1. **EXECUTIVE SUMMARY**

1.1 This report outlines the review of the Port Melbourne Development Contributions Plan (DCP).

1.2 It seeks Council approval to adopt the updated landscape masterplan and note the ongoing expenditure that will be required to undertake works within the DCP area over the next 9 years.

2. **RECOMMENDATION**

That Council:

2.1 Adopts the Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review March 2011 included at Attachment 1 to guide future streetscape improvements within the Port Melbourne Development Contributions Plan area.

2.2 Requests the Minister for Planning process an amendment to the Port Phillip Planning Scheme, pursuant to section 20(4) of the Planning and Environment Act 1987, to make the following amendment to the Port Melbourne Mixed Use Area Development Contributions Plan Incorporated Plan:

- Replace the Port Melbourne Landscape Masterplan and Streetscape Improvement Study 1998, with the Port Melbourne Landscape Masterplan
and Streetscape Improvement Study Review March 2011 in the list of Reference Documents.

2.3 Authorises the General Manager, Environment and Planning to prepare amendment documentation for submission to the Minister in association with the amendment request.

2.4 Notes that Council funds will need to be committed to undertake works within the DCP area over the next 9 years in order to support the indicative streetscape staging program included in the Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review February 2011, included at Attachment 1.

3. BACKGROUND AND CONTEXT

Background

3.1 Amendment C13 to the Port Phillip Planning Scheme introduced the Port Melbourne Mixed Use Area Development Contributions Plan Overlay and Incorporated Plan into the Port Phillip Planning Scheme as well as designated the Port Melbourne Landscape Masterplan and Streetscape Improvement Study 1998 as a Reference Document in November 1999.

3.2 The DCP requires new development to make a contribution towards streetscape works in the area generally bounded by Esplanade West, Liardet, Richardson, Foote, Danks, Pickles, Beach, Princes and Graham Streets in Albert Park and Port Melbourne.

3.3 The control was introduced to support the renewal of this former industrial area to a higher density residential / mixed use precinct, delivering:

- Improved local amenity / public realm, offering a more attractive setting for new residential development;
- An appropriate standard of street infrastructure;
- Additional on street car parking spaces; and
- Improved traffic flow and an increase in pedestrian and vehicular safety.

3.4 The DCP sets out the required streetscape works, the timing of proposed works and the relative apportionment of the cost of works between Council and new development. These works were based on the Port Melbourne Landscape Masterplan and Streetscape Improvement Study 1998. This Study assessed each block and listed the type and condition of each street, parking type, street tree species and specified whether streetscape works were required and what the design objectives should be for any works. It provided the basis for the upgrade of streetscapes and the costing of contributions.
3.5 The DCP was structured in a way which met the four ‘tests’ or principles which underpin Development Contributions - need, nexus, equity and accountability. The DCP incorporates the following key elements:

- Streetscape works to the perimeters of the 23 blocks and medians in the Plan Area;
- Perimeter works - private development to fund / undertake 100% where private development occurs. Council to fund / undertake balance; and
- 20 year lifespan (commencing 1999 and ending in 2020) with a 5 yearly review (no review has been undertaken to date).

3.6 Council committed to fund and implement its part of the DCP by adopting the Amendment at the Council meeting of the 26 July 1999.

3.7 The DCP was investigated as part of the Victorian Auditor General's Report (Dec 2009) on “Use of Development Contributions”. The VAG report assessed the effectiveness and efficiency of Victorian councils’ general management of development contributions (including management arrangements, monitoring and reporting on the collection and use of contributions, and effectiveness in delivering planned infrastructure). Port Phillip was one of 3 case studies and included a review of the Port Melbourne DCP. Key recommendations of the VAG report were:

- Review and where necessary improve the effectiveness of controls to ensure development contributions are collected;
- Councils need to assure development contributions have been used for their intended purpose by:
  - identifying standards and delivery timeframes for infrastructure;
  - ensuring transparency within Councils budget and capital works programs; and
  - reconciling contributions collected and expended and delivery of infrastructure against planned infrastructure;
- Strengthen governance arrangements - via reporting, risk management and assigning management responsibility; and
- Clear reporting (in Annual Report) on collection / use of development contributions and infrastructure delivered against that planned.

