

Melbourne Industrial and Commercial Land Use Plan



Acronyms used in this report

ABS	Australian Bureau of Statistics
BIFT	Beveridge Interstate Freight Terminal
CBD	Central Business District
GRP	Gross Regional Product
GSP	Gross State Product
NEICs	National Employment and Innovation Clusters
OMR	Outer Metropolitan Ring / E6 Transport Corridor
PFN	Principal Freight Network
PSPs	Precinct Structure Plans
SSIPs	State-Significant Industrial Precincts
UDP	Urban Development Program
UGB	Urban Growth Boundary
WIFT	Western Interstate Freight Terminal

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ISBN 978-1-76105-122-7 (pdf/online/word)

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Executive summary

The Victorian Government is committed to ensuring policies and strategies are in place to improve economic performance and productivity in order to contribute to improved living standards for all Victorians.

Between 2016 and 2031 metropolitan Melbourne is projected to grow by around 1.6 million people – from a population of 4.7 million to a population of around 6.3 million people. By 2051 the Greater Melbourne area is projected to grow to around 8.5 million people.

To support this growth, it is estimated that the total number of jobs required across Melbourne by 2031 will be around 3.1 million, and by 2051 around 4.1 million. This will require the provision of another 857,000 jobs by 2031, and another 1.8 million jobs by 2051. The Inner Metro Region will continue to be a key focus for jobs growth; however, it is also anticipated that there will be strong demand for more jobs in Melbourne's growth areas to support population growth.

Plan Melbourne 2017-2050 (Plan Melbourne) outlines how Melbourne's growth and change will be managed over the next three decades and sets out the strategy for supporting jobs and growth, while building on Melbourne's legacy of distinctiveness, liveability and sustainability. As outlined in Plan Melbourne, in order to remain prosperous Melbourne must remain attractive to investment. That means ensuring well-priced commercial and industrial land is available in locations that can support and strengthen industry and support our expected population growth.

The Victorian economy has undergone significant change in recent decades and will continue to undergo change for some time as it transitions away from one based on manufacturing, to a more service and knowledge-based economy. These changes have spatial implications and requirements such as a growing preference for dense, accessible and amenity-rich enterprise precincts.

While the manufacturing sector is declining as a proportion of all jobs, its contribution to the Victorian economy remains steady at around \$30 billion in 2017-18. In addition, demand for industrial land remains high for uses such as logistics and advanced manufacturing. These sectors continue to require large tracts of land, and as such, the provision of a well-suited supply of industrial land will continue to be required to support the contemporary Victorian economy.

Our economy is also being reshaped by population changes taking place. As our population ages, so too does our demand on health, community and waste management services. These population serving industries will grow significantly over the coming decades as will retailing and business services that support these sectors. This will drive demand for premises in commercial areas closer to growing populations.

Understanding these changes and what they mean for future industrial and commercial land requirements will support better planning for our future needs.

The *Melbourne Industrial and Commercial Land Use Plan* builds on policies, strategies and actions in Plan Melbourne and its associated *Plan Melbourne 2017-2050 Five-Year Implementation Plan* (Plan Melbourne Implementation Plan). It provides an overview of current and future needs for industrial and commercial land across metropolitan Melbourne and puts in place a planning framework to support state and local government to plan more effectively for future employment and industry needs, and better inform future strategic directions.

The plan will play an important role in supporting Melbourne's industrial and commercial areas to thrive and will help to facilitate a more diverse industrial and commercial base, while also providing long-term business and employment opportunities.



Supply and demand for industrial land

Across metropolitan Melbourne approximately 33,300 hectares of existing and future industrial land has been identified. Of this, approximately 19,800 hectares are occupied and just under 13,500 hectares are available. Of the available supply, there is almost 6,600 hectares currently zoned and approximately 6,900 hectares unzoned and identified for future industrial purposes.

Over two-thirds of the vacant zoned industrial land supply (approximately 4,190 hectares of a total of approximately 6,560 hectares) is located within Melbourne's five state-significant industrial precincts (SSIPs).

Of the future unzoned land identified, approximately 63 per cent is located within one of three SSIPs (Western, Northern and Officer-Pakenham). The remaining future supply of land is located in key industrial areas identified through *Growth Corridor Plans – Managing Melbourne's Growth* (Growth Corridor Plans) or other strategic plans. All of these areas are yet to be planned for and zoned for industrial purposes but will be critical in providing future industrial land supply across the metropolitan area.

Industrial land consumption across metropolitan Melbourne over the period 2015-16 to 2017-18 averaged just over 280 hectares per annum. Approximately 80 per cent of the industrial land consumed during this period across Melbourne was in the Western, Northern, Southern or Officer-Pakenham SSIPs, with the greatest level of consumption in the Western SSIP.

Based on these levels of supply and consumption, metropolitan Melbourne as a whole is estimated to have approximately 23 years supply of zoned industrial land available and approximately 17 years supply of unzoned land that has been identified as future supply for industrial purposes.

While this may seem reasonable, there are distinct supply constraints at regional and local levels. The Southern SSIP is likely to exhaust all supply by the mid-2020s. The Western SSIP has approximately 15 years supply of zoned land and only 6 years supply of unzoned land.

With little opportunity available for additional industrial land in these locations, their ongoing protection and retention for industrial uses will be critical, as will retaining other key industrial areas that can accommodate industry needs for land into the future.

Table ES1: Industrial land supply

Region / SSIP	Occupied zoned land (ha)	Vacant zoned land (ha)	Future unzoned land (ha)	Total vacant zoned and unzoned land supply (ha)
Inner Metro Region	459.4	28.0	0.0	28.0
Western Region	5,819.2	2,818.4	2,881.3	5,699.7
<i>Western SSIP</i>	4,356.3	1,810.5	1,033.8	2,844.3
Northern Region	3,718.6	1,241.2	2,866.9	4,108.1
<i>Northern SSIP</i>	2,400.7	978.2	2,393.7	3,371.9
Eastern Region	2,435.0	135.1	0.0	135.1
Southern Region	7,270.3	2,337.5	1,183.5	3,521.0
<i>Southern SSIP</i>	2,454.4	502.6	0.0	502.6
<i>Officer-Pakenham SSIP</i>	317.7	323.8	938.3	1,262.1
<i>Hastings SSIP</i>	814.1	578.1	0.0	578.1
Inner South East Region	140.7	2.3	0.0	2.3
Total	19,843.2	6,562.5	6,931.7	13,494.2

Source: Department of Environment, Land, Water and Planning, Urban Development Program – Melbourne Metropolitan Industrial 2018 and internal analysis

Supply and demand for commercial land

As the population of Victoria continues to grow and the economy becomes more service based, it is expected there will be strong demand for commercial floorspace. Commercial land and corresponding floorspace can be occupied by a range of office, retail, entertainment, food and accommodation uses. It can include floorspace both at the ground level and any level above.

Almost 5,300 hectares of land has been identified across metropolitan Melbourne that is zoned predominantly for commercial purposes. On this land, it is estimated that there is approximately 24.2 million square metres of floorspace used for, or available for, commercial purposes. Approximately 38 per cent of this floorspace is located within the Inner Metro Region, of which 80 per cent is within the City of Melbourne.

Beyond the Central City, metropolitan Melbourne hosts a range of centres providing retail, entertainment and local professional services. Excluding the City of Melbourne, there is approximately 17 million square metres of commercial floorspace that has been identified across the metropolitan area in over 1,100 centres. These range from smaller local convenience centres to larger freestanding shopping centres and metropolitan activity centres.

Table ES2: Commercial floorspace

Region	Existing floorspace 2018 (m ²)	Estimated additional commercial floorspace 2016 to 2031 (m ²)
Inner Metro	9,067,350	4,007,000
Western	2,909,700	1,548,000
Northern	3,239,150	1,414,000
Eastern	2,817,650	837,000
Southern	3,166,750	1,371,000
Inner South East	2,991,200	783,000
Total	24,191,800	9,960,000

Source: Department of Environment, Land, Water and Planning, unpublished data (2020)

Between 2016 and 2031 it is estimated that approximately 10 million square metres of additional commercial floorspace is likely to be required across metropolitan Melbourne to meet projected demand. Of the total additional floorspace estimated to be required, 70 per cent of it is anticipated to be for office uses.

The Inner Metro Region, and particularly the City of Melbourne, will continue to be a key focus for growth, with the region anticipated to need almost 40 per cent (approximately 4 million square metres) of the total metropolitan commercial floorspace projected by 2031. Almost 83 per cent of this demand will be made up of office floorspace.

Projected demand for commercial floorspace in other regions of metropolitan Melbourne, while not as great as the Inner Metro Region, is still significant at approximately 6 million square metres. Around 60 per cent of this demand will be for office floorspace.

There is expected to be significant commercial floorspace required in the Western, Southern and Northern Regions, with each of these regions anticipated to require upward of a 40 per cent increase in their supply of commercial floorspace. Much of this additional floorspace will be needed in the growth area municipalities.

Just over 1,320 hectares of land has been identified for future commercial purposes through Growth Corridor Plans and PSPs. Nearly 85 per cent of this land is located in the Western and Southern regions.

Options to accommodate projected demand for commercial floorspace in other locations will need to be identified within existing commercial areas, as well as considering areas that could accommodate future floorspace requirements through rezoning.



Approach to planning for industrial and commercial land

Ensuring there is enough industrial and commercial land to meet future demand for economic activity and employment purposes, will help to support Victoria's competitive advantage in attracting investment.

To ensure industrial and commercial areas are able to operate efficiently and effectively and remain viable, there is a need for clarity and certainty around how these areas are planned. To support planning for industrial and commercial land, a number of principles have been developed. These principles are supported by strategies and have been developed to guide future planning for industrial and commercial areas across metropolitan Melbourne.

Principles to guide future planning for industrial and commercial land

Principle 1: Adequate long-term commercial and industrial land supply will be identified and set aside to support future industry and business growth.

Principle 2: Industrial and commercial areas that provide an ongoing economic, urban servicing or employment contribution to local communities, regions and the state will be recognised and retained as a critical economic resource.

Principle 3: Planning for industrial and commercial land will provide clarity and certainty about how and where industry and business can grow over time to support and guide long term investment and locational decisions.

Principle 4: Planning will support industry and business to innovate and grow in areas identified for these purposes.

To further support how we plan for industrial and commercial land a classification system will be put in place to assist how these areas are planned for. Industrial and commercial land will be categorised as being either of state, regional or local significance. This will assist with identifying land that should be retained or considered primarily for industrial or other business or employment focussed purposes, and land that could be considered for alternative uses.

For industrial land, the following framework will be put into place.

- **State-significant industrial precincts:** These are identified in the Metropolitan Planning Strategy – Plan Melbourne. They provide strategically located land for major industrial development linked to the Principal Freight Network and transport gateways. It is state policy that these areas are to be protected from incompatible land uses to allow continual growth in freight, logistics and manufacturing investment.
- **Regionally-significant industrial precincts:** These are key industrial areas that contribute significantly to local and regional economies. Some of these areas are well established and support a range of industrial uses while others are transitioning and supporting new uses. They include future employment areas identified through Growth Corridor Plans. These areas need to be planned for and retained either as key industrial areas or locations that can transition to a broader range of employment opportunities. Criteria has been developed as a basis for identifying these locations.
- **Local industrial precincts:** If an area is not identified as being of state or regional significance, then it is of local significance. Councils are best placed to determine how these industrial areas are to be planned for. This could include identifying when industrial land should be retained, when it could transition to other employment generating uses, or if it is no longer required, when it could transition to other uses.

To support councils to plan for industrial areas, draft guidance for the development of local industrial land use strategies has been developed (Appendix 2). This will be further developed into a practice note to assist councils in undertaking this strategic work, including criteria for considering changes of land use.

For commercial land, the following framework will be put into place.

- **State-significant commercial areas:** These are commercial areas and places identified in Plan Melbourne as being of state significance. Included is the Central City which provides for growth of knowledge-intensive and high-skilled firms while continuing to be a major area for tourism, retail, residential, entertainment, sporting and cultural activities. Also included are metropolitan activity centres identified in Plan Melbourne to provide a diverse range of jobs and play a major role in providing for retail and commercial opportunities.
- **Regionally-significant commercial areas:** These include commercial areas and places identified in Plan Melbourne as major activity centres as well as growth area business with residential precincts identified in Growth Corridor Plans. They should provide for and support access to a wide range of goods and services, including office and retail development, and provide for a wide range of employment opportunities. They are expected to deliver more intensive forms of employment uses including office and commercial activity.
- **Local commercial areas:** These include neighbourhood activity centres and other small local centres that provide access to local goods, services and employment opportunities and serve the needs of the local and surrounding community. Planning for these areas should create opportunities for local businesses and new jobs and deliver better access to local services and facilities.

To support councils to plan for commercial areas a range of practice notes and guidance material is available.

Implementation

In addition to the metropolitan wide framework to be put in place, this report also examines the six metropolitan regions across Melbourne and for each provides:

- a snapshot of the region
- an overview of the key industrial and commercial precincts
- an analysis of supply and demand for industrial land and commercial floorspace
- a planning framework outlining specific planning approaches that should be pursued
- maps for industrial and commercial land.

To support planning for industrial and commercial land the following actions will be undertaken.

Action 1: The Department of Environment, Land, Water and Planning (DELWP) will implement new and updated policy into the Victoria Planning Provisions to support state and regionally-significant industrial and commercial precincts based on the Melbourne Industrial and Commercial Land Use Plan.

Action 2: In consultation with key stakeholders, DELWP will develop and implement a more sophisticated methodology and approach to assess future supply and demand for industrial land taking into account business needs and land use requirements.

Action 3: DELWP will expand the Urban Development Program to include updates to the commercial floorspace estimates into the future and will explore the appropriate timing and updating cycle for this work.

Action 4: DELWP will review the commercial and industrial zones to better understand how they are applied and operating. In particular consideration will be given to the role and function of dwellings as a section 1 use in the Commercial 1 Zone and the role and purpose of the Commercial 2 Zone and how it applies and operates, particularly in industrial locations. Consideration will also be given to the range of uses permitted within industrial zones, and in particular, non-industrial focussed uses.

