Dear Planning Implementation Team (Planning for Melbourne's Industrial and Commercial Land),

While recognising that the on-line consultation period has now closed, an important piece of analysis has now been concluded that we believe is important to your own analysis, public policy considerations and review of community feedback.

I write to inform you about an Industrial Land study commissioned by the Committee for Mornington Peninsula (CfMP) and advise that the report was recently considered by the CfMP Committee of Management and adopted.

A copy of the final report is attached for your consideration.

Concerns about a lack of developable industrial land on the Mornington Peninsula and how it is holding back local businesses and employment opportunities have been borne out by the study undertaken by respected land-use planning and research firm, Macroplan.

The report finds that the Mornington Peninsula has, at best, only a 3-5 years worth of currently zoned land suitable for industrial uses and even less if the growing firms located in greater Frankston and Dandenong look to the Peninsula for sites to support expansion.

Urgent action is required to provide a pipeline of new suitably zone land if the region is to secure local employment and sustainable economic growth opportunities.

Key findings about specific circumstances facing the Mornington Peninsula include:

- 45% of local residents with a job leave the Peninsula, some commuting significant distances, to their place of employment
- this significant outflow of jobs impacts particularly on higher-valued jobs
- specialist manufacturing including for example marine-related manufacturing and food processing of local agricultural products an servicing the growing visitor-industry are expected to be primary areas of job creation drivers, augmented by increased knowledge-driven employment
- quality industrial, technology, mixed use and higher density employment lands are required to attract and retain such jobs in the short to medium term
- there is currently no Industrial 1 zoned (IN1Z) land in the shire, and of the 329ha of Industrial 3 zoned land (IN3Z), only 17.3% is unoccupied.
- there may be as little 20ha of IN3Z land which is available and is readily developable which will be consumed in only 3-5 years on current trends and in less time if business operations are displaced from the Frankston & Dandenong industrial precincts
- currently of the total supply of employment lands across the Shire, almost 90% of it is zoned Special Use Zone Schedule 1 (SUZ1). This land is not available for industrial development in the traditional sense, as it is for exclusive use by port and related industries
- The Port of Hastings has identified SUZ1 port-related industrial use zoned land that is surplus to any conceivable port-related requirement and these area present the opportunity to rezone surplus to need SUZ1 industrial land to support a broader range of both traditional and emerging higher value industrial based employment.
- the site on the south side of Bungower Road to the east of the Somerville township offers location benefits from a range of access and exposure strengths, topographical characteristics and buffer opportunities appropriate for employment land use development
- this site should be the priority for rezoing as complex issues concerning infrastructure, road alignment and site impediments are addressed for other SUZ1 areas identified as surplus to need are resolved
based on the estimated potential 2,283 jobs on-site, identified parcel would generate an estimated $645.7 million worth of direct economic activity, or around $307.5 million in additional Gross Value Added (GVA) activity per annum for the Mornington Peninsula economy (3.9% of GRP).

The report concludes that "given the unique nature of the Mornington Peninsula Planning Scheme, an I4Z could be considered and perhaps supported by subdivision plan, to deliver the proper mix of lot sizes that support vision, open space or for active recreation uses for people employed in the Business/Knowledge Park and broader community, embed buffers and uses that are compatible with the subject site and is a buffer for future port-related uses further to the east".

The Committee for Mornington Peninsula has adopted the report and its recommendations, and will be advocating it findings and proposed way forward to create high quality investment opportunities to drive local jobs growth and sustainable economic momentum for the region.

CfMP urges the Mornington Peninsula Shire Council and State Government to embrace the reports' recommendations and I am happy to arrange further in-person briefings if this is helpful. The report has been forwarded to your elected local parliamentary colleagues and the Shire's Councillors and CEO for their consideration and encouragement to embrace its considered recommendations.

Yours sincerely,

[Name]
President - Committee for Mornington Peninsula.
Industrial Land Analysis

Bungower Road, Somerville

PREPARED FOR COMMITTEE FOR MORNINGTON PENINSULA (C4MP)

January 2020
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MacroPlan staff responsible for this report:

Chairman
Senior Manager Advisory

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<th>Author(s)</th>
<th>Date</th>
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<td>Dec-2019</td>
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The issues facing the Mornington Peninsula are varied and not unique to the region.

A continued shift towards a services-based economy supporting a growing and ageing population has increased the importance of job creation and industry development.

The employment structure of the Mornington Peninsula LGA is forecast to continue to shift away from traditional industrial style activities towards population and visitor-led service employment.

Tourism is a key competitive strength, providing significant economic injections and substantial local employment estimated at 7% of total employment. Manufacturing is also a significant economic contributor, representing 5% of total employment, with future growth in niche and high-tech manufacturing providing significant opportunity for growth.

While a heavy industrial broad-based manufacturing sector is unlikely due to the lack of large-scale industrial land with direct access to inter-state transport networks, specialist manufacturing including for example marine-related manufacturing and food processing of local agricultural products are expected to evolve. This demand will be augmented by increased knowledge-driven employment.

In this context, quality industrial, technology, mixed use and higher density employment lands are required to attract and retain such jobs in the short to medium term.

Currently the LGA is characterised by a significant outflow of jobs, specifically higher-valued jobs and a significant shortage of appropriate zoned industrial employment lands.
Currently of the total supply of employment lands across the Shire, almost 90% of it is zoned Special Use Zone Schedule 1 (SUZ1). This land is not available for industrial development in the traditional sense, as it is for exclusive use by port and related industries.

Consultation with landowners indicates that securing financial approvals within the existing SUZ1 is also a significant barrier to development due to the restrictive nature of potential future land uses.

There is currently no Industrial 1 zoned (IN1Z) land in the shire, and of the 329ha of Industrial 3 zoned land (IN3Z), only 17.3% is unoccupied. Our analysis indicates that there may be as little 20ha of IN3Z land which is available and is readily developable or only 3-5 years of readily developable land available.

A constrained supply of industrial lands will result in a range of economic and community costs.

Going forward, it will become increasingly important to align land use planning with the forces shifting the Mornington Peninsula’s economic geography.

The ability to achieve this hinge on providing opportunities for industrial and commercial development which matches demand in highly accessible locations while achieving an appropriate balance between increases in jobs and increases in residential population.

The ability to develop both viable employment outcomes and attract ancillary business is currently limited in Mornington Peninsula by the size and availability of industrial zones and the current underlying zoning parameters.

The implications are that the quantum of industrial land currently zoned and nominated within the Mornington Peninsula is not sufficient to meet demand in the immediate future, and that based on projected employment trends the current zonings do not align with the typology of future demand.

While it is impossible to predict what businesses will look to establish in the region in the future, providing varied options in terms of land size, type and location will assist to remove some of the constraints considered by businesses looking to establish in the Mornington Peninsula.

To remain competitive in a regional context, consideration around supply of new land needs to be considered. In this context, the subject site presents the opportunity to rezone surplus to need SUZ1 industrial land to support a broader range of both traditional and emerging higher value industrial based employment.

Based on the estimated potential 2,283 jobs on-site, the subject site would generate an estimated $645.7 million worth of direct economic activity, or around $307.5 million in additional Gross Value Added (GVA) activity per annum for the Mornington Peninsula economy (3.9% of GRP).
Introduction

This report was prepared for the Committee for Mornington Peninsula (C4MP) by MacroPlan (the author) to provide an independent assessment of the current and future supply and demand dynamics for industrial land in the Mornington Peninsula, and specifically in relation to the subject site (refer Figure 1), identify outcomes and pathways which maximise triple bottom line (economic, social and environmental/amenity) outcomes for the community.

Previous analysis undertaken in 2017 (and based on 2015 data) in the Mornington Peninsula Industrial Areas Strategy indicated then that the overall industrial market would likely be considered constrained by 2026, resulting in increases in the cost of industrial land and a reduction in opportunities to accommodate new business development. The Strategy subsequently indicated that Council had an urgent need to identify new opportunities for industrial land supply which can become available within 10-years.

Current evidence provided by stakeholders and Council valuations data indicates that industrial land supply on the Mornington Peninsula has declined rapidly since 2015 due to strong demand conditions and the need for industrial land has become critical far sooner than projected.

In this context the report will assess, define and evaluate potential uses for the subject site with the key objective of improving access to developable industrial land in the Shire of Mornington Peninsula.
Section 1: Site and Local Area Assessment

From a site-specific perspective, the site and location benefit from a range of access and exposure strengths, topographical characteristics and buffer opportunities appropriate for employment land use development.
1.1 Subject Land

The subject site is identified in Map 1.1 and is located south east of the Somerville urban area approximately 4km kilometres to the north west of Yaringa Harbour.

It is located on and to the south of Bungower Road and bounded by the unsealed lower Somerville Road to the west.

The site is large, at 57.1 hectares and is well positioned with proximate access to two key arterial roads - Frankston - Flinders Road and the national freight route (Western Port Highway). The site also has relatively direct access to Yaringa Harbour via Whitneys Road and Lumeah Road.

Further, as outlined in the Port Development Strategy\(^1\), Bungower Road has been designated as the primary east-west arterial link and reserved for upgrading by VicRoads, with forward planning underway including reservations for any future widening and/or duplication.

The site comprises three separate titles, defined as:

- 1 / LP200254 – 2.96ha
- 2 / LP200254 – 33.9ha
- 3 / LP200254 – 20.3ha

The sites are largely cleared and currently predominately used for Agriculture and farming activities.

The site is currently zoned Special Use Zone (Schedule 1 – Port related uses - refer section 1.2), however we note that the Port Development Strategy currently identifies the area as surplus to requirement and nominated for investigation for industrial uses (refer to map below).

Specially, in relation to surplus to requirement land, the strategy states (Page 60):

Areas adjacent to the main port precincts and activity centres allow for supporting industry and activities which provide a lower impact interface to communities of Hastings and Tyabb. These areas should be investigated for industrial uses that are compatible with the nearby

\(^1\) 2018 Port Development Strategy Port of Hastings Development Authority December 2018
We note that the strategy also identifies land for investigation, south of Tyabb, however from both a suitability and timing and staging perspective, we consider these sites inferior to the subject, having a number of impediments and policy issues requiring resolution prior to enabling successful industrial development. Specifically, in relation to identified land located south of Tyabb:

- Land holdings are likely to be impacted by potential rail electrification and duplication;
- Flight path and safety risk considerations are required for land adjoining and proximate to Tyabb airport;
- The location has inferior Road access, with Graydens Road and Coolart Rd connections likely to become the default arterial road to access Peninsula Link for heavy vehicles;
- Future growth and expansion opportunities are limited by surrounding green wedge land;
- Access is restricted by the rail line barrier running parallel to Frankston Flinders Rd;
- Land usage and availability is limited as this area is currently earmarked for rail stabling; and
- The location is currently removed from existing logistics terminals (further 20min south from Somerville), and largely reliant on development of the Port of Hastings for container use.

