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CC: Sarah.Doring@vpa.vic.gov.au

Dear Sarah,

DRAFT OFFICER SOUTH EMPLOYMENT PRECINCT STRUCTURE PLAN SUBMISSION - PROURBAN ADVISORY, PLANNING AND MANAGEMENT

Who We Are

proUrban is a specialist consultancy that provides urban advisory, planning and management services to developers, landowners and other industry professionals. At proUrban our purpose is to create better development outcomes for our clients, the Councils we work with, and for the community.

We characterise “better development outcomes” as projects and processes that result in a combination of the following:

Council

- Improved relationships with the Councils and agencies we work with. These are achieved by a collaborative, respectful, and consultative approach, and identifying project outcomes that align with Council’s objectives.

Clients

- Greater commercial returns and reduced delays for our clients. These are achieved by devising planning strategies that results in a swifter planning approval, or securing support for developments with increased yields above preferred guidelines.

Community

- Positive legacy outcomes for the community. These are achieved by taking an open and honest approach to consultation and promoting developments that create clear community benefit.

Drawing from our broad-based experience across the public and private sectors, we pride ourselves on providing advice that is accurate, pragmatic, and outcomes focused. Our strong working relationships within State and Local Governments provide us with improved access to key decision makers, influencers and industry experts, all of which we believe places proUrban in an excellent position to provide comment on the Draft Officer South Employment Precinct Structure Plan (OSEPSP).

Additionally, proUrban close involvement with all levels of the industrial and employment sectors of property development ensures our opinion in relation to the Draft OSEPSP comes with extensive experience in all factors facing the delivery of employment focused land.

Given the above, our review, comments and following recommendations are with a focus on the employment/industrial elements of the EPSP and planning scheme amendment.

Draft Officer South Employment Precinct Structure Plan

This submission is made following review of all documents associated with the current consultation process with landowners, developers, and the community. Furthermore, the following submission was informed by consultation with various industry leaders involved in the delivery of industrial land.

proUrban welcome and strongly support the preparation and progression of the OSEPSP. Officer South and more broadly the south-east economic corridor (SEEC) is undergoing significant transformation, and we consider the current progression of the OSPSP highly appropriate to help guide and promote current and future development within Officer South. proUrban is generally supportive of the overall intent of the PSP, however after careful review provide the following analysis for the VPA's consideration.

proUrban's Interests

Although proUrban acts on behalf of many entities in respect to industrial and logistics development, including many multi-national, institutional and locally based property developers, this submission is not made on behalf of a specific existing landowner within the OSESPS land. We do however note that it is highly likely that proUrban will work on land within the OSESPS in the future and have been in discussions with a number of interested parties.

We make this submission with a view to assisting the VPA in the further processes associated with the approval and implementation of the EPSP into the Cardinia Planning Scheme. Furthermore, we make this submission to preserve our right to continued involvement in various tasks in finalisation of the OSESPS.

The Amendment and the ESPS

The major components of the ESPS and Scheme Amendment (C274card OSE) to the Cardinia Planning Scheme are:

- Implements and incorporates the following into the Cardinia Planning Scheme;
 - Officer South Employment PSP;
 - Officer South Employment Infrastructure Contributions Plan (ICP);
 - A new schedule to the Urban Growth Zone;
- Various changes to the zoning, overlays particular provisions, general provisions and operational provisions as they relate to land within the ESPS.

For completeness, we have included an extensive list of the specific changes proposed by the amendment process at Appendix One.

EPSP Outcomes

The EPSP seeks to achieve a variety of employment, housing and community opportunities, alongside the protection and management of conservation areas. Importantly, the EPSP's primary purpose relates to the delivery of an employment focused locality, with the following key statements within the draft document relating to its vision and purpose (underlined for emphasis):

'Officer South Employment will become an innovative and sustainable employment precinct that will deliver a high amenity regionally-significant commercial area and state-significant industrial precinct, combined with a modern and diverse urban living hub to form a unique working and living environment.'

'The precinct forms the core of the Officer-Pakenham State Significant Industrial Precinct...'

'The urban structure promotes large and intensive industrial land uses within the core of the precinct, making Officer South Employment the prime location for heavy industries to thrive in the south-east region.'

'Officer South Employment provides a Regionally Significant Commercial Area (RSCA) and a State Significant

Industrial Precinct (SSIP) as part of the broader Pakenham-Officer SSIP corridor, south-east Melbourne's future premier economic and employment hub.'

