



# MEETING OF THE PORT PHILLIP CITY COUNCIL 2 SEPTEMBER 2020

## 12.1 FISHERMANS BEND - STATUS AND NEXT STEPS

**EXECUTIVE MEMBER:** PETER SMITH , CHIEF EXECUTIVE OFFICER

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### 1. PURPOSE

1.1 To provide Council with a status update on the Fishermans Bend Program, identify key risks and propose a partnership approach.

### 2. EXECUTIVE SUMMARY

2.1 The Fishermans Bend summary report provides a review of the Fishermans Bend program to support the transitioning to a future Council which is anticipated to be in place at the beginning of 2021. The report outlines:

- (a) the key achievements of the current Council;
- (b) the current outcomes of the precinct planning approach and potential gaps;
- (c) provides an update on precinct implementation plan outcomes
- (d) identifies the increase in risks due to Covid 19 pandemic and outlines the mitigation response of a partnership agreement;
- (e) summaries a financial advocacy approach to support Council's position in the absence of a formal finance and funding agreement.

#### Key Achievements of the Council

2.2 The Fishermans Bend Vision and Framework planning controls have now been completed and Council and State Government are now focusing on the development of the precinct implementation plans. The input from Council has been significant and has consisted of the following:

- Major contribution to the development of the Framework in 2017/18, leading to its finalisation in October 2018;
- The development of the initial draft precinct implementation plan inputs for Montague, Wirraway and Sandridge.
- Leadership of many of the studies contributing to the development of the precinct implementation plans;
- Community engagement in collaboration with State Government.
- Statutory planning has also continued with more than 50 development applications under assessment. There has been a recent increase in pre-application enquiries and submissions of amended plans.

2.3 The State (Fishermans Bend Taskforce) 2019/20 work program originally proposed the release of the Montague Precinct Implementation Plan (MPP) in April 2020; however, this deadline has slipped due to COVID-19 and is now scheduled for delivery in



November 2020. Work on the Sandridge and Wirraway Precinct Implementation Plans await the results of the Tram and Active Transport Preliminary Business Case.

### **Precinct Implementation Plans – Content and Potential Gaps**

- 2.4 Precinct implementation plans are high level master plans for whole communities. The plans are developed using a standard approach and enable planners to achieve a diversity of locally distinctive outcomes.
- 2.5 They are substantive documents which require a comprehensive understanding from both Council and community. The report summarises the outcomes of the precinct implementation plans and officer's comments. Council officers would like to see the following outcomes as part of the development of the precinct implementation plans:
- Inclusion of the proposed approach and actions to community and stakeholder engagement, both during preparation and implementation of the precinct implementation plan;
  - Incorporation of outcomes of Council's current Fishermans Bend Heritage Review project;
  - Enhancement of preferred precinct character statements to ensure new development contributes positively to the vision of the area;
  - Integration of the Fishermans Bend Urban Design Guideline. This is separate document under preparation by CoPP and contains the Fishermans Bend adapted elements of the City Centre Design Guide which are currently being discussed with Fishermans Bend Taskforce;
  - Potential refinement of current development requirements to achieve public realm amenity outcomes (e.g. overshadowing and wind mitigation);
  - Inclusion of strategic directions and actions to facilitate and support creative industries and arts;
  - Inclusion of strategic directions, actions and concept plans for improvements to Stop 126 of Tram Route 109 (Montague Street) and its surrounding area, including public open space, connectivity, safety and amenity, whilst retaining the heritage values of the rail overbridge;
  - Inclusion of strategic directions and actions for cultural heritage interpretation; and
  - Consideration of opportunities for development to contribute to provision or upgrading of public infrastructure.
- 2.6 Council officers will continue to develop the precinct implementation plans in partnership with the Taskforce and advocate for further outcomes as detailed.

### **Increased Risk and Proposed Partnership Approach**

- 2.1 CoPP has identified four strategic risks in the redevelopment of Fishermans Bend and has an approach previously endorsed by Council.
- 2.2 The Covid-19 pandemic has impacted significantly on each of these risks, raising the level of risk for CoPP and weakening the efficacy of current mitigation strategies.
- 2.3 The pandemic impacts significantly elevate the risk that strategic outcomes endorsed by Council are not achieved within the desired timeframes and stronger governance is critical to effectively mitigating these escalated risks.



- 2.4 The State Government, with the support of the Fishermans Bend Development Board, are currently working on future governance arrangements however, resolution of this is still some time away.
- 2.5 Given the escalating risks to Council due to the impacts of the pandemic, Council believes that these risks should be mitigated through an interim strengthening of governance arrangements ahead of the implementation of longer-term governance arrangements.
- 2.6 It is recommended that this is best achieved through a formal partnership agreement between the Cities of Melbourne and Port Phillip and the State Government.