Further to the above, the site itself, was also identified as the preferred site option for the development of a marine industry precinct in the *Mornington Peninsula Marine Industry Precinct - Economic Analysis* completed by Arcadis on behalf of the Shire of Mornington Peninsula\(^2\).

The report indicated that the site did not have significant environmental constraints as it has been largely cleared due to the historical farming activities.

From a site-specific perspective, the site and location benefit from a range of access and exposure, topographical characteristics and buffers appropriate for employment land use development.

\(^2\) Final Draft Report, Mornington Peninsula Marine Industry Precinct Economic Analysis Mornington Peninsula Shire Council, 6 May 2019
### 1.2 Planning Context

The Bungower Road (West) site contains the following zones and overlays:

<table>
<thead>
<tr>
<th>Site</th>
<th>Zones</th>
<th>Overlays</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>83 Bungower Road, Somerville</strong></td>
<td>Special Use Zone (Schedule 1 – Port related uses)</td>
<td>Heritage Overlay Schedule (HO269)</td>
</tr>
<tr>
<td><strong>79 Bungower Road, Somerville</strong></td>
<td>Special Use Zone (Schedule 1 – Port related uses)</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>75 Bungower Road, Somerville</strong></td>
<td>Special Use Zone (Schedule 1 – Port related uses)</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Special Use Zone (Schedule 1)**

The purpose of the Special Use Zone (Schedule 1) is to facilitate use and development that are associated with the operation of the Port of Hastings. Under the Schedule 1 to Special Use Zone, there are a number of allowable uses that may operate within this zone.

We note that Sealive has a current valid town planning permit for the redevelopment of land at **Bungower Road, Somerville**, which allows for the use and development of the land for Industry (Manufacture of Marine Products).

However, there are number of prohibited uses such as office and retail premises as well as industry uses becoming prohibited if the port related condition is not met.

**Heritage Overlay Schedule (HO269)**

The Heritage Overlay is related to the **Occupation Periods from 1961, specifically the house and the title land, with any associated fabric or trees (Monterey cypress)**.
Section 2: Industrial Land Demand and Supply

The demand for industrial land across Australia has changed markedly over the past 25 years. Central to these changes has been the **structural change in the industrial sector** that is, a move away from a manufacturing base to a logistics and transport-based industry.
2.1 Context

The demand for industrial land across Australia has changed markedly over the past 25 years. Central to these changes has been the structural change in the industrial sector, that is, a move away from a manufacturing base to a logistics and transport-based industry.

A key driver of this has been both rapid technological innovation and the outsourcing of activities once performed by firms within the manufacturing sector themselves resulting in a significant increase in international trade volumes within Victoria and Australia.

Major retailers in particular have embarked on a centralisation of their distribution centres from numerous smaller regional centres to larger national centres. In turn, manufacturers, suppliers and logistics operators have also had to adapt to the retailers’ new model as well as restructuring their distribution models to become more efficient and competitive. This combined with significant forecast freight volumes has and will continue to create strong demand for land suitable for distribution and logistics facilities.

The longer-term outlook for manufacturing however is for a continuation of the trend towards global production networks and a shift from developed economies to emerging markets. In this context, Australian manufacturers will continue to be challenged by increasing competition from low cost manufacturing economies, the softening of domestic demand, rising input costs and increasing environmental expectations.

However, despite the clear divergence of Australia’s industrial land market characterised by a decline in low skilled manufacturing, there has been a continued increase in productivity of industrial related activities and significant growth in both the Clean-Tech and High-Tech manufacturing sector.

Globally venture and growth capital investment in the Clean Tech sector has risen from $US8 billion to $US20 billion in the five years from 2013 to 2018. The largest share (55%) of this investment is in transportation and logistics related technologies, followed by industrial and manufacturing, energy and power, agriculture and food, resources and environment and then materials and chemicals.

The growth of the clean tech sector has been fostered by dedicated clean tech business parks both globally and in Australia (i.e. CleanTech Park Singapore, CleanTech Business Park Berlin, Water Research & Innovation Precinct, Subiaco, WA)

High-tech manufacturing is growing and from a land demand perspective, land requirements for high tech manufacturing will continue to be focused around centres with large skilled workforce and clusters of like industries.

As outlined above, rapid technological innovation allowing greater access to cheaper overseas markets has been central to the shift towards a logistics based industrial sector. In this context, efficient freight movement and the capacity to accommodate growth in the freight network are essential elements required to support both economic and population growth.
2.2 Industrial Land Supply

Melbourne currently has almost 26,100 hectares of land zoned for industrial purposes.

Of this, around 6,291 hectares (24%) are vacant, with approximately 4,183 hectares (67%) of vacant land located within State Significant Industrial Precincts (SSIPs).

In addition, 4,745 hectares of unzoned land has been identified through growth corridor plans and previous strategic plans.

The combined Northern and Western markets account for the largest share of occupied zoned industrial land (approx. 9,533 hectares or 48%) followed by the Southern Region (approx. 7,274 hectares or 37%).

The Northern and Western Regions combined also accounts for the largest available supply of zoned industrial land (approx. 3,979 hectares or 63%) followed by the Southern Region (approx. 2,146 hectares or 34%).

As illustrated in Table 2.1, the Southern Region currently equates to approximately 38% market share of total industrial land absorption across the metropolitan area.

Out of the major supply regions, the Southern Region has the lowest rate of unoccupied industrial zoned land, with 22.8%.

Table 2.1: Melbourne Subregions Industrial Land (Gross Ha), 2018

<table>
<thead>
<tr>
<th>SUB-CITY</th>
<th>OCCUPIED (HA)</th>
<th>VACANT SUPPLY (HA)</th>
<th>TOTAL (HA)</th>
<th>CONSUMPTION (HA P.A.*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNER METRO</td>
<td>424.8</td>
<td>28.0</td>
<td>452.8</td>
<td>-7.1</td>
</tr>
<tr>
<td>INNER SOUTH EAST</td>
<td>140.7</td>
<td>2.3</td>
<td>143.0</td>
<td>0.0</td>
</tr>
<tr>
<td>EASTERN</td>
<td>2,437.0</td>
<td>135.6</td>
<td>2,572.6</td>
<td>11.3</td>
</tr>
<tr>
<td>NORTHERN</td>
<td>3,712.6</td>
<td>1,248.5</td>
<td>4,961.1</td>
<td>30.9</td>
</tr>
<tr>
<td>SOUTHERN</td>
<td>7,273.6</td>
<td>2,146.4</td>
<td>9,420.0</td>
<td>107.2</td>
</tr>
<tr>
<td>WESTERN</td>
<td>5,820.5</td>
<td>2,730.1</td>
<td>8,550.6</td>
<td>132.9</td>
</tr>
<tr>
<td>METROPOLITAN</td>
<td>19,809.2</td>
<td>6,290.9</td>
<td>26,100.1</td>
<td>281.2</td>
</tr>
</tbody>
</table>

Note: Consumption (ha pa) refers to average consumption rates from 2015 to 2018
Source: UOP 2018
Mornington Peninsula Industrial Supply

Mornington Peninsula currently has the largest supply of industrial land within the Southern Region at 3,222.7ha.

Importantly though almost 90% of it is zoned Special Use Zone Schedule 1 (SUZ1). This land is not available for industrial development in the traditional sense, as it is for exclusive use by port and related industries.

Excluding the SUZ1 zoned land, the Shire of Mornington Peninsula contains only 348ha of zoned industrial land. In the metropolitan context this provision of industrial zoned land is relatively low in comparison with other municipalities in south-eastern Melbourne.

As illustrated in Map 2.1 over the page, the provision of industrial land in the Shire is distributed across a small number of relatively dispersed precincts (not including the Hastings SSIP), with a pattern of development which largely reflects current and historical settlement patterns.

Land Outside Hastings SSIP Precinct

Outside the Port of Hastings Industrial Precinct there is 1,831 hectares industrial land, of which 75% is occupied.

The majority of available land is located around the northern and western edges of the Hastings SSIP and within the Cribb Point industrial area.

In terms of non-Hastings SSIP industrial land, the most recent UDP (2018) identifies a total supply of 1,830.6ha across the Mornington Peninsula Region. Of this 459.8ha is considered future supply (unoccupied), which equates to a rate of unoccupied industrial zoned land of 25.1% which is largely consistent with the rate across the wider region.

We note however that in terms of IN3Z, only 58.4ha is considered future supply (unoccupied), which equates to a rate of unoccupied industrial zoned land of 17.8%.

Table 2.2: Southern Region Industrial Land by LGA (Gross Ha), 2018

<table>
<thead>
<tr>
<th>MORNINGTON PENINSULA LGA</th>
<th>OCCUPIED</th>
<th>SUPPLY</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(HA)</td>
<td>(%)</td>
<td>(HA)</td>
</tr>
<tr>
<td>IN3Z</td>
<td>270.6</td>
<td>12.4%</td>
<td>58.4</td>
</tr>
<tr>
<td>SUZ1</td>
<td>1,897.0</td>
<td>86.8%</td>
<td>977.5</td>
</tr>
<tr>
<td>C2Z</td>
<td>17.2</td>
<td>0.8%</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>2,184.8</td>
<td>100.0%</td>
<td>1,037.9</td>
</tr>
</tbody>
</table>

Source: UDP 2018
We consider this to be low, and is consistent with feedback provided at stakeholder consultation undertaken in preparation of the Mornington Peninsula Industrial Areas Strategy, which identified the following issues in regard to local supply (Pg. 48):

An overall shortage of industrial zoned land in the municipality was mentioned by real estate agents, particularly so-called ‘prime’ locations with strong exposure to passing traffic. A lack of industrial land able to accommodate growth in marine industries was also identified; and

An incremental loss of dedicated industrial land to restricted retail and other commercial-type uses in selected industrial areas was identified by stakeholders.

Port of Hastings SSIP
The Port of Hastings Industrial Precinct is zoned Special Use Zone 1 (SUZ1) and is strategically positioned for port related uses. The Port of Hastings is wholly located in Shire of Mornington Peninsula Council.

- Approx. 814 hectares are occupied with approx. 578 hectares available for industrial use.
- The majority of zoned industrial land stocks within the SSIP shown as vacant are located north of Bluescope Steel Corporation fronting Western Port.
- On the surface, it may appear that there is sufficient industrial land supply to meet future needs, but this requires closer examination to identify what vacant industrial land can actually be developed.

It is unclear what share of vacant industrial land within the SSIP is accessible or if it has practical short-medium term development potential. In this case, the Port of Hastings SSIP appears to have limited practical developability to pick up potential future demand transfer from precincts with tightening land supply.

- Take-up rates within the Port of Hastings precinct have been negligible during the past five years, most likely owing to existing land use and ownership patterns, difficulty securing development finance approval on SUZ1 land and uncertainty regarding Government investments in the Port of Hastings terminal.
- On the surface, it may appear that there is sufficient industrial land supply to meet future needs, but this requires closer examination to identify what vacant industrial land can actually be developed.
2.3 Industrial Land Demand

During the past three years, demand for new industrial land has averaged around 281 hectares a year across Metropolitan Melbourne, with demand driven by freight, logistics and manufacturing.

