

5 June 2020

The Hon Richard Wynne MP
Minister for Planning
8 Nicholson Street
MELBOURNE VIC 3000

By email: Richard.wynne@parliament.vic.gov.au

Dear Minister Wynne,

Implementation of the Melbourne Industrial and Commercial Land Use Plan (MICLUP)

The Urban Development Institute of Australia, Victoria division (UDIA Victoria) supports the need to identify and protect land for employment purposes as an essential part of ensuring Melbourne's economic success and vitality into the future.

We commend the Victorian Government and the Department of Environment, Land, Water and Planning (DELWP) for the preparation and implementation of the Melbourne Industrial and Commercial Land Use Plan (MICLUP).

UDIA Victoria is a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector and Victoria's public service. We are committed to working with both industry and Government to deliver housing, infrastructure and employment opportunities for all Victorians.

Building Victoria's Recovery

UDIA Victoria has separately put forward a sample list of shovel-ready sites as part of the Building Victoria's Recovery Taskforce, including employment land which could be delivered within the next 12 months. Our members have submitted their individual projects through the Project Fast Track Team in DELWP. To ensure the continued prosperity of Victoria beyond the COVID-19 pandemic period, a clear plan is required to implement the recommendations and initiatives of the MICLUP.

UDIA Victoria is of the view that an implementation process that leverages the Victorian Government's approach of the Building Victoria's Recovery Taskforce, in the form of a Standing Advisory Committee or Panel, should be considered to oversee the implementation of the MICLUP.

This would continue the current momentum of ensuring the employment areas identified are development-ready once the initial Taskforce's work has been completed. Outlined in more detail are key issues and implementation opportunities and constraints that we argue should guide the implementation of the MICLUP recommendations.

Specific employment generating development projects on industrial or commercial land could be dealt with via the Standing Advisory Committee or Panel, with referrals made via the Minister for Planning or via local government.

The MICLUP is one of the important tools in implementing Plan Melbourne’s objectives of protecting and enhancing industrial and commercial land. To effectively deliver these objectives, clear employment policy objectives aimed at generating investment leading to the growth of job opportunities and sustained economic growth are required.

The preservation and creation of land supply for employment use should be supported by clear evidence of demand and consideration of the underlying attributes of the land such as availability of cost-effective infrastructure, and access to suppliers, customers, and labour. Ultimately business will drive decisions regarding location choices and resultant investment and development.

The MICLUP successfully identifies areas that may be worthy of enhanced protection and suggests policy for unzoned land areas. UDIA believes MICLUP does not provide specific solutions to facilitate implementation of its findings, instead primarily providing a list of potential actions with no clear plan for their execution.

As the private sector will be ultimately responsible for implementing the policy outcomes of MICLUP, UDIA Victoria believes business and development groups should play an integral role in partnership with the Government and other agencies.

Some comments and issues our members have identified in the MICLUP include:

- The MICLUP considers a 30-year time horizon which is an appropriate timeframe for achievement of policy implementation and for payback of business investment in new facilities and infrastructure. MICLUP fails, however, to appropriately address the land supply limitations in the Southern and Western regions which only accommodate a 15 to 20-year supply of potential industrial land (and far less in specific pockets).

This shortfall should be identified as a major issue with MICLUP identifying the process for creating further opportunities for increased supply of appropriate land including, but not limited to well-located land adjoining existing industrial clusters where there are no specific agricultural or ecological constraints. In particular the areas around Dandenong South, Melbourne’s most important and productive industrial region, and the Frankston area must have specific actions outlined to create opportunities that are meet the location (and cost) requirements of businesses.

- The need to provide guidance about how future State Significant Industrial Precincts (SSIPs) will be identified and planned. For example, whilst the Officer-Pakenham Corridor contains detail about restructuring industrial land but with no net loss, this commentary is not provided in other corridors. The MICLUP should set out in detail the issues, constraints and opportunities in all the corridors in relation to future industrial land in terms of suitability, access, exposure, amenity, land area, topography etc.
- Vacant land supply figures may be overstated based on the prevailing (albeit improved) methodology. There will be localised servicing issues which could result in land not actually being “available” for development and land ownership/fragmentation has not been examined in detail. Understanding supply at this localised level is essential to achieving the targets the strategy seeks to achieve.

