Merri-bek Public Open Space Contributions Refresh

Method Report

October 2024

HillPDA CONSULTING

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Contents

We acknowledge the Traditional Owners of this land and the Wurundjeri Woi-wurrung people of the local area we represent.

EXECUTIVE SUMMARY

Purpose

This report reviews methods used by Victorian local councils to derive a public open space (POS) contribution rate and to design a POS contribution schedule at clause 53.01 of the Victoria Planning Provisions. A recommended approach is provided.

The provisions of the Subdivision Act 1988 provide default guidance on POS contributions (up to 5%) if a POS contribution is not specified as a schedule to clause 53.01 of the relevant planning scheme. A schedule takes precedence if it is included in the planning scheme.

Summary of Key Principles

The key legislative and state policy principles for POS contributions pursuant to clause 53.01 of planning scheme are:

1. POS contributions should be justified by an assessment of need for more POS or improved POS having regard to the supply of POS in the area and demand for POS generated by subdivision.
2. The POS contribution requirement should have a direct link and be based on an open space strategy or similar plan for the precinct or municipality.
3. In strategic redevelopment sites or urban renewal precincts, the benchmark POS provision rate is 10% (as a minimum target) of net developable area.
4. In state or regionally significant industrial precincts, the benchmark POS provision rate is 2% (as a minimum target) of net developable area.
5. In other areas, the POS provision rate is to be determined based on Principles 1 and 2 above.
6. The benchmark POS contribution rates noted above relate to unencumbered local council POS and do not include regional or state open space, or land that is encumbered for some reason.

Summary of Past Practice

A review of schedules to clause 53.01 of metropolitan Planning Schemes shows:

7. There is usually a difference between setting out POS land (and POS contribution rates) for the first time in a growth area or planning precinct vis-à-vis setting POS contributions in established areas that have some supply of POS already and are experiencing population growth via infill development.

8. The POS contribution rates vary for each case, but tend to be:
    a. Circa 10% or more in new growth areas or planning precincts
    b. Circa 7% to 9% in established areas experiencing redevelopment
    c. Circa 4% to 6% in established areas experiencing infill development
    d. Circa 2% to 3% in large industrial precincts.
9. Most schedules in established areas are silent on whether land or cash is to be provided as the method of contribution.
10. The schedules are diverse and include a range of formats that include:
    a. 5% flat rate
    b. Flat rate plus
    c. Sliding scale
    d. Criteria based
    e. Tailored schedule for localities and/or uses.
11. There are numerous methods used to tailor a schedule, such as:
    a. Precinct planning method – whereby POS is shown in a plan based on a target policy such as minimum 10% POS provision for local passive and active open space.
    b. Cost recovery method – whereby POS contribution rates are selected for areas and justified having regard to expected income versus possible investments and other benchmarks.
    c. Apportionment method – whereby POS contribution rates are calculated based on planned investments shown in an open space strategy with the cost apportioned between existing and new population (development).

Lessons from Recent Examples

12. There is a difference between:
    a. Open space planning (i.e. what is to be provided), and
    b. Open space contributions (i.e. a funding source used to help deliver a plan).
13. A sound contribution method should be linked to an open space strategy and investment plan. There should be sufficient alignment between the strategy and investment plan to satisfy the concept of strategic justification.
14. When details of POS needs are known, an equitable way of funding required POS investments can be determined. This requires balancing various considerations including available funding sources, an investment plan for implementation and having regard to impact on development viability.

15. The apportionment method of POS contributions is sound however the approach must clearly document the apportionment information so it is transparent and can be replicated by others.

Recommended Methods by Scenario

16. A suggested approach for deriving POS contribution rates is shown in the table below. The recommended method varies based on the development setting and, in established areas, the POS contribution rate that is required (i.e. 5% or greater than 5%).

Recommended POS Contribution Method by Scenario

Scenario	Development setting	POS contribution rate(s)	POS contribution method
1	Providing POS for the first time in a greenfield area or strategic redevelopment site or urban renewal precinct	10% as a minimum in residential or commercial precincts 2% as a minimum in state significant or regionally significant industrial precincts	Precinct planning method
2	Providing POS in an existing urban area that is experiencing development intensification	5% or Other percent rate if state policy defines 'off-the-shelf' rates for developments/zones in addition to or in place of existing Subdivision Act 1988 provisions	Cost recovery method
3	Providing POS in an existing urban area that is experiencing development intensification	Greater than 5%	Apportionment method

17. In an established location that is experiencing development intensification, the level of justification depends on whether a 5% contribution is sufficient to meet open space funding needs or whether a higher rate is required.
18. If 5% is satisfactory, a cost recovery method is sufficient to support the rate. This requires an open space strategy and investment plan to be prepared. The projected income from the POS contribution should be no higher than the cost of the required investments that are nominated for delivery.
19. If a rate greater than 5% is required, an apportionment method should be undertaken to justify the requirement. This requires an open space strategy and investment plan to be prepared and costs to be apportioned to new and existing population (development) in order to calculate the POS contribution requirement.
20. Refer to Section 5 of this report for guidance on the preparation method.

1.0 INTRODUCTION

1.1 Context

Public open space (POS) includes parks, sports fields and nature reserves that are publicly owned and accessible to the public.

POS is provided in a number of ways. A common method of POS provision is land being set aside for POS during the planning and development process. The ownership of the land is transferred from a developer to a public agency, such as a council, during this process.

Another way of POS provision is via a public agency purchasing land for this purpose. The funds to do this can be obtained from a number of sources including via cash contributions from property developers.

There are legal mechanisms available to councils in Victoria to deliver POS via the planning and development process, as land contributions or as cash payments to purchase and/or improve land.

The primary mechanism is the Subdivision Act 1988, which specifically provides for land or cash contributions to be made for POS during the subdivision process. This mechanism is included in clause 53.01 of the Victoria Planning Provisions, which enables the contribution details to be tailored to specific locations and developments.

Other legal mechanisms are also available for the provision of POS via the planning and development process, such as via Development Contributions Plans (DCPs) and negotiated legal agreements.

1.2 Merri-bek POS Contribution Refresh

Merri-bek has a POS contribution schedule at clause 53.01 of its Planning Scheme. The schedule was prepared in 2011-2013 based on the Moreland Open Space Strategy 2012-2022.

Council has adopted a new Open Space Strategy which has identified the need for a revised POS contribution rate. A review of its POS contribution rate is now underway. As part of this review, a new POS contribution schedule will be prepared to replace the 2011-2013 version.

To that end, Council commissioned this report to review methods of preparing a schedule to clause 53.01 of the Victoria Planning Provisions.

1.3 Purpose

This report reviews methods used in Victoria to derive a POS contribution schedule at clause 53.01 of the Victoria Planning Provisions.

This report summarises the various methods used by councils in designing a schedule and deriving contribution rates for localities and developments. A recommended approach is provided.

The focus of this report is on established areas of metropolitan Melbourne, however methods used in growth area municipalities are also considered. The growth area approach is also applicable to and used in POS contribution assessments for strategic redevelopment sites and urban renewal precincts in established areas.

This information is used to recommend an approach for Merri-bek City Council in its refresh of its POS contribution mechanism.

1.4 Report Structure

This report is structured as follows:

- Statutory and policy context
- Overview of contribution schedules
- Lessons from recent examples
- A way forward (recommendations).

2.0 STATUTORY AND POLICY CONTEXT

2.1 Overview

The legal framework for POS contributions is established by the joint operation of the Subdivision Act 1988 and clause 53.01 of the Victoria Planning Provisions.

Relevant policy directions are found in Planning Practice Note 70, clause 56.05 of the Victoria Planning Provisions and Precinct Structure Planning Guidelines.

2.2 Subdivision Act 1988

The Subdivision Act 1988 enables councils to obtain a contribution for POS from subdivision proponents in certain circumstances. The relevant sections of the Subdivision Act 1988 are sections 18 to 20.