The largest current contributors to industrial land consumption are the Western Region (approx. 133 hectares p.a.) followed by the Southern Region (approx. 107 hectares p.a.) which includes the Mornington Peninsula Shire.

Southern Region Activity

The Southern Region comprises 9,420 gross hectares zoned industrial land of which 2,146 hectares (23%) is available for future industrial use / development.

Approximately 1,183.5 hectares industrial land is proposed in Casey (245.2 hectares or 20.7%) and Cardinia (938.3 hectares or 79.3%). This will reduce owing to the proposed rezoning of industrial land in Cranbourne West (Casey Planning Scheme Amendment C219).

Industrial land consumption rates range from the highest in Dandenong (61.8 hectares p.a.) to the lowest in Mornington Peninsula (4.6 hectares p.a.).

Current consumption rates suggest industrial land stocks may be exhausted in Frankston in the short-term (i.e. 1-2 years) and in Kingston and Greater Dandenong during the next 6-8 years.

Other areas while appearing to have sufficient industrial stocks based on historic / current consumption rates, may due to potential demand transfer from the established industrial precincts with tightening land supply (such as the Southern SSIP, Frankston and Kingston), experience the exhaustion of available industrial land might occur sooner.

This is particularly prevalent for Mornington Peninsula where the majority of supply is not available for traditional industrial uses.

Table 2.3: Southern Subregion Industrial Land (Gross Ha), 2018

<table>
<thead>
<tr>
<th>SUB-REGION LGA</th>
<th>OCCUPIED (HA)</th>
<th>SUPPLY (HA)</th>
<th>TOTAL (HA)</th>
<th>PROPOSED (HA)</th>
<th>CONSUMPTION (HA P.A.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARDINIA</td>
<td>380.9</td>
<td>341.7</td>
<td>722.6</td>
<td>938.3</td>
<td>14.2</td>
</tr>
<tr>
<td>CASEY</td>
<td>670.7</td>
<td>199.7</td>
<td>870.4</td>
<td>245.2</td>
<td>7.1</td>
</tr>
<tr>
<td>DANDENONG</td>
<td>2,448.2</td>
<td>469.6</td>
<td>2,917.8</td>
<td>0.0</td>
<td>61.8</td>
</tr>
<tr>
<td>FRANKSTON</td>
<td>371.7</td>
<td>21.6</td>
<td>393.3</td>
<td>0.0</td>
<td>9.2</td>
</tr>
<tr>
<td>KINGSTON</td>
<td>1,217.3</td>
<td>75.9</td>
<td>1,293.2</td>
<td>0.0</td>
<td>10.3</td>
</tr>
<tr>
<td>MORNINGTON PENINSULA</td>
<td>2,184.8</td>
<td>1,037.9</td>
<td>3,222.7</td>
<td>0.0</td>
<td>4.6</td>
</tr>
<tr>
<td>SOUTHERN REGION</td>
<td>7,273.6</td>
<td>2,146.4</td>
<td>9,420.0</td>
<td>1,183.5</td>
<td>107.2</td>
</tr>
</tbody>
</table>

Note: Consumption (ha p.a.) refers to average consumption rates from 2015 to 2018
Source: UDP 2018
Mornington Peninsula Industrial Land Absorption

Absorption of occupied industrial land across the Mornington Peninsula LGA has averaged 5.4ha per annum since 2013. Excluding the Hastings SSIP, the average annual rate of industrial land consumption across the Mornington Peninsula LGA is 5.3ha per year.

Further analysis of industrial land consumption by zone in Table 2.5, illustrates that the majority of consumption has historically been of IN3Z land, equating to 14.4ha since 2013 at an average of 2.9ha per annum.

<table>
<thead>
<tr>
<th>Table 2.4: LAND SUPPLY (HA)</th>
<th>Mornington Peninsula LGA - Gross Industrial Land Occupation (2013 - 2018)</th>
<th>Average annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCCUPIED</td>
<td>2,158</td>
<td>2,162</td>
</tr>
<tr>
<td>VACANT</td>
<td>1,068</td>
<td>1,064</td>
</tr>
<tr>
<td>TOTAL (ha)</td>
<td>3,226</td>
<td>3,226</td>
</tr>
</tbody>
</table>

Hastings SSIP

| OCCUPIED | 814 | 814 | 817 | 817 | 817 | 814 | 0.1 | 0.0 |
| VACANT    | 577 | 577 | 574 | 574 | 574 | 578 | 1.1 | 0.2 |
| TOTAL (ha)| 1,391 | 1,391 | 1,391 | 1,391 | 1,391 | 1,392 | 1.2 | 0.2 |


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>IN3Z</td>
<td>256</td>
<td>259</td>
<td>264</td>
<td>264</td>
<td>268</td>
<td>271</td>
<td>14.4</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>SUZ1</td>
<td>1,071</td>
<td>1,072</td>
<td>1,077</td>
<td>1,079</td>
<td>1,079</td>
<td>1,083</td>
<td>11.9</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>C2Z</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>0.2</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,344</td>
<td>1,348</td>
<td>1,358</td>
<td>1,361</td>
<td>1,364</td>
<td>1,371</td>
<td>26.5</td>
<td>5.3</td>
<td></td>
</tr>
</tbody>
</table>

2.4 Industrial Land Demand and Supply

Implications

The total amount of IN3Z land has decreased within the Mornington Peninsula Shire area over the period 2013 to 2018 from 333ha to 329ha as a result of loss of land to rezoning.

Current analysis of this total supply identifies only 58.4ha this IN3Z across Mornington Peninsula is unoccupied, which equates to a rate of 17.3% unoccupied land. This assumes that 100% of the remaining supply is developable.

Previous studies indicate that approximately two-thirds of unoccupied industrial zoned land across the shire is impacted by planning overlays and/or infrastructure/servicing issues. This would suggest that as there may be as little 20ha of IN3Z land which is available and is readily developable.

On this basis, there is circa 6% unoccupied land and approximately 4-6 years of readily developable land available.

Both of these metrics indicate a significant shortage of industrial land across the municipality, where constrained supply of industrial lands result in a range of economic and other community costs.
Section 3: Future Outlook

The issues facing the Mornington Peninsula are varied and not unique to the region. A continued shift towards a services-based economy supporting a growing and ageing population has increased the importance of job creation and industry development.
3.1 Economic Baseline

Overview

The issues facing the Mornington Peninsula are varied and not unique to the region. A continued shift towards a services-based economy supporting a growing and ageing population has increased the importance of job creation and industry development.

Tourism is a key competitive strength, providing significant economic injections and substantial local employment estimated at 7% of total employment. Manufacturing is also a significant economic contributor, representing 5% of total employment, with future growth in niche and high-tech manufacturing providing significant opportunity for growth.

Going forward, key economic trends likely to impact the Mornington Shire include:

- Fast growth at a State level continuing to drive demand for housing;
- Continued growth and attraction of overseas migrants;
- Demographic change including growth in small person households driving the need for increased housing diversity;
- Employment growing more slowly than population after 30 years of higher growth, with participation rates in 65+ cohort likely to increase further to maintain overall participation rates. This will have implications for residents living in Mornington Peninsula, where older residents make up a larger share of the total resident population;
- Structural changes are resulting in lower or negative employment growth in manufacturing and wholesale trade. Significant implications for Mornington Peninsula where currently 5% of total employment is from manufacturing;
- Fastest growth in employment in services related sectors including health care, retail trade, education and training and professional services; and
- Continued outward expansion of Melbourne has resulted in closer synergies across regions and redistribution of land uses and employment, both to employment clusters and activity centres.
Across Mornington Peninsula, those industries with the largest growth in workers between 2011-2016 were construction, health care and retail trade as well as accommodation/food services and education and training.

The share of employment in industries typically requiring land for traditional industrial purposes in the Mornington Peninsula LGA has declined during the analysis period, when compared with higher-density employment industries requiring land for office, retail or services-related purposes.

This trend will have implications for the quantum and type of industrial land supply and uses demanded going forward.

Figure 3.1: Shire of Mornington Peninsula Change of Employment by Industry (Place of Work), 2011 - 2016

Employment Self Containment

In addition to sectoral change, analysis of Journey to work data indicates significant outflow of employees to other employment destinations (current self-containment at 55%). Mornington Peninsula residents currently commute significant distances to access their place of employment.

As outlined in Figure 3.2, major commuting destinations include the employment hubs at Frankston, Greater Dandenong, the Melbourne CBD and within Kingston.

Concentrating employment in the Melbourne CBD, as has been the case in other Australian cities, has contributed to a range of urban management problems including traffic congestion, pressures on in-bound public transport networks, long-distance commuting and under-utilisation of road and rail links in the counter-peak direction.

Going forward, it will become increasingly important to align land use planning with the forces shifting Australia's economic geography.

The ability to achieve this hinge on providing opportunities for employment land use development which matches demand in highly accessible locations while achieving an appropriate balance between increases in jobs and increases in residential population.

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^ Self-containment = resident workers / total employed resident, measures the proportion of employed residents who are employed within the boundaries of the Local Government Area or region.
Job Surplus/Deficit

As illustrated previously, there is currently a significant outflow of jobs from the Mornington Peninsula to other employment areas.

In particular, job outflow is highest in a range of both industrial, technology and higher valued industries such as Information media and telecommunications, Professional, Scientific and Technical Services and Financial and Insurance Services.

Access to a range of jobs, particularly higher-paying jobs, is increasing in central areas, while residential growth has remained strong, but jobs scarce, on the city’s fringe. The productivity differential between the inner city and fringe is wide and has widened over the past two decades.

To change the focus from central CBDs providing the vast majority of higher-value jobs, new thinking needs to be applied. Quality industrial, technology, mixed use and higher density employment lands are required to attract and retain such jobs in the short to medium term.

This is further illustrated in Figure 3.3 which clearly shows that the higher value industries record the largest job deficit relative to the total number of residents employed in that industry (Job deficit equals the number of jobs provided in the region minus the number of residents working in that industry).

The sectors with the greatest deficit include Wholesale Trade; Information Media and Telecommunications, Financial and Insurance Services; and Professional, Scientific and Technical Services as the key sectors driving demand for higher density employment lands.

Figure 3.3: Job Surplus/Deficit\(^4\) as a Proportion of Resident Workers (Mornington Peninsula 2016)

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\(^4\) Job deficit/surplus is the difference between jobs provided in an industry/area versus residents who work in that industry and live in the area.

Excludes those recorded as ‘Inadequately described’, ‘Not stated’ or ‘Not applicable’
3.2 Future Demand

Overview

The outlook for industrial land (exc. SUZ1) as indicated by the Mornington Peninsula Industrial Areas Strategy\(^5\) is for moderate growth in industrial land development over the coming 20 years, with underlying modelling based on the long-term average growth of occupied industrial land of approximately 2.9ha per year.

