

DRAFT OPEN SPACE CONTRIBUTIONS FRAMEWORK

14 February 2012

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Purpose and background

1. The purpose of this report is to inform Committee of the draft Open Space Contributions Framework (Framework) (refer Attachment 2), which is a component of the draft Open Space Strategy (Strategy), and proposed briefing of stakeholder groups.
2. The Strategy identifies where new or improved open space will be required in the future based on detailed research of population growth and development forecasts. The Framework provides mechanisms for funding the land acquisition and capital works for the implementation of the Strategy.

Key issues

3. The City of Melbourne collects open space contributions under the *Subdivision Act 1988*. Where a contribution is assessed as payable, it is collected at the time of subdivision as a percentage rate on the value of undeveloped land. Unless there is a higher rate included in the planning scheme, the assessed contribution cannot exceed five per cent. Council does not currently have a rate in the planning scheme.
4. The current maximum of five per cent for statutory open space contributions will be insufficient to implement the Strategy.
5. One purpose of the Framework is to achieve an equitable and consistent approach to the process of setting the statutory contributions payable, which reflects different types of settlement growth.
6. The principles of the Framework include a relationship between where the contribution is collected and for whom, where and on what the funds are spent, and who will benefit from the projects.
7. The contribution percentage rate is based on the principles of equity and cost apportionment and has been calculated by assigning a dollar value to likely and anticipated projects in the future (purchase or improvement of open space). The need for and benefit derived from each project is assessed and apportioned between the existing and forecast population. This approach seeks to establish a reasonable rate on development and ensure there is not too much divergence in rates across the City. It endeavours to provide a transparent process which can be clearly understood.
8. It is proposed to consider *Neighbourhood, Local and Small Local* open space separately from *Capital City* and *Municipal* open space. Recognising the different types of settlement growth, different rates can be struck. The Framework identifies eight per cent for *areas of transformation and significant change* and five per cent for *areas of minimal and moderate growth*. This approach recognises that different negotiated outcomes will be sought with the Victorian Government for *Capital City* and *Municipal* open space provision.
9. It is proposed to include key elements of the draft Framework in the resource document accompanying the draft Strategy (which will be available on the City of Melbourne's website). Stakeholder groups who will be interested in the contributions framework will be invited to briefings.
10. Following approval by Council of the Strategy, the Framework will require a Planning Scheme amendment for the statutory rate to be implemented. The amendment process will include the opportunity for submissions and review by an independent panel.

Recommendation from management

11. That the Future Melbourne Committee note:
 - 11.1. the draft Open Space Contributions Framework ('Framework') which is a component of the draft Open Space Strategy ('Strategy');
 - 11.2. that the draft Framework recommends the setting of the percentage rate for public open space contributions;
 - 11.3. the Framework will be the subject of public consultation in conjunction with the draft Strategy; and
 - 11.4. the implementation of the Framework will require an amendment to the Melbourne Planning Scheme.

Attachments:

1. Supporting Attachment
2. Draft Open Space Contributions Framework

SUPPORTING ATTACHMENT

Legal

1. A public open space requirement cannot be made unless the Council considers that as a result of the subdivision of land, there will be a need for more open space, having regard to factors set out in s18(1A) of the *Subdivision Act 1988*.
2. Currently, where the Council imposes a public open space requirement:
 - 2.1. the amount of the contribution, either as a percentage of the area of the land being subdivided or a payment as a percentage of the unimproved site value of the land, is individually assessed and cannot exceed five per cent; and
 - 2.2. both the imposition of the requirement of the public open space and the amount of the contribution assessed can be appealed to VCAT.
3. If the Framework is implemented by a planning scheme amendment:
 - 3.1. while the requirement for public open space will continue to be reviewable by VCAT, the amount of the contribution will not be as it is set by the planning scheme; and
 - 3.2. the amount of the contribution is not limited to five per cent.

Finance

4. The costs for community engagement for the draft Strategy is able to be accommodated through the existing operating budget allocation.

Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

6. A community engagement plan has been prepared and is being implemented for the draft Strategy. The primary purpose of the current engagement is to collect evidence of community support for adequate provision of quality open space in the future, and the areas where this is required. It is proposed to include key elements of the draft Framework in the resource document accompanying the draft Strategy. The specific stakeholder groups who will be interested in the contribution aspects of the Framework will be invited to a briefing.
7. Stakeholder groups will include the Property Council of Victoria and the Master Builders Association of Victoria, the Victorian Government, the Urban Renewal Authority, as well as the Planning Institute of Australia and Parks and Leisure Australia.

Relation to Council policy

8. The draft Strategy is consistent with the following Council policies and strategies:
 - 8.1. Future Melbourne;

- 8.2. Draft Municipal Strategic Statement;
 - 8.3. Parks and Tree Policies;
 - 8.4. Draft Urban Forest Strategy (2011);
 - 8.5. Active Melbourne Strategy;
 - 8.6. Draft Arden MacAulay Structure Plan (2011);
 - 8.7. Draft City North Structure Plan (2011);
 - 8.8. Southbank Structure Plan (2010);
 - 8.9. Climate Change Adaptation Strategy (2009);
 - 8.10. Total Watermark: City as a Catchment (2008); and
 - 8.11. The Children's Plan (2011).
9. The draft Framework is a mechanism for implementing the recommendations of the Strategy. It is consistent with the listed Council policies and strategies.

