Hi planning.implementation@delwp.vic.gov.au

There has been a submission on Planning for Melbourne’s Industrial and Commercial Land through Engage Victoria

A copy of the submission is provided as below:

Planning principles and strategies for employment land.

The draft Melbourne industrial and commercial land use plan includes principles and strategies to guide planning for industrial and commercial land. (page 32).

Do you think the principles and strategies provide enough clarity and guidance to assist planning for industrial and commercial land?
No

If no, please let us know why and how they could be improved.
See submission.
Criteria to identify regionally-significant industrial precincts.

Plan Melbourne identifies state-significant industrial precincts. The draft Melbourne industrial and commercial land use plan identifies regionally-significant industrial precincts and includes criteria used as the basis to identify these locations (page 34).

Do you support the criteria developed to identify regionally-significant industrial precincts?
No

If no, please let us know why and how they could be improved.
See submission.

Purpose for regionally-significant industrial precincts and local industrial precincts.

Plan Melbourne outlines a purpose for state-significant industrial precincts. The draft Melbourne industrial and commercial land use plan identifies a purpose for regionally-significant industrial precincts and local industrial precincts (page 35).

Do you support the purpose developed for regionally-significant industrial precincts and local industrial precincts?
Yes

If no, please let us know why and how they could be improved.
Developing local industrial land use strategies.

Appendix 2 of the draft Melbourne industrial and commercial land use plan proposes guidance for developing local industrial land use strategies.

Do you have any comments or suggestions to improve the guidance for developing local industrial land use strategies?
See submission.

Key industrial and commercial areas.

The draft Melbourne industrial and commercial land use plan identifies and describes key industrial and commercial areas for each of the six metropolitan regions (refer to Part B of the plan).

Have the key industrial and commercial areas been adequately identified and described across the regions?
No

If no, please let us know which other area we should identify or how the areas can be better described.
See submission.
Would you like to comment on any other aspects of the plan?
See submission.

If you would like to upload a submission, please do so here.

I am making this submission:
on behalf of a land owner

Email address (Optional)

I agree to receive emails about my submission if required or project updates.
Yes

Privacy Statement - Draft Melbourne Industrial and Commercial Land Use Plan

What we will do with your submission

The Department of Environment, Land, Water and Planning (DELWP) is committed to protecting personal information provided by you in accordance with the principles of the Victorian privacy laws. The submission you provide to DELWP will be used to inform the finalisation of the Melbourne Industrial and Commercial Land Use Plan.
The information you provide will be made available to DELWP to develop a consultation report. This report will be uploaded to the Melbourne Industrial and Commercial Land Use Plan page on the DELWP website.

The contact information you provide may be used to contact you should we need to clarify your submission or to provide you with project updates.

The submission you provide will be published on the DELWP website. To protect individual privacy, DELWP will remove your name and address from your submission when we receive it.

If you do not wish to be identified, please ensure there is no other information in your submission that could identify you or other individuals.

If you are making comment as an organisation, then your comments may be published, including the name of your organisation.

De-identified submissions may be used by DELWP, or its contracted service providers under confidentiality agreements, in preparing its recommendations to government.

Please note, if you do not provide your name/email address we will not be able to identify your submission if you wish to access it, make a correction, or require technical support.

Should you need to correct the information you provided or gain access to your submission, please contact us via email at planning.implementation@delwp.vic.gov.au

I agree to the privacy statement
yes

To view all of the form’s submissions, visit:


Regards,
The Engage Victoria Team
Engage Victoria  
Department of Environment, Land, Water and Planning  
PO Box 500  
EAST MELBOURNE VIC 3002

Submitted via online portal

Dear DELWP Officers  

Draft Melbourne Industrial and Commercial Land Use Plan  
Submission on behalf of Leightons Properties

