

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

The Mornington Peninsula Shire welcomes the opportunity to provide feedback to the draft Melbourne Industrial and Commercial Land Use Plan (MICLUP).

The Mornington Peninsula is recognised under State Policy (11.03-5S) as one of Melbourne's identified distinctive areas and landscapes and is recognised (under 12.05-1S) as an environmentally sensitive area. The Peninsula has over 190 kilometres of coastline and the Green Wedge covers more than 500,000 hectares (approx. 70%) of the municipality. Natural assets of the Mornington Peninsula include: 65 Ecological Vegetation Classes; 18 creek catchments with 440 km of waterways; and, significant wetland habitats such as the internationally significant Western Port Ramsar site, and Tootgarook Wetland. Thus, the minimisation of environmental risks, and protection of biodiversity and landscape, is fundamental for growth planning on the Peninsula.

The Mornington Peninsula Localised Planning Statement (LPS), State Policy document at Clause 11.03-5S, provides the following overarching policy directions for planning for growth, and a distinction between the Mornington Peninsula and Metropolitan Melbourne:

- *'Introduction': recognising, **maintaining and enhancing the special values of the Mornington Peninsula**;*
- *providing for a **clear separation of the Mornington Peninsula from metropolitan Melbourne**, preventing expansion of the metropolitan area onto the Peninsula and maintaining the current settlement patterns*

The LPS goes on to specify the planning objectives and strategies for growth, involving only incremental and minimal change for the Peninsula's Townships. It is important to note that there are no policy directives, objectives or strategies contained within the LPS that envisage areas of substantial change.

- *'Integrated Planning' Strategy 4 – **The Mornington Peninsula will not accommodate major population growth and the existing Urban Growth Boundary and Green Wedge rural area will be maintained.***
- *'Protecting the character and role of the settlements, towns and villages' Strategy 19 - **The townships of the Mornington Peninsula are expected to accommodate at most moderate and generally low levels of housing growth, with many smaller towns and villages intended to accommodate very limited further development...***

The Mornington Peninsula Shire has a number of concerns and points of clarification in regard to the draft MICLUP:

1. Clarification of timeframes identified in the draft Melbourne Industrial and Commercial Land Use Plan (MICLUP).
2. Projected commercial floorspace calculation, potential impacts on Activity Centres and pressure for out of centre development.

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

3. Consideration of the 20-minute neighbourhood and context with Mornington Peninsula Shire's Major Activity Centres.
4. Projected industrial land availability and the Special Use Zone (Port Related) (SUZ1).
5. Projected industrial land supply.
6. Infrastructure to support industrial land supply and jobs.
7. Implications of recent State government decisions.
8. Documents requiring consideration in the draft MICLUP.

These are discussed in more detail below.

1. Clarification of timeframes identified in the draft Melbourne Industrial and Commercial Land Use Plan (MICLUP)

- The use of different timeframes to discuss projected population growth, demand for commercial and industrial land, years of supply etc. is considered confusing. Clarification is sought as to the timeframe or “planning horizon” for the draft MICLUP. 2031, 2036, 2046 (which is referred to in the background reports) and 2051 are all identified as targets. The draft MICLUP identifies an objective to ensure 15 years supply but is intended to be a 30-year plan (see page 32). The repeated shifting of timeframes makes it difficult to assess.

2. Projected commercial floorspace calculation, potential impacts on Activity Centres and pressure for out of centre development

- Mornington Peninsula Shire's adopted [Industrial Areas Strategy \(April 2018\)](#) (IAS) and adopted [Activity Centres Strategy \(April 2018\)](#) (ACS) vary quite significantly from the conclusions identified for the Mornington Peninsula municipality outlined in the draft MICLUP – particularly in terms of projected future land demands.
- DELWP depends on [Victoria In Future 2019](#) (VIF) figures – which have a significantly higher population projection than that in the Shire's strategies (based on id Consulting forecasts). VIF population growth on the Mornington Peninsula from 2018 to 2036 is projected to be (165,820 to 200,360) an increase of 34,540 (1.1% increase). Id Consulting projections for the same time period are 165,822 in 2018 to 181,097 in 2036 (0.59% increase).
- Whilst it is recognised that the VIF are the official state projections, it is important that these figures are not used as targets but rather as information to help guide strategic planning. Local assessments and conditions need to be considered in terms of how much industrial and commercial floor space can be accommodated in a municipality. For example, the Shire's strategies work 'upwards' from an assessment of current conditions and growth trends on the Peninsula whereas the draft MICLUP works 'downward', making an assessment at the regional level requirement – and then aims to divide the future land requirements between the municipalities based on (what appears to be) projected population growth.
- This 'regional' approach does not take into consideration the unique constraints that the Mornington Peninsula Shire's Activity Centres face that other more metropolitan

