

## 6.6 Macaulay Local Open Space Provision and Drainage Infrastructure Funding

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### Executive Summary

1. At its meeting of 9 July 2024 the Future Melbourne Committee (FMC) noted that since FMC endorsed draft Planning Scheme Amendment C417 (Macaulay Urban Renewal Precinct):
2. Melbourne Water's Urban Renewal Cost Recovery Scheme (URCRS) has been abandoned, casting doubt on the capacity for Melbourne Water to implement an appropriate funding mechanism; while
3. The pace of development on the Kensington side of Macaulay has exceeded expectations, with thousands of new residents expected to move into the precinct in the short term, accelerating the need to deliver the planned local open space network.
4. This report provides a response to previous resolutions of the Future Melbourne Committee (FMC) relevant to these matters, requesting management:
  - 4.1. Provide a report to the Committee by no later than the date on which the Committee is expected to consider submissions on amendment C417, setting out the steps taken to overcome the problem described above, and any preferred changes to amendment C417 of the type that would not trigger a delay or re-exhibition of amendment (or recommendations to pursue alternative ways of overcoming the problem). (resolved 9 July 2024)
  - 4.2. Continue to seek full reimbursement from Melbourne Water for the costs of upgrading Stubbs St number 2 pump station. (resolved 9 July 2024)
  - 4.3. Provide a report to the Committee at the earliest opportunity, providing: (resolved 18 March 2025)
    - 4.3.1. Options to acquire the 'Drainage Land'; and
    - 4.3.2. A clear account of all collected and projected interim development contributions from those parts of Kensington within Macaulay since 2012.
5. The Department of Transport and Planning (DTP) and Melbourne Water (MW) are leading work on an updated drainage strategy and a newly proposed drainage Development Contributions Plan (DCP) for the Arden and Macaulay Urban Renewal Precincts that will replace the URCRS. As part of this process, management is pursuing full reimbursement of costs related to Smith Street No. 1 pump station and Stubbs Street No. 2 pump station.
6. An overview of the planned open space network for the precinct and details of status, land ownership and proposed funding mechanism proposed as part of the Macaulay Structure Plan and Amendment C417 is provided at Attachment 1.
7. The key considerations in this report provide further detail on activities underway and additional options to deliver the Macaulay Open Space Network, including the 'drainage land' known as Macaulay Terraces.
8. Changes to Amendment C417 are not recommended at this stage in the statutory amendment process. Council may consider a separate planning scheme amendment that seeks to apply the Public Acquisition Overlay (PAO) to land within the precinct not currently owned or managed by Council that is identified for future open space. Further to this, as Council does not own or manage the land in the Moonee Ponds Creek corridor and most of the land is controlled by Victorian Government agencies for different purposes, continued advocacy is critical to resolution and progress.
9. The Interim Development Contributions Plan Overlay (DCPO) was applied to Macaulay in 2017. Up to November 2025 interim Development Contributions collected in Macaulay are ~\$31.5million. An infrastructure priority list and detailed cashflow modelling is being developed. This relies on and is being

completed in alignment with finalisation of Amendment C417 and drainage infrastructure requirements being confirmed Melbourne Water.

**Recommendation from management**

10. That the Future Melbourne Committee resolves to:
  - 10.1. Request management investigate a separate planning scheme amendment that seeks to apply the Public Acquisition Overlay (PAO) to land within the Macaulay Urban Renewal Precinct that is not owned or managed by Council and is identified as future open space; and provide a report back to this Committee by April 2026.
  - 10.2. Requests the Lord Mayor write to relevant Ministers to once again request the finalisation and public release of the Moonee Ponds Creek Implementation Plan and invite a roundtable discussion seeking to resolve barriers and unlock critical open space to support the increased housing and population in the precinct.

**Purpose**

11. The purpose of this report is to provide a response to previous resolutions of the Future Melbourne Committee regarding local open space provision and the funding mechanism for drainage infrastructure in the Macaulay Urban Renewal Precinct.