A key principle of the POS contribution requirement and the amount (i.e. the rate of contribution) is the concept of need for more POS or improved POS of the subdivision in the local context.

The Subdivision Act 1988 states that relevant considerations are:

- "The nature of the existing and proposed use or development of the land
- Any likelihood that existing open space will be more intensively used after than before the subdivision
- Any existing or likely population density in the area of the subdivision and the effect of the subdivision on density
- Whether there are existing places of public resort or recreation in the neighbourhood of the subdivision, and the adequacy of these
- How much of the land in the subdivision is likely to be used for places of resort and recreation for lot users
- Policies of the council concerning the provision of places of public resort and recreation."

The Act enables the POS contribution amount to be up to 5% of the land area that is proposed to be subdivided (i.e. a land contribution) or alternatively a cash contribution instead of a land contribution, or a combination of the two methods.

If a cash contribution is to be provided, the value of the payment is to be equivalent to the value of the land contribution. For example, if the contribution is 5%, the cash payment would be equal to 5% of site value.

The Subdivision Act 1988 requires councils to use any cash payment towards public open space to:

- "Buy land for use for public recreation or public resort, as parklands or for similar purposes, or

- Improve land already set aside, zoned or reserved for public recreation or public resort, as parklands or for similar purposes."

Some subdivisions are exempt from the POS contribution requirement. This exemption covers two lot subdivisions that are unlikely to be further subdivided, and land and buildings that have made the contribution previously or are deemed to have made the contribution previously.

In summary, the legislation requires that POS contributions be justified by an assessment of need for more POS or improved POS having regard to the supply of POS in the area and demand for POS generated by the subdivision.

2.3 Clause 53.01 of Victoria Planning Provisions: Public Open Space Contribution and Subdivision

Clause 53.01 of planning schemes in Victoria expressly recognises the power of councils to obtain POS contributions under the Subdivision Act 1988 and provides a mechanism for councils to amend the provisions to suit local circumstances via a schedule to that clause.

The Subdivision Act's benchmark rate of 'up to 5%' can be set aside and a rate or rates established based on strategic justification.

The provisions of the Subdivision Act 1988 will apply if a POS contribution is not specified as a schedule to clause 53.01 of the relevant planning scheme. A schedule takes precedence if it is included in the planning scheme.

As shown later in this report, it is common for POS contribution rates to depart from the Subdivision Act benchmark of up to 5%. Also, it is common for a range of different methodologies to be used in deriving a POS contribution.

The main reason for using a schedule is to provide more certainty regarding public open space contributions up-front. The benefits of using a schedule for a council are:

- Avoid the need for case-by-case POS needs assessment for each subdivision application
- Reduce the potential for appeals to the Victorian Civil and Administrative Tribunal on the basis of the levy rate selected or application of the requirement
- Provide operational transparency and consistency
- Increase budget forecasting accuracy with respect to public open space income.

From the perspective of developers, a pre-notified schedule provides greater certainty regarding required contributions and this can be factored into feasibility assessments.

2.4 Clause 56.05 of Victoria Planning Provisions: Urban Landscape

Clause 56.05 provides policy objectives regarding open space planning and provision. This includes an objective "to provide a network of quality, well-distributed, multi-functional and cost-effective public open space that includes local parks, active open space, linear parks and trails, and links to regional open space".

Provision guidance includes:

- "Local parks of generally 1 hectare in area within 400 metres safe walking distance of at least 95 percent of all dwellings
- Additional small local parks or public squares in activity centres and higher density residential areas
- Active open space of at least 8 hectares in area within 1 kilometre of 95 percent of all dwellings, sufficient to incorporate two football/cricket ovals
- Linear parks and trails along waterways, vegetation corridors and road reserves within 1 kilometre of 95 percent of all dwellings."

The clause states that POS land should generally be flat and unencumbered land.

This provision guidance primarily addresses subdivisions in growth areas and strategic redevelopment sites and urban renewal precincts. Achieving such standards in established areas may be difficult or not possible in some cases. However, an open space strategy process will assess these matters.

2.5 Open Space Strategies Practice Note 70

Planning Practice Note 70 (State Government of Victoria, June 2015) provides guidance regarding the preparation of an Open Space Strategy (OSS)[1].

The Practice Note states that POS contributions are a way in which councils can provide new POS or improve existing POS in response to needs created by new residents or employees. The methods noted are:

- Subdivision Act 1988, sections 18-20
- Schedule to Clause 53.01 of the Victoria Planning Provisions
- Development Contributions Plan (DCP) Overlay
- Negotiated legal agreements.

The Practice Note states that an open space strategy should consider which POS contribution tool is best for its municipality.

This Practice Note does not address how an POS contribution rate should be prepared.

[1] It is understood that this practice note is currently under review by the state government and may be updated or replaced in the near future.

With respect to land contributions, the Practice Note states that the open space strategy development process may identify gaps in the open space network and identify the type of open space required to rectify gaps through POS contributions, but it is important to:

- "Specify the locations where a land contribution is sought, and
- Provide criteria that define the types of land sought as land contributions."

2.6 Precinct Structure Planning (PSP) Guidelines

A significant recent policy development in POS contributions planning is provided by the Precinct Structure Planning (PSP) Guidelines: New Communities in Victoria (Victorian Planning Authority, October 2021).

The PSP Guidelines set a benchmark open space provision rate of 10% (as a minimum target) of net developable area for local open space provision in residential areas and activity centre areas.

The benchmark for state and regionally significant industrial areas is 2% of net developable area for local parks.

The open space contribution does not include regional or state open space, or land that is encumbered for some reason, such as flood-prone land or native vegetation reserves.

The intent is that at least 10% of unencumbered land in a new growth area be set aside for local open space, with the land being allocated for both passive open space (such as local parks and playgrounds) and active open space (such as sports fields) based on local need. Typically, the land may be allocated 30%:70% to 50%:50% for passive and active purposes.

Whilst the focus of the PSP Guidelines is on growth areas and state-significant precincts, the POS provision benchmark is also relevant for precincts and structure plan areas in established areas, such as major brownfield urban renewal areas or large activity centres. Areas experiencing significant redevelopment within established municipalities may strive for the same standard. Also, areas experiencing infill development that have POS gaps, may also strive for this standard.

The PSP Guidelines clarify that the standard applies to local passive and active open space, not including state reserves or native vegetation reserves or land that is encumbered for some reason. This definition is applicable to all development settings.

2.7 Deriving a POS Contribution Schedule

There is currently no state government endorsed direction or guideline available to explain how POS contribution rates should be calculated.

A significant body of case history has been compiled regarding the development of schedules to clause 53.01 of planning schemes in Victoria. A summary of open space contribution schedules and how they were developed is provided in the remainer of this report.

2.8 Summary of Key Principles

The key legislative and state policy principles for POS contributions pursuant to clause 53.01 of planning scheme are:

1. POS contributions should be justified by an assessment of need for more POS or improved POS having regard to the supply of POS in the area and demand for POS generated by the subdivision.
2. The POS contribution requirement should have a direct link and be based on an open space strategy or similar plan for the precinct or municipality.
3. In strategic redevelopment sites and urban renewal precincts, the benchmark POS provision rate is 10% (as a minimum target) of net developable area.
4. In state and regionally significant industrial precincts, the benchmark POS provision rate is 2% (as a minimum target) of net developable area.
5. In other areas, the POS provision rate is to be determined based on Principles 1 and 2 above.
6. The benchmark POS contribution rates noted above relate to unencumbered local council POS and do not include regional or state open space, or land that is encumbered for some reason.

3.0 CONTRIBUTION SCHEDULES

3.1 Schedules to Clause 53.01 of Planning Schemes

All but one municipality in metropolitan Melbourne (i.e. Boroondara) has implemented a schedule to clause 53.01 in their Planning Scheme. A summary of schedules is provided in the table below.