Environmental sustainability

10. Environmental sustainability issues have been a key consideration in the development of the draft Strategy. Open space can play a significant role in mitigating the urban heat island effect and adapting the municipality to climate change. Careful distribution of open space throughout urban neighbourhoods with natural features such as large canopy trees and planted surfaces that absorb moisture can off set the impacts of urban heat. Open space supports and increases biodiversity and assists in stormwater retention and treatment.

City of Melbourne Open Space Strategy

Draft Open Space Contributions Framework Attachment 2

8 February 2012

1. Open Space Contributions Framework

An Open Space Contributions Framework is being prepared as a component of the Open Space Strategy. The Framework relies on a combination of the City of Melbourne, Victorian government and development industry to deliver the Strategy outcomes and anticipates the type of contribution each will make to achieve this goal.

The Framework contemplates that there will be different ways in which the Strategy is funded:

- Land contributions by the Victorian government to create new Capital City open space to protect and enhance Melbourne's liveability as the population grows. The expectation is that the Victorian government will convert part of its land holdings to open space.
- Municipal open space for new communities to be funded by the Victorian government, City of Melbourne and developers. Municipal open space is proposed on public land owned by the Victorian government, which may require purchase by the City of Melbourne. An alternative approach in this paper proposes the land be converted to open space by the Victorian government.
- Open space contributions by developers to provide for the demand created by forecast residents and workers. This includes land contributions from developers to create new Neighbourhood, Local and Small Local open space, and cash contributions for land purchase, open space establishment and upgrades.
- Allocations by the City of Melbourne, including land conversion or purchase to expand the open space network and annual budget expenditure for open space establishment and upgrades.

This paper also provides an overview of open space contributions that are charged to developers under the *Subdivision Act 1988* and recommends a rate to be included in the Melbourne Planning Scheme. There are two contribution rate options considered and each option provides both a municipal rate and an area-based rate as variations.

The paper also provides an overview of how land for new open space and capital works in open space can be delivered within an Open Space Contributions Framework, so that the City of Melbourne can achieve the successful implementation of the Open Space Strategy.

2. Subdivision Act 1988 contributions

The City of Melbourne collects open space contributions under the *Subdivision Act 1988*. The contribution is collected at the time of subdivision as a percentage rate on the value of undeveloped land. The contribution is assessed by Council at up to 5% unless there is a higher rate included in the planning scheme. As Council does not have a rate in the planning scheme, each contribution must be justified on an individual basis.

The contribution can be taken as land area or the equivalent value in cash, at the discretion of the Council. The Open Space Strategy indicates where land contributions will be needed and the Resource Document sets out the criteria the land should meet. Land is only needed in specific locations and therefore most developers will pay a cash contribution instead towards land purchase and/or capital works upgrades.

2.1. Purpose and principles to be followed

The purpose of the contribution is to provide for the open space needs of those who will occupy the development from which the contribution is collected. A key principle is that any funds collected must be spent on open space land acquisition and capital works (open space establishment) within the City of Melbourne, for open space that is accessible and designed for the needs of the new residents and workers who will be located in the municipality.

There should be a relationship established between:

- The location of the development from which the contributions are collected and for whom.
- The location of the open space and the purpose of the expenditure of funds.
- Who will benefit from the projects.

The outcome anticipated is that the open space funded by open space contributions must be accessible and useful for the forecast new residents and workers who will be located in the City of Melbourne.

The open space contribution rate is based on the principles of equity and cost apportionment. A proportion of each open space project intended primarily for City of Melbourne residents and workers is to be paid from contributions. The remaining proportion is to be paid by other City of Melbourne income. This is because all projects will be used to some degree by existing City of Melbourne residents, workers, etc. The funding mix between contributions and other sources of income will vary taking into account:

- The open space need that is being met by the project.
- The location and timeliness of the project in relation to development.
- The level of use by the forecast additional population compared to the existing population.

2.2 Contribution percentage rate to be adopted

A key purpose of the Open Space Strategy is to provide a basis for a rate that is aligned both to delivering its vision and directions and to the location and rate of population growth anticipated in the municipality as expressed by the Municipal Strategic Statement (MSS). The Open Space Strategy plans for the open space needs for this longer term growth. The dollar values referred to in this paper refer to the 15 year planning period of 2011-2026 only. The value of these projects will form the basis for determining the contribution rate.

The contribution rate must be aligned to the open space needs of the forecast additional population. Given the level of planned urban change and the consequent forecast population growth, there is a substantial amount of new open space needed to maintain a liveable Melbourne. It is therefore expected that the rate will be greater than the current maximum of 5 per cent in those parts of the city that will experience major growth.

The rate can vary between locations in the municipality provided there is a sound basis for adopting this approach and the basic principles of need, nexus (relationship), equity and accountability are met.

The rate will need to be acceptable to the Department of Planning and Community Development and broadly to the development industry.

The two rate options included for Council to consider include:

- Rate Option 1. This option includes the value of new Municipal, Neighbourhood, Local and Small Local open space in the rate. This rate option assumes that the City of Melbourne will need to purchase land for new Municipal open space from the Victoria government.
- Rate Option 2. This option includes the value of new Neighbourhood, Local and Small Local open space in the rate but excludes the value of the land for new Municipal open space. This is because the land needed for Municipal open space is already in public ownership and there is a view that developers should not contribute financially toward the City of Melbourne acquiring this land. Under this option the land will need to be acquired through another mechanism.

Neither rate option includes the value of land for new Capital City open space, which will need to be delivered by the Victorian government and the City of Melbourne. The reason for this is that the use of Capital City open space by new residents and workers will be relatively small compared to use by the metropolitan population and by visitors.

