

# YARRA PLANNING SCHEME AMENDMENT C238

Yarra Development Contributions  
Plan 2017 (DCP)

Expert Witness Evidence

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Pty Ltd

Instructed by Harwood Andrews for  
Yarra City Council

Final 15 February 2019

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## 1.0 INSTRUCTIONS

1. Harwood Andrews acting for Yarra City Council instructed me in January 2019 to provide Expert Evidence in relation to the Yarra Development Contribution Plan 2017 (dated 30 July 2018) for the benefit of the Planning Panel appointed to consider proposed Amendment C238.
2. I was asked to:
  - Provide an overview of the DCP preparation process;
  - Assist in the preparation of a response to the queries raised in the Planning Panels Victoria letter of 18 December 2018 (points 12cii to 12Cxiv);
  - Comment on a peer review of the DCP undertaken by Mesh Urban Planning and Design (i.e. Yarra Development Contributions Plan 2017 Peer Review 01/11/2018); and
  - Respond to submissions.
2. I was also asked to convene and chair a conclave of experts on 19 February 2019, following the submission of this statement.

## 2.0 CREDENTIALS

3. I, Alex Hrelja, make this statement to assist the Panel appointed to hear matters in relation to proposed Amendment C238 to the Yarra Planning Scheme.
4. I am an urban economist and planner, having qualifications in planning and business (property). I am a Member of the Planning Institute of Australia. I am a Principal Consultant of Hill PDA Pty Ltd and have managed the Melbourne office of the firm since 2013. I was previously a Director of SGS Economics and Planning Pty Ltd for approximately 8 years. I have worked in the field of urban economics for about 25 years.
5. I have prepared 11 gazetted Development Contribution Plans (DCPs) in Victoria and have contributed to policy reviews on the subject. I am currently engaged to prepare six DCPs in Victoria and Western Australia.
6. Appendix 1 provides more information regarding my profile and experience with respect to development contributions.
7. I was principal author of the Yarra Development Contribution Plan 2017 in my capacity as Principal Consultant at Hill PDA Pty Ltd. Other staff at Hill PDA Pty Ltd assisted in the preparation of the report in addition to significant contributions made by Yarra City Council officers.
8. My business address is Suite 114, 838 Collins Street, Docklands 3008.

## 3.0 INFORMATION RELIED UPON

9. For this Expert Evidence, I have relied upon:

- Yarra Development Contribution Plan 2017 (30 July 2018), as exhibited;
- Yarra Development Contribution Plan 2017 (30 October 2018), post exhibition version; this version amends the exemption clauses of the DCP;
- Yarra Planning Scheme DCP Overlay Schedule 1 (proposed);
- Part 3B of the Planning and Environment Act 1987;
- Ministerial Direction on the Preparation and Content of Development Contributions Plans and Ministerial Reporting Requirements for Development Contributions Plans (Minister for Planning, 11 October 2016);
- Development Contributions Guidelines (Department of Sustainability and Environment, March 2007);
- Other similar gazetted DCPs (as quoted in the body of this statement);
- Peer review of the DCP undertaken by Mesh Urban Planning and Design: 'Yarra Development Contributions Plan 2017 Peer Review 01/11/2018';
- Letter by Planning Panels Victoria of 18 December 2018 regarding Council Part B Submission points 12Cii to 12Cxiv; and
- Submissions received for this Amendment.

## 4.0 OVERVIEW OF PREPARATION PROCESS

10. HillPDA was commissioned in 2016 to prepare a DCP options report and, subject to Council instructions, a DCP. In January 2017 an Options Report was prepared and submitted to Council.
11. The Options Report concluded that a DCP is a viable tool and could be applied to all land uses in Yarra. The viability was contingent upon Council committing to a specific list of capital works that would be used by development.
12. Council also commissioned various internal background reports on the potential for a DCP to be developed.
13. The DCP preparation process commenced in 2017 and included a number of workshops and meetings with Council officers in relation to the requirements of a DCP. The meetings focused on infrastructure projects and development projections. Council had developed a draft 10 year capital works project list (prior to the DCP project commencing) from its internal policy and strategy development process and sought to test which of those projects could be supported in a DCP.
14. The initial list included approximately 1,300 projects. An iterative process of testing and review was undertaken to arrive at 891 DCP projects. This process included:
  - Eliminate operational and maintenance expenditure;
  - Eliminate infrastructure that would not be used by development;
  - Eliminate open space levy funded projects and grant funded projects;
  - Interrogate the nature of the projects;
  - Where possible combine capital works into larger DCP projects (for example, road reconstructions within a single street were amalgamated into one DCP project);
  - Label projects to better describe the nature of works; and
  - Check and update construction costs of projects including removal of escalation in costs which was included in some project categories.
15. Much of the project collation and review work was undertaken by Yarra City Council officers with oversight from me.
16. The Draft of the DCP (20 December 2017) was submitted by Council to the Department of Environment, Land, Water and Planning for review. A review process was undertaken after which Council was required to review the projects list and clarify the nature of some projects.

17. The process noted in point 14 above was repeated following Department of Environment, Land, Water and Planning for feedback.
18. The final DCP for exhibition settled on 777 projects. The 777 projects are in my view consistent with the requirements of the DCP system and consistent with other similar established area DCPs.
19. The residential development projections in the DCP were based on a combination of the state government's Victoria in Future 2016 data and Council's published Forecast ID projections. A method for preparing non-residential development projections was also used as shown in the DCP report.
20. Yarra City Council officers were responsible for collating and developing the infrastructure project list shown in the DCP, based on instructions and reviews provided by myself. Yarra City Council officers also prepared the maps that show project locations in the DCP report.
21. The process to prepare the DCP report followed the steps shown in the 2007 DCP Guidelines: 'Preparing a Full Cost Apportionment DCP'.
22. The above process generated the exhibited DCP: Yarra Development Contribution Plan 2017 (30 July 2018). The information in the DP is current as of that date.
23. In my opinion the DCP is consistent with legislation, Ministerial Directions and DCP Guidelines.
24. Post-Exhibition DCP: The exhibited Yarra DCP was modified after the public exhibition process by Council (not HillPDA) as follows:
  - Date of report changed to 30 October 2018; and
  - Changes made to exemption provisions.