Executive Summary

1. The Draft Plan ignores the Casey Amendment C219 Panel’s rigorous review and findings regarding the strategic planning for industrial land in the southern region.
2. The merits of the application of the completely new criteria for Regionally Significant industrial land is not apparent but appears to have been applied to existing industrial land without strategic justification.
3. Primarily due to the conflicts created by the significant interface with residential land to the east and south, the Cranbourne West PSP does not meet the criteria outlined in the Draft Plan for a Regionally Significant Precinct. Hence the Cranbourne West PSP should be designated a Local Industrial Precinct under the strategic control of the local Council.
4. Using Urban Development Program (UDP) data from the Draft Plan which the development industry considers conservative and has been demonstrated to be inaccurate in relation to various land, including the land to the north of Leightons interests, underestimates the supply, the southern region exceeds government targets with 32 years of supply remaining.
5. Using conservative UDP data, Amendment C219 if approved represents less than 1 year of supply or less than 4% of the Southern Region’s supply. The panel found that the loss of this supply was acceptable in the regional context when combined with the issues created by the proximity of incompatible uses.
6. Based on the above, the Cranbourne West PSP should be designated Local Industrial in the Final Land Use Plan and the Amendment C219 area designated as residential as the Panel recommended.
7. Should DELWP be unwilling to incorporate the suggested changes above, a new panel should be convened to test application of the Regionally Significant criteria, along with supply and demand for the Southern Region.
8. Finally, mid this year, Council was working on an opportunity to maintain forecast employment numbers for the Amendment C219 area, resolve the interface issues with conflicting uses and transition to higher skilled jobs that are underrepresented in Casey. This transitioning to higher order jobs is consistent with the strategic intentions of the Draft Report.
Background

Leighton Properties has an interest in 123 Ha of land fronting Westernport Highway and Hall Road known as Hall Rd and Westernport Highway, Cranbourne West that is part of the land subject of Amendment C219 to the Casey Planning Scheme. Refer to Figure 1 below.

This report has been prepared with the benefit of input from Urbis. The data particularly in the included tables has been prepared by Urbis for the submitter.

Figure 1. Amendment C219 Area
1. The key points we wish to bring to your attention are largely borne out of our knowledge resulting in the Amendment 219 going forward and the positive recommendations that the Panel report provided to the Council and Government in January 2018.

2. The Panel concluded on Page 27 of its report dated January 2018:
   - "The constraints on the land, particularly its proximity to residential land, will make it difficult to attract some industrial uses.
   - The constraints on the land do not make it unsuitable for all forms of employment use."

3. It is acknowledged that the Panel report deals with one municipality and the perceived problems of the interface between employment areas and conventional residential areas. The Panel report focus was on providing employment and the need to ensure the capacity to deliver jobs was maintained. We have included in our submission a review of the draft report by Urbis.

4. The Draft Plan does not provide a strategic review of industrial land use for Melbourne. It is a high-level document that accepts the status quo without challenge. Rather than clearly assessing the ability of sites and locations to serve their intended role under the new significance designations, the document has simply transposed existing zoned land and previously nominated future industrial or commercial land to represent the future land that must be quarantined over the next 30+ years. Not only are precincts which have been identified as unsuitable for industrial use been maintained, there has been no consideration of whether other previously unidentified land could be more appropriate.

5. Given our interest we provide specific reference to the Cranbourne West industrial area. The Draft Plan provides a new framework for categorising industrial and commercial land, but it appears to be inconsistently applied. Industrial land for example is now classified as either State-Significant, Regionally-Significant or Local. The State-Significant precincts are broadly consistent with the designation in Plan Melbourne, although the Regionally-Significant classification is new, with a set of criteria detailed to identify these precincts with the intention of protecting them from encroachment into the future. However, we believe, some of the Regionally-Significant Industrial Precincts identified do not meet the criteria.

6. There appears to be no assessment of, or justification for, the proposed industrial precincts, with the criteria for many Regionally Significant Industrial Precincts seemingly ignored. The exhibited designation of industrial precincts of regional significance still largely follows the direction set in previous strategic planning documents, such as the Growth Corridor Plans. There appears to be no assessment of the merits of individual areas as potential industrial land within their local context.

7. There is very little in conclusion provided as to whether industrial land supply is adequate across Melbourne or within each region. The Draft Plan identifies the need to maintain at least 15-years supply of zoned land, with a further 15-years of unzoned supply to meet demand over the long-term (30 years). According to the Urban Development Program (UDP), across Melbourne, this requirement is met with 23 years of zoned land and 15 years of unzoned. It is also met in the Southern Region (21 years zoned, 11 years unzoned) among other regions.