Both rate options have been calculated as a single municipal contribution rate (referred to as Rate Options 1A and 2A) and as two rates based on the level of forecast growth in different parts of the municipality (Rate Options 1B and 2B). Rate Option 1A and Rate Option 1B would raise the same level of funds over 15 years but divide this amount differently. The same is true for Rate Option 2A and Rate Option 2B.

The use of two rates applying to different areas is recommended irrespective of whether Council select to adopt Rate Option 1 or Rate Option 2. The two are as follows:

Location	Contribution Rate Option 1B	Contribution Rate Option 2B
<p>Areas of transformation and Areas of significant growth:</p> <ul style="list-style-type: none"> • Arden-Macaulay • City North • Docklands • Dynon Road • E-Gate • Melbourne 3000 • Racecourse Rail Corridor • Southbank South Wharf 	<p>12.5% of land or land value</p>	<p>8% of land or land value</p>
<p>Areas of minimal and moderate growth:</p> <ul style="list-style-type: none"> • Carlton Carlton North • East Melbourne • Flemington Ascot Vale • Kensington • Melbourne 3004 • North Melbourne • Parkville • Port Melbourne • South Yarra • West Melbourne 	<p>5% of land or land value</p>	<p>5% of land or land value</p>

The rate options are further described and evaluated in Section 4 of this paper.

2.3 Implementation of the contribution rate

Once a rate is agreed, the rate will be included in the Strategy Resource Document which will be available to the public in February as part of the exhibition of the Strategy. It is not anticipated that there will be an in-depth discussion of the rate as part of the Resource Document, but rather that the supporting material will be provided when the rate is included in an amendment to the Melbourne Planning Scheme.

Following Council adoption of the Open Space Strategy, it is proposed to include the agreed rate in the Melbourne Planning Scheme (rate schedule at clause 52.01) by way of an amendment to the scheme. The planning scheme amendment process provides for public exhibition and submissions, and independent review by a Planning Panel.

3. How the City of Melbourne can acquire land and establish new open space to deliver the Strategy

3.1 Land area

3.1.1 Capital City open space

New Capital City open space will be located in the west of the municipality and Southbank and is a key component of the open space that will maintain Melbourne's reputation as the most liveable city in the world. These open spaces are used to stage activities and events of international, national, state and metropolitan importance. Examples include Federation Square, Domain Parklands and Southbank Promenade. The Strategy has identified opportunities for new Capital City open space on Victorian government owned land that may be redeveloped in the future, and these are indicatively illustrated in Figure 1.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area			
Capital City open space	<ul style="list-style-type: none"> Contribute the land area for future Capital City open space. Appoint an appropriate committee of management. 	<ul style="list-style-type: none"> Advocate to the Victorian government for the Capital City open space to be set aside on state owned land that is subject to future redevelopment. Liaise with the Victorian government regarding future management of these spaces. 	None

Refer Figure 1 on the following page



Figure 1 Illustrative locations for new Capital City open space in the City of Melbourne

3.1.2 Municipal open space

New Municipal open space will provide land for structured community sporting use including club-based facilities, informal recreation facilities and climate change mitigation for residents and workers in the west of the municipality and in Southbank. These additional larger land parcels are necessary to provide space for additional community based sporting clubs and facilities as they are already at capacity for the existing population. An example of existing Municipal open space is JJ Holland Park in Kensington and locations for proposed Municipal open space are shown in Figure 2.

The Strategy identifies opportunities for new Municipal open space on Victorian government land that may be redeveloped in the future. If growth occurs as forecast, and these spaces are not provided on government land, the City of Melbourne will continue to need to negotiate to provide these elsewhere in the municipality, close to the locations illustrated in Figure 2.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area Municipal open space	<ul style="list-style-type: none"> Contribute state owned land for future Municipal open space within precincts identified for future urban redevelopment. 	<ul style="list-style-type: none"> Liaise with the Victorian Government regarding future management arrangements. Purchase Municipal open space if the Victorian government is not able to provide the required land as a contribution via a different funding mechanism. 	<ul style="list-style-type: none"> Contribution of cash for land purchase in Rate Option 1 or via a different funding mechanism with Rate Option 2. Contribution of land only where the land area is located on a specific site as shown in the Strategy. Note, currently no Municipal open space is proposed on private land, however this may apply if the land is sold by the Victorian government to private land holder prior to reservation of open space, or if the Victorian government does not contribute the land area required.