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

activity centres do not. Given the coastal location of the Shire's Centres, climate change is a real consideration and threat. The Shire's Activity Centres are also bound by hills and dune landscapes, with many identified as bushfire prone areas, and are surrounded by high-quality vegetation that pose significant natural constraints. It is recommended that the unique nature of the Shire's Activity Centres be considered in context of the draft MICLUP's objectives for commercial land use.

- This 'regional' approach results in the municipality of Frankston which contains 2 Activity Centres – Karingal - a Major Activity Centre and Frankston - a Metropolitan Activity Centre, which has had the benefit recently of very substantial State government investment including extensive rail infrastructure upgrades, having a projected commercial floorspace "demand" of 112,900 sqm by 2031. In contrast the Mornington Peninsula with 3 Major Activity Centres – Mornington, Hastings and Rosebud and very limited access to public transport infrastructure or Metropolitan Activity Centre status has a "target" of an additional 171,400 sqm for the same time period. This is in contrast to the projected need for an additional 105,000 sqm of additional commercial and retail floorspace identified in Councils adopted Activity Centres Strategy.
- This could have significant impacts for the Mornington Peninsula Shire if there is an argument that either Council must plan to accommodate the higher level of growth identified in the draft MICLUP in its existing Activity Centres, with all the infrastructure capacity and character impact issues that would entail – or support out of centre development, such as Kaufland type proposals, all of which would be contrary to Councils adopted ACS and IAS. As stated above, it is recommended that the draft MICLUP figures are used as a planning tool to help guide strategic planning rather than a 'target' that Council's need to meet. In line with Plan Melbourne, it is recommended that a significant proportion of the projected floorspace demand should be directed to Metropolitan Activity Centres, such as Frankston rather than the lower order Major Activity Centres on the Mornington Peninsula which have very limited access to public transport and significant environmental constraints.
- Councils adopted ACS identifies that approximately 53,800 sqm or 18% of retail floorspace in the Shire is located outside the existing activity centres hierarchy and Peninsula Homemaker Centre. Recent planning reform in Victoria means out-of-centre retail development in the Industrial 3 Zone can now include small supermarket and shop-based developments. As a result the ACS recommends the need for more robust policy in relation to the role and function of out-of-centre retail development, and the relationship with activity centres to protect the centres hierarchy. It is recommended that the draft MICLUP also include commentary around the importance of the sequential approach to commercial development, with activity centre locations being the first preference.

3. Consideration of the 20 Minute neighbourhood and the unique position of Mornington Peninsula Shire's Major Activity Centres

- In the context of point 2 above, it is noted in the draft MICLUP that future activity centres will play an important role in providing for future retail and office floorspace and supporting the delivery of 20-minute neighbourhoods.
- Plan Melbourne, through Direction 2.2, seeks to 'deliver more housing closer to jobs and public transport.' This is further articulated in Policy 2.2.3 which seeks to 'support new housing in activity centres and other places that offer good access to jobs, services and public transport.' The activity centres of Mornington, Rosebud and Hastings are regarded as major activity centres in Plan Melbourne and the draft MICLUP.
- As noted above, the Mornington Peninsula Shire has been identified in the draft MICLUP as needing to accommodate a projected demand for commercial floorspace of an additional 171,400 sqm by 2031 within existing commercial areas, as well as considering areas that could accommodate future floorspace requirements through rezonings. Councils adopted ACS which sets out a timeframe from 2015 to 2036 identifies projected increases in retail floorspace:
 - *'with approximately one-third of additional retail sales to be directed to existing retailers, the potential exists for approximately +78,000 sqm of additional retail floorspace in the Mornington Peninsula Shire over the period 2015 to 2036'. 'Allowing for approximately 15% of total shopfront floorspace to be associated with non-retail uses such as offices, personal services equivalent, it is appropriate for the Activity Centres Strategy Review to consider the potential for total growth in shopfront floorspace of approximately +90,000 sqm over the next 20-years'.*
- And projected increases in 'other commercial' land uses as:
 - *'As a minimum, the provision of non-shopfront commercial activities in the Mornington Peninsula Shire will remain at existing levels in per capita terms. On this basis, the Other Commercial floorspace category in activity centres within the Mornington Peninsula would increase from 48,500 sqm currently to approximately 56,000 sqm in 2036; this is an increase of +7,500 sqm'. 'It is considered that policy should aim to accommodate non-shopfront commercial development in activity centres well-above this figure, having regard for growth trends in nonretail commercial activities in centres. In indicative terms, this could involve +15,000 sqm of additional commercial floorspace'.*
- The ACS recommends that development opportunities for activity centres on the Mornington Peninsula are associated with growth in retail and shopfront floorspace and other commercial activities and that policy should seek to support and facilitate appropriate development and redevelopment in existing activity centres which can accommodate an additional 90,000 sqm-plus of new shopfront floorspace (including

