Harcourt Infrastructure Plan Summary report

Mount Alexander Shire Council with
SGS Economics & Planning

March 2022

MOUNT ALEXANDER
SHIRE COUNCIL

Acknowledgement of country

Mount Alexander Shire Council acknowledges the Dja Dja Wurrung and Taungurung Peoples as the Traditional Custodians of the lands and waters of the place known as Mount Alexander Shire. We recognise their ongoing living culture and the important role they continue to play in the life of this region.

Contents

1. Introduction

1.1 Background

Harcourt has been designated as a town that can accommodate growth in the region by the Loddon Mallee South Regional Growth Plan 2014 and more recently, Plan Harcourt 2020. As the town grows, it is expected that there will be greater pressure for the provision of critical infrastructure. To meet this need, a holistic development and infrastructure planning and delivery approach is required. There is also the ability for Council to collect contributions from development to help fund this key infrastructure. This is called development contributions.

The Harcourt Infrastructure Plan (IP) is to play an important role in clearly identifying the infrastructure that needs to be delivered in order to meet the needs of the growing population. It is to establish the strategic basis for negotiating and collecting development contributions through the direct provision of infrastructure as works in kind or as a monetary contribution toward infrastructure provision.

The IP is being prepared using the same methodology and key principles as a formal Development Contributions Plan (DCP), which are set out by the state government. This involves establishing strategic justification for collecting contributions, demonstrating a nexus between new development and the need for new infrastructure, justification of infrastructure projects, and that any infrastructure costs are apportioned on the basis of projected 'share of usage'.

The IP will be used to assist with identification of infrastructure priorities and capital works plans for infrastructure, and as the strategic basis for collection of contributions and/or works in kind for delivery of infrastructure.

1.2 Purpose of this summary report

The purpose of this summary report is to provide information about how the IP is being prepared, and to seek comments from stakeholders on the initial findings and recommendations from this work. This feedback is to then be considered in the preparation of the final IP.

2. Strategic Basis

The Harcourt IP's strategic basis is established through a variety of documents/strategies at various levels.

Loddon Mallee South Regional Growth Plan (2014)

This plan designates Harcourt as a town that can accommodate growth in the region. Key drivers of change for the area are identified as its proximity to Melbourne, strong transport links (Calder corridor), changing economic sectors, improved inter-regional accessibility and the emergence of Bendigo as a higher order centre. In addition, the region offers a relatively affordable regional lifestyle.

Actions set out within the plan, with regards to regional infrastructure, include undertaking infrastructure planning as part of the structure plans for Harcourt (and other hinterland towns). There are also actions concerning infrastructure to support the region's waste management, water management, and transport network.

Loddon Campaspe Integrated Transport Strategy (2015)

This strategy outlines regional challenges and trends that are likely to impact the transport network, some of which include:

- Strong population growth in locations with good access to the Calder road and rail corridor.
- Regionally focused commuter travel is more important than Melbourne travel for much of the region.
- The amenity, safety and attractiveness of smaller towns can be improved through sensitive management of 'through' routes, selective use of town by-passes and urban design.

The strategy also acknowledges that maintenance/replacement of ageing infrastructure will also be a challenge and that it 'may not be feasible for Councils to continue to invest adequately to maintain all roads at their current standard'. It also identifies priorities and goals for the transport network, some of which include encouraging active and public transport.

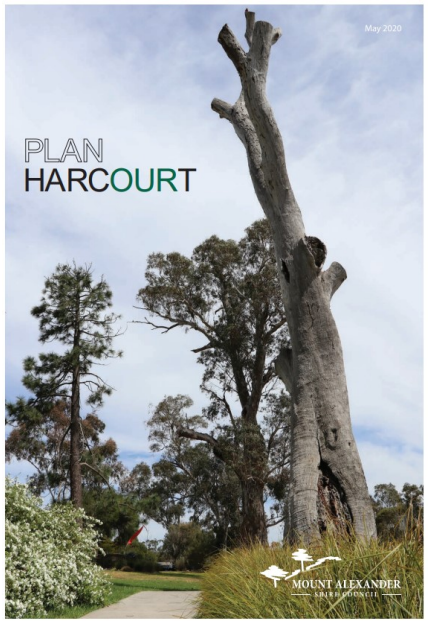
Mount Alexander Planning Scheme

The following state planning policies provide strategic justification for the provision of infrastructure with the support of development contributions:

- Clause 11 Settlement: 'Planning is to anticipate and respond to the needs of existing and future communities through provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities and infrastructure'.
- Strategy at Clause 11.02-1s Supply of urban land: 'Ensure the ongoing provision of land and supporting infrastructure to support sustainable urban development'.