Action 5: Councils should prepare and implement municipal-wide industrial land use strategies and activity centre strategies, or similar strategic work for precincts, to guide future development of industrial and commercial land.

Action 6: Building on the guidance included at Appendix 2, DELWP will work with local councils to develop a practice note to support the development of local industrial strategies.

Action 7: The state government will investigate options available to preserve and create affordable workspace in inner Melbourne and other strategic locations.

Action 8: The state government will work with local councils to look at future opportunities for industry in the Brooklyn, Tottenham and West Footscray area, including improving connectivity. This will look at ways that state-significant industrial land could regenerate and support industry into the future.

Engagement

The draft *Melbourne Industrial and Commercial Land Use Plan* was made available for public comment and feedback on the Engage Victoria web page for a two-month period from 1 November 2019 to 31 December 2019. A total of 107 submissions were received. A separate report – *Melbourne Industrial and Commercial Land Use Plan Summary of Submissions* – summarises what was heard through the engagement process.

This report has been updated to take account of the feedback provided through the engagement period.



Introduction

Victoria's competitive advantage in attracting economic investment and employment relies in part on there being sufficient industrial and commercial land supply across metropolitan Melbourne to meet future demand.

The global and Melbourne economies have been transformed over the past two decades by influences including globalisation, reduced trade barriers and the technological revolution incorporating the increased use of automation and artificial intelligence. While Melbourne still maintains a significant industry sector, the economy has experienced a broad decline in the relative importance of large-scale manufacturing. There has been strong growth however in knowledge and service-based industries and sectors such as construction, freight and logistics are increasing in importance to serve our growing population.

Ensuring there is sufficient land to meet future demand for a range of existing and emerging business and employment purposes will set favourable economic conditions and help support Victoria's competitive advantage in attracting economic investment.

Purpose of this report

The *Melbourne Industrial and Commercial Land Use Plan* builds on the relevant policies and actions of *Plan Melbourne 2017-2050* (Plan Melbourne) and the associated *Plan Melbourne 2017-2050 Five-Year Implementation Plan* (Plan Melbourne Implementation Plan). It provides an overview of current and future needs for industrial and commercial land across metropolitan Melbourne and puts in place a planning framework that will enable state and local government to more effectively plan for future employment and industry needs, and better inform strategic directions.

To assist in providing an improved approach for the planning of industrial and commercial land, the objectives of the *Melbourne Industrial and Commercial Land Use Plan* are to:

- Develop an understanding of the demand for, and take-up, of industrial and commercial land across metropolitan Melbourne.
- Assess whether there is adequate supply and opportunity, both existing and in the future, in the right locations to support the city's economic growth.
- Identify ways in which industrial and commercial land should be planned for and protected for employment purposes, to ensure an appropriate supply of industrial and commercial land to serve the needs of metropolitan Melbourne.
- Identify where there are opportunities for new industries and commerce to emerge and grow.
- Better understand the circumstances in which industrial or commercial land could be considered for alternate uses, such as mixed-use or residential, based on applying strategic principles and criteria and a clear planning framework.

This plan will play an important role in supporting Melbourne's industrial and commercial areas to thrive and will help to facilitate a more diverse industrial and commercial base, while also providing long-term business and employment opportunities. It encourages and promotes investment and renewal by establishing a planning framework, principles and criteria to be applied by planning authorities in regions across metropolitan Melbourne.



Implementing Plan Melbourne

The Plan Melbourne Implementation Plan contains two key actions relating to planning for industrial and commercial land and future employment needs across metropolitan Melbourne.

Action 8 Significant industrial precincts

Work with local government to strengthen regionally-significant industrial precincts in established urban areas for employment-generating activities by:

- Ensuring that sufficient land is zoned for employment purposes and that sensitive land uses such as housing are not permitted to be established in them.
- Retaining larger industrial precincts for local manufacturing, service industries, warehousing and distribution.
- Promoting the renewal of older industrial areas that are no longer well suited to industrial activities.
- Facilitating improved information and communications technology infrastructure, access and amenity within these areas.
- Reviewing planning, building and environmental regulations to ensure that these are not barriers to the affordable conversion of designated areas for alternative employment-generating activities.
- Identifying areas no longer required for employment activities.

Action 12 Planning for future employment growth

Assist councils to plan for future employment needs by:

- Addressing how metropolitan regional employment demand forecasts can be translated into floorspace requirement, land-use and zoning frameworks.
- Providing direction for assessing the ongoing suitability of established industrial and commercial areas for different types of employment purposes.
- Providing direction about when such areas should be retained for employment purposes and when they should be considered for rezoning to mixed-use or residential.

Structure of this report

The *Melbourne Industrial and Commercial Land Use Plan* is divided into two parts.

Part A provides an overview of industrial and commercial land supply and demand across Melbourne, examining the drivers of economic growth and development in a state-wide context, the relationship to population growth and the need to plan for industrial and commercial land. This section identifies the overarching principles and strategies to guide the planning framework and the strategic planning process to achieve this at a metropolitan and regional level.

Part B examines each of the six metropolitan regions across Melbourne in more detail. For each region an overview provides an understanding of locational context, economic drivers, and projected population and employment growth. The role and function of key industrial and commercial precincts is outlined together with an analysis of supply and demand for industrial land and commercial floorspace. A planning framework identifies key challenges and opportunities and specific planning approaches that should be pursued. Future directions for industrial and commercial land have been mapped for each region.

Appendices to the report include an approach to developing a local industrial land use strategy, methodology and a glossary.



PART A: OVERVIEW OF INDUSTRIAL AND COMMERCIAL LAND ACROSS MELBOURNE

A changing economy

Victoria and Melbourne's economy, industry structure and workforce

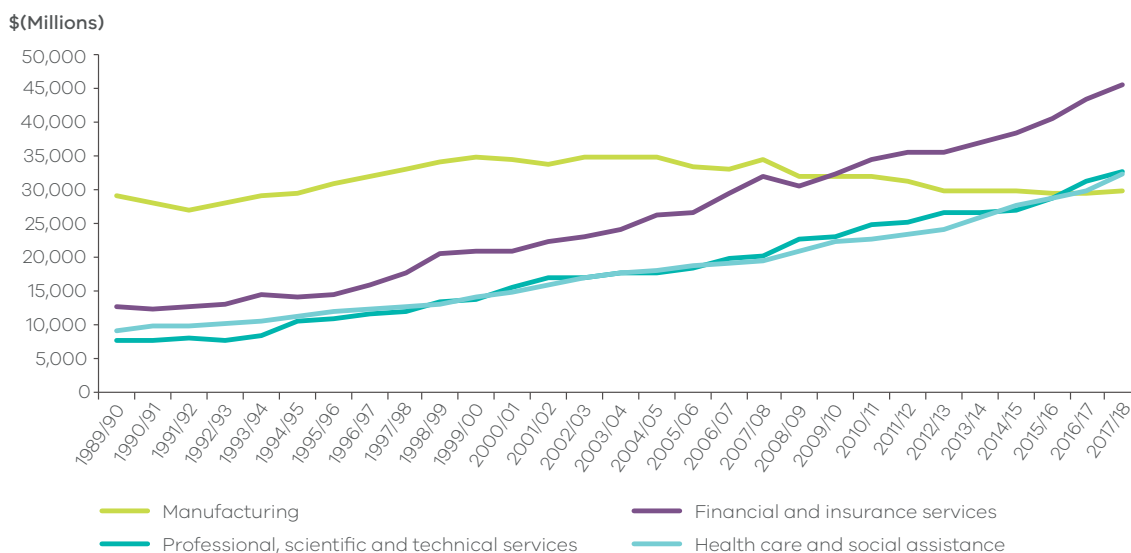
Victoria has a diverse economy and the second highest Gross State Product (GSP) of all Australian states and territories. With GSP at \$424 billion in 2017-18, it accounts for over 23 per cent of the national economy.

The Victorian economy has undergone significant structural change since the late 1980s. While manufacturing's output (\$ millions) remains similar to what it was 25 years ago, other industry sectors have grown significantly. In particular, the

contribution of the financial and professional services sectors to the state's GSP have increased significantly since the late 1980s, as the economy has transitioned to a more service and knowledge-based one. Health care and social assistance has also increased significantly as the population grows and ages and expectations of care increase.

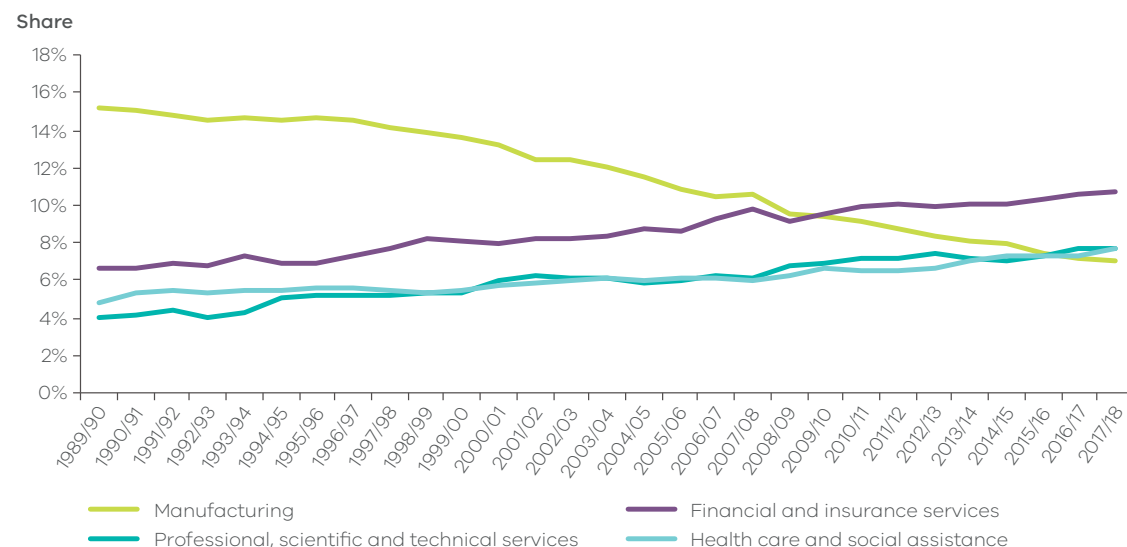
This has resulted in a decline in manufacturing's share of the economy as a whole, from around 14 per cent in the early 1990s to around 7 per cent in 2016.

Figure 1: Victorian Gross State Product, selected industries, 1989-90 to 2017-18



Source: ABS catalogue number 5220.0 (2018)

Figure 2: Share of Victorian Gross State Product, selected industries, 1989-90 to 2017-18



Source: ABS catalogue number 5220.0 (2018)

In recent decades Melbourne's industry structure has also undergone significant changes, transitioning away from its traditional manufacturing base to more service-based and knowledge-based industries, and over coming decades is likely to be vastly different from the recent past.

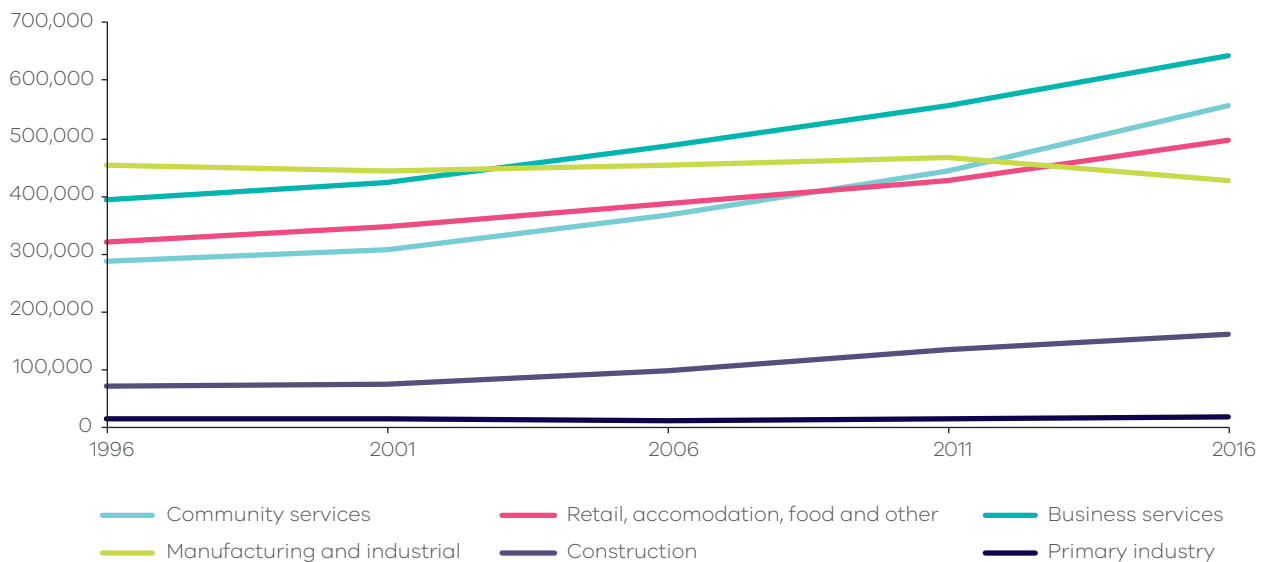
Between 1996 and 2016 the total number of jobs across metropolitan Melbourne grew by almost 800,000, an increase from around 1.5 million jobs in 1996 to around 2.3 million jobs in 2016.

Jobs in retail, accommodation and food services now account for around 22 per cent of all jobs, and business services account for around 28 per cent. These sectors combined, now account for 50 per cent of all jobs across metropolitan Melbourne and between 1996 and 2016 these sectors experienced almost a 60 per cent increase in job numbers.

While manufacturing jobs declined between 1996 and 2016 the transport, postal and warehousing sector saw almost an 80 per cent increase in job numbers, from around 67,800 jobs in 1996 to 121,600 jobs in 2016. When combined with other traditional industrial jobs in sectors such as electricity, gas, water and waste services and wholesale trade these sectors account for over 428,000 jobs across metropolitan Melbourne, accounting for around 20 per cent of all jobs, and continue to drive significant growth in the state's economy.

While the above sectors are significant in terms of the overall number of jobs they generate, the industries that experienced the largest growth rates between 1996 and 2016 have been those in community services (94 per cent increase in job numbers) and construction (126 per cent increase in job numbers). This growth reflects a strong link between population serving industries and population growth, as does the growth in retail, accommodation and food services and business services.