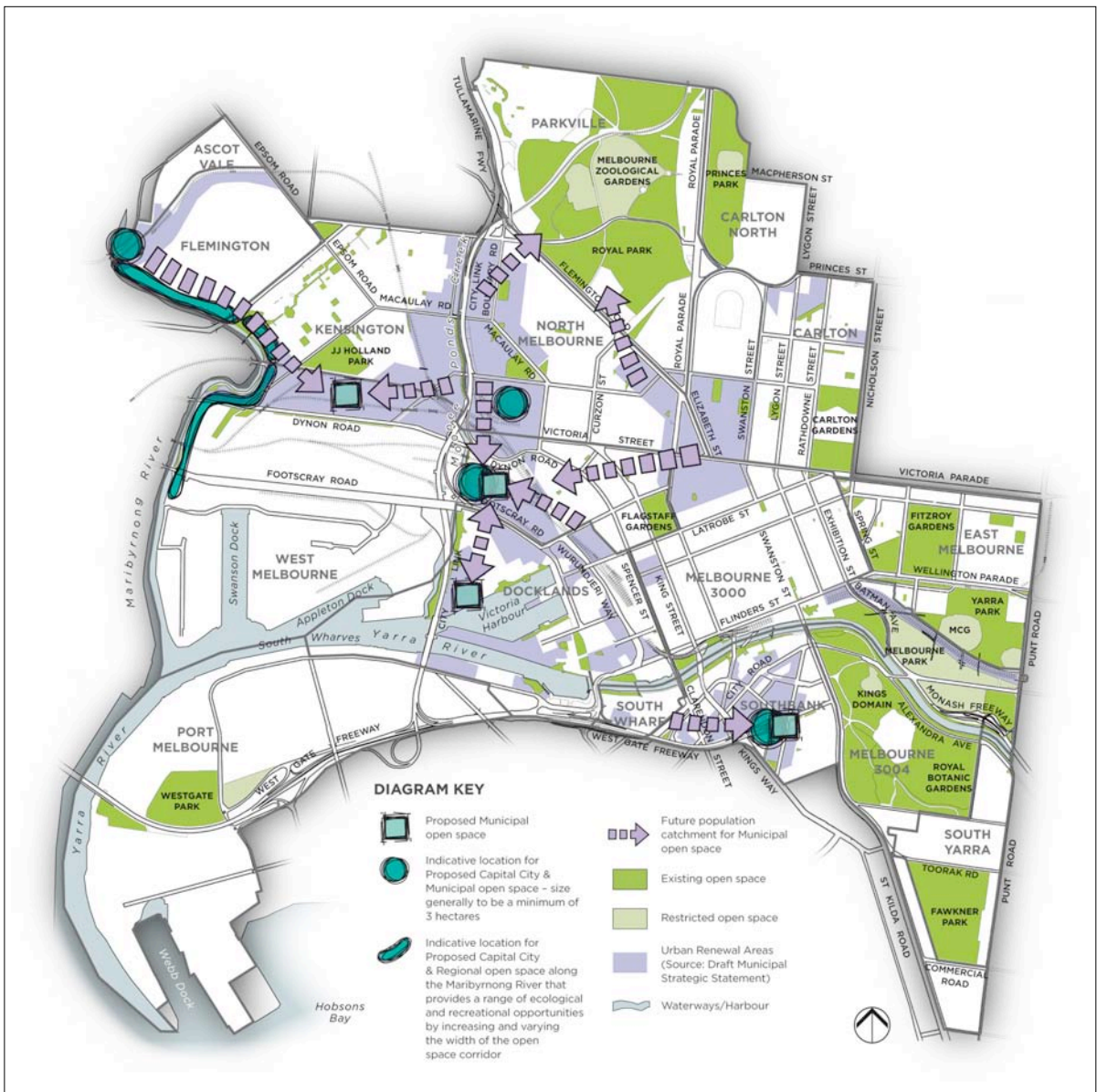


Figure 2 Illustrative locations for new Municipal open space in the City of Melbourne

3.1.3 Neighbourhood, Local and Small Local open space

Neighbourhood, Local and Small Local open space will support unstructured (non club-based) recreation use, urban heat mitigation and informal use including social interaction. Neighbourhood open space is of a size that allows a range of activities to occur at the one location, with Local and Small Local open space providing smaller more intimate spaces positioned locally.

The Strategy identifies opportunities for new Neighbourhood, Local and Small Local open space on private and public land including potential utilisation of selected parts of the larger road reserves.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area			
Neighbourhood open space	<ul style="list-style-type: none"> • Note, all new Neighbourhood open space is currently shown on private land. • None, unless required on Victorian government owned land in the future instead of on private land. • If Neighbourhood open space is located on Victorian government land in the future, then responsibilities are the same as those for developers. 	<ul style="list-style-type: none"> • Request developers to contribute land at specified locations where the land contribution can meet the criteria included in the Strategy Resource Document. This may be for an entire open space or part of an open space. • Conversion of Council owned land to open space. • Purchase of land by negotiation utilising cash contributions collected via open space contributions. 	<ul style="list-style-type: none"> • Contribution of land as requested by the City of Melbourne where it meets the criteria included in the Strategy. • Cash contribution towards purchase of land area for purchase by the City of Melbourne, or conversion of Council owned land to open space.
Local and Small Local open space	<ul style="list-style-type: none"> • None required immediately, but should be set aside in the future as part of the area planning where normal urban development is occurring. • To be acquired as a land contribution as requested by the City of Melbourne where it meets the criteria included in the Strategy Resource Document. • Cash contribution towards a land area for purchase by the City of Melbourne. 	<ul style="list-style-type: none"> • As for Neighbourhood open space 	<ul style="list-style-type: none"> • As for Neighbourhood open space.