3.8 The City of Port Phillip's response (included in the VAG report) acknowledged the findings of the report and recommendations, and advised it had initiated actions to ensure appropriate future management of the DCP including;
• A detailed review and reconciliation of all files relating to development contributions levied under the DCP;

• A commitment to reviewing the Port Melbourne DCP in 2010/2011;

• Developing a process to ensure reporting on development contributions in the Port Phillip Annual Report.

3.9 To date all of the above actions have been achieved and the second action (DCP Review) is the subject of this report.

3.10 Since 2000, there has been significant private development within the DCP area with many developers opting to provide works in kind rather than provide cash contributions. Council has also undertaken some works and has recently committed to commence construction of the Rouse Street median.

Development Contribution Plan Review

3.11 The review has now been completed and has resulted in the following:

Landscape Masterplan Review and scope of outstanding works

a) Landscape Masterplan Review - The Port Melbourne Landscape Masterplan and Streetscape Improvement Study 1998 has been reviewed and updated and is included at Attachment 1. The updated Masterplan incorporates relevant aspects of the Greening Port Phillip Strategy, Rouse Street Median Landscape Masterplan, Bay Street Structure Plan (Draft), Port Phillip Water Plan, Water Sensitive Urban Design Guidelines, Liardet Child Care Centre planning approval and other relevant considerations.

b) The updated Masterplan:

o lists the street condition (including road pavement, footpath type, footpath condition, kerb type and condition), parking type and street trees,

o summarises the streetscape works status for each side of each block and outlines if works are completed, partially completed or not yet commenced. This is based on an assessment of what further works would be required to achieve the completion of works specified in the 1998 Landscape Masterplan,

o updates the status of works and lists works achieved, works required as part of the DCP and indicative year for streetscape works commencement (as the schedule can change),

o lists desirable /other non-DCP works if streetscape works are still required. These non-DCP works are for items such as WSUD, rain gardens, swales, passive irrigation and additional infrastructure to provide improved walkability and cycling (raised pedestrian pavements, tactiles, bike lanes, seating) that were not included in the
1998 Study. These works are not provided as part of the DCP but are additional works that the Council could provide in any further streetscape upgrade in order to meet current Council standards and policies such as the Greening Port Phillip program. These works would be provided at Council’s cost and may increase the cost to Council of final works. It is estimated that this may add 25% to the final costs of works.

c) The updated Masterplan review found that a large proportion of the DCP area has streetscape works completed or under construction. There is about 31% of works remaining including the Rouse Street median and streetscape works. Areas that still require significant future works include Rouse, Stokes, Nott, Dow, Johnston Streets and Esplanade West.

d) Council has committed to undertake the Rouse Street works (median and streetscapes) and currently has $1.2m scheduled over 3 years with $400K committed in the 10/11 Budget and the balance sought in 11/12 and 12/13. (It should be noted that the component of these works that can be counted as DCP works is $780K. The balance of works is for non-DCP works such as WSUD, rain gardens, lighting, electrical works and street furniture).

e) An estimate of the outstanding scope of works is included at Attachment 2. This estimate shows the total outstanding works at today’s rate is $3,545,291 or 31% of the works specified in 1998 (based on the 1998 costing estimate). This takes into account the updated scope of works listed in the updated Masterplan and the developer agreement to undertake works in kind for Block 13. It does not include the Rouse Street works.