Figure 3: Number of jobs, metropolitan Melbourne, 1996 to 2016



Source: Department of Environment, Land, Water and Planning, internal analysis of ABS census 2016 adjusted with ABS Labour Force data (2016)

As was outlined in Plan Melbourne, the distribution of jobs across Melbourne is uneven. There are more jobs in inner areas, and the distribution of jobs is not evenly spread. These distinctions become even more evident when specific industry sectors are looked at. Business services and manufacturing and industrial jobs are highly concentrated to particular areas, whereas jobs based in the retail, accommodation and food sector are more dispersed across the metropolitan area.

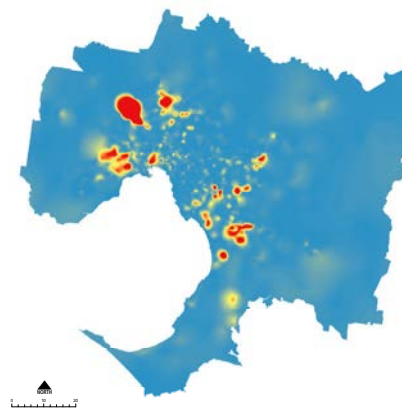
Manufacturing and industrial jobs can generally be seen to locate in state-significant industrial precincts (SSIPs), however there are many other significant areas where these jobs are concentrated. These areas include the Melbourne Airport and its surrounds in the Northern and Western Regions, areas around the Port of Melbourne in the Inner Metro Region, areas around Clayton, Moorabbin, Braeside and Carrum Downs in the Southern Region, and areas around Rowville-Scoresby and Bayswater-Kilsyth in the Eastern Region.

Jobs based in retail, accommodation, food and other industries are more dispersed. While heavily concentrated in the Inner Metro and Inner South East Regions, there are many other locations across the metropolitan areas that exhibit high concentrations of these jobs. These include suburbs with large free-standing shopping centres such as Werribee, Maribyrnong, Sydenham, Epping, Preston, Doncaster, Ringwood, Wantirna, Narre Warren, Cheltenham and Chadstone.

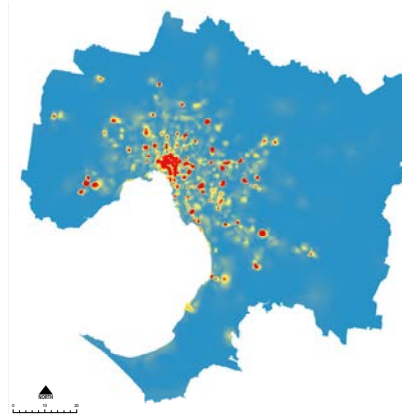
Jobs in the business services sector are very concentrated with the Inner Metro Region and to a lesser extent the northern part of the Inner South East Region. Beyond these locations, these types of jobs are limited to very few locations. The largest concentrations can be noted in the Eastern Region around Doncaster, Box Hill to Ringwood and south to Clayton.

Figure 4: Jobs across Melbourne 2016, select industries *

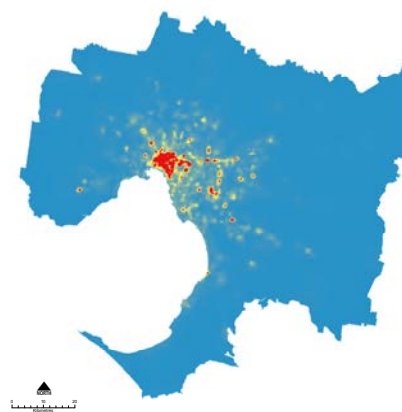
Manufacturing and industrial



Retail, accommodation, food and other



Business services



* Industrial jobs are depicted by job numbers, whereas office and retail jobs are depicted by job density.

Source: Department of Environment, Land, Water and Planning, internal analysis of ABS census 2016 adjusted with ABS Labour Force data (2016)

Our work, workforce and workplaces are changing

Between 2000 and 2016, Victoria's labour market has exhibited a number of changes to the type of work, the workforce and workplace as follows.

The type of work has changed (industry, occupation, tasks, job contract)

- Virtually all jobs growth in service sectors (fewer jobs in manufacturing).
- Decline in routine manual jobs over a number of decades.
- Decline in routine cognitive jobs over the past 15 years.
- Technology is augmenting tasks within occupations and creating new occupations.
- 50 per cent of new jobs have been part-time.
- Approximately 20 per cent of jobs are casual, similar to 2001.

The workforce has changed (supply of labour)

- Female participation continues to increase, and male participation continues to decline.
- Victorians are retiring at an older age.
- More Victorians have a higher qualification.
- The underutilisation rate has increased (largely explained by youth underemployment).
- The time taken for bachelor degree graduates to find full-time work is increasing.

The workplace has changed (location and structure)

- Many workplaces are increasingly digitised.
- Increase in Melbourne co-working spaces and start-ups.
- Location of workplaces have become increasingly concentrated around Melbourne.
- The prevalence of lengthy commutes (>45 mins) has increased.
- The production of goods and services are increasingly carried out wherever the required resources are available.

Driven by:

- Population growth and ageing.
- Global competition (specialisation and offshoring).
- Changing consumption patterns.
- Technology (including automation).
- Greater flexibility for businesses to scale up or down.
- Greater flexibility for workers to balance work-life preferences.



Key factors that will change the future of work

To remain competitive there is a need to support growth and innovation across all industries and regions.

Rapid advances in technology, globalisation and changing consumer patterns will see businesses and industries disrupted at a faster pace over the next decade. The nature and pace of this change will be difficult to predict, businesses will transform how they operate, people will be employed in occupations that do not yet exist, labour and capital will be (more than ever) globally mobile and technology will significantly change occupations, tasks and skill requirements.

The nature of work and how business is done, will continue to change in response to global and domestic factors and this will influence how industrial and commercial land is used and planned for.

These expected changes will present significant new employment and economic opportunities for Victoria, and transitional challenges. There are opportunities to anticipate, respond and capitalise on these expected changes in how we plan for our city.



Supporting Melbourne and Victoria's economic growth and development

The Victorian Government has a range of high-level policies and strategies in place which are focussed on improving economic performance and productivity, in order to contribute to improved living standards for all Victorians.

Economic Building Blocks for Victoria is an outcomes-focused strategy based on six building blocks. The aim of this strategy is to create more jobs, especially high-skill, high-wage jobs that people can easily access by a quality transport system. Equity and inclusion are promoted. Maintaining Victoria's liveability is also encouraged. The six building blocks are:

- Jobs Now – Working to create more opportunities and more jobs.
- Future Jobs – Working to create more high-skill, high wage jobs.
- Quality Transport – Working to deliver transport that works for people.
- Fairness and Equity – Working to make sure everyone shares in Victoria's prosperity.
- Thriving Communities – Working to build vibrant and diverse communities.
- Liveable Places – Working to improve liveability across the state.

Industry sector strategies

The Victorian Government has a number of strategies focused on key industry sectors with growth potential and are a target for government's investment and activity.

Advancing Victoria's Manufacturing: A Blueprint for the Future provides the vision for the Victorian manufacturing industry, focusing on industry growth, preparing Victorians for the jobs of the future, encouraging innovation, building scale, capability and supply chain excellence, and fostering a globally competitive business environment. It identifies that Victoria is ideally placed to advance and grow, with a highly skilled workforce, connected supply chains, exceptional design and engineering expertise, world-class infrastructure and leading education and research and development.

Creative State is the state government's strategy to strengthen and grow the state's creative industries and the value they bring to Victorians. It contains 40 targeted actions that together provide an integrated plan to grow the state's creative and cultural economy, provide more opportunities for Victorians to embark on creative careers, enjoy creative experiences and position Victoria as a globally recognised creative state.

Victoria's Health and Medical Research Strategy 2016-2020, outlines the Government's key priorities to support new and evolving fields of world-class medical research such as precision medicine, health services research and big data. The strategy aims to create jobs and deliver economic benefits for Victoria and the nation by investing in areas of excellence and addressing areas in need of further development.

Recycling Victoria: A new economy is the Government's 10-year policy and action plan for waste and recycling, transforming how our economy uses materials and how our state reuses, repairs and recycles. The plan supports the development a circular economy to reduce the environmental impacts of production and consumption, while enabling economic growth through more productive use of natural resources. One of the actions of the plan is to plan for waste and resource recovery infrastructure over the long term. This will make sure land use planning systems support important waste and resource recovery infrastructure, including waste to energy facilities, hazardous waste and recycling

In addition, the government has developed a suite of Future Industries sector strategies. These strategies support investment in high-growth industries through industry excellence and development projects, including establishing collaborative networks and building supply chain readiness capabilities

Victoria's Future Industries strategies

- **Construction technologies:** outlines better ways of doing things in construction, including technological improvements such as increased use of digital technologies, improvements in technology in sharing information, off-site construction methods and new construction materials and products.
- **Defence technologies:** focusses on improving defence technology, engaging with suppliers (including global suppliers) and winning future defence projects.
- **Food and fibre:** supports an integrated approach, focusing in key areas along the food and fibre value chain. It emphasises business innovation through technology as well as developing market opportunities and infrastructure.
- **International education:** focusses on improving student experiences, collaborating with a range of stakeholders regarding the broader benefits of international education and marketing a high-quality international education sector to the rest of the world.
- **Medical technologies and pharmaceuticals:** promote a skilled workforce, health and medical research, building business scale and capabilities to secure and grow the sector in a globally competitive market, creating increased economic activity and jobs.
- **New energy technologies:** encourages investment in clean energy generation technology, collaboration with universities, businesses, professionals and potential workers, promoting new consumer-driven markets and expanding potential markets.
- **Professional services:** focusses on engineering and design (urban design, engineering, environmental technology and mining services) and financial services (financial technology, banking, business advice, superannuation, wealth management, insurance and infrastructure finance) with an emphasis on branding for the sector, attracting international investment, supporting industry networks and streamlining regulations.
- **Transport technologies:** advocates for the Victorian Government to use Victorian made transport infrastructure, invest in education to build new technologies and networking to expand Victoria's role in growing markets

Freight and logistics

Victoria's freight and logistics sector is made up of thousands of Victorian businesses, large and small. These businesses and their employees move and distribute goods around Victoria and to interstate and international markets, ready for delivery to their destinations. In 2017-18 the value of all goods exported from Victoria was \$29 billion while \$89 billion worth of goods were imported. With increased imports, freight volumes are predicted to increase from around 360 million tonnes in 2014 to nearly 900 million tonnes by 2051.

Supporting goods to move efficiently around our city and state is crucial to enabling economic growth. The Principal Freight Network (PFN) is the strategic network of current and recognised future freight places and connecting movement corridors that are of national, state or regional significance and accommodate freight of significant quantity, value or importance. A review of the PFN is currently underway and it is anticipated to be updated later in 2020.

Delivering the Goods outlines the initiatives the Victorian Government will take, either on its own, or in partnership with industry, other tiers of government or the community, over the next five years, to improve how Victorian goods are moved to their local, interstate and overseas markets. It also sets out longer-term directions for the freight network, in a way that enables Victoria to respond to the pace of change and adapt to circumstances as they arise



Delivering the Goods

Delivering the Goods sets out short, medium and long-term priorities to support the freight and logistics system. It includes a range of initiatives and actions particularly relevant to how we plan for and manage existing and proposed freight corridors and places linked to key industrial areas.

Review and enhance the Principal Freight Network (PFN)

- Review and update the existing PFN to include significant freight places, shipping channels and over-dimensional routes.
- Strengthen the protection of the PFN in the relevant planning schemes.
- Assess the long term metropolitan industrial land needs and designate appropriate areas for the future.
- Recognise the existing and planned regional intermodal terminals in the PFN.
- With local councils, review existing, and identify and reserve sites for new freight terminals/ precincts.
- Reserve land for the locations of Victoria's new interstate intermodal terminals – the Western Interstate Freight Terminal (WIFT) at Truganina and the Beveridge Interstate Freight Terminal (BIFT), and their connecting transport corridors. Include these land reservations in the new PFN.
- Prepare a business case for the development of WIFT. Subject to the business case outcome, develop WIFT.
- Protect Webb Dock and the existing and new transport corridor connections to the port under the new PFN.

Improve landside efficiency around the Port of Melbourne

- Develop the former Melbourne Market site for use for truck marshalling associated with the Port of Melbourne and for improvements in empty container management.
- Undertake the necessary land use and transport network planning and protect the former Melbourne Market and South Dynon precincts for port and urban freight related uses for the long term.

Plan for Bay West as Victoria's second container port whilst retaining the Port of Hastings as an option in reserve

- Further investigate the feasibility of Bay West as a container port, including:
 - Determining the location of the port site at Bay West.
 - Identifying preferred land transport corridors and the required land area.
 - Commence a baseline environmental program for the Bay West port site.
 - Monitor key indicators to inform future decisions such as the size of container vessels.
- Subject to study outcomes, progressively plan, reserve land, and prepare for development of Bay West as a container port.

Map 1: Key freight routes and facilities



Source: Department of Environment, Land, Water and Planning

Enhanced rail and road networks

A well-connected and efficient transport network is critical to Melbourne's liveability, but also to its economic activity, productivity and competitiveness. Victoria is currently in a transport construction boom with \$38 billion of transport projects currently under construction. Further, there is significant planning underway for a number of major projects that are set to further transform the way in which we move around our city.

The **Level Crossing Removal Project** was established by the Victorian Government to oversee the largest rail infrastructure project in the state's history. Central to the project is the elimination of 75 level crossings across metropolitan Melbourne by 2025, in addition to upgrading or constructing more than 27 train stations, laying many kilometres of new track and making associated rail improvements. Over the past two and a half years, 29 level crossings have been removed and 15 train stations have been rebuilt.

The \$11 billion **Metro Tunnel** will create a new end-to-end rail line from Sunbury in the west to Cranbourne and Pakenham in the south-east, with high capacity trains and five new underground stations. The project will enable more trains to be able to run more often, on five other lines across the metropolitan rail network. It will also create capacity on the network, to enable more than a half a million additional passengers per week across Melbourne's train network, to use the rail system during the peak periods.