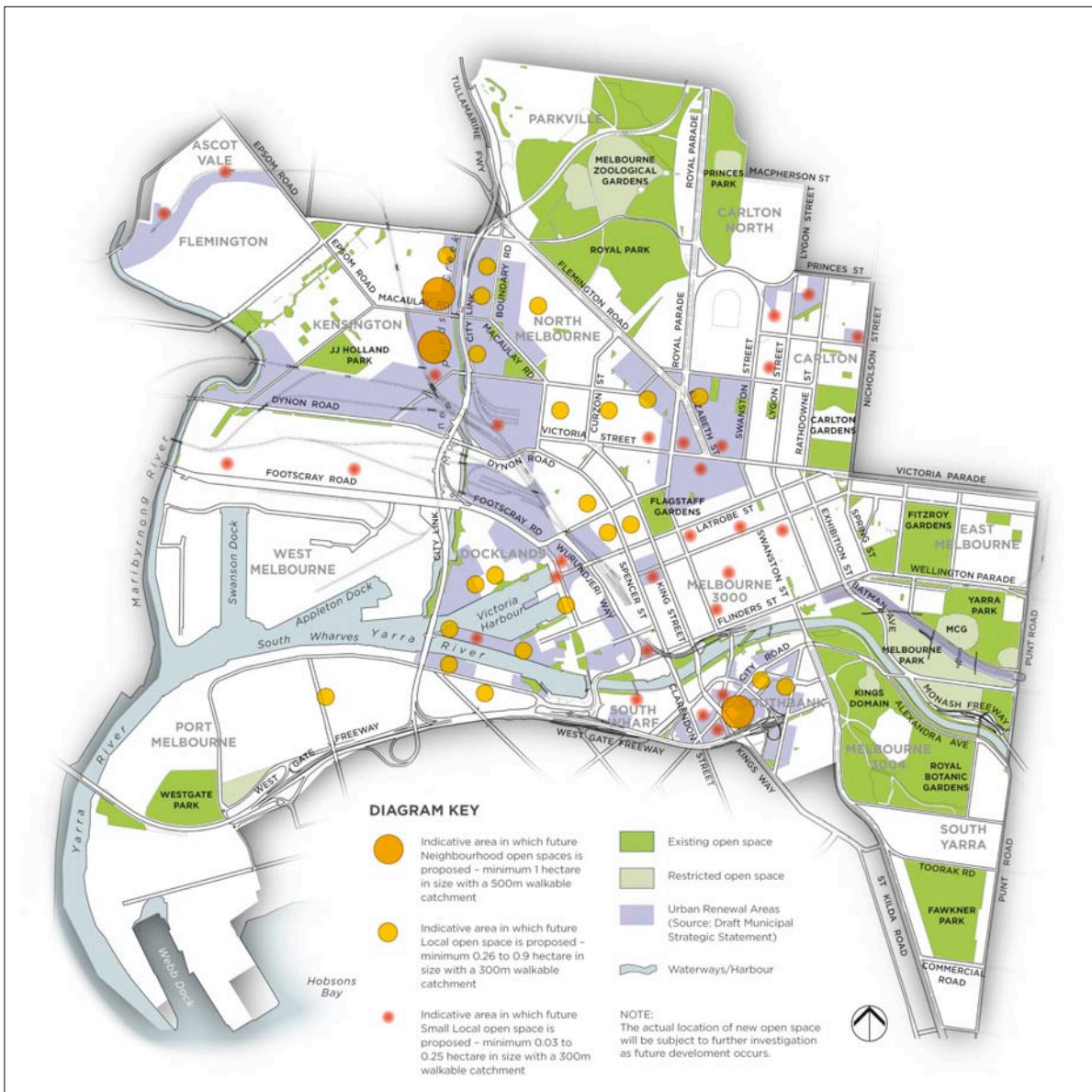


Figure 3 Illustrative locations for new Neighbourhood, Local and Small Local open space in the City of Melbourne

3.2 Establishment of new open space

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Establishment of new open space			
Capital City open space	<ul style="list-style-type: none"> Deliver the Capital City components of the open space where they benefit the broader metropolitan and visitor population. 	<ul style="list-style-type: none"> Assist the Victorian government to deliver the Capital City components of the open space where they benefit the broader metropolitan and visitor population. Deliver the Capital City components of open space that benefit the City of Melbourne population. 	<ul style="list-style-type: none"> Cash contribution towards establishment of neighbourhood and local facilities only, collected by City of Melbourne and spent on establishment works.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Municipal open space	<ul style="list-style-type: none"> As a funding agency - eg Sport and recreation facility grants etc. 	<ul style="list-style-type: none"> Deliver the Municipal component of open space works that benefit the broader City of Melbourne population – municipal, neighbourhood and local level facilities that may be constructed in the new Municipal open space. Deliver the works utilising cash contributions collected on behalf of the new population via open space contributions (neighbourhood and local facilities only). 	<ul style="list-style-type: none"> Cash contribution towards establishment of neighbourhood and local facilities (not municipal level sporting and club-based facilities), collected by City of Melbourne and spent on upgrade works.
Neighbourhood, Local and Small Local open space	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Deliver the works utilising cash contributions collected on behalf of the new population via open space contributions. <p>or</p> <ul style="list-style-type: none"> Review the proposed in-kind works undertaken by the developer to ensure these are consistent with City of Melbourne Open Space Strategy via developer agreement or similar. 	<ul style="list-style-type: none"> Cash contribution towards establishment, collected by City of Melbourne and spent on park establishment works. In-kind works constructed by the developer to the satisfaction of the City of Melbourne utilising developer agreement or similar.

4. Subdivision Act 1988 contribution rate options for the City of Melbourne

4.1 What is included in the rate options in Section 4.2

The contribution rate includes the following classes of open space projects as included in the Open Space Strategy:

- Acquisition of land for additional Neighbourhood, Local and Small Local open space.
- Unstructured recreation and informal facilities designed for the City of Melbourne population that will be constructed within new and existing Capital City, State, Regional, Municipal, Neighbourhood, Local and Small Local open space.
- Rate Option 1 includes the value of land for additional Municipal open space. This is the land currently owned by the Victorian government. Rate Option 2 does not include acquisition of this land for Municipal open space, as this option assumes that the land will be converted to open space by the Victorian government or sought via a separate funding mechanism.