#### **The Partnership Agreement**

- 2.7 Council has worked as a collaborative partner with the State Government in the recasting of the planning for Fishermans Bend (since 2015). This has included engagement of the Mayor in the Ministerial Advisory Committee (MAC) that advised the Minister for Planning on the development of the Vision and Framework, committing significant operational resources to the development of these documents and the forthcoming precinct implementation plans, and the ongoing attendance at and support for the Mayor's Forums and Inter-Departmental groups.
- 2.8 Council recognises that ongoing partnership is critical to the successful redevelopment of Fishermans Bend, however, the escalation of risk to Council in recent months, indicates that current governance arrangements will not adequately manage or mitigate this risk to Council.
- 2.9 Consequently, it is recommended that Council along with the City of Melbourne write to the Minister; with a copy to the Chair of the Development Board and Deputy Secretary DJPR, requesting that the State enter a formal partnership agreement with the City of Port Phillip and the City of Melbourne, to immediately strengthen governance arrangements until such time as longer term governance arrangements are agreed with the Councils and established by the State.
- 2.10 The proposed partnership agreement is outlined in the main body of the report. Importantly it also requests that the State to implement revised confidentiality arrangements that enable the full Council to be involved in decision making utilising the confidentiality provisions of the Local Government Act; rather, than binding the Mayor, CEO and officers to individual confidentiality arrangements.

#### **Advocacy Approach**

- 2.11 Council officers have noted the need for an advocacy approach to mitigate the financial risks. Before this approach can be finalised, Council officers need to access accurate financial information, much of which is held by the State, which may impact these principles.
- 2.12 Council recommits to its vision of a diverse and vibrant community in Fishermans Bend, a community that provides equitable government services, affordable housing and where quality investment is underpinned by the early delivery of catalytic investment in projects like the tram.



### 3. RECOMMENDATION

That Council:

- 3.1 Notes the achievements for Fishermans Bend within this term of Council;
- 3.2 Notes the work required to complete the precinct implementation plans to an acceptable level of quality;
- 3.3 Notes the impact and potential impact of the Covid-19 pandemic on Fishermans Bend and the escalation of risks to Council;
- 3.4 Notes the State Government's intent to establish longer term governance arrangements for Fishermans Bend and advocates for CoPP representation within the long-term governance arrangements;
- 3.5 Recommits to its vision of a diverse and vibrant community in Fishermans Bend; a community that provides equitable government services, affordable housing and where quality investment is underpinned by the early delivery of catalytic investment in projects like the tram;
- 3.6 Supports the advocacy approach outlined in the report covering precinct planning, transport outcomes including continued advocacy for
  - (a) An extension to the tram network, as the number one priority;
  - (b) Improvements to rail connections.
- 3.7 Supports the financial advocacy approach and requests the CEO to advocate for those outcomes subject to receiving up to date financial and other information;
- 3.8 Writes to the Minister, Deputy Secretary DJPR and Chair of the Fishermans Bend Development Board to request that:
  - (a) given the escalation of risks to Council, current governance arrangements are strengthened through the development and implementation of a formal Partnership Agreement between the State and the City of Port Phillip and, (with their agreement), the City of Melbourne;
  - (b) Council officers are given immediate access to information so they can clarify the financial risk to Council; and
  - (c) Revised confidentiality arrangements are implemented that enable the full Council to be involved in decision making utilising the confidentiality provisions of the Local Government Act.
- 3.9 Endorses the content of the proposed Partnership Agreement and delegates to the CEO the authority to develop, negotiate and finalise a Partnership Agreement for formal endorsement by Council at a future Council Meeting;
- 3.10 Continues to leverage the opportunity of affordable housing in perpetuity and advocates for stimulus investment in affordable and social housing outcomes; and
- 3.11 Requests the CEO to report back to Council on the progress of these actions.

#### 4. KEY POINTS/ISSUES

##### Achievements During the Current Term

- 4.1 City of Port Phillip has made a significant contribution to the thinking and development of Fishermans Bend during the last four years. The planning approach undertaken by the State Government was outlined in the Fishermans Bend Framework as follows (See Figure 1):