**Background**

12. The Macaulay Urban Renewal Precinct covers approximately 90 hectares of land and incorporates parts of Kensington and North Melbourne. It is experiencing significant population growth, with over 1300 new dwellings either completed, under construction, or planned. This resulted in a rapid population increase of over 1000 residents, further intensifying the need for open space.
  13. The Macaulay Urban Renewal Precinct Structure Plan proposes a network of public open spaces to support housing and population growth and deliver a range of recreational, ecological and flood management functions. Parts of the open space network will serve critical flood management and drainage functions in the precinct. This network is funded through two primary mechanisms: the draft Macaulay Development Contributions Plan (DCP) and public open space contributions collected via Clause 53.01 of the planning scheme (refer to Attachment 1 for a map of the planned open space network and a table detailing each open space by its intended function, funding mechanism, and current delivery status).
  14. Amendment C417 is the primary implementation pathway for land use and development controls in the Structure Plan and the DCP. Public exhibition occurred from 1 August to 6 September 2024. The Amendment will now proceed to an independent Planning Panel before future decisions by Council and the Minister for Planning.
  15. Essential drainage infrastructure projects in Macaulay and Arden are unfunded following the abandonment of Melbourne Water's Urban Renewal Cost Recovery Scheme (URCRS). The draft permanent DCP as per to Amendment C417 had assumed URCRS as the drainage funding mechanism, so an alternative approach is now required.
  16. At its meeting of 9 July 2024 the Future Melbourne Committee (FMC) noted that since FMC endorsed draft Planning Scheme Amendment C417 (Macaulay Urban Renewal Precinct):
  17. Melbourne Water's Urban Renewal Cost Recovery Scheme (URCRS) has been abandoned, casting doubt on the capacity for Melbourne Water to implement an appropriate funding mechanism; while
  18. The pace of development on the Kensington side of Macaulay has exceeded expectations, with thousands of new residents expected to move into the precinct in the short term, accelerating the need to deliver the planned local open space network.
  19. This report provides a response to previous resolutions of the Future Melbourne Committee (FMC), requesting management:
    - 19.1. Provide a report to the Committee by no later than the date on which the Committee is expected to consider submissions on amendment C417, setting out the steps taken to overcome the problem described above, and any preferred changes to amendment C417 of the type that would not trigger a delay or re-exhibition of amendment (or recommendations to pursue alternative ways of overcoming the problem). (resolved 9 July 2024)
    - 19.2. Continue to seek full reimbursement from Melbourne Water for the costs of upgrading Stubbs St number 2 pump station. (resolved 9 July 2024)
    - 19.3. Provide a report to the Committee at the earliest opportunity, providing: (resolved 18 March 2025)
    - 19.4. Options to acquire the 'Drainage Land'; and
    - 19.5. A clear account of all collected and projected interim development contributions from those parts of Kensington within Macaulay since 2012.
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- 19.6. Advocacy to relevant Ministers, Government Departments and agencies has been actioned in accordance with previous resolutions with an update on key considerations provided below.
20. Council does not own or manage the land in the Moonee Ponds Creek corridor. Most of the land is controlled by Victorian Government agencies for different purposes. Council has focused on strategic planning to establish a shared vision for the corridor's future. This includes preparing and endorsing the Moonee Ponds Creek Strategic Opportunities Plan 2019, which identifies projects to restore and revitalise the creek environment. In 2019, the Victorian Planning Authority began preparing a Moonee Ponds Creek Implementation Plan, intended to outline funding and delivery pathways for these projects and secure State Government commitment. This plan has not yet been publicly released.

### **Key considerations**

#### Replacing the URCS – Drainage Infrastructure and Funding

21. The Department of Transport and Planning (DTP) and Melbourne Water (MW) are leading work on an updated drainage strategy and a newly proposed drainage DCP for the Arden and Macaulay urban renewal precincts. Officers are supporting this work through regular engagement and advice on the project, including project identification and sequencing, concept designs, costings, delivery responsibilities and asset ownership.
22. The updated drainage strategy will provide detailed drainage infrastructure requirements and costings for both precincts. This work is required to inform the proposed drainage DCP. The proposed drainage DCP will be the funding mechanism that replaces to URCS.
23. The newly proposed drainage DCP is expected to be introduced through a future planning scheme amendment and is proposed to be incorporated, as a part B, into the permanent DCP being progress via Amendment C417.
24. Management is pursuing full reimbursement via the proposed drainage DCP for costs related to Smith Street No. 1 pump station and Stubbs Street No. 2 pump station. Council delivered these two pump stations in Macaulay to mitigate flood risks previously assumed to be funded by the URCS at a cost \$10.5 million. Further drainage works around these pump stations is required, with some sections already underway or planned.