It does not include projects that are beyond the scope of the Strategy:

- Land for Capital City open space.
- Establishment of Capital City open space facilities including major event venues or similar.
- Structured sports grounds, courts and club-based facilities.
- Indoor sport, recreation and leisure venues.
- Community facilities.
- Street tree planting and streetscape works.

4.2 Apportionment between existing and new population for the rate calculation

In order to calculate the contribution rate, it is necessary to assign a dollar value to all projects, whether as land or as cash. The need for and benefit derived from each project is assessed and apportioned between the existing and forecast population. The proportion assigned to the future population is the dollar value to be raised by contributions and the proportion assigned to the existing population is funded from Council income including external grants. The total dollar values used in the apportionment have been developed as follows:

- Capital works costs are based on an average park establishment or upgrade cost for each of the different types of open spaces (current rates). These average costs have been developed with the City of Melbourne parks planning team and include an allowance for typical site remediation.
- Land values are based on the average land sizes for each type of open space needed (eg. Municipal, Neighbourhood). This uses undeveloped land values supplied by the City of Melbourne. All new open space recommendations contained in the Strategy other than Capital City open space are included in the contribution rate.

The overall apportionment of dollar value between the existing population and the forecast population is shown in the following table:

4.2.1 Rate Option 1 apportionment of dollar value Including the value of land for Municipal open space

	City of Melbourne allocation (existing population apportionment)	%	Subdivision Act 1988 open space contributions (new population apportionment)	%	Total \$ value of the Strategy included in the rate
Funding for capital works					
Total over 15 years:	\$91.4 Million	45%	\$109.5 Million	55%	\$200.9 Million
Average per year over 15 years:	\$6.1 Million*		\$7.3 Million		\$13.4 Million
Value of land for open space					
Total over 15 years:	\$277.6 Million	35%	\$510.1 Million	65%	\$787.7 Million
Average per year over 15 years:	\$18.5 Million		\$34 Million		\$52.5 Million

* Note that this amount is similar to the current capital works funding for projects included in the Strategy.

4.2.2 Rate Option 2 apportionment of dollar value Excluding the value of land for Municipal open space

If the land for new Municipal open space is excluded from the dollar value of projects, then the overall apportionment of dollar value between the existing population and the forecast population is revised in the following table.

	City of Melbourne allocation (existing population apportionment)	%	Subdivision Act 1988 open space contributions (new population apportionment)	%	Total \$ value of the Strategy included in the rate
Funding for capital works					
Total over 15 years:	\$91.4 Million	45%	\$109.5 Million	55%	\$200.9 Million
Average per year over 15 years:	\$6.1 Million		\$7.3 Million		\$13.4 Million
Value of land for open space					
Total over 15 years:	\$187.7 Million	35%	\$299.1 Million	65%	\$486.8 Million
Average per year over 15 years:	\$12.5 Million		\$19.9 Million		\$32.4 Million

4.3 Rate options

Rate Option 1 and Rate Option 2 each have two variations. Options 1A and 2A are based on a municipal-wide rate that would apply to all parts of the municipality. Options 1B and 2 B include two rates and are based on the following groupings of local areas with reference to their relative forecast growth and planned level of change.

Areas of minimal and moderate growth	Areas of significant growth	Areas of transformation
<ul style="list-style-type: none"> • Carlton Carlton North • East Melbourne* • Flemington Ascot Vale • Kensington • Melbourne 3004 • North Melbourne • Parkville • Port Melbourne • South Yarra • West Melbourne 	<ul style="list-style-type: none"> • City North • Melbourne 3000 • Southbank South Wharf 	<ul style="list-style-type: none"> • Arden-Macaulay • Docklands • Dynon Road • E-Gate • Racecourse Rail Corridor

* Open space recommendations related to the Jolimont Rail Corridor redevelopment are assumed to take place after 2026. There are no specific open space facilities costed for Jolimont growth for the 2011-2026 Strategy planning period.

