



**12.2 PLANNING SCHEME AUDIT AND REVIEW**

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**1. PURPOSE**

- 1.1 To consider the *Port Phillip Planning Scheme Review – Audit Report 2018* (the Audit Report – Attachment 1) which makes recommendations to update and improve the Planning Scheme, including a revised Municipal Strategic Statement.
- 1.2 To determine whether to adopt the Audit Report (with, or without changes) and submit to the Minister for Planning, as required under Section 12B of the *Planning and Environment Act 1987*.
- 1.3 To determine whether progress with a program of updates to the local content (policy and provisions) of the Port Phillip Planning Scheme, generally in accordance with the recommendations the Audit Report.

**2. EXECUTIVE SUMMARY**

- 2.1 The Port Phillip Planning Scheme (PPPS) establishes local planning policy, provisions and controls which influence Council's ability to foster a liveable, attractive and sustainable City.
- 2.2 The PPPS encompasses matters such as land use, built form, heritage, natural environment, hazard management, economic development, social planning and infrastructure. The *Planning and Environment Act 1987* (the Act) requires a review of the planning scheme within 12 months of a new Council Plan being approved.
- 2.3 The Planning Scheme Review Audit Report (the Audit Report) sets out policy priorities for planning issues and considers opportunities to align the PPPS with the *We Are Port Phillip Council Plan 2017-2027* (the Council Plan).
- 2.4 Overall, the policies and controls in the PPPS are sound and reflect local best-practice planning policy. The PPPS reflects the significant body of strategic work undertaken by Council in recent years to manage the development and land use in Port Phillip. In particular, it is noted that the PPPS has some of the most extensive heritage controls and detailed built form controls in greater Melbourne which help to ensure that the City retains its valued heritage and neighbourhood character, while accommodating growth.
- 2.5 To remain contemporary in the context of significant state policy reforms, local priorities, demographic and development trends, there is however a need to update the MSS and undertake specific strategic work to strengthen policies and address gaps to better direct key outcomes of State Planning Policy Framework, *Plan Melbourne 2017-50* and the Council Plan.



- 2.6 The Review provides the opportunity to improve overall narrative of the Municipal Strategic Statement (MSS) to provide a more cohesive and holistic overall spatial vision to guide future growth and development.
- 2.7 Finalisation of the Audit Report completes Stage 1 of the Planning Scheme Review (the Review). The next step of the Review will comprise a rewrite of the MSS which will implement many of the recommendations of the Audit Report.
- 2.8 Recommendations requiring further strategic and policy work are proposed to be implemented in stages over a period of four years, representing a continuous improvement of the PPPS to ensure that it remains best-practice. See Attachment 5 for an Implementation Overview.

### 3. RECOMMENDATION

That Council:

- 3.1 Having considered the report and recommendations, adopts the *Port Phillip Planning Scheme Review – Audit Report 2018*.
- 3.2 Submits the adopted *Port Phillip Planning Scheme Review – Audit Report 2018* to the Minister for Planning, as required under the *Planning and Environment Act 1987*.
- 3.3 Resolves to commence progress with a program of updates to the local content (policy and provisions) of the *Port Phillip Planning Scheme*, generally in accordance with the recommendations of the *Port Phillip Planning Scheme Review – Audit Report 2018*.

### 4. KEY POINTS/ISSUES

#### Background

- 4.1 Council is required by the Act to review its planning scheme within 12 months of a new Council Plan being approved. The primary objective of the Review is to ensure that it remains aligned with local and state policy, and reflects / responds to current trends and issues.
- 4.2 The Audit Report does this by analysing the PPPS against current development, demographic and policy trends, and proposing a program of planned improvements and future strategic work to progressively update the PPPS over the coming years, commencing with an update to the MSS as the key local policy component of the scheme.
- 4.3 The last review of the MSS was approved by the Minister for Planning (the Minister) in 2011 through Amendment C62 which implemented the 2006 Audit.
- 4.4 The Department of Environment, Land, Water and Planning (the Department) recommended that the last scheduled review (following the 2013 Council Plan) be deferred for a variety of reasons, including:



