

7.1 Adoption of the Mornington Peninsula Industrial Land Use and Infrastructure Assessment and Rezoning Strategy and Proposed Amendment Process

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Attachment(s)	<ol style="list-style-type: none">1. Mornington Peninsula Industrial Land Use and Infrastructure Assessment and Rezoning Strategy (confidential)2. Sealite Concept Plan (confidential)3. Summary of Submissions ILARS (confidential)4. Draft Hastings Precinct Provisions (confidential)5. Draft Hastings Vision Principles and Concept Plan (confidential)6. Draft Somerville Precinct Provisions (confidential)7. Copies of Submissions (confidential)

This matter is considered confidential under section 3 (1) (c) of the Local Government Act 2020. It contains information in relation to land use planning information.

PURPOSE

The purpose of this report is to present the Mornington Peninsula Industrial Land Use and Infrastructure Assessment and Rezoning Strategy – September 2020 (ILARS report/report) for consideration by Council. The ILARS report assesses three options for the establishment of a new industrial precinct in the vicinity of Somerville, Tyabb and Hastings.

Based on a comprehensive assessment, the ILARS report recommends an area on the north side of Graydens Road, immediately to the west of the Stony Point rail line and situated north of Hastings, as the preferred location. The report also includes a draft concept plan and recommendations regarding the statutory framework necessary to support the establishment of the proposed precinct. A copy of the ILARS report is included as Attachment 1 to this report.

A key change from the draft ILARS report which was previously exhibited and which responds to many of the submissions, is a significant reduction in the area of the proposed precinct (from approximately 192 hectares to approximately 108 hectares), providing greater buffer/separation distances from land in the Green Wedge Zone (GWZ) and maintaining a more substantial break between the Hastings and Tyabb townships, which is consistent with the Mornington Peninsula (Shire's) Shire's long term policy of retaining a distinct settlement pattern based on separate townships.

While the ILARS report does not support the alternative of a 198 hectare precinct east of Somerville, due primarily to the impact on agricultural land and increased traffic generation through township areas, it does recognise and consider a parallel proposal for a technology park (59.6 hectares) in part of that area that has been put forward by a private company (Sealite).

The report concludes that the Sealite proposal has merit, having regard to projected population growth in Somerville, but that the area should be reduced to approximately 10-15 hectares. This will enable the Sealite facility itself to proceed (on a site of approximately 3.4 hectares), with provision for some additional development, but limiting the scale of the precinct to limit the offsite impacts. This is considered an appropriate balance, particularly as there are a number of strategic issues affecting land in this area that are still to be resolved

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including the protection of farmland, the potential designation of an irrigation area, the management of traffic, volume of freight movement and the future use and development of land in the adjacent port area.

While the recommendations in the ILARS report do not fully address the State Government's policy goal of identifying a 30 year supply of industrial land, they will make a significant contribution (providing in the order of 10-15 years supply), while being consistent with Council's key policy directions on the protection of township character and amenity and providing time to investigate further alternatives. In this sense they seek to maximise the benefit of rezoning at this time while minimising the adverse impacts.

In terms of implementation, although there are a range of alternatives, it is considered that a 'fast track' approach can be supported to some extent, but that there should be an opportunity for submissions to be considered through an independent review prior to any decision by the Minister for Planning (the Minister). This is particularly relevant given that the opportunity to consult with landowners and other stakeholders has been substantially constrained by the new provisions relating to confidential information under *the Local Government Act 2020*.

It is recommended that Council adopts the ILARS report and commence a process for seeking the necessary changes to the Mornington Peninsula Planning Scheme (Planning Scheme).

BACKGROUND

The ILARS seeks to address the important issue of ensuring an adequate future supply of industrially zoned land in the Shire, to support economic development and employment growth.

The Shire's Industrial Areas Strategy (IAS) which was adopted by Council in 2018, indicated that there was approximately 15 years supply of vacant zoned industrial land in the Shire, but that as supply decreases, there would be increasing barriers to development. In this context, the IAS set a high priority on identifying new areas for industrial rezoning.

In fact, the opportunities for industrial rezoning on the Mornington Peninsula are substantially constrained, due to the limited vacant land which exists within the Urban Growth Boundaries and the risk of incompatibility between industrial areas and residential areas and other land uses. In this context, the IAS noted that one possible opportunity was the release of some of the land within the Port Related Uses – Special Use Zone (SUZ1), which applies to large areas on the eastern side of the Mornington Peninsula. Although the SUZ1 allows consideration of industrial use it is restricted to industries which are 'dependent on or gain significant economic advantage from proximity to deep water port facilities, be directly associated with such a use or be a marine service industry'.

Subsequently, in December 2018, the Port of Hastings Development Authority (POHDA) completed a Port Development Strategy, which identified land within SUZ1 immediately to the east of Somerville and Tyabb and north of Hastings as being suitable for investigation for more general industrial use, which could form a buffer between the townships and the main port industrial area.

On this basis, Council determined to review the available options in the area 'released' by POHDA, incorporating previous work which had sought to identify an area for marine industry. The planning consultants Hansen Partnership, supported by expert input from other economic, transport and infrastructure consultants, were appointed to prepare the study, with a project steering group including Shire officers and representatives from the POHDA, Department of Jobs, Precincts and Regions (DJPR) and Department of Environment, Land, Water and Planning (DELWP).

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The ILARS report provides an overview of the strategic context, including state and local planning policies and an economic analysis before focussing on a detailed assessment of three alternative precinct options, referred to as Somerville, Tyabb and Hastings. The three precincts and a brief summary of their strengths and constraints is outlined below:

Somerville – 198 hectares, north and south of Bungower Road and east of Lower Somerville Road. Note: this includes the area previously considered for a Marine Industry Precinct (of 58 hectares) in a previous consultant report.

- Strengths – Good access to Western Port Highway and connections through to the Dandenong, no major uncertainties compared with Hastings site (in terms of requirements for rail facilities, road extensions, proximity to airfield), a strong catalyst development (Sealite).
- Constraints – Adjoins a low density residential zone to the west, includes significant areas of agricultural production, may result in substantial traffic on Bungower Road and additional through traffic in Somerville.

Tyabb – 195 hectares south of O’Neills Road and north and south of Western Port Highway.

- Strengths – The areas south of Dandenong-Hastings Road are well separated from residential areas, the area has good access to main roads and few environmental constraints.
- Constraints – The area south of Dandenong-Hastings Road has not been released by POHDA, the northern section is close to township/residential boundaries and would have a significant impact on established agricultural use.

Hastings – 192 hectares north of Graydens Road and immediately west of the Stony Point rail line.

- Strengths – Consistent with role of Hastings as the regional centre, good separation from residential areas, no major existing agricultural use.
- Constraints – Less direct access to Peninsula Link/increased traffic volumes on Graydens Road, north eastern section may not be suitable for development (drainage/ environmental constraints), possible encumbrance of part of the precinct by future rail and road requirements.

Based on a comprehensive assessment, the ILARS report concludes that the Hastings precinct, located north of Hastings and to the west of the Stony Point rail line, is the preferred location. This site would provide for a new precinct of 108-192 hectares, subject to further investigation of environmental values on part of the site.

The ILARS report then outlines a vision, principles and a concept framework plan for the precinct, providing for among other matters the provision of a service road along Graydens Road, landscaped buffers to adjoining land to the west and a range of lot sizes to provide for both local service industries and larger strategic businesses. It is proposed that the precinct would be developed in stages, subject to the provision of necessary infrastructure.