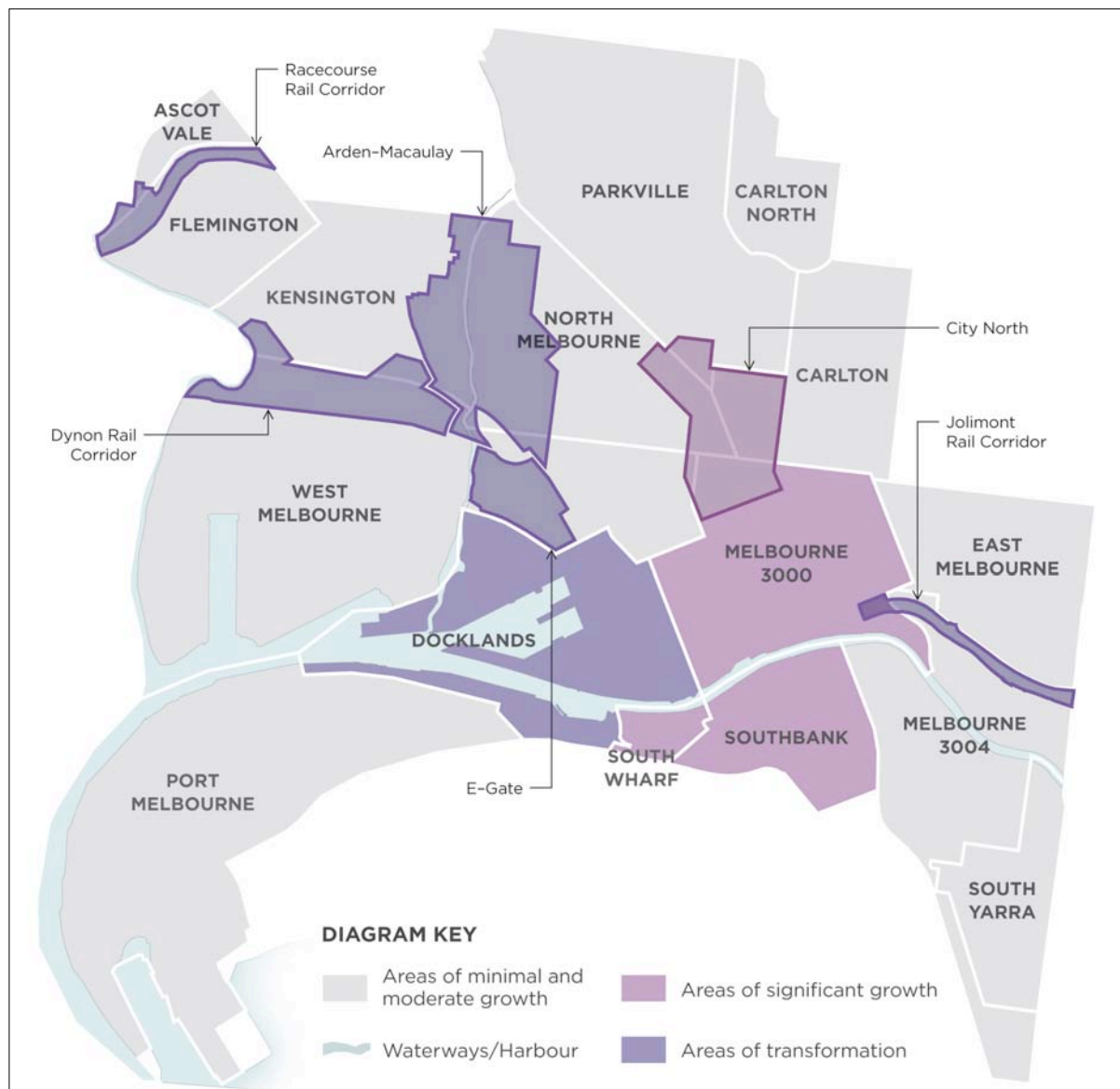


Figure 4 Precinct location map

Table of Rate Options

Option	Description of rate option	Rate Option 1 Including proposed Municipal open space on public land		Option	Rate Option 2 Excluding proposed Municipal open space on public land	
		Rate or rates – Land or land value	% of all contributions		Rate or rates – Land or land value	% of all contributions
1A	Single municipal rate comprising: All areas:	11%	100%	2A	7.5%	100%
1B	Two rates comprising: 1. Areas of significant growth and Areas of transformation: 2. Areas of minimal and moderate growth:	12.5%	86%	2B	8%	90%
		5%	14%		5%	10%

Note: A precedent has been set to allow for a higher negotiated rate for subdivisions of 10 lots or more as part of a negotiated site layout and design. The option is indicated in the rate schedule in the planning scheme.

4.4 Benchmarking other Councils' contribution rates

A benchmarking exercise has been undertaken to understand the open space contribution rates in use by other municipalities in the metropolitan area (other Capital Cities have not been investigated as they operate under different legislative and funding mechanisms).

A majority of metropolitan councils, as shown in the table below, are using clause 52.01 of their planning schemes to set a consistent contribution rate for development, either as a municipal rate or as a set of rates which apply to defined geographic areas or types of developments. These rates range from a low of 0.25% in Glen Eira to 20% in Greater Dandenong. The rates vary so much because each council has a different program for future open space, ability to deliver open space projects, population growth, value of open space projects and land values.

It is interesting to view the open space contribution rates in the context of the forecast increase in population for each municipality. The municipalities with the highest forecast growth rates are not necessarily those with the highest contribution rates. This is because the clause 52.01 contributions are being supplemented with contributions from Development Contributions Plans.

Development Contributions Plans provide a different funding mechanism for open space and can also be used to fund other types of infrastructure. They are most commonly used by councils in outer Melbourne which are planning for metropolitan growth. The Open Space Strategy is not being funded by a Development Contributions Plan in the City of Melbourne.

The following table lists the metropolitan councils with open space contribution rates in clause 52.01 of their planning schemes. The list groups the councils by two relevant geographic factors – outer growth area and fringe locations, and established urban areas. The table shows the forecast growth

for 2011 to 2026, which is the time period of the Open Space Strategy. The table shows the planning scheme rate for clause 52.01 and whether a Development Contributions Plan is also in place. The City of Melbourne data is included for comparison.