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

retail and non-retail uses) and 15,000 sqm-plus of other commercial activity by 2036. The ACS recommends intensification of existing commercial use in centres rather than any rezoning, because, as detailed above, due to environmental constraints on the Mornington Peninsula, these opportunities are limited.

- It is also noted that given the draft MICLUP's regional 'downwards' approach to allocating commercial land use supply, context needs to be given to the limitations that the Mornington Peninsula Shire faces in regard to accessibility to public transport. Mornington Peninsula Shire has suffered from a lack of investment in the transport needs of the region. At present, **82% of the Peninsula is not serviced by public transport**. In fact the Mornington Peninsula Shire has the **second lowest provision** of public transport out of the 31 councils in the Melbourne metropolitan area with 2 of the 3 MAC's not having rail access, and where rail access is provided it is a diesel service with a very limited timetable. Mornington Peninsula Shire residents are **five times less likely** to travel to work by public transport than Greater Melbourne; **and only 3% of Shire residents take public transport to work**, compared with 15% across Greater Melbourne.
 - Further nuance is required in assessment of projections for commercial floorspace growth with regard to the capability of the Mornington Peninsula's Major Activity Centres to absorb such growth projections given their limited public transport, and the fact that the Principal Public Transport Network does not extend into the Shire.
- #### 4. Projected Industrial Land Availability and the Special Use Zone (Port Related) (SUZ1)

- In terms of the availability of industrial land – the estimates of supply in the draft MICLUP propose to discount land in the Special Use Zone Schedule 1 (Port Related) and state that it is not available for general industrial use because of the Special Use Zoning. While this is a reasonable comment at one level, there is only passing reference to the fact that the State government has designated Bay West as the preferred location for Melbourne's second container port and only proposes to retain Hastings as an "option in reserve" (see p12). Given this position by State government, clarification is required to identify how much land should be retained for "port related uses" if there is no proposal for a major port expansion. Coordination between the draft MICLUP and the 2018 Port of Hastings Development Plan released by the Port of Hastings Development Authority needs to be more thoroughly examined in this context.
- It is noted the draft MICLUP does include the recommendation (at p 94):

"In consultation with the Port of Hastings Development Authority, investigate the potential for any Special Use Zone 1 land outside of the Hastings SSIP that could allow for a broader range of industrial uses".
- It is noted that this consultation should also include consultation with Mornington Peninsula Shire Council as the planning authority for the area – particularly since the

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

Port of Hastings Development Authority is effectively limited to control of the port area itself – not the much larger SUZ1 area.

- The draft MICLUP refers to the area of the SUZ1 as being 980 hectares (at p.88) when in fact it covers an area of approx. 3,206 hectares north of Hastings and 322 hectares at Crib Point with a further 7 hectares in the Port Zone (see the 2018 Port of Hastings Development Strategy p.58). Although some of these areas are “occupied” there is arguably more capacity than indicated by the draft MICLUP. In fact, significant areas within the SUZ are probably better considered/designated for agriculture/horticulture (Strategic Agricultural Land) and conservation purposes – as well as the proposed industrial uses (including but not limited to Industrial Park /Advanced Manufacturing/Marine Industry precinct) as proposed in Councils adopted IAS. As a point of interest, the land in the SUZ1 would represent 172 years supply for the Shire at the current rate of take-up identified within Councils IAS.
- It is also noted that the figures identified in the MICLUP differ considerably from Council adopted Industrial Areas Strategy. For example the boundary/line denoted for the Hastings SIPP within the MICLUP includes zoned vacant land of approximately 578 hectares. However this area is all zoned SUZ1 and therefore should not be counted as ‘available’ for industrial use in calculations in the MICLUP. Council consider that figures identified for the SUZ1 need to be clarified and confirmed.
- Council consider there needs to be a comprehensive plan for the land currently included in the SUZ. The State Significant Industrial Precinct Boundary should be defined and consideration given to including the port terminal at Crib Point – given the current “State significant” AGL proposal that is currently under consideration through an EES process.

