Tuesday 24 December 2019

Planning Implementation
Department of Environment, Land, Water and Planning
PO Box 500
EAST MELBOURNE 3002

Dear Sir/Madam

RE: DRAFT MELBOURNE INDUSTRIAL AND COMMERCIAL LAND USE PLAN

Council Officers welcome the opportunity to comment on the Draft Melbourne Industrial and Commercial Land Use Plan. Hume City Council has had a strong interest in supporting industrial and commercial development. It has been at the forefront of advocating for an appropriate supply of industrial land to meet the diverse needs of businesses in the industrial sector. In recent years, Council has been instrumental in attracting global innovative companies like Kaufland, D’Orsogna, and Toll Group to Melbourne. These companies have been attracted by the supply of well-located and affordable land and access to an appropriately skilled workforce.

This letter outlines some officer recommendations to correct errors and suggestions to make improvements to enhance the value of this report. A list of the recommendations and suggestions are enclosed.

Importance of Industrial Land

The recognition in the report that industrial development remains a critical source of economic activity for Melbourne is strongly welcomed.

Too often, especially in the deliberation of the growth of Melbourne and the future supply of industrial land, there is a tendency for industrial development to be unjustly sidelined in favour of other uses, notably housing and commercial development. Those seeking to rezone industrial land, in particular, regularly cite the lower jobs density of industrial land (compared to commercial development) and the declining share of manufacturing jobs as evidence that industrial land is no longer needed or appropriate.

It is submitted that these positions not only miss the economic contribution of industrial development outlined in your plan but also how important it is to communities like Hume in providing highly specialised and low skilled jobs. The positions also fail to recognise the critical ‘infrastructure’ role industrial development plays in supporting businesses manufacture, import/export and distribute goods within Australia and across the world.

To address this and to improve the sophistication of the planning for the supply of industrial land, it is submitted that the plan should do more to identify and discuss the
quantitative and qualitative benefits of industrial development, particularly in terms of its contribution to:

- The economic output for Victoria and Australia
- The provision of highly skilled and low skilled jobs, notably in areas like Hume where the population have such a range of skills and qualifications
- Supporting the cost effective and sustainable manufacture and/or storage and distribution of goods.

It should also outline the implications of not having an appropriate supply of well located industrial land available in Melbourne as proposed in this plan. This should include: the impact on the competitiveness of existing and future businesses; the costs to consumers; the disruption to major road networks; and the impact on the overall sustainability of Melbourne and Victoria.

**Hierarchy of Land**

The introduction of the simple but effective hierarchy (State, Regional and Local) of industrial and commercial land is considered valuable to distinguish between the relative strategic importance of sites and areas. The categories are considered appropriate and their allocation across Hume is strongly supported - subject to correcting the following mapping errors in Map 8: Northern Region future direction map - industrial land:

1. The future state significant industrial land in the future Merrifield North PSP should extend further west to the boundary of the proposed Melbourne Water Retarding Basin as per the Growth Corridor Plan.
2. The land to the west of the future Aitken Boulevard, south of Donnybrook Road, is currently zoned for residential. The map should be updated in accordance with the Northern Growth Corridor Plan.
3. There is land shown within the Amaroo Road Business Park as future state significant land, although this land is in fact a conservation area. The map should be updated in accordance with the Craigieburn North Employment PSP.

Whilst strongly supported, it is recommended that the plan more clearly identify what this hierarchy means in practice in terms of:
- the prioritisation of infrastructure spending (see below) and other interventions to support the development and ongoing economic success of these areas, particularly by State Government
- the process for future rezoning and development of the land for non-industrial uses - it is suggested that any rezoning amendment be in response to strategic work undertaken by councils (e.g. the local industrial land strategies proposed) and not individual landowners requests.

It is also considered critical that State planning policy be carefully drafted to avoid the ‘local’ industrial land category in the hierarchy being considered unimportant and/or surplus to need.

Commercial 2 Zone

The recognition of the need to review the suitability of the Commercial 2 Zone in State and Regional industrial areas is strongly welcomed.

Hume has a high amount of Commercial 2 Zone as opposed to Industrial 1 Zone in these precincts owing to Council strategically and innovatively introducing the Business 3 Zone over 10 years ago to facilitate office as a permitted use in these precincts. This was in recognition that modern industrial premises often comprise a sizeable office component – office was restricted in the industrial zone at that time.