- Strategy at Clause 11.02-3s Sequencing of development: ‘Require new development to make a financial contribution to the provision of infrastructure such as community facilities, public transport and roads’.
- Clause 19 Infrastructure: ‘Planning for development of social and physical infrastructure should enable it to be provided in a way that is efficient, equitable, accessible and timely’; ‘Planning should ensure that the growth and redevelopment of settlements is planned in a manner that allows for the logical and efficient provision and maintenance of infrastructure, including setting aside of land for the construction of future transport routes’; and ‘Planning authorities should consider the use of development and infrastructure contributions in the funding of infrastructure’.

Plan Harcourt (adopted 2020)



The preparation of Plan Harcourt establishes a strategic basis for the preparation of the IP. Specifically, Plan Harcourt identifies that Harcourt is flagged as a town that can accommodate growth in the region. It states that this needs to be carefully planned and help to ensure that there is adequate land supply and infrastructure to accommodate growth. In relation to the future town expansion areas, Plan Harcourt highlights that these areas are coordinated and planned with regard to a number of matters, including provision of infrastructure.

Plan Harcourt specifically mentions that future development should contribute towards new or upgrades to existing critical local infrastructure, and that this includes infrastructure within and outside of the development plan area. A strategy identified in Plan Harcourt is the preparation of a strategic infrastructure plan which will identify the infrastructure requirements that will be required to support the town’s growth, and that will provide a strategic basis for collecting monetary contributions or works in kind for the delivery of planned infrastructure. Via Planning Scheme Amendment C94malx, Plan Harcourt will be included in the Planning Scheme as a background document, and other aspects of Plan Harcourt will be incorporated into the Scheme.

Legislation

The strategic basis for the proposed method of collecting contributions for the Harcourt IP is established via Section 173 of the *Planning and Environment Act 1987.* This allows for contributions to be collected via other mechanisms such as voluntary agreements, allowing for a responsible authority, either on its own or jointly with any other person or body, to enter into an agreement with an owner of land, or with a person in anticipation of that person becoming the owner of the land, in the area covered by a planning scheme for which it is a responsible authority.

3. Nexus between new development and the need for new infrastructure

It must be demonstrated that the new development to be levied is likely to use the infrastructure to be provided. New development should not be considered on an individual basis, but as part of the wider community that will use an infrastructure project. The wider community may also include existing development. This is all that is required to demonstrate 'nexus' to justify the application of the charge.

Development within both the future town expansion areas and the established residential areas will contribute to a growth in Harcourt's population. This new development will generate increased usage and impact on the existing infrastructure, both immediately surrounding the future town expansion areas and within other areas of the town. This highlights the need to plan for infrastructure to accommodate the growth in the community.

See Chapter 5 for further details on the projected growth of Harcourt, which demonstrates the nexus between new development and the need for new development.

4. Infrastructure Project Justification

4.1 Background

Infrastructure projects can include new infrastructure, an upgrade in the standard provision of an existing infrastructure item, an extension to an existing facility, and total replacement of an infrastructure item after it has reached the end of its economic life. To qualify for inclusion in DCPs, all infrastructure must:

- be used by a broad cross-section of the community,
- serve a neighbourhood-sized catchment or larger area, and
- be basic to the health, safety or well-being of the community (as determined by the demographic profile of the area), or
- be consistent with current community expectations of what is required to meet its health, safety or well-being.

A DCP cannot be used to fund the following:

- The total replacement of an infrastructure item if the replacement is necessary as a result of poor maintenance.
- Basic utilities, such as water supply and sewerage, provided by servicing authorities under their own legislation.
- Existing infrastructure in a DCP that was funded through general taxes or rates.

In considering the above, the infrastructure types proposed to be included in the Harcourt IP for cost apportionment and contribution purposes include traffic management (intersections and roads) and shared paths.