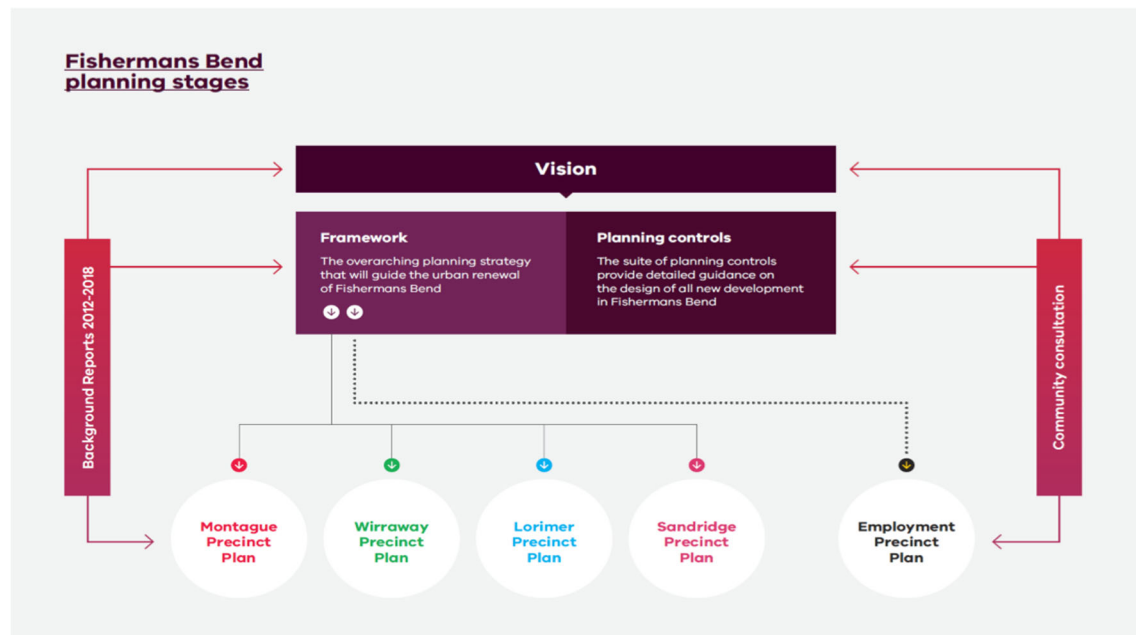


Figure 1 – Fishermans Bend Planning Stages

- 4.2 The Vision (2016 - Council endorsed) and Framework/planning controls (2018) are complete and Council is now focusing on the development of the precinct implementation plans. The input from Council has been significant and has consisted of the following:

- Major contribution to the development of the Framework in 2017-18, leading to its finalisation in October 2018;
- The development of initial draft precinct implementation plan inputs for Montague, Wirraway and Sandridge.
- Leadership of many of the studies contributing to the development of the precinct implementation plans;
- Community engagement in collaboration with State Government.
- Statutory planning has more than 50 development applications under assessment. There has been a recent increase in pre-application enquiries and submissions of amended plans.

- 4.3 During 2019/20, Council and Fishermans Bend Taskforce (Taskforce) have engaged with key agencies on the following initiatives:

- (a) **Flood Mitigation and Design Response to Flooding**



- (b) **Urban Ecology:** Wind, urban heat, biodiversity and greening -;
  - (c) **Heritage**
  - (d) **Place Making / Development Strategy Advice**
  - (e) **Transport Review**
  - (f) **Engagement Strategy**
  - (g) **Economic Strategy**
- 4.4 The Taskforce is progressing infrastructure planning and costing work which will form the basis for the financial strategy.
- 4.5 The 2019/20 Fishermans Bend work program has progressed albeit against a changing timeline and a major restructure of State departments. During 2019/20, the Taskforce was restructured and ministerial responsibility for Fishermans Bend was transferred from Minister Wynne, as Minister for Planning, then to Minister Jennings, first as Special Minister of State, then as Minister for Priority Precincts. Responsibility was subsequently transferred in March 2020 to Minister Allan as Minister for Priority Precincts, then in June 2020 to Minister Pakula as Minister for Business Precincts.
- 4.6 The 2019/20 FBT work program originally proposed to release the Montague Precinct Implementation Plan (MPP) in April 2020 however, this deadline has slipped due to COVID-19 and is now scheduled for November 2020. Work on the Sandridge and Wirraway Precinct Implementation Plans is effectively on hold pending the input of the Tram and Active Transport Preliminary Business Case.
- 4.7 The Taskforce has continued to work closely with Council officers and has committed to engage directly with Councillors. Detailed precinct planning continues to be undertaken as a collaborative venture between Council and the Taskforce.
- 4.8 The tram, which was identified as a key catalytic investment is being progressed through the development of a preliminary business case by the Department of Transport and is due for Government consideration in early 2021.
- 4.9 Place creation was highlighted as a key issue by Council and papers were presented to the Fishermans Bend Board in 2019. Preliminary place creation planning was progressed in early February 2020 with consultants from Canada, the Netherlands and the US. It is envisaged that this work will form a central component in realising the Montague Precinct Implementation Plan where delivery of the public realm will require careful consideration of resident and business needs.
- 4.10 The Taskforce has continued work on infrastructure prioritisation activities as part of the broader funding and finance approach. Council officers have provided input.
- 4.11 Both the Taskforce and Council are focusing efforts on the development of a package of potential complimentary works in the precinct that can demonstrate government commitment to facilitating change in the precinct, focussing on place creation, water management and active transport.
- 4.12 Given State Government is delivering a secondary school and community hospital in Wirraway, Council officers are advocating to Government to coordinate complementary public realm improvements to realise the benefits of these investments in the short-term including transport links, open space upgrades and drainage works.