Many of the schedules cover all of the municipality and all land uses, although some cover specific areas and / or some land uses. The more specific provisions tend to address particular precincts or planning areas.

Most schedules are silent on whether land or cash is to be provided as the method of contribution (especially in established areas). This provides flexibility for each case to be assessed regarding the manner of contribution. However, a preference for land or cash can be expressed in a local policy in the Planning Policy Framework or in an open space strategy.

The POS contribution rates vary for each case, but tend to be:

- Circa 10% or more in new growth areas or planning precincts
- Circa 7% to 9% in established areas experiencing redevelopment
- Circa 4% to 6% in established areas experiencing infill development
- Circa 2% to 3% in large industrial precincts.

A summary of the schedules is provided below in terms of:

- Format of schedules
- Methods used to derive contribution rates

3.2 Format of Schedules

The format of schedules is diverse and includes:

- 5% flat rate
- Flat rate plus
- Sliding scale
- Criteria based
- Tailored schedule for localities and/or land uses.

5% Flat Rate

The 5% flat rate can be interpreted as a Subdivision Act 1988 benchmark-based philosophy. This generally takes the Subdivision Act's 'up to 5%' contribution rate as a valid contribution sum, subject to location specific or project specific adjustment.

This approach is often related to an open space strategy and costs of an open space strategy in a general or direct way, with a common approach being that council will part fund the open space strategy from consolidated revenue with the levy funding part of the cost.

Flat Rate Plus

This format is similar to the flat rate model but can identify an area and / or development type under which a higher rate could be considered, on a case-by-case basis, without specifying what the rate would be. This essentially leaves the door open for an assessment of a higher rate but does not guarantee it.

Sliding Scale

The sliding scale is similar to the flat rate approach in that it can be interpreted as a Subdivision Act 1988 benchmark-based philosophy. The main difference in this approach is that it seeks the maximum contribution from 'bigger' developments, with the assumption being that bigger developments have a greater capacity to pay contributions compared to 'smaller' developments. Smaller developments have a lower capacity to pay, it is assumed, and pay a lower rate.

Criteria Based

The criteria-based approach does not specify a rate up-front but rather specifies a set of criteria under which rates would be derived for a subdivision, on a case-by-case basis. This approach may set criteria and conditions for areas, development types and other variables.

Tailored Schedule for Localities and/or Land Uses

The tailored approach seeks to define a specific POS contribution rate for localities and/or land uses based on a stated method.

3.3 Methods Used to Derive Contribution Rates

The methods used to tailor open space contribution rates are diverse but the underlying methods can be summarised as follows:

- Precinct planning method
- Cost recovery method
- Apportionment method.

The methods are described following Table 1.

Table 1: Overview of Schedules to Clause 53.01 in Metropolitan Melbourne

Municipality	Geographic coverage	Contribution rate included in Schedule to Clause 53.01 of Planning Scheme	Summary of Approach
ESTABLISHED AREA MUCICIPALITIES			
Banyule (C)	Municipal	5% for all land uses	Cost recovery
Bayside (C)	Municipal	5% for most areas and 5% or more for Strategic Redevelopment Sites	Cost recovery
Boroondara (C)	Municipal	Up to 5% based on case-by-case assessment	Subdivision Act and Victoria Planning Provision clause 53.01 default provision
Brimbank (C)	Municipal	5% for Residential and Commercial and 2.5% for Industrial	Cost recovery
Darebin (C)	Municipal	2% for 2 additional lots up to 5% for 5 additional lots or more, Preston Market Site (PMS) 10%	Sliding scale for most of the municipality and precinct planning for PMS
Frankston	Municipal	Frankston MAC 8%, land identified as CR2 2%, all other land 5%	Cost recovery
Glen Eira	Municipal	8.3% apart from Caufield MU area and East Village	Apportionment
Greater Dandenong	Municipal and precincts	6.3% residential rate across municipality apart from selected precincts; 2% industrial and commercial rate across municipality apart from selected precincts; and precinct specific rates: 20% residential & commercial (Dingley Freeway Reservation), 5% for residential in the Declared Project Area - Central Dandenong, 2% in DCPO2 and DCPO3	Apportionment and precinct planning
Hobsons Bay (C)	Precincts	5% in DCPO1 and DCPO2 areas and 7.1% CDZ2	Precinct planning
Kingston	Municipal	8% Kingston, Mordialloc, Moorabbin, Cheltenham and Mentone Activity Centres; 8% minimum for strategic development sites; 5% all other land	Cost recovery
Knox (C)	Municipal by zone and lot size	5% for lots > 725m², 8.5% for lots < 725m² residential zones (RGZ, GRZ and NRZ)	Precinct planning
Manningham	Municipal and precincts	5% (except for Tullamore Estate) and 8% in some precincts (ACZ, DDO9, DDO13)	Cost recovery and precinct planning

Municipality	Geographic coverage	Contribution rate included in Schedule to Clause 53.01 of Planning Scheme	Summary of Approach
Maribyrnong	Municipal	5.7% (but potential increase for >10 lot subdivisions via land provision)	Apportionment
Maroondah (C)	Municipal and precinct	5% for most of the municipality and 8% for one precinct	General rate not known and precinct planning
Melbourne	Municipal	5%, 7.06% and 8% by area within the municipality and a site-specific rate	Apportionment
Merri-bek	Municipal	2.5% for one suburb up to 6.8% for another suburb (12 suburbs and 12 rates)	Apportionment and cost recovery
Monash	Municipal and precinct	7.61% all land apart from 10% PMP Printing Precinct	Apportionment and precinct planning
Moonee Valley	Municipal	5% (but potential increase for >10 lot subdivisions via land provision)	Apportionment
Mornington Peninsula (S)	Municipal	5% residential, commercial and Industrial and rates of 5%, 7.5%, 9% or 12% for designated locations/zones	General rate not known and precinct planning
Nillumbik (S)	Precincts	5% DPO1 and DPO2, 7.9% DPO4	Precinct planning
Port Phillip (C)	Municipal and precinct	5% for all areas apart from one precinct at 8% (Fishermans Bend)	Cost recovery and precinct planning
Stonnington	Municipal	5% for eastern part of municipality, 8% for western part of municipality and a site-specific rate	Cost recovery
Whitehorse (C)	Municipal	4% for most land and 4% or more for strategic sites	Not known
Yarra	Municipal	8.65% all areas and land uses	Apportionment
Yarra Ranges (S)	Land within Urban Growth Boundary	5% all areas within Urban Growth Boundary	Not known
GROWTH AREA MUNICIPALITIES			
Cardinia (S)	Municipal (residential only)	All residential 8%, 5.5% in UGZ3 and UGZ4, specific in DPO5	Precinct planning
Casey (C)	Precincts	Variable from 1.85% for Employment land to 11% for all uses	Precinct planning
Hume (C)	Precincts	Variable rate from 2.04% to 4.48% depending on the Urban Growth Zone	Precinct planning
Melton (C)	Precincts	Variable rate from 0% to 3.97% in various locations and Urban Growth Zone	Precinct planning

Municipality	Geographic coverage	Contribution rate included in Schedule to Clause 53.01 of Planning Scheme	Summary of Approach
Mitchell (S)	Precincts	2.03% in UGZ1, 3.24% UGZ2, 4% in Kilmore	Precinct planning
Whittlesea (C)	Precincts	Variable from 2.03% to 11.3% by precinct	Precinct planning
Wyndham (C)	Precincts	Variable from 2.0% for residential to 9.9% for all uses by precinct within Urban Growth Zone	Precinct planning

Source: Planning Schemes Online, May 2024; HillPDA

Precinct Planning Method

This approach takes a target POS provision rate (such as10% or similar) and applies it to the planning process. It is typically used in the planning processes for new growth areas, strategic redevelopment sites and urban renewal precincts. The ultimate POS provision will depend on the outcomes of the overall planning process.