It suggests that the key variable that would change this is the Port of Hastings, with any development of a container terminal capacity at the port expected to have a strongly positive influence on local industrial land demand.

Excluding specific consideration of the Port of Hastings, the Industrial Areas Strategy indicates the key demand factors for the future of industrial land supply on the Mornington Peninsula include:

- **Demographic projections, which show an increasing although ageing population, and this will have implications for the amount additional employment land required**

- **Diversity of activities in industrial areas is increasing through planning reform and changes in industry structures, and may result in more demand for industrial land**

- **The resident demand of the local population and business sector is enhanced by the high numbers of tourists and other visitors to the Mornington Peninsula which generate additional demand for some particular industries and attract some specific businesses to the region.**

- **Opportunities for niche industries to develop on the Mornington Peninsula associated with the unique locational and geographic features of the region.**

In addition, the rapid consumption and exhaustion of industrial land stocks in areas such as Frankston (i.e. 1-2 years) and in Kingston and Greater Dandenong (6-8 years), is expected to increase industrial land demand across Mornington Peninsula and other adjoining localities due to increasing demand transfer.

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\(^5\) Prepared for Shire of Mornington Peninsula by Essential Economics Pty Ltd April 2018
Population Growth

Demand for industrial land on the Mornington Peninsula is significantly influenced by resident demand, or businesses primarily servicing the needs of the local population (including both permanent resident population and tourists).

Based on the latest State Government Projections, the Mornington Peninsula is forecast to have a total population of 200,365 persons in 2036.

This represents an increase of +32,827 persons over the 17-year period from 2019. This forecast population growth and the continued growth in non-permanent resident visitation, is expected to provide an ongoing source of demand for a range of activities that locate on industrial land.

In addition to continued growth, the local government area is projected to see continued fast ageing, with the proportion of persons aged 65+ to increase to over 30% by 2036. An older age profile means that the local economy will be increasingly geared towards serving an older age cohort with growth opportunities for trade and service providers servicing the retirement and aged care sector.

Currently across the Mornington Peninsula area, gross industrial land provision is provided at a rate of approximately 21sq.m per capita. Assuming this rate of provision were to be maintained, underlying demand for industrial land demand going forward based on simple population growth equates to 4.1ha per annum.

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6 Department of Environment, Land, Water and Planning - Victoria in Future 2019 (VIF2019)
Tourism Growth

Tourism is an important economic driver for the Mornington Peninsula economy, benefiting a range of affiliated sectors, with almost 7 million domestic and international visitors during the financial year ending 2018/19. It is currently a significant employer, with 7% of the working population and has strong links to other sectors in the economy including retail trade, culture and recreation, and transport.

Going forward, the tourism opportunity across the region is significant, with the ability to deliver new destinations and attractions a key requirement to capture benefits and national market share.

Chart 3.6 below present forecasts for the growth in visitor nights for the Mornington Peninsula LGA based on forecasts prepared Tourism Research Australia (TRA) and the Tourism Forecasting Reference Panel.

Based on these forecasts it is estimated that tourism in Mornington Peninsula will grow by an additional 1.1 million visitors by 2028-29.

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Figure 3.6: Shire of Mornington Peninsula Visitor Projections

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7 These forecasts are based on a number of international inbound and outbound tourism trends, economic and market conditions, and assumptions. One assumption is that there will be sufficient accommodation created to support this future growth potential.
Of the total additional visitor nights projected for Mornington Peninsula, 97% of future growth is projected to be in the domestic market segment, with average annual growth projected at 1.5% per annum. International visitation while a smaller market segment is expected to grow at a 5.4% per annum over the period.

Future growth in spending by tourists and other visitors has the potential to generate demand for industrial activities related to serving this market.

Examples include:

- Visitor-facing food/beverage production;
- Catering companies;
- Leisure and tourism providers;
- Marine industry and services;
- Specialised manufacturers;
- Chilled storage;
- Wholesale suppliers to restaurants, hotels and bars; and
- Specialised cleaning, laundry and maintenance businesses.
Employment Growth

As outlined earlier, the Victorian economy has seen a gradual shift away from manufacturing towards a services-based economy, a shift mirrored in the South East and Mornington Peninsula itself.

This transition is not expected to slow, with services expected to continue to dominate production in the economy in the foreseeable future.

In terms of quantifying sector growth going forward, the latest Department of Employment Labour Market Forecasts provide key insights into the major components of growth.

As illustrated in Figure 3.7, employment projections for the Mornington Peninsula\textsuperscript{a} show future employment growth dominated by service employment, including Health Care and Social Assistance and Education and Training, in line with the ageing population and changing consumer preferences.

At the same time, industrial employment in the construction, manufacturing and transport, postal and warehousing sectors continue to expand, albeit at a slower rate, indicating a continued need for industrial land supply.

Over the next 5 years, the key industries using industrial land are combined projected to increase by 1,089 jobs across the Mornington Peninsula SA4.

\textsuperscript{a} Mornington Peninsula Statistical Areas Level 4 (SA4) region as defined in the Australian Statistical Geography Standard (ASGS)
Employment Land Implications

The employment structure of the Mornington Peninsula LGA is forecast to continue to shift away from traditional industrial style activities towards population and visitor-led service employment.

Manufacturing and its associated demand for industrial floorspace is projected however to continue to increase. While a heavy industrial broad-based manufacturing sector is unlikely due to the lack of large-scale industrial land with direct access to inter-state transport networks, specialist manufacturing including for example marine-related manufacturing and food processing of local agricultural products are expected to evolve. This demand will be augmented by increased knowledge-driven employment.

We note in the Draft Melbourne Industrial and Commercial Land Use Plan (p60) that it states “In consultation with the Port of Hastings Development Authority, investigate the potential for any Special Use Zone 1 land outside of the Hastings SSIP that could allow for a broader range indicative uses”.

In this context, quality industrial, technology, mixed use and higher density employment lands are required to attract and retain such jobs in the short to medium term.

Currently the LGA is characterised by a significant outflow of jobs, specifically higher-valued jobs and a significant shortage of appropriate zoned industrial employment lands.

Macroplan forecasts indicate demand for industrial land going forward equates to approximately 4 – 6ha per annum over the near-mid-term will additional potential upside from demand transfer opportunities driven by land shortages as established markets in Frankston and Dandenong.

Analysis indicates that there may be as little 20ha of IN3Z land which is available and is readily developable or only 3-5 years of readily developable land available.

A constrained supply of industrial lands will result in a range of economic costs and other community disbenefits.

Going forward, it will become increasingly important to align land use planning with the forces shifting the Mornington Peninsula’s economic geography. The ability to achieve this hinge on providing opportunities for industrial and commercial development which matches demand in highly accessible locations while achieving an appropriate balance between increases in jobs and increases in residential population.

The ability to both develop viable employment outcomes and attract ancillary business is currently limited in Mornington Peninsula by the size and availability of industrial zones and the current underlying zoning parameters.

Consultation with landowners indicates that securing financial approvals within the existing SUZ1 is a significant barrier to development due to the restrictive nature of potential future land uses.

The implications are that the quantum of industrial land currently zoned and nominated within the Mornington Peninsula is not sufficient to meet demand in the immediate future, and that based on projected employment trends the
current zonings do not align with the typology of future demand.

In this context, the subject site presents a priority opportunity to rezone surplus to need SUZ1 industrial land to support a broader range of both traditional and emerging higher value industrial based employment.

Given the impending supply exhaustion, typical amendment timeframes and investment lag periods, and land constraints on parcels south of Tyabb we consider rezoning of the site an immediate strategic priority.
Section 4: Site Opportunity

There is a wide variety of industrial land uses relevant to the Bungower Road subject site. There is a mix of marine based industries, manufacturing businesses focussing on the processing of regional produce, manufacturing for local industry and warehousing, depots and leisure, training & education users.
4.1 Demand Trends and Typologies

Changing Footprints

Automation, growth of high intensity warehousing and intrinsic integration of Information and communication technologies (ICT) has seen the land requirements of the freight and logistics sector increase as warehouses become larger in both footprint and height and a growing need for truck space.

The requirements of modern logistics companies reflect the requirements of other industries as supply chain logistics becomes one of the most critical aspects of modern business.

Converse to the growing land area for logistics, some manufacturing is requiring smaller areas. Declining employment in this sector does not translate to reduced efficiency or production. The sector is becoming more efficient, making more, employing less and often requiring less floor space.

New manufacturing technologies will see some large-scale manufacturers achieve greater scales and efficiencies, often associated with large and specific lot requirements. However, new manufacturing technologies will also enable some manufacturers to reduce their space requirements, relative to traditional factories as production becomes cleaner, more automated and with value being produced through R&D, design and services.

Clustering

A significant trend in relation to the provision of industrial land that has been visible for about 20 years is the establishment of groups of small and medium sized, often specialised, firms that form clusters.

In a geographic sense too, these companies tend to cluster in order to facilitate just-in-time and flexible production and logistic processes. These processes may require extended operation hours to support modern supply requirements.

This process of co-location is becoming increasingly important for many industries. This is particularly important through the disintegration of the vertically integrated companies to a series of independent companies that value add at each step of a supply chain. Industry clustering allows for economies of scope, cost minimisation and flexible innovation and production. Clusters attract and develop highly educated employees and enable high value knowledge sharing and industry innovation. Mornington Peninsula can build on this advantage.

Clusters can also exist of food processors, where farmers can share processing facilities to reduce costs by creating economies of scale for food production. Going further, it’s possible to co-locate in close proximity to other agribusiness operators, transport and logistics suppliers, packaging and business services deliverers.
Diversity of Uses

A trend in particular in light industrial areas is the increasing diversity of business types which are seeking to establish in these locations.

Although traditional light industry requiring factory and warehousing space remains an important component of most light industrial areas, other businesses requiring a different built-form and level of presentation to traditional light industry include (but are not limited to):

- Businesses selling trade supplies and other primarily non-retail goods which require showrooms and shopfronts for the display of products;
- Business which require a significant office/administration component to their premises;
- Leisure and fitness-oriented businesses such as gyms and children’s play centres;
- Cafes and restaurants aiming to serve a mix of workers and the general public;
- Places of worship and/or assembly;
- Motor vehicle, marine and sporting equipment sales;
- Bulky goods and restricted retailing;
- Garden supplies and landscaping

- Hotels, accommodation and function spaces.

In this respect, many light industrial areas are more readily characterised as ‘mixed business areas’ in view of the wide diversity of businesses and land uses which they contain.

Design Flexibility

Many industries are combining their manufacturing or warehousing operations with larger office areas. This incorporation of a larger office component is seen to meet various administrative and quality assurance requirements, which can be part of operational consolidations aimed at improving efficiencies.

While unplanned incorporation of stand-alone offices in industrial areas may begin to erode the function of the precinct, many businesses see high quality office and showroom space as an important part of contemporary industry. Innovative building design that allows for a variety of uses (‘flexspace’) can allow buildings and precincts to adapt to industry changes over time.