- The State was progressing major policy reviews including *Plan Melbourne 2017-2050*, major reforms to the residential, commercial, and industrial zones and a review of the State Planning Policy Framework.
  - Major place specific planning reviews were being undertaken for Fishermans Bend, St Kilda Road (North and South) and the Bay Street Activity Centre.
- 4.5 These strategic initiatives are now largely complete, and Council has a new Council Plan. As a result, the Review is now timely and will bring Council back into line with the 4-year review cycle.
- 4.6 Following Council's consideration and adoption of the Audit report, the next stage of the Review will be to re-write the MSS. It will be followed by a planning scheme amendment to implement the new MSS and other improvements to local provisions and controls. A further program of policy development will continue to progressively strengthen and ensure the ongoing relevance of the PPPS.
- 4.7 The strategic planning for Fishermans Bend is due to be finalised in 2018. The Review will need to holistically integrate the vision and key strategies for Fishermans Bend in the MSS while considering the implications of significant growth in this precinct on the remainder of the City, including the role of future activity centres, the growth in housing and employment and open space linkages.

### **Key information**

#### Operation of Planning Scheme and role of MSS

- 4.8 All planning schemes in Victoria have the same overall format, known as the *Victoria Planning Provisions* (VPP). These generic provisions are then tailored to each municipality through the creation of local policy content through the MSS and specific policies, the spatial application of land use and development controls. See Attachment 4 - Explanatory document for further information.
- 4.9 The Scheme's Local Planning Policy Framework (LPPF) sets out local policy context on strategic planning, land use and development for the municipality. It comprises the MSS and various local planning policies which are topic or place specific.
- 4.10 The MSS is an important component of Council's overall long term planning. It can reflect and integrate the spatial elements of key strategies as they relate to topics such as (but not limited to) housing, transport, economic development, community development and public space.

#### Audit findings

- 4.11 The Audit Report makes 86 recommendations, ranging from relatively minor corrections or improvements to Council processes, to recommending significant further strategic work to reform key policy or address policy gaps within the Scheme. See Attachment 1 for the Planning Scheme Review Audit Report, 2018. Attachment 2 provides a summary of these findings and highlights alignment with the current Council Plan.



4.12 Overall, the Audit has found that the policies, controls and provisions in the PPPS are generally sound and represent best-practice planning policy in the local context. It also reflects the significant strategic work undertaken by Council in recent years to manage land use and development in Port Phillip. However, there are many ways in which the Scheme could be improved and updated to address changes in policy and demographics as well as land use and development trends.

4.13 The key findings of the Audit are set out by themes and summarised below.

*Activity centres and employment*

- Port Phillip is an attractive employment destination that will see a continued growth in jobs. However, recent trends are seeing residential uses 'crowding out' commercial uses. As a result, there is a need to undertake further strategic work on the City's employment needs and trends to identify opportunities to facilitate local jobs, protect creative industries and strengthen employment precincts.
- Activity centres in Port Phillip will need to grow and evolve to meet the demand of an increasing population and to be the foundation for the 10-minute walking neighbourhood concept of the Council. However, the potential for growth and change in many of these centres is limited by heritage fabric and small allotments. As a result, there is a need to reinforce the role and function of activity centres and consider their growth potential through delivery of a new Activity Centres Strategy and considering the development of a structure plan for St Kilda Activity Centre (Acland Street / Fitzroy Street).
- There is a need to update land use policy in the MSS to reflect the new state-wide commercial and industrial zones, the role of Fishermans Bend and to support delivery of the forthcoming Creative and Prosperous City Strategy.