The **West Gate Tunnel Project** will provide direct access to the port, an alternative to the West Gate Bridge and reduce the need for trucks to travel on congested residential streets in the inner west. It will provide the freight industry with a more direct and efficient route from the west to the port and the rest of Melbourne. The project will increase opportunities to use High Productivity Freight Vehicles, particularly for trips to and from the port. This will allow greater volumes of freight to be moved with fewer trips, improving productivity and providing operational efficiencies.

The **North East Link** will complete the ring road between the Eastern Freeway and the M80 Ring Road, connecting the growing northern and south-eastern suburbs. The project has a strong focus on supporting business and jobs growth in Melbourne's north, east and south east, while also improving cross-city connectivity and helping to address critical traffic, freight and amenity issues. The link will boost the capacity and efficiency of the city's freight network by creating a continuous freeway-standard road for freight, drawing trucks away from the arterial road network and reducing pressure on the M1 corridor. In addition, it will enhance access to major suburban business and employment centres and improve orbital road connectivity across Melbourne.

The **Suburban Rail Loop** is a new underground rail link connecting Melbourne's middle suburbs. It will include new stations and connect major railway lines from the Frankston line to the Werribee line via Melbourne Airport. Suburban Rail Loop will connect Melbourne's middle suburbs to priority growth precincts, and link all Victorians to major health, education and employment centres.



The need to plan for industrial and commercial land

Projected population and employment growth

As the official state projections, *Victoria in Future*, outlines that Victoria has grown by a million people since 2011 and is expected to add another million by 2026.

Between 2016 and 2031 Melbourne is projected to grow by around 1.6 million people, from a population of 4.7 million to around 6.3 million. More than half of these new residents will come from interstate or overseas attracted by a range of education and employment opportunities. The largest population increases will occur in the Western, Northern and Southern Regions, reflecting the significant capacity in Melbourne's growth areas.

In 2016 metropolitan Melbourne was home to around 2.3 million jobs. It is estimated that the total number of jobs required to accommodate growth by 2031 will be close to 3.1 million, and by 2051 around 4.1 million. This will require the provision of another 857,000 jobs by 2031 and another 1.8 million jobs by 2051.

The Inner Metro Region will continue to be a key focus for jobs growth accounting for over 30 per cent of all Melbourne's jobs growth between 2016 and 2031. There is also projected to be strong jobs growth in the Western, Northern and Southern Regions correlating with strong population growth.

Table 1: Employment across metropolitan Melbourne, 2016

Region	Employment	Share
Inner Metro	682,800	30%
Western	294,550	13%
Northern	321,200	14%
Eastern	396,000	17%
Southern	392,250	17%
Inner South East	220,500	10%
Total	2,307,300	100%

Source: Department of Environment, Land, Water and Planning, internal analysis of ABS census 2016 adjusted with ABS Labour Force data (2016)

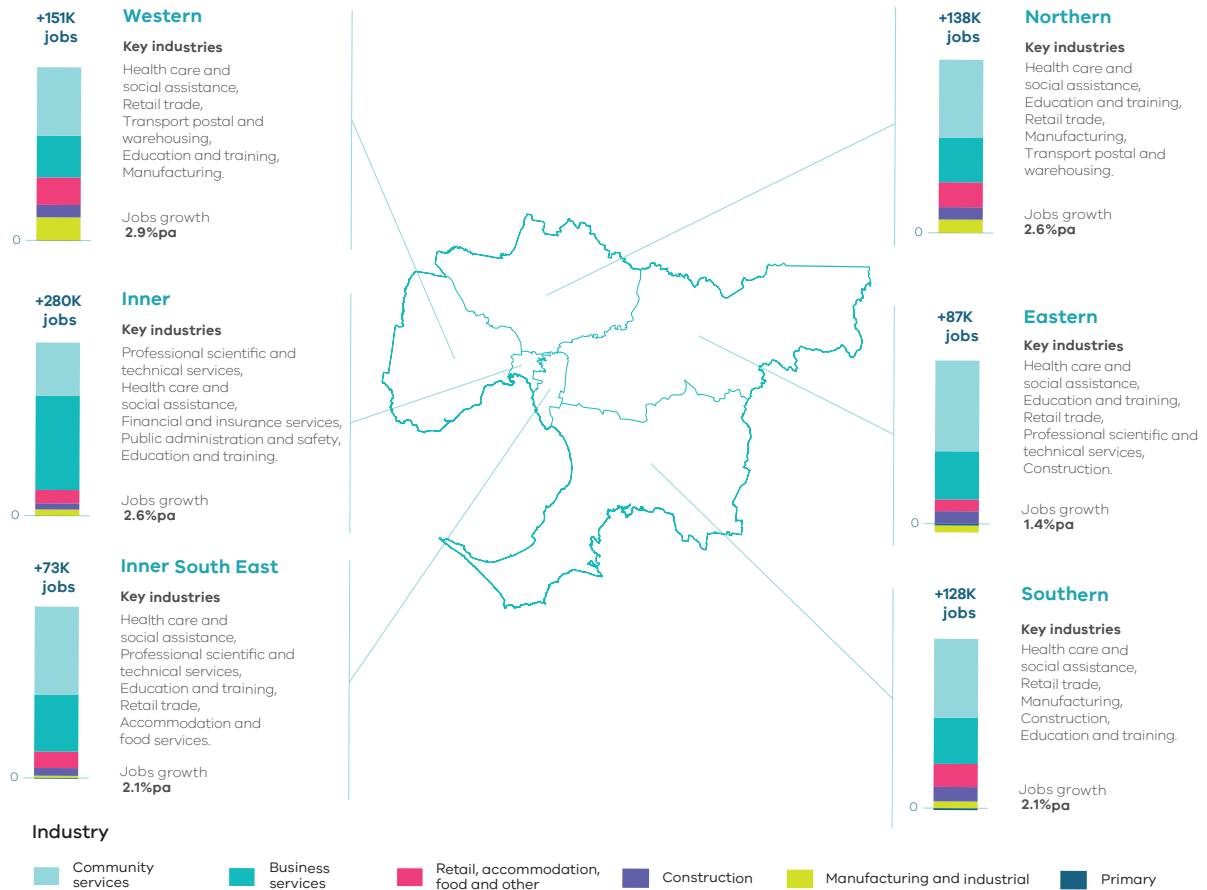
There will continue to be strong growth in population serving sectors such as retail trade and accommodation and food services, however health care and social assistance as well as professional, scientific and technical services will experience the largest growth in jobs between 2016 and 2031. Currently these sectors account for around 23 per cent of all jobs. By 2031 they are projected to account for around 28 per cent of all jobs.

Across metropolitan Melbourne, traditional industrial sectors such as manufacturing are expected to see very little change in overall job numbers over the 15-year period from 2016 to 2031, however the wholesale trade and transport, postal and warehousing sectors will see overall growth. These industries typically gravitate to industrial areas where large and affordable sites are available.

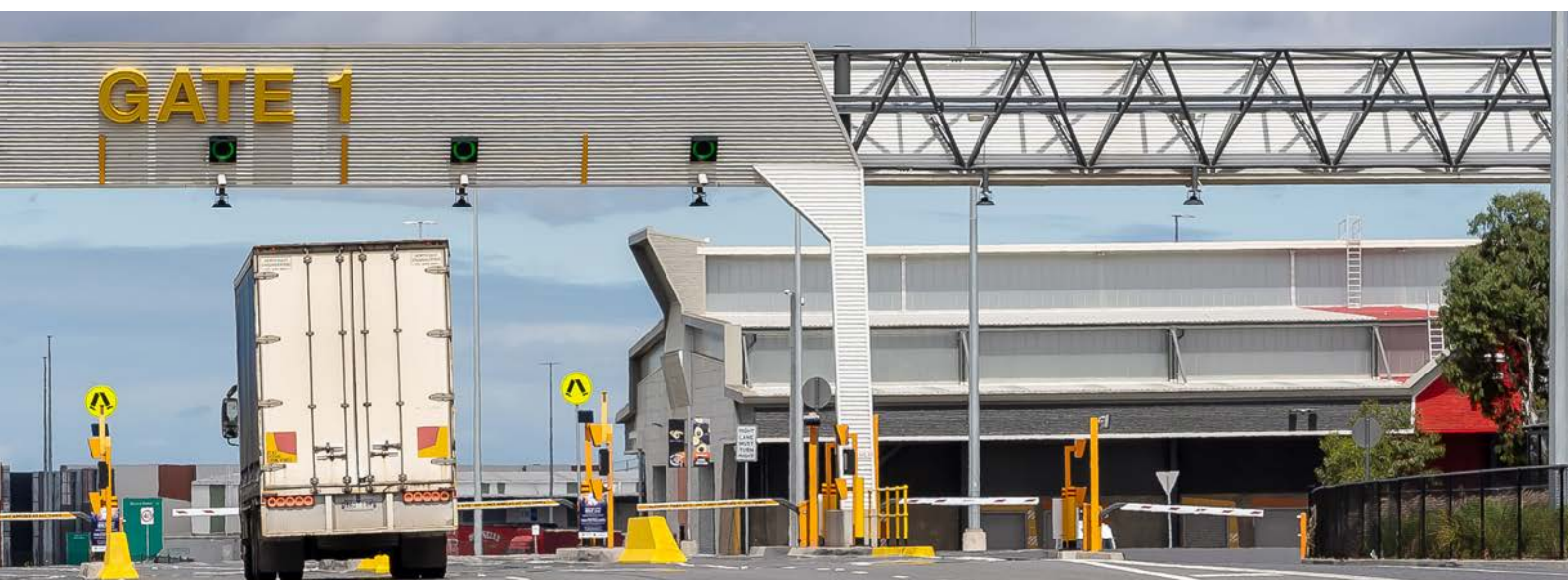
Photo credit:
Simon Haber



Figure 5: Projected employment growth, metropolitan Melbourne, 2016 to 2031



Source: Department of Jobs, Precincts and Regions, internal analysis (2019)



The legacy of long-term strategic planning

Melbourne has benefitted greatly from its long-term, orderly planning legacy of setting aside land for future development, making it an attractive place to invest over many years.

The 1954 Metropolitan Melbourne Planning Scheme developed by the former Melbourne and Metropolitan Board of Works (MMBW) supported decentralisation of industry and retailing from central Melbourne, however the 1954 scheme outlined concerns that growth was occurring haphazardly. To remedy this approach the 1954 Metropolitan Melbourne Planning Scheme:

- set aside significant amounts of industrial land across parts of the metropolitan area for immediate expansion and future growth
- designated five district business centres at Footscray, Preston, Box Hill, Moorabbin and Dandenong that over time had the potential to become locations for cultural and entertainment facilities, department stores, business and public administration and courts of law,
- identified a hierarchy of existing shopping centres classified as Major Shopping Centres, Secondary Shopping Centres, Minor Shopping Centres and Local Shops.

To varying degrees, subsequent metropolitan plans have built on the industrial and commercial policies of the 1954 plan, and the legacy of those policies and decisions still influence our planning for industrial and commercial land today.

Across Melbourne there is a strong network of just over 1,100 existing centres that vary in size and function to serve local communities. In addition to this network, new activity centres and business areas have been identified to serve new communities in the growth areas, and strategically located industrial land has been identified and set aside for future industries.

The Victorian economy will continue to undergo change for some time as it transitions away from one based on manufacturing, to a more service and knowledge-based economy.

While the manufacturing sector is declining as a proportion of all jobs, its contribution to the Victorian economy remained steady at around \$30 billion in 2017-18. In addition, demand for industrial land remains high from other industrial uses such as logistics and advanced manufacturing. These sectors continue to require large tracts of land, and as such, the provision of a well-suited supply of industrial land will continue to be required to support the contemporary Victorian economy.

The Victorian economy is also being reshaped by changes in the population, with economic output in health and community services increasing as the population ages. Population serving industries will grow significantly over the coming decades and retailing and business services that support these sectors will require premises in commercial areas close to growing populations.

Understanding these changes and what they mean for future industrial and commercial land requirements will support better planning for our future needs.

Land use strategies and policies

Plan Melbourne

Plan Melbourne outlines how Melbourne's growth and change will be managed over the next three decades. It is the state's long-term land use, infrastructure and transport plan that sets out the strategy for supporting jobs and growth, while building on Melbourne's legacy of distinctiveness, liveability and sustainability.

Melbourne's current employment geography is determined by Plan Melbourne which identifies places of state-significance as a focus for future investment and growth, each with a specific role and purpose.

State-significant places that are particularly relevant to industrial and commercial areas or have a particular focus for jobs and employment include the Central City, national employment and innovation clusters, metropolitan activity centres, state-significant industrial precincts and transport gateways.

In addition to these locations, other locations such as major urban renewal precincts, health and education precincts, major activity centres and other industrial areas play an important regional role in accommodating industry and business and supporting jobs growth.

CASE STUDY: LAVERTON NORTH

The outcomes of strategic planning often lie in the distant future. The development of the industrial area around Laverton North is an example of the legacy of the original planning by the Melbourne and Metropolitan Board of Works in 1954. The land was activated with the construction of the Western Ring Road in the 1990s and is now one of the most active industrial land markets in the country.

Government's primary roles in Laverton North were specific to the area, such as:

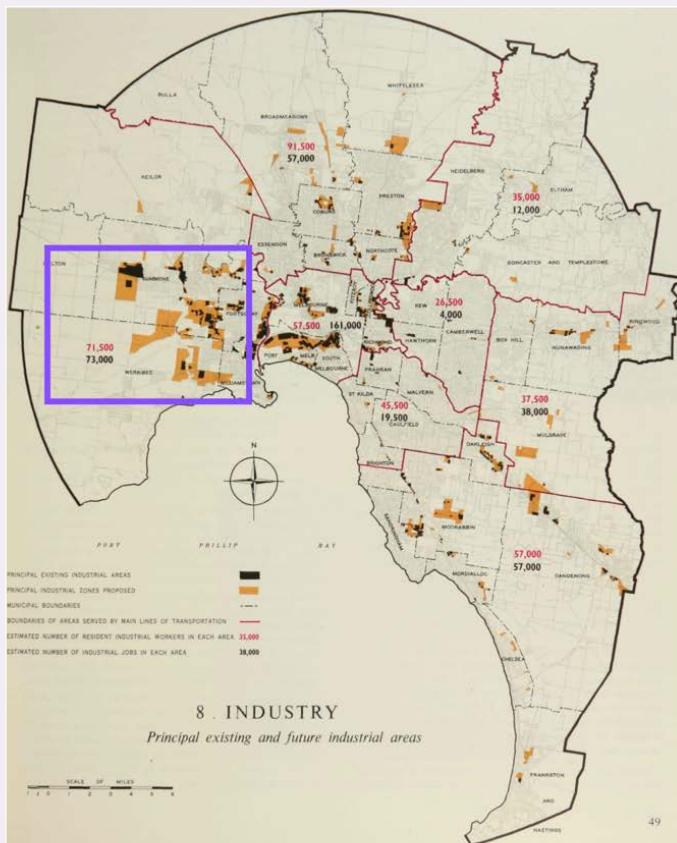
- Providing preconditions for development by zoning suitable land and planning transport infrastructure.
- Providing long term market certainty by maintaining the industrial zoning for the area.