ESD and Environment

Industrial activity is increasingly influenced by environmental considerations relating to aspects such as climate change, pollution, soil contamination, noise and odour, resource efficiency, and the use of water and energy.

As a result, significant changes are occurring in how industrial businesses undertake their normal business, and how industrial areas are planned, developed and managed.
External amenity is also an important factor for business site selection. The importance of providing aesthetically pleasing and amenity rich environments is now generally recognized as being as important a factor for industrial areas as it is for other commercial and residential areas.

In this context an increasing number of industrial developers are adopting the Green Building Council of Australia (GBCA) sustainability rating system for Australian buildings.

Analysis indicates that a standard 15,000 – 20,000 sqm 4 Star rated facility is expected to deliver annual average savings between $1.50 – $1.75 p/sqm when compared with a standard Building Council of Australia compliant building.

These savings can be increased by approximately 165 per cent over a 10 year term at a 6 Star rating. The features of 6 Star facilities are many and varied. A representative selection includes:

- Solar panels as an energy source;
- Rainwater tanks for toilet flushing and landscape irrigation;
- Electric vehicle car charging points;
- Geothermal energy for heating and cooling the office;
- High efficiency LED high bay lighting with sensor technology to improve light quality, control and efficiency;
- Advanced lighting controls that use motion sensors and daylight harvesting;
- Lower toxicity materials and finishes;
- Increased fresh air flow at 50 per cent more than required by the Australian Standard; and
- Glare control through blinds and shading devices

The Horsley Drive Business Park (refer to Case Study following) has achieved a 6 Star Green Star rating and is the first of its kind in Australia.
4.2 Case Studies

Horsley Drive Business Park (NSW)

Horsley Drive Business Park is a 20.4-hectare site owned by Western Sydney Parklands Trust (WSPT) and is located on the corner of Cowpasture Road and Horsley Drive in Western Sydney.

The estate has redefined the benchmark for excellence in industrial parks across Australia. The park also boasts significant environmental credentials and has achieved a 6 Star Green Star rating from The Green Building Council of Australia – the first of its kind in Australia. The estate was primarily master planned to deliver supply chain efficiencies, however architectural presentation was also prioritised.

The park is fully occupied and consists of five buildings comprising eight companies including hi-tech manufacturing, chilled food distribution, homewares manufacturing and distribution and advanced logistics. Current tenants include:

- Martin Brower (15,427sq.m – warehouse & distribution facility)
- Survitec Group (5,807sq.m – office / warehouse and manufacturing)
- Nick Scali (12,000sq.m – distribution centre)
- Phoenix Transport (8,478sq.m – office/warehouse)
- Vivin Imports (18,580sq.m – office / warehouse)
- Steinhoff (18,869sq.m office / warehouse)
Dandenong LOGIS Eco-Industrial Park (VIC)

Owned by Melbourne Water and Places Victoria, Dandenong LOGIS is Victoria’s first integrated eco-industrial business park.

Located in Dandenong South on 154 hectares of remediated land, LOGIS is a unique, premium master planned development built to world-class standards that has attracted investment by a range of premium brands, including NSK Australia, Hayward Australia; Ego Pharmaceuticals, Norma Group; Dulux; Hayward Pools and Otter.

LOGIS has set a new benchmark for high quality architecture, urban design, and community amenity and sustainability initiatives in industrial developments within Australia. Key amenity inclusions include a soccer pitch, walking track, lake and retail precinct with cafes.

Development standards are guided by the application of the Urban Design Guidelines\textsuperscript{9}, which are administered by the VicUrban Design review Panel. This does not eliminate the need for planning approval under provisions of the Greater Dandenong Planning Scheme.

Analysis of land sales indicates that land in the Logis Estate are worth 30 per cent more than the rest of Dandenong South. Agent feedback indicates that considerable relocation demand has been generated for the estate, with the majority of relocation from occupiers already in the Dandenong/Keysborough area and from the Rowville/ Scoresby or Mulgrave/Clayton areas.

Jayco Industrial Park (VIC)

The Jayco Industrial Park is located in Dandenong South, with ready access to key freight routes including Eastlink, Western Port Highway and the South Gippsland Freeway.

The estate is anchored by the Jayco headquarters, which includes a 20ha state of the art manufacturing complex with 60,000sqm under cover.

Other major tenants include the 30,000sqm L'Oreal Distribution Centre.

The estate has significant onsite amenity, including restaurant, café, function spaces and the newly developed Brick Lane brewery. The Brewery is open to the public one weekend each month, with additional events and festivals hosting.

The estate includes significant streetscape landscaping works including tree planting and grassing of nature strips.

The Jayco Industrial Estate is currently zoned Industrial 1, which provides for the manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.
4.3 Specific Site Opportunities

There is a wide variety of industrial land uses relevant to the Bungower Road (west) subject site.

There is a mix of marine based industries, manufacturing businesses focussing on the processing of regional produce, manufacturing for local industry and consumers, warehousing, depots and leisure, industries servicing the significant tourism and visitor sector, training & education users.

There is diversity in scale and in customer base, such as export oriented industries and local service industries. Each has different requirements that require varying levels of servicing, infrastructure provision and land capabilities.

In general terms, land and location requirements for industries are as follows:

- **Local service industries** are accommodated on locally significant industrial estates. These estates would generally be close to major population centres with good access to arterial roads.

  The land parcels would be small, generally up to 1,000 to 2,000 square metres (0.1 to 0.2 hectares). Affordability is an important requirement.

- **Small and medium sized export-oriented industries** increasingly operate in clusters, depend on just-in-time supply chains and include non-industrial elements such as R&D, administration and marketing. These industries are best located on regionally significant industrial estates, with good access to key road, rail and air transport as well as an adequately educated workforce. Some uses may require buffers from sensitive uses, although most activities would classify as light industrial.

  Land lots would range from small (<500 square metres) to medium (5 hectares) and some large lots of more than 5 hectares.

- **Traditional large-scale export-oriented industries** have quite literally lost ground over the last few decades. Many industries have closed or moved to countries with low labour costs, most notably China, South Korea, Thailand, India and Malaysia. These industries tend to locate on large scale industrial lots with enough area to allow for growth and sufficient buffers from sensitive uses.

  The lots tend to be located close to the resource base, close to labour and/or close to strategic points in the transport chain. Close to the resource, these industries may be located on rural or special purpose zoned land.

- **Transport and warehousing industries** continue to be rationalised with markets requiring just in-time supply chains and 24/7 operations. Increasingly transport and warehousing, especially when operating at the regional or even State level, tend to locate at medium sized flat parcels, at well accessible location near major transport corridors, strategically located relative to markets, resources and/or (air)ports.
Apart from being local service oriented or export oriented, location and site requirements vary considerable by type of industry as well. For example, a warehouse has other site considerations than a mineral processing plant.

A summary of land, location and access requirements is provided in Table 4.1 below, as well as an assessment of the subject sites suitability for a particular industry.

### Table 4.1: Land, Location and Access Requirements for Industrial Activities

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>Land Requirement</th>
<th>Location / Access</th>
<th>Subject Site Suitability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heavy Manufacturing</strong></td>
<td>Medium to large sites</td>
<td>B-double access</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Flat land</td>
<td>Province to freight route</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large separation buffers</td>
<td>Province to port, rail terminal</td>
<td></td>
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<tr>
<td></td>
<td>Provision of utilities and ICT</td>
<td>Access to supply chain / labour / customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry zoning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitively priced land</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Light Manufacturing</strong></td>
<td>Small to large sites</td>
<td>Track access</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Flat land</td>
<td>Province to freight route</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small to medium buffers</td>
<td>Access to market and labour</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provision of utilities and ICT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry zoning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitively priced land</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rural / Food Processing</strong></td>
<td>Small to medium sites</td>
<td>Access to local &amp; international markets</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Flat land</td>
<td>Province to freight route</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Suitable adjoining industries</td>
<td>B-double access</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small to medium buffers</td>
<td>Access to supply chain</td>
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<tr>
<td></td>
<td>Provision of utilities (water/sewer)</td>
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</tr>
<tr>
<td></td>
<td>Industry zoning</td>
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<tr>
<td></td>
<td>Competitively priced land</td>
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</tr>
<tr>
<td><strong>Transport &amp; Warehousing</strong></td>
<td>Small sites</td>
<td>B-double access</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Industry zoning</td>
<td>Access to key freight route</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitively priced land</td>
<td>Direct access to portal / rail / intermodal hub</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ready access / egress</td>
<td>Proximity to customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advanced ICT</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Trade Services</strong></td>
<td>Small sites</td>
<td>Central to customers</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Competitively priced land</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minor buffers</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hi Tech Park</strong></td>
<td>Small - medium sites</td>
<td>Access or close to CBD</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Low natural risks</td>
<td>Access to research and innovation services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commercial / industrial zoning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High amenity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public/private transport facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Education and Training</strong></td>
<td>Small - medium sites</td>
<td>Exposure within proximate preferred</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Commercial / industrial zoning</td>
<td>Passive surveillance / security</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High amenity inc. retail</td>
<td>Industry clustering / agglomeration synergies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proximity public/private transport facilities</td>
<td>Access to population critical mass</td>
<td></td>
</tr>
<tr>
<td><strong>Specialised Activity Precinct (Marine)</strong></td>
<td>Small - medium sites</td>
<td>Track access</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Competitively priced land</td>
<td>Direct access to water was not essential, however efficient access to waterside</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Zoning to allow ancillary business</td>
<td>Access to key freight routes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Land-use planning flexibility to respond to strategically justified ad-hoc demand</td>
<td>Proximate access to deep waters</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to waterside marine services infrastructure (i.e. boat ramps, straddle carriers, crane jobs)</td>
<td></td>
</tr>
</tbody>
</table>
Section 5: Net Community Benefit

Improving access to developable industrial land in the Mornington Peninsula Shire and ensuring an adequate supply of ‘development ready’ industrial land that accommodates forecast demand and meets the projected location and quality requirements of industry is critical to ongoing economic growth for the region.
5.1 Improving Job Access and Facilitating New Business

Industrial-related activity is highly important to the Mornington Peninsula economy. Currently the manufacturing and construction sectors alone represent 34% of total annual output for the municipality (or $5.1 billion out of a total of $14.9 billion).

Improving access to developable industrial land in the Shire of Mornington Peninsula and ensuring and adequate supply of ‘development ready’ industrial land that accommodates forecast demand and meets the projected location and quality requirements of industry is critical to ongoing economic growth for the region.

A constrained supply of industrial land on Mornington Peninsula will impact economic development and business growth opportunities.

Creating opportunities for industrial and commercial development which matches demand in highly accessible locations is critical in avoiding this outcome.

As previously mentioned, large, connected sites such as the subject, which meet the specific location requirements for both industrial and higher density employment, supporting the clustering of high value-add, fast growing economic activities can deliver significant economic benefits both locally and regionally.

Trademark services employment (i.e. manufacturing, production, professional services) in particular are both highly paid compared with non-tradable or population driven services and generate significant multipliers, where it is estimated that for each tradable services job generates between two and four population driven jobs.