The infrastructure types that will not be included in the Harcourt IP for cost apportionment and contribution are summarised as follows:

- Local roads are not proposed to be included in the Harcourt IP, given that these will need to be provided as part of specific developments identified via planning permit conditions. Section 62(5) of the Act provides the opportunity for Council to include a planning permit condition that specifies works that Council considers necessary as a result of the grant of the permit.

- The construction of public transport infrastructure has been excluded at this stage as planning for this infrastructure sits within the strategic planning of Department of Transport (DoT). Strategic Planning officers will consult further with DoT as part of this consultation process.

- Drainage infrastructure is also excluded from the Harcourt IP at this point in time. For drainage infrastructure to be included in a DCP or IP, it needs to be strategically justified, that is, it needs to be identified in a drainage strategy or equivalent technical report. There are currently no such technical reports that have been carried out for Harcourt. It is noted that the North Central Catchment Management Authority (NCCMA) plans to complete flood modelling for Harcourt over the next two years, however this has not yet commenced. As such, drainage requirements for future residential growth areas A and B will be addressed throughout the development plan process: developers will be responsible for managing overland flows on-site (demonstrated through the preparation of a stormwater and drainage plan).

- Community infrastructure projects have also been excluded from the Harcourt IP at this stage.

- It is noted that open space infrastructure projects are excluded from the Harcourt IP as they will be collected separately under Clause 53.01 of the Mount Alexander Planning Scheme throughout the planning permit process.

4.2 Proposed infrastructure projects for inclusion

Infrastructure projects included in the IP

Traffic management (intersections and roads) and shared paths are included in the IP for cost apportionment and contribution purposes. To assist with understanding, the following categories are labelled as:

- Intersections: IN
- Roads: RD
- Shared paths: SP

Intersection projects

Four intersection projects have been included in the IP given that the proposed development and associated population growth will result in increased traffic volumes, which therefore warrants an upgrade of these four intersections.

Figure 4.2.1 Location of intersection projects

Source: WSP, 2021

Table 4.2.1 Details of intersection projects

Intersection project	Cost
IN-01: Victoria Road / Harmony Way / High Street	$518,529
IN-02: Market Street and Harmony Way	$150,245
IN-03: Market Street and High Street	$388,971
IN-04: Market Street and Eagles Road	$377,421

Road projects

Seven road projects have been included in the IP given that the proposed development will require road upgrades based on the anticipated traffic volumes. This is further explained in Table 4.2.