- Investing in transport infrastructure by providing funding for the Western Ring Road.

The role of the private sector in the development of Laverton North is more diffuse and is related to changing market conditions, such as:

- Demand for large parcels of land by logistics users.
- Access to transport gateways such as the Port of Melbourne and roads to other locations across the metropolitan area and interstate.
- Increasing flexibility of institutional investors by providing premises for lease to end users.

1954 MMBW Plan



1989-90



2015-16



Source: Elliott, P. 2017, "Why strategic planning matters: a case study approach to examining industrial land use planning and development in Melbourne," paper presented to the State of Australian Cities Conference 2017, Adelaide, South Australia, 28 to 30 November 2017.

Plan Melbourne policies in relation to industrial and commercial land are implemented as part of the Planning Policy Framework included in the Victoria Planning Provisions. Policies seek to ensure appropriately located supplies of commercial and industrial land is available for development and that these locations are planned for and protected to support investment and economic growth.

Planning for growth areas

Growth Corridor Plans provide a framework to guide the planning of new communities in each of Melbourne's growth corridors. They guide delivery of key housing, employment and transport infrastructure in Melbourne's new suburbs and provide a clear strategy for the development of the growth corridors over the next 30 to 40 years.

Building on Growth Corridor Plans, more detailed Precinct Structure Plans (PSPs) guide development at a more localised level. They typically make provision for employment and business growth through the development of a network of activity centres that can grow and change over time, and by setting aside sufficient employment land so that businesses can grow and expand into the future. They may include mixed-use areas associated with town centres and smaller industrial areas providing for the needs of local businesses. They may also provide for larger, state and regionally-significant employment precincts and industrial areas.

Land use framework plans and other place-based plans

The Victorian Government is working with local councils to develop land use framework plans for Melbourne's six metropolitan regions. The land use framework plans are 30-year strategic land use and infrastructure plans that will provide a common long-term framework to manage growth and land use pressures in each of the six metropolitan regions. These are spatial plans that will translate Plan Melbourne to the regional level, focus on resolution of metropolitan regional issues and provide the context for planning at a precinct or local scale.

Structure plans and other place-specific plans are another way in which state and regional policy directions are translated to guide development at a local and precinct level. It is the role of these place-based plans to undertake more detailed strategic work to determine the most appropriate structural layout and zoning mix in accordance with state and regional policy frameworks. Through these processes there will be a need to balance any competing planning objectives appropriately.

Planning for buffer areas and incompatible land uses

A buffer is an area of land which is used to separate or manage incompatible land uses, to avoid land use conflicts and protect uses that are considered sensitive from unintended off-site impacts. Off-site impacts from industry operations can pose amenity, health and safety risks to communities, while the encroachment uses of a sensitive nature, such as residential development, into buffers may compromise the efficient ongoing operation of existing businesses. Buffers are therefore an important planning tool to provide certainty for industry.

Buffer areas can also be used to accommodate businesses, urban services and other uses that are more compatible with industries with potential off-site impacts or nearby uses of a sensitive nature.

State planning policy aims to protect industry and infrastructure from encroachment of incompatible uses, including the protection of major hazard facilities, airports, state significant industrial land, extractive resources and waste infrastructure.

The government also supports the 'agent of change' principle being applied to existing quarries. This principle puts the onus on the applicant proposing a new use or development that encroaches within buffers of an existing quarry to take measures to mitigate any impacts from those existing or planned activities.

Local industrial land use strategies will enable councils to identify the location and nature of existing priority industry and potential off-site impacts. These local strategies may identify appropriate management strategies for incompatible uses, including buffers to uses of a sensitive nature, land use transition over time and where use and development should be restricted.

Planning for enterprise precincts

Unlocking Enterprise in a Changing Economy is the state government's policy to understand and support enterprise precincts as hubs for the emerging economy increasingly characterised by start-ups, entrepreneurs, creative industries, co-working spaces, and small-scale manufacturers. The 'Factors Driving the Success of Enterprise Precincts' framework provides a holistic approach to assess the strengths and weaknesses of enterprise precincts and is a useful aid in determining where to target efforts to attract, retain and support the emerging economy.

The Commercial 3 Zone has been developed to support this framework and can be applied to help facilitate business growth and innovation in select parts of Victoria. It is a mixed-use employment zone which is intended to facilitate the establishment and growth of creative industries, small manufacturers and start-up businesses. The zone promotes the creation of dense, economically diverse, affordable, accessible and amenity-rich precincts which are attractive to new and emerging businesses. It aims to reduce the planning burden for a host of employment uses – from urban manufacturers and makers to co-working spaces – while allowing for complementary yet limited retail and residential uses where these uses are considered appropriate to support enterprise to flourish.

Figure 6: Factors driving the success of enterprise precincts



Source: Department of Environment, Land, Water and Planning

Industrial and commercial land across metropolitan Melbourne

The Urban Development Program (UDP) is an annual program that analyses the supply and demand for residential and industrial land across metropolitan Melbourne. The program aims to ensure the ongoing provision of land and supporting infrastructure. Information and feedback to inform the preparation of the UDP is drawn from across state and local government.

Plan Melbourne identifies SSIPs as areas of economic activity that provide strategically located land for major industrial development linked to the Principal Freight Network (PFN) and transport gateways. The UDP provides separate analysis of industrial land in the SSIPs including an estimate of the exhaustion time frame of vacant land in the SSIPs.

For the purpose of this plan, industrial land identified and reported through the UDP has been used as a basis.

The UDP does not currently provide coverage of commercial land. The work undertaken as part of this report is a first step in identification and monitoring of commercial land.

An approach to identify commercial land and land uses has been developed. This has included identifying all Commercial 1 zoned land across the metropolitan area (or Business 1, 2 or 5 zoned land where still applicable) as well as land within Special Purpose zones where retail and office uses are generally encouraged and allowed as-of-right. More detail on the approach and methodology for the identification of commercial land can be found at Appendix 1.

Supply and demand for industrial land

Melbourne's industrial sector continues to grow and evolve and is one of the strongest in the nation.

Online retailing is becoming more prevalent creating demand for fulfilment centres and supporting infrastructure to move goods quickly and efficiently around the city. Warehouse automation is increasing, and multi-level warehousing is now being considered, particularly in inner city locations where land is scarce and costs are higher.

Major infrastructure projects will improve connectivity and congestion, linking key employment locations to workers and major freight networks, providing direct benefit to the industrial sector. Such improvements will enhance supply chains, reduce business costs, increase access to markets, enhance access to core skilled workers and enhance business to business interactions.

While demand for industrial land across metropolitan Melbourne can fluctuate from year to year, over the long term it remains strong. Recent strong leasing activity and limited additions to the supply of vacant industrial sites has meant that vacancy rates for industrial space are currently at very low levels and land values continue to increase. This has been most evident in Melbourne's west where land values for lots under five hectares increased by 40 per cent over the last year.

The provision of sufficient land for industries with large lot land requirements, is required to enable freight and logistics, and advanced manufacturing industries to expand, together with creating supportive operating conditions that minimise land use conflicts.

Improved management of industrial land supply is needed, to ensure an ongoing adequate supply across the city.

Supply of industrial land

In 2018, there were approximately 26,400 hectares of zoned industrial land across metropolitan Melbourne, of which 19,843 hectares were identified as occupied and 6,563 hectares were identified as vacant. Nearly two-thirds of vacant zoned industrial land (4,193 hectares of a total of 6,563 hectares) is located within the SSIPs, with the largest availability in the Western and Northern SSIPs.

The Hastings SSIP in Mornington Peninsula has significant vacant land identified, however this land is zoned specifically for port related uses, effectively making it unavailable for general industrial purposes.

In addition, there are approximately 6,930 hectares of unzoned land identified for future industrial purposes.

Table 2: Zoned industrial land supply, occupied and vacant

Region / SSIP	Occupied (ha)	Vacant (ha)	Total (ha)
Inner Metro Region	459.4	28.0	487.4
Western Region	5,819.2	2,818.4	8,637.6
<i>Western SSIP</i>	4,356.3	1,810.5	6,166.8
Northern Region	3,718.6	1,241.2	4,959.8
<i>Northern SSIP</i>	2,400.7	978.2	3,378.9
Eastern Region	2,435.0	135.1	2,570.2
Southern Region	7,270.3	2,337.5	9,607.8
<i>Southern SSIP</i>	2,454.4	502.6	2,957.0
<i>Officer-Pakenham SSIP</i>	317.7	323.8	641.5
<i>Hastings SSIP</i>	814.1	578.1	1,392.2
Inner South East Region	140.7	2.3	143.0
Total	19,843.2	6,562.5	26,405.8

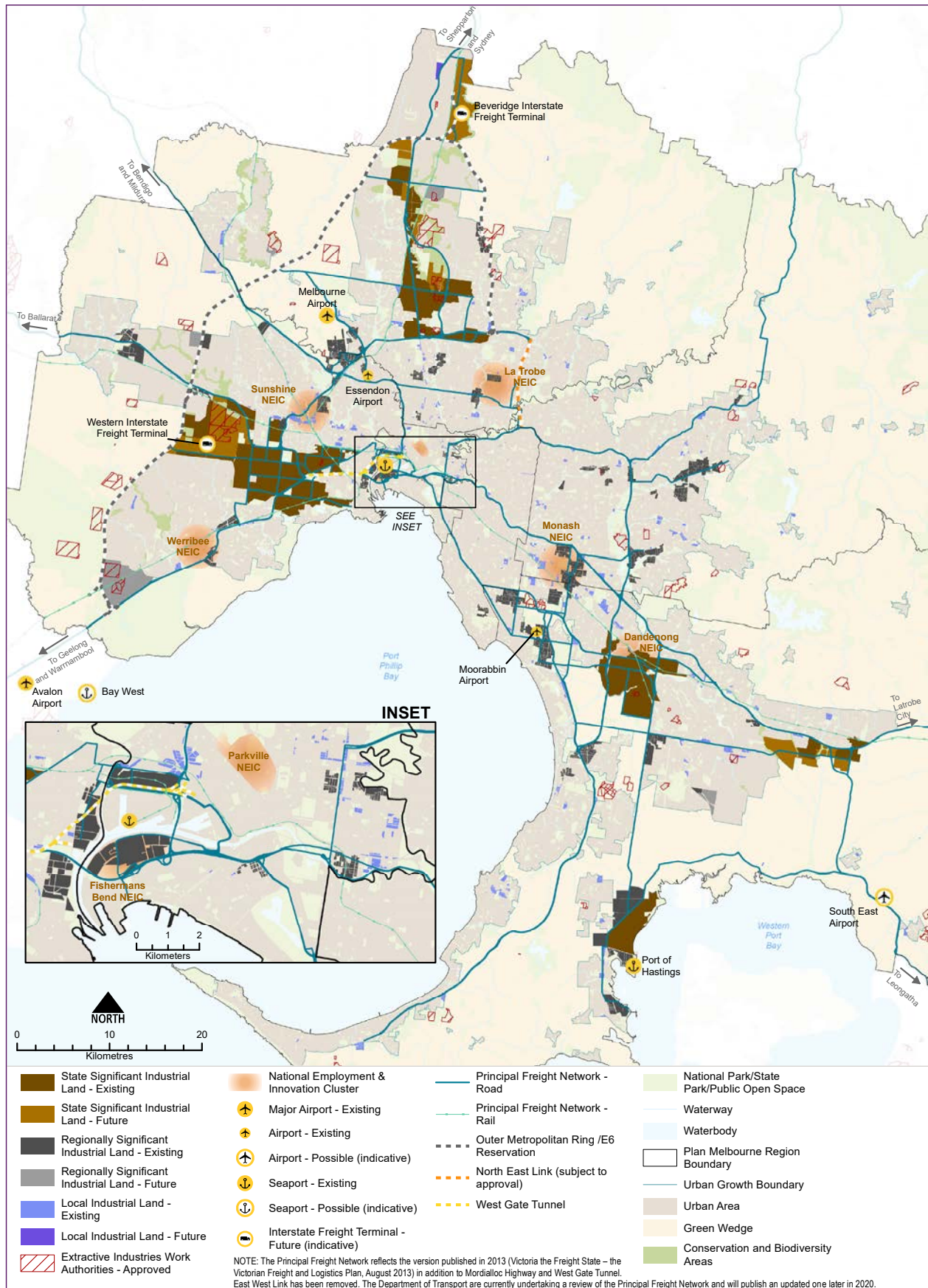
Source: Department of Environment, Land, Water and Planning, Urban Development Program – Melbourne Metropolitan Industrial 2018 and internal analysis

Table 3: Available industrial land supply, vacant zoned and future unzoned

Region / SSIP	Zoned vacant (ha)	Future unzoned(ha)	Total(ha)
Inner Metro Region	28.0	0.0	28.0
Western Region	2,818.4	2,881.3	5,699.7
<i>Western SSIP</i>	1,810.5	1,033.8	2,844.3
Northern Region	1,241.2	2,866.9	4,108.1
<i>Northern SSIP</i>	978.2	2,393.7	3,371.9
Eastern Region	135.1	0.0	135.1
Southern Region	2,337.5	1,183.5	3,521.0
<i>Southern SSIP</i>	502.6	0.0	502.6
<i>Officer-Pakenham SSIP</i>	323.8	938.3	1,262.1
<i>Hastings SSIP</i>	578.1	0.0	578.1
Inner South East Region	2.3	0.0	2.3
Total	6,562.5	6,931.7	13,494.2

Source: Department of Environment, Land, Water and Planning, Urban Development Program – Melbourne Metropolitan Industrial 2018 and internal analysis

Map 2: Existing and future industrial land



Source: Department of Environment, Land, Water and Planning

Industrial land rezonings

At a metropolitan level, Melbourne has been losing industrial land through rezonings.