'An ample supply of industrial land across the precinct will allow for businesses to drive the diversity of industries and their location.'

'Large land parcels and direct access to gas and high voltage power encourages and supports industries to expand their businesses, and additionally leverage off access to the key freight corridor of Thompsons Road.'

More specifically, the EPSP seeks to achieve the following:

- The provision of approximately 630 hectares of land for the purposes of industrial and commercial development;
- Creation of approximately 22,000 jobs (long term);
- Creation of approximately 1,600 new homes;
- Accommodate an expected population of 5,000 residents.

Broadly speaking, the establishment of the EPSP and the planning scheme amendments aim to provide a planning framework to support the development of Officer South as a critical industrial and logistics precinct. The vision and purpose of the document emphasises the need for employment generating land, the significance of the Officer South in delivering appropriately zoned land for industrial development, and the importance of promoting and encouraging the development of the identified 'ample' supply of land across the precinct.

proUrban strongly supports the promotion and preparation of land for employment generating land uses. The vision and purpose of the PSP is supported, along with the targets for jobs and provision of a surrounding worker population.

Urban Structure

The urban structure of any structure plan area is critical in being able to promote efficient and sustainable land delivery, transport and civil infrastructure, permeable movement networks, conservation of the natural environment and provision of important community facilities.

The OSEPS, in the context of the proposed urban structure and design will deliver:

- A local town centre with vision to perform a 'neighbourhood activity centre' role;
- A road and public transport hierarchy aimed at delivering access to the surrounding existing and proposed transport links, including the Officer train station which is located on both the Metropolitan and Reginal rail networks;
- A commercial precinct surrounding the local town centre which will promote service industries and business park uses. This area will act as a transitional zone between the residential population in and around the town centre, and the more traditional industrial locations in the southern and eastern areas of the EPSP;
- Industrial land in the southern-eastern to western areas of the EPSP;
- The urban structure, whilst being impacted by the various natural waterways, is based on the typical 'grid' design, which promotes efficient and permeable development.

Generally speaking, proUrban supports the urban structure proposed by the EPSP, albeit we believe there is a too high of a focus on the proposed business areas, particularly to the north of the PSP area (abutting the Princes Freeway west of Officer South Road).

Land Use Budget

The table below summarises the land uses proposed within the precinct:

Description	Land Area (Ha)
Total Precinct	1,069
Transport	50.23
Community and Education	10.75
Open Space	333.69
Utilities	2.0
Total NDA	672.23
NDA – Residential	43.97
NDA – Employment	628.26

Further to the above table, approximate calculations of the makeup of employment land results in the following land budget summary:

Description	Land Area (Ha)
Total Employment Land	628.26
Business Land (C2Z)	136
Industrial (IN1Z)	465.26

*These land area calculations are estimates only

Although we appreciate that C2Z land contributes to a self-sufficient, robust and sustainable employment driven precinct, given a key purpose of this strategic planning process is to deliver a state significant industrial precinct, we believe the amount of identified business land requires further consideration.

We believe the following land parcels, at a minimum, should be reviewed and consideration given to their depiction as industry (IN1Z) within Map 3 of the EPSP:

Land Parcel ID:

07:	21.56 Ha
08:	10.63 Ha
09:	1.22 Ha
10:	1.96 Ha
Total:	35.37 Ha

The above land parcels, which experience similar opportunities and constraints to the proposed industrial land to the north-western areas of the PSP, would unlock a further 35 hectares of land for more traditional industrial/logistics developments.

We highly recommend a review of the proposed business land (C1Z), specifically regarding the land parcels identified above.

Industrial Land Supply

The preparation of the PSP, in the context of the supply and staging of industrial and employment land, is guided by the following documents. The below is a chronological list of documents which inform the preparation of the PSP, the land use budget and underpins the basis by which the EPSP delivery is to be met.

- Melbourne Industrial and Commercial Land Use Plan (MICLUP) (2020);
- The South-East Economic Corridor (SEEC) – Strategic Context Report to 2060 (18 January 2022) – prepared by SGS and echelon Planning on behalf of VPA;
- Officer South ePSP Economic Assessment (December 2022);

- Officer South Employment PSP – Integrated Transport Assessment (July 2023);

Upon review of the above, it is apparent that a number of calculations, estimates and assumptions surrounding the supply of industrial land are consistently applied amongst all documents. Consistency across strategic processes and documents should typically be supported, however in the context of the industrial sector, land supply and take up over the last 5 years has occurred at unprecedented record levels. Not all years are made even and recent global events do not appear to be appropriately accounted for.