*Built form and heritage*

- The City benefits from extensive detailed design policy and controls in many of our high and moderate growth areas. However, a city wide spatial plan that defines key features of the City's urban structure and character and integrates these with key strategies such as the Public Spaces Strategy and Integrated Transport Strategy as they are developed would help council develop a more integrated and holistic strategy for managing growth and change.
- Council has an extensive range of built form controls that have been implemented progressively over many years through schedules to the Design and Development Overlay (DDO). However, many of these place-specific schedules contain generic material, and reflect evolving practice over time. State initiatives such as the Better Apartments Design Standards have also created overlaps. These should be reviewed to be more consistent and clear, and less repetitive. This includes developing a more consistent approach to the overshadowing of public spaces and ensuring key precinct controls are achieving intended outcomes (particularly DDO6 in St Kilda, DDO8 in South Melbourne and DDO26 in St Kilda Road North).
- Port Phillip has the most extensive application of heritage controls in Victoria. However, like much of inner Melbourne, heritage policy and design guidance has tended to focus on 19th century built form. In recent times, reviews have indicated that other eras (particularly inter-war and post war) would benefit from a thematic review, and that



social heritage remains a policy gap that requires some attention at a regional level. As a result, the Heritage Program is proposed to be continued, with a focus on:

- addressing gaps including missing 'eras' or themes, reviewing heritage precinct boundaries, contributory heritage properties outside of heritage overlay areas and social heritage
- consulting with the community to understand the important social heritage aspects of Port Phillip and work with the State to look at new and better ways for this be reflected
- reviewing existing heritage policy to ensure that it adequately addresses a broader range of development types (including industrial and commercial properties), and development contexts (higher density and urban renewal areas)
- developing policy guidance to balance heritage and Environmentally Sustainable Development outcomes
- reducing permit triggers for low-impact buildings and works in the Heritage Overlay, where in accordance with design criteria.

#### *Environment*

- The Scheme has detailed policy to facilitate development that mitigates its impact on the natural environment. However, it is less clear in its implementation of these policies. As a result, Council should continue to advocate to the Minister for a permanent, and more ambitious State-wide equivalent of the current Environmentally Sustainable Development Local Policy, and for stronger planning mechanisms to address climate change hazards and improve guidance on how applicants can meet these ESD objectives.
- There is also an opportunity to undertake further strategic work to justify the further use of planning scheme mechanisms to:
  - minimise the cumulative loss of vegetation and trees on private land in the municipality
  - leverage further greening of the city through better development outcomes such as through the delivery of green roofs, green walls, increased tree planting and landscaping and contributions from developers towards new, or reclaimed open space.

#### *Health and wellbeing*

- Health and wellbeing policy is currently well embedded throughout the MSS, however, there is an opportunity to raise its profile by specifically linking outcomes to liveability. This could include:
  - better reflecting Council's new Health and Well-being Implementation Strategy
  - further promotion of universal accessibility for people of all ages and abilities
  - development of detailed policy to guide land use conflicts arising from licensed premises in mixed-use areas
  - refining the policy and use of Social Impact Assessments to more effectively consider the social impacts of some planning decisions



- new policy to encourage urban agriculture and food-sensitive urban design
- expansion of community infrastructure policy to further address co-location and the clustering of uses, the delivery of adaptable spaces, and further design guidance for developers.

*Public spaces and foreshore*

- An increasing population and a shift towards higher density living environments is putting pressure on Port Phillip's existing network of public spaces. Council's current Open Space Strategy is not well suited to managing these issues to a best practice standard and new strategy is required. Once completed, the PPPS will be key to implementing the directions of the new Public Spaces Strategy.
- The new Strategy will need to consider the broad range of public needs in Port Phillip and explore opportunities to improve the quantum, quality, diversity, environmental performance and spatial distribution of the open space network. This will necessitate the following:
  - reviewing opportunities to create new public spaces and re-imagine existing public spaces to meet diverse needs of a growing population
  - improving linkages to and between the public space network
  - how public space contributes to placemaking and 10 minute neighbourhoods
  - providing updated guidance for development applications such as improved design interfaces and a framework for implementing public open space contributions (potentially at a greater rate than the current 5%)
  - review all existing overshadowing of public spaces and the foreshore to strengthen and provide a consistent city-wide approach, where possible.