## 5.0 COMMENT IN PANEL QUESTIONS

25. On 18 December 2018 the Panel issued directions in respect of the conduct of the panel hearing, including directions at paragraphs 12(c)(ii) – (xiv) concerning the provision of additional information in respect of Amendment C238.
26. I assisted Council's legal representatives prepare a memorandum in response to those queries (dated 14 February 2019). To the extent that the memorandum concerns matters relevant to my expertise and involvement in the preparation of the DCP, I confirm that the memorandum is correct.



## 6.0 COMMENT ON PEER REVIEW

27. On 17 December 2018 I was provided a copy of the peer review of the Yarra Development Contributions Plan conducted by Mesh Consultants (dated 1 November 2018). Part 4 of the peer review outlines a number of recommendations in respect of the DCP.
28. I have prepared a memorandum in response to those recommendations (dated 14 February 2019). That memorandum is attached to this statement.

## 7.0 RESPONSE TO SUBMISSIONS

29. Twenty-six (26) submissions were received in relation to the proposed DCP. My summary of the submissions and response to them is shown in the table below. Some of my responses link back to comments made in the memoranda prepared in response to the Panel's queries and in response to the Mesh peer review.

30. I believe that the exhibited DCP does not need any changes on the basis of my review of these submissions.

**Table 1: Response to Submissions**

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
1 AK	<ul style="list-style-type: none"> <li>Wants more open space and green space</li> <li>Wants developers to contribute to more private green space such as green roofs in part to manage climate change and impact of urban heat</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>The DCP is an implementation tool of Council's policy and strategy base</li> <li>The DCP does not set policy directions but rather helps implement infrastructure funding and co-ordination aspects of the policy and strategy base</li> <li>Other planning scheme tools are available for open space and green infrastructure planning</li> </ul>
2 LM-C	<ul style="list-style-type: none"> <li>Supports the amendment</li> <li>Wants more arts related input into future planning</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>Infrastructure project selection: See response Submission 1</li> </ul>
3 DL (Transport for Victoria)	<ul style="list-style-type: none"> <li>Transport for Victoria (TfV) provides general support for the proposed amendment, which will provide a funding mechanism to assist the City of Yarra in the provision of local infrastructure projects</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> </ul>
4 C&LP	<ul style="list-style-type: none"> <li>Supports the amendment</li> <li>Also wants changes to planning conditions</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>Conditions on development in addition to DCP levies: See response in Planning Panel</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>regarding envelopes, designs and public domain street and path works near developments</p> <ul style="list-style-type: none"> <li>Also wants more open space provision</li> </ul>	<p>letter</p> <ul style="list-style-type: none"> <li>Infrastructure project selection: See response Submission 1</li> </ul>
5 HA	<ul style="list-style-type: none"> <li>Supports developer contributions as being of great merit</li> <li>Does not see a need for a nexus for developers</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> </ul>
6 NM	<ul style="list-style-type: none"> <li>Queries why there are no pedestrian improvement works (i.e. improved crossing facilities, wider footpaths, etc.) or traffic management / road safety projects in the DCP works list</li> <li>Believes that with growth more investment in these assets is required</li> <li>Says that there is a the lack of a pedestrian / walking strategy and a traffic management plan</li> <li>Says this work should be done and works included in the DCP</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>Infrastructure project selection: See response Submission 1</li> </ul>
7 LM (Bureau Collective)	<ul style="list-style-type: none"> <li>Supports the amendment</li> <li>Support developer contributions for investment in community facilities</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> </ul>
8 EC	<ul style="list-style-type: none"> <li>Supports the amendment</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> </ul>
9 DJ (Winehall Pty Ltd)	<ul style="list-style-type: none"> <li>Is owner of a site in Church Street, Cremorne</li> </ul>	<ul style="list-style-type: none"> <li>I am instructed by the Council not to respond to this submission on the basis that it</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<ul style="list-style-type: none"> <li>• Support the concept of a DCP in principle but questions how the DCP impacts on Cremorne in terms of infrastructure project delivery</li> <li>• The DCP project list does not provide enough for Cremorne and more planning and infrastructure scoping should be undertaken and included in the DCP including: community facilities, open space, bicycle and pedestrian network and facilities, traffic management and parking and sustainable transport options</li> <li>• Says that most projects are upgrades and replacement of existing assets and facilities and seems to be supplementing the rates budget for repairs and maintenance</li> <li>• Says there should be flexibility in project selection in the DCP to respond to changing needs</li> </ul>	<p>has reached agreement with the relevant submitter on variations to the exhibited materials</p>
10 JK	<ul style="list-style-type: none"> <li>• Supports the amendment</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> </ul>
11 HH	<ul style="list-style-type: none"> <li>• Refers to support of an office development</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> </ul>
12 DL (Riverlee)	<ul style="list-style-type: none"> <li>• DCP project list includes repair and renewal of existing assets, rather than provision of new infrastructure or increased capacity of existing infrastructure</li> <li>• A number of the projects</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Query over repair and renewal expenditure: See response in Planning Panel letter regarding project eligibility</li> <li>• Includes aspirational projects: unclear as to what this refers to</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>appear aspirational and have not been sufficiently justified (no projects identified)</p> <ul style="list-style-type: none"> <li>• The DCP cannot be understood as a stand-alone document as information that it relies upon has not been exhibited</li> <li>• Whilst a 20-year delivery timeline has been suggested, it is not clear when and how these projects will actually come to fruition</li> <li>• The contributions proposed will have an impact on development feasibility</li> <li>• No transitional provisions are proposed</li> </ul>	<ul style="list-style-type: none"> <li>• Not understood as a stand-alone document: I disagree that the DCP report cannot be understood as a stand-alone document; the DCP is consistent with other similar documents and has been understood by most submitters</li> <li>• Unclear DCP timing: The DCP specifies a clear time frame to 2036</li> <li>• Impact on development feasibility: I agree there will be some impact but I think the impact can be absorbed by developments; no evidence to the contrary has been provided</li> <li>• No transitional provisions: Refer to response to Planning Panel letter and Mesh review</li> </ul>