Figure 4.2.2 Location of road projects

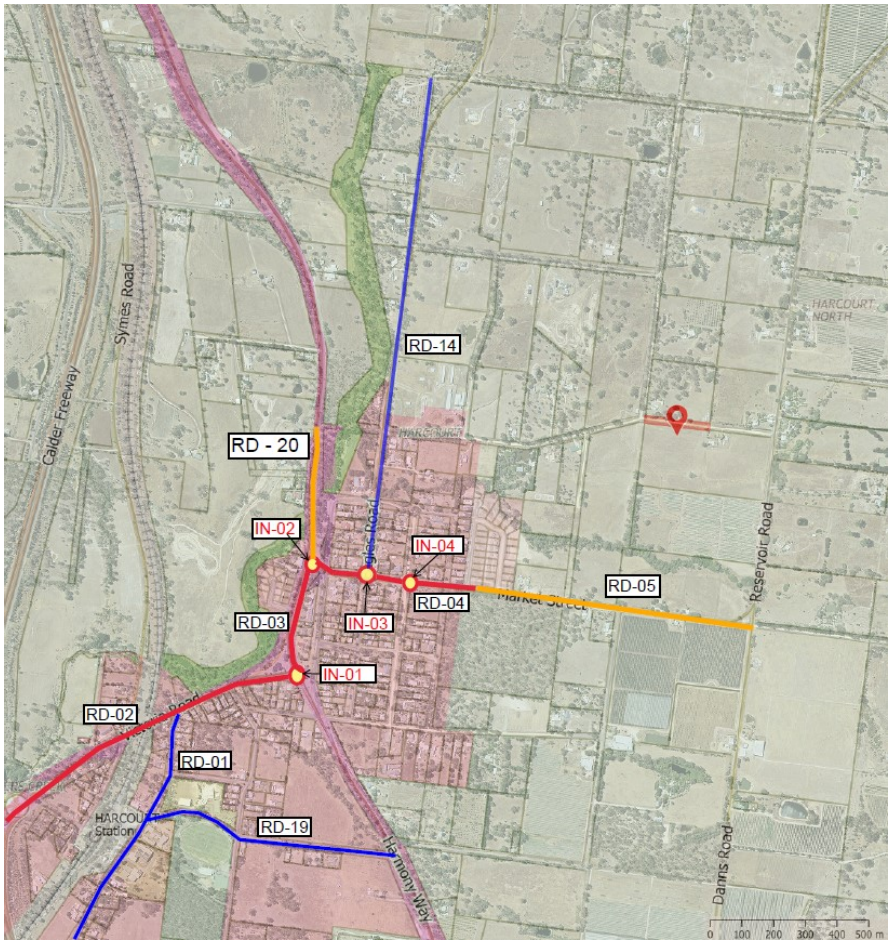


Table 4.2.2 Details of road projects

Road project	Upgraded to	Cost	Why upgrades needed
RD01: Coolstore Road - Victoria Road to train station	Access street level 1	$842,160	Based on the Infrastructure Design Manual, expected to have between 1000 and 2000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.
RD02: Victoria Road - train line to Harmony Way	Connector street	$244,500	Based on the Infrastructure Design Manual, expected to have between 3000 and 7000 vehicle movements per day. Victoria road will facilitate to connect increased traffic to Calder Freeway. Therefore it has to be upgraded to cater new requirements.
RD03: Harmony Way - Market Street to Victoria Road	Connector street	$190,710	Based on the Infrastructure Design Manual, expected to have between 3000 and 7000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.
RD04: Market Street - Harmony Way to Molly drive	Connector street	$1,188,795	Based on the Infrastructure Design Manual, expected to have between 3000 and 7000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.
RD05: Market Street - Molly Drive to Reservoir Road	Access street level 2	$1,652,413	Based on the Infrastructure Design Manual, expected to have between 2000 and 3000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.
RD14: Eagles Road - Market Street to Elys Lane	Access street level 1	$2,780,883	Based on the Infrastructure Design Manual, expected to have between 1000 and 2000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.
RD19: Mills Rd - Coolstore Road to Harmony Way	Access street level 1	$1,359,738	Based on the Infrastructure Design Manual, expected to have between 1000 and 2000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased. And Harmony Way is the main road which connects to other areas.
RD20: Harmony Way – Market Street to Miniature Railway	Access street level 2	$821,138	Based on the Infrastructure Design Manual, expected to have between 2000 and 3000 vehicle movements per day. There are proposed residential developments which gain access through this road hence traffic volume will be increased.

Shared paths

Plan Harcourt (adopted 2020) includes the following, regarding shared path project identification:

There is also support for an integrated walking/ cycling trail along Barkers Creek, and improving walking/cycling connectivity along Harmony Way to promote active lifestyles. This should form part of a pathway connection that joins recreation assets in the north of the town (including the swimming pool and the car parking area for La Larr Ba Gauwa Park) with Stanley Park, the town centre, James Park and the railway station, the primary school and recreation reserve in Harcourt's south, as well as to La Larr Ba Gauwa Park to the west of the town.

NOTE: some shared paths/paths not specifically listed in the shared path projects are captured in road projects identified above.

Shared path projects have been informed by the Place Activation Map from Plan Harcourt (see Figure 4.3).

Figure 4.2.3 Place Activation Plan from Plan Harcourt showing location of some shared paths included in IP