Between 2000-01 and 2017-18 a total of 2,423 hectares of industrial land was rezoned to allow for other uses. Of all the industrial land rezoned, approximately 50 per cent was for residential or mixed-use purposes. Once industrial land is rezoned for these types of uses, it is unlikely ever to be returned to an industrial or employment use.

Losses of industrial land were mainly in Melbourne's inner and middle suburbs particularly along the train and tram lines in the municipalities of Port Phillip, Maribyrnong, Brimbank, Moreland, Darebin, Monash and Yarra. Around 65 per cent of all sites rezoned were less than two hectares in area. The largest single rezonings occurred in Port Phillip (215 hectares) and Melton (197 hectares). In both these instances, rezonings enabled residential or mixed-use development.

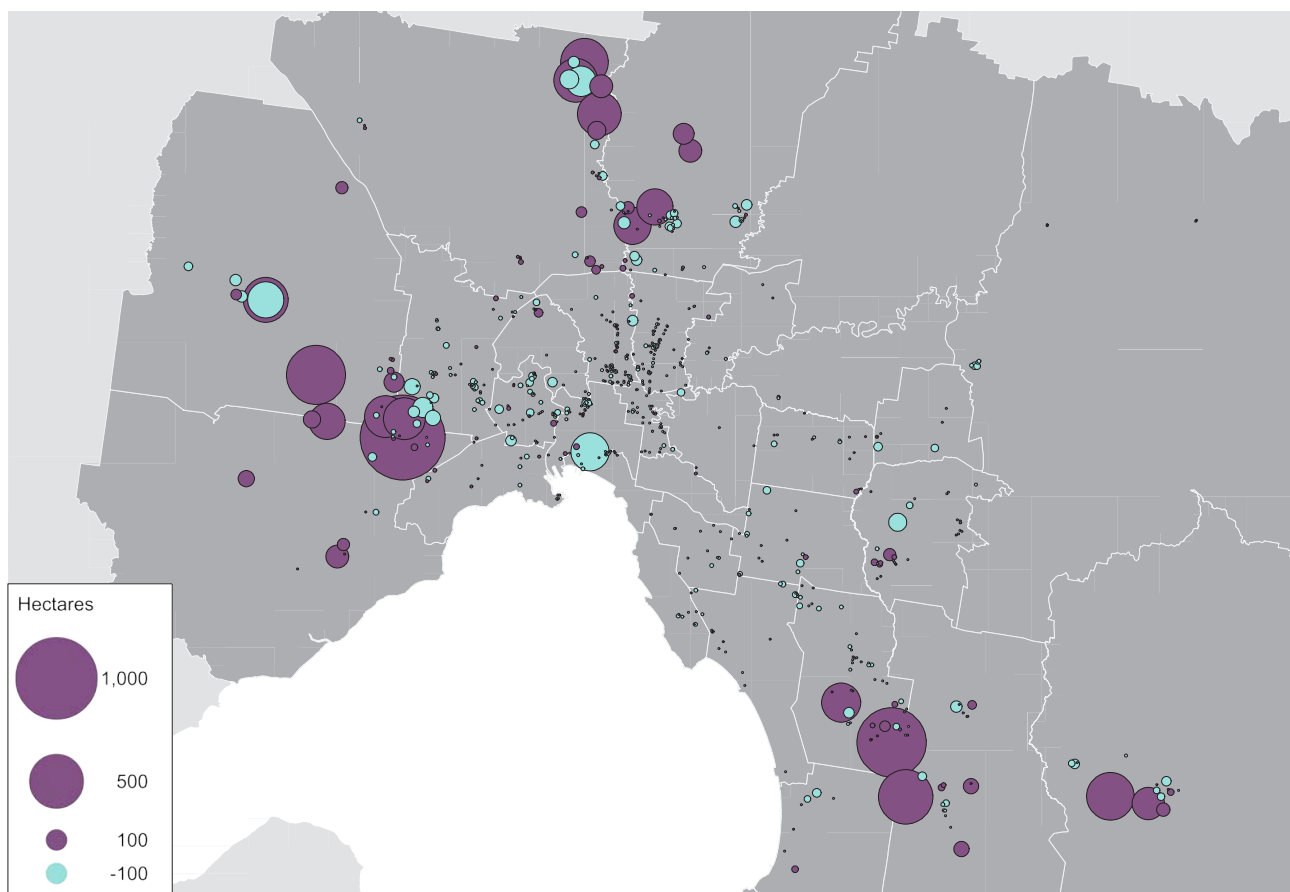
Demand for Industrial land

There is strong ongoing demand for industrial land across metropolitan Melbourne.

Industrial land consumption across metropolitan Melbourne over the last three years (2015-16 to 2017-18) has been at a rate of around 280 hectares per annum. This is roughly equivalent to the area of the Melbourne CBD and Southbank combined. By comparison, in 2016, 2017 and 2018, take-up of industrial land in Greater Sydney averaged 152 hectares per annum.

Of all the industrial land consumed over the last three years across Melbourne almost 43 per cent of this land was within the Western SSIP. The Southern SSIP also saw strong demand for industrial land, accounting for nearly 23 per cent of land consumed over the period. While overall consumption in the Northern SSIP over the same period was not as high, annual consumption has increased significantly over the last couple of years as serviced land has become available. Combined these three SSIPs have accounted for three quarters of all industrial land consumed across metropolitan Melbourne over the last three years.

Figure 7: Change of zoned industrial land, metropolitan Melbourne, 2000-01 to 2017-18



Source: Department of Environment, Land, Water and Planning, Urban Development Program – Melbourne Metropolitan Industrial 2018

Table 4: Industrial land consumption, 2015-16 to 2017-18

Region / SSIP	2015-16 (ha)	2016-17 (ha)	2017-18 (ha)
Inner Metro Region	-1.1	-0.7	-19.6
Western Region	144.0	153.9	100.9
<i>Western SSIP</i>	<i>133.0</i>	<i>149.8</i>	<i>78.9</i>
Northern Region	24.3	34.4	52.0
<i>Northern SSIP</i>	<i>15.8</i>	<i>26.2</i>	<i>43.3</i>
Eastern Region	17.8	12.7	3.5
Southern Region	102.0	109.3	110.2
<i>Southern SSIP</i>	<i>55.9</i>	<i>71.4</i>	<i>63.3</i>
<i>Officer-Pakenham SSIP</i>	<i>15.5</i>	<i>12.4</i>	<i>13.9</i>
<i>Hastings SSIP</i>	<i>-1.0</i>	<i>-0.3</i>	<i>-18.3</i>
Inner South East Region	-0.9	0.4	0.6
Total	286.1	310.0	247.6

Source: Department of Environment, Land, Water and Planning, Urban Development Program – Melbourne Metropolitan Industrial 2018

Supply and demand for commercial land

As the population of Victoria continues to grow and its economy continues to transition to one based on services, it is expected that there will continue to be strong growth for commercial space, for both retail and office uses.

Professions such as accountants, lawyers and web designers, require access to office space. In recent times most of the increase in office-based employment has been located in the Central City, however there are also other areas, such as Cremorne, that are the locations for significant amounts of office space and major employers. Given the changing nature of the economy, it is expected that the demand for office space in the Central City and across metropolitan Melbourne will continue.

Metropolitan Melbourne also hosts a wide range of centres that provide services, such as retailing, entertainment and local professionals, to regional and local populations. These centres range from very large activity centres, such as the identified metropolitan activity centres, to local strip shopping centres. Given the projected levels of population growth, it is anticipated that there will continue to be demand for this type of space.

However, many industries in these sectors are experiencing a level of disruption to their traditional business models, such as on-line sales for retailing and flexible office space for office users. We are at the start of this disruptive activity. While it is unclear how this or future disruptions will impact land use, the role of planning for commercial space is to ensure that opportunities for current and future businesses are maintained and not lost.

Supply of commercial land

Almost 5,300 hectares of land zoned for commercial purposes has been identified across metropolitan Melbourne.

In addition, just over 1,320 hectares of land has been identified for future commercial purposes through Growth Corridor Plans and PSPs. Nearly 85 per cent of this land is located in the Western and Southern regions.

Commercial land and corresponding floorspace is occupied by a range of office, retailing, service, entertainment, restaurant and dining activities. It can include floorspace both at the ground level and any level above ground level.

It is estimated that there is approximately 24.2 million square metres of floorspace used or available for, commercial purposes across metropolitan Melbourne. Approximately 38 per cent of this is located within the Inner Metro Region, of which 80 per cent is located within the City of Melbourne.

Table 5: Commercial land supply

Region	Existing zoned commercial land (ha)	Future commercial land identified (ha)	Total (ha)
Inner Metro	1,158	0	1,158
Western	949	559	1,508
Northern	1,086	208	1,294
Eastern	761	0	761
Southern	855	555	1,410
Inner South East	515	0	515
Total	5,324	1,322	6,646

Source: Department of Environment, Land, Water and Planning, unpublished data (2020)

Table 6: Commercial floorspace supply

Region	Existing floorspace (m2)	Share of metro
Inner Metro ¹	9,067,350	37%
Western	2,909,700	12%
Northern	3,239,150	13%
Eastern	2,817,650	12%
Southern	3,166,750	13%
Inner South East	2,991,200	12%
Total	24,191,800	100%

Source: Department of Environment, Land, Water and Planning, unpublished data (2020)

1. Includes floorspace identified through the City of Melbourne's Census of Land Use and Employment 2017 being used for Office, Commercial Accommodation, Indoor Entertainment, Retail or Performances, Conferences and Ceremonies.

Metropolitan Melbourne's largest commercial centre is the Central City area which includes the Melbourne CBD and adjacent areas such as Docklands, Southbank and St Kilda Road. Beyond this area, commercial centres across metropolitan Melbourne demonstrate an historical pattern of development based on population growth along and around the public transport network, particularly the rail and tram network.

Excluding the City of Melbourne, there is approximately 17 million square metres of commercial floorspace across the metropolitan area in over 1,100 centres. These centres can vary greatly in both the size and range of retailing and services they offer, from smaller local centres offering local convenience retailing, to larger freestanding centres or larger metropolitan activity centres with a range of retail, services and office uses. Nearly 90 centres have in excess of 50,000 square metres of floorspace and three quarters of all centres identified (863 centres) have less than 10,000 square metres of floorspace.

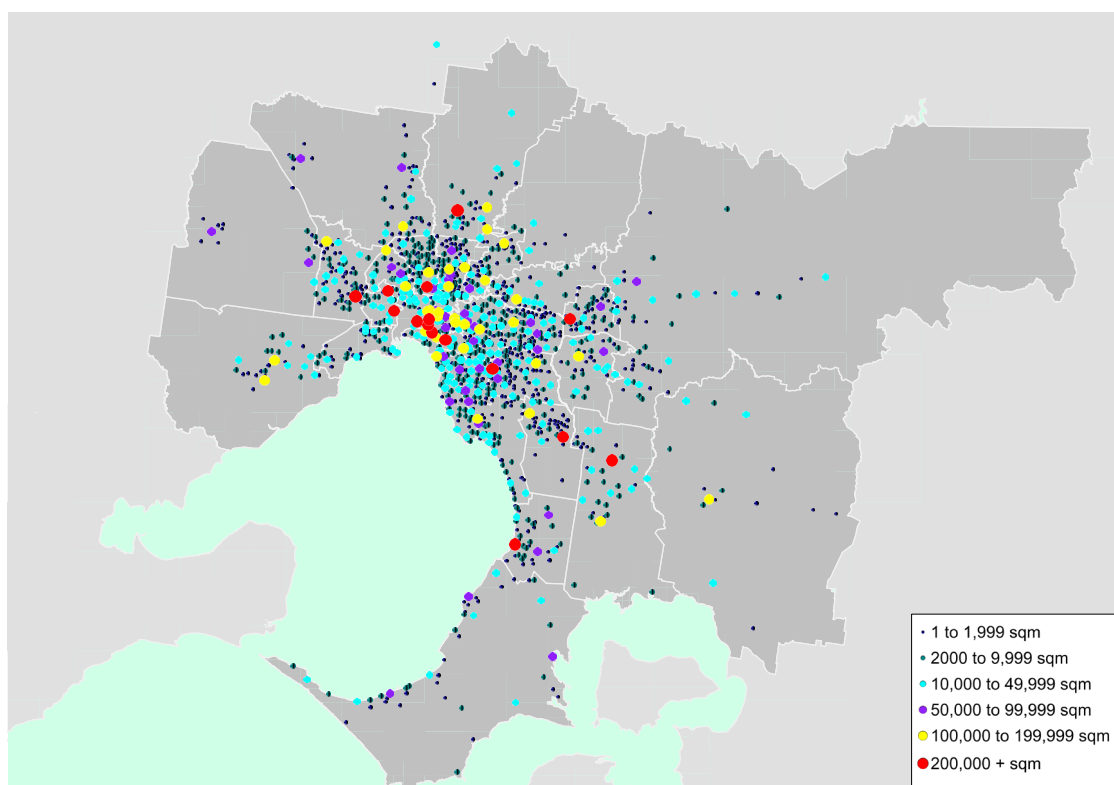
There is a much denser distribution of centres within a 10 to 15-kilometre ring of the Melbourne CBD and along railway lines, adjacent to railway stations and along tram routes. This distribution pattern is most prevalent to the north, east and south-east of the CBD.