The evolution of warehousing, e-commerce and the manufacturing industries, in the wake of the Covid-19 pandemic, has exacerbated a fundamental shift in the type and scale of warehousing and logistics facilities, as well as specialist manufacturing businesses.

In summary, the above documents of reference, which focus on the economics of industrial land supply, were prepared and published for a period of 2018 – 2022. We believe, given the above-mentioned evolution of the industrial sector over this period, the OSESP requires a more up to date and critical analysis of the importance of the role Officer South will play in the delivery of employment land.

A more recent and updated piece of research has been undertaken and published by Urbis in late 2022. We provide a summary of this document, its outcomes, and recommendations below:

Industrial Land Supply Research (November 2022) – Urbis

This research was commissioned by the Property Council of Australia (PCA) to understand the current state of industrial land supply in Victoria. Importantly, the objective of the research states:

‘This report aims to address the key issues including the scarcity of land for developers in the region, its impacts to the economy and future recommendations...’

The research examined the following specific areas of industrial land supply:

- The zoned supply information extracted from DELWP’s latest Urban Development Program (UDP) industrial data and adjusted for factors including regions of market activity, delays due to infrastructure or topographical constraints and account for the status of estate commencements.
- Measured the consumption of industrial land in the region, identified the scale and location of development and constraints posed by lack of suitable sites.
- Assessed the impact on demand and its distribution from emerging technologies in the sector.
- Analysed historical trends in land consumption by industry type and built form comparison between Melbourne and Sydney.
- Identified key issues originating from the risk of relocation and subsequent loss of investment in the region due to land scarcity.

Following the above identified research criteria, the report made the following comments and key recommendations:

- *Between 2015 and 2021, the proportion of e-commerce to all retail trade increased from 5.6% to 12.7%. This has translated into exponential growth in demand for industrial floorspace with automation and technological advancement exclusively targeting greenfield industrial estates and land.*
- *In significant contrast, Urbis **concludes that there is only 4 years of zoned industrial supply** remaining in Metropolitan Melbourne.*
- *Industrial sites that are constrained due to existing topographical barriers should be excluded from the supply component of the UDP data. Further insights are also needed to understand residential supply opportunities.*
- *Greater industry engagement is needed to ascertain the level of consumption of sites. This will provide a more holistic view of the current market conditions and available supply in the sub-markets.*
- *Industrial land has become highly constrained in the south-east and west regions due to delays in zoning of proposed*

land through future PSPs and delivery of infrastructure required to sustain development.

- The land consumption rate has peaked in the last couple of years and is expected to remain high as demand for space increases to accommodate additional storage capacity and automated order fulfilment. Demand is also driven by a renewed focus on onshore manufacturing resulting from the bottlenecks witnessed in the wake of the pandemic, more apparent in the health and life science sectors.
- Refine the UDP dataset and engaging with the wider industry to provide a more holistic view of industrial supply, releasing more land supply in key locations with a greater emphasis on infrastructure planning and delivery, along with a more coordinated approach to industrial planning.
- Additional industrial or employment land is required to relieve the existing cost pressures and also drive employment growth. While some PSPs have been gazetted to provide part of the supply of land required, many remain inactive and delayed. A high focus on supporting infrastructure makes it impossible for the land to be further developed for its intended use.

In summary, we believe a refined and practical approach to evaluating industrial land supply, as set out in the aforementioned Urbis research, should underpin the preparation of the OSEPSP.

Development Staging and Proposed Special Control Overlay

The preparation of the OSEPSP includes both the following considerations as it relates to the staging of the implementation of the PSP:

1. EPSP Plan 12 – Infrastructure and Development Staging; and
2. Special Control Overlay (SCO14) – Draft Incorporated Document (September 2023)

