



PRELIMINARY SUBMISSION

Proposed framework for a submission to Proposed Planning Scheme Amendment GC224 – Fishermans Bend Development Contributions Plan and the associated Open Space Uplift Mechanism

Introduction

This preliminary submission sets out Council's initial assessment of Draft Planning Scheme Amendment GC224 which proposes to introduce the Fishermans Bend Development Contributions Plan (**DCP**), and Open Space Uplift Mechanism (**OSU**) and associated planning scheme controls.

Opportunity to make a submission to Draft GC224

Council welcomes the opportunity to respond to Draft Planning Scheme Amendment GC224. Council understands that the amendment is being released on informal public exhibition as part of a bespoke planning process being conducted by the Department of Transport and Planning to implement the DCP and OSU. This submission has been prepared upfront to express preliminary views, to provide an overview of key Council concerns, and to set a framework for further engagement with the State Government to clarify and resolve outstanding issues with the State government. Council intends to lodge a subsequent detailed submission with the Department of Transport and Planning including a more detailed analysis of the exhibited material and reflecting the outcomes of engagement with the State government.

Infrastructure that delivers on the Fishermans Bend Vision

Fishermans Bend is Australia's largest urban renewal project, covering 480 hectares of strategically located land in the heart of Melbourne. By 2050, it will be home to approximately 80,000 residents and provide employment for up to 80,000 people. The precinct will play a critical role in Melbourne's sustainable growth, providing much needed inner-city housing, and becoming an economic anchor as the central city expands.

The transformation of Fishermans Bend is guided by the Fishermans Bend Framework (**Framework**); which is the State Government's plan for a network of parks, schools, roads, transport and community facilities and services to transform Fishermans Bend into a thriving precinct for residents and employment over the next 30 years. As Australia's largest urban renewal precinct, the scale and extent of expected transformation is unprecedented.

Realisation of the vision requires planning for and investment in public transport. The Framework committed to the planning and delivery of new Tram Corridors in Fishermans Bend by 2025, and envisioned the precinct being supported by new Heavy Rail stations and lines – commonly known as potential Metro 2.

In 2018, Council commissioned PWC to complete a Fishermans Bend Economic and Transport Infrastructure Study, which found the early delivery of these major public transport projects will be the biggest determinant of success for the precinct. Without public transport commitments, there is uncertainty about the delivery of the vision of a thriving



community. Without public transport the projected housing and employment growth that the Framework is based upon may not be delivered.

Council has contributed substantial time and resources over several years working with the State Government and City of Melbourne to support the development of an infrastructure funding and financing strategy that delivers on the Fishermans Bend Framework's vision.

The successful and timely delivery of public open space and other community and development infrastructure is another key priority for Council and is critical to the success of the urban renewal area as set out later in this submission.

Given that the DCP proposes that both State and Local Government are responsible for funding and delivery of infrastructure and given apparent gaps in proposed infrastructure and funding in the DCP, Council is keen to work with the State Government in the next months on an infrastructure funding strategy that is acceptable to both.

Key Concerns

While key issues have been identified and raised in this preliminary submission, it is not possible to properly consider and resolve each of them in detail in his report. The implications for Council and the community are not yet fully understood and require further consideration and engagement with the State Government. A further detailed submission is being developed. Council's current key concerns about the DCP and the associated OSU mechanism relate to the following:

- The Draft DCP creates a significant funding shortfall for local infrastructure, which Council cannot afford, and for which there is not a clear plan.
- The lack of funding for certain open spaces and in some cases the associated reliance on the OSU mechanism for them. Council seeks certainty that open space areas identified for delivery as part of the OSU mechanism will be delivered if the landowners do not pursue the OSU option.
- Some infrastructure projects which are included in the DCP, particularly major road projects, should not all be included in the DCP as they are more properly a higher level of infrastructure that ought to be the responsibility of the State. here is also an opportunity to reallocate funding from other projects although further work is required to refine this detail.
- Some infrastructure projects, in particular, local infrastructure projects, which are not included in the DCP should be included because the total cost of local projects are far beyond the ability of local government to provide even over an extended time frame.
- Where infrastructure projects, particularly projects involving the improvement or embellishment of public open space or community hubs are funded, the amount funded is inadequate and/or lacks any clear rationale.