- The State Significant Industrial Precinct (SSIP) label has the danger of becoming a blunt instrument which could create confusion instead of delivering efficient and creative, fit-for-purpose solutions. This designation of itself should not prevent consideration of alternative uses where appropriate.
- There must also be mechanisms to deal with minor anomalies and land-use conflicts where it can be demonstrated that there are no material adverse impacts to the overriding need to maintain sufficient employment land.
- MICLUP is in at odds with the Plan Melbourne 20-Minute City objective as large tracts of employment land are identified on the peripheries of the urban area instead of concentrated towards centres of population. This is most prevalent in the south-east and the outer parts of the west and north.

Where existing population areas and transport/servicing infrastructure can be leveraged it should be, instead of requiring employees to travel further out to find employment opportunity. The assumption that business will simply “leapfrog” to areas with supply is not borne out on the ground which will instead lead to increased competition in desirable and better-connected areas.

- The plan is unclear about how renewal of zoned industrial land, which is no longer appropriate for historic uses, will be facilitated. Guidance about the criteria for designating land’s appropriate use should be provided and a process identified to allow landowners to initiate a review, including a mechanism for dealing with appeals.
- The Plan states it will look at the tables of uses in commercial and industrial zones. This is likely to be contentious in respect of Commercial 1 zone and future residential development above; the range of uses in commercial and industrial zones including showrooms and restricted retail are also likely to be contentious.

The Plan states that an overarching policy on industrial and commercial land will be formulated - such a plan should be built from the ground-up based on reality and should not stifle innovation.

As it has taken three years to finalise the MICLUP and given the great importance employment generation has in the recovery from COVID-19, we believe implementation of MICLUP and addressing the aforementioned issues should be dealt with as a matter of great urgency.

Recommendation

UDIA Victoria proposes an MICLUP Standing Advisory Committee or Panel be established immediately, with input from State Government, key industrial users and landowners, UDIA Victoria and other industry groups, and supported by suitable strategic land use and economic experts with a clear focus on generating a detailed plan moving forward for industrial and commercial land.

The alternative of leaving the implementation of MICLUP to State and Local Government alone, without appropriate industry support, would reduce accountability and increase the potential for time delays and extra unnecessary costs, ongoing uncertainty at a time it can be afforded the least, and higher risk of additional regulatory burden.

UDIA Victoria's members are also concerned with the lack of clarity on how the 107 submissions were dealt with, noting these appear to contain important details at a fine-grained, localised level, not considered in the final document, and many of which are worthy of closer scrutiny and consideration as part of the specific rollout of MICLUP objectives.

The MICLUP implementation process could include the following:

- a. Detailed mapping of industrial and commercial areas and overlay lot boundaries, zones, and infrastructure. This will help create buy in from industry because as it will show a level of detailed knowledge to show their concerns are being met. The output could be an interactive online tool.
- b. Identify key areas for consideration including areas in transition, Greenfield areas with problematic industrial areas, and future industrial areas including those currently unzoned.
- c. Identify a process for dealing with sites that may not be shown on the MCILUP mapping.
- d. Identify the appropriate principles, having regard to the State Government hierarchy of state, regional and local industrial areas, and greenfield/brownfield/green wedge to utilise in respect of the hierarchy.
- e. Deal with the issues surrounding future SSIPs on a case by case basis.
- f. Conduct more sophisticated demand and supply analysis on a localised basis as MICLUP suggests, but including transferability of demand to establish the need for industrial land
- g. Conduct studies as to the appropriateness of sites for industrial purposes having regard to, suitability, access, accessibility, exposure, cost of infrastructure, topography and surrounding uses/conflicts.
- h. Prepare structure plans to minimise any loss of industrial land and maximise employment and, where relevant, recommend mixed-use and residential zoning alternatives.
- i. Identify areas which are transitional and can be dealt with by developer led initiatives
- j. Consider localised needs and create a process to identify additional industrial and commercial land where it is required.
- k. Where high-priority land has been identified, ensure that planning schemes and the processes to develop and unlock the land. Where land is critically important, Government should look at additional measures to facilitate economic development, including incentives and/or taxation measures. etc.
- l. Reduce the impacts of non-statutory consultation processes that can add 6-12 months to a rezoning in addition to the statutory exhibition phase. Removal of hurdles such as these will bring forward employment land sooner but will require agency buy-in to see through.
- m. Nominate shovel ready projects
- n. Submit an omnibus amendment to the state section and relevant local government sections of the planning scheme including directions for precinct structure plans and tables of uses for industrial and commercial zones.

Now is the time to capitalise on the good work in the MICLUP by swiftly implementing and responding to the recommendations set out.

We look forward to having the opportunity to discuss these issues with you further.

Yours sincerely



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