The concept plan also provides options for a bypass road connecting Frankston-Flinders Road directly to Dandenong-Hastings Road/Western Port Highway, which would avoid two existing rail crossings, and possible rail facilities, either for marshalling or a possible future rail station. The concept framework plan is shown on page 63 of the ILARS report.

The ILARS report also recommends a combination of zoning, overlay and local policy provisions to support implementation of the concept plan. These provisions would also seek

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to prevent the use of land in the precinct for retail commercial purposes and restricted retailing, such as warehouse sales, in order to retain the supply of land for industrial use as far as possible.

Exhibition Process

At the Planning Services Committee Meeting on 15 June 2020, Council resolved to exhibit the draft ILARS report, with the exhibition period concluding on 3 August 2020.

As the proposals may have a significant effect on the townships of Hastings, Tyabb and Somerville, the exhibition of the draft report was widely advertised, with more than 13,000 letters to owners and occupiers along with newspaper notices, information provided on social media and through Council's website, a 'Have Your Say' online survey and an on-line based 'drop-in' session, held on 15 July 2020 (via Zoom) and attended by more than 30 people.

In addition to information about the draft ILARS report, the Shire website also noted that a private proposal by Sealite Pty Ltd had been submitted to the Building Victoria's Recovery Taskforce (BVRT).

Sealite propose to develop a technology and business park (with an area of approximately 59.6 hectares), on the south east corner of Bungower Road and Lower Somerville Road. A copy of the Sealite concept plan is included as Attachment 2. Further information regarding this proposal is available on the Sealite website: <https://www.sealite.com/future-innovation-park/>. The Shire has previously advised the BVRT and the Minister for Planning that consideration of the Sealite proposal would be premature at this stage, given the public exhibition process and the need for completion of the ILARS report.

Summary of Submissions

During the exhibition period 181 submissions were received through the online survey, which included an open comments section, with a further 34 submissions received by email.

The analysis of on line submissions indicates that the majority of the submissions are from residents of Somerville (42%), with 19% from Tyabb and 11% from Hastings, 13% from elsewhere on the Mornington Peninsula and 14% from outside the Mornington Peninsula.

In response to questions about the preferred precinct location, Hastings is the first choice of the majority with support from 60% of respondents, Somerville second with 35% of respondents and Tyabb third with 5%. However, many of the submissions (60%) in fact do not support further industrial development in any location and indicate that Hastings is to some extent considered the 'least worst' option. Very few submissions support the location of a major precinct in the vicinity of the Tyabb township.

The range of submissions is very diverse, ranging from complete opposition to any further industrial development through to arguments for much less restriction and a much greater area of rezoning to support employment. The main points in the submissions are summarised below and a more comprehensive summary is provided in Attachment 3. A full copy of the submissions is included as Confidential Attachment 7.

Summary of Submissions

General Submissions Opposed to Further Industrial Development

1. Further industrial development is contrary to environmental, landscape and community values of the Mornington Peninsula.
2. Adverse impact on the amenity and image of the townships/residential areas.

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3. Inadequate road infrastructure and lack of a strategic plan for traffic.
4. Concerns about environmental impacts and risks (including from heavy industry).
5. Uncertainty about future use and development/lack of control.
6. Lack of need for such large scale industrial precincts on the Mornington Peninsula.
7. Better alternative locations should be considered.

General Submissions in Support of Further Industrial Development

1. Lack of suitable land will impede the employment and economic potential of the region.
2. There should be far less restriction on the development of land.

Submissions in Relation to the Tyabb Precinct

1. Limited comment and little support for the Tyabb Precinct option.
2. There is an overlap in the objections to the Hastings and Tyabb precincts, the 'Hastings' precinct is in fact located between Hastings and Tyabb. A number of the objections to 'Tyabb' are in fact referring to the Hastings precinct.

Submissions in Support of the Hastings Precinct

1. Higher level of support for Hastings precinct as the 'least worst' option.
2. The Hastings precinct will have the least impact of the options on residential areas, agricultural land, etc.
3. Industrial development is more consistent with the role/character of Hastings. It makes sense to consolidate Hastings as an industrial hub.
4. The Hastings precinct has good access and Graydens Road is more suitable for upgrading.
5. The Hastings precinct has the support of the land owners.
6. The Hastings precinct has a number of advantages, including space for expansion, proximity to the port area, potential connection to the rail line, proximity to Tyabb airfield and provides for a future road bypass.

Submissions Opposed to the Hastings Precinct

1. The proposed Hastings precinct is inconsistent with long term planning policies which emphasise retaining a 'green break' between the Hasting and Tyabb townships.
2. The Hastings precinct will adversely affect the values of the adjoining Green Wedge to the west, that is, in the vicinity of Boes Road.
3. Hastings already has enough industrial development and the proposed precinct is too big and out of character.
4. The Hastings precinct lacks good regional connections. Graydens Road is unsuitable for heavy traffic and the precinct is unlikely to attract high technology based industry.

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5. There is too much uncertainty in relation to development of the Hastings precinct – in terms of the ability to attract investment/economic feasibility, rail requirements, the road bypass proposal, effect on Tyabb Airfield, need for further environmental and cultural heritage investigations etc.

Submissions in Support of the Somerville Precinct/Sealite Option

Note: few of the submissions appear to support the exhibited Somerville precinct (of 198 hectares) and most appear to refer to support for the Sealite proposal.

1. There is a significant demand for industrial land, including a likely transfer of demand from other parts of the region (Dandenong, Frankston) as those areas reach capacity in the next three to five years.
2. Sealite is a 'shovel ready' proposal.
3. The Sealite technology park will be complementary to the Hastings precinct and would serve a different role/market.
4. Approval of the Sealite proposal will lock in significant benefits and avoid potential risks, given the existing SUZ1 zoning.
5. The Sealite proposal has better access to the regional road network and will be more attractive to high technology industries in the process of the regional transfer of demand from Dandenong and Frankston.
6. The Sealite proposal (on 59 hectares) will have the least adverse impacts and substantially less than the 198 hectares precinct considered in the ILARS report.

Submissions Opposed to the Somerville Precinct/Sealite Option

1. Adverse impact on residents and township character/the rural setting of Somerville. The site is located opposite a low density residential zone. The existing Somerville industrial area is located to the north of the township and oppose having industry to the south as well.
2. Impact of increased traffic, particularly on Bungower Road and Mornington-Tyabb Road via Frankston-Flinders Road, as these will be used for access to Peninsula Link.
3. Loss of agricultural land in a well-established market gardening area.
4. No need for this precinct – industrial development should be consolidated at Hastings.
5. Uncertainty regarding the Sealite proposal, whether it will proceed, the use of the remaining land in the proposed precinct.

Support for a Single Precinct

1. Contain the impact of industrial development to one location (majority support Hastings).
2. Encourage economies of scale and co-location.
3. Avoid adverse impact on the viability of the Hastings precinct.

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Support for More than One Precinct

1. More than one precinct will spread the load/impact.
2. Different sites are suitable for different uses and will increase opportunities.
3. Multiple sites will reduce the risks (of delays etc.).
4. Need additional areas to meet future demand.

Submissions Regarding the Vision and Design Concept Plan for the Hastings Precinct

1. Lack of confidence in the ability of Council to ensure the intended outcome.
2. The concept plan is too generic/uncertain.
3. The proposed precinct is far too large.
4. The concept plan does not sufficiently protect adjoining owners – much bigger/better buffers required. The vision should include reference to social responsibility.
5. The concept plan needs to have greater regard to environmental and heritage values.
6. The concept plan provides inadequate open space/community benefit.
7. The concept plan should provide better access arrangements – entry controlled by traffic lights.
8. There is a need for attention to building design.
9. Plan needs to be flexible to respond to commercial realities.
10. The proposed investigation area should be included in the rezoning not left in limbo.