In other words, highly paid tradable sector jobs are a major driver of population driven jobs. In Australia this means that the fast growth in sectors such as Professional, Scientific and Technical are not only a major force for economic development but can also create an employment ecosystem and metropolitan wide economic benefits.

The following section will evaluate in more detail the level of economic and community benefits of supporting and delivery industrial development outcomes at the subject site.

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5.2 Employment Generation (on-site)

In order to test potential job yields based on different zoning and land uses for the subject site, MacroPlan has reviewed each of the completed and future PSP areas within the SEGC to derive a set of employment creation benchmarks.

Table 5.1: Potential On-site Employment

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Jobs Per Ha</th>
<th>Estimated Future Demand</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>20</td>
<td>50%</td>
<td>571</td>
</tr>
<tr>
<td>Innovation and Technology</td>
<td>50</td>
<td>45%</td>
<td>1284</td>
</tr>
<tr>
<td>Small Local Enterprise</td>
<td>150</td>
<td>5%</td>
<td>428</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
<td><strong>2,283</strong></td>
</tr>
</tbody>
</table>

Source: various PSP; Macroplan 2019.

Note that the final business mix would be determined by tenant and sector demand when the site becomes operational.

5.3 Economic Activity

The proposed concept is of a size, scale and function that will have a positive economic impact for Mornington Peninsula with a range of new industries and business opportunities being established enabling new industrial employment and economic output.

Potential economic output of the proposed subject site on development completion and occupation can be calculated based on average economic output per job based on output by industry data prepared by REMPLAN.12

Based on the estimated potential 2,283 jobs on-site, the subject site will generate an estimated $645.7 million worth of direct economic activity.

Analysis indicates that this level of direct activity could support around $307.5 million in additional Gross Value Added (GVA) activity per annum in the Mornington Peninsula economy.

Based on a Gross Regional Product (GRP) of $7.83bn, this represents 3.9% of the Mornington Peninsula GRP based on current prices.

5.4 Wider Economic Benefits

In addition to those direct project benefits assessed in the benefit analysis at an LGA level, there are a number of both

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12 REMPLAN Economy provides valuable insights into the performance of key sectors of a region’s economy. Its method has been tested and verified and is extensively adopted by local (including Mornington Peninsula Shire), state and federal government agencies.

local and regional specific project benefits that are expected throughout the construction phase and on completion of the project.

Construction Employment

The first source of industry output stimulus will be that of the work done during the construction phase. This output directly supports employment in the construction industry.

Throughout this construction period, there will be significant construction employment supported both on-site and offsite.

Based on an estimated construction budget of approximately $525 million, the project over its delivery phase is expected to support up to 1,264 FTE jobs per annum on-site, with up to 4,594 FTE jobs per annum offsite in related industry sectors.

This is a key benefit to the economy, where the construction sector currently generates the largest economic output ($3.2bn) of all industries on the Mornington Peninsula, representing 21.7% of total economic output.

Ripple Effects (Indirect Multipliers)

In addition to the direct on-going economic activity created by the proposed development, flow-on or indirect activity is generated.

Not only would a significant industrial development on-site deliver increased employment diversity and local job opportunities for Mornington Peninsula residents, but it provides a basis for the facilitation of ongoing local economic development.

New jobs create ripple effects such as additional local expenditure and provide the platform to transition an area to a more sustainable economic base, by reducing employment vulnerability and building capacity to adapt to changes in economic circumstances.

Inducing Higher Yielding Jobs

The proposed concept will meet demand for new and emerging industries through the provision of both accessible and affordable industrial floorspace that will both build Mornington Peninsula’s critical mass of available land targeted at essential industrial users and higher value trade transport and logistics, ICT and digital industry companies.

Analysis indicates that output in the key enabling services groups, including ICT and the Digital Economy, Professional and Support Services and Trade, Transport and Logistics has grown faster than the total for all other industries combined.

The subject proposal in inducing growth of key high yielding jobs has the potential to derive future output and factor income growth above and beyond those benefits modelled in Section 5.3.

Agglomeration Benefits driving Productivity Growth

Agglomeration benefits recognise a productivity benefit to proximity. In this regard the proposal is expected to increase productivity by providing an option for knowledge intensive labour and capital to be used more efficiently and flexibly.

That is, firms in the proposed business precinct will derive productive advantages above and beyond those benefits
modelled in Section 5.3 from locating in close proximity to other firms as a result of:

- Access to suppliers - sharing of inputs or intermediate goods that increases the availability and reduces the price of inputs;

- Access to labour - increased labour market density leads to better matching of job skills to work requirements and increases labour productivity; and

- Access to information - localised knowledge spillovers raise the level of technology.

Improved Triple Bottom Line Outcomes

In addition to the economic benefits the project will deliver a range of wider social and environmental benefits adding to the project’s triple bottom line. Key positive net community benefits factors include:

- Increased employment self-containment;

- Reduced vehicle kilometres travelled;

- Environmental benefits such as reduce vehicle emissions, modal shift etc.

Whilst some of these benefits may be able to be captured in a technical cost–benefit sense they are typically harder to monetise.

Local Government Revenue

The introduction of new additional industrial development at the subject site will derive significant benefits to Shire of Mornington Peninsula in the form of growing the base for collecting revenue. The key source of revenue collection will be in the form of property rates.
Section 6: Implementation Considerations

While the development of industrial land implies significant costs and risks, initial analysis indicates a strong likelihood that the development of the subject site as envisioned would be supported by feasible land values with a capacity to generate private-sector investor interest.
6.1 Defining the Vision

Vision

As articulated by the Committee for Mornington Peninsula, its vision for the subject site embraces the following imperatives and key elements.

A mixed industry and business park comprising 70 hectares of industry and business uses which benefits from the proximity to key freight networks and the Port of Hastings.

The development includes a mix of business types and sizes with complementary industries co-located and fostering synergies between key businesses.

There will be a focus on marine uses, logistics, manufacturing, agriculture and emerging industries which benefit from the transport rich location and which capitalise on the strong opportunities afforded by the visitor economy.

The development supports new technologies and creative businesses, including both 'local makers' and innovative industries from further afield and the international market. Some areas may be highly automated with 24-hour operations and driverless vehicles.

The development features well-planned connections for freight transport, including heavy rail connections, easy truck access, interchange hubs, links with seaboard distribution and direct connections to the international freight centre.

The development is well integrated with residential areas, involving well-designed buffers where required.

The outcome supports a range of environmentally sustainable practices and initiatives, such as renewable energy production, best practice water and waste management and solar panels on warehouse rooftops.
6.2 Assessing Feasibility

The viability and sustainability of land for industrial use will continue to be underpinned by its accessibility, ability to operate in a conflict free environment and the ability to cluster with other industries. In this context, project viability and an understanding of key location criteria, are increasingly important in a regionally competitive jobs market and in an environment where land cost and development feasibility are increasingly major decision-making factors.

Across the Mornington Peninsula LGA, the median sales price of vacant industrial land increased steadily from $266,883 in 2011 to $500,000 in 2018, an AAGR of 9.4% per annum. At the same time, the quantum of vacant land sold has also increased, with an average of almost 1.1ha per annum of vacant land sales over the last two years, well above the long-term average of 5.8ha per annum. The data indicates a strong and increasing demand for vacant land, and it is reflected in robust price increases.

Comparatively on a rate per square metre basis, the value of vacant industrial land in Mornington Peninsula has lagged both the Metropolitan average and that of the City of Greater Dandenong.

Dandenong has been included to illustrate the impact on underlying land values from available land supply constraints. Industrial land values in Dandenong are now at a level where it is largely only viable for owner-occupiers and/or developers with very low development margin expectations. This has and will continue to drive demand for alternative sites in surrounding regions.
Based on current market parameters, the following indicative land values have been estimated for the subject site:

- **Englobo (10ha +):** $160 - $180 sq.m
- **Serviced (< 0.5ha):** $300 - $400 sq.m
- **Serviced (1ha – 5ha):** $250 - $350 sq.m

While the development of industrial land implies significant costs and risks, initial analysis indicates a strong likelihood that the development of the subject site as envisioned would be supported by feasible land values with a capacity to generate private-sector investor interest. Additional supporting factors include:

- The site is strategically located in an area with high market accessibility and strong underlying demand fundamentals;
- The site is large, has consolidated land holdings, and land holdings that could realistically be consolidated;
- Able to be affordably developed; and
- Able to be serviced in a relatively coordinated and timely manner with 100mm private water pipelines along Bungower Road, sealed access roads, gas availability, proximity to proposed Class A recycled water infrastructure and high-speed broadband available.

### 6.3 Planning Pathway

In order to achieve the vision of an industrial/technology precinct for the Bungower Road (west) site, the following zones and overlays may be considered:

**Commercial 2 Zone (C2Z)**

The purpose of the Commercial 2 Zone (C2Z) is:

- To implement the Municipal Planning Strategy and the Planning Policy Framework;
- To encourage commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services; and
- To ensure that uses do not affect the safety and amenity of adjacent, more sensitive uses.

The use of the Commercial 2 Zone will also be able to facilitate the use of the site for an industrial/technology precinct as a number of uses are allowed under this zone.

The Commercial 2 Zone places more of a consideration on the amenity impacts the use may have on the surrounding area.

This zone covers the land associated with the Caribbean Park Business Park.

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13 We note that the land values may change as a result of market forces over the prevailing period from the date of assessment to the date of completion of the development.
Section 6: Implementation Considerations

Industrial Land Analysis  Bungower Road, Somerville

It is not considered that this zone is appropriate because of the focus on retailing and office uses. It could ‘hollow out’ town centres.

Industrial 1 Zone (I1Z)

The purpose of the Industrial 1 Zone (I1Z) is:

- To implement the Municipal Planning Strategy and the Planning Policy Framework; and
- To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.

Rezoning the site to Industrial 1 Zone allows for a number of uses to be considered which can facilitate the development of an industrial/technology precinct. Also, within this zoning, there are considerations relating to uses such as a warehouse and industry not impacting on amenity of the surrounding area.

This zone covered the land associated with the Jayco Industrial Park and Power Park Industrial Estate.

Industrial 2 Zone (I2Z)

The purpose of the Industrial 2 Zone (I2Z) is:

- To implement the Municipal Planning Strategy and the Planning Policy Framework.
- To provide for manufacturing industry, the storage and distribution of goods and associated facilities in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.
- To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.
- To allow limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations.
- To keep the core of the zone free of uses which are suitable for location elsewhere so as to be available for manufacturing industries and storage facilities that require a substantial threshold distance as the need for these arises.

An Industrial 2 Zone (I2Z) allows for a number of uses to be considered which can facilitate the development of an industrial/technology precinct. The use of this zone allows for more intense land uses to be considered. However, in order for intense land uses to be considered under this zone, there needs to be a significant distance from other sensitive zones and land uses. It is not considered that either the (I1Z) or (I2Z) are appropriate because of their focus on heavy industry or visually intrusive industries. There are important amenity considerations which must be accommodated.