Shown below are extracts from the Arden precinct structure plan in the City of Melbourne. This renewal area underwent a planning process to define new land use and development controls and to identify an infrastructure delivery plan.

Arden is an approximate 45-hecatre urban renewal area which is planned to accommodate 5,800 dwellings and 570,000 sqm of commercial floorspace. In this example, the area had 8.8% of gross land allocated to POS (20.9% on a net developable area basis) and the plan increased this to 11.6% (27.4%).

The planning process had regard to Precinct Structure Plan Guidelines, attributes of land and the vision for the area.

Figure 1: Extract from Arden Structure Plan

Table 10 Summary land use budget

DESCRIPTION	HECTARES	% OF TOTAL	% OF NDA
TOTAL PRECINCT AREA	**44.60**	**100%**	
TRANSPORT			
Non-arterial road – existing road reserve	8.54	19.15%	45.22%
Non-arterial road – new road reserve	0.30	0.67%	1.58%
Public transport facilities / reserve	0.94	2.11%	4.99%
SUB-TOTAL TRANSPORT	**9.78**	**21.9%**	**51.8%**
COMMUNITY FACILITIES			
Proposed government school	0.70	1.57%	3.71%
Local indoor recreation (existing)	1.23	2.76%	6.53%
Health institutional use	1.38	3.10%	7.32%
SUB-TOTAL COMMUNITY FACILITIES	**3.31**	**7.4%**	**17.5%**
SERVICE OPEN SPACE			
Capital City Open Space (uncredited)	0.66	1.48%	3.50%
Waterway and drainage infrastructure (uncredited)	6.54	14.66%	34.62%
Ancillary open space (uncredited)	0.25	0.55%	1.31%
SUB-TOTAL SERVICE OPEN SPACE	**7.44**	**16.69%**	**39.42%**
OPEN SPACE			
EXISTING OPEN SPACE			
Local sports reserve (existing)	3.29	7.4%	17.42%
Local network park (existing)	0.65	1.5%	3.45%
SUB-TOTAL EXISTING OPEN SPACE	**3.94**	**8.8%**	**20.87%**
CREDITED OPEN SPACE			
Public open space (53.01)	1.24	2.8%	6.55%
SUB-TOTAL CREDITED OPEN SPACE	**1.24**	**2.8%**	**6.55%**
SUB-TOTAL OPEN SPACE	**5.18**	**11.6%**	**27.41%**
TOTAL NET DEVELOPABLE AREA (NDA)	**18.89**	**42.34%**	

Source: Arden Precinct Development Contributions Plan July 2022 (Victorian Planning Authority, Amended December 2023

Another example is provided by the East Village precinct in the City of Glen Eira.

This precinct is an approximate 25-hectare industrial area which has been rezoned to become a mixed-use precinct to accommodate 3,000 dwellings and 92,000 sqm of commercial floorspace. In this example, the area of POS allocated to the precinct is 10% of net development area (8.1% of gross area).

The 10% is based on a policy target as shown in the PSP Guidelines.

Figure 2: Extract from East Village Comprehensive Development Plan

Table 3: Summary land use budget

Description	HECTARES	% OF TOTAL	% OF NDA
TOTAL PRECINCT AREA (ha)	**24.59**		
Transport			
Existing Non-Arterial Road Reserve	0.90	3.7%	4.5%
DCP Land for Transport	0.17	0.7%	0.8%
Sub-total Transport	**1.07**	**4.3%**	**5.4%**
Community and Education			
Land for Future Government School	1.20	4.9%	6.0%
Sub-total Community	**1.20**	**4.9%**	**6.0%**
Utilities			
Utility Facility	0.43	1.7%	2.2%
Sub-total Utility	**0.43**	**1.7%**	**2.2%**
Uncredited Open Space			
Drainage Reserve	0.06	0.2%	0.3%
Sub-total Uncredited Open Space	**0.06**	**0.2%**	**0.3%**
Credited Open Space			
Local Park (via Cl 53.01)	1.84	7.5%	9.3%
Urban Plaza (via Cl 53.01)	0.15	0.6%	0.8%
Sub-total Credited Open Space	**1.99**	**8.1%**	**10.0%**
Sub-total All Open Space	**2.05**	**8.33%**	**10.3%**
TOTAL NET DEVELOPABLE AREA - Ha	**19.84**	**80.7%**	
SUB-TOTAL NDA PER LAND USE			
Commercial	5.06	**20.6%**	
Mixed Use	8.61	**35.0%**	
Retail	1.50	**6.1%**	
Residential	4.68	**19.0%**	
TOTAL NET DEVELOPABLE AREA - Ha	**19.84**	**80.7%**	
DEVELOPMENT ASSUMPTIONS			
Dwellings		3,000	dwelling units
Retail floorspace		12,000	m2 GLFA
Commercial floor space		80,000	m2 GLFA
Sub-Total Commercial (MCA1)		70,000	m2 GLFA
Sub-Total Commercial (MCA2)		10,000	m2 GLFA

Source: East Village Comprehensive Development Plan (City of Glen Eira, May 2020)

Cost Recovery Method

The cost recovery method does not calculate a contribution rate, but rather nominates a rate or multiple rates for areas and/or land uses.

An example is provided by the Kingston clause 53.01 schedule. This nominates 5% for incremental growth areas and 8% for high growth areas. The rates are selected.

The method assesses likely income to be generated over the planning period from use of the selected rates and compares this sum against possible open space investments. A sum near the investment value is deemed to be appropriate.

Reports of this type may or may not have a direct relationship with an open space strategy. Some read as stand-alone documents.

An example is shown by the following extract from the Kingston open space contribution report.

The Kingston report (and others like it) include various benchmarks and background information to support the application of the selected rates. This can include POS provision per person benchmarks.

Figure 3: Extract from Kingston Open Space Contributions Report

Open space contribution rates

A two tier approach to contribution rates that included a 5 per cent contribution rate outside of activity centres and an 8 per cent contribution rate within activity centres was tested. The following table outlines the cost recovery that would result from the application of this approach.

TABLE 1. COST DISTRIBUTION WITH FIXED OPEN SPACE CONTRIBUTION RATES WITHIN ACTIVITY CENTRES

	Total open space costs	Non-exempt dwellings*	Cost recovery
Activity Centres** (8% contribution rate)	$77,894,710	6,989	$66,113,250
Outside of Activity Centres (5% contribution rate)	$34,350,290	3,189	$30,343,850
Total	**$112,245,000**	**10,178**	**$96,457,100**

Source: SGS Economics & Planning Pty Ltd

* Non-exempt dwellings identified from HDD data and ID forecasts. Non-exempt dwellings are those which are subject to payment of the open space contribution, and applies to all developments where there are more than two subdivisions

** Activity Centres where an 8 per cent contribution rate applies are where extensive structure planning work has occurred and include Moorabbin, Highett, Mentone, Cheltenham and Mordialloc.

Source: Public Open Space Contributions Review (SGS Economics & Planning for Kingston City Council, May 2017)

Note: the cost recovery in Kingston is based on estimated future income from residential subdivision. Income from non-residential subdivisions is not shown, however the contribution rate would apply to all land use types: residential and non-residential. Therefore, actual cost recovery is likley to be higher than shown in the report and other such reports that take the same approach.

Apportionment Method

The apportionment method seeks to calculate a contribution rate based on open space investments planned by a council in relation to expected need and demand.

The method is based on an open space strategy or plan that identifies a list of planned open space investments, such as land acquisitions and/or works to land. The investments are costed.

The costs are then apportioned to existing population (or development) and expected future or new population (or development) over the selected planning period.

In all of the apportionment method cases in the table above, the share of cost that is apportioned to the new population is higher than existing population on the basis that the planned investments are primarily or in some cases fully related to new population.