Submissions Regarding the Intended Range of Uses

1. Uncertainty regarding the use of land in the Hastings Precinct.
2. Little support for a wider range of uses, that is, little support for more commercial/retail use in the proposed precinct.

Submission Regarding Development Contribution Proposals

1. The majority of submissions strongly support the principle that the developers should pay all the costs of required infrastructure.
2. Some submissions argue that if there is a major community benefit there could be some public contribution to infrastructure costs.
3. Alternatives to development contributions should be considered – funding by government due to the economic value to the region and State, or payment over time through rates.

Comments/Submissions on the Process

1. Limitations of the consultation process, not all landowners were notified, not all have access to the internet. Should not be considered during COVID-19 restrictions.

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2. The framing of the project has excluded consideration other options and the assessment has been too subjective.
3. The project should have assessed the suitability of the Sealite proposal on its individual merits, not in comparison with alternative sites.
4. Need to clarify the effect of future amendments on existing approvals.

DISCUSSION

The submissions highlight a number of key points that need to be considered in reviewing the ILARS report.

Demand for Industrial Land

A substantial number of the submissions argue that there is no need for additional industrial land in the study area (or on the Mornington Peninsula as a whole) and that such a larger area of land is not required to meet local demands, being much larger than any of the existing industrial precincts in the Shire (as shown in Table 1 below).

Table 1: Industrial Zoned Land by Precinct – Mornington Peninsula Shire – 2020

	Zoned Industrial Land	Net Industrial Land	Total Occupied Land	Total Unoccupied	% Unoccupied	No. of Lots	Average Lot Size
Mornington Tyabb Rd	80.0	61.0	55.5	5.5	9.0%	831	734
Mornington North	26.6	25.8	25.8	0.0	0.0%	49	5,273
Hastings	86.5	74.5	67.1	7.4	9.9%	304	2,451
Capel Sound	73.0	55.9	42.7	13.2	23.6%	406	1,378
Somerville	39.4	35.7	28.3	7.5	20.9%	337	1,061
Dromana	33.2	27.7	25.3	2.4	9.3%	239	1,097
Bittern - Crib Point	9.9	6.6	3.3	3.3	49.8%	17	3,870
Tyabb	19.0	16.6	15.9	0.7	4.1%	138	1,204
Rye	5.3	4.6	4.2	0.4	9.1%	35	1,306
Sorrento	2.6	2.2	2.2	0.0	0.0%	12	1,841
Total	375.4	310.7	270.3	40.4	13.1%	2,368	1,306

Source: Urban Enterprise, 2020

There are many uncertainties about the remaining industrial land available, the level of demand, and the rate of take-up, with estimates of the remaining supply ranging from as little as two to three years to as high as six to nine years, subject to a range of different assumptions.

However, the reports by different economic analysts tend to agree that, based on longer term trends, the demand for industrial land, based on local population growth (that is, local demand) is in the order of 5-7 hectares per year, across the whole municipality and that as supply tightens the ability of new industrial businesses to establish in the Shire will be restricted. This may be compounded by the further take up of land in existing industrial areas by semi-commercial use, warehouse sales, gyms, breweries, indoor sports centres, children play centres and the like which are permissible uses under the standard industrial zones.

The report by the economic consultants Urban Enterprise (UE), which forms part of the background to ILARS, also highlight the need to provide additional land/larger sites (in the two-five hectare size range) to attract and accommodate larger 'strategic industries' that are not necessarily dependent on local customers.

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UE does not specify the level of land provision required for 'strategic industries'. However, work by the consultants Macroplan on behalf of the Committee for Mornington Peninsula and Sealite, indicates that this 'regional demand' may account for an additional five-eight hectares per year, in effect doubling the projected demand to 10-12 hectares per year, or approximately 300 to 400 hectares over 30 years.

In this regard it is relevant to note that Macroplan also prepared estimates of industrial demand in the southern region for the DELWP as part of the Melbourne Industrial and Commercial Land Use Plan (MICLUP 2020). The MICLUP is a State Government policy document, which among other matters states as a strategy the need to 'identify how growth will be accommodated over the long term (at least 30 years) through state, regional and local assessments of land supply and demand'.

The Macroplan estimate is based on an assumption that 10-15% of the demand from the Dandenong industrial area (which is expected to reach capacity in approximately seven years), will transfer to the Mornington Peninsula. Macroplan also argue that there is some prospect of migration of knowledge intensive industries to the Mornington , provided there is a suitable location (that is, the Sealite proposal) which provides high amenity, good accessibility and opportunities for co-location with complementary businesses.

The advice from Council's economic consultants, as well as the Macroplan analysis, confirms that there is likely to be a significant ongoing demand for additional industrial land supply in the Shire, based on both local growth, and the opportunity to 'capture' additional employment and economic activity through regional business development.

In this context, it must be noted that State Planning Policy at *Clause 17.02 - 1S Industrial Areas* states the following strategy:

Provide an adequate supply of industrial land in appropriate locations including sufficient stocks of large sites for strategic investment. In this context, there is an obligation on planning authorities, including councils, to address the need for future industrial land supply.

However, the need to identify land for industrial use should not be considered in isolation from other planning objectives.

Council's Local Policy 21.07- 4 Industrial Areas states:

Care must be taken to identify areas for industry that can develop without intruding on residential areas – for example, land on the edge of towns or sites which are separated from residential areas by buffers, such as railway lines, drainage reserves or main roads. As far as possible, industrial development should be located to avoid the need for trucks and other industrial traffic to pass through residential areas. Industrial development should only be located where adequate infrastructure is available or can be provided at the time of development and where the potential for conflict between industrial zones and nearby sensitive land uses is avoided or minimised

Equally, the Mornington Peninsula Localised Planning Statement emphasises the need for integrated planning, and states in part:

The character and functions of the towns and villages will be protected and there will be no linear development between towns along the coast or expansion into the areas between townships. Development within each settlement will only be of a scale and character appropriate to the role, function and location of that settlement. And

Due account will be given to the value of the Mornington Peninsula for agriculture and other rural pursuits and to the role of primary producers and other land managers.

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Accordingly issues of where, how much and when to rezone land for industrial purposes should also have regard to other planning objectives, which include the protection of township character, ensuring the provision of adequate infrastructure and support for agriculture.

Managing Uncertainty

A number of the submissions refer to a range of uncertainties which affect some or all potential precincts, including:

- The management of future traffic/freight movement demands, particularly east west across the Mornington Peninsula;
- The future land use pattern and form of development in the SUZ and State Significant Industrial Precinct, east of the Western Port Highway and south of Dandenong-Hastings Road. Submitters have noted that with the decision to prioritise Baywest as the future location for a second container port there is a need for a comprehensive review and plan for the Western Port region, potentially with a new focus on environmental sustainability;
- The effect of State policies requiring the protection of agricultural land and particularly areas such as Somerville/Tyabb with potential access to secure recycled water supply;
- The potential for rail upgrades and road bypass plans at Western Port Highway/ Frankston-Flinders Road;
- The future use of the Tyabb Airfield and protection of safety and amenity of residents in that area;
- The environmental and cultural heritage values of some sites, as well as the environmental risks, drainage and fire hazard constraints that may also apply; and
- The effect of COVID. For example, there may a short term decrease in demand, with a possible longer term increase if a degree of 'on shoring' of supply chains occurs, generating more demand for local production.