The issues are outlined by theme in further detail below. Officers are endeavouring to work with the Department of Transport and Planning to resolve these issues where possible.



1. Fishermans Bend needs transparent public transport planning and investment commitments

The 2018, Council commissioned PWC Fishermans Bend Economic and Transport Infrastructure Study, identified that the early delivery of major public transport projects will be the biggest determinant of success for the precinct.

It has been 11 years since the original rezoning of Fishermans bend, and 5 years since the release of the Fishermans Bend Framework, with minimal progress on these items.

Delivery of public transport infrastructure in Fishermans Bend is essential, including:

- Early delivery of the Fishermans Bend Light Rail, to support the local movement, access and liveability of the precinct; and
- Delivery of the Metro 2 Rail through Fisherman's Bend to fully support and realise the vision for a competitive and expanded central city with major employment and housing growth in Fishermans Bend.

Council supports the government's intent to fund public transport infrastructure separately of the DCP, but believes that this issue should be resolved as part of informing DCP proposals:

- Projected capacity and demand for housing, employment, and associated infrastructure funded by the DCP is based upon growth projections that assume the vision for public transport will be delivered. However, the government has not committed to the timing of the delivery of this infrastructure.
- While the DCP does propose projects that anticipate and make provision for State Funded Public Transport projects (around Fennell, Plummer and Ingles Streets) and adjoining open spaces/forecourts, it does not include sufficient information about those future public transport projects and how they align with the DCP.

2. State Government leadership on infrastructure provision across Fishermans Bend

Generally, and subject to the concerns identified in this report, the DCP represents a well understood pathway and means for developers to contribute towards necessary infrastructure for the proposed community. Council supports in-principle:

- The introduction of a DCP for the Fishermans Bend precincts as the primary means of imposing levies for the delivery of key infrastructure projects including public open space and other infrastructure commonly funded by a development contributions plan.
- State Government entities being nominated as the Development Agency and Collecting Agency for the delivery of DCP infrastructure projects in Fishermans Bend.



- The proposal by the State that it will be responsible to fund 'Catalytic infrastructure' including public transport, schools and health services, separately from the DCP.

However, further work is required to refine the list of projects to be funded by the DCP and the OSU mechanism to provide a fairer and more efficient distribution of financial responsibilities.

A governance model is needed to provide a partnership in the way that DCP funds are determined to be expended. The partnership will agree the final scope of projects included in the DCP and the joint preparation of priority list of projects to guide where and when DCP funds are directed. The partnership will also consider payments or credits to developers who provide works in kind for infrastructure projects.

Council is open to delivering infrastructure on a case by case basis where funding and scope are agreed and council has the internal resources. Council also understands that it will have a role in providing and renewing smaller and more localised infrastructure but at this stage is concerned that the significant cost implications of this expectation have not been fully determined or properly considered.

3. Significant funding shortfall for essential and local infrastructure

The DCP and the associated OSU mechanism are part of the funding solution for three categories of infrastructure required to facilitate the development of the precinct:

- **'Catalytic infrastructure'** – includes public transport, schools, and health services that will have a transformational effect on the urban renewal of the area. This infrastructure is intended to be funded and delivered by State Government not by the DCP.
- **'Essential infrastructure'** – required to establish the future urban structure of the area, such as precinct and neighbourhood open spaces, streets that make up the key movement network, key community hubs, and major drainage and flood mitigation infrastructure. This infrastructure is intended to be largely funded by the DCP with other contributions from other government sources such as local government.
- **'Local infrastructure'** – includes some open spaces, the network of minor streets and laneways, public realm improvements and other community facilities. This infrastructure is expected to be funded and/or delivered through a combination of developer works under planning permit conditions and incrementally by local government capital expenditure.