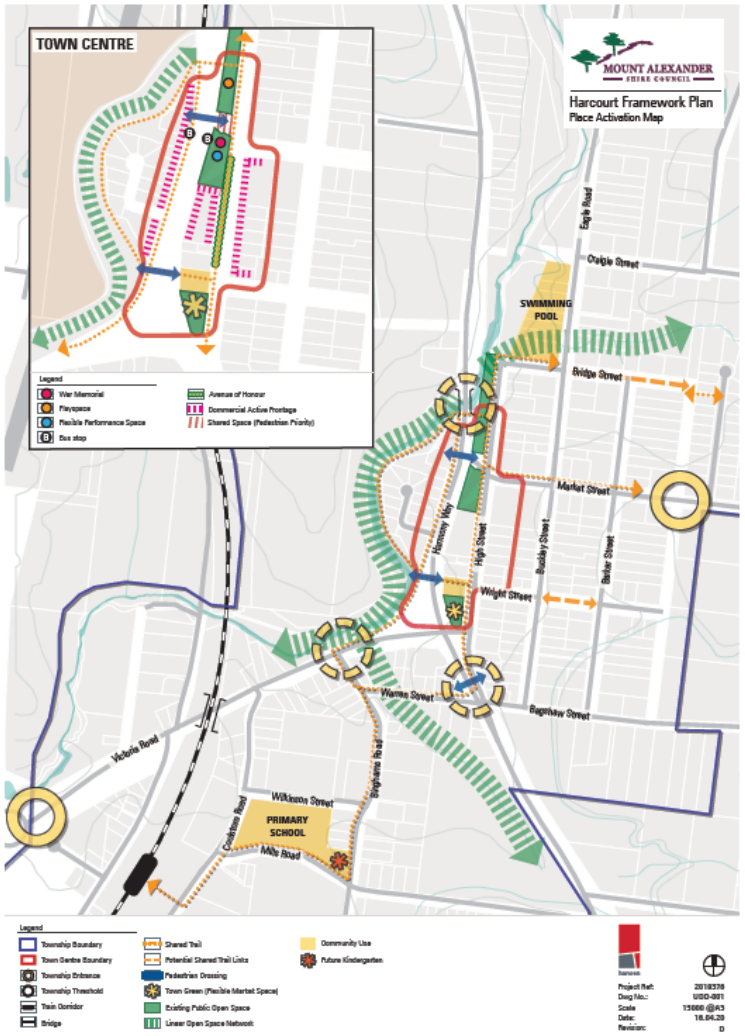


Table 4.2.3 Details of shared path projects

Shared path project	Cost
From Harcourt train station up to Victoria Road	$510,494
Along Barkers Creek, separate to Harmony Way (gravel)	$184,500
Bridge Street	$154,924
Warren Street	$131,120
Wright Street	$50,052

5. Contribution Calculations

5.1 Introduction to cost apportionment method

The general cost apportionment method used to calculate the contribution rate includes:

1. Dividing the area into analysis areas based on information collection regarding existing and future development.
2. Quantifying the development in each analysis area showing existed and projected future development.
3. Converting projections into common demand units using equivalence ratios, to quantify the total demand for infrastructure expected in each analysis area.
4. Confirming the infrastructure projects and costs that are justified to be included in the IP contribution rate.
5. Calculating the infrastructure levy per demand unit payable for each infrastructure project.

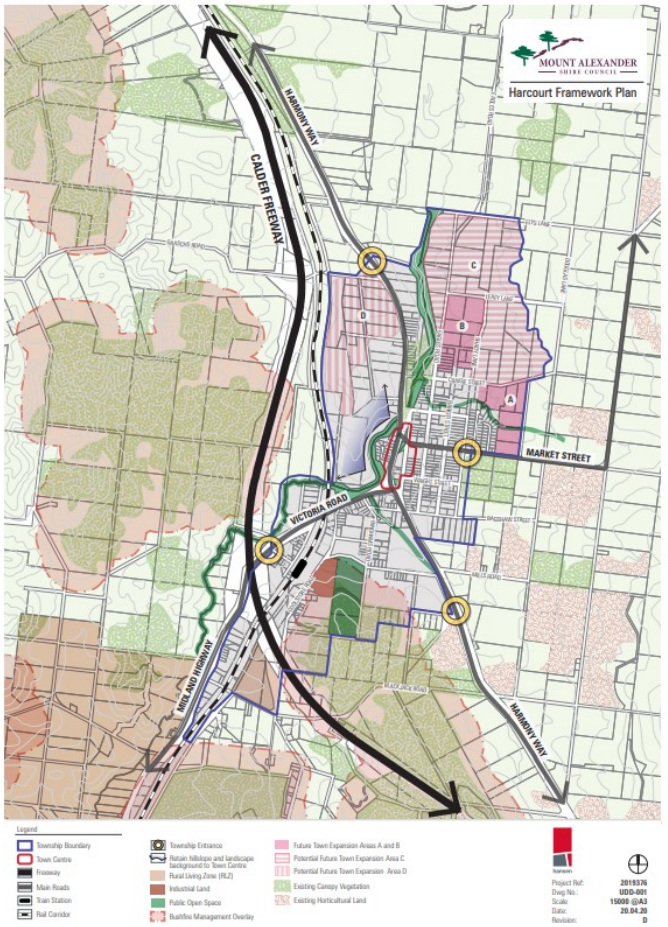
This process as it relates to Harcourt is set out in sections 5.2 – 5.5 below.