<table>
<thead>
<tr>
<th>Total of all DCP works</th>
<th>$11,387,277</th>
<th>This is the CPI adjusted cost of works. In 1998 this was $8,081,815</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total outstanding works at today’s rate</td>
<td>$4,108,953</td>
<td>This is based on the % assessment of outstanding works listed at Attachment 2. Outstanding scope of works (36%)</td>
</tr>
<tr>
<td>Less value of works being undertaken as works in kind currently</td>
<td>-$563,662</td>
<td>These are works that will be undertaken by developers for Block 13</td>
</tr>
<tr>
<td>Total outstanding works at today’s rate less works in kind underway</td>
<td>$3,545,291</td>
<td>Outstanding scope of works less works in kind underway (31%)</td>
</tr>
</tbody>
</table>
f) Council has collected funds of $570,069 in its DCP Reserve which it will allocate for works within the DCP area. Taking this amount into account, Council will need to budget for between $2.5 to $3 million to ensure the completion of works within the DCP area. This amount will decrease depending on the rate of new development between now and 2020. It is estimated that there could be up to an additional $400,000 of streetscape contributions but this depends if all the existing permits and potential development sites are acted upon. In the event that they are not, the Council will need to ensure that the works are completed to the 1998 Landscape Masterplan standard.

g) The following matters should be noted:

- Under the DCP streetscape works may be undertaken as works in kind by developers or by Council. While Council prefers to collect DCP contributions and undertake the works itself in order to ensure quality control and consistency of work, the DCP allows for the developer to elect to undertake the works themselves, i.e. as works in kind. There is no plan to change this option under the DCP.

- Where works have been undertaken, new use and development is still required to make a contribution in accordance with the rates (as adjusted for CPI) specified in the DCP. The updated Masterplan clearly shows for each block whether streetscape works were required in 1998 and what their updated status is. If works are no longer required a cash contribution would need to be made. The updated Masterplan does not remove this requirement of the DCP.

- The actual works in the updated Masterplan are at a broad level and the streetspace staging timings are indicative. This may change depending on Council’s works scheduling program between now and 2020. Council will need to ensure that future Council works are timetabled within the DCP area in accordance with Council’s obligations under the DPC. The updated Masterplan will guide the completion of these works to 2020.

Other matters covered in the DCP review

h) A number of changes have been made to Council’s internal processes to improve management and overview of the DCP and ensure that contributions are collected and spent. These changes will ensure that DCP contribution requirements are being placed on permits, works are being budgeted for and financial reconciliation and reporting is occurring with a summary reported in the Port Phillip Annual Report.

Proposed Changes to the Port Phillip Planning Scheme

3.12 The review has highlighted the benefit of updating the reference to the Masterplan in the Incorporated Document. This is proposed to be undertaken by making an amendment to the Port Phillip Planning Scheme. The change is to update the Reference Document in the Port Melbourne Mixed Use Area
Development Contributions Plan (Streetscape Works) July 1999 from “Port Melbourne Landscape Masterplan and Streetscape Improvement Study (September 1998)” to “Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review (March 2011)” on pages 5, 7 and 9 of the Plan. The Incorporated Plan states that the “...Masterplan is at a conceptual level and it is expected that more detailed design work in consultation with site developers, local residents and property owners would occur prior to agreement on the final design for any streetscape works. This Plan is also flexible in that it allows for the development of different streetscape approaches as individual site designs are further developed.”. Updating the Reference Document will ensure that the updated masterplan becomes the reference point. There will be no changes to the level of contribution required.

4 CONSULTATION AND STAKEHOLDERS

4.1 There has been extensive community consultation on the Greening Port Phillip Strategy, Port Phillip Water Plan, Water Sensitive Urban Design Guidelines, Rouse Street Median Landscape Masterplan and Liardet Child Care Centre which are the main plans that the updated Masterplan has drawn on. There has been no specific consultation with the local community as the updated Masterplan updates the status of streetscape works based on existing conditions and does not provide final designs for streetscapes. The final designs will be developed in consultation with the local community as streetscapes works are scheduled in accordance with the Council’s streetscape and tree planting programs.