Council’s experience of the direct translation of the Commercial 2 Zone land to this Business 3 Zone land by the Liberal State Government has not been favourable for the industrial outcomes sought by Plan Melbourne or this plan. This is principally due to the relative land value of some of the Section 1 uses in the Commercial 2 Zone, notably restricted retail. Rather than encouraging and facilitating industrial development, Council has witnessed development proposals in this Commercial 2 Zone land (within the State and Regional industrial areas) opting for these higher value uses in favour of industrial uses.

Council has sought to manage this through its strategic work. This includes identifying preferred locations for non-industrial uses like restricted retail to safeguard other industrial land but this cannot address the lack of a permit trigger for some of these uses in the Commercial 2 Zone.

Council also pursued an amendment to rezone the Commercial 2 Zoned land (formerly Business 3 Zone) to Industrial 1 Zone in these Regional and State industrial areas in recognition of this problem. This amendment was not supported by a planning panel. The panel recommendation was in part due to the panel considering that the impacts to industrial development of the translation of the Business 3 Zone was adequately considered when the Commercial Zone was introduced to these areas.

It is suggested that the Hume Corridor be used as a case study for assessing the (potential) impacts of the Commercial 2 Zone on industrial development in these State and Regional industrial areas.

It is also suggested that any review of the Commercial 2 Zone also review the industrial zones to ascertain if these could maintain the focus on industrial development sought in this plan whilst facilitating (but managing) some of the non-industrial uses in the Commercial 2 Zone. For example, making office less restricted may have merit if accompanied by conditions to restrict some of its nesting uses (medical facilities) and application requirements to manage reverse amenity impacts.
Industrial and Commercial Land Strategy

The suggestion/requirement for councils to prepare an industrial/commercial land strategy is supported in principle.

It is important, however, that this does not become burdensome. As noted in the plan, the primary output that will directly influence planning permits for industrial and commercial uses inside the UGB is recommendations for (non) rezoning of industrial and commercial land.

It is suggested that too much of the information suggested to be collected in Appendix 2 of the plan is of interest but is not necessary to arrive at decisions on rezoning. Before the content of Appendix 2 is formalised into any official guidance, it is suggested that greater consideration be given to focussing the list of information to the critical components to a rezoning decision.

Unlocking Infrastructure

In Hume, there is significant land in the State areas in the plan that is appropriately zoned and has a strategic plan (Development Plan or PSP) approved to facilitate its development. However, large scale infrastructure is required to unlock the land, notably State infrastructure in the form of new interchanges and overpasses on the Hume Freeway. This includes:

<table>
<thead>
<tr>
<th>Infrastructure Item</th>
<th>Precinct (PSP/DP)</th>
<th>Area unlocked (ha)</th>
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| English Street bridge over Hume Hwy/ half-diamond interchange | • McMullin Group land (future DP)  
• Craigieburn North Employment (PSP approved) | 460 |
| Cameron Street bridge over Hume Hwy & Gunns Gully Road interchange with Hume Hwy | • Merrifield North Employment PSP (future PSP)  
• Lockerbie MAC (PSP approved) | 400 |
| Gas/ Sewer/ Electricity connection | • Craigieburn North Employment PSP (PSP approved)  
• Amaroo Business Park (DP approved) | 360 |
| Hume Freeway upgrade along Kalkallo Township | • Merrifield North Employment PSP (future PSP) | 320 |
| Summerhill Road/Sydney Train Line level crossing removal | • Craigieburn South Employment (future PSP) | 160 |

It is strongly requested that this report recognise the need for such unlocking infrastructure in the report and ideally recommend funding options to realise this.
Specific comments for Northern Region

The draft plan identifies the supply and demand for industrial and commercial land across the Northern Region and provides an estimated supply of Zoned Vacant land. The classification is potentially misleading as it does not consider that land is often zoned for development but is not being actively marketed or developed so is not actually available.

This is the case in several precincts, such as the Craigieburn North Employment PSP where the land is fragmented and requires infrastructure to unlock it – see above. There are also land parcels in the established industrial parks which are vacant, and the landowner is not actively seeking to build, lease or sell.

It is recommended that a further classification be included that identifies the land that is:
- zoned and is actively being developed or marketed
- zoned but not actively being development or marketed.

When taking the additional classification into account for Hume, there are only two significant precincts with land available to the market, the Merrifield Business Park and Melbourne Airport. This has the potential to create a duopoly of industrial land supply and demonstrates the critical importance of unlocking additional supply.

Further Engagement

Council officers would be very willing to discuss any matters in relation to the above further with the Planning Implementation Team. Please contact me

 Yours faithfully

MANAGER STRATEGIC PLANNING