The cost attributable to the new population is used in the calculation of the open space contribution rate. That cost is divided by the value of land that is expected to be developed over the planning period. This provides a percentage rate of contribution.

The method can be undertaken on a suburb level and aggregated to a municipal total. A single municipal rate is usually nominated.

Two examples follow: Monash and Greater Dandenong.

In the Monash example, the Council categorised projects into four types based on their assessed need and purpose. This provided an apportionment to new population. The categorisation was a judgement based on the nature of planned investments.

Figure 4: Extract from Monash Open Space Contributions Report

> Projects were then ranked from 1 to 4 dependent on the demand being driven by new development with 1 being demand driven equally by new and existing development, and 4 being demand driven fully by new development. Those in category 1 were apportioned 25% to new development and 75% to existing development based on predicted residential population growth. Those in category 4 were apportioned 100% to new development. Category 2 and 3 were apportioned 50% and 75% to new development respectively.

Source: Monash Open Space Strategy Implementation Plan And Public Open Space Contribution Rate (City of Monash Draft October 2021)

Details were challenged during a Planning Panel hearing. The Planning Panel accepted the method but recommended a revision to the apportionment and consequently a decrease in the rate.

The author of the Greater Dandenong method (for a residential POS contribution) apportioned 100% of the cost of planned investments in 'Substantial Change' areas to new development (population) and used share of forecast new dwellings as the basis for apportionment in other areas.

The report states that 'Substantial Change' areas are areas within and around the three activity centres of Dandenong, Springvale and Noble Park where higher density residential and mixed-use development is encouraged. These areas include the following zones: Residential Growth Zone, Commercial 1 Zone, Mixed Use Zone and Comprehensive Development Zone. These areas include existing dwellings and population and anticipated new dwellings and population.

Figure 5: Extracts from Greater Dandenong Open Space Contributions Report

PROJECT DRIVERS AND COST APPORTIONMENT

Based on discussions with the Strategy authors and Council, it is understood that the actions broadly fall into the following three categories:

- Actions to improve open space in substantial change areas, which are designed to accommodate the additional demand projected for existing open spaces by new development over the strategy period, including through an increase in population and density and a decrease in private open space in these areas;
- Actions to address existing gaps in open space distribution and accessibility, primarily through land acquisition, which are designed to improve open space provision for existing residents and for new residents in those areas; and
- Actions to incrementally improve existing open space facilities in established areas to both improve the quality of service to existing residents and to respond to the changing needs for open space from new residents.

T12. PROJECT DRIVERS AND EQUITABLE APPORTIONMENT – RESIDENTIAL AREAS

Action category	Driver of need		Cost	% apportioned to new development	Cost to new development
	Existing development	New development			
Actions to improve open space in **substantial change areas**	No	Yes	$29.7m	100%[1]	$29.7m
Actions to address open space **gap areas**	Yes	Yes	$51.5m	15%[2]	$7.5m
Actions to make ongoing improvements to existing open space in **other areas**	Yes	Yes	$52.9m	15%[2]	$7.7m
Total			$133.8m	34%	$45.0m

Source: Urban Enterprise, based on Strategy action plan.
Note 1: Actions to improve open space in substantial change areas are designed to meet the additional demand placed on existing open space networks generated by the substantial quantum and density of new development projected to occur in these areas. Therefore, 100% of these costs are apportioned to new development.
Note 2: New dwellings over the 10 year period will comprise 15% of all dwellings at the completion of the period.

Source: Greater Dandenong Open Space Strategy Open Space Contributions Assessment (Urban Enterprise for City Of Greater Dandenong, December 2020)

Summary of Methods

The following points summarise the situations where the methods would most likley be used and the mains pros and cons of the methods.

Precinct planning method: used when POS is being considered as part of a broader land use planning study and POS is one of many considerations. A policy based design approach can be used in this situation (e.g. include POS equivalent to at least 10% of net developable area in the urban design plan).

Cost recovery method: used when POS contributions are considered in a stand-alone study for a municipality or location. This method provides strategic justification via an open space strategy and investment plan to support a policy accepted POS contribution rate, such as benchmark 5% or some other state endorsed standard that may be applied from time to time. The advantage of this approach is that a detailed calculation is not required to identify the POS contribution rate. The rate is selected from a standard and supported via an open space strategy and investment plan.

Apportionment method: this is the same as the cost recovery method except a tailored POS contribution rate is calculated. It is used when POS contributions are considered in a stand-alone study for a municipality or location. This method provides strategic justification via an open space strategy and investment plan to support a calculated tailored POS contribution rate or rates (usually above an accepted standard). The advantage of this approach is that a tailored rate is calculated for the location. The disadvantage is that this method requires more information to support the rate.

Geographic and Land Use Scope

The geographic and land use scope of POS contributions can be related to a specific area and/or zone and/or land use or relate to all land uses and a municipality as a whole. This is a policy decision of the council.

The broadest scope is all of municipality coverage and all land use coverage, defined as residential, commercial and industrial land uses.

POS contributions practice shows that a municipal area can be used as a single planning unit.

The justification for the selected approach is provided in the related open space strategy and investment plan.

3.4 Summary of Schedules

A review of schedules to clause 53.01 of metropolitan Planning Schemes shows:

1. There is usually a difference between setting out POS land (and POS contribution rates) for the first time in a growth area or planning precinct vis-à-vis setting POS contributions in established areas that have some supply of POS already and are experiencing population growth via infill development.

2. The POS contribution rates vary for each case, but tend to be:
    a. Circa 10% or more in new growth areas or planning precincts
    b. Circa 7% to 9% in established areas experiencing redevelopment
    c. Circa 4% to 6% in established areas experiencing infill development
    d. Circa 2% to 3% in large industrial precincts.
3. Most schedules in established areas are silent on whether land or cash is to be provided as the method of contribution.
4. The format of schedules is diverse and includes a range of formats that include:
    a. 5% flat rate
    b. Flat rate plus
    c. Sliding scale
    d. Criteria based
    e. Tailored schedule for localities and/or uses.
5. There are numerous methods used to tailor a schedule, such as:
    a. Precinct planning method – whereby POS is shown in a plan based on a target policy such as minimum 10% POS provision for local passive and active open space.
    b. Cost recovery method – whereby POS contribution rates are selected for areas and justified having regard to expected income versus possible investments and other benchmarks.
    c. Apportionment method – whereby POS contribution rates are calculated based on planned investments shown in an open space strategy with the cost apportioned between existing and new population (development).

4.0 RECENT EXAMPLES

4.1 Overview

Three recent examples provide insights into contemporary POS contribution thinking as follows:

- Yarra all of municipality
- Prestson Market Precinct POS contributions
- 30 sqm per person concept as proposed in Darebin.

4.2 Yarra Case Study

Yarra City Council prepared an open space strategy and supporting open space contributions report. The strategy is: *Yarra Open Space Strategy 2020* (Thompson Berrill Landscape Design Pty Ltd in association with Environment & Land Management for City of Yarra). The associated POS contributions report is *Yarra Open Space Strategy 2020, Public Open Space Contributions*, *December 2020* (Environment & Land Management in association with Thompson Berrill Landscape Design for City of Yarra). The apportionment method was used to calculate POS contributions.

The original proposal sought to amend the schedule to clause 53.01 from a POS contribution rate of 4.5% for residential subdivisions to 10.1% for all subdivisions, via Amendment C286yara.

The open space strategy specifies a vision, open space plan and action list, including land acquisitions and works to land, to deliver the strategy.

The Planning Panel found that the proposed POS contribution method is generally sound however the transparency and repeatability of the cost apportionment method was questioned. The outcome of the review and testing process was to adjust the apportionment down. The POS contribution rate was ultimately set at 8.65%.