5.2 Analysis area

Given the small size of the township and based on the assumption that all the Harcourt community, existing and future (to 2035), will benefit from all proposed infrastructure items, it is appropriate to use a single catchment area, encapsulating the entire township and future growth areas.

This boundary for the benefitting area is the same as the township boundary outlined in Figure 5.2.1.

Figure 5.2.1 Harcourt framework plan (proposed through planning scheme amendment C94malx)



5.3 Quantifying the Development in Analysis Area

Existing development

In 2020, there were 281 existing dwellings in Harcourt, with 32 dwellings under construction in 2021.

Population and Dwelling Projections for Harcourt

Demographic analysis undertaken by REMPLAN forecasts population and dwelling demand in Harcourt over the next 15 years.

Demand for dwellings within the Harcourt township are estimated at 341 dwellings between 2020 and 2035. Using forecast annual average household size, varying over time, as stated in the REMPLAN report, the population in Harcourt is estimated to grow by 786 people.

Development Potential

Infill residential development

Infill development opportunities within Harcourt township allow for a potential approximate 232 new lots (assuming lots will average 650 square metres).

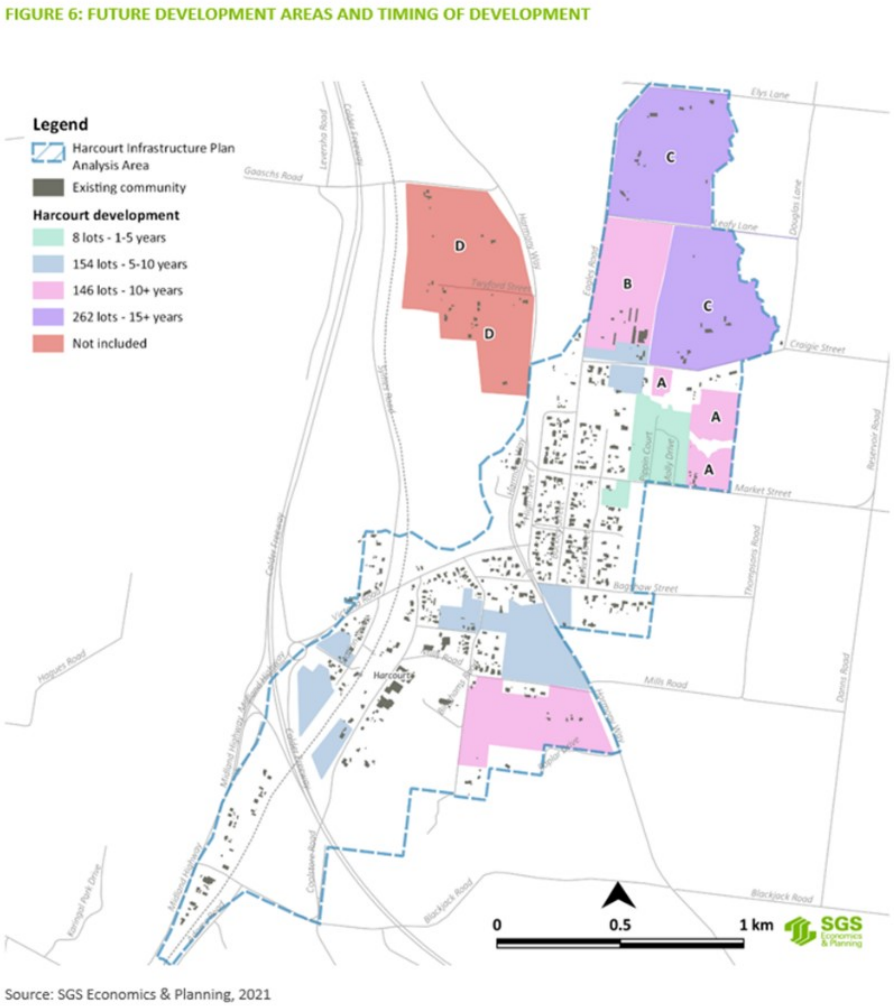
Future residential development

Demand for dwellings will surpass infill supply before 2035, resulting in the need for additional land to be rezoned to Neighbourhood Residential Zone (NRZ). Two areas to the north and east of Harcourt town centre, Areas A and B as shown in Figure 5.3.1, have been identified as most suitable, and are proposed to be rezoned to NRZ as part of Amendment C94malx (currently on exhibition). These areas are already located within the existing Harcourt township boundary and have been identified for future potential residential development since 2004. It is estimated that these areas could accommodate approximately 119 lots (averaging 1,000 square metres).

A further expansion front, Area C, has been identified north of Area A and east of Area B. This is a future development prospect that could result in approximately 262 lots (averaging 1,000 square metres). This future development would also benefit from the infrastructure identified in the previous section.

Area D, west of Barkers Creek, is a longer term prospect and has not been included in the IP.

Figure 5.3.1



Source: SGS Economics & Planning, 2021

All residential development

In total, a supply of 581 additional dwellings is possible, within current infill lots and expansion into growth areas A, B and C. This will be sufficient supply to accommodate anticipated growth to 2041 (extrapolated from the REMPLAN forecasts, which projected a demand of 341 new dwellings by 2035). By 2044, the total number of dwellings (including existing development) is expected to be 894.