The DCP and the OSU mechanism's focus is on 'Essential infrastructure'. Council notes that the State Government has indicated that 94% of Essential infrastructure will be funded by the DCP. Council will work with the State to seek to understand this figure noting:

- The DCP will fund \$2.445 billion worth of infrastructure projects. However, because of a dip on the per dwelling rates, the projected DCP revenue is estimated to be \$1.747 billion resulting in a shortfall of approximately \$700 million to be shared by other funding sources, including State and Local Governments.



- The actual shortfall is likely to be greater because the estimated cost of infrastructure of \$2.445 billion only partly funds or excludes a large number of local infrastructure projects.
- Some of the land for open space projects that are a necessary part of the open space network is anticipated to be delivered through the OSU mechanism. The value of that land has not been identified to date, although it is in addition to the \$2.445 billion cost estimate set out in the DCP. That land is intended to be paid for by providing increased development rights to certain landowners but this outcome is dependent on the degree of incentive given to developers to take up the available OSU.
- The DCP proposes a capped residential Development Infrastructure Levy (**DIL**) charge of approximately \$34,635 per dwelling and \$286 per square metre of non-residential gross floor area. The per dwelling rate has been restricted to this amount (rather than reflecting the total cost of projects apportioned to the DCP), over concerns regarding the feasibility of development and the potential to stifle the growth of the precinct.

A relatively small component of the Local infrastructure category is funded in the DCP leaving a significant funding gap for Council. The extent of this gap has not yet been finally quantified, but Council officers have preliminarily estimated that the quantum runs into the range of \$500 - \$700 million. Council is seeking to clarify this with the State Government. However, considering the statutory Financial Management Principles embedded in the *Local Government Act 2020* Council is not in a position to fund the likely shortfall for Local infrastructure.

Accordingly, Council seeks to work with the government on identifying and prioritising those projects that are and are not included in the DCP for funding to try and close this funding gap. This will require further consideration and potentially a rebalancing of what is included in the *Essential* and *Local* infrastructure categories in the DCP.

This is a core concern for Council, noting that:

- Many Local projects normally delivered by local government, remain unfunded by the DCP and many hundreds of millions of dollars may be required for those projects Council cannot afford to deliver these projects within the applicable Financial Management Principles.
- A key assumption of the DCP is that local infrastructure will be funded through alternate sources including Council rates and charges, planning permit conditions (by developers) and/or voluntary s.173 agreements requiring developers to provide necessary infrastructure in addition to development contributions under the DCP. Council is concerned that the potential for funding and infrastructure delivery from these sources and mechanisms is over estimated. Any assumptions and modelling around alternate funding sources should be shared with Council so that the validity can be reviewed.
- Council envisages a major risk in the model's reliance on planning permit conditions & voluntary s.173 agreements to fund local infrastructure such as improvements to local roads and the creation of new local roads and lanes. Council is concerned that



without stronger planning provisions requiring this infrastructure will not be delivered. This is due to difficulties in later arguing that the infrastructure is *necessary as a result of the grant of the permit* (section 62(5)(c) of the *Planning and Environment Act 1987*) and other constraints imposed by that provision.

- Council has limited ability to fund infrastructure. Council currently allocates around 5% of rates revenue to new and expanded capital projects. The allocation from the projected rates in Fishermans Bend between 2025-55 will generate between \$60 million and \$90 million. Additional Council investment is required for major urban renewal projects. However, even if the Council allocation was doubled to 10%, the available funding of between \$120 million and \$180 million over time, is insufficient to meet the likely unfunded gap which, in relation to that component of the local infrastructure which is to be provided by local government, is preliminarily estimated to be in the vicinity of \$500 million to \$700 million.
- The funding shortfall represents a material risk to the success of Fishermans Bend vision, and a strategic and reputational risk to both the State and to Council.

4. Open space network (including active sporting facilities)

The Framework appropriately envisages a complete network of open spaces, including linear parks, neighbourhood parks, precinct parks and district parks providing for both passive and active recreation albeit one that is already conceived on a relatively low per capita basis given the high density of population. Therefore the whole of the network of public open space envisioned under the Framework must at least be realised. To that end, Council supports the Framework's vision and advocates for the full network to be appropriately funded to assure its delivery. This requires funding of land costs and realistic embellishment costs.

