2,333	2,413	80
9	Fawkner	84,210	54,879	-29,331
10	Hadfield	9,751	-	-9,751
11	Glenroy	61,293	59,867	-1,426
12	Gowanbrae/Tullamarine	-	-	-
	Total Industrial (sqm)	**1,131,764**	**1,270,689**	**138,925**

Source: SGS, 2012

Commercial Development Projections

SGS was provided with an estimate of existing commercial floor space in 2012 for each relevant catchment area by Council. Based on current trends, SGS estimated employment growth within the City of Moreland and translated this into floorspace. The difference between the 2012 base year and total commercial floor space in 2023 was then distributed based on a linear trend over each year between 2013 and 2023.

The commercial floor space (sqm) projections by charge area are presented below.

TABLE 10 COMMERCIAL FLOORSPACE BY CHARGE AREA, CITY OF MORELAND, 2012 & 2023

Area	Suburb	2012	2023*	Difference
1	Brunswick East/North Fitzroy	68,793	101,858	33,065
2	Brunswick	129,040	171,753	42,713
3	Brunswick West	20,651	41,517	20,866
4	Coburg	30,327	98,589	68,262
5	Pascoe Vale South	237,880	243,065	5,185
6	Coburg North	14,665	39,180	24,515
7	Pascoe Vale	7,711	22,510	14,799
8	Oak Park	5,243	7,005	1,762
9	Fawkner	28,429	23,197	-5,232
10	Hadfield	17,400	15,108	-2,292
11	Glenroy	102,451	113,353	10,902
12	Gowanbrae/Tullamarine	-	166	166
	Total Commercial (sqm)	**662,590**	**877,301**	**214,711**

Source: SGS, 2012

Methodology: Industrial and commercial projections for Moreland by suburb

The industrial and commercial floorspace projections shown above are based on employment projections by industry. These projections were translated into floorspace by applying an assumed amount of floorspace per employee.

Further detail about the methodology used is provided below.

STEP 1: The employment projections were benchmarked against Gross Domestic Product projections from TRYM (Treasury Macroeconomic Model).

STEP 2 Employment estimates for Victoria were derived from the current state share of gross value added and employment for each industry. Projections were made on the future share of each industry in Victoria.

STEP 3: Employment projections for Melbourne were derived from these Victorian projections in accordance with labour force statistics.

These metropolitan projections then acted as the cap to which a bottom up approach to small area employment projections was limited.

STEP 4: When undertaking the projections for 2006 – 2016, employment within Moreland's Travel Zones (i.e. smaller boundaries than suburb) by industry were assumed to follow the growth pattern observed between 2001 and 2006. That is, the trends observed between 2001 and 2006 are assumed to continue into the short term.

STEP 5: For the years between 2016 and 2023, the projections were interpolated. That is, the assumed spatial changes at 2023 were progressively introduced.

The assumed spatial changes take into account: Activity Centres, capacity constrained areas, UDP Greenfield and brownfield employment lands availability and blue collar construction employment linked to residential and non-residential growth.

STEP 6: The projections by travel zone were then amalgamated to each suburb on a 'best fit' basis. Most suburbs within Moreland aligned with the Travel Zone boundaries.

STEP 7: Finally, the employment projections were translated into floorspace by applying an assumed amount of floorspace per employee.

Commercial = 25sqm per employee
Industrial = 80sqm per employee

9 APPENDIX 2 – EQUIVALENCE RATIOS

This appendix provides more information on the equivalence ratios used in this DCP.

Equivalence Ratios for Drainage

1 . ERs in DCP guidelines for Drainage

	Site area (square metres)	Assumed drainage run off factor (pervious to impervious)	Drainage demand (square metres)	Site area required to produce the same drainage demand as one dwelling	Assumed % of a Site that Accommodates Floor Area*	Equals Floor Area (Rounded)
Residential	600	0.45	270		33%	200
Retail		0.75		360	40%	144
Office		0.9		300	60%	180
Light Industry		0.9		300	60%	180
Expansive Industrial		0.5		540	40%	216

2. Assumptions to convert land use classifications

Residential	100% Residential
Business	70% Retail and 30% Office
Industry	90% Light Industry and 10% Expansive Industry

3. Weighted average conversions

	Units	Drainage Floor Area Equivalent	Adjusted Floor Area Equivalent	Total Units	
Residential				1	Dwelling
Business					
Retail	70	144.00	100.80		
Office	30	180.00	54.00		
Total	100		154.80	154.80	Sqm Floor Area
Industry					
Expansive Industrial	10	216.00	21.60		
Light Industry	90	180.00	162.00		
Total	100		183.60	183.60	Sqm Floor Area

Equivalence Ratios for Roads

1 . ERs in DCP guidelines for Roads

	Units		Car spaces	Trip generation per space	Trips generated per use	Unit / SQM that generates 8 Trips
Residential	1	dwelling	2.00	4.00	8.00	1.00
Retail	100	sqm	7.00	6.00	42.00	19.05
Office	100	sqm	3.00	2.20	6.60	121.21
Light Industry	100	sqm	3.00	2.20	6.60	121.21
Expansive Industrial	1000	sqm	4.00	3.00	12.00	666.67