13 MH (Housing Industry Association)	<ul style="list-style-type: none"> <li>• The DCP will impose a number of varying infrastructure levies on the development</li> <li>• HIA objects to the DCP being applied to residential development on the basis of impacts on housing affordability</li> <li>• Says that the current DCP is based on an out-dated policy (and may referring to the proposed Infrastructure Contribution Plan system in strategic redevelopment area)</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Impact on housing affordability: I agree there may be some impact on housing affordability but I think the impact will be minor and can be absorbed by developments; no evidence to the contrary has been provided</li> <li>• Based on out-dated policy: The DCP has been prepared on the basis of current day policy</li> </ul>
14 GC (Cremorne Properties)	<ul style="list-style-type: none"> <li>• States that a DCP is a necessary and sensible addition to the Planning Scheme but further consideration is necessary for some matters</li> </ul>	<ul style="list-style-type: none"> <li>• I am instructed by the Council not to respond to this submission on the basis that it has reached agreement with the relevant submitter on variations to the exhibited materials</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<ul style="list-style-type: none"> <li>• State that some projects are Repairs &amp; Maintenance, which should be funded by general revenue</li> <li>• The DCP funds should be used exclusively for genuine Capital Projects</li> <li>• Cremorne has been classified in an area that includes Burnley and Richmond South but is its own precinct and has different needs for community infrastructure</li> <li>• More strategic work is required for Cremorne to identify needs for the area including more open space, landscaping and street planting, traffic and parking, bicycle and pedestrian networks</li> </ul>	
15 JL (Streets Alive Yarra)	<ul style="list-style-type: none"> <li>• The DCP projects are business as usual and are based on historic strategies and project lists; no new projects have been proposed as a result of increased development pressures</li> <li>• There are current and anticipated infrastructure gaps including in growth area like Cremorne</li> <li>• The DCP can be improved by increasing the magnitude and scope of the plan and the list of works</li> <li>• The submission provides a list of projects for Yarra with a focus on Cremorne</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Infrastructure project selection: See response Submission 1</li> <li>• Need for a range of new projects and investments in Cremorne: Should Council assess that there are additional infrastructure needs in Cremorne based on additional strategic work, such projects can be included in a new DCP Overlay or via an update to the current proposed DCP Overlay in the future</li> </ul>
16 NG (Salta Properties)	<ul style="list-style-type: none"> <li>• Has concerns with the following matters</li> <li>• Timing of Development Contributions payments</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Timing of levy payment: the DCP lists the legally available payment provisions in</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>during the planning permit process; DCP levies should be linked to the building permit stage only</p> <ul style="list-style-type: none"> <li>• Capital works infrastructure (footpaths etc.) being the primary infrastructure projects within the DCP</li> <li>• Most projects are footpath works and not community facility upgrades or bicycle network works; project selection should be focused on childcare centres, parks, public transport, cycling infrastructure, health care centres, public space improvements and the like</li> <li>• The nexus between the development contribution to be paid, and how it relates to benefiting the specific development project subject land</li> <li>• Lack of transitional provisions for existing permits</li> <li>• Broader commercial concerns; costs will be passes onto commercial tenants impacting on viability</li> </ul>	<p>accordance with the Planning and Environment Act</p> <ul style="list-style-type: none"> <li>• Infrastructure project selection: See response Submission 1</li> <li>• Need for a range of new projects and investments in Cremorne: See response Submission 15</li> <li>• Nexus between infrastructure and development: the selection of DCP areas was based on Council's community planning areas and these are deemed small enough to support a reasonable level of nexus between infrastructure and development; the areas are similar in size to other similar DCPs; more information on this topics is shown following the review of submissions</li> <li>• Impact on development feasibility: Refer to response Submission 12</li> </ul>
17 DH (Environment Protection Authority)	<ul style="list-style-type: none"> <li>• States that the amendment is not relevant to the EPA's roles and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> </ul>
18 AT (Tract for Astrodpm Pty Ltd)	<ul style="list-style-type: none"> <li>• The site is proposed to be rezoned and redeveloped from industrial uses to a mixed use development</li> <li>• Supports a DCP in principle but questions the nexus</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Nexus between infrastructure and development: See response Submission 16</li> <li>• Application of levies to affordable housing: Such housing may be exempt from the DCP if the housing meets</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>between the proposed site development and infrastructure within the DCP</p> <ul style="list-style-type: none"> <li>• Questions whether affordable housing that may be contributed by the development site should be subject to DCP levies</li> <li>• Questions whether some projects should be included in the DCP, citing footpath renewal works</li> <li>• States that the DCP should only be based on new infrastructure and not replacement or upgrading existing infrastructure</li> <li>• States that proposed on-site provision of infrastructure and amenities should be taken into account as a DCP contribution under a works in kind agreements</li> </ul>	<p>the requirements of the exemption provisions</p> <ul style="list-style-type: none"> <li>• Query over repair and renewal expenditure: See response in Planning Panel letter regarding project eligibility</li> <li>• Works in kind: See response in Planning Panel letter regarding project eligibility</li> </ul>
<p><b>19 NC (Epworth Healthcare)</b></p>	<ul style="list-style-type: none"> <li>• The DCP would impact on capacity to upgrade medical health facilities, which should be exempt from contributions</li> <li>• The proposed amendment does not appear to provide exemptions for health facilities or transitional provisions for application in the approvals process</li> <li>• The list of projects in the DCP largely relates to footpaths and road upgrades, which is maintenance and lacks a direct nexus to expansion or development</li> <li>• The hospital plans substantial public realm</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Exemption for health facilities: Health facilities will generate demand on infrastructure like other similar development types and are liable to contribute to DCPs levies under the DCP system; Council could add a class of health facility to the list of DCP exemptions if it adopted such a policy</li> <li>• No transitional provisions: Refer to response to Planning Panel letter</li> <li>• Query over repair and renewal expenditure: See response in Planning Panel letter</li> <li>• Nexus between infrastructure and development: See</li> </ul>



Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>works along footpaths to create greater amenity for those who use them</p> <ul style="list-style-type: none"> <li>These works are a substantial contribution offered to the public realm to benefit the broader community</li> </ul>	<p>response Submission 16</p> <ul style="list-style-type: none"> <li>Works in kind: See response in Planning Panel letter</li> </ul>
20 KA (LendLease)	<ul style="list-style-type: none"> <li>From developer of a major site which was rezoned from Industrial 1 Zone to the Mixed-Use Zone</li> <li>Submits that the site is excluded from the DCP based on existing legal agreements with Council</li> <li>Seeks to be listed as a site exemption in the DCP</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>Site specific exemption: I am not aware of the details of the legal agreement between the submitter and the City of Yarra</li> <li>If that agreement excludes the payment of future DCP contributions, then the proponent should be exempt from DCP levies</li> <li>Such an exemption should be made by letter and / or legal agreement applying to the specific development as opposed to being listed for the site in the DCP report, Overlay and Planning Scheme maps</li> <li>It would not be practical to list individual site exemptions in the Planning Scheme in my opinion</li> <li>Furthermore, any such DCP exemption would be relevant to the agreed or approved development as opposed to the site</li> <li>In theory, a site could be redeveloped in the future for which DCP levies may be appropriate</li> </ul>
21 NL (Meydan Group)	<ul style="list-style-type: none"> <li>In principle supports the amendment but notes the levies will have an impact on the feasibility of</li> </ul>	<ul style="list-style-type: none"> <li>No change to DCP</li> <li>Impact on development feasibility: See response Submission 12</li> <li>No transitional provisions:</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>developments because the levies were not factored into land purchase valuations</p> <ul style="list-style-type: none"> <li>• This applies to sites that have been purchased for development but have not obtained all permits and would be liable for DCP levies</li> <li>• Requests that transitional provisions be included in the DCP including exemptions for projects in the permit process</li> </ul>	<p>Refer to response to Planning Panel letter</p>
22 SA-G (Collingwood Toy Library)	<ul style="list-style-type: none"> <li>• Supports the amendment</li> <li>• More investment in community facilities will support community health and well-being and support a growing population</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> </ul>
23 HW (Vicinity Centres)	<ul style="list-style-type: none"> <li>• Has concerns with the following matters</li> <li>• Timing of Development Contributions payments during the planning permit process; DCP levies should be linked to the building permit stage only</li> <li>• Capital works infrastructure (footpaths etc.) being the primary infrastructure projects within the DCP</li> <li>• Most projects are footpath works and not community facility upgrades or bicycle network works; project selection should be focused on childcare centres, parks, public transport, cycling infrastructure, health care centres, public space improvements and the like</li> <li>• The nexus between the</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Timing of levy payment: See response Submission 16</li> <li>• Infrastructure project selection: See response Submission 1</li> <li>• Need for a range of new projects and investments in Cremorne: See response Submission 15</li> <li>• Nexus between infrastructure and development: See response Submission 16</li> <li>• Impact on development feasibility: Refer to response Submission 12</li> </ul>

Submitter (Initials and Organisation)	Summary of Submission	Response (Recommendation and Comments)
	<p>development contribution to be paid, and how it relates to benefiting the specific development project subject land</p> <ul style="list-style-type: none"> <li>• Lack of transitional provisions for existing permits</li> <li>• Broader commercial concerns; costs will be passes onto commercial tenants impacting on viability</li> </ul>	
<p><b>24 TP (Alphington Fairfield Appropriate Development Association)</b></p>	<ul style="list-style-type: none"> <li>• States that Alphington &amp; Fairfield is being under-provided with infrastructure</li> <li>• The area has a low list of infrastructure scheduled for it</li> <li>• Nominates a list of project needed I the area</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Infrastructure project selection: See response Submission 1</li> <li>• Need for a range of new projects and investments in Alphington &amp; Fairfield: Should Council assess that there are additional infrastructure needs in Alphington &amp; Fairfield based on additional strategic work, such projects can be included in a new DCP Overlay or via an update to the current proposed DCP Overlay in the future</li> </ul>
<p><b>25 MP (Fitzroy Residents' Association)</b></p>	<ul style="list-style-type: none"> <li>• Supports the amendment</li> <li>• Is somewhat disappointed with the list of projects being mainly roads and street works as opposed to community facilities but understand why this is the case</li> <li>• Would like more investment in community facilities</li> </ul>	<ul style="list-style-type: none"> <li>• No change to DCP</li> <li>• Infrastructure project selection: See response Submission 1</li> </ul>
<p><b>26 DS (Zero Nine)</b></p>	<ul style="list-style-type: none"> <li>• Submission not sighted</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to comment</li> </ul>

31. Two topics noted in some submissions that I respond to in more detail below are: project that can be included in a DCP; and the concept of nexus in a DCP.

#### **Project that Can be Included in a DCP**

32. Refer to responses provided in the Planning Panel letter and Mesh review for more information on projects that can be included in a DCP.
33. I also attach information in Appendix 2 in relation to project eligibility. Appendix 2 provides extracts from the DCP Guidelines on this matter and includes a selected sample of projects in approved DCPs in Darebin, Moreland and Brimbank.
34. The sample of projects in approved DCP is intended to show that replacement and rehabilitation of footpaths and roads for example is a common feature of established area DCPs. The sample DCPs were prepared under the same system under which the Yarra DCP has been prepared.