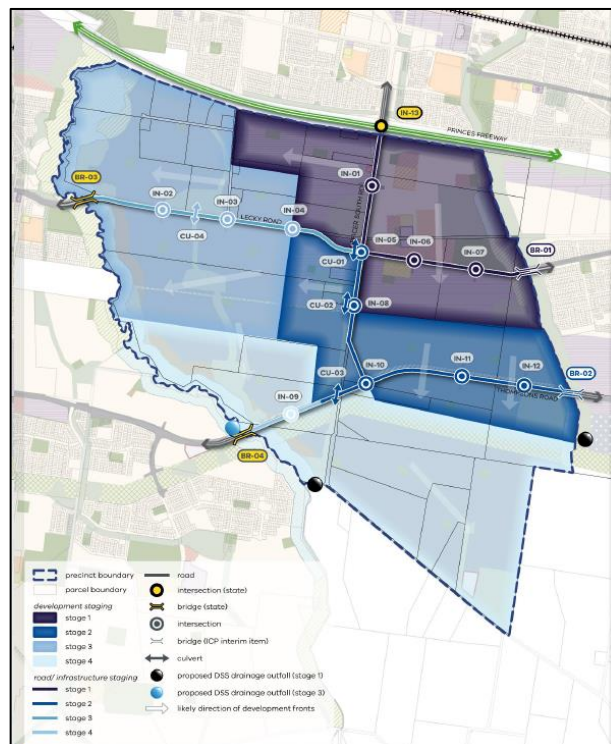


Figure: OSEPSP Infrastructure and Development Staging

In essence, Plan 12 identifies the proposed staging of infrastructure and subsequent release of land within the precinct. Regarding 'development staging' there are 4 defined staged. These stages can best be summarised in the above image as going from darkest colour (Stage 1) to lightest colour (Stage 4).

Additionally, infrastructure staging is proposed which guides the staging of development. Essentially the development of the land within the OSEPSP will be implemented from the north-eastern precinct, out to the south and western precincts.

The focus on staging is proposed to be controlled by the implementation of SCO14. Clause 1.3 of the incorporated document identifies the following key infrastructure items requiring to be delivered over the life of the PSP:

1. The Lecky Road Bridge (BR-01);
2. The Thompsons Road (East) Bridge (BR-02);
3. The Officer South Freeway Interchange Intersection (IN-13);
4. The Grices Road Bridge (BR-03);
5. The Thompsons Road (West) Bridge (BR-04).

Clause 4 – Special Controls then identifies a series of permit requirements for land within the PSP. These are:

- a. *A permit must not be granted for use or development of land in stage 2 on Map 1 until the Lecky Road bridge (BR-01) and Officer South Freeway interchange intersection (IN-13) are both delivered to the satisfaction of the Head Transport for Victoria and the Minister for Planning.*
- b. *A permit must not be granted to use or develop land in stage 3 on Map 1 until the Thompsons Road (east) (BR-02) and the Grices Road bridge (BR-03) are both delivered to the satisfaction of the Head, Transport for Victoria and the Minister for Planning.*
- c. *A permit must not be granted to use or develop land in stage 4 on Map 1 until the Thompsons Road (west) bridge (BR-04) is delivered to the satisfaction of the Head, Transport for Victoria and the Minister for Planning.*
- d. *Despite the provisions of Section 4(a), 4(b) and 4(c) of this Incorporated Document, a permit may be granted to use or develop land in accordance with the provisions of Clause 37.07-1 to 37.07-8 (Urban Growth Zone Part A) as if no precinct structure plan applied to the land covered by this Specific Controls Overlay.*

Although we acknowledge that key infrastructure projects are required to unlock land within the PSP boundary, we have preliminary concern that the proposed stages, coupled with the permit requirements of SCO14 will do little to promote and unlock land for industrial and employment generating purposes at a time when there is a well-known shortage.

Additionally, given the primary purpose of the EPSP is to promote and prepare land for industrial development (the PSP has an employment focus in its title), **we believe identifying the town centre, mixed use and residential precinct (The Village) of the PSP for Stage 1 development should be revisited.**

As is typical of PSP's and associated infrastructure contributions plans (ICP), budgets and incomes for certain infrastructure projects require funding. It is our experience that funding of various infrastructure projects are guided by specific Council programs aimed at identifying priority projects as the PSP is implemented over time. An example of this is the Wyndham Councils 'Project Implementation Program' (PIP), which identifies a yearly budget for various infrastructure projects based on funding streams from developer contributions. It is our experience in these Council led projects that funding various infrastructure projects comes with significant challenges given development is required to occur before funds can be collected.

In the context of the OSEPSP, given the majority of Stage 1 relates to town centre, mixed use and residential development, and Clause 4 of the SCO14 restricts planning permits for Stages 2-4 (employment land), we have concerns that unlocking the majority of the 465 Ha of industrial land cannot be undertaken as urgently as the industry requires. This is emphasised by the updated economic land supply research (Urbis) summarised above.