*Housing and growth*

- Council's existing Housing Strategy needs to be revised in line with current housing issues and respond to recent reforms at the State level relating to the revised suite of residential zones and the delivery of new apartment standards.
- An updated Housing Strategy will need to:
  - take into consideration current factors and demand influencing housing provision
  - reflect the strategic vision for Fishermans Bend
  - account for the changes to the residential zones such as the 'garden area' requirement and new height limit in the General Residential Zone
  - consider using the new zones to more effectively direct housing growth and diversity while respecting heritage and neighbourhood character values
  - develop preferred neighbourhood character statements to enable our residential areas to maintain their valued neighbourhood character while quality new development takes place
  - consider the 'review areas' that were not addressed by Amendment C123
  - continue to monitor and understand housing trends in the municipality.



- In the shorter term, the MSS review will strengthen affordable housing policy by reflecting the directions of state policy and *In Our Backyard - Growing Affordable Housing in Port Phillip 2015-2025*.
- Updating the MSS to strengthen housing diversity and accessibility policy by specifying the desired outcome and including policy support for alternative forms of housing.

*Transport, parking and waste*

- Supporting people to travel by non-car modes is essential to manage road network congestion, which will intensify as the city grows and becomes denser. Emphasising an integrated land use and transport planning approach in the MSS will help to reduce reliance on cars and facilitate 10-minute walking neighbourhoods by directing growth to areas well served by public transport and shops.
- The MSS will need to be updated to reflect the outcomes of the Integrated Transport Strategy (Move, Connect, Live) - under preparation. As part of this, further consideration should be given to the use of the Parking Overlay to facilitate more sustainable parking rates and to explore funding opportunities for active transport initiatives.
- Relevant outcomes of the Waste Strategy (also under preparation) should be integrated into the PPPS to ensure that medium and high-density development proposals accord with best practice waste management principles such as coordinated on-site storage and collection, and maximised landfill diversion.

*Effectiveness and efficiency*

- The Scheme is long, complex and could be simplified and clarified without losing its strategic intent. It is noted that the State Government has commenced its 'Smart Planning' Program to address this issue which is common across local planning schemes.
- The MSS will need to be restructured to more closely reflect the topics of the State Planning Policy Framework to prepare for an integrated planning policy framework currently being developed by the State Government is considering as part of the Smart Planning reforms.
- There is also an opportunity to explore the potential for Council to prescribe local classes of *VicSmart* applications to streamline simple planning applications. If considered carefully, this could have the potential to free up existing statutory planning resources to focus on larger proposals.

**Options:**

- 4.14 Option 1: Adopt the *Port Phillip Planning Scheme Review – Audit Report 2018* (the Audit Report provided at Attachment 1). This option would include submitting the Audit to the Minister for Planning and commence a program of work to update the PPPS as outlined in the report. Council could determine to make minor changes or additions to the Audit Report under this option.



- 4.15 Option 2: Determine not to adopt the Audit Report. This would be an appropriate option if Council considers further work is required to be undertaken on the Audit Report, or if it does not consider the recommended program of work to update the scheme is aligned sufficiently with its Council Plan priorities.
- 4.16 Option 1 is recommended. Council is required under the Act to undertake an audit and review its planning scheme and submit the Audit report, without delay to the Minister for Planning.

## 5. CONSULTATION AND STAKEHOLDERS

- 5.1 Internal and external consultation was undertaken during the development of the Audit Report and included the following:
- a series of workshops with Council officers on feedback on the performance of the Scheme to inform Audit findings
  - a survey of regular users of the planning scheme to gather information on the useability and effectiveness of the Scheme
  - a Councillor workshop outlining the progress of the Review and providing the opportunity to input into the Audit process (August 2017).
- 5.2 Moving forward, there are a range of opportunities to engage the community and ensure stakeholder views are considered throughout the development of a new MSS and planning scheme controls:
- The opportunity to make submissions during any formal planning scheme amendment process, such as the recommended MSS re-write amendment.
  - Specific engagement processes associated with the development of key strategies as they are developed.

## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 The risk of doing nothing is that:
- Council will not be fulfilling its duties under Section 12B of Act to review its Scheme within 12 months of the adoption of the Council Plan and submit this to the Minister for Planning.
  - The PPS will become outdated and less effective in delivering local planning objectives in planning decisions.

## 7. FINANCIAL IMPACT

- 7.1 The MSS rewrite will be completed in the next financial year using Council's existing staffing resources.
- 7.2 The development of some key strategies will require additional budget over the next four years. Those proposed in the next two financial years are already reflected in Council Plan and Budget (including the Public Space Strategy, Housing Strategy and heritage program).



- 7.3 Planning Scheme Amendments to update the Scheme are generally funded through the annual Planning Scheme Amendment program budget.

**8. ENVIRONMENTAL IMPACT**

- 8.1 The Planning Scheme Review will achieve environmental benefits associated with improving strategic direction for future land use and development across Port Phillip by better protecting significant vegetation, delivering sustainable development outcomes and considering ways to facilitate greening of the City.

**9. COMMUNITY IMPACT**

- 9.1 The findings of the Audit Report closely align with the priorities of the Council Plan, which reflects the community's long-term vision for the City.
- 9.2 An updated and strengthened PPS will deliver positive outcomes for the community through influencing land use and development to improve community health and well-being, environmental sustainability, economic vitality, housing, heritage and transport.

**10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 10.1 One of the primary aims of the Planning Scheme Review is to align the Port Phillip Planning Scheme with the Council Plan 2017-27:
1. We embrace difference and people belong:
    - Strengthening MSS policy on health and wellbeing, affordable housing, community facilities and aboriginal cultural heritage
  2. We are connected and it's easy to move around:
    - Reflecting the Integrated Transport Strategy in the MSS, integrating land use and transport policy, exploring sustainable car parking rates, strengthening placemaking policies
  3. We have smart solutions for a sustainable future:
    - Improving protection and facilitation of vegetation and City greening, plan for and adapt to climate change, update the MSS to reflect an integrated water management approach, consider ESD facilities in heritage areas
  4. We are growing and keeping our character:
    - Undertaking a comprehensive review of the City's heritage framework, undertaking a municipal spatial plan to guide City growth, strengthening urban design and amenity policies
  5. We thrive by harnessing creativity:
    - Undertaking further strategic work on employment land and role and hierarchy of our activity centres, reflecting key policies of the Creative and Prosperous City Strategy in the MSS.



**11. IMPLEMENTATION STRATEGY**

- 11.1 The Audit report represents completion of Stage 1 of the Planning Scheme Review.
- 11.2 The next step of the Review (Stage 2) will be the rewrite of the MSS which will implement many of the recommendations, and to align with the Council Plan with State Policy and address current planning issues and policies. This will be implemented by a Planning Scheme Amendment (Stage 3). See [Attachment 3](#) for Stages of the Planning Scheme Review.
- 11.3 Those recommendations requiring further strategic work will be staged over a four-year period, including some of the larger policy reviews such as the Housing Strategy and Public Spaces Strategy (both scheduled for 2018/19).
- 11.4 A monitoring and reporting framework will be developed to report on the indicative four-year work program. This will phase the implementation of the recommendations and further strategic work, representing a continuous improvement of the PPS over the next four-years. See [Attachment 5](#) for an Implementation Overview.
- 11.5 The adopted Port Phillip Planning Scheme Review Audit Report 2018 will be published on the Council website to inform the community of the findings of the Audit and next steps in the Planning Scheme Review process.

**12. OFFICER DIRECT OR INDIRECT INTEREST**

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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**ATTACHMENTS**

1. Port Phillip Planning Scheme Audit Report 2018
2. Audit Findings A3 Summary
3. Stages of the Planning Scheme Review
4. Explanatory Document - Planning Scheme
5. PSR Implementation Overview