#### **Nexus between Development and Infrastructure**

35. The issue of nexus is usually considered in terms of spatial relationship between development sites and infrastructure projects. The selection of areas and projects in a DCP is an imprecise science in which a reasonable estimate is called for and provided.
36. DCPs in established areas adopt a method of allocating local projects to the smallest area of analysis used in the DCP, and larger projects to a larger catchment made up of a grouping of the areas.
37. This is effectively the same process used in past Growth Area Precinct Structure Plan DCPs, where projects were allocated to a defined planning area with the acknowledgement that pure user charging and catchment identification processes is not practical.
38. The Yarra DCP report documents the logic behind the selection of DCP areas as the smallest possible catchment areas.
39. The selection of DCP area was carefully considered in a process with Council officers to strike a balance between:
- Reasonable spatial nexus between development and infrastructure; and
  - Avoidance of too much complexity, which may be the case with having a very high number of Charge Areas (such as hundreds of Charge Areas).
40. Factors that drove the selection of areas included:
- The application of the 10 areas in Council planning processes; and

- The nature of street patterns in the municipality and location of activity centres and associated communities interest.

41. I am comfortable with the number of areas selected for the Yarra DCP.
42. The 10 area model in Yarra is compared to three approved municipal-wide established area DCPs in the table below: Brimbank, Darebin and Moreland, and the Planning Panel endorsed but not yet gazetted Banyule DCP.
43. The average land area in the proposed Yarra DCP would be the smallest of the municipal DCPs prepared this decade. A smaller area approximates to better spatial nexus.

**Table 2: Sample of DCP Area Sizes**

DCP	Areas	Total Hectares	Average Size of DCP Area
Brimbank DCP Gazetted	20 Areas*	12,335 ha	617 ha
Darebin DCP Gazetted**	225 Areas	5,344 ha	24 ha
Moreland DCP Gazetted	12 Areas	5,094 ha	425 ha
Banyule DCP Proposed	24 Areas	6,251 ha	260 ha
Yarra DCP Proposed	<b>10 Areas</b>	<b>1,953 ha</b>	<b>195 ha</b>

\* Includes the municipal DCP and the separate Sunshine Town Centre DCP

\*\*This DCP has effectively expired but is retained in the Darebin Planning Scheme to commit Darebin Council to expend DCP funds

## 8.0 CONCLUSION AND DECLARATION

44. I provide this statement for the benefit of the Panel.

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



Alex Hrelja

Principal, Hill PDA Pty Ltd

15 Feb 2019

## 9.0 APPENDIX 1 – ALEX HRELJA CV

### **Alex Hrelja** **Principal, HillPDA**

- Master of Business (Property) (RMIT University)
- Master of Urban Planning (University of Melbourne)
- Bachelor of Planning and Design (First Class Honours) (University of Melbourne)
- Member Planning Institute of Australia
- Corporate Member Urban Development Institute of Australia (Victoria)

Alex manages HillPDA's Melbourne office. He is a specialist in property economics, urban economics, strategic planning and economic development and has over 25 years of consultancy experience in those fields.

Alex has worked across Australia in his fields of expertise. Clients include local, state and Commonwealth governments, developers and infrastructure agencies. Much of his work is based on an expert understanding of regional economic and social patterns and drivers, reviewing supply side conditions and forecasting demand conditions for specific projects to complex urban and regional development areas. His work ranges from feasibility studies for specific sites through to regional urban economic plans for all land use sectors, such as growth corridor economic plans.

His specific areas of expertise are:

- Infrastructure Funding and Developer Contributions
- Property Advisory and Feasibility Studies (Estate Master)
- Strategic Land Use Planning
- Economic Development
- Market Research and Demand Studies
- Urban Economics for Growth Areas and Activity Centres
- Retail Economics and Impact Studies
- Industrial Land Strategies
- Community Facility Provision Plans

## Experience - Infrastructure Funding and Developer Contributions

### Gazetted DCPs

Alex has prepared numerous Development Contribution Plans covering the full spectrum of infrastructure across all development settings. Those that have been formally gazetted in Planning Schemes are listed below.

- Brimbank Municipal DCP
- Sunshine Town Centre DCP
- Diamond Creek Low Density Residential Area DCP
- Epping Central Activity Centre and Industrial Areas DCP
- Baw Baw Municipal DCP
- Torquay Jan Juc Township and Growth Areas DCP
- Fountain Gate-Narre Warren CBD Activity Centre DCP
- Cranbourne North Growth Area and Activity Centre DCP
- Mildura South Growth Area DCP
- Mildura South Growth Area DCP No. 2
- Irymple-Nichols Point Rural and Industrial Areas DCP

### Current DCP Projects

Current DCP project engagements include:

- Maribyrnong Municipal DCP
- Ringwood MAC DCP
- Darebin Municipal DCP
- Banyule Municipal DCP
- Wungong Growth Area DCS (Western Australia)
- Forrestfield North Growth Area DCS (Western Australia)

### Policy Reviews

A sample of policy reviews follows.

- **Unit of Charge Analysis, Department of Planning and Environment NSW** – Alex was engaged to undertake a national review of infrastructure contributions scheme models and charging systems for NSW Government. The work included a review of systems from all jurisdictions across Australia and extensive public and private sector consultation.
- **Development Contribution Plan Review and Guidelines, Department of Planning and Environment Victoria** - Alex was involved in the Ministerial Advisory Committee process and DCP guideline preparation process in the early 2000s. This included the drafting of



four pilot municipal-wide DCPs including the Darebin scheme which was gazetted. The work also generated the current DCP Guidelines 2007.

- **Open Space Contributions Review, Department of Planning and Community Development Victoria** - Alex was appointed to advise the state planning department in the open space contributions and subdivision review. The work examined case history and practice regarding models that apply in the system with a view to identify best practice principles and models for different development settings.
- **Pilot Growth Areas DCP, Department of Planning and Community Development Victoria** - Alex was appointed by the state government to prepare an all of metropolitan Melbourne growth areas DCP for the Department of Planning and Growth Areas Authority. This project found that the use of a conventional DCP was not a favoured tool and instead the GAIC (Growth Area Infrastructure Contribution) was formulated and applied in growth areas.