While it is important to reduce the impact of these risks as far as possible, it is considered that the ILARS report does provide an effective response by:

1. Not over committing land in advance of potential policy changes, for example in relation to the protection of agricultural land.
2. Identifying areas for further investigation where appropriate.
3. Providing options for planning controls which will enable issues, such as avoiding encroachment on the airfield and protection of environmental and cultural heritage values to be addressed as part of the more detailed design process.

It is also reasonable to note that in some cases the 'uncertainty' can also be considered as an opportunity to resolve outstanding issues, for example in regard to future road and rail infrastructure.

Other submissions raise concerns regarding a different aspect of uncertainty, querying the level of certainty that can be provided in regard to future use and development within a new industrial precinct, and the potential implications in terms of impact on the environment and local amenity.

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It is important to recognise that while planning controls can determine certain requirements, particularly in relation to general land use types and the built form of development, Council is not the developer of the precinct, and the ability to specify how soon and in what order land is developed, the specific uses within the general definition of 'industry', the composition of traffic movement etc is less certain.

Equally, while it is possible to require developers to provide internal precinct infrastructure, and contribute to some upgrade of external infrastructure there may be some very significant costs which are inevitably a government responsibility, and which may be in competition with other public spending priorities.

These issues do require ongoing management, and a significant degree of cooperation between agencies, landowners and developers. The ILARS report provides a framework to assist this process and it is intended that the more formal provisions of the Planning Scheme should reinforce this through a clear expression of intended outcomes, requirements and obligations.

Consideration of Alternative Locations

A number of submissions argue that the precincts considered in the ILARS report are not the only options available and that other locations should be considered, particularly within the SUZ area.

In this regard it may be noted:

- The SUZ1 zoning was established in the early 1980s, well before any detailed port area planning and in a different environmental and social context. Aside from port area facilities (which would occupy in the order of 300-500 hectares) there has been limited consideration of the potential for and real impacts of extensive development in the balance of the SUZ1, which applies to an area of more than 3,000 hectares. Although the 2018 Port Development Strategy provides a greater level of detail than has previously existed, there are still substantial areas where future use and development is uncertain. In this context, it is not appropriate to assume that all areas currently within the SUZ, or the areas 'released' for investigation by PODHA are necessarily appropriate for industrial use and development, and arguably some areas would be better considered for agricultural or environmental conservation purposes;
- Equally, given the demand for industrial land is at least in part being driven by regional land supply demands, and having regard to the State Government decision to focus on Baywest for future container port development, it is arguable that the State Government should further consider the release of land in other parts of the SUZ1 area. Many uses which require larger site areas (strategic businesses, including metals and chemical based companies), may have significant impacts on nearby townships regardless of whether they are specifically 'port related' and would be better located in areas well away from township boundaries; and
- Some submissions suggest that parts of the SUZ1 in Crib Point should be considered. The SUZ in Crib Point applies to a further 320 hectares of land. However, land in Crib Point (Creswell Street) has recently been rezoned from industrial to residential, partly on the basis of a long term demonstrated lack of demand in that location. There are also significant concerns about encouraging additional industrial traffic on Frankston-Flinders Road, through a number of township areas, as well as into Crib Point itself. In this regard, Council has previously adopted a position opposing uses which would increase heavy vehicle movements through Crib Point (as was the case with an application by Boral in 2007).

In addition to possible options within the SUZ it is also important to recognise that:

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- It is uncertain whether and to what extent increasing supply near Somerville/Tyabb/Hastings will attract service industry based on population growth on the Port Phillip side of the Peninsula. While there may be some degree of transfer of demand, local service industries are generally dependent on proximity to their customer base. This suggests that the release of land in one location, particularly in a relatively large municipality such as the Mornington Peninsula is unlikely to provide an effective supply for all future demands, but it will allow expanding businesses to relocate and remain within the Shire; and
- Many of the important economic growth/employment drivers for the Mornington Peninsula, including construction, health care and social assistance, retailing, education, aged care, education and training, tourism, agriculture and home based businesses do not require industrially zoned land. Other potential uses are also able to locate within the existing SUZ1, including port related industries and port logistics, port and port industry maintenance businesses marine service industries, and rural industries.

These factors highlight that planning for future employment and economic development in the Shire is not limited to consideration of the current industrial precinct options and there is further strategic investigation and planning work to be undertaken to secure the 30 years of supply identified in State policy. However, the recommendations included in the ILARS report are still considered appropriate and will make a significant contribution to the available industrial land supply.

The Relationship Between the Potential New Industrial Areas and the Townships

As previously outlined, the ILARS report has assessed three potential locations and identifies Hastings/Graydens Road as the preferred precinct location. However, it is important to recognise that none of the locations is perfect and in considering the recommendation it is also necessary to consider how to minimise the adverse impacts of the decision.

In this regard the community submissions strongly reinforce the need to consider the relationship between proposed industrial areas and adjoining township/residential areas, as well as areas within the Green Wedge. Local communities do not accept that industrial development should take priority over the amenity of their areas, and expect planning to give this greatest weight.

Council's planning policies including the Mornington Peninsula Localised Planning Statement, also reinforce this concern and place substantial emphasis on maintaining the distinct settlement pattern of the Mornington Peninsula, based on separate townships with their own identity.

The relative scale of development is also significant in terms of both the potential dominance of industrial land-use in an area. Many submissions are concerned that the size of the proposed precincts (approximately 192-198 hectares) is out of proportion to the adjoining township areas and will adversely affect the character, rural setting and environment of the townships, as well as eroding the separation between townships.

Having regard to these issues, it is considered:

- Although providing adequate industrial land supply is an important element in the Shire's overall land use framework it is not necessarily appropriate to concentrate all of the Peninsula's future supply in one location or precinct, potentially to the detriment of the adjoining townships;

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- As noted above, there are other options which are still open to investigation, even though these may not be established in the short term, but may be possible in the medium 10-15 year time frame;
- While good design in the layout and development of the precinct is an important factor, the provision of buffer areas and physical separation is also critical. In this regard the existing SUZ provisions include requirements for substantial buffer areas where SUZ land adjoins residential, low density residential and Green Wedge land. These provisions require a minimum separation distance of at least 100 metres from land in Residential Zone and 60 metres from land in a Low Density Residential Zone or GWZ, with greater separation required where processing of products is involved (up to 400 metres for processing of chemical products or storage of flammable products);
- While the range of use which should be supported in the proposed new precincts does not include heavy, dangerous or offensive industries, the principle of providing a substantial separation is still considered an appropriate requirement as part of any rezoning proposal; and
- The location and scale of a precinct should also have regard to impact on current infrastructure capacity and opportunities for coordination with future infrastructure provision.

It is considered that the balance between land supply, scale of precinct and provision of buffer areas/green breaks as outlined in the revised ILARS, and which recommends a significant reduction in the proposed area of the precinct, provides a reasonable response to these issues.

Traffic Impacts

Many of the submissions raise concerns regarding the adequacy of existing road infrastructure and the impact of the increased traffic volumes which will result from further industrial development.

In terms of anticipated traffic movement, the various traffic consultants agree on the likely volumes of additional traffic generation, including both vehicle movements by employees and other light vehicles and heavy good vehicles.

At full capacity the development of a precinct with an area of 190 hectares would be likely to generate in the order of 39,330 vehicle movements per day (VPD), including approximately 7,000 movements by heavy vehicles. This is based on an assumed building site coverage within a precinct equal to 45% of the total area, 4.6 movements per day/100 square meters of floor area and with between 15% and 20% of movements being by heavy vehicles.