The Panel also recommended a lower land acquisition cost contingency. Council included a 30% contingency on land purchase price as shown in Capital Improved Value data. The Panel was not satisfied Council provided sufficient information to support this contingency and recommended a 10% contingency.

The determining features of the Panel's endorsement of this approach were: acceptance of the strategic basis provided by the open space strategy and the proposed investment plan and the general apportionment method. The primary issues relate to details of information provided to support some of the data and apportionment assumptions.

This case study highlights that any future POS contribution apportionment study should use an approach that clearly documents the apportionment approach so it is transparent and can be replicated by others.

4.3 Preston Market Precinct

The Standing Advisory Committee Report for Amendment C182dare addresses the Preston Market Precinct Structure Plan (PSP).

This example is similar to other precinct plans shown earlier for Arden and East Village. The Preston Market Precinct is an example of a precinct plan that was contested by parties for a number of reasons including proposed development density and yield, impact on the market area and its heritage attributes, and contributions for infrastructure and open space. Open space provision was assessed in detail.

The Amendment was proposed by the Victorian Planning Authority and sought to rezone the Preston Market Precinct with a raft of Planning Scheme changes including a change to the provisions relating to public open space.

The proposed POS contribution was 10% for this strategic site, being an 8% land contribution and 2% cash contribution.

The strategic justification documents for the proposed contribution rate are *PSP and ACZ1 provisions, Preston Market Precinct Public Open Space Needs Assessment* (Mesh, 2020) and the *City of Darebin Open Space Strategy* (2019).

Community members submitted the rate should be 18%. The primary land owner argued for a 7% rate and matters to do with location and size of the open spaces.

The Committee found that the open space provided on site should balance place making considerations and that the provision of a 10% public open space contribution to the precinct east of the rail line was reasonable with the method being a split between land and cash contribution.

The Committee also found that there is no current policy basis that requires a 10% (or higher) contribution solely in land and it is not appropriate to opportunistically single out a site for a significant open space contribution based on historic open space provision. It used the following matters to determine the appropriate quantum of POS:

- Local precinct context
- Balancing existing planning policy for open space provision with other policy considerations and precinct expectations
- Availability and accessibility of a range of open space types within a 500-metre walking distance
- Establishing the need resulting from the precinct development
- The ability to deliver quality open space on site that serves the needs of residents and the broader community without compromising development potential and urban form
- Impacts of development on existing open space.

This case study highlights a need for POS contributions to be linked to a policy basis and reflect local supply and demand conditions for open space.

4.4 30 sqm Per Person Concept

Consulting firm SGS Economics & Planning proposed a method of calculating open space contributions by using 30 sqm of open space per person as the basis for the calculation.

The use of population ratios are often used in open space planning to measure supply of open space relative to population size. Planning sets the vision and nominates specific investments that need to be made, such as parks, gardens and sportsfields. This is inherently location and municipal specific.

However, in the domain of open space contributions, a metric approach like 30 sqm per person has not been used as the basis for a contribution rate to HillPDA's knowledge.

Such a metric appears to make sense in limited circumstances, generally confined to a new low density growth area. For example:

- 12 dwellings per hectare
- 36 residents at 3 persons per dwelling
- Using 30 sqm per person, this creates a need for 1,080 sqm of open space in the hectare, which is approximately 10.8% in this example. This generally aligns with state policy for new growth areas.

However, the metric does not necessarily make sense in situations that are higher density and/or in areas that have existing open space provision.

For example, as density increases, the contribution rate increases:

- 100 dwellings per hectare
- 200 residents at 2 persons per dwelling
- Using 30 sqm per person, this creates a need for 6,000 sqm of open space in the hectare, which is approximately 60% in this example.

Such a rate may or may not align with actual needs.

An example of this approach has been applied to a municipality in the report: Open Space Contribution Review (SGS Economics & Planning for City of Darebin, May 2019).

In this example, the selected planning horizon is the year 2028 (which is less than 10 years from the report preparation date) at which time the expected population is anticipated to be approximately 195,800 residents. Applying the 30 sqm per person metric to this population provides a nominal need for 587 hectares of POS. This number is divided by the total area of urban land that is assessed as being developable, which according to the report is 3,220 hectares.

Dividing the number 587 by 3220 provides a percentage of 18.2%. This is the calculated POS contribution under this approach. The author then rounds the percent down to 10% as the POS contribution. The report states that rounding reflects that Council would use other funds to meet the needs above 10%.

Figure 6: Extracts from Darebin 2019 Open Space Contributions Report

TABLE 1: OPEN SPACE CONTRIBUTION RATE CALCULATION

Step	Metric	Value
1	Planned population* (effective build out)	195,736 people
2	Total net developable urban area (total area of all developable lots in study area).	3,220 hectares
3	Open space required (open space standard (@30m²/capita) multiplied by planned population)	587.2 hectares
4	Open space requirement from all developable land (value at step 3 divided by value at step 2)	18.2 per cent

Source: SGS Economics and Planning, 2018, *id. forecasts, 2016.

Source: Open Space Contribution Review (SGS Economics & Planning for City of Darebin, May 2019)

The report has a significant body of background and context information which has no impact on the POS contribution calculation, which uses three numbers (one fixed and two variable): 30 sqm per person, population, and land area developable.

This approach does not appear to have a link to an open space strategy and related investment plan by the Council. Also, the approach does not consider existing supply of open space in the POS contribution calculation.

In the body of the report, the existing supply of open space is quoted as 790 hectares, which is 203 hectares more than the assessed need at 2018 under this approach.

It is difficult to follow how this approach can be used to soundly justify a POS contribution.

The application of two variables can generate any percentage. For example, if the year 2041 is selected as the planning horizon in Darebin, the calculated percentage would be approximately 20% (i.e. 215,360 (forecast population by id consulting at 2041) x 30 = 646 hectares of nominal need, divided by 3,220 of land developable = 20.1%). Does that mean the POS contribution should be 20%? The answer is not necessarily. It is simply a percentage generated from two variables, which can vary widely.

This approach may be more suited to assisting in the up-front open space planning stage. That is, open space planning authors could use this metric (or another one of their choosing) to assess current land supply, future needs and gaps in land supply. This can be used to help define an open space investment plan, such as land acquisition projects and/or works to land. The metric approach can be used along-side other open space assessment methods such as community consultation and policy analysis.

A potential issue with the metric approach in POS contributions is potential negative impact on development viability. In high density settings, a requirement to contribute equal to 30 sqm per person can equate to a significant share of site value. This could result in some developments being unviable, and if so, this would be counter-productive to metropolitan strategy.

What per person provision rate does make sense? There is no single metric. The standard can be determined in an open space planning process that assesses needs in relation to current supply and what can be delivered.

4.5 Summary of Recent Examples

1. There is a difference between:
   a. Open space planning (i.e. what is to be provided), and
   b. Open space contributions (i.e. a funding source used to help deliver a plan).
2. A sound contribution method should be linked to an open space strategy and investment plan. There should be sufficient alignment between the strategy and investment plan to satisfy the concept of strategic justification. When details of POS needs are known, an equitable way of funding required POS investments can be determined. This requires balancing various considerations including available funding sources, an investment plan for implementation and having regard to impact on development viability.
3. The proposed Yarra cost apportionment method is sound however the Planning Panel that considered the report correctly sought to test whether the apportionment of costs to new population (development) is reasonable. Any future apportionment study should use an approach that clearly documents the apportionment approach so it can be repeatable by others.
4. The novel 30 sqm per person population metric approach to POS contributions cannot soundly justify POS contributions. The issues are:
   a. The approach does not necessarily align with an open space strategy and investment plan (i.e. strategic justification is lacking)
   b. The approach does not necessarily align with POS needs in an area because it does not consider existing supply of open space or the characteristics of the community
   c. The calculation does not consider existing supply of open space in an area
   d. The calculation uses three numbers (one fixed and two variable) and results can vary significantly.