## 10.0 APPENDIX 2 - PROJECTS THAT CAN BE INCLUDED IN A DCP

### 2007 DCP Guidelines (pages 55-58):

*"A DCP can include one or more infrastructure projects."*

...

*"The outcome of this stage is a table that describes the infrastructure projects in the DCP."*

...

*"The types of projects in a DCP can include the following:*

- *a new item of infrastructure*
- *an upgrade in the standard of provision of an existing infrastructure item*
- *an extension to an existing facility, or*
- *the total replacement of an infrastructure item after it has reached the end of its economic life."*

...

*"To qualify for inclusion in a DCP, all infrastructure projects:*

- *must be expected to be used by a broad cross-section of the community, and*
- *must serve a neighbourhood-sized catchment or larger area."*

...

*"Examples*

- *acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list*
- *construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices*
- *construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops*
- *basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment*
- *drainage works*
- *buildings and works for or associated with the construction of maternal and child health centres, child care centres, kindergartens, or any centre which provides these facilities in combination*

- *community health centres*
- *leisure and recreational facilities on public open spaces*
- *cultural and educational facilities such as libraries*
- *sporting facilities, such as tennis courts, change rooms, pavilions, grandstands and goal posts*
- *public facilities such as public toilet”*

...

*“What can be included in a DCP?*

- *the capital costs of providing the infrastructure projects, including land and construction costs*
- *the cost of financing the infrastructure projects, if provided early in the life of the DCP*
- *the design costs associated with the infrastructure projects”*

...

*“What cannot be included in a DCP?*

- *maintenance costs*
- *operational costs*
- *any other anticipated recurrent costs”*

### Example Projects from Darebin DCP:

7132	5. BUILDINGS	Redevelopment - Regent Occasional Care - Robinson Road, Regent - 5.03 Community	Community Infrastructure	\$100,000
7081	5. BUILDINGS	Bundoora Park Pavilion - Snake Gully Drive, Bundoora Park - 5.02 Pavilions	Community Infrastructure	\$150,000
<b>Total for 5. BUILDINGS</b>				<b>\$6,658,241</b>
9256	7. FEASIBILITY	Preparation of Development Contribution Plan (DCP) - Darebin wide - 7.06 Others	Development Infrastructure	\$41,862
<b>Total for 7. FEASIBILITY STUDIES</b>				<b>\$41,862</b>
<b>Total for 2002/03</b>				<b>\$10,373,803</b>
<b>Budget Year : 2003/04</b>				
7353	1. ROADS	STOTT - HUTTON-SMITH - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$26,040
7355	1. ROADS	STOTT - NORMANBY-WOOLTON - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$29,380
7359	1. ROADS	AGNES - MONASH-ST DAVID - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$15,400
8665	1. ROADS	Penders Park - Penders St & Collins St - Penders Park - 1.05 Footpaths	Development Infrastructure	\$45,500
7361	1. ROADS	STOTT - SMITH-NORMANBY - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$26,390
6614	1. ROADS	WATERLOO ROAD - JAMES-BASTINGS , NORTHCOTE - 1.01 Local Roads-Rehabilitation	Development Infrastructure	\$142,500
409	1. ROADS	Walker St - Railway to High, K&C + part reco - 1.01 Local Roads-Rehabilitation	Development Infrastructure	\$100,000
7349	1. ROADS	HAROLD - STOTT-HIGH - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$32,730
7365	1. ROADS	RALEIGH - RATHMINES-STATION - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$24,500
7350	1. ROADS	HARTINGTON - HAWTHORN-ARTHURTON - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$11,210
7434	1. ROADS	NASH STREET - SUMNER-SUTCH - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$20,000
1819	1. ROADS	Taylor St - Rennie to Miller - 1.01 Local Roads-Rehabilitation	Development Infrastructure	\$162,125
7351	1. ROADS	BALLANTYNE - RAYMENT-ST GEORGES - 1.02 Local Roads-Resurfacing	Development Infrastructure	\$37,120

*\*The Total Council Cost refers to the Actual Council costs to do the project ie, Council Revenue + Council Reserves*

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## Example Projects from Moreland DCP:

Roads	DI	COBURG	RD0215	TYPE N, PO1 : PATCH AND AC OVERLAY (40A10) TYPE N	Capital works evaluation
Roads	DI	CRAMER STREET SOUDAN-MURRAY COBURG	RD0216	Resurface Program-PO1 : PATCH AND AC OVERLAY (40A10) TYPE N, PO1 : PATCH AND AC OVERLAY (40A10) TYPE N	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	DE CARLE STREET THE AVENUE-THE GROVE COBURG	RD0217	Resurface Program-PO1 : PATCH AND AC OVERLAY (40A10) TYPE N, PO1 : PATCH AND AC OVERLAY (40A10) TYPE N	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	REYNARD STREET PORTLAND-BRUCE COBURG	RD0222	Resurface Program-SM3 : STONE MASTIC ASPHALT - SIZE 14MM (40mm), OV8 : AC OVERLAY (50A14) TYPE H + REGULATION	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	CRAMER STREET BELL-SOUDAN COBURG	RD0223	Resurface Program-PO1 : PATCH AND AC OVERLAY (40A10) TYPE N, PO1 : PATCH AND AC OVERLAY (40A10) TYPE N	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	KELSON STREET MUNRO-VICTORIA-RIGHT SIDE	RD0245	Footpath-Concrete-Replace CONCRETE footpath on Right side	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	TRAFFIC CALMING SAUNDERS STREET COBURG	RD0283	The speed humps are to be constructed in accordance with AS1742.13 - 2009 Manual for uniform traffic control devices - part 13 local area traffic management	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	SPLITTER ISLANDS-EITHER SIDE OF PRESTON STREET MUNRO STREET-PRESTON STREET COBURG	RD0284	The splitter islands are to be constructed in accordance with AS1742.13 - 2009 Manual for uniform traffic control devices - part 13 local area traffic management	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	RODDA STREET BUDDS-BELL COBURG SOUTH OF NEW DEVELOPMENT COBURG	RD0285	Rehabilitation/(Re)Construction-COBURG2020 INITIATIVE - DEFER AND COORDINATE WHEN FURTHER DETAILS ARE KNOWN KBCH with underground drainage and asphalt overlay for section of road south of new development	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	BREARLEY PARADE ROSE-MELVILLE COBURG & PASCOE VALE SOUTH	RD0286	Rehabilitation/(Re)Construction-Northside KBCH and overlay, SM2 STONE MASTIC ASPHALT - SIZE 10MM (30mm)	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	BELGRAVE STREET HARDING-BELL COBURG	RD0288	Rehabilitation/(Re)Construction-RC1 : RECONST LOCAL (LIGHT)	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation
Roads	DI	ROGERS STREET ROSS-DEAD END COBURG	RD0289	Rehabilitation/(Re)Construction-REH : KBCH WITH PAV.REHABILITATION	SMEC outputs & EVALPRO 10 Yr combined Capital works evaluation