Council's current concern is that parts of the network appear to be not funded and rely on an OSU mechanism which if not delivered may leave gaps in the network. Other open space areas, particularly the larger active spaces, that are funded, are not provided with sufficient funds to provide facilities that are required for those spaces to fulfill their intended role.

Key issues Council would like to address with the State Government include:

- The way construction costs have been estimated is unclear. So too is how the facilities for the main open space areas have been planned or estimated.
- The Public Space Strategy (Ethos Urban, 2017) provided a strong basis for determining open space size, location and configuration within the Fishermans Bend Framework. However, the allocation of specific infrastructure within the open space network as identified in Appendix 2 of the DCP requires further explanation.
- A transparent and consistent approach to open space construction costs should be applied. The current costing methodology for those facilities is unclear.
- In particular, planning and costing should be reviewed as a priority for the five key open space opportunities below as these spaces provide the greatest potential to provide a diverse range of sport and recreation activities for residents:



- JL Murphy Reserve;
 - North Port Oval Expansion (grouping of sites and facilities in Sandridge Precinct adjoining and nearby to North Port Oval);
 - Prohasky Street Reserve;
 - Wirraway's Precinct Open Space (corner of Salmon Street and Woolboard Road); and
 - Montague's Neighbourhood Open Space (corner Munro and Montague Streets).
- In particular, the JL Murphy Reserve upgrade (Project W_OS09) is significantly under-costed. The Framework identifies the importance of redesigning and upgrading JL Murphy Reserve to deliver the future vision for the area, and the demand created by growth in Fishermans Bend will necessitate significant upgrades of the existing open space and its facilities. The proposed DCP provides \$27.4 million in funding reflecting a limited scope of works. Further work is required to resolve the significant scope and cost of this upgrade as a priority project.
 - The size of the Wirraway Precinct Open Space (W_OS05) has been reduced in the DCP, compared with the original size in the Framework. This will constrain opportunities to provide facilities for the new population and requires further assessment.
 - State policy is for community infrastructure to be delivered early in the life of new communities. Therefore, it is important for key open space land acquisitions and upgrades to be planned early, before 2032 (which is the current time proposed in the DCP), to meet pressures for open space and sporting infrastructure in a timely manner to catalyse development in Fishermans Bend.
 - Because the DCP raises funds over an extended time frame, and because land acquisitions are a major cost needing to be spent early, a commitment is required from the State Government to acquire major open space land holdings as early (within the first 10 years of the DCP), particularly North Port Oval expansion sites, Prohasky Street Reserve, and Wirraway's Precinct Open Space.
 - JL Murphy Reserve and North Port Oval expansion sites (open space and sporting hubs) are key short term opportunities that build on existing assets. Acquisition and the construction/embellishment of these expansion sites, should be planned in the short term.
 - North Port Oval Expansion, including Australia Post (509 Williamstown Road) and DHL site (203 Ingles Street) and partial closure of Bertie Road for the purpose of open space and sporting facilities should be prioritised. The Australia Post site is a strong opportunity to address the likely shortfalls in open space in the short term.



- Consideration must be given to how the DCP will be *financed* to manage other large upfront costs required to facilitate development like drainage infrastructure (discussed later) given the potential to crowd out early funding for community infrastructure.

5. Open space uplift mechanism (OSU)

The OSU represents a novel policy approach not previously tested in the Victorian Planning System. Council seeks assurance about the government's commitment and budget for timely land acquisition for these open space sites if they are not contributed by developers.