- 4.13 Council officers understand that the State Government is targeting the release of a draft Montague Precinct Implementation Plan in November 2020 followed by community engagement. This target date has not been finalised and the Taskforce intends for Council to be briefed prior to the public release. The community engagement will focus on how the community wants to shape the delivery of the precinct over time and how they become more involved before finalisation of the plans in 2021. Release of the Plan is dependent on approval by the State Government and may be impacted by the Covid-19 pandemic.
- 4.14 Council's formal response to the precinct implementation plans will be considered in early 2021.

**Precinct Implementation Plans - Scope**

- 4.15 Precinct Implementation Plans are high level master plans for whole communities. The plans are developed using a standard approach and focus on consistency of scope as well as enabling planners to achieve a diversity of locally distinctive outcomes.
- 4.16 They are substantive documents which require a comprehensive understanding from both Council and community. The Taskforce has provided an outline of the proposed scope of the work and officers responses are included below.

FBT Proposal	CoPP Officer Response
<b>What's in scope?</b>	
Place creation over time	<b>Agree</b> , provided detailed priority actions and initiatives are included to guide the delivery of key identified projects (including indicative costs, timeframes and responsibilities)
Economic narrative and job creation approach	<b>Agree</b> , provided strategic directions and detailed priority actions and initiatives are included to ensure outcomes will be achieved (including indicative costs, timeframes and responsibilities)
Approach to community infrastructure	<b>Agree</b> , provided the following is included: <ul style="list-style-type: none"> <li>▪ Agreed location of community facilities / hubs in Montague precinct to serve the Montague community</li> <li>▪ Justified change from planned provision of community infrastructure / facilities in Framework (and background report)</li> <li>▪ A plan / approach to establish the Montague Community Hub (currently Montague Continuing Education Centre) (including indicative costs, timeframes and delivery responsibility)</li> </ul>
Refinement to primary and secondary active frontage streets and laneways and	<b>Agree</b> , provided the following is included in scope: <ul style="list-style-type: none"> <li>▪ Confirmation of activity core and extent of core retail activity area for Montague</li> </ul>



FBT Proposal		CoPP Officer Response
locations for key retail anchors		<ul style="list-style-type: none"> <li>▪ The role and function of the Montague activity core in the hierarchy of activity cores across all precincts in Fishermans Bend</li> <li>▪ The role and function of the Montague activity core in delivering a diverse range of economic activities</li> <li>▪ Appropriate site for a full-sized supermarket in Montague South</li> <li>▪ Specific actions / initiatives to achieve strategic retail outcomes</li> <li>▪ Enhancement of active frontage requirements to achieve strategic outcomes</li> <li>▪ Refinement of active frontage requirements to public open space</li> </ul>
Cross-sections and transition plans for key streets (Buckhurst Street, Montague Street, Normanby Road)		<p><b>Agree in part</b> – Officers need to confirm hierarchy and modal priority for the roads within the precinct, preferably as per the Framework Plan, provided the following is included in scope:</p> <ul style="list-style-type: none"> <li>▪ Indicative cost for works, estimated costs and delivery priority for delivery of elements within these plans</li> <li>▪ Incorporation of strategic directions such as urban ecology / tree canopy, water-sensitive urban design and equitable access</li> <li>▪ Managing conflicts between different users of road reserve (including freight transport)</li> <li>▪ Planned changes to bus services (routes, stops);</li> <li>▪ Further detail on road geometry, traffic management and safety measures</li> <li>▪ Requirements for development to contribute works (e.g. at site frontages) or make monetary contributions towards future works by CoPP</li> </ul>
Strategic direction for destination laneways encompassing access and car parking considerations		<p><b>Agree</b>, provided the following is included in scope:</p> <ul style="list-style-type: none"> <li>▪ Detailed priority actions and initiatives are included on how strategic directions will be implemented (including indicative costs, timeframes and responsibilities)</li> <li>▪ Managing conflicts between different uses of laneways</li> <li>▪ Vehicle access arrangements</li> <li>▪ Response to heritage values of laneways (CoPP work)</li> <li>▪ Link (authority and justification) for future work and subsequent changes to planning policy /</li> </ul>