## Example Projects from Brimbank DCP:

149	Pavement rehabilitation - Albanvale	Oakwood Road - Pavement rehabilitation - Neale Road to President Road
150	Pavement rehabilitation - St Albans	Regan Street - Pavement rehabilitation - Taylors Road to Brimbank Boulevard
151	Pavement rehabilitation - Sunshine North	Sussex Street - Pavement rehabilitation - Cumberland Street to Northumberland Road
152	Pavement rehabilitation - Deer Park	Tamar Drive (Stage 1 of 3) - Pavement rehabilitation - Billingham Road to north side of Warrington Crescent
153	Pavement rehabilitation - Sunshine North	Whitehill Avenue - Pavement rehabilitation - Spalding Avenue to change of seal at 52 Cromer Avenue
159	Asphalt overlay treatment - Sunshine West	Arnold Street - Asphalt overlay - Bell Street to Collenso Street
161	Asphalt overlay treatment - Sunshine North	Augusta Crescent - Asphalt overlay - St Andrews Drive (east) to St Andrews Drive (west)
162	Asphalt overlay treatment - Taylors Lakes	Balonne Close - Asphalt overlay - End of entry threshold to end of court
163	Asphalt overlay treatment - Sunshine West	Bardsley Street - Asphalt overlay - Oldfield Street to Ryder Street



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## Yarra Amendment C238: Development Contributions Plan

### Response to Mesh Peer Review Recommendations

#### Introduction

On 17 December 2018 I was provided a copy of the peer review of the Yarra Development Contributions Plan conducted by Mesh Consultants (dated 1 November 2018). Part 4 of the peer review outlines a number of recommendations in respect of the DCP. This memorandum responds to those recommendations.

***Mesh: It is recommended that the Table 1 be expanded and additional text is added to this section to specify the expected change in land uses and how this relates to the proportion of demand generated by new development for the DCP projects.***

The DCP calculates levies on the basis of total development (demand units) at the end of the DCP planning horizon, which is the year 2036. The total development figure is the primary demand-side data point in the DCP.

The calculation of total demand units that apply to each of the 777 projects is shown in Appendix 2 of the DCP on a project-by-project basis. I recommended that these figures are not repeated in the body of the DCP report because it would duplicate information already provided and add length and complexity to the DCP report.

I agree, however, that additional columns can be added to the summary of development data as shown in Table 1 in the DCP Report to show aggregate and percentage change by development type and area.

The change figure is relevant to Council in so far as it represents the expected collection rate from the DCP, because the DCP would collect funds from non-exempt new (future) development but not from existing development. Existing development represents a funding gap for Council. The development change data is of most relevance for Council financial planning.

***Mesh: It is recommended that Figures 2 – 12 be updated to graphically distinguish between the categories of DCP projects.***

I agree that this formatting change would make the DCP report easier to read and interpret.

***Mesh: Review the proposed projects in light of the findings discussed in Section 3.3 above.***

#### *Definition of Capital Works*

In my opinion projects listed in the DCP Report are capital works and eligible for DCP inclusion. The projects are consistent with definitions and classifications of infrastructure shown in the Ministerial Directions, DCP Guidelines and DCP practice. Refer to the definition of projects listed in the Ministerial Directions and Stage 5 of the DCP Guidelines.

Example DCPs that utilise similar project lists include the Darebin municipal DCP, Baw Baw municipal DCP, Moreland municipal DCP and Brimbank municipal DCP, amongst others.

#### *Low Value Projects*

The DCP Guidelines do not provide a threshold cost to define capital works that can and cannot be included in a DCP. The Guidelines simply state that capital projects can be included. A threshold sum of money does not define a capital project versus an operational or maintenance project.

The DCP includes 21 projects that are valued at less than \$11,000, with a total value of \$162,250. If these projects are removed from the DCP, the impact on the levies would be very minor (probably less than 1%).

#### *DCP Preparation Cost*

The DCP Guidelines (page 59) state that the following costs can be included in a DCP:

- *“preparation costs of the DCP document, including the costs associated with structure planning for new urban development in a greenfield location*
- *costs associated with processing the amendment*
- *consultant fees incurred in preparing the DCP document”*

#### *Street Bins*

Installation of bins is a capital expenditure. This form of asset is required for basic health and safety. In my opinion, such investments do not require a stand-alone strategy to be supported in a DCP. The nomination of the works in a Council-adopted Capital Works Plan is sufficient justification for the inclusion of projects of this type in my opinion.

#### *Project G012*

It has been confirmed to me that this project is to renew some of the existing facilities at this site and to upgrade and redevelop the site to accommodate an expansion of additional childcare spaces. On this basis, this project should be reclassified to the Development Infrastructure Levy.

## *Footpath works*

See response below.

***Mesh: The draft DCP currently includes several hundred projects relating to footpath works, the vast majority of these are identified as renewal projects in Table 5. To avoid any doubt it is recommended that additional explanation be added to Section 3 of draft DCP to clearly define what the term 'renew' means and clarify that these projects are not associated with maintenance and that whilst many of these projects directly serve a localised catchment i.e. laneways etc that these projects are distributed across the municipality and therefore collectively these items serve the broader catchment.***

Pages 55 to 59 of the DCP Guidelines provide information on the types of works that can be included in a DCP. This includes construction and landscaping of footpaths whether this be a new footpath, upgrading an existing footpath or replacing a footpath.

The footpath works in the Yarra DCP focus on replacing sections of footpath that have reached the end of their useful life and upgrading footpaths to meet current accessibility and safety standards (ie. DDA compliance).

Most established area DCPs I am familiar with also include such footpath works.

***Mesh: It is recommended that the DCP be updated to include an explanation as to how these equivalence ratios were calculated.***

Additional information on the source of equivalence ratios can be included in the DCP.

***Mesh: For transparency and to assist with the regular reviews of the DCP, it is recommended that Section 5 of the draft DCP include a table setting out the total demand units by land use type for each charge area.***

As noted above, the calculation of total demand units that apply to each of the 777 projects is shown in Appendix 2 of the DCP Report on a project-by-project basis.

Nevertheless, a new table that summarises total demand units by each of the 10 DCP Areas can be added to the end of Section 5 of the DCP report.

In my opinion, this additional information will not significantly assist with regular reviews of the DCP because the primary monitoring tool on the demand side will be development units as shown in Table 1.

***Mesh: That the nominal 5% external demand be removed.***

In my opinion the 5% external demand should be retained.



The DCP Guidelines state that consideration should be given to external demand in DCP preparation.<sup>1</sup> External demand has two forms:

- The use of a project (or demand) generated from development beyond the nominated DCP project catchment; and
- The use of a project by development that may be constructed beyond the timeframe of the DCP, in this case 2036.

A figure of 5% has been adopted for the purposes of the Yarra DCP. This figure was reviewed by Council officers and deemed reasonable for the nature of infrastructure and development in Yarra. The application of a 5% external demand allowance is consistent with the practice adopted in recent DCPs such as:

- The gazetted Brimbank municipal DCP;
- The gazetted Sunshine Town Centre DCP; and
- The proposed Banyule municipal DCP (recommended for adoption by a Planning Panel).

I note that the gazetted Moreland DCP makes no allowance for external demand at all.

***Mesh: Table 4 is expanded to provide the breakdown of charges by infrastructure category and that the Summary of Costs table included in the draft DCPO Schedule is included in the draft DCP.***

An expanded Table 4 can be provided and shown as an appendix. Given the size of such a table, I do not recommend this being shown in the body of the report.

The Summary of Costs table that is shown in the Planning Scheme Overlay can and should be included in the DCP report.

***Mesh: Table 5 could be improved with a column detailing the standard of construction being funded.***

Information held by the City of Yarra regarding the standard of construction for projects can be summarised and included in the DCP.

The standard of construction is provided in the following documents: Council's Road Asset Management Plan 2017, Buildings Asset Management Plan 2013, Open Space Asset Management Plan 2005 and YCC Asset Management Policy 2017. Standards are also referenced in the relevant strategy (e.g. the bike strategy and toilet strategy).

In my view, summary information should be shown in the DCP report because a balance needs to be struck between providing reasonable information within the DCP report without overloading the document with too much information and complexity.

---

<sup>1</sup> See, for instance, at page 29.

***Mesh: That the exemptions listed in Section 8 of the draft DCP match those listed in the DCPO Schedule and that the following additional exemption 'construction of and upgrades to existing servicing infrastructure' be added to both documents.***

I agree that the exemption provisions in the DCP Report and Planning Scheme Overlay should be consistent and should include the additional exemption 'construction of and upgrades to existing servicing infrastructure'.

***Mesh: Consideration be given as to whether the benefit of applying more specific indices (such as the Building Price Index) outweighs the ease of administration of the DCP and indexing of rates using the simpler Consumer Price Index.***

In my opinion, in the Yarra DCP context, the CPI method is appropriate given that it will be easier to administer and is less prone to volatility in annual outcomes compared to some other indices.

In operation, the CPI index is applied to the final levy table as shown in the DCP report and Planning Scheme Overlay.

I think that the CPI is easier to access and generally understood by most people.

That said, I recognise that alternative indices could be adopted in the DCP. These could include the Road and Bridge Construction Index Victoria (ABS) and / or the Non Residential Building Index Construction Victoria (ABS).

These more specific indices are in theory more specific to the construction items within the DCP compared to the CPI index.

However, the main downside of specific indices is that annual updating becomes more complicated, as it would require separating project levies into the index categories, undertaking multiple index updates, and then summing up the adjusted charges.

Furthermore, in recent years, the non-CPI indices have been more volatile than CPI. Given that the purpose of the index is to generally keep pace with value or money over the life of a DCP, the concept of adjusting DCP charges down is questionable. In the year 2015-2016 for example, the various indices reported the following results:

- Consumer Price Index (Melbourne) (ABS) + 1.5%
- Road and Bridge Construction Victoria (ABS) -5.2%
- Non Residential Building Construction Victoria (ABS) -1.3%

***Mesh: That the review period be adjusted to 4 yearly to ensure it is aligned with the Council Plan.***

In my opinion the frequency of a DCP review cycle should be of Council's choosing as long as it is reasonable. Either a three or four year cycle is reasonable in my opinion.

A three year review cycle was nominated by Council officers during the DCP preparation process.

***Mesh: That the City of Yarra prepare a notice that clearly sets out the transitional arrangements, if applicable, to be applied.***

I understand that Council does not propose to introduce transitional arrangements.

**Alex Hrelja**

Principal, HillPDA

14 February 2019