#### Delivering the Open Space Network, including the 'drainage land' known as Macaulay Terraces

25. Attachment 1 provides an overview of planned open space network for the precinct and provides details of status, land ownership and proposed funding mechanism proposed as part of Amendment C417.
26. On 21 October 2025 FMC resolved to seek Ministerial approval of a Public Acquisition Overlay for the purpose of public open space over part of the private land at 18-76 Robertson Street, Kensington, seeking to facilitate and fast track delivery of an extension to Robertson Street Reserved as envisaged by the Macaulay Structure Plan and Open Space Strategy (refer existing open space 3 at Attachment 1).
27. As presented to FMC on 18 March 2025, confirmation of final drainage infrastructure requirements and costs is essential before proceeding with acquisition of the 'Drainage Land' known as Macaulay Terraces. Drainage Infrastructure requirements have significant potential impact on the utility of the land as open space and will be critical to informing any design work. Given the primary function of the land is expected to be for flood mitigation, it is envisaged that the land will be acquired by Melbourne Water. This will be resolved with the approval of Amendment C417 by the minister for Planning, expected to occur in 2026 (refer proposed open space 5 at Attachment 1).
28. The new Chelmsford Street Park is planned for delivery in FY2026–27. Council purchased 70-90 Chelmsford Street, Kensington in 2021 and delivery will provide approximately 3600 square metres of new public open space (refer proposed open space 7 at Attachment 1).
29. While many of the spaces are awaiting resolution of Amendment C417, management has also applied for a community lease over VicTrack land along Moonee Ponds Creek that, if successful, will enable short-term activation and improved public access and improved safety while longer-term tenure options are

resolved. An application for a community lease from VicTrack for all of Lot 110 and the unleased portion of Lot 72 has been submitted and is under consideration (refer proposed open space 11 at Attachment 1).

#### Other options and potential changes to Amendment C417

30. To prioritise and fast-track delivery of the Macaulay open space network, it is recommended to consider land ownership and explore the appropriateness of applying Public Acquisition Overlay (PAO) to secure control of critical open space land. This work will be separate to the Amendment C417 process.
31. Council has applied to VicTrack for a community lease over Lots 72 and 110 along the Moonee Ponds Creek corridor. Securing this lease will provide short-term control of the land, enabling improved public access and amenity while longer-term tenure options are explored. This outcome will allow Council to deliver immediate community benefits and progress planning for the future linear open space. A concept plan for the linear park will be developed to address access, amenities and integration with the Chelmsford Street open space, once Amendment C417 is resolved and the updated drainage strategy is prepared.
32. The Lord Mayor and CEO have written to relevant Ministers and agencies seeking a coordinated solution and fast-tracking drainage and open space delivery in Macaulay. Ongoing advocacy is occurring, and further advocacy is recommended to resolve the barriers to unlock critical open space to support the increased housing growing population in Macaulay. This includes advocacy for community leases to enable shorter-term activation opportunities, improved community access and safety; in addition to finalisation and public release of the Moonee Ponds Creek Implementation Plan 2019 is critical to resolving land ownership and management responsibilities which are a significant barrier to progressing outcomes for a healthier and more accessible waterway and open space for a growing community.
33. Management has considered potential changes to Amendment C417 that would not trigger a delay or re-exhibition of amendment, in addition alternative ways to secure, prioritise and fast-track delivery of the Macaulay open space network and the following advice is provided:
34. Accelerated delivery of the local open spaces in the area where housing and population growth is occurring is heavily reliant on Council gaining ownership or management of land that is privately owned and land owned and managed by VicTrack.
35. No potential changes to Amendment C417, that would not cause significant delay, have been identified.
36. Instead, Council could investigate a separate planning scheme amendment that seeks to apply the Public Acquisition Overlay (PAO) to land within the precinct not currently owned or managed by Council that is identified for future open space.
37. The investigation would consider scope, timelines and cost implications to Council; in addition to potential legislative implication of this mechanism in relation to government owned land (VicTrack land) vs other private land.