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FBT Proposal		CoPP Officer Response
		development outcomes. This work can also help to resolve the issue of amount of car parking associated with existing and in process development applications, vehicle access, and broader parking approaches for sites.
Indicative plans for upgrading other streets (opportunities to improve tree, footpath widths)		<p><b>Agree</b>, provided the following is included in scope:</p> <ul style="list-style-type: none"> <li>▪ Incorporation of strategic directions such as urban ecology / tree canopy, water-sensitive urban design and equitable access</li> <li>▪ Link (authority) for future planning and upgrading work (to be undertaken by CoPP)</li> <li>▪ Planned bus services (routes, stops)</li> <li>▪ Further detail on road geometry, traffic management and safety measures</li> <li>▪ Requirements for development to contribute works (e.g. at site frontages) or make monetary contributions towards future works by CoPP</li> </ul>
Concept plans for key parks and open spaces and future design guidance for others		<p><b>Agree in part</b> –need to confirm hierarchy, function and level of service of public open spaces in Montague (preferably aligned with CoPP Draft Public Space Strategy). Need to incorporate strategic directions such as urban ecology / tree canopy, water-sensitive urban design and equitable access.</p>
Design response to flooding in key activation areas		<p><b>Agree in part</b> – proposed urban design guide should only be a reference document (it is similar to a detailed design and technical standard), with only a link (authority and justification) provided in the precinct implementation plan.</p>
Design response to character buildings		<p><b>Agree in part</b> –need to determine planning policy and development implications of design response (to align with acceptable ‘light touch’ changes to planning controls)</p>
Cycling network and connections to broader area		<p><b>Agree</b>, provided same is included for pedestrian network. Essentially all roads should provide high level of service for pedestrians. The main issue is barriers to crossing roads and level of service at intersections. This is not currently the focus. It also needs to include connectivity across major roads within and outside Fishermans Bend, as well as indicative cost, timeframes and responsibility for each action</p>

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FBT Proposal		CoPP Officer Response
List of actions with partner organisations and indicative funding source		<b>Agree</b> , provided indicative costs, timeframes and delivery priority are included for each element.
Preparation of proposed changes to planning scheme to reflect the above		<b>Agree</b> , provided acceptable 'light touch' changes are determined before above changes are drafted and adequate justification is included to support changes
<b>What's out of scope?</b>		
Detailed operating model for possible place creation hub		<b>Agree</b> , provided specific actions are included on how initiative will be achieved (and relevant timeframes / responsibilities)
Confirmed funding source for all interventions over 30-year period		<b>Acknowledged</b> , however detailed priority actions and initiatives need to be included to guide the delivery of key identified projects (including indicative costs, timeframes and funding responsibilities)
Detailed functional layouts for streets and open spaces		<b>Agree</b> , provided the following is within scope: <ul style="list-style-type: none"> <li>▪ Link (authority) is included for future planning and upgrading work (to be undertaken by CoPP)</li> <li>▪ Requirements for development to contribute works (e.g. at site frontages) or make monetary contributions towards future works by CoPP</li> </ul>
Detailed traffic modelling, car parking counts or changes to overall parking rates (though sites for reduced or zero car parking may be encouraged)		<b>Acknowledged</b> , however may need to be reviewed following review of proposed road hierarchy, road upgrades / streetscape works, etc  Officers are concerned about are clarity on the priority for implementation needed to achieve mode shift, and the approach to changes to car parking.
Major review or changes to built form controls		<b>Agree</b> , provided acceptable 'light touch' changes to planning controls are confirmed
Major upgrade plans for minor streets		<b>Agree</b> , provided the following is within scope: <ul style="list-style-type: none"> <li>▪ Link (authority) is included for future planning and upgrading work (to be undertaken by CoPP)</li> <li>▪ Requirements for development to contribute works (e.g. at site frontages) or make monetary contributions towards future works by CoPP</li> </ul>



FBT Proposal	CoPP Officer Response
	<ul style="list-style-type: none"> <li>▪ There is a concern that the cost will be paid by CoPP rather than from DCs.</li> </ul>
Confirmed funding commitment or timing for infrastructure investment (subject to development contribution receipt, development rollout and/or budget decisions by Government)	<p><b>Acknowledged</b>, however detailed priority actions and initiatives need to be included to guide the delivery of key identified projects (including indicative costs, timeframes and funding responsibilities)</p> <p>It is noted however that our major issue is that the proposals are unfunded.</p>
Detailed design and technical standards	<p><b>Agree</b>, provided link (authority) is included for design and technical standards to be undertaken by CoPP and used to guide development works</p>