Table 7: Number of centres and total floorspace by centre size

Commercial centre floorspace (m2)	Number of centres	Total floor space (m2)
Less than 2,000	493	469,900
2,000 to 9,999	370	1,691,800
10,000 to 49,999	200	4,423,000
50,000 to 99,999	39	2,794,450
100,000 +	49	14,812,650
Total	1,151	24,191,800

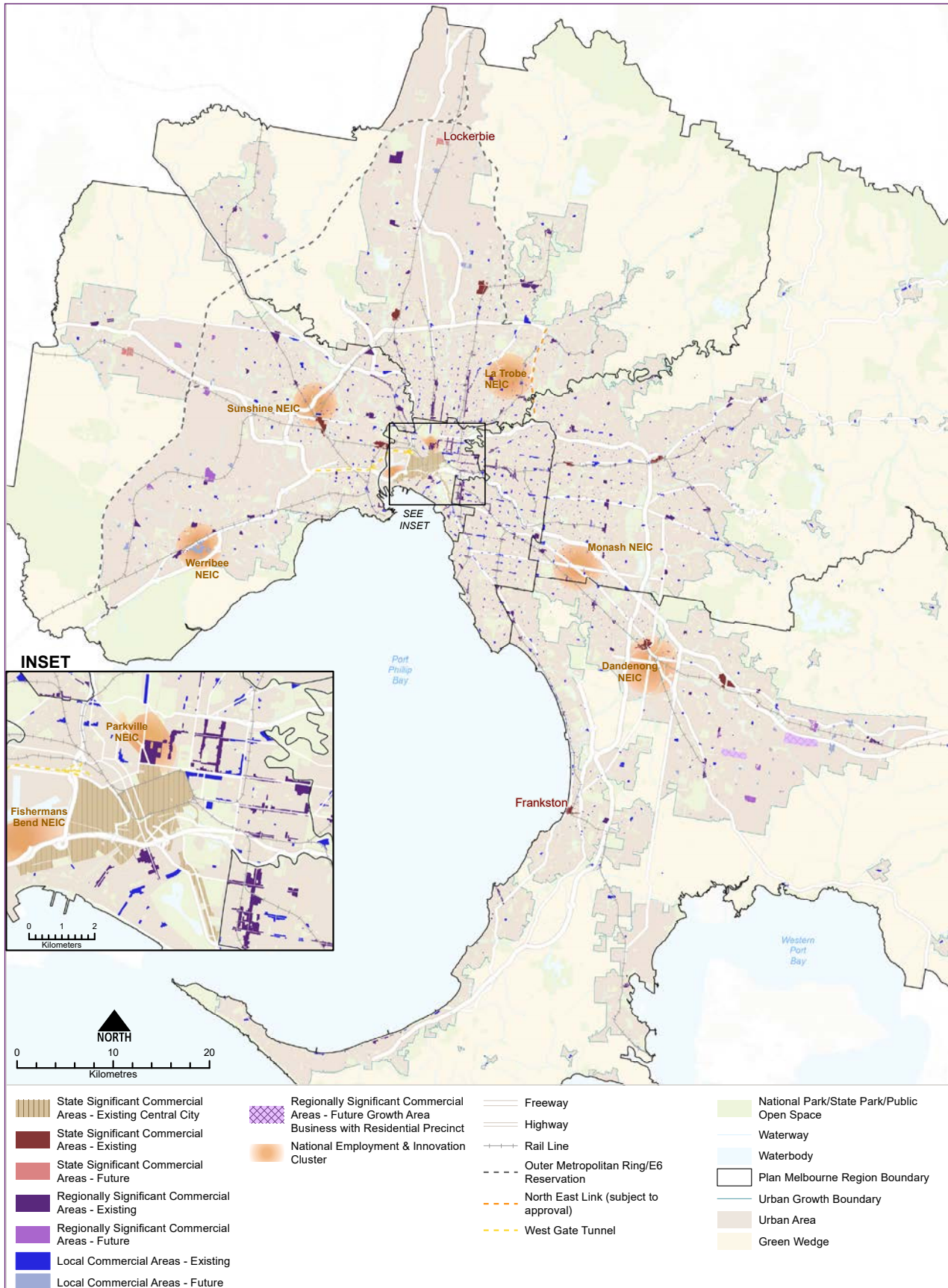
Source: Department of Environment, Land, Water and Planning, unpublished data (2020)

Figure 8: Commercial centres across metropolitan Melbourne



Source: Department of Environment, Land, Water and Planning, unpublished data (2019)

Map 3: Existing and future commercial land



Source: Department of Environment, Land, Water and Planning

Demand for commercial land

Demand for and growth in office floorspace in Melbourne's CBD over the last 50 years has been relatively strong. Melbourne's growth has been tracking fairly closely with Sydney's although the overall supply of CBD office space in Melbourne has increased at a somewhat greater rate than Sydney.

Fifty years ago, Melbourne's CBD had around half the office floorspace of Sydney's CBD, whereas now each have office supply of between around 4.5 and 5 million square metres. This increase in Melbourne office space reflects the way the economy has evolved over time, with growth occurring in office-based employment such as finance, insurance and professional services showing strong demand for office floorspace.

Between 2016 and 2031 it is estimated that nearly 10 million square metres of additional commercial floorspace will be required across metropolitan Melbourne to meet projected demand.

The Inner Metro Region, and particularly the City of Melbourne, will continue to be a key focus for growth, with the region anticipated to need almost 40 per cent (approximately 4 million square metres) of the total metropolitan commercial floorspace required by 2031. Over 80 per cent of this demand will be required for office floorspace.

Figure 9: Stock of office floorspace, Sydney CBD and Melbourne CBD, 1970 to 2017



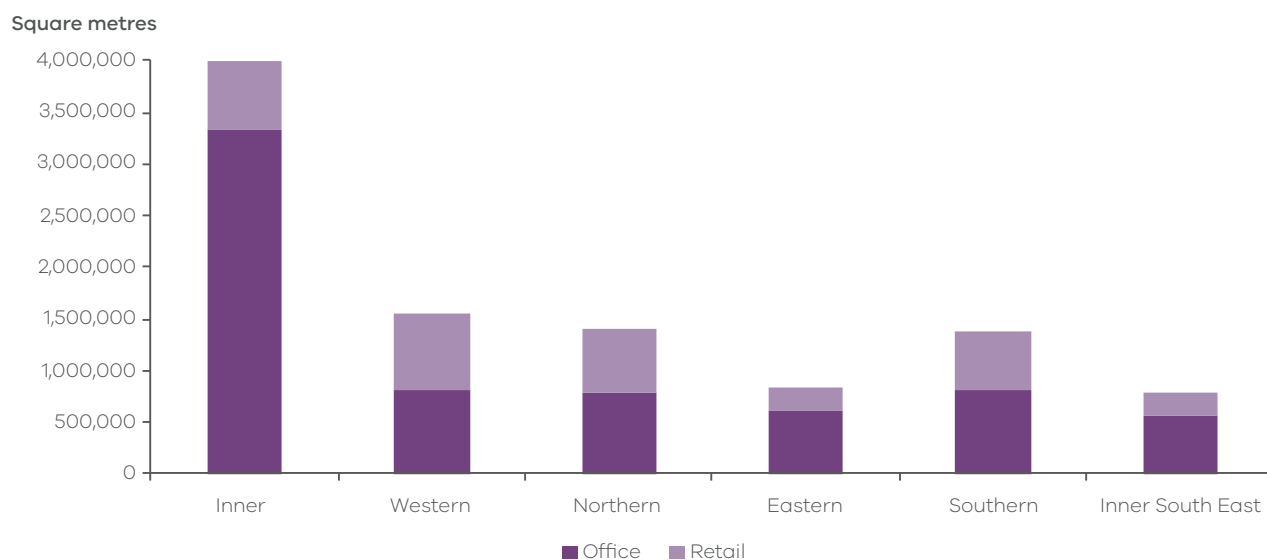
Source: BIS Oxford Economics and Savills



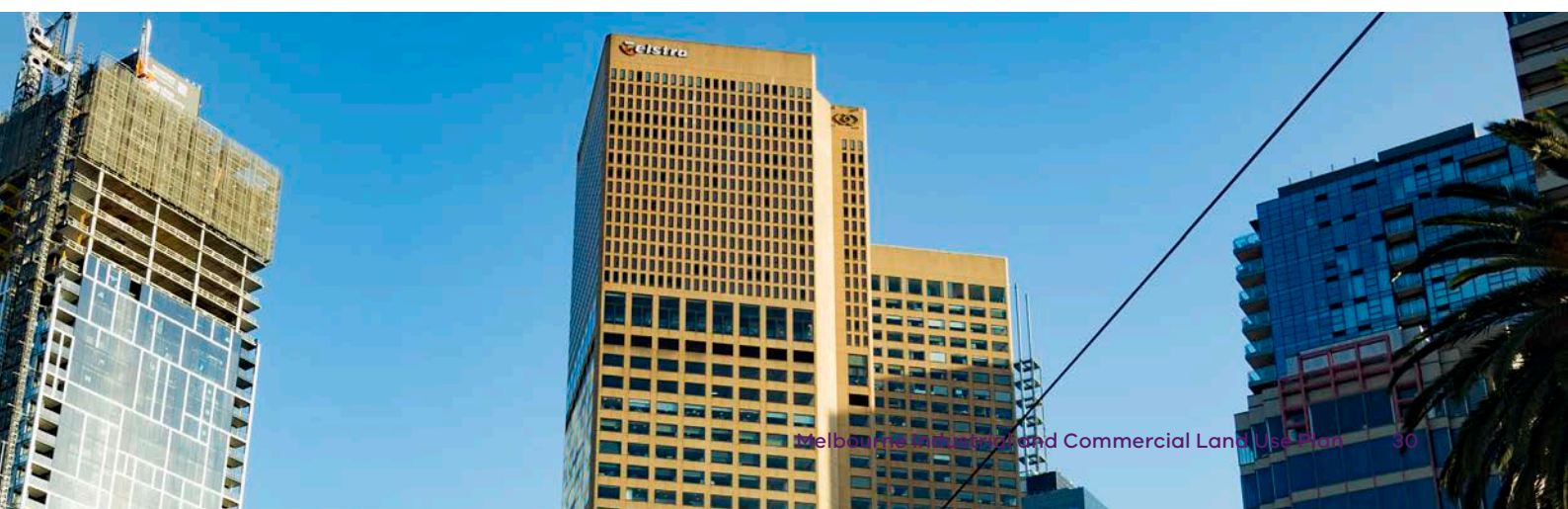
Table 8: Commercial floorspace by region, existing and future

Region	Existing commercial floorspace 2018 (m2)	Estimated additional commercial floorspace 2016 to 2031 (m2)
Inner Metro	9,067,350	4,007,000
Western	2,909,700	1,548,000
Northern	3,239,150	1,414,000
Eastern	2,817,650	837,000
Southern	3,166,750	1,371,000
Inner South East	2,991,200	783,000
Total	24,191,800	9,960,000

Source: Department of Environment, Land, Water and Planning, unpublished data (2020)

Figure 10: Estimated additional commercial floorspace by region, 2016 to 2031

Source: Department of Environment, Land, Water and Planning, unpublished data (2020)



Approach to planning for industrial and commercial land

As Melbourne's population continues to grow so too does demand for industrial and commercial space to support this growth.

There is strong growth forecast in the financial and professional services sectors as well as other population serving industries such as education and health care and social assistance. While the Central City will continue to play a key role in accommodating jobs growth, there will also be a need for significant commercial space to support population and jobs growth in suburban locations, particularly in Melbourne's growth areas.

With Melbourne's economy transitioning away from traditional manufacturing towards one focussed on the production and delivery of services, it is increasingly reliant on an efficient freight and logistics system. As such, the use of industrial land is transforming. Traditional manufacturing plants within industrial areas are now joined by a range of other services and uses that support the city as it grows. More and more, industrial areas are being utilised for a much broader range of uses, including retailing and professional services. While some of these uses may complement industrial uses, they can also have a negative impact by increasing land values and rents and potentially impact on day-to-day operations.

While these changes may lead to a belief that there is no longer a need to provide a substantial supply of industrial land, it will continue to be important to ensure there is enough industrial and commercial land to meet future demand for economic activity and employment purposes.

Work undertaken has highlighted a range of issues and matters that require consideration as follows:

- There is need to ensure that strategic planning for industrial and commercial areas is robust and appropriate and does not reduce viability for industry and commerce.
- There is ongoing pressure to rezone or use industrial land for other non-industrial uses such as accommodation or retail uses which are best located in activity centres. Key industrial areas need to be retained as a source of business activity and employment.
- There is a need to retain sufficient opportunities for commercial development, particularly on Commercial 1 zoned land, and balance the ongoing demand to develop residential uses above ground floor levels. Once developed for a residential use, it is unlikely to be available to the market for future commercial purposes.

- The business needs of developers, land owners and end users and their operating environment need to be better understood to inform policy development.
- Planning frameworks need to enable new business models to be accommodated and employment areas to evolve over time.
- In select locations there is a need to promote the creation of dense, economically diverse, affordable, accessible and amenity-rich enterprise precincts which are attractive to new and emerging businesses.
- Road, rail, airport and port infrastructure needs to support industry and allow for efficient freight, logistics and distribution of goods across the city as the population and economy grows.
- There is a need to recognise that many industrial areas will have lower relative job densities and will not be locations for jobs growth, however they will continue to play a critical role as places for industry and economic activity.
- There is a need to plan for amenity and interface issues that may arise where sensitive uses locate close to or adjacent to industrial operations.
- There are a range of urban services required across the city, such as mechanics, self-storage facilities, construction services, cabinetry manufacturers and the like, that need to locate in proximity to their customers. Opportunity for these to establish and operate need to be retained.

Principles and strategies to guide planning for industrial and commercial land

To ensure industrial and commercial areas are able to operate efficiently and effectively and remain viable, there is a need for clarity and certainty around how these areas are planned.

To support and guide planning for industrial and commercial land, the following principles and strategies have been developed. Some strategies have been derived from existing strategies within the Planning Policy Framework of the Victoria Planning Provisions, and others are new and have been developed to support the principles.

Principle 1

Adequate long-term commercial and industrial land supply will be identified and set aside to support future industry and business growth.

Strategies

- Provide an overarching land use planning framework for industrial and commercial areas.
- 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.
- Provide and retain an adequate supply of well-located zoned land to accommodate growth for industrial and commercial uses, including sufficient stocks of larger sites for strategic investment.
- Retain and protect land identified for strategic long-term growth for its intended purpose.
- Ensure proposals for land use change identify either how they will accommodate local and regional employment needs, or how these can be satisfied by alternative means.
- Ensure the location and attributes of planned commercial and industrial areas will support their intended strategic function and user needs.
- Monitor development trends, land supply and demand for industrial and commercial land.