Industrial 3 Zone (I3Z)

The purpose of the Industrial 3 Zone (I3Z) is:

- To implement the Municipal Planning Strategy and the Planning Policy Framework.
- To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.
- To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.
- To allow limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations.
To ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses.

Utilising an Industrial 3 Zone for the site will allow for a number of uses that can facilitate the development of an industrial/technology precinct. It also allows for retail to be considered subject to conditions being met.

This zoning places more of a consideration on the amenity of the surrounding including more sensitive land uses such as a dwelling. This zone acts as a buffer and could be considered to be placed closer to other sensitive zones/land uses.

This points to an INZ3 Zone with the exclusion of uses such as retail which came out of the considerations in relation to the impact of Town Centres (see table of zone uses on the following page). This could be achieved through the Localised Planning Statement with a reference to INZ4 Zone which excludes retail uses.

Given the unique nature of the Mornington Peninsula Planning Scheme, an I4Z could be considered and perhaps supported by subdivision plan – deliver proper mix of lot sizes that support vision, open space or for active recreation uses for people employed in the Business/Knowledge Park and broader community, embed buffers and uses that are compatible with the subject site and is a buffer for future port-related uses further to the east.

Development Plan Overlay

The Development Plan Overlay requires a development plan to be submitted before a planning permit can be issued. This overlay sets a number of conditions/requirements that need to be met before a plan is approved. These conditions/requirements may relate to buildings and works, amenity, landscaping, sustainability, buffers and other site-specific requirements that need to be addressed, such as setbacks.

Caribbean Park Business Park, Jayco Industrial Park and Power Park Industrial Estate have utilised this overlay which addresses buildings and works, staging, amenity, landscaping and other requirements that are site specific.

The use of this overlay provides an overview of the development as it allows the layout of the site with buffers, setbacks, built form and other requirements to be resolved. The Development Plan Overlay could be based on Jayco Industrial Park (Attachment 1). It could include mounding for visual screening. The use of the residential property on the north west corner becoming a café and the pipeline at the east end of the site becoming a wildlife corridor. It should contain the mix of lot sizes, setbacks, landscape concept plans, treatment of the interface with residential properties and an environmental management plan.

Recommendations

An INZ4 specific to the Mornington Peninsula is preferred because it can be shaped to fit the need of the area in relation to amenity and the role and function of the town centres. This could be supported by a Development Plan Overlay.
INDUSTRIAL 3 ZONE

Shown on the planning scheme map as IN3Z.

Purpose

To implement the Municipal Planning Strategy and the Planning Policy Framework.

To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.

To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.

To allow limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations.

To ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses.

Table of uses

Section 1 - Permit not required

<table>
<thead>
<tr>
<th>Use</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience shop</td>
<td></td>
</tr>
<tr>
<td>Crop raising</td>
<td></td>
</tr>
<tr>
<td>Grazing animal production</td>
<td></td>
</tr>
<tr>
<td>Home based business</td>
<td></td>
</tr>
<tr>
<td>Informal outdoor recreation</td>
<td></td>
</tr>
<tr>
<td>Mail centre</td>
<td></td>
</tr>
<tr>
<td>Railway</td>
<td></td>
</tr>
<tr>
<td>Service industry</td>
<td>Must not be a purpose shown with a Note 1 or Note 2 in the table to Clause 53.10.</td>
</tr>
<tr>
<td></td>
<td>The land must be at least the following distances from land (not a road) which is in a residential zone, Capital City Zone or Docklands Zone, land used for a hospital or an education centre or land in a Public Acquisition Overlay to be acquired for a hospital or an education centre:</td>
</tr>
<tr>
<td></td>
<td>● The threshold distance, for a purpose listed in the table to Clause 53.10.</td>
</tr>
<tr>
<td></td>
<td>● 30 metres, for a purpose not listed in the table to Clause 53.10.</td>
</tr>
<tr>
<td>Service station</td>
<td>The land must be at least 30 metres from land (not a road) which is in a residential zone, Capital City Zone or Docklands Zone, land used for a hospital or an education centre or land in a Public Acquisition Overlay to be acquired for a hospital or an education centre.</td>
</tr>
<tr>
<td>Shop (other than Adult sex product shop, Convenience shop, Restricted retail premises and Supermarket)</td>
<td>Must adjoin, or be on the same lot as, a supermarket when the use commences.</td>
</tr>
<tr>
<td></td>
<td>The combined leasable floor area for all shops adjoining or on the same lot as the supermarket must not exceed 500 square metres.</td>
</tr>
<tr>
<td></td>
<td>The site must adjoin, or be within 30 metres of, a road in a Road Zone.</td>
</tr>
<tr>
<td>Supermarket</td>
<td>The leasable floor area must not exceed 1800 square metres.</td>
</tr>
</tbody>
</table>
### Use | Condition
--- | ---
Take away food premises | The site must adjoin, or be within 30 metres of, a road in a Road Zone. Must be on land within an urban growth boundary and in metropolitan Melbourne.

**Tramway**

**Warehouse (other than Fuel depot, Mail centre or Shipping container storage)** | Must not be a purpose shown with a Note 1 or Note 2 in the table to Clause 53.10.
The land must be at least the following distances from land (not a road) which is in a residential zone, Capital City Zone or Docklands Zone, land used for a hospital or an education centre or land in a Public Acquisition Overlay to be acquired for a hospital or an education centre:
- The threshold distance, for a purpose listed in the table to Clause 53.10.
- 30 metres, for a purpose not listed in the table to Clause 53.10.
Must not adversely affect the amenity of the neighbourhood, including through the:
- Transport of materials, goods or commodities to or from the land.
- Appearance of any stored goods or materials.
- Emission of noise, artificial light, vibration, odour, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil.

**Any use listed in Clause 62.01** | Must meet the requirements of Clause 62.01.

### Section 2 - Permit required

| Use | Condition |
--- | ---
**Adult sex product shop** | Must be at least 200 metres (measured by the shortest route reasonably accessible on foot) from a residential zone or land used for a hospital, primary school or secondary school or land in a Public Acquisition Overlay to be acquired for a hospital, primary school or secondary school.

**Agriculture (other than Apiculture, Crop raising, Grazing animal production, Intensive animal production, Pig farm and Poultry farm)**

**Caretaker’s house**

**Education centre** | Must not be a primary or secondary school.

**Industry (other than Service industry)**

**Leisure and recreation (other than Informal outdoor recreation, Major sports and recreation facility, and Motor racing track)**
Use | Condition
---|---
**Office** | The leasable floor area must not exceed the amount specified in the schedule to this zone.

**Place of assembly (other than Carnival, Cinema based entertainment facility and Circus)**

**Restricted retail premises**

**Retail premises (other than Shop and Take away food premises)**

**Utility installation (other than Minor utility installation and Telecommunications facility)**

**Any other use not in Section 1 or 3**

### Section 3 - Prohibited

**Use**

- **Accommodation (other than Caretaker’s house)**
- **Cinema based entertainment facility**
- **Hospital**
- **Intensive animal production**
- **Major sports and recreation facility**
- **Motor racing track**
- **Pig farm**
- **Poultry farm**
- **Shop (other than Adult sex product shop, Convenience shop, Restricted retail premises and Supermarket) – if the Section 1 conditions are not met**
- **Supermarket – if the section 1 conditions are not met**

### Use of land

#### Amenity of the neighbourhood

A use must not adversely affect the amenity of the neighbourhood, including through the:

- Transport of materials, goods or commodities to or from the land.
- Appearance of any stored goods or materials.
- Emission of noise, artificial light, vibration, odour, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil.

#### Application requirements

An application to use land for an industry or warehouse must be accompanied by the following information, as appropriate:

- The purpose of the use and the types of processes to be utilised.
- The type and quantity of goods to be stored, processed or produced.
- How land not required for immediate use is to be maintained.
- Whether a Works Approval or Waste Discharge Licence is required from the Environment Protection Authority.
- Whether a notification under the Occupational Health and Safety Regulations 2017 is required, a licence under the Dangerous Goods Act 1985 is required, or a fire protection quantity under the Dangerous Goods (Storage and Handling) Regulations 2012 is exceeded.
- The likely effects, if any, on the neighbourhood, including:
  - Noise levels.
  - Air-borne emissions.
  - Emissions to land or water.
  - Traffic, including the hours of delivery and despatch.
  - Light spill or glare.

**Decision guidelines**

Before deciding on an application, in addition to the decision guidelines in Clause 65, the responsible authority must consider, as appropriate:
- The effect that the use may have on nearby existing or proposed residential areas or other uses which are sensitive to industrial off-site effects, having regard to any comments or directions of the referral authorities.
- The effect that nearby industries may have on the proposed use.
- The drainage of the land.
- The availability of and connection to services.
- The effect of traffic to be generated on roads.
- The interim use of those parts of the land not required for the proposed use.
- The effect on nearby industries.

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**Subdivision**

**Permit requirement**

A permit is required to subdivide land.

**VicSmart applications**

Subject to Clause 71.06, an application under this clause for a development specified in Column 1 is a class of VicSmart application and must be assessed against the provision specified in Column 2.

<table>
<thead>
<tr>
<th>Class of application</th>
<th>Information requirements and decision guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subdivide land to realign the common boundary between 2 lots where:</td>
<td>Clause 59.01</td>
</tr>
<tr>
<td>- The area of either lot is reduced by less than 15 percent.</td>
<td></td>
</tr>
<tr>
<td>- The general direction of the common boundary does not change.</td>
<td></td>
</tr>
<tr>
<td>Subdivide land into lots each containing an existing building or car parking space where:</td>
<td>Clause 59.02</td>
</tr>
</tbody>
</table>
Class of application

<table>
<thead>
<tr>
<th>Information requirements and decision guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>The buildings or car parking spaces have been constructed in accordance with the provisions of this scheme or a permit issued under this scheme.</td>
</tr>
<tr>
<td>An occupancy permit or a certificate of final inspection has been issued under the Building Regulations in relation to the buildings within 5 years prior to the application for a permit for subdivision.</td>
</tr>
</tbody>
</table>

Subdivide land into 2 lots if: Clause 59.02

- The construction of a building or the construction or carrying out of works on the land:
  - Has been approved under this scheme or by a permit issued under this scheme and the permit has not expired.
  - Has started lawfully.
- The subdivision does not create a vacant lot.

Exemption from notice and review

An application is exempt from the notice requirements of section 52(1)(a), (b) and (d), the decision requirements of section 64(1), (2) and (3) and the review rights of section 82(1) of the Act. This exemption does not apply to land within 30 metres from land (not a road) which is in a residential zone or land used for a hospital or an education centre or land in a Public Acquisition Overlay to be acquired for a hospital or an education centre.

Decision guidelines

Before deciding on an application, in addition to the decision guidelines in Clause 65, the responsible authority must consider, as appropriate:

- Any natural or cultural values on or near the land.
- Streetscape character.
- Landscape treatment.
- Interface with non-industrial areas.