However, the distribution of traffic on the local network is less certain. For example, the ILARS report assumes approximately 50% of traffic from the Somerville precinct would use Bungower Road travelling to and from the west (at least to and from Frankston-Flinders Road), whereas material supporting the Sealite proposal suggests only 20% of traffic would do so.

In addition, while Bungower Road is identified as a major east west road, providing a direct connection to Peninsula Link, it is in fact Mornington-Tyabb Road which is currently designated as the major cross Mornington Peninsula road, (through the use of Road Zone 1). This has significant implications. For example, the Port Development Strategy emphasises the development of Mornington-Tyabb Road and Bungower Road as the main east west connections to Peninsula Link, including for heavy vehicle movements, despite serious concerns regarding the impact of such road use.

7.1 (Cont.)

It is also important to note that road capacity, which may be up to and above 16,000 VPD before duplication is considered 'warranted' is a measure of road function/congestion and not necessarily the impact of such movements on adjoining landowners/residents. This is compounded by the fact that the timeframe for any major road upgrading/duplication is uncertain due, in part, to uncertainty about future port area development.

These factors highlight need for greater coordination between the availability of infrastructure capacity and the 'release' of land for development. Determining the most appropriate future main road/freight movement network and the associated infrastructure investment requirements and traffic management policies (such as speed limits and load limits) will require further planning and coordination between a number of agencies and is a key issue to be addressed by the Shire's Integrated Transport Plan that has recently been commenced.

At this stage, the revised ILARS report seeks to address the issue of traffic impact in the short to medium time frame by both supporting a location which is more likely to reduce impact on township areas and by reducing the scale of the precinct, in turn reducing likely traffic volumes.

The access from the precinct to Graydens Road will also be of high standard, providing a service lane along the majority of frontage and a signalised entry at the intersection of Graydens Road and Frankston-Flinders Road.

Open Space and Net Community Benefit

A number of the submissions make a comparison between the Sealite proposal and the concept plan for the Hastings Precinct, noting that the Sealite proposal includes a higher level of community facilities, pathways and recreational open space than is shown in the Hastings plan and that this provides a higher level of net community benefit.

It is certainly the case that the Sealite submission is well presented in terms of the design concept for a technology based business park or high-tech manufacturing cluster (as shown in Attachment 2). The Sealite submission states:

The concept demonstrates a strong commitment to open space and community infrastructure in the form of a community playing field, a community hub [based at the existing Brunnings homestead] and after-trip facilities with significant open space and public realm connections linking business uses with a heritage precinct via a network of walking, cycling and running paths.

The other major community benefits of the Sealite proposal are expressed in terms of investment in construction, direct employment and anticipated employment multipliers (i.e. jobs created off site elsewhere in the economy), with a total value of \$536.2 million in onsite construction, an additional \$676.5 million in off-site construction and up to 1,500 ongoing jobs. This is based, according to Macroplan, on an average employment density of around 60 jobs per hectare, reflecting the use of industrial/commercial, manufacturing and high-tech spaces.

Clearly these are significant economic benefits, however, the construction value and employment benefits of industrial development may well be the same or comparable regardless of location, and vary according to the assumptions applied, particularly in terms of expected employment density.

In addition, while the Sealite proposal is an attractive design concept, there are other concerns, outlined in a later section of this report, which stand against the acceptance of the Sealite proposal at the scale proposed.

7.1 (Cont.)

In terms of the design of the Hastings Precinct, the concept plan does not propose community playing fields or a community hub within the precinct, as these are not considered well located for access by the community they would be intended to serve.

While a range of facilities is appropriate to serve the needs of employees and other visitors to a major industrial and business precinct, this is arguably different to those which are appropriate in residential areas.

Accordingly, the Hastings concept plan focusses on a network of main landscaped roads (boulevards) with provision for pedestrians and cyclists, and with passive open space at key locations, particularly where it is intended to retain existing vegetation.

The revised concept plan increases the width of the landscaped buffer strip around the precinct to a minimum width of 30 metres, but the main pedestrian route is through the precinct, with a proposed connection through to Stuart Road (subject to approval of Melbourne Water to cross an existing reserve) and to the existing cycle path on Frankston-Flinders Road.

A 'green link' will also be provided across the precinct. This will be designed in conjunction with the onsite drainage system according to Water Sensitive Urban Design principles, providing a landscape feature and habitat area, particularly for birdlife and in some locations supporting the pedestrian path network.

The concept plan will also require the retention of the existing heritage listed building at 12 Graydens Road, providing that it may be used for an extended range of uses, such as a restaurant or consulting rooms due the provisions of the Heritage Overlay.

It may be noted that the *Subdivision Act 1988* and Planning Scheme provide for a 5% public open space contribution as part of industrial subdivision, either as land area, site value or a combination of both. Through this mechanism and the concept plan it is considered that an appropriate level of facilities can be provided within the precinct to ensure an attractive and sustainable form of development, appropriate to the intended land use.

The Vision for the Hastings Precinct

Many of the submissions highlight concerns regarding potential environmental impacts as well as loss of amenity as a result of industrial development and to some extent these concerns may have been exacerbated by a perception that the Sealite proposal is for a high technology, high amenity, high quality business park whereas Hastings will be 'secondary', accommodating only lower value development and heavier industry.

It is appropriate to emphasise that the Hastings precinct is not intended to accommodate offensive or dangerous industries of any kind and that high design standards will be applied.

The vision for the precinct is that:

The Hastings Employment Precinct will develop as a major industrial and employment precinct that accommodates a cluster of diverse smaller-scale, industries as well as opportunities for the establishment of larger scale, strategic businesses that build on the strengths of the Mornington Peninsula and the Southern region as a whole and support employment within the Mornington Peninsula Shire.

Due to the proximity of the precinct to the townships of Hastings and Tyabb, and to the Shire's Green Wedge rural area, land within the precinct is unsuitable for use by offensive or potentially dangerous industries which will be excluded.... Development will be sensitive and responsive to the surrounding environmental and landscape context, underpinned by high

7.1 (Cont.)

amenity, best practice sustainable design, and situated within a well landscaped public realm...

The principles for development emphasise the importance of natural systems, the relationship to the Hastings township and surrounding uses and the need to embed sustainability in all aspects of the precinct.

As with all development proposals a key issue is how to ensure the translation of the principles into on-ground reality. In this regard the concept plan and the Planning Scheme amendment proposals outlined in Attachment 4 are intended to 'lock in' as far as possible the intended land use and development pattern for the Hastings Precinct, with the intention to ensure ample opportunities for the same 'high technology' based uses and integrated development anticipated in the Sealite proposal.

Changes to the Exhibited Version of the ILARS Report

Having regard to the previous discussion, a number of changes and clarifications have been made to the ILARS report now being presented to Council. The key points may be summarised as follows:

- Precinct 3 – Hastings remains the preferred location, to support the development of a more robust employment base around Hastings and to reinforce the role of Hastings as the major activity centre and employment hub for the eastern Mornington Peninsula.
- However, the separation between Hastings and Tyabb, including separation from the Tyabb airfield should be reinforced. Accordingly, a separation of approximately 300 metres is proposed from the southern boundary of the airfield and the lots adjoining Stuart Road which constitute the southern edge of the Tyabb township. The new precinct boundary will follow an existing title boundary.
- The proposed separation will continue and increase within the area designated for 'Further Investigation' to the east. It is considered that much of the land included in the investigation area may be best included in the GWZ, however, this will require further review and consultation, for example in regard to possible provision of a limited number of additional industrial lots on the land directly adjoining the proposed precinct. At this stage the land within the Further Investigation Area will remain within the SUZ1.
- In addition to the separation between the precinct and the Tyabb township, the buffer area between the proposed precinct and the adjoining Green Wedge land to the west (which in turn adjoins Boes Road) should be increased.
- Accordingly, it is proposed to require a landscaped buffer area with a minimum width of at least 30 metres from the GWZ to be established along the western boundary of the precinct, with a 60 metre setback for buildings.
- There should be no 'speculation' that the precinct will eventually expand westward to Boes Road. Where properties along Boes Road, extend through into the new precinct there should be no through road connection to encourage use of Boes Road by industrial traffic.
- These requirements are illustrated in the revised concept plan, shown on page 63 of the ILARS report (Attachment 1). These changes will reduce the net area of the precinct to approximately 108 hectares and provide for separation distances that should address any future changes in use within the precinct.