8. However, across Melbourne and in each region, the conclusion appears to be to protect all previously nominated industrial land areas, regardless of the extent of the supply pipeline or whether that land is suitable.
9. Recent consumption of industrial land is not necessarily an indicator of long-term demand. While historical industrial land consumption levels may provide an indication of potential demand in the short term, there is no known quantitative analysis to identify longer term demand levels to support the proposed industrial land use framework, at either local or at the regional level. Furthermore, this consumption data is derived from the UDP which has been identified by the development industry over the years to be an underestimate of land supply. These industry findings were supported by the C219 Panel.

10. Findings in the background study for the Southern Region that suggest a reducing role for the Southern Region as an industrial area have been ignored. We note curiously that the Southern Region was the only region where a background study on the current and future state of industrial sector development was undertaken (i.e. Southern Region Industrial Land Study - Stages 1 & 2 Reports). However, the extensive commentary, including the points below relating to the future role positioning of the Southern Region as an industrial area have not been reflected in the Draft Plan.

11. Anecdotal feedback from large national industrial REITs such as Goodman, Investa, Charter Hall and Salta suggesting national head-office investment decisions will likely target Melbourne’s north and west in the future as these areas will be the focus for future infrastructure and distribution centre locations to service the largest share of Melbourne’s future population growth.

12. With ready access to major supply routes and infrastructure across Melbourne’s western suburbs, including areas such as Geelong and regional Victoria, this location is clearly preferred for new large-scale industrial investors.

13. Feedback from these groups and local real estate agents suggests large scale industrial REITs are less likely to make further investments beyond the Southern SSIP into areas as far east as Officer/Pakenham and are more likely to invest in Melbourne’s northern and western growth fronts. As described in evidence led at the C219 Panel hearing large operators are not only concerned about nearby residential uses curtailting their operations but also transport routes that need to be followed to get to the principal freight network are also of concern to operators given their hours of operation and the heavy duty nature of their freight.

14. This shift in focus will have implications for future investment levels within the Southern Region, particularly considering forecast land availability within the Southern SSIP. Even the background study gives cursory consideration to the merits of locations for industrial use. Given the reducing supply of industrial land in the Dandenong South area, the background study suggests demand will simply shift to the nearest industrial areas including Cranbourne West:

The exhaustion of industrial land stocks within the Southern SSIP within the next decade will likely direct future demand for large-format, regionally significant industrial uses into neighbouring areas, such as Cranbourne West and Braeside, where there are relatively large contiguous tracts of vacant industrial land with main road access for large heavy vehicles and access to existing supply chains and distribution networks. (pg. 89)

15. This does not represent a sufficiently detailed consideration of the attributes of these areas to support the intended future role. We would contend, supported by the findings of the C219 Panel, that Cranbourne West does not have ideal road access with significant conflicts with surrounding residential areas. Although Dandenong South is filling up, it does not flow that demand will shift to an inferior location such as Cranbourne West simply because it is close.

16. The entire Cranbourne West industrial area is designated as a Regionally-Significant Industrial Precinct, despite an independent Panel convened by the government concluding it was not suitable as a large-format industrial precinct. The Panel considering Amendment C219 to the City of Casey Planning Scheme agreed with the extensive evidence put forward that the subject land was not suitable for its intended purpose.
The constraints on the land, particularly its proximity to residential land, will make it difficult to attract some industrial uses. Amendment C219 Panel Report, January 2018 (pg. 27)

17. Under these circumstances, the 123 hectare area that was the subject of C219 should not have been included in supply calculations, while the precinct should not have been classified as Regionally-Significant. The Amendment C219 area would be more suited as a local industrial precinct supporting local businesses and employment opportunities. Clearly, when assessed against the criteria the Draft Plan has identified, the Cranbourne West precinct does not qualify as a Regionally-Significant Industrial Precinct (refer to Appendix A). It would be unable to compete with other much superior locations that do tick the boxes and is expected to continue to sit vacant unless rezoned. The demand in the northern parts of Cranbourne West has come from small format, local industrial tenants. This reflects the area’s role as Local Industrial Precinct, which typically require only 20-40 hectares.