2. Assumptions to convert land use classifications

Residential	100% Residential
Business	70% Retail and 30% Office
Industry	90% Light Industry and 10% Expansive Industry

3. Weighted average conversions

	Units	Car Spaces	Trip Generation Per Space	Trips Generated Per Use	Equivalent to 1 Dwelling	
Residential	1	2	4	8	1	Dwelling
Business						
Retail	70	4.90	6.00	29.40		
Office	30	0.90	2.20	1.98		
Total	100			31.38	25.49	SQM
Industry						
Expansive Industrial	10	0.04	3.00	0.12		
Light Industry	90	2.70	2.20	5.94		
Total	100			6.06	132.01	SQM
1 Dwelling assumed to average		200	sqm			

Source: derived using Development Contribution Guidelines, 2007

Equivalence Ratio for Planning

Land Use	**Floorspace Equivalent to 1 Dwelling**
Commercial / Business	122sqm
Industrial	500sqm

Assessed based on relationship of residential to other land use areas.

10 APPENDIX 3 – INFRASTRUCTURE PROJECT DETAILS

11 APPENDIX 4 – PRESENT VALUE DISCOUNTING

	Present Value	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estimated Cash Inflow(2012$)													
DI Roads	**$6,480,221**	$0	$870,761	$870,761	$870,761	$870,761	$870,761	$870,761	$870,761	$870,761	$870,761	$870,783	$873,492
DI Drainage	**$340,913**	$0	$45,812	$45,812	$45,812	$45,812	$45,812	$45,812	$45,812	$45,812	$45,812	$45,813	$45,917
CI CommunityFacility	**$2,129,568**	$0	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215	$286,215
DI Planning	**$14,112**	$0	$1,896	$1,896	$1,896	$1,896	$1,896	$1,896	$1,896	$1,896	$1,896	$1,897	$1,899
DI CommunityFacility	**$475,616**	$0	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923	$63,923
Total Cash Inflow	**$9,440,430**	**$0**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,607**	**$1,268,630**	**$1,271,447**
Estimated Cash Outflow(2012$)													
DI Roads	**$43,588,969**	$0	$3,668,079	$7,923,939	$8,806,001	$7,299,318	$6,727,412	$7,143,252	$6,311,182	$5,284,381	$4,040,796	$3,095,788	$1,556,843
DI Drainage	**$2,696,128**	$0	$149,000	$424,000	$345,000	$520,000	$1,030,000	$760,000	$345,000	$165,000	$0	$0	$0
CI CommunityFacility	**$28,533,991**	$0	$3,840,850	$7,166,150	$4,759,100	$1,995,025	$2,511,000	$3,483,525	$2,972,975	$3,886,175	$5,114,450	$3,961,625	$1,294,125
DI Planning	**$115,504**	$63,000	$63,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DI CommunityFacility	**$5,426,096**	$0	$0	$250,000	$250,000	$1,080,000	$1,476,000	$1,341,000	$2,044,200	$1,099,200	$0	$337,575	$337,575
Total Cash Outflow	**$80,360,688**	**$63,000**	**$7,720,929**	**$15,764,089**	**$14,160,101**	**$10,894,343**	**$11,744,412**	**$12,727,777**	**$11,673,357**	**$10,434,756**	**$9,155,246**	**$7,394,988**	**$3,188,543**
Net Cash Flow		**-$63,000**	**-$6,452,322**	**-$14,495,482**	**-$12,891,494**	**-$9,625,736**	**-$10,475,805**	**-$11,459,170**	**-$10,404,750**	**-$9,166,148**	**-$7,886,639**	**-$6,126,358**	**-$1,917,096**
Discount Rate		**6%**											

Source: SGS, 2015

How does present value discounting work?

The State Government Guidelines for Development Contributions enable Present Value analysis in calculating DCP charges. Refer to the Guidelines for details. Present value analysis is done to adjust the end charge paid by developers up or down depending on who bears a financing cost in infrastructure delivery.

DCP calculations can be made with or without consideration of time value of money. The following scenarios provide an overview of this issue.

- Scenario A - The infrastructure expenditure occurs early in the life of the DCP but the development (and hence contributions income) occurs in the more distant future. In this case, Council will have to use its own funds or use borrowed funds (both of which have a cost) to finance the works before development contributions are received. If the development contribution charge is not adjusted to take into account financing, Council will have a funding gap generated by this time value of money scenario. A time adjusted charge will include a finance loading on the raw charge to cover this cost.

- Scenario B - The development occurs early in the life of the DCP (with income accumulating in the bank) with Council building the infrastructure in the more distant future. In this case, Council will be earning interest on funds received before expenditures have to be made and will receive more than is required if not using time value of money calculations. A time value adjusted charge would deduct the interest earning capacity of funds from raw contribution levels.

Present value calculations are generally made using real discount rates, without inflation. Real rates are generally around the 5% to 7% based on Victoria's Treasury guidance for infrastructure program.

When the calculations are made and the DCP is approved, the end charges are produced. There is no need to reconsider Present Value discounting from this point forward. The DCP user refers to the end charge and indexation of this charge, if indexation applies.

The end charge can be indexed on a regular basis to cover inflation, based on an accepted index for inflation. This could be a land price index or a construction cost index for example.

12 APPENDIX 5 – INFRASTRUCTURE PROJECT CALCULATIONS

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