7.1 (Cont.)

- This reduction in the area of the precinct will also reduce the additional vehicle movements (at full development) to approximately 22,400 VPD.
- Assuming a traffic distribution of 32% travelling to and from the west and 68% to and from the east, this would increase traffic movement west on Graydens Road from approximately 7,300 VPD, to approximately 14,500 VPD, which is still below the general warrant for duplication in the short to medium term. Vehicle movements on the short section of Frankston-Flinders Road to the east, connecting across the rail line, would increase by approximately 15,300, VPD at full development, resulting in a total traffic volume in excess of 30,000 VPD, requiring a significant upgrade. This section of road is already approaching capacity and an upgrade is likely to be warranted in any case. However, Frankston-Flinders Road is a VicRoads main road and the timing of any major works is uncertain.

It should also be noted that these traffic scenarios are limited to consideration of the possible impact of the industrial precinct only and further development in district as well as that associated with the Port of Hastings will also need to be considered in the development of the Shire's Integrated Transport Plan.

- As previously noted, the public spaces proposed under the concept framework plan are largely focussed on combination of boulevard road reserve treatments, with a number of passive recreation spaces. The concept framework plan has been revised to highlight the pedestrian and cycle path connections forming a path within and through the precinct, with a connection to the existing Hastings to Somerville cycle path that runs along Frankston-Flinders Road.

It is also proposed to require a connection between the precinct and Stuart Road, although this will be dependent on the development of Stage 2 of the precinct and agreement with Melbourne Water to allow a crossing of their easement.

- The second stage of development must not be 'released' until major road works, including provision of traffic lights at the Graydens Road/Frankston-Flinders Road intersection and are completed or committed;
- The principles for development of the precinct, which are intended to form part of a incorporated document under the future Planning Scheme provisions;
- The requirements for internal infrastructure, roads, drainage, property services, open space and the like can be addressed through the Development Plan Overlay (DPO), planning permit conditions and (possibly) a section 173 (S173) Agreement; and
- The only major 'external' infrastructure requirements, where all property owners will be required to contribute to costs relate to the major intersection treatments, deceleration lanes, and traffic signals. Due to this limited range of requirements, Council's consultants advise that it is reasonable to apply a relatively simple Development Contribution Plan Overlay (DCPO) that requires the land owners to enter into a S173 agreement with Council, as per the example of the Cardinia Employment Precinct Development Contributions Plan – DCPO3. Given the recommendation to seek an independent review as part of the amendment process it is also expected that the ability to secure the necessary agreement will be confirmed before final approval of the amendment.

These factors are addressed in the revised ILARS report and the draft Planning Scheme amendment provisions included in Attachment 4.

7.1 (Cont.)

Response to the Sealite Proposal

As outlined in the summary of submissions, the majority of submitters support one precinct only (Hastings) as the 'least worst' option. The key argument for this position is to reduce the spread of industrial use in the Shire. Some submissions also argue that consolidation of industrial use in one 'hub' location will be more efficient and encourage/support synergies between uses (where one industry supplies or provides services to another etc.).

These are significant considerations, however, a number of substantial submissions, by Sealite and other parties put forward an argument for part of the Somerville precinct to be supported in parallel with the Hastings precinct, based on the Sealite proposal.

The Sealite company already operates in Somerville and in 2015 obtained a planning permit for a marine industry development on part of the land (two hectares of a 33.8 ha property) on the south east corner of Lower Somerville and Bungower Road, Somerville.

Sealite has subsequently proposed the development of a high-tech industrial park on the balance of their site and three adjoining properties, with a combined area of 59.66 hectares. This is the same area that was previously considered under the Marine Industry Precinct project. A copy of the Sealite concept plan is attached as Appendix 2.

As previously noted, the proposition that Somerville/Sealite should take on the role of accommodating high tech/high quality development while Hastings is relegated to a secondary role is not supported.

Equally, while the Somerville site, with direct access via Bungower Road, may be attractive to some industries, Hastings is the preferred location at least in part because it provides an opportunity to distribute additional traffic movements and avoid township/residential areas. The value of the Somerville area for agricultural use should also be given greater weight particularly as the area is designated as a potential irrigation area in the State Government's recent consultation paper on Planning for Green Wedge and Agricultural Land.

However, a number of factors suggest that there is merit in some level of industrial use on part of the Sealite site. These factors may be summarised as follows:

- There is a significant level of population growth projected for the Somerville township over the next 20-30 years, and a limited supply of vacant industrially zoned land. While it is expected that the existing supply will be adequate in the short term, there is a need to consider additional opportunities for local employment;
- Although the distance between Somerville and Hastings (via the Western Port Highway) is not great (approximately six minutes' drive), the Sealite site does have more direct access to the Western Port Highway and the Yaringa area, which may be an advantage for some businesses. Sealite also argue that a precinct which specialises in high tech and innovative businesses is more likely to attract such businesses than a more general industrial area;
- The existing approval for the Sealite development on part of the site is a significant consideration. Sealite is a substantial business and while it would be preferable for this business to relocate to Hastings as an anchor for the new industrial precinct it is unlikely that this will occur. The prospect of a major business providing local employment in a reasonably short time frame cannot be discounted, and given the nature of the industry, Sealite itself is unlikely to generate significant traffic volumes per se; and

7.1 (Cont.)

- Support for some development at Somerville, combined with the proposed reduction in area at Hastings will further assist in spreading the impact of development, particularly in terms of traffic distribution.

In this context the consultants have advised:

It is still considered that the attributes of this location do not outweigh the strategic benefits of locating the main growth in both municipal and strategic scale industrial development in the Hastings Precinct. However, the prospect of a successful local business expanding within the Shire should not be discounted, particularly due to its location near the growing population of Somerville and the positive employment benefits it will potentially bring. While the preference would be for the Sealite business to relocate to the Hastings Precinct, they have indicated throughout this project that relocation is not an option for them. It is also relevant that the area of the Hastings Precinct has been reduced to better respond to the planning policy objectives for that area, and therefore the identification of additional industrial land does have some strategic benefit.

As such, Council may wish to support a supplementary rezoning to facilitate the approved Sealite development south of Bungower Road. As part of this supplementary rezoning, Council may wish to consider inclusion of further land to accommodate a limited range of allied businesses that may seek to co-locate in this location. However, the 60ha proposal that the proponent has submitted to the BVRT is not considered to be appropriate in this location for the reasons outlined in Section 7.2 (e.g. implications for identity and character of Somerville, impacts on agriculture, traffic distribution through settlements, limited ability to expand, impact on nearby low density residential areas). Any rezoning in the Somerville Precinct should therefore only supplement, and not seek to replicate, what is proposed for the Hastings Precinct, which should be the main focus for high amenity and best practice industrial development on the eastern side of the Peninsula.