#### **Legal**

38. There are no direct legal implications as a result of the recommendation from management.

#### **Finance**

39. There are no financial implications as a result of the recommendation from management.
40. The Interim Development Contributions Plan Overlay was applied to Macaulay in 2017. The table below provides an account of all collected interim development contributions within Macaulay.

<b>Interim Macaulay DCP (DCPO2) - Development Contributions Levies Received as of November 2025</b>	
North Melbourne	\$7,177,036
Kensington	\$24,409,604
<b>Total</b>	<b>\$31,586,640</b>

41. An infrastructure priority list and detailed cashflow modelling is being developed in alignment with finalisation of Amendment C417 and confirmation of drainage infrastructure requirements from Melbourne Water.
42. The City of Melbourne is the collecting agency for the interim DCP and is identified as the collecting agency for the proposed permanent DCP as part of Amendment C417.

### **Conflict of interest**

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

### **Charter of Human Rights and Responsibilities**

44. The recommendation contained in this report is compatible with the *Charter of Human Rights and Responsibilities Act 2006* as it does not raise any human rights issues.

### **Health and Safety**

45. In developing this report, no Occupational Health and Safety issues or opportunities have been identified.

### **Consultation**

46. No community consultation is undertaken for this matter.

### **Relevance to Council Plan and Council Policies**

47. The matters support the strategic priority of Living Sustainably in the Council Plan:
- 47.1. Green our city through the accelerated delivery of parks, gardens and open spaces and by protecting our natural environment, habitat and threatened and endangered native species.
48. The matters considered in this report align with the Council endorsed Moonee Ponds Creek Strategic Opportunities Plan 2019, Macaulay Structure Plan 2021, and Open Space Strategy.

### **Social and environmental impacts**

#### **49. Social impacts**

The recommendations in this report are expected to deliver positive social outcomes for the communities in the Arden and Macaulay urban renewal area.

#### **50. Gender Impact Assessment**

A Gender Impact Assessment will be undertaken when the Drainage Land is acquired and ready for development of drainage open space.