5. Projected Industrial Land Supply

- Page 88 of the MICLUP – Industrial Land, Supply Southern Region 2018 is considered to be confusing. The table is not clear in regard to whether the figures presented for municipalities include land identified as SSIPs, even though figures for the SSIPs are also separately listed in the table. Some clarification in the body of the text would assist to clarify this.
- Unlike the commercial land analysis within the draft MICLUP there does not appear to be a target stated for additional industrial land release – particularly at the municipal level. Rather the draft MICLUP appears to identify that there is at least 19 years supply (of zoned and potential industrial land) across the Southern Region (which includes Cardinia, Casey, Frankston, Greater Dandenong, Kingston & Mornington Peninsula) at current rates of take up, with a progressive shift from the Southern State Significant Industry Precinct (SSIP) to Cranbourne and Braeside, and subsequently to the Officer Pakenham SSIP. While this may be the case in terms of the arithmetic of aggregate demand and supply, it does not address the issue of accessibility to employment and providing for “jobs closer to home” – particularly for

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

areas such as the Mornington Peninsula which lack good accessibility to these future employment areas due to a lack of public transport options.

- Industrial areas planning for the Mornington Peninsula needs to reflect a relatively sophisticated understanding of the very different geographic and demographic segments using industrial land in the Shire as supported by the Peninsula's Localised Planning Statement.
- Mornington Peninsula Shire Councils adopted IAS identifies in regard to regional industrial land supply:

The adjacent municipalities of Casey and Frankston have significant supplies of industrial land which have an influence on the demand for industrial land on the Mornington Peninsula. The Dandenong South industrial area in Casey is a major industrial precinct of State significance which contains industrial users that require efficient access to national transport and logistics networks. Future use of industrial land in Mornington Peninsula Shire (excluding consideration of potential port development at Hastings) is unlikely to involve the scale and nature of industrial activity present at Dandenong South.

Location, availability and quality of industrial land: The Mornington Peninsula, and thus industrial land in the region, is subject to unique geographic and environmental conditions. In many cases industrially zoned land on the Peninsula forms part of a township area, often in relatively close proximity to residential areas, or has high exposure along main roads, significantly affecting the appearance of townships at 'gateway' locations. These factors can involve some limitations on industrial use and development, and/or the need for higher standards of operation. In this context, an important consideration is the accessibility and quality of industrial land to Mornington Peninsula businesses and labour force.

- For the draft MICLUP to address actual employment demands it would need to be complemented with a significant investment in intra-regional transport infrastructure and services – as well as considering employment prospects at the more local level (as per Councils IAS), also noting that a number of major growth sectors (including health care and social assistance, aged care, education and training, construction, tourism related employment, etc) are not necessarily associated with the rezoning of land for commercial or industrial purposes.

6. Infrastructure to Support Industrial Land Supply and Jobs

- There are a number of generic statements that do not effectively represent the current or future situation for Mornington Peninsula Shire and other local government areas. For example:

P83 "There are good road and rail connections across the region. ... Significant competitive advantages exist for the region having easy access to Moorabbin Airport and the Port of Hastings. A potential

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

intermodal freight terminal at Lyndhurst could support the Southern SSIP and the distribution network across the region”.