In this context, a rezoning to provide in the order of 10 to 15ha of industrial land may be considered appropriate. This is subject to a design and layout that responds appropriately to the context and reduces adverse impacts, particularly in relation to the low density residential land to the west, the single frontage onto Bungower Road, and the significant rural and agricultural character of the area. Such a size will assist with the expansion of Sealite while also allowing for other allied businesses subject to uptake and demand.

On balance, it is considered that a smaller area (approximately 18 hectares, with a developable area of approximately 13 hectares), can be supported for rezoning, being part of the Sealite site and the heritage property on the corner of Bungower and Lower Somerville Road (83 Bungower Road) but not extending to the east beyond land owned by Sealite.

This approach will:

- Enable the Sealite development to proceed and provide some additional development opportunities on adjacent land;
- Ensure traffic volumes (increasing by approximately 2,900 VPD – with approximately 1,972 additional movements per day to the east and 928 to the west) are well within the road capacity and unlikely to result in significant impact on residential areas;
- Provide opportunity for re-use of the heritage property on the corner. As with the Hastings precinct, the use of the heritage listed building for an extended range of purposes would also be supported; and
- Enable the requirement of a substantial landscaped buffer along Lower Somerville Road, with no development to the west of the pipeline easement or within 60 metres of the property boundary and no access to Lower Somerville Road. The area to the west

7.1 (Cont.)

of the pipeline easement may be used for recreation facilities if that forms part of a revised concept plan.

Again, this recommendation seeks to maximise the benefits of a limited rezoning while minimising the potential adverse impacts.

Rezoning Strategy

The ILARS report outlines the range of zoning options which are available under the Victoria Planning Provisions in seeking to establish the new industrial precinct.

The report notes that while a Special Use Zone (SUZ) may be considered, a Planning Practice note released by DELWP (Planning Practice Note 3 – Applying the Special Use Zone) discourages the use of the SUZ where a combination of (standard) zones and overlays can achieve the desired outcome or where clear policy guidance can be used for decision-making.

Accordingly, the consultants recommend the use of the Industrial 1 Zone (IN1Z) combined with a policy to exclude retail and other commercial uses such as gyms, bars, indoor sport centres etcetera.

The zone would be complemented by a DPO to 'lock in' the major layout and built form design elements of the precinct as shown in the Concept Plan and a mechanism to ensure appropriate development contributions (either a DCPO or a S173 agreement requirement).

While the use of the IN1Z may be supported by DELWP, the most recent directions under the Smart Planning program, which includes a substantial restructure of the Planning Policy Framework, has tended to emphasise zone and overlays as the key planning provisions, with less emphasis on local policies.

In this context and given it is important to clearly distinguish between these new industrial areas and the existing areas where commercial and semi-commercial activity is effectively displacing industrial uses, it is considered that a new SUZ is justified and should be proposed.

A similar SUZ can be applied to both the Hastings Precinct and the Sealite site to emphasise that these areas should be considered on an equal footing and that neither area is intended to operate as a location for offensive or dangerous industries. However, both areas will require a separate DPO schedule, addressing the specific development and design requirements for that area. The Sealite submission itself does not propose a particular zoning or control, but it has been indicated in other submissions that a SUZ based on the IN3Z combined with a subdivision layout plan, may be appropriate.

It should be noted that even with the use of a SUZ there are some limitations on the level of control that can be exercised. This is particularly the case in regard to the types of industrial use which may be established under an Industrial Zone. In this regard, while it is possible to provide some control over industries that may cause an impact on amenity, and the IN3Z requires a separate planning permit for the use of 'industry' on a site, it is not practically possible, through planning controls, to require that only high-tech advanced manufacturing uses be established.

Accordingly, while there is a vision for the Hastings Precinct providing a mix of local and regional businesses, and, in the case of Sealite, a focus on high technology industry, the actual outcome is less certain. However, a number of zone and overlay provisions can address the need to at least retain some larger sites and premises suitable for a wider range of industrial use, which is a key objective of State policy.

7.1 (Cont.)

A draft Explanatory report, draft SUZ10, a draft DPO23 and DCPO2 for the Hastings Industrial Precinct is included as Attachment 4. As noted, the schedule listing Incorporated documents (Clause 72.04) would also need to be amended to include the Hastings Industrial Precinct: Vision, Principles and Concept Plan document, which is in effect an extract of pages 59 to 78 of the ILARS report and is also included as Attachment 5.

A draft Explanatory Report, draft Special Use Zone (SUZ 11), a draft DPO24 for the Somerville Industrial Precinct are included as Attachment 6.

It may be noted that requirements included in these documents are expressed in relatively general terms. In part this is due to the limitations on consultation with landowners that now exists under the *Local Government Act 2020* (the 2020 Act).

In brief, the Act defines confidential information as including:

land use planning information, being information that if prematurely released is likely to encourage speculation in land values.

Section 125 of the Act provides that: ... a Councillor, a member of a delegated committee or a member of Council staff, must not intentionally or recklessly disclose information that the person knows, or should reasonably know, is confidential information. An exception is provided if, among other exceptions, the information that is disclosed is information that the Council has determined should be publicly available.

While it is arguable whether engaging in consultation with landowners in regard to potential Planning Scheme provisions would actually encourage greater speculation, the interpretation and application of this definition is still uncertain, and therefore the ability to consult landowners, agencies and other parties on possible Planning Scheme provisions and requirements is substantially restricted. In this context the details of proposed provisions, including the requirements for development contributions, are likely to only be fully resolved as part of a public amendment process.

Amendment Process

In usual circumstances the next steps in the process would be to develop the proposed Planning Scheme amendments in greater detail and to then report to Council on seeking authorisation from the Minister for the formal preparation and exhibition of a Planning Scheme amendment under Clause 17 of the *Planning and Environment Act 1987*.

Subject to the Minister's authorisation, notice of the amendment is then given to all effected landowners and residents, agencies and Ministers. Where submissions are received, an independent Panel is then required to consider and report on submissions (to Council) before any decision to adopt the amendment can be made by Council. Council's decision and the Panel report are then considered by the Minister in either granting approval or rejecting the amendment.

This can be a very lengthy process, with the overall timeframe in the order of 12-24 months, and can also involve significant costs, including at least \$40,000 for the appointment of a Panel by the Minister.

However, a number of factors suggest that an alternative process may be appropriate in this case. These factors may be summarised as follows:

1. The has already been extensive consultation (with direct mail notices to more than 13,000 households, and owners of industrial, commercial and residential properties) regarding the potential Somerville, Tyabb and Hastings precinct proposals. This has

7.1 (Cont.)

- resulted in more than 215 submissions and submitters were invited to indicate whether they wished to be advised of any further amendment process.
2. The material available during the exhibition period provided a substantial level of detail in relation to both the proposed Hasting Precinct concept plan and the Sealite proposal, rather than simply indicating that an unspecified rezoning may be sought at some time in the future – in other words, the community and landowners have had an opportunity to provide informed submissions on the real substance of each proposal. In this context, it is considered that the range of views in the community is well represented in the existing submissions.
 3. The rezoning strategy and the Sealite proposal are both responding to State Government directions requiring the identification of 30 years supply of zoned industrial land. In this sense, the rezoning proposals seek to implement State Planning Policy.
 4. The economic assessments suggest that lack of zoned industrial land may become a constraint on investment and employment growth in as short a time frame as three-five years. Given that there is a significant lead time on the development, marketing and take up of industrial land, this may be considered a justification to consider the alternative processes which are available. This is particularly the case having regard to the impact of the COVID-19 pandemic and the need to provide economic stimulus and opportunities to assist economic recovery.
 5. The State Government has already established the BVRT, which is intended to 'investigate planning and investment opportunities to boost Victoria's building and development industry over the short, medium and long term'. While it is understood that the BVRT will not act as a planning authority (that is, will not undertake Planning Scheme amendments in its own right), the establishment of the Taskforce does indicate that the State Government may consider more direct involvement in 'priority projects'.