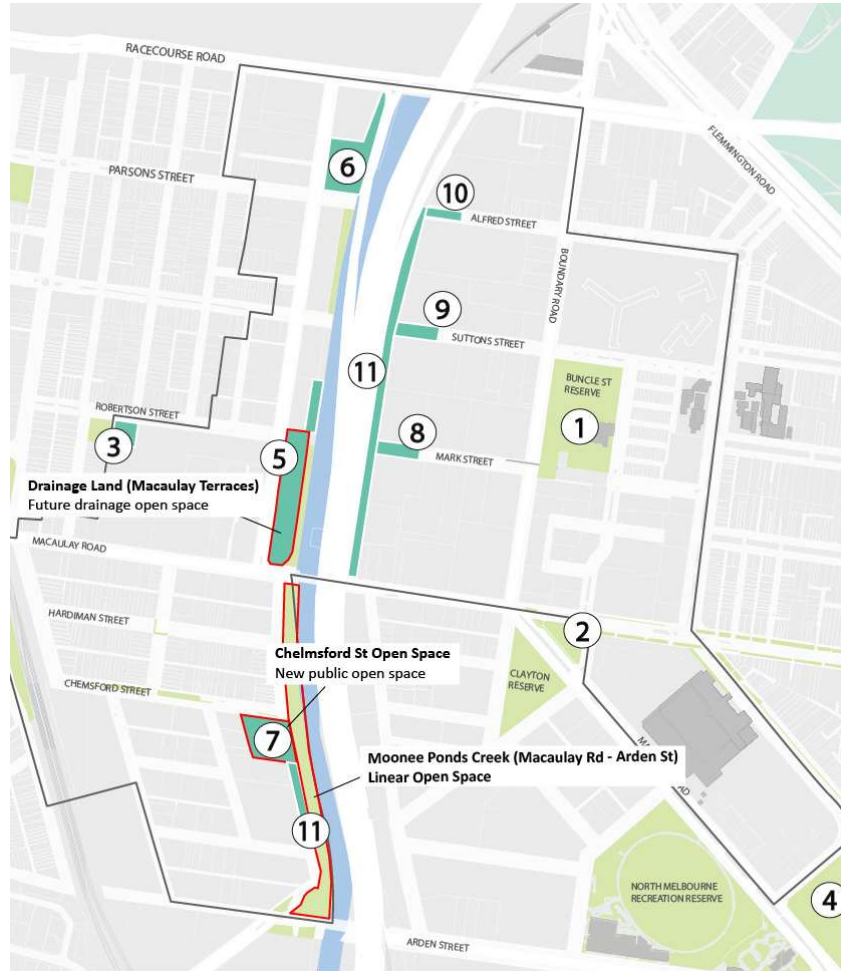
#### **51. Environmental impacts**

Environmental impacts on the planned open space network have been considered during the development of the Macaulay Structure Plan. Further environmental impacts associated with the drainage infrastructure on open spaces will be considered as part of the revised drainage strategy.

**Attachment List**

1. Attachment 1 Planned Macaulay Open Space Location and Status [6.6.1 - 2 pages]

## Planned Open Space Network and Status



The Macaulay Structure Plan identifies the future open space network.

These open spaces are funded by a range of mechanisms, including Public Open Space contributions (Clause 53.01- existing) and the proposed Macaulay Development Contributions Plan.

### EXISTING OPEN SPACE

1. Upgrade and expand Bunclie Street Reserve
2. Upgrade and expand Canning Street and Macaulay Road Reserve
3. Upgrade and expand Robertson Street Reserve
4. Gardiner Reserve

### PROPOSED OPEN SPACE

5. Macaulay Terraces (Drainage Land Site)
6. Stubbs Street
7. Chelmsford Street
8. Mark Street closure and public realm
9. Sutton Street closure and public realm
10. Alfred Street closure and public realm
11. Linear open space

	Open space	Type	Est. Area (sqm)	Description	Proposed Primary Function	Proposed Funding Mechanism	Land Ownership	Status
1	Buncle Street Reserve	Expansion	N/A	Expansion and upgrades into road reserve north	Active recreation	Proposed DCP	Council	Awaiting C417 approval
2	Canning Street and Macaulay Road Reserve	Expansion	N/A	Expansion and upgrades into road reserve east	Passive	Proposed DCP	Council	Awaiting C417 approval
3	Robertson Street Reserve	Expansion	N/A	Expansion and renewal of existing local open space	Passive	Cl. 53.01	Private	Awaiting C417 approval
5	Macaulay Terraces	New	5000	Land and embellishment of drainage open space	Drainage	Proposed DCP	VicTrack	Awaiting C417 approval Lodged community lease interest; under commercial lease offer
6	Stubbs Street / Parson Street	New	2811	New passive local open space adjoining existing encumbered open space	Passive	Cl. 53.01	VicTrack	Awaiting C417 approval
7	Chelmsford Street	New	3600	Construction of passive local open space	Passive	Cl. 53.01	Council	Delivery planned in 26/27
8	Mark Street	New	1140	Conversion of road reserve to pocket park	Passive	Proposed DCP	Council	Awaiting C417 approval
9	Sutton Street	New	1200	Conversion of road reserve to pocket park	Passive	Proposed DCP	Council	Awaiting C417 approval
10	Alfred Street	New	1300	Conversion of road reserve to pocket park	Passive	Proposed DCP	Council	Awaiting C417 approval
11	MPC Bent Street Access	New	8300	Construction of linear open space	Linear open space	Proposed DCP	VicTrack	Awaiting C417 approval Community lease applied for Lot 110 and Lot 72
11	Linear open space – Boundary	New	TBC	Private realm setback	Active corridor / linear space	Proposed DCP /Built form controls	Private	Awaiting C417 approval
11	Linear open space – Chelmsford	New	TBC	Private realm setback	Linear space	Built form controls	Private	Awaiting C417 approval