Table 5.3.1 Summary of existing and future dwellings

Existing dwellings	**281**
Potential future dwellings - infill	232
Potential future dwellings – growth areas A & B	119
Potential future dwellings – growth area C	262
Additional dwellings possible:	**581**
Dwellings currently under construction (in 2021)	**32**
Total dwellings expected (by 2044)	**894**

Retail

It is expected that by 2041 there will be 3,150 square metres of retail floorspace, an increase of 2,500 square metres from 2020.

5.4 Demand

The development projections have been converted into common demand units using equivalence ratios. Contribution rates are then calculated for each demand unit.

The types of development demand include:

- Residential
- Retail
- Commercial
- Industrial

Equivalence ratios are used to determine the equivalent ratio between different development types. Standard equivalence ratios have been used for the Harcourt IP, as listed in Table 5.4.1. It is important to note that not all these infrastructure types will necessarily be included in the cost apportionment and contribution calculation analysis.

Table 5.4.1 Standard Equivalence Ratios

Infrastructure Type	Development Type	Ratio	Infrastructure Type
Roads	Retail	19 m^2 floorspace	Roads
Roads	Office	121 m^2 floorspace	Roads
Roads	Industrial	67 m^2 floorspace	Roads
Roads	Residential Dwellings	1 dwelling	Roads
Bike Path	Residential Dwellings	1 dwelling	Bike Path

Population projections and demand for dwellings and floorspace are shown in Table 5.4.2.

Table 5.4.2 Current and future demand for land in Harcourt

Year	2020	2044	Change 2020-44
Population	640	1,699	1059
Residential Dwellings	281	894	613
Retail (sqm)	650	3,150	2,500
Office (sqm)	0	0	0
Industrial (sqm)	5,000	5,000	0

Source: REMPLAN Forecasts 2021

Retail floorspace has been estimated using information contained in Plan Harcourt, including approximate floorspace per retail type. Industrial site areas have been calculated for the three industrial sites identified in Plan Harcourt: Harcourt Cooperative Cool Stores, the timber and pine store, and the self-storage business. It has been assumed there will be no change to the amount of industrial land to 2044, however this may change in future reviews of the IP.

The total demand units projected for Harcourt is identified in Table 5.4.3.

Table 5.4.3 Development contribution apportionment calculations for Harcourt (demand unit)

Development type	No. of Demand units
Existing - dwellings	313
Existing - retail (total sqm / 19)	34
Existing - industrial	76
Infill - small lot <4 lots	7
Infill - large lot >=4 lots	193
A+B	119
C	262
Retail	132
Total	**1,136**

5.5 Development contribution rate

The calculated development contribution rate is presented in this section.

Given all development (existing and future) benefits from the new infrastructure projects identified, costs are divided by the total number of dwellings and retail floorspace (depicted as demand units) in 2044. While this assumes 100% of the infrastructure costs are attributable to projected demand up to 2044, there is no mechanism available to charge or receive contributions from existing development (that benefits from the infrastructure). This means that Council must fund the balance (i.e. their contribution to the infrastructure projects).

The development categories which are considered 'chargeable', i.e. subject to negotiation of contributions include:

- Growth areas A and B
- Growth area C
- Retail
- Large lot infill development (greater than 3 lots)

The corresponding development contribution per demand unit (1 dwelling or comparable floorspace for non-residential demand) will be $10,982.13 for residential dwellings and $9,828.79 for every 19m2 retail floorspace (noting that retail does not contribute towards shared paths). This is shown in Table 5.5.1.

Table 5.5.1 Contributions rate per demand unit payable

	Road infrastructure	Inter-section works	Shared paths	Charge per dwelling	Charge per 19m2 retail floorspace
Charge per dwelling	$8,565.44	$1,263.35	$1,153.34	$10,982.13	$9,828.92

Table 5.5.2 demonstrates the percentage of costs to be recovered depending on the development categories subject to negotiating contributions (if such negotiations are successful).

Table 5.5.2 Cost recovery for Council

Development categories to be 'chargeable'	Cost recovery
Growth areas A, B, C + retail + large lot infill (greater than 3 lots)	62%

6. Implementation and Administration

6.1 Implementation for specific charge areas

The Harcourt IP will be used as the strategic basis for collection of contributions and/or works in kind for delivery of infrastructure. Given that a voluntary approach has been decided, the collection of contributions will involve negotiations between Council and landowners/applicants in Harcourt whose land is proposed to be developed in the future. This includes Growth areas A, B and C, new retail development and land within existing residential areas where a subdivision is to result in more than three lots. The stages at which negotiations would take place are detailed below.

Growth areas A, B and C

This includes land located in the areas proposed to be rezoned (via Amendment C94malx) to Neighbourhood Residential Zone (Growth areas A and B). Area C is not proposed to be rezoned at this stage but would follow similar path in future.

It is anticipated that the negotiation of contributions will occur during the course of the rezoning process associated with development of these growth areas (noting that areas A and B are part of the current planning scheme amendment and area C is to be rezoned in the future as the need arises). Should the negotiations and approach to development contributions not be completed at time of rezoning, this will occur throughout the development plan process (although this is less desirable). Amendment C94malx proposes to apply the Development Plan Overlay (DPO) to areas A and B, which includes a requirement for applicants to identify how they will make a contribution to critical infrastructure in the area (external to the area affected by the DPO), either through direct provision in line with a Harcourt IP (in kind) (if supported by Council's Infrastructure unit at the time) or by way of a cash payment at the rate defined in the Harcourt IP.

Retail development

For retail development, negotiations for contributions are to occur at the planning permit pre-application stage or during the application assessment. If successful, a Section 173 Agreement would be registered on title prior to the approval of a planning permit for subdivision.

Land within existing residential areas

This includes land located in Township Zone (which is proposed to be rezoned to Neighbourhood Residential Zone via Amendment C94malx). It specifically applies to 'large lot infill development', which is development of more than three lots. This means that contributions are collected per additional vacant lot created.

For land within the existing residential areas, negotiations for contributions are to occur at the planning permit pre-application stage or during the application assessment. If successful, a Section 173 Agreement would be registered on title prior to the approval of a planning permit for subdivision.

Council has prepared an internal Standard Operating Procedure for collecting contributions via voluntary agreements. This outlines the process for the collection and administration of development contributions for Harcourt and other parts of the Shire where an infrastructure plan has been prepared.

6.2 Price indexing

Given the long-term horizon in which rezoning and development occurs, costs identified for infrastructure are to be subject to price indexing to reflect the increase in costs each year. The capital costs of all infrastructure items are in 2020 dollars. The infrastructure costings will be indexed annually to adjust for inflation and changes to land values. The specific indexing method will be identified within the subsequent Section 173 agreements.

6.3 Review period

Given the anticipated development in Harcourt is based on population and development projections, it is necessary to review the IP to ensure that the infrastructure projects adequately match the development and future population. Thus, it is proposed to provide a review of the IP every five years, to identify whether its contents need to be modified or updated (including projected development, planned infrastructure items and their costings, and land values).