Table 1 – Office Feedback on Scope of Precinct Implementation Plan

4.17 Council officers recommend that the following be included in the precinct implementation plans:

- Inclusion of the proposed approach and actions to community and stakeholder engagement, both during preparation and implementation of the precinct implementation plan;
- Incorporation of outcomes of Council’s current Fishermans Bend Heritage Review project;
- Enhancement of preferred precinct character statements to ensure new development contributes positively to the vision of the area;
- Integration of the Fishermans Bend Urban Design Guideline. This is separate document under preparation by CoPP and contains the Fishermans Bend adapted elements of the City Centre Design Guide which are currently being discussed with Fishermans Bend Taskforce;
- Potential refinement of current development requirements to achieve public realm amenity outcomes (e.g. overshadowing and wind mitigation);
- Inclusion of strategic directions and actions to facilitate and support creative industries and arts;
- Inclusion of strategic directions, actions and concept plans for improvements to Stop 126 of Tram Route 109 (Montague Street) and its surrounding area, including public open space, connectivity, safety and amenity, whilst retaining the heritage values of the rail overbridge;
- Inclusion of strategic directions and actions for cultural heritage interpretation;
- Consideration of opportunities for development to contribute to provision or upgrading of public infrastructure.

4.18 A key outcome of the Fishermans Bend Urban Design Guideline that Council officers are currently developing is that it would assist in implementing current planning policy



applying to development in Fishermans Bend. It will function in a similar way to the Central Melbourne Design Guide (CMDG) and is largely derived from this document. Council are working through some matters applicable to Fishermans Bend that aren't covered by the CMDG and which may benefit from implementation guidance.

- 4.19 The precinct implementation plan is an opportunity to refine current development requirements to minimise amenity impacts on the public realm. This was flagged in the Planning Panel report for GC81. Any changes to planning controls would need to be considered against the agreed 'light touch' approach.
- 4.20 Council officers will continue to develop the precinct implementation plans in partnership with the Taskforce and advocate for these outcomes.

## 5. IMPACT OF PANDEMIC ON STRATEGIC RISK

- 5.1 CoPP has identified four strategic risks in the redevelopment of Fishermans Bend and has an agreed approach endorsed by Council. These are

### A. Strategic Outcomes

Strategic outcomes endorsed by Council are not achieved within desired timeframes, or at all due to lack of commitment to infrastructure and/or insufficient planning provisions.

### B. Funding and Finance

Infrastructure required to support the redevelopment is inadequately funded and/or disproportionately placed on Council to deliver leading to financial risk associated with Council having to top up funding through rates creating inequities across the City.

### C. Market Confidence, Brand, Placemaking and Transition

Growth/investment does not proceed as planned due to a lack of market confidence in the redevelopment, a failure to adequately fund and/or leverage catalytic investments to create a sense of place and a failure to adequately manage the transition from an industrial to a mixed-use area.

### D. Council and State Governance and Reputation

Governance arrangements fail to adequately manage the above three risks creating reputational risk for Council within the community and the market.

- 5.2 The Covid-19 pandemic has impacted significantly on each of these risks, raising the level of risk for CoPP and weakening the efficacy of current mitigation strategies.
- 5.3 In summary, the major impacts of the pandemic that have or have potential to elevate risk to CoPP include:
- Economic downturn and the resultant decline in demand for commercial and residential development and fall in property prices;
  - Other factors, including increased working from home that will impact on demand for commercial office space and likely tightening of development financing;
  - Slowing development rate and lower ability of developers to contribute if contributions are set too high, including the relative competitiveness of Fishermans



Bend as a precinct to invest in compared to other precincts in Melbourne elsewhere in Australia;

- State and Federal Government expenditure on pandemic response is likely to severely limit their ability to fund catalytic infrastructure;
- Uncertainty around the approach to secure land required for future public infrastructure or how other essential or catalytic infrastructure will be funded outside of developer contributions. This has the potential to effectively widen funding gaps;
- Diversion of key State Government personnel to the pandemic response, changes of Ministerial responsibility and the constrained resources of the Taskforce have contributed to delays, causing further market uncertainty due to delays in precinct implementation plans;
- Delays have also caused further governance and reputational risk, with key program milestones and decision points now not programmed until after the Council election;
- The Intergovernmental Delivery Group (IDG) - a key governance mechanism; has not met since the onset of the pandemic, leaving the Mayor's Forum as the single point of influence for Council. The latter has limited effectiveness in managing risk for Council as it is advisory in nature and places confidentiality constraints on the ability of the Mayor and CEO to consult with the full Council;
- Reduced community and market engagement and delays to the program has the potential to undermine the community's confidence in Council's management of these risks for the community and is also undermining community and business (developer, investor, small and medium business) confidence in the area.

5.4 The pandemic impacts identified above significantly elevate the risk that strategic outcomes endorsed by Council are not achieved within the desired timeframes.

5.5 The City of Melbourne share many of these concerns. A copy of a recent City of Melbourne Report is attached for Council's information (See Attachment 1);

### **Governance and Partnership**

5.6 Stronger governance is critical to effectively mitigating these escalated risks.

5.7 The State Government, with the support of the Fishermans Bend Development Board, are currently working on future governance arrangements however, resolution of this is still some time away. Currently there is no formal State Government position, however should an 'authority' type model be pursued, Council would need to satisfy itself that it is established with adequate powers, clear roles, accountability, resources and structure to effectively manage the above risks for the community, including establishing formal arrangements with Council.