4.2 Internal consultation has occurred with representatives from Internal Audit, Finance, Governance, Asset Planning, Statutory Planning, Strategic Planning, Sustainability, Open Space Planning, Park Services, Traffic and Parking Design, Information Systems and Planning Compliance.

4. DISCUSSION

5.1 OPTIONS

5.1.1 Recommended option - The recommended option is to adopt the updated Masterplan, note the Council’s ongoing commitment to complete funding of DCP works within the DCP area and request Ministerial approval to update the landscape masterplan in the Planning Scheme (without public exhibition).

5.1.2 This option will satisfy the commitments made by the Council to the Victorian Auditor General to review the DCP as well as continue the implementation of the landscape masterplan and improve the look and functioning of the streetscape within the Port Melbourne foreshore area.

5.1.3 Option 2 – Not proceed with the updated landscape masterplan
This option is not recommended as it is not consistent with Council’s commitments and does not progress matters on this topic.

5.2 ALIGNMENT TO COUNCIL PLAN

5.2.1 There are several relevant strategies in the Council Plan including Strategy 1.3.2. - “Review services to ensure they meet community needs; 1.4.1 Ensure robust financial management and accountability through the annual budget process and public reporting; and Strategy 4.1.2 Maintain and enhance streetscapes for improved amenity, character and sustainability. A specific initiative for 2010/11 is to “Review Port Melbourne Development Contributions Plan (DCP) - Amendment C13”.

5.3 POLICY IMPLICATIONS

5.3.1 The Port Melbourne Development Contributions Plan is an Incorporated Document in the Port Phillip Planning Scheme so it is part of the Council’s planning policy. Reviewing the Plan and updating the landscape masterplan is consistent with the Plan which envisaged regular reviews. The review has also taken account of later Council policies in relation to water, WSUD, tree planting and maintenance and these have been included in the updated landscape masterplan where relevant.

5.3.2 As outlined in the report there will need to be an administrative amendment to the Port Phillip Planning Scheme to update the reference to the masterplan.

5.4 FINANCE / RESOURCE IMPLICATIONS

5.4.1 The review indicates that approximately half way through the 20 year plan, a large percentage of streetscape works has been completed within the study area with approximately 30% of outstanding streetscape works. On-going capital works funding will be required to undertake works. This will be partly sourced from DCP Reserve, Council funds and from new contributions where development opportunities remain. Further expenditure from Council generated funds will be required to undertake the works over the life of the plan and to incorporate any additional works not specified in the 1998 plan. At this stage the cost of the balance of the DCP works (not including the Rouse Street median which is part of the Council’s component of works) is estimated to be $2.5m (at today’s rate) over the next 9 years. This is a rough estimate and depends on how much additional private development occurs within the DCP area. Council will need to budget in the order of $2.5 to $3 million in order to meet its commitment. Adding WSUD and other features could add approximately 25% to the final cost.
5.5 LEGAL & RISK IMPLICATIONS

5.5.1 The review has reduced the risk associated with the DCP as it provides an update of works required and an approximate schedule for these works over the next 9 years. The improved management and governance structures put in place to oversee implementation will also reduce risk and ensure Council’s commitments are met.

5.5.2 There is a risk that the Council will not be able to fund its share of the works over the next 9 years but the sum of $2.5 million to $3 million over 9 years (approximately $330k a year) is considered to be achievable within the overall capital works budget commitment.

6. IMPLEMENTATION STRATEGY

6.1 TIMELINE

6.1.1 The next steps are as follows:

- Council decides on the final version of the Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review March 2011
- Schedule and undertake works as per the Port Melbourne Landscape Masterplan and Streetscape Improvement Study Review March 2011
- Progress an amendment to the Port Phillip Planning Scheme to update the landscape masterplan

7. OFFICER DIRECT OR INDIRECT INTEREST

7.1 The officer involved in the preparation of this briefing has an indirect interest in the matter as a close relative has an interest in one of the developments within the Port Melbourne Development Contributions Plan area.