18. The Draft Plan confirms Cranbourne West as suitable for “smaller format industrial uses”.

19. The exclusion of the C219 land in Cranbourne West from future supply calculations will not have a significant impact as implied by the Draft Plan. Despite indicating that a regional approach is needed when considering industrial land supply (also confirmed by the C219 Panel), the Draft Plan flags that the exclusion of the C219 land from existing supply would reduce available industrial land within the City of Casey by around 22% (pg. 91). However, it does not provide the necessary context – given low consumption of land in the City of Casey, the statistics presented in the Draft Plan imply the supply in the municipality will last 65 years with the C219 land, or still 51 years without it (refer to Figure 2 for detail).

20. At a regional level, the level at which the Draft Plan is expected to operate, the removal of the C219 land from the supply calculations has a minimal impact. The subject land only represents less than 4% of total supply, with its removal only reducing the supply of industrial land across the Region by one year. As supported by the C219 Panel Report, this would have an immaterial impact on the ability of the Region to support industrial development.

21. The Draft Plan has miscalculated the supply of unzoned industrial land supply in the Southern Region. The Region has an estimated 11 years of future unzoned supply, instead of 7 years identified by the Draft Plan (para. 3, pg. 89), based on consumption level observed in 2017-18 (refer Table 2). This indicates the Region has around 32 years of supply in total, above the 30-year supply target set out in the Draft Plan (Principle 1, pg. 32).
22. We believe with the proximity of the existing residential development adjacent to the southern and eastern boundaries of the site should be a contributing factor to the need to designate the area for local industrial use rather than regional uses similar to the existing small scale industrial uses that have been developed to the properties to the north east.

23. The panel report states:

- “That is, that it [the Cranbourne West PSP] seeks to encourage larger scale industrial use on the majority of the land and a tempered interface with the application of employment interfaces. Despite these buffers, there are still points at which the industrial land abuts residential land. Given the type of land use encouraged and sought by the CWPS, it is reasonable to expect that operations could be housed in substantial buildings; could operate 24 hours per day; and generate heavy vehicle movements.

- It seems to the Panel that despite the best laid intentions and guidelines contained in the CWPS, there is an inherent potential for conflict between the two land uses that would not be readily mitigated by the proposed buffers.” Amendment C219 Panel Report, January 2018 (pg. 37)
Conclusion

• The industrial land within the Cranbourne West PSP should be designated a Local Industrial Precinct, rather than its designation of Regionally Significant Industrial Land under the Draft Plan.
• The criteria proposed for Regionally Significant Industrial Precincts does not fit with the assessment we have provided for the Leighton’s land. See Appendix A below in this report.
• The analysis prepared by Urbis in Figure 2 shows that rather than there being 28 years supply of industrial land in the Southern region there is 32 years and due to the lower consumption rates in Casey there are predicted to be 39 years in that municipality.
• The draft report is not based on a strategic analysis and relies on the premise ‘business as usual’ rather than taking account of the detailed work and expertise that was accepted in the Amendment C219 Casey panel hearings. It should be updated to use the regional material from this hearing that is more considered, and strategically based rather than using inaccurate data and conclusions.
• The changing job market for example identified in the Woolworths distribution centre to the north in Casey shows that the changing nature of industrial uses by use of greater technological, Automation leads to reduced jobs per hectare and significant off-site effects to the amenity of nearby sensitive uses such as residential.

We respectfully request an Independent Panel be formed to review the submissions given the report was prepared by the Department without consultation with landowners, Council or other State Government instrumentalities. An independent party’s views should be sought given its importance to the future designation and supply of Industrial and commercial land. If this is not being sought we suggest that a conclave of independent economic experts be formed to either collaborate or re-examine and restate the estimated demand and supply for industrial land in both the Southern region and Casey in particular.

We also note that Casey Council is working on an alternative employment opportunity for the C219 area in mid-2019. The opportunity would transition potential low skilled industrial employment to high skilled employment in equal numbers to that forecast for the site but on a much smaller land requirement. The opportunity would eliminate the conflict between land uses and likely result in jobs being delivered in a faster timeframe.