In this context, there are a number of provisions within the *Planning and Environment Act 1987* which are open to the exercise of discretion by the Minister. These include:

- Section 8 which authorises the Minister as a planning authority (that is, able to prepare Planning Scheme amendments);
- Section 20 (4) which enables the Minister to waive all standard notice requirements associated with a Planning Scheme amendment that he has prepared, provided the Minister considers that compliance with any of those requirements is not warranted or that the interests of Victoria or any part of Victoria make such an exemption appropriate;
- Section 20 (5) which builds on 20 (4) and provides that the Minister may consult with by the responsible authority or any other person before exercising the powers under subsection (2) or (4); and
- Section 151 enables the Minister to appoint an Advisory Committee to advise on any matters which the Minister refers to them.

As previously noted, Sealite have already made a submission to the BVRT seeking support for their amendment/development proposal. In these circumstances it is considered important to ensure that the Hastings precinct is at least put on an equal footing with the Sealite proposal, and that the consideration of a more limited 'release' of land in Somerville, reducing the scale of the Sealite proposal, is put forward as Council's position.

7.1 (Cont.)

In these circumstances it is considered that Council should advocate that the Minister appoint an Advisory Committee to review the submissions received to date, providing those who have made a submission an opportunity to be heard if they wish, and that the Minister should then undertake amendment under section 20 (4).

Through this process, proponents/land owners, submitters and Council will have the opportunity to be considered on an equal basis. It will also provide an opportunity for parties to respond to issues raised in relation to their proposals and the draft Planning Scheme provisions, given that the ability to consult has been limited to some extent by the new confidentiality requirements under the 2020 Act.

As an interim measure, given that a planning permit already exists for the Sealite development, a site specific approval (under Clause 53 of the Planning Scheme) could be approved by the Minister to enable the site to be utilised for other industrial uses, avoiding concerns that an Advisory Committee process will unduly delay commencement under the existing permit.

OFFICER DIRECT OR INDIRECT INTEREST

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.

CONCLUSION

Establishing appropriate areas for future industrial use and development is a critical issue for Council in supporting economic development and employment growth in the Shire. However, it is also necessary to consider the options in terms of their impact on other planning objectives, particularly the protection of residential amenity, the maintenance of the separation between townships and retention of land for agricultural use.

It is considered that the revised ILARS report provides a sound assessment of the options available and that the recommendations of the report, and as expressed in the proposed Planning Scheme provisions, strike the best balance between the need for additional industrial land, the protection of other values and the need for further clarification of important strategic planning issues.

The recommendation to seek a Ministerial amendment, with the opportunity for the review of submissions by an Advisory Committee, equally seeks to balance the need for a reasonably quick decision in the context of a need for economic stimulus and the need for consideration of alternative points of view.

RECOMMENDATION

That the Planning Services Committee:

1. Adopts the Mornington Peninsula Industrial Land and Infrastructure Assessment and Rezoning Strategy (ILARS) – Hansen Partnership, September 2020 as shown in Attachment 1.
2. Advises the Minister for Planning that, in the context of current submissions to the Building Victoria's Recovery Taskforce it is considered the most appropriate process to address current proposals relating to the provision of additional industrial land in the Shire is:
 - A. Through the appointment of an Advisory Committee under section 151 of the *Planning and Environment Act 1987* (the Act) to consider and advise on all submissions made in response to the exhibition of the Industrial Land and

7.1 (Cont.)

- Infrastructure Assessment and Rezoning Strategy (ILARS), with provision to hear submitters; and
- B. Subject to the advice of the Advisory Committee, the subsequent preparation of appropriate Mornington Peninsula Planning Scheme amendments under sections 20 (4) and (5) of the Act.
3. Requests the Minister for Planning to undertake a Planning Scheme amendment under section 8 and sections 20 (4) and 20 (5) of the Act, and subject to consideration of the advice of the proposed Advisory Committee, for the rezoning of land to the north of Graydens Road in Hastings, generally as outlined in Attachments 4 and 5.
 4. Requests the Minister for Planning to undertake a Planning Scheme amendment under section 8 and sections 20 (4) and 20 (5) of the Act, and subject to consideration of the advice of the proposed Advisory Committee, for the rezoning of land on Bungower Road in Somerville generally as outlined in Attachment 6.
 5. Authorises the Director of Planning to make such changes to the amendments as may be required or appropriate to facilitate consideration of the proposals by the Minister, other than to significantly increase the area of the proposed rezoning.
 6. Advises the Minister for Planning be advised that Council would not oppose the use of section 20 (4) of the Act to prepare, adopt and approve a site specific amendment to Clause 45.12 of the Planning Scheme, to enable the use of the Sealite development previously approved under Planning Permit P14/1846 at 79 Bungower Road, Somerville, for the purpose of Industry, not limited to Port Related or Marine Industry.
 7. That the Building Victoria's Recovery Taskforce (BVRT) be advised of Council's resolutions on a confidential basis (that is the information must remain confidential to the BVRT) pending the Minister's decision and be requested to consider both the Hastings industrial precinct proposal and Council's position in relation to the reduction in the area of the Sealite site and associated recommendations.
 8. That in the event that the Minister for Planning declines to undertake a Planning Scheme amendment in accordance with items 3 and 4 of this recommendation, that Council seek authorisation to prepare and exhibit a Planning Scheme amendment, based on Attachments 4 and 5 of this report, including a request to limit notice the amendment to relevant agencies and Ministers, immediately adjoining owners and those persons who made a submission during the exhibition of the draft ILARS report.
 9. That the Committee resolves that the report, Committee decision and Attachments 1-6 remain confidential until such time as the Minister for Planning makes a decision about the process to consider the rezoning pursuant to section 3 (1) (c) of the *Local Government Act 2020* as they contain land use planning information.
 10. That the Committee resolves that Attachment 7 to this report be retained as a confidential item pursuant to section 3 (1) (f) of the *Local Government Act 2020* as it contains personal information.

COMMITTEE DECISION

Moved: Cr Fraser
Seconded: Cr Payne

That the recommendation be adopted.

7.1 (Cont.)

Extension of Meeting Time

Moved: Cr Brooks
Seconded: Cr Colomb

That the Planning Services Committee Meeting time be extended to 11.30pm.

Carried

AMENDMENT

Moved: Cr Morris
Seconded: Cr Colomb

That Paragraphs 4 and 6 and any reference to Sealite in the decision be removed.

Amendment Lost

AMENDMENT

Moved: Cr Morris
Seconded: Cr Colomb

4. Requests the Minister for Planning to undertake a Planning Scheme amendment under section 8 and sections 20 (4) and 20 (5) of the Act, and subject to consideration of the advice of the proposed Advisory Committee, for the rezoning of land on Bungower Road in Somerville generally as outlined in Attachment 6 only if Planning Permit P14/1846 is completed in its entirety.

Amendment Lost

The Original Motion was then Put and Carried

Attendance

Cr Gill left the meeting at 10.09pm and returned at 10.10pm.
Cr Gill left the meeting at 10.30pm and returned at 10.39pm.
Cr Martin left the meeting at 10.51pm and returned at 10.52pm.