5.8 Given the escalating risks to Council due to the impacts of the pandemic, Council believes that these risks should be mitigated through an interim strengthening of governance arrangements ahead of the implementation of longer-term governance arrangements.

5.9 It is recommended that this is best achieved through a formal partnership agreement between the Cities of Melbourne and Port Phillip and the State Government.



### **The Partnership Agreement**

- 5.10 Council has been a collaborative partner with the State Government in the recasting of the planning for Fishermans Bend (since 2015). This has included engagement of the Mayor in the Ministerial Advisory Committee that advised the Minister for Planning on the development of the Vision and Framework, committing significant operational resources to the development of these documents and the forthcoming precinct implementation plans, and ongoing attendance at and support for Mayor's Forums and Inter-Departmental groups.
- 5.11 Council recognises that ongoing partnership is critical to the successful redevelopment of Fishermans Bend, however, the escalation of risk to Council in recent months, indicates that current governance arrangements will not adequately manage or mitigate this risk to Council.
- 5.12 Consequently, it is recommended that Council along with the City of Melbourne write to the Minister; with a copy to the Chair of the Development Board and Deputy Secretary DJPR, requesting that the State enter a formal partnership agreement with the City of Port Phillip and the City of Melbourne, to immediately strengthen governance arrangements until longer term governance arrangements are agreed with the Council's and established by the State.
- 5.13 The proposed partnership agreement would seek to establish the following arrangements to manage risk for Council:

#### **A. Managing Risk to Strategic Outcomes**

- 5.14 Partnership arrangements that:
- Commit the Council and State to working quickly to jointly agree a way forward to resolve strategic issues that impact on strategic outcomes (for example the retention and adaptation of Council nominated heritage and character buildings as a major place creation tool for the area);
  - Commit the State to formally consult with Council on any changes to the Framework prior to making these changes;
  - Commit the State to seek the formal endorsement of Council of draft precinct implementation plans before they are released for public consultation;
  - Commit the State to seek the formal endorsement of Council of final precinct implementation plans before they are approved by the State Government;
  - Commit the State to formally consult with Council on priorities for infrastructure investment before these are determined by the State; and
  - Commit the State to consult with Council on any programs or State funded projects prior to these being announced by the State, including consultation on design of particular projects prior to these designs being finalised.

#### **B. Managing Funding and Financial Risk**

- 5.15 Partnership arrangements that:





- Establish clear and agreed principles, roles and accountabilities in relation to the funding responsibilities of each party based on the overarching principle of capacity to pay given:
  - a. the relative distribution of revenue from the redevelopment of the area over time.
  - b. respective asset management roles and consideration of costs over the full asset lifecycle.
  - c. hypothecation of revenue raised for specific purposes (e.g. Open Space Contributions)
  - d. the respective roles and purviews of each level of Government, including recognition of the need to spend general revenue (Council rates, State Taxes etc.) equitably.
- Commits the State to seek formal Council endorsement of any funding and finance strategy, program or project that requires a financial contribution from Council, prior to that strategy, program or project being approved or announced;
- Establish clear roles and accountabilities for programme and/or project delivery including fair assignment of delivery risk;
- Commits parties to working together to secure Commonwealth Government investment in key projects that deliver catalytic and essential infrastructure; and
- Commits partners to provide the necessary operating resources (within budget constraints) to undertake the work required to deliver the vision and fulfil the requirements of the agreed partnership arrangement.

### **C. Managing Market Confidence, Brand, Placemaking and Transition Risk**

#### 5.16 Partnership arrangements that:

- Commit partners to jointly engage with the local community on a regular basis, allowing sufficient time for community feedback on key strategies and plans;
- Commit partners to jointly engage with relevant market stakeholders including landowners, developers and existing businesses within Fishermans Bend on a regular basis;
- Commit partners to sharing market intelligence and to jointly develop and implement strategies for branding and promotion of Fishermans Bend as a place to invest; and
- Commit partners to jointly pursuing opportunities for creating a stronger sense of place and place identity, including enabling temporary activation and temporary building use.

### **D. Managing Council and State Governance and Reputational Risk**

#### 5.17 Partnership arrangements that

- Commit partners to supporting each partner's formal decision-making process, including allowing enough time for partners to formally consider decisions;
- Commit partners to working together to jointly and formally agree long term governance arrangements;



- Strengthen existing Governance arrangements, including establishing revised arrangements that include partner Councils in program governance decision making, particularly, where those decisions have resource and or financial implications for Council or create a reputational risk to Council; (for example, decisions on major changes to strategy, major changes to the program schedule or changes that impose additional cost or risk on a Council);
- Commit partners to ensuring that confidential information is protected and not disclosed except as is necessary and agreed. In particular, implementing revised confidentiality arrangements that enable the full Council to be involved in decision making utilising the confidentiality provisions of the Local Government Act;
- Commit the State Government to establish regularly holding meetings of an Inter Departmental program steering group that monitors and oversights program delivery on behalf of the partners; and
- Commit partners to regular open communication and, where possible, ensuring that the communications with stakeholders including the community are agreed prior to release.