Municipality	Forecast no. of residents 2011	Forecast no. of residents 2026	Forecast no. change 2011-2026	Forecast % change 2011-2026	The open space contribution rate contained in the planning scheme (% of undeveloped land value) <i>Clause 52.01</i>	Funding for open space is also provided through a Development Contributions Plan in the planning scheme <i>Clause 45.06</i>
Melbourne	98,162	159,882	61,720	63%	None	No
FRINGE AND GROWTH AREA COUNCILS						
Cardinia	76,338	140,526	64,188	84%	8%	Yes
Melton	108,839	196,012	87,173	80%	3.21% to 9%	Yes
Wyndham	172,101	302,907	130,806	76%	2.65% to 3.1%	Yes
Whittlesea	162,067	268,013	105,946	65%	8% to 11.3%	Yes
Casey	253,116	359,452	106,336	42%	1.61% to 10%	Yes
Hume	175,001	248,409	73,408	42%	2.86% to 4.48%	Yes
Mornington Peninsula	150,642	180,258	29,616	20%	5% to 12%	No
Nillumbik	63,674	71,442	7,768	12%	5% to 7.9%	Yes
ESTABLISHED URBAN AREA COUNCILS						
Yarra	78,592	97,854	19,262	25%	4.5%	No
Moreland	152,001	179,186	27,185	18%	2.5% to 6.8%	No
Darebin	142,901	166,075	23,174	16%	2% to 5%	Yes
Port Phillip	94,736	109,752	15,016	16%	5%	No
Maroondah	107,125	120,591	13,466	13%	5% to 8%	No
Stonnington	100,537	113,889	13,352	13%	2% to 5%	No
Knox	155,620	172,494	16,874	11%	5% to 8%	No
Manningham	118,633	131,364	12,731	11%	5%	Yes
Monash	175,959	187,298	11,339	6%	2% to 5%	No
Whitehorse	155,175	160,803	5,628	4%	4%	No
Glen Eira	n/a	n/a			0.25% to 3.5%	No
Greater Dandenong	n/a	n/a			2% to 20%	Yes

Source of residential population data other than for the City of Melbourne: .id consulting web site, accessed 30 January 2012. Comparable worker population data is not available. A 40% increase in the worker population is forecast for the City of Melbourne during 2011-2026.

Source of planning scheme data: DPCD Planning Schemes Online web site, accessed 30 January 2012.

Note: Additional open space and improvements can sometimes be delivered through Section 173 agreements with developers, approved Development Plans, etc. This information is not contained in the planning scheme.

The table indicates that the City of Melbourne's population growth forecast of 63% between 2011 and 2026 is commensurate with that of municipalities located in Melbourne's outer growth areas. A rate of 8% in Areas of transformation and Areas of significant growth would be considered reasonable when considering the growth rates of these other municipalities.

The City of Melbourne forecast in residential population does not account for its very high employee population and the different dynamic and use of open space that this creates compared to suburban business locations. Comparable employment data and forecast employment growth is not publicly available for each municipality so it has not been provided in the benchmarking exercise. It is not anticipated that any of the other councils would support an employee population as high as that in the City of Melbourne (estimated at 431,502 in 2011), and this is forecast to increase by 40% to 2026. This factor should also be considered in striking a contribution rate.

There are locations in the City of Melbourne where the population increase will be slower, ie. Areas of minimal and moderate growth. In these areas, an open space contribution rate of 5% is consistent with rates used by municipalities in the established urban areas. While the characteristics of the Areas of minimal and moderate growth are similar in nature to other established municipalities, the City of Melbourne is already developed at a very high density and the type of urban intensification anticipated in some locations is also significant. In addition, land values are very high where acquisition is proposed. These factors, in combination with the quality of open space that the community has come to expect, justify a contribution rate of 5% for these areas

APPENDIX

Principles for the Open Space Contribution Program

The following principles have been documented as a guide to selecting an appropriate open space contribution rate for inclusion in the Melbourne Planning Scheme.

Principle	Objective
1. Use a sound and effective method to determine the schedule of open space contribution rates.	The method: <ul style="list-style-type: none"> • Can be documented. • Is acceptable to DPCD and Planning Panels Victoria. • Meets need, nexus and equity requirements.
2. Ensure the open space contributions program raises sufficient funds to deliver the Open Space Strategy recommendations in each part of the City, acknowledging that there are different characteristics and public open space needs across the precincts.	The contribution regime is equitable for new residents and workers in supplying open space. The rate will raise sufficient funds to deliver the Strategy recommendations in each open space planning precinct. The open space projects can be delivered within a reasonable time frame.
3. Ensure that the contributions rate structure has a relationship with the value or character of open space projects planned for the future population.	The applicable rate is commensurate with the number and types of projects scheduled for the open space precinct.
4. Ensure that contributions are collected in a way that allows for changes within open space precincts, such as changes in the anticipated rate of development and any fluctuations in property values or open space project costs.	The following risks are addressed: <ul style="list-style-type: none"> • More (or less) development occurs than planned. • Property values fluctuate downward and inadequate funds are raised. • Open space capital costs escalate faster than land values.
5. Establish a reasonable rate on development.	The rate is acceptable broadly to the development industry. The rate is one that the development industry might reasonably anticipate in terms of government policy and market trends.
6. Ensure there is not too much divergence in rates across the City.	There is perceived equity across the City. Open space precincts with similar characteristics have a similar rate.
7. Ensure the rate structure does not conflict with Council's strategic planning policy.	The quantum of the rate aligns with development policy. The rate does not conflict with Council policies that direct growth to urban renewal areas or that protect established / heritage areas.
8. Ensure the open space contributions program is easy to explain and administer, with clear requirements for developers with a transparent rationale.	The contributions regime is easy to explain and administer by subdivision officers. Requirements for developers are clear and unambiguous. Requirements provide greater certainty for developers. The applicable rate has a transparent rationale. Developers can see what open space improvements are planned in the locale.
9. Ensure the open space contributions program contains reasonable expectations of the City of Melbourne.	The City of Melbourne can meet its obligations by co-funding projects and enlisting assistance from the Victorian government and other external funding sources including the Commonwealth government.
10. Ensure the open space contributions program delivers benefits to City administration.	The quantum of contribution over time can be estimated with greater certainty. The City can proactively raise requests for land contributions in advance of receiving subdivision applications. The City can use the contributions program in conjunction with forward budgeting and asset management programs.