We acknowledge that the ICP, which accompanies the PSP, identifies processes for landowner and developer led 'works in kind'. However, this process relies on the ability for landowners and developers to obtain significant private financing to implement public infrastructure projects. All the while this process is likely to be necessary until such time as a percentage of the PSP is developed and significant contributions collected by Council.

Recommendations:

It is our opinion that the following initiatives should be given consideration and further research as part of this public advertising process:

1. **We believe there is a too high of a focus on the proposed business areas, particularly to the north of the PSP area (abutting the Princes Freeway west of Officer South Road);**
2. **We highly recommend a review of the proposed business land (C1Z), specifically regarding the land parcels 7 – 10;**
3. **Use and reference to the up-to-date industrial land supply research prepared by Urbis (November 2022) should underpin the preparation of the OSEPSP;**
4. **We recommend the depiction of the town centre, mixed use and residential precinct (The Village) of the PSP for stage 1 development should be revisited or expanded to include a greater emphasis on the employment land within the PSP.**
5. **A greater understanding of how major infrastructure projects will be initially funded to unlock the 465 hectares of industrial land.**

Conclusion

In conclusion, we submit the above for VPA's further consideration during the finalisation of the PSP.

Overall, we reiterate our support for the strategic direction, purpose and vision of the Officer South Employment PSP. However, we see there being a misunderstanding of the status of the supply of industrial land in the southeastern corridor. This, coupled with a concern about the development staging should be reinvestigated as part of the post-advertising process.

We would welcome the opportunity to discuss this matter further with the VPA in due course. Should you have any queries regarding the above, please do not hesitate to contact the undersigned on [REDACTED], or via email at [REDACTED] or on [REDACTED] or via email [REDACTED]

Yours sincerely,



Lynden Semmens
Associate



Hugh McKenzie
Director

Appendix One

Scheme Amendment C274card OSE Summary

- Inserts Schedule 7 to 37.07 Urban Growth Zone (UGZ7) into the Cardinia Planning Scheme and rezones land from Urban Growth Zone (UGZ) to Urban Growth Zone Schedule 7 (UGZ7) to part of the land within the draft amendment area.
- Rezones part of the land within the draft amendment area from Public Conservation and Resource Zone (PCRZ) to Rural Conservation Zone (RCZ).
- Rezones land within the draft amendment area which is a designated conservation area under the Biodiversity Conservation Strategy (BCS) from UGZ to RCZ and applies Schedule 3 (RCZ3) to the 'cultural value investigation area'.
- Inserts Schedule 8 to Clause 37.07 Special Use Zone (SUZ8) and rezones land that is within the electricity transmission line easement from UGZ to SUZ8. The SUZ8 includes land use and development controls to facilitate the development of the land generally in accordance with the PSP.
- Inserts a new Schedule 7 to Clause 42.01 - Environmental Significance Overlay (ESO7) and applies the ESO7 to land within the draft amendment area that is a designated conservation area under the BCS.
- Inserts Incorporated Plan Overlay Schedule 3 (IPO3) and applies the IPO3 to land within the draft amendment area which is a designated conservation area under the BCS. The IPO3 is also applied to the land identified as 'cultural value investigation area' in the PSP.
- Amends the application of the Heritage Overlay (HO) in Map 11 by reducing the extent of the HO boundaries relating to HO91 (410 Officer South Road, Officer) and HO92 (425 Officer South Road, Officer).
- Amends the Schedule to Clause 43.01 to apply tree controls and to permit prohibited uses at HO91 and to permit prohibited uses at HO92.
- Amends the extent of the Floodway Overlay (FO) along Lower Gum Scrub Creek to be contained within the conservation area.
- Amends the Schedule to Clause 45.01 Public Acquisition Overlay (PAO) to insert PAO8 allowing acquisition by Head, Transport for Victoria for 'road construction' associated with the following.
 - Princes Freeway – Officer South Road south-eastern interchange exit ramp. PAO8 is proposed to affect 185 Officer South Road, Officer.
 - Reserves land for the construction of Thompsons Road between Cardinia Creek and Lower Gum Scrub Creek.
- Apply the Environmental Audit Overlay (EAO) to 94 Princes Freeway, Officer.
- Inserts Schedule 3 (ICO3) to Clause 45.11 Infrastructure Contributions Overlay to land within the draft amendment area.
- Amends the Schedule to Clause 45.12 Specