

PUBLIC INFRASTRUCTURE FUNDING – KEY POINTS

SUPPLEMENTARY MATERIAL FOR THE AMENDMENT GC81 PANEL – PAUL SHIPP

This document provides an overview of the key points and conclusions raised in the two expert witness statements prepared by Paul Shipp on behalf of the City of Melbourne and the City of Port Phillip.

KEY POINTS

1. In my view, the approach to public infrastructure funding is not sufficiently resolved.

Why is this important?

- The Amendment identifies a range of public infrastructure needs without providing detail on how each will be funded. This results in uncertainty for all parties, particularly government.
- The Amendment seeks to facilitate the delivery of some public infrastructure through the FAR scheme without explaining how the scheme is intended to operate in conjunction with other mechanisms (specifically a future DCP/ICP or current open space contributions). This results in the risk of overlaps (with potential for inequity and poor accountability) and gaps (with potential for funding shortfalls).
- The Amendment relies on interim development contributions and current open space contributions to fund public infrastructure. In my view, as long as interim arrangements are in place there are risks of funding shortfalls to government.

How could this be addressed?

- Identify the proposed funding source(s) for all public infrastructure types in the Framework to ensure that the principles of development contributions are met;
- Ensure that the planning controls clearly set out delivery responsibilities for public infrastructure types not proposed to be funded by another mechanism;
- Review all existing and proposed mechanisms for open space funding and, if required, adjust mechanisms and/or introduce a new mechanism(s) having regard to the above points; and
- Prepare and exhibit a DCP or ICP.

2. In my view, actual development yield could significantly exceed projections.

Why is this important?

- The Framework sets out land and facilities required to meet the needs of future residents and workers based on development projections. If these projections are exceeded additional infrastructure will be needed.

- It can be difficult and costly to retrofit infrastructure in established urban areas. Therefore, in my opinion, there is a risk that less infrastructure may ultimately be provided than is needed.

How could this be addressed?

- Ensure the Framework can respond to likely yields rather than current projections.

3. In my view, aspects of the Floor Area Ratio scheme do not align with the principles of equity and accountability and could result in challenges to the delivery of critical infrastructure items.

Why is this important?

- The core principle of the FAR scheme in respect of the provision of land by landowners for local roads and open space relies on the assumption that equity is achieved (and therefore no compensation owed) by all landowners being able to achieve the FAR.
- If some sites cannot achieve the FAR due to the proposed location of public land, in my view the scheme would be inequitable.
- Without clarity on whether an open space credit will be applied for open space contributions, it is difficult to assess the equity of the scheme in relation to open space contributions.
- Fragmented land ownership means that some land needed for important infrastructure (such as road widening to facilitate major movement corridors) may not be in public ownership at the required time. This could delay infrastructure delivery.

How could this be addressed?

- Identify and resolve any inequities associated with particular sites not able to achieve the maximum FAR; and
- Resolve approach to land acquisition for critical infrastructure (movement corridors and major open spaces).

4. In my view, some aspects of the FAR and FAU schemes are unclear or inconsistent.

Why is this important?

- Any infrastructure funding responsibilities or opportunities that form part of the FAR and FAU schemes should be clearly set out, otherwise there are risks of disputes, delays and inconsistent outcomes in terms of public and private benefits.
- If the FAU scheme is not an Incorporated Document, changes could be made which impact equity over time without a public process.

How could this be addressed?

- Resolve inconsistencies in FAR and FAU material;
- Clarify how the schemes relate to a future DCP/ICP and the trigger for any public benefits that relate to a future DCP/ICP; and
- Include FAU Guidelines as an Incorporated Document.