Buildings and works

Permit requirement

A permit is required to construct a building or construct or carry out works.

This does not apply to:

- A building or works which rearrange, alter or renew plant if the area or height of the plant is not increased.
- A building or works which are used for crop raising or informal outdoor recreation.
- A rainwater tank with a capacity of more than 10,000 litres if the following requirements are met:
  - The rainwater tank is not located within the building’s setback from a street (other than a lane).
- The rainwater tank is no higher than the existing building on the site.
- The rainwater tank is not located in an area that is provided for car parking, loading, unloading or accessway.

- A building or works which are used for grazing animal production, except for permanent or fixed feeding infrastructure for seasonal or supplementary feeding constructed within 100 metres of:
  - A waterway, wetland or designated flood plain.
  - A dwelling not in the same ownership.
  - A residential or urban growth zone.

**VicSmart applications**

Subject to Clause 71.06, an application under this clause for a development specified in Column 1 is a class of VicSmart application and must be assessed against the provision specified in Column 2.

<table>
<thead>
<tr>
<th>Class of application</th>
<th>Information requirements and decision guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct a building or construct or carry out works with an estimated cost of up to $1,000,000 where the land is not:</td>
<td>Clause 59.04</td>
</tr>
</tbody>
</table>
  - Within 30 metres of land (not a road) which is in a residential zone. |
  - Used for a purpose listed in the table to Clause 53.10. |
  - Used for a Brothel or Adult sex product shop. |

**Application requirements**

An application to construct a building or construct or carry out works must be accompanied by the following information, as appropriate:

- A plan drawn to scale which shows:
  - The boundaries and dimensions of the site.
  - Adjoining roads.
  - Relevant ground levels.
  - The layout of existing and proposed buildings and works.
  - Driveways and vehicle parking and loading areas.
  - Proposed landscape areas.
  - External storage and waste treatment areas.
  - Mechanisms to mitigate noise, odour and other adverse amenity impacts of, and on, nearby industries.

- Elevation drawings to scale which show the colour and materials of all buildings and works.
- Construction details of all drainage works, driveways and vehicle parking and loading areas.
- A landscape layout which includes the description of vegetation to be planted, the surfaces to be constructed, a site works specification and the method of preparing, draining, watering and maintaining the landscape area.
Decision guidelines
Before deciding on an application, in addition to the decision guidelines in Clause 65, the responsible authority must consider, as appropriate:

- Any natural or cultural values on or near the land.
- Streetscape character.
- Built form.
- Landscape treatment.
- Interface with non-industrial areas.
- Parking and site access.
- Loading and service areas.
- Outdoor storage.
- Lighting.
- Stormwater discharge.
- The effect on nearby industries.
- The effect of nearby industries.

Maintenance
All buildings and works must be maintained in good order and appearance to the satisfaction of the responsible authority.

Signs
Sign requirements are at Clause 52.05. This zone is in Category 2.
Attachments

Attachment 1 - Development Plan Overlay (Schedule 6) for Jayco Industrial Park
SCHEDULE 6 TO CLAUSE DEVELOPMENT PLAN OVERLAY

Shown on the planning scheme map as DPO6.

DANDENONG SOUTH INDUSTRIAL AREA EXTENSION - KEYSBOROUGH & LYNDHURST SITES

This Development Plan Overlay applies to land at Keysborough and Lyndhurst which is to be developed for industrial purposes.

1.0 Requirement before a permit is granted

Before a development plan has been approved, a permit may be granted for:

- Any building or works associated with the use of the land for agriculture.
- Extensions or alterations to an existing building or works constituting an area not greater than 10% of the area of the existing building or works.
- The use of the land and buildings and works affecting the land which are the subject of a planning permit application made to the responsible authority and lodged prior to 26 March 2009.
- The realignment of lot boundaries to enable the efficient and co-ordinated alignment of the road shown as LR5 (Lyndhurst Road 5) in the Dandenong South Industrial Area Extension Structure Plan, January 2009 (incorporated document).
- The subdivision of the land into superlots generally not less than 30 hectares provided the superlots are clearly described as superlots on the plan of subdivision. The realigned lots or the superlot as the case may be cannot be used or developed for any purpose (other than for the activities described in bullet points 1 – 3 above) unless a development plan for that realigned lot or superlot as the case may be is approved under this Schedule.

2.0 Conditions and requirements for permits

Any permit granted must:

- Ensure that any public open space shown in a development plan which is consistent with the Dandenong South Industrial Area Extension Structure Plan, January 2009 or the Dandenong South Industrial Area Extension Development Contributions Plan, January 2009 (incorporated document), is vested in the relevant authority.
- Require connection to reticulated sewerage, electricity and water supply systems.

3.0 Requirements for development plan

Except for the land at 90 – 120 Colemans Road for which one development plan may be approved, generally a development plan must cover an area of not less than 30 hectares.

One development plan may also be considered for the land at 80 Colemans Road given the preliminary work undertaken, agreement to protection of native vegetation and limited connections to other parts of the amendment area, to the satisfaction of the responsible authority.

A development plan must be generally in accordance with the structure plan diagrams contained in the Dandenong South Industrial Area Extension Structure Plan, January 2009 and otherwise have regard to that incorporated document.

The comments of the Department of Sustainability and Environment and Melbourne Water must be taken into account when the responsible authority considers a development plan.

A development plan must include requirements for landscaping or other measures on industrial land to achieve effective screening of industrial development from existing residential and rural residential properties.
A development plan should ensure that industrial uses satisfy threshold distances from existing community uses and either existing or proposed residential uses.

A development plan for the Lyndhurst site must provide for appropriate design solutions and landscaping to achieve a visually attractive interface to the Western Port Highway.

A development plan must include the following plans and reports all prepared to the satisfaction of the responsible authority:

**A layout plan**

A Layout Plan showing as appropriate:

- Significant features on the land and adjoining land.
- Existing easements.
- Pedestrian network.
- A bicycle network.
- The road network, including access points to the existing road network, consistent with the access principles in the *Dandenong South Industrial Area Extension Structure Plan, January 2009*.
- The public transport network.
- Native vegetation to be retained.
- Areas necessary to ensure the health of the native vegetation to be retained (native vegetation protection zones).
- Areas set aside for drainage in which native vegetation may be established.
- The proposed public open space network in accordance with the *Dandenong South Industrial Area Extension Structure Plan, January 2009* and the *Dandenong South Industrial Area Extension Development Contributions Plan, January 2009*.
- Urban design outcomes having regard to the urban design and landscaping guidelines contained in the *Dandenong South Industrial Area Extension Structure Plan, January 2009*.
- Landscape concept plan, including measures to protect and enhance natural features including existing significant vegetation and remnant trees which are to be retained in accordance with the *Dandenong South Native Vegetation Precinct Plan, January 2009* (incorporated document).
- The potential for site works (fill and excavation).
- How the development within the plan area can integrate with the adjoining industrial land.
- The proposed interface with residential areas and community uses.
- The potential to develop an inland port in the Lyndhurst area.

**Staging plan**

A staging plan showing as appropriate:

- Details of proposed staging and timing.
- How access is proposed during all stages of development.

**Heritage assessment report**

A Heritage and Archaeological Assessment Report which details the findings of a site specific archaeological investigation for each site within the development plan area.
The archaeological investigation must be undertaken by a person or firm with appropriate experience and qualifications in the field. The report should include recommendations for the management of any sites discovered during the undertaking of the investigation and/or during the development process.

The responsible authority may agree to waive this requirement.

**Environmental management plan**

A framework for an Environmental Management Plan (EMP) showing as appropriate:

- The environmental issues affecting the land.
- Goals and objectives of the EMP.
- Measures to be taken to ensure that appropriate landscaping is carried out in identified areas of environmental significance.
- Erosion and siltation control during construction.
- Designation of areas (if any) where human access to open space areas will not be allowed, including descriptions of the systems to be established and the means of precluding human access.
- An overview of the design details proposed for wetlands and open water bodies, including different edge treatments, vegetation associations, habitat areas, perching areas and underwater habitat.
- A Stormwater Management Plan that ensures appropriate hydrological regimes for retained vegetation based on expert ecological assessment.
- Incorporation of stormwater management measures, including stormwater storage and water quality improvement devices such as wetlands and open water bodies to the satisfaction of Melbourne Water.
- The requirements of the *Dandenong South Native Vegetation Precinct Plan, January 2009* including the protection and enhancement of areas of public open space, native vegetation to be retained and native vegetation protection zones to be established.
- Where offsets are required, the method of protecting those offsets through measures such as conservation covenants, section 173 agreements, or gifts to the Crown (where such gifts are accepted).
- Method of protection of the reserve areas to be vested in Council until such time as the reserve areas are developed.
- Any other matters as required by the responsible authority and the Department of Sustainability and Environment.

**Integrated transport plan**

An Integrated Transport Plan generally in accordance with the *Dandenong South Industrial Area Extension Structure Plan, January 2009*. The Integrated Transport Plan should take into account all transport modes and include an indicative public transport, road, bicycle and pedestrian network showing, as appropriate:

- Provision of access to the existing road network.
- Provision of adequate pedestrian and cycle ways and accommodation for potential public transport routes and public transport infrastructure.
- Integration with the Principal Public Transport Network.
- Any other matters as required by the responsible authority, Roads Corporation and the Department of Transport.
Stormwater management plan
A Stormwater Management Plan showing as appropriate:

- Construction and maintenance requirements for water bodies and wetlands.
- Details of stormwater management measures.
- How development will comply with best practice environmental management or urban stormwater.
- Any other matters as required by the responsible authority and Melbourne Water.

The Stormwater Management Plan must also be to the satisfaction of Melbourne Water.

Specific requirements for the Keysborough site

Boundary treatment
A development plan for the Keysborough site must provide boundary treatments in accordance with the Dandenong South Industrial Area Extension Structure Plan, January 2009 to address the interface with land developed for residential purposes.

Interface requirements
A development plan for the Keysborough site must provide an integrated treatment of any interface with an existing community use to provide a ‘buffer’ of 30 metres which should incorporate existing boundary landscaped areas and boundary landscaped areas required by permits on the land used for a community purpose. The interface treatment must include landscaping on the industrial land and may include a road.

Intersection treatment

- The primary point of access to the industrial area north of Greens Road must be a signalised cross intersection and should be located generally 400-500 metres west of the Greens Road interchange with EastLink.

- The road pattern and road cross sections must reinforce the signalised cross intersection as the primary access point to the satisfaction of the responsible authority.

- An additional access point to Greens Road may be provided in the form of a left-in left-out intersection to service the industrial area north of Greens Road to the satisfaction of the responsible authority and the Roads Corporation. This intersection must be designed to meet the access principles in the Dandenong South Industrial Area Extension Structure Plan, January 2009.

- The primary point of access must be developed either prior to or simultaneously with the development of any secondary lower volume access point.