Principle 2

Industrial and commercial areas that provide an ongoing economic, urban servicing or employment contribution to local communities, regions and the state will be recognised and retained as a critical economic resource.

Strategies

- Ensure that state, regional and local policies are aligned to support industrial and commercial areas.
- Clarify and strengthen the role and function of commercial centres as primary locations for commercial development and employment, prioritising economic activity and business synergies.
- Prioritise industrial uses in industrial areas and avoid the approval of non-industrial land uses that will prejudice the availability of land in identified industrial areas for future industrial uses.
- Ensure that land identified as being of local significance for industrial purposes is only considered for mixed-use or residential purposes where strategic analysis can clearly demonstrate that the land is no longer required for industry, business or employment purposes and long-term demand can be met.

- Plan for land use transition by identifying areas of expected change and protecting land which will be required for future and emerging industry over the longer term.

Principle 3

Planning for industrial and commercial land will provide clarity and certainty about how and where industry and business can grow over time to support and guide long term investment and locational decisions.

Strategies

- Provide clear direction on locations where growth should occur.
- Protect state-significant industrial precincts from incompatible land uses to allow for future growth.
- Ensure that significant regional and local industrial and commercial precincts are retained through appropriate zones.
- Ensure that sensitive uses do not limit the operation of business in state or regionally-significant industrial precincts, through the provision of adequate separation and buffer areas.

Principle 4

Planning will support industry and business to innovate and grow in areas identified for these purposes.

Strategies

- Provide opportunities for a wide range of industry and business activities to establish and operate both across Melbourne and in local areas.
- Support the development or re-use of buildings that provide affordable, flexible and innovative spaces for businesses.
- Encourage the development and expansion of specialised industry clusters.
- Provide for significant local employment opportunities to encourage local trip making and a compact city.
- Provide for large scale industrial or regional employment generators in locations suitable for such uses.
- Support the development of infrastructure and services which facilitate the development or growth of industrial and commercial areas.

Planning framework for industrial and commercial land

To support planning for industrial and commercial land, it is proposed to put in place a classification system that can assist how these areas are planned.

The following framework has been developed to enable industrial and commercial land to be categorised as being either of state, regional or local significance to provide greater clarity about the strategic land use intent.

The level of significance in the hierarchy does not in itself indicate whether land should be retained for current industrial or employment uses, or considered for alternative uses. Future land use will need to be determined by the relevant planning agencies through their strategic land use plans, including Plan Melbourne.

All planning agencies will need to give weight to the classification of the land in the hierarchy and the directions in this plan and other state policy when considering future land use and development opportunities. A classification of state, regional, or local significance reflects the policy aspiration for the area or precinct. The classification may arise because either a location has been assigned a level of significance through a strategic land use plan, or because of the location's existing attributes. State government will be responsible for designating state and regionally-significant industrial and commercial land when undertaking metropolitan, or regional wide planning.

Industrial precincts

State-significant industrial precincts

State-significant industrial precincts (SSIPs) are identified in Plan Melbourne and the Victoria Planning Provisions. There are five SSIPs identified across metropolitan Melbourne: Western SSIP, Northern SSIP, Southern SSIP, Officer-Pakenham SSIP and Hastings SSIP.

As outlined in that strategy, the purpose of SSIPs is to provide strategically located land for major industrial development linked to the PFN and transport gateways. Future state-significant industrial land has also been identified to ensure there is sufficient land supply available for major industrial development.

It is state policy that these areas are to be protected from incompatible land uses to allow continual growth in freight, logistics and manufacturing investment.

Changes to state and regionally-significant industrial and commercial land

State-significant places are identified and put in place through the metropolitan planning strategy – Plan Melbourne. They are supported by state and regional policy included within the Planning Policy Framework in the Victoria Planning Provisions. Any future changes to these places would normally occur through a review of Plan Melbourne.

Regionally-significant industrial and commercial land is identified through the Melbourne Industrial and Commercial Land Use Plan and are intended to be supported by regional policy in the Planning Policy Framework in the Victoria Planning Provisions. Any future changes to the extent of these areas would only be anticipated to occur following broader strategic work being led by either state or local government that justifies such a change. Subsequent planning scheme amendments would be required.

Examples of the type of strategic work that might require subsequent changes to the extent of regionally-significant industrial or commercial land includes strategic work being undertaken and led by state government such as the development of Land Use Framework Plans, planning for national employment and innovation clusters and priority precincts, precinct structure planning for growth areas and other major infrastructure projects such as the Suburban Rail Loop.

There may also be instances where strategic planning work being led by local government, either municipal-wide or at a larger precinct-scale, may require subsequent changes to the extent of the regionally-significant industrial or commercial land. An example of such planning is the work underway by the City of Darebin for the Northland Urban Renewal Precinct in East Preston. This area includes the Northland Major Activity Centre and an area of industrial land identified as a regionally-significant industrial precinct by the Melbourne Industrial and Commercial Land Use Plan. It also forms part of the broader La Trobe National Employment and Innovation Cluster.

The Northland Urban Renewal Precinct is a long-term planning project with an horizon of 30+ years. Considerable strategic work has already been completed by council, with objectives to facilitate greater diversity of employment and increased residential population within the precinct. Upon completion of this work by council realignment or changes to the overall extent of commercial and industrial land will likely be required.

Regionally-significant industrial precincts

Across metropolitan Melbourne there are numerous key industrial and employment areas that contribute significantly to local and regional economies. Some of these areas are well established and support a range of industrial uses while others are transitioning to support higher order uses and providing a broader range of employment opportunities. In addition, future employment areas have been identified through Growth Corridor Plans to support not just employment growth in outer areas, but to also meet Melbourne's longer term industrial and logistics needs.

To support economic growth, industrial areas of regional-significance have been identified. These areas need to be planned for and retained either with a focus as a key industrial area or as a location that can provide for, or transition to, a broader range of employment opportunities. Industrial focussed precincts would normally provide for a range of traditional industrial uses such as manufacturing, warehousing and other industry. In other precincts there may be a desire to promote a different employment focussed outcome offering a higher amenity to workers and economic vibrancy. This could include a greater focus on office or business park development or support for new and emerging innovation and enterprise-based businesses.

State or local government will generally be responsible for planning regionally-significant industrial precincts as part of developing local industrial land use strategies, or other strategic plans.

Appropriate land use outcomes for such precincts should be determined through these processes having regard to the principles and strategies of this plan and achieving sufficient land supply to support the long-term economic interests of the region and the state.

The following criteria has been used as a basis for identifying regionally-significant industrial precincts. For a precinct to be considered regionally-significant, it should generally satisfy at least one aspect of two of the following criteria.

Criterion 1: Policy alignment

- 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.
- 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.
- 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.

Criterion 2: Accessibility and business clustering

- The area or precinct can leverage off existing or proposed rail, road and data networks and infrastructure, including the PFN.
- The area provides for, or has the potential to provide for, the clustering of industrial and employment uses with limited or no residential intrusion and can be adequately buffered from sensitive uses.
- The precinct provides for contiguous areas of industry or employment with similar, related or dependent industrial or commercial activities, such as economic clusters and supply chains.

Criterion 3: Economic or employment contribution

- The area generates, or has the potential to generate, a relatively high and ongoing economic output contributing to the region and state's economy.
- Within that region the area either is, or has the potential to be, a location of relatively high levels of employment and/or capital goods, generating wider regional employment and economic benefits.
- The area supports critical or specialised urban services which play a unique function in the region and enable and support other economic activity.

Planning for industrial precincts	
<p>State-significant industrial precincts</p> <p>Purpose:</p> <p>To provide strategically located land for major industrial development linked to the Principal Freight Network and transport gateways.</p> <p>They will be protected from incompatible land uses to allow continual growth in freight, logistics and manufacturing investment.</p>	<p>Zone guidance:</p> <ul style="list-style-type: none"> Industrial 1 Zone would usually be applied to land within a state-significant industrial precinct. Industrial 2 Zone should be applied in specific instances where manufacturing industries and storage facilities require a substantial threshold distances so as not to affect the safety and amenity of local communities. Industrial 3 Zone could be applied to provide a buffer between industry and local communities where required. Commercial 2 Zone could be applied in some situations, for examples, to business precincts identified in growth corridor plans where the land is located within a SSIP. Special Purpose Zones may apply in some circumstances. This would occur where there is a specific industry or asset that requires special consideration, for example, petrochemical facilities.
<p>Regionally-significant industrial precincts</p> <p>Purpose:</p> <p>To provide opportunities for industry and business to grow and innovate in appropriate locations for a range of industrial and other employment uses that can contribute significantly to regional and local economies.</p> <p>They will be retained and planned to allow a range of industrial and other employment uses, and where appropriate, new and emerging types of businesses that require access to affordable and well-located land to grow and innovate.</p> <p>They may serve broader city functions or support activities which benefit from scale with some precincts offering opportunity to transition to a broader range of employment opportunities offering a higher amenity to workers and economic vibrancy.</p>	<p>Zone guidance:</p> <ul style="list-style-type: none"> Industrial 1 Zone would usually be applied to precincts focussed on allowing for traditional industrial uses. Industrial 3 Zone could be applied to provide a buffer between industry and local communities where required. Commercial 2 Zone could be applied to precincts where a broader range of employment uses are desirable. Commercial 3 Zone may be applied to help facilitate business growth and innovation in select areas.
<p>Local industrial precincts</p> <p>Purpose:</p> <p>To provide for a range of local industry and employment opportunities that support local communities and other businesses operating in the local area.</p> <p>They will be planned to support local service trades and the needs of smaller businesses serving more localised markets. They should be retained for industrial or employment purposes unless a planning authority has identified them for an alternate non-employment purpose.</p>	<p>Zone guidance:</p> <ul style="list-style-type: none"> Industrial 1 Zone would usually be applied to precincts focussed on allowing for traditional industrial uses. Industrial 3 Zone could be applied to provide a buffer between industry and local communities where required. Commercial 2 Zone could be applied to precincts where a broader range of employment uses are desirable. Commercial 3 Zone may be applied to help facilitate business growth and innovation in select areas.

Local industrial precincts

If an area is not identified as being of state or regional significance, then it is of local significance. Being identified as a local industrial precinct does not mean that it is not still important to be retained either for industrial purposes or other employment purposes.

Councils are best placed to determine how these industrial areas are to be planned for. This could include identifying when industrial land should be retained, when it could transition to other employment generating uses, or if it is no longer required, when it could transition to other mixed-use or non-employment focussed uses.

Councils should undertake an industrial land use strategy, or similar strategic work for precincts, to support their planning policies for industrial land. Draft guidance for developing an industrial land use strategy is provided at Appendix 2. This will be further developed into a practice note to assist councils in undertaking this strategic work, including criteria for considering changes of land use.

Commercial areas

For the purpose of this report, the existing activity centre classification is used as a basis for classifying the role and purpose of commercial land.

There are various practice notes and guidance materials available to assist councils in planning for activity centres.

State-significant commercial areas

Melbourne's Central City is identified in Plan Melbourne as being of state significance. It is to provide for the continued growth of knowledge-intensive and high-skilled firms in the Central City while continuing to be a major area for tourism, retail, residential, entertainment, sporting and cultural activities.

Metropolitan activity centres identified in Plan Melbourne are of state significance. They are to provide a diverse range of jobs, activities and housing for regional catchments that are well served by public transport. These centres will play a major service delivery role, including government, health, justice and education services, as well as retail and commercial opportunities.

Regionally-significant commercial areas

Major activity centres identified in Plan Melbourne should be considered as places of regional significance. While they have different attributes and provide different functions, with some serving larger sub-regional catchments, they should provide for and support access to a wide range of goods and services.

Growth area business and residential precincts are identified in Growth Corridor Plans and are considered as places of regional significance able to provide for a wide range of employment opportunities. These areas are expected to deliver more intensive forms of employment uses including service industries, office and commercial activity, research and development and some large format retailing. The precincts may also include residential, cultural, recreational and civic uses as part of a broader mix of activities supporting the overall employment activities. These precincts should have a primary role for economic and employment purposes with no less than 50 per cent of the land in each precinct being allocated for these purposes.

Local commercial areas

Neighbourhood activity centres are local centres that provide access to local goods, services and employment opportunities and serve the needs of the surrounding community. These centres are essential in providing local employment opportunities and make a crucial contribution to the role, character and functioning of our city. Planning for these areas should create opportunities for local businesses and new jobs and deliver better access to local services and facilities.



Implementation

The following actions will be undertaken to support planning for industrial and commercial land.

Action 1: The Department of Environment, Land, Water and Planning (DELWP) will implement new and updated policy into the Victoria Planning Provisions to support state and regionally-significant industrial and commercial precincts based on the Melbourne Industrial and Commercial Land Use Plan.

Action 2: In consultation with key stakeholders, DELWP will develop and implement a more sophisticated methodology and approach to assess future supply and demand for industrial land taking into account business needs and land use requirements.

Action 3: DELWP will expand the Urban Development Program to include updates to the commercial floorspace estimates into the future and will explore the appropriate timing and updating cycle for this work.

Action 4: DELWP will review the commercial and industrial zones to better understand how they are applied and operating. In particular, consideration will be given to the role and function of dwellings as a section 1 use in the Commercial 1 Zone and the role and purpose of the Commercial 2 Zone and how it applies and operates, particularly in industrial locations. Consideration will also be given to the range of uses permitted within industrial zones, and in particular, non-industrial focussed uses.

Action 5: Councils should prepare and implement municipal-wide industrial land use strategies and activity centre strategies, or undertake similar strategic work for precincts, to guide future development of industrial and commercial land.

Action 6: Building on the guidance included at Appendix 2, DELWP will work with local councils to develop a practice note to support the development of local industrial strategies.

Action 7: The state government will investigate options available to preserve and create affordable workspace in inner Melbourne and other strategic locations.

Action 8: The state government will work with local councils to look at future opportunities for industry in the Brooklyn, Tottenham and West Footscray area, including improving connectivity. This will look at ways that state-significant industrial land could regenerate and support industry into the future.