5.0 A WAY FORWARD

5.1 Recommended Methods by Scenario

A suggested approach for deriving POS contribution rates is shown in the table below. The recommended method varies based on the development setting and, in established areas, the POS contribution rate that is required (i.e. 5% or greater than 5%).

Table 2: Recommended POS Contribution Method by Scenario

Scenario	Development setting	POS contribution rate(s)	POS contribution method
1	Providing POS for the first time in a greenfield area or strategic redevelopment site or urban renewal precinct	10% as a minimum in residential or commercial precincts 2% as a minimum in state significant or regionally significant industrial precincts	Precinct planning method
2	Providing POS in an existing urban area that is experiencing development intensification	5% or Other percent rate if state policy defines 'off-the-shelf' rates for developments/zones in addition to or in place of existing Subdivision Act 1988 provisions	Cost recovery method
3	Providing POS in an existing urban area that is experiencing development intensification	Greater than 5%	Apportionment method

In an established location that is experiencing development intensification, the level of justification depends on whether a 5% contribution is sufficient to meet open space funding needs or whether a higher rate is required.

If 5% is satisfactory, a cost recovery method is sufficient to support the rate. This requires an open space strategy and investment plan to be prepared. The projected income from the POS contribution should be no higher than the cost of the required investments that are nominated for delivery.

If a rate greater than 5% is required, an apportionment method should be undertaken to justify the requirement.

This requires an open space strategy and investment plan to be prepared and costs to be apportioned to new and existing population (development) in order to calculate the POS contribution requirement.

5.2 POS Contribution Method Steps

The table below describes the steps in the cost recovery method and apportionment method to determine a POS contribution rate.

The precinct planning method refers to the typical multi-disciplinary strategic planning process undertaken for large scale precinct planning and is not described below.

Table 3: POS Contribution Method Overview

No.	Steps	Details
1	Prepare a POS strategy	A POS strategy could adopt a 10-to-30-year planning horizon depending on policy settings. A POS strategy will usually use a number of qualitative and quantitative research and analysis methods to define POS needs in the future.
2	Prepare a POS investment plan (project list)	The investment plan (project list) should be part of the POS strategy or linked to it. The investment plan should list proposed land acquisitions and / or works to land. The investment should be costed. Allowable investments in a POS contribution report are POS land acquisitions and/or works to POS land. The land must be used for public recreation or public resort, as parklands or for similar purposes. Land acquisition costs cover: - Purchase of land (purchase price) - Professional fees, taxes and charges associated with the acquisition - Site due diligence costs associated with the acquisition Works cover: - Site preparation, clean-up and site de-contamination costs - Planning, design and engineering costs associated with construction - Construction of a new POS asset - Improvement or upgrade of a POS asset - Construction of facilities within a POS asset - Undertaking planning, design and other studies that form part of the investment. Recurrent or operational costs should not be included. This includes: - Maintenance of POS - Management and administration costs

No.	Steps	Details
		■ Studies and processes that do not directly relate to POS investment.
3	Cost estimates	Cost estimates for land acquisition and works to land should be accurately estimated in current dollars. Lad acquisition costs may be based on a current market value assessment by a valuer and/or be obtained from Council Capital Improved Value (CIV) data with an appropriate acquisition contingency to account for CIV usually being reported below market values. The acquisition contingency is 25% to 30%%. The cost of works may be based on Council officer expertise based on recent past project investments or obtained via a Quantity Surveyor. A construction contingency of 20% is appropriate for high level concept plans and this can be refined if detailed design and engineering information is available.
4	Prepare a POS funding plan	The funding plan should be part of the POS strategy and investment plan or linked to them. The funding plan should list how the investments are to be delivered having regard to POS contributions, grant funding, rates and other funding sources.
5	Estimate potential POS contributions income	Test whether potential income under the schedule to clause 53.01 or 5% POS contribution will meet funding needs. A POS contribution requirement will normally cover all land uses, summarised as residential, commercial and industrial. If for some reason one or more land uses is not included, this should be accounted for in the estimates.
6	Prepare a POS contribution report	If potential income under a 5% contribution will meet funding needs, prepare a cost recovery method report and implement the 5% contribution rate in the Planning Scheme. If potential income under a 5% contribution will not meet funding needs, prepare an apportionment method report and implement the required contribution rate in in the Planning Scheme.

The apportionment method has additional analysis steps as follows.

Table 4: Additional Steps for Apportionment Method

No.	Steps	Details
1	Apportionment of costs	Apportion the cost of planned investments to new and existing population (development) based on the nature and purpose of the planned investments, such as: ▪ Are investments designed to meet the needs of the new population ▪ Are investments mainly but not totally designed to meet the needs of new population ▪ Are investments designed to meet the needs of both the new and existing populations equally. The report preparation author may use other definitions. The basis for the apportionment decisions may use both qualitative and quantitative components. Nevertheless, it is critical to ensure the apportionment information is transparent and can be replicated by others. For information, Appendix A provides a summary of selected cases in which open space costs have been apportioned to new population (development).
2	Calculating the POS contribution rate(s)	Divide the cost attributable to the new population by the value of land estimated to be developed over the strategy period to derive the POS contribution. Decide whether a single POS contribution rate is appropriate or whether more than one rate is appropriate, having regard to the nature of planned investments.

5.3 Clause 53.01 Schedule Format

A schedule to clause 53.01 can be relatively simple in format or have additional detail if necessary.

Table 5: Clause 53.01 Schedule Format

No.	Steps	Details
1	Cash or land contribution	Most schedules are silent on whether land or cash is to be provided as the method of contribution. This can be specified if required.
2	Land contribution	Any POS land contribution should deliver unencumbered land. This is land free of flooding or native vegetation reserves or any other encumbrance.

No.	Steps	Details
		The land contribution should be assessed against net developable area. The land should: ■ Be flat (to the extent possible) and unencumbered land ■ Have road access and at least one road frontage unless the land adjoins other open space with these attributes ■ Be at least 0.5 hectares in area and have dimensions that are appropriate for the type of open space function proposed ■ Be provided with basic embellishments to land as determined by Council.

5.4 Operational and Administrative Matters

The following table provides guidance on administrative and operational matters.

Table 6: Administrative and Operational Matters

No.	Steps	Details
1	Indexation	There is no requirement to index the POS contribution because it is referenced as a percent of site value. This inflates over time. This in-built escalation in the POS contribution will cover land acquisition cost changes and will cover construction cost escalation as well.
2	Monitoring and reporting	Council is obligated to use POS contributions for public recreation or public resort, as parklands or for similar purposes. Council has flexibility to select POS project delivery priority and timing. Record keeping can include: ■ POS contributions received ■ Use of POS contribution funds ■ Progress in delivering on the investment plan. ■ Generation of an annual summary report on the above matters.
3	Review	Report on progress in delivering the POS strategy and investment plan every 4 to 5 years. Each review point should consider whether adjustments are needed to any element of the plan or whether it should continue as is.

No.	Steps	Details
4	Update and replacement	The POS strategy, investment plan and POS contribution schedule at clause 53.01 of the Planning Scheme should be updated and replaced before the end of the planning horizon. A two-to-three-year lead-in time may be required for this work.

APPENDIX A: APPORTIONMENT OF OPEN SPACE COSTS TO NEW POPULATION

The apportionment of open space costs to new population in POS contribution reports was analysed as part of a planning panel hearing process for Yarra Planning Scheme Amendment C286yara. The research was undertaken by HillPDA (Alex Hrelja, Expert Witness Statement, instructed by Maddocks for Yarra City Council, 25 January 2024).