Yours sincerely

[Signature]

Senior Consultant
Tract

319-0105_Draft Melbourne Industrial and Commercial Land Use Plan
Submission on behalf of Leighton’s Properties
## Appendix A

### ASSESSMENT OF AMENDMENT C219 LAND AGAINST CRITERIA OF REGIONALLY SIGNIFICANT INDUSTRIAL PRECINTS - URBIS

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Assessment</th>
<th>Tick the Box (Y/N)</th>
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<tbody>
<tr>
<td><strong>Policy Alignment</strong></td>
<td></td>
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<tr>
<td>The area exhibits a strong relationship with or supports other places of state significance such as national employment and innovation clusters (NEICs) or transport gateways.</td>
<td>The Amendment C219 area is removed from either current or future major industrial precincts in the Southern Region, such as the South SSP or the Pakhanum/Offerer SSP. Nor is it anywhere close to any of the NRICs or key transport gateways.</td>
<td>No</td>
</tr>
<tr>
<td>The area has been identified through growth area planning as a larger industrial estate offering good freeway and arterial road access and can provide for the industrial land requirements of firms that serve metropolitan wide, national or international markets.</td>
<td>The South East Growth Corridor Plan (2017) identified the area covered by the Cranbourne West PSP for industrial use, surrounded by residential use. There had been industrial and commercial in earlier documents as well, although the size of land and separation from residential use varied greatly. For example, the precinct was originally nominated at around 260ha, but a further 700ha of large-formatted land was added without justification. In fact, at no stage has there been any strategic justification provided as to why this is an appropriate location for a large industrial precinct. The land does not have good road access and businesses serving markets beyond the local area have shown no interest in locating there.</td>
<td>Partially</td>
</tr>
<tr>
<td>The area has been identified in council strategies as being a core or primary industrial area that should be retained, or that provides for significant employment opportunities by virtue of the size of the area.</td>
<td>While the existing PSP has designated the area for industrial uses, development of the subject land for large-scale industrial purposes is a very long-term proposition given the location and amenity attributes of Cranbourne West. This leads to the C219 Panel finding there were losses with the extent of the land and that the subject land to the south should not be retained for industrial use.</td>
<td>No</td>
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<th>Criteria</th>
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<tr>
<td><strong>Accessibility &amp; Business Clustering</strong></td>
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<tr>
<td>The area or precinct can leverage off existing or proposed rail and road networks and infrastructure, including the Principal Freight Network (PFN)</td>
<td>While the subject industrial land has relatively convenient access to the South Gippsland Highway (PFN Road), it provides limited benefit to future Industrial users as the Highway is and will be heavily used by local residents in the area. There would be major conflicts for road space in particular during peak hours. There is a distinction between an area being in close proximity to the PFN and being able to utilise or benefit from it.</td>
<td>Yes – but with major drawbacks</td>
</tr>
<tr>
<td>The area provides for the clustering of industrial uses with limited or no residential intrusion and can be adequately buffered from sensitive uses</td>
<td>The area is extensively surrounded by residential land, with direct residential interface to the east and south. The land is also narrow meaning buffers to residential areas squeeze developable land to a size that is too small for large-format users. Distinct from the Dandenong South precinct where industrial vehicles can easily access major highways, such as Monash Freeway and Eastern Link which link directly do key transport hubs or regional markets without conflict with residential areas, the Amendment C219 area has no direct access to the Primary Freight Network without having to drive past residential areas. The intermingling of industrial and residential vehicles is to be ideally avoided, but it is inevitable at Cranbourne West.</td>
<td>No</td>
</tr>
<tr>
<td>The precinct provides contiguous areas of industry with similar, related or dependent industrial or commercial activities</td>
<td>With the subject land currently being vacant and only occupying a secondary location relative to other major industrial precincts, it is highly unlikely that it would attract the large lot industrial users to fill the space allocated and that are able to generate some level of synergies in the foreseeable future. Areas such as this would be almost impossible to compete in a region where there is still significant industrial land supply in much superior locations, which in most cases would provide far better choices for developers or tenants, leaving the area either vacant or having a very low level of activity over an extended period of time.</td>
<td>Current: No</td>
</tr>
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<td></td>
<td>Future: Unlikely</td>
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<td>Criteria</td>
<td>Assessment</td>
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| Economic & Employment Contribution | The area generates a relatively high and ongoing economic output contributing to the region and state's economy. The modest size, the unfavourable site attributes and removal from larger employment precincts preclude the Amendment C219 area from having the capacity to attract larger, anchor industrial tenants and the ability to generate high and ongoing economic contributions to the region or the state more generally. | Current: No  
Future: Unlikely  
No                                      |