- In terms of the Mornington Peninsula, the 2018 Port of Hastings Development Strategy clearly identifies there would be a need for major road and rail upgrades to support any significant future level of port development – whether for a container port or otherwise, and this includes cross Peninsula roads to effectively link the port area to Peninsula Link.
- It is noted the existing Stony Point rail line is a single track, non-electrified “spur line”, with no current proposal to extend beyond Baxter, and there is also no current proposal to provide an alternative rail link to the east. Given these limitations, and the “demotion” of Hastings as future container port, what is the “business case” for an Intermodal hub at Lyndhurst?
- A key transport issue within the Mornington Peninsula is the east-west road network in the northern peninsula. The issue essentially revolves around Bungower Road (Shire managed road) vs Mornington-Tyabb Road (VicRoads managed road). While ideally Mornington-Tyabb Road would carry the bulk of the traffic being the VicRoads arterial road, in the Mornington area, traffic is split fairly evenly on the two roads (about 20,000 vehicles per day each). East of Peninsula Link, the traffic volumes tend to be less. The key issues are that Bungower Road has a full interchange to Peninsula Link, whereas Mornington-Tyabb Road has a half interchange. Also, Bungower Road extends further to the east so is potentially more convenient for some traffic movements. There is no current resolution as to which is better suited as an arterial road and what could/should be done to manage east-west traffic movements. Any additional industrial land and/or Port of Hastings development would again highlight this issue in terms of traffic volume and freight movements, and arterial network planning.
- This among other matters highlights the need to seriously consider infrastructure/investment requirements in the draft MICLUP. For example, consideration of the business case for extension/upgrade of the rail line, at least to Hastings to “activate” the Hastings SSIP (among other objectives). At the moment the draft MICLUP appears to work on the principle that zoning land will attract the required levels of private investment to support employment growth.
- Extending the electrification from Baxter to Hastings would provide significant benefits for the region and for Victoria, linking the Major Activity Centre of Hastings and State significant Industrial land (as identified in Plan Melbourne) with the wider metropolitan area and regional Victoria. Plan Melbourne also identifies the extension of the rail line to Hastings as a 'potential transport infrastructure project' in delivering on key outcomes within the Plan including supporting Outcome 1 - in attracting investment, innovation and creating jobs and Outcome 3 - in creating an integrated transport system that connects jobs and services'.
- With clear links to the release of State significant industrial land located on the Mornington Peninsula, investment in upgraded rail infrastructure also provides the

Draft Melbourne Industrial and Commercial Land Use Plan 2019 – MPSC Submission

opportunity to optimise accessibility of workforce to this key industrial precinct in meeting policy directives at 1.1.6 of Plan Melbourne in delivering 'industrial land in the right locations to support employment and investment opportunities'. Accessibility to a reliable and frequent rail service would underpin delivery of a successful State significant industrial precinct.

- It is noted that the Mornington Peninsula Shire at its Planning Services Committee meeting of the 29th October 2018 resolved to advocate to State government '**to commit to extending electrification of the Frankston Railway line to Hastings in the current Baxter Electrification Business Case**' and continues to advocate strongly for the implementation of effective rail in activating the Hastings SSIP, Hastings Major Activity Centre and broader Peninsula.
- The Victorian Freight Plan 2018-2050 highlights that there is a limited spare capacity for freight movements on the Melbourne-Dandenong-Cranbourne rail corridor on the basis of current and future passenger rail demand. Additionally, the road capacity surrounding the Port of Hastings would also need to be upgraded to provide sufficient access for the growing freight task and residential areas.

7. Implications of recent State government decisions

- The draft MICLUP is concerned with the loss of industrial land to other purposes – but doesn't comment on the fact that State government changes within the VPP have made shops and supermarket an as of right use in the Industrial 3 Zone. In effect, this has increased the supply of commercial land, with a subsequent loss of land for true industry. If further land is to be identified for industrial use, by industries requiring larger areas of unfragmented land (see page 93) for example in the area currently designated SUZ1, it will be necessary to avoid the potential for commercial intrusion, particularly on land along main roads.

8. Documents requiring consideration in the draft MICLUP

- It is noted in the bibliography for the draft MICLUP that both draft strategies (e.g. 2018 Draft Hobsons Bay Housing Strategy), adopted strategies and structure plans have been included as part of the analysis for the draft MICLUP. It is noted the following documents require consideration as part of assessment in the context of the Mornington Peninsula Shire which are not currently listed:
 - a) 2017 Rosebud Activity Centre Structure Plan, prepared by Hansen
 - b) 2014 Hastings Town Centre Structure Plan, prepared by Planisphere
 - c) 2007 Mornington Activity Centre Structure Plan, prepared by Ratio
 - d) 2017 Mornington Peninsula Housing and Settlement Strategy
- It is also noted that the dates of both Councils Industrial Areas Strategy and Activity Centres Strategy are incorrect, the strategies were both adopted in April 2018 – not 2017 as currently listed.