The following case studies were reviewed:

- *Moonee Valley Open Space Strategy: Open Space Contributions Program* (Environment & Land Management in association with Thompson Berrill Landscape Design for Moonee Valley City Council, March 2010)
- *City of Melbourne Open Space Strategy: Open Space Contributions Framework* (Environment & Land Management in association with Thompson Berrill Landscape Design for City of Melbourne, June 2012)
- *Assessment of Mandatory Open Space Contributions* (SGS Economics & Planning for City of Stonnington, Updated Report 30 July 2013)
- *City of Maribyrnong Open Space Strategy: Public Open Space Contributions Program Report* (Environment & Land Management in association with Thompson Berrill Landscape Design for Maribyrnong City Council, Final April 2015)
- *Public Open Space Contributions Review* (SGS Economics & Planning for Kingston City Council, May 2017)
- *Manningham Council Open Space Contributions Plan Final Report* (SGS Economics & Planning for Manningham Council, March 2017)
- *Frankston Public Open Space Contributions, Final Report* (SGS Economics & Planning for Frankston City Council, February 2019)
- *City of Glen Eira Open Space Strategy Refresh 2020: Update of the Public Open Space Contributions Program* (Environment & Land Management in association with Thompson Berrill Landscape Design for Glen Eira City Council, 2 November 2020)
- *Greater Dandenong Open Space Strategy Open Space Contributions Assessment* (Urban Enterprise for City of Greater Dandenong, December 2020)
- *Yarra Open Space Strategy 2020, Public Open Space Contributions, December 2020* (Environment & Land Management in association with Thompson Berrill Landscape Design for City of Yarra), and *Yarra Planning Scheme Amendment C286yara, Open Space Contributions, Correction to the Interim Panel Report* (Planning Panels Victoria, 16 May 2022)
- *Monash Open Space Strategy Implementation Plan and Public Open Space Contribution* Rate (City of Monash Draft October 2021), and *Monash Planning Scheme Amendment*

C169mona Public Open Space Contributions Rate Change (Planning Panels Victoria Report, 10 January 2023).

The 2010/11 Merri-bek POS contributions report was also reviewed but it did not publish all required data to enable a comparable assessment to be made. That report is *Public Open Space Contributions and Subdivision* (SGS Economics & Planning for Moreland City Council, March 2010 Updated July 2011).

In all of the case studies, open space costs were apportioned more to new population than share of new population. In some cases, the apportionment is done specifically for each investment or in some cases for areas or the whole open space investment plan. The rationale is that investments are primarily being delivered to service the new (or forecast future) population and as such the costs are apportioned in that way. For some investments or areas, the apportionment is in line with population growth, but overall the net result is a higher apportionment of costs to new population.

For the 11 case studies, the averages are:

- New population as a share of total population in the planning period selected by the reports: 19.7%
- Share of open space investments apportioned to new population: 63.2%
- This represents a multiple of 3.72.

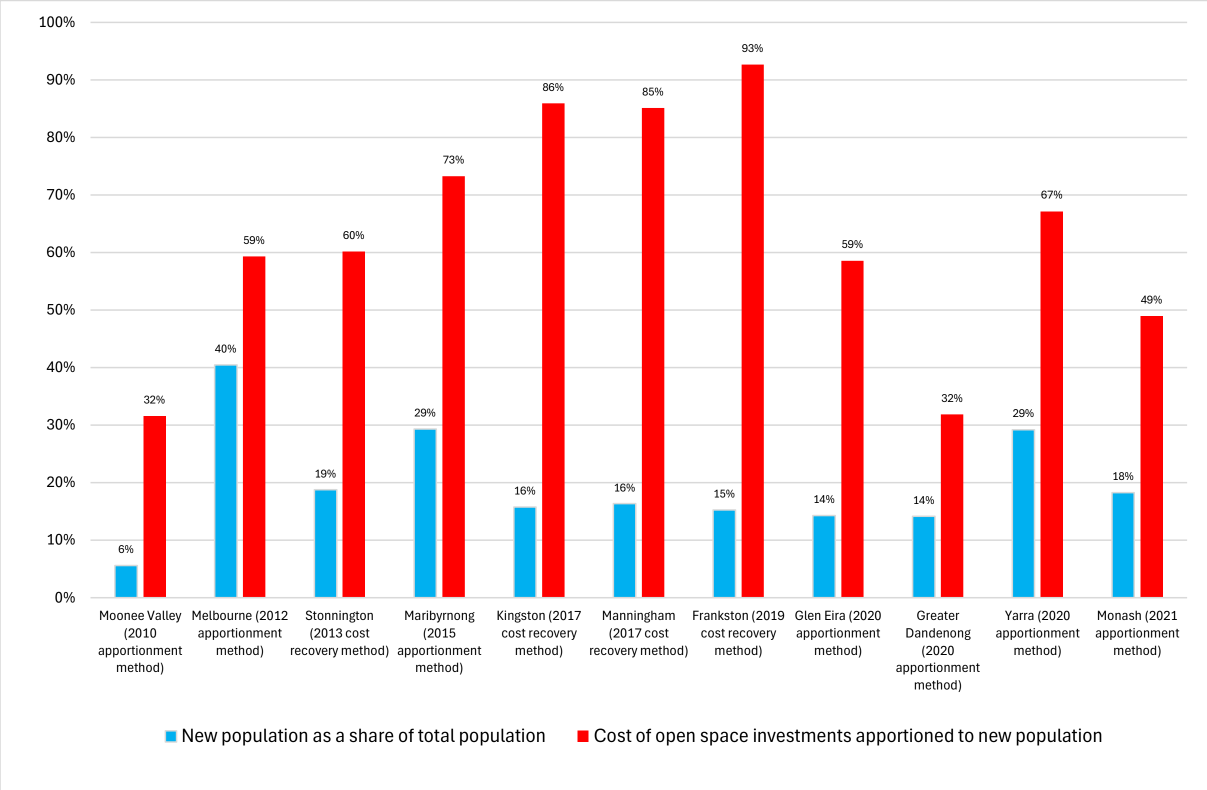
The cost recovery method has a higher multiple than the apportionment method of POS contributions (5 and 3 respectively). The data is shown in the following table and figure.

Table 7: Apportionment of Open Space Costs to New Population, 11 Case Studies

Case	Year of Public Open Space Contribution Report	Method	New Population Share of Total Population	Cost Apportioned to New Population / Cost Recovery	Multiple
Moonee Valley	2010	Apportionment	5.6%	31.6%	5.68
Melbourne (High Growth Areas and Remaining Areas)	2012	Apportionment	40.5%	59.3%	1.47
Stonnington	2013	Cost Recovery	18.7%	60.2%	3.21
Maribyrnong	2015	Apportionment	29.3%	73.3%	2.5
Kingston (Activity Centres and Other Areas)	2017	Cost Recovery	15.8%	85.9%	5.45
Manningham (Incremental Change Areas and Substantial Change Areas)	2017	Cost Recovery	16.3%	85.2%	5.22
Frankston (Frankston MAC and All Other Areas)	2019	Cost Recovery	15.2%	92.7%	6.08
Glen Eira	2020	Apportionment	14.3%	58.6%	4.1
Greater Dandenong (Residential Rate)	2020	Apportionment	14.1%	31.9%	2.26
Yarra	2020	Apportionment	29.2%	67.2%	2.3
Monash	2021	Apportionment	18.2%	48.9%	2.68
Average of Cost Recovery Method			16.5%	81.0%	4.99
Average of Apportionment Method			21.6%	53.0%	3.00
Average of Both Methods Combined			19.7%	63.2%	3.72

Source: *Alex Hrelja, HillPDA, Expert Witness Statement, Yarra Planning Scheme Amendment C286yara* (instructed by Maddocks for Yarra City Council, 25 January 2024)

Figure 7: Apportionment of Open Space Costs to New Population, 11 Case Studies



Source: *Alex Hrelja, HillPDA, Expert Witness Statement, Yarra Planning Scheme Amendment C286yara* (instructed by Maddocks for Yarra City Council, 25 January 2024)

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