### Transport Planning

- 5.18 The Fishermans Bend Framework identified eight (8) sustainability goals and in particular, *Sustainability Goal 1 – A connected and liveable community*. With a specific objective – 1.1 Deliver public transport services that connect to the existing Melbourne network and are a ten-minute walk from all residences and workplaces. Supporting this outcome was the delivery of key strategies including:
- (a) Strategy 1.1.1 - Extend the tram network to Fishermans Bend, including two new dedicated tram routes connecting north and south of the freeway to Docklands, Southern Cross Station and the Hoddle Grid
  - (b) Strategy 1.1.2 Protect future public transport corridors from development that could compromise the future delivery of this critical transport infrastructure; and
  - (c) Strategy 1.1.3 Investigate potential metro station location that may be incorporated into a future underground rail line Protect future public transport corridors from development that could compromise the future delivery of this critical transport infrastructure.
- 5.19 These strategies are now being developed further and the tram, which was identified as a key catalytic investment, is now being progressed through the development of a preliminary business case by Department of Transport. The Preliminary Business case due for consideration by Government in 2021.
- 5.20 In 2018, Council commissioned PWC to undertake a Fishermans Bend Economic and Transport Infrastructure Study. It found that the tram and train would be transformative and that pushing back the timing of the tram risks lower density and more dispersed development outcomes and early delivery of major public transport projects, such as the tram, is far and away the biggest determinant of success for the precinct.
- 5.21 The tram will maximise jobs and provide an anchor for development that could not be achieved by other initiatives.



- 5.22 Council will continue to advocate for the introduction of the tram as soon as possible as well as advocate for further transport infrastructure including the second metro tunnel.

### **Finance and Funding Advocacy**

- 5.23 The following section summarises the draft advocacy approach to support the development of a financial strategy, based on the current funding regime:
- (a) Precinct and District level open space projects should be funded from a source other than Councils and Infrastructure Contributions;
  - (b) Open Space Contributions (OSCs) will be insufficient to fund both open space land acquisition and open space land embellishment. As a result, OSCs should be limited to embellishments costs only.
  - (c) Development Contributions (DCs) should prioritise the funding of local infrastructure or specifically those projects which local government is assigned the responsibility to deliver.
  - (d) Land acquisition should be funded from a source other than Councils, OSCs or DCs. However, if DCs fully fund local government infrastructure, any surplus should be directed to the purchase of land for local infrastructure and for land for Council public open space.
  - (e) Council's capital contribution is limited to 5% of rates collected in this area.
  - (f) Council needs to adopt a flexible approach to applying its rate funding to support unfunded infrastructure needs as they arise including unfunded land acquisition or forward funding infrastructure development ahead of development contributions being received subject to normal budgetary constraints.
  - (g) Any shortfall in funding for open space or local infrastructure should to be funded by State.
  - (h) Contributions (e.g. OSC and DC) received in the municipality must be applied in the municipality in which they are received.
- 5.24 Before this approach can be finalised, Council officers need to be provided access to timely and accurate financial information which may impact these principles.

### **Affordable Housing**

- 5.25 Council acknowledges the objectives set out in the framework supporting social and affordable housing. The framework sets out specific targets for affordable housing including a six per cent affordable housing for all new development delivered within the maximum allowed Dwelling Density Ratios
- 5.26 Council supports a more ambitious target but acknowledges the need for robust partnership models between government and industry.
- 5.27 Council's view is that if we are serious about housing affordability, we must have a mandatory planning mechanism, such as Inclusionary Zoning. The mayor and officers have continued to advocate for this outcome through the mayoral forum and other opportunities and a proposal is being considered by State Government.



## MEETING OF THE PORT PHILLIP CITY COUNCIL 2 SEPTEMBER 2020

### **Community Engagement**

5.28 The draft Montague Precinct Implementation Plan is currently scheduled for release by the State Government in November 2020. Work on the Sandridge and Wirraway Precinct Implementation Plans are effectively on hold pending the results of the Tram and Active Transport Preliminary Business Case.

5.29 The precinct implementation plans require to be engaged on by the community. At this stage, the timing for this engagement has not been released.

### **6. OFFICER DIRECT OR INDIRECT INTEREST**

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

**TRIM FILE NO:** 66/18/33-03

**ATTACHMENTS** Nil