6. Community Hubs

Community Hubs identified in the Framework have not been included or where provided appear underfunded in the DCP and require further review. Council notes the following:

- The Framework envisaged four Sports and Recreation Hubs, one within each precinct (Montague, Sandridge, Wirraway and Lorimer). The DCP proposes funding for Stage 1 of a single combined Sandridge Sport and Recreation Hub. While Council understands that a consolidated and centralised hub in Sandridge provides efficiencies for its use and management, the DCP then only funds a restricted set of facilities at that Sport and Recreation Hub (namely Stage 1 of the project is funded, which effectively represents the cost of a single precinct's hub). The project requires further review and scoping to ensure it meets the needs of the Fishermans Bend community.
- The Framework includes a vision for four Arts and Cultural Hubs, one in each precinct (Montague, Sandridge, Wirraway and Lorimer). The DCP proposes funding a Lorimer Hub and a combined Sandridge and Wirraway Hub. There is a need to fund the Montague Arts and Cultural Hub as well.
- Funding for Health and Wellbeing Hubs (hospitals and allied health services) and Education and Community Hubs schools) will be funded by the State and not through DCPs. Council seeks to explore whether the DCP can fund community centres as part of the new schools.

7. Drainage

There are major flooding risks across Fishermans Bend (and adjoining areas). The Fishermans Bend Water Sensitive City Strategy (2022) supports a hybrid flood mitigation approach across the public and private realm. Within the public realm this includes locally distributed flood storages as part of streetscapes and open spaces; and major drainage and flood mitigation projects, including major pipe upgrades, pump stations, and levees.



The DCP partially funds the flooding and drainage network. The way it does this is a new proposal not previously considered by Council. Council would like to work with the State to address outstanding issues including:

- Council is concerned that underlying assumptions about the flood modelling upon which the drainage infrastructure proposals are based do not reflect actual conditions. This means that the potential to divert flow and reduce the need for upgrades to the drainage infrastructure may not have been fully considered. The DCP includes a \$309 million of major drainage and flood mitigation projects, to be funded with a \$3000 per unit charge built into the per dwelling rate. The drainage charge will not recoup all of the costs of the flood mitigation projects and it is unclear what impact this funding shortfall will have.
- \$130 million of this expenditure is required within the first 10 years of the DCP. This expenditure has the potential to 'crowd out' and delay other essential infrastructure from the DCP fund in the first 10 years.
- The DCP includes \$11 million for the construction of distributed water storage infrastructure. The costing methodology for the DCP's distributed storages network is unclear.

8. Public Transport Land, State and Local Roads

State transport infrastructure should be funded by government sources separately to the DCP.

Some projects Council thinks should not be funded via the DCP including the following which provide for key State infrastructure not included in the DCP including:

- Heavy rail (metro stations, rail alignments) and light rail projects
- strategic corridors that facilitate transport through rather than within the precinct
- upgrade of state roads (State owned, primary arterial, secondary arterial)
- upgrade of bridges over the freeway (catalyst links across Fisherman's Bend).

Further work is required to review the full list of priorities and project designations. Based on preliminary review the affected projects in City of Port Phillip precincts that should be considered for reallocation include:

- Open Spaces associated with public transport forecourts, public realm and upgrades: W_OS06, W_OS07, S_OS01, S_OS04, S_OS04, W_OS05
- Public transport associated land and new/upgraded state roads and intersections with key State infrastructure requiring review include Plummer Street, Fennel Street, the new realigned road located south of Fennel Street, Ingles Street, Salmon Street, Montague Street, Normanby Road.



These few projects make up a sizable component of the overall DCP spend. Consideration should be given to reassigning to other DCP projects.

A key element of accommodating the projected 80,000 residents is the redesign and public realm improvements to many existing streets.

Substantial investment is required to accommodate landscape elements; intersection upgrades; pedestrian footpath upgrades and crossings; cycling infrastructure; urban forest requirements (including 50% tree canopy target, greening and biodiversity); localised flood mitigation and integrated water management (minimising flood impact and delivering water quality goals); street furniture, safety and lighting requirements; and in some areas, the undergrounding of electricity infrastructure. However, very little or no allowance has been provided for these works in the DCP. Consideration needs to be given to the DCP funding for public realm improvement projects responding to pockets of intensive development.

Council will continue to analyse the DCP and will elaborate on the key issues identified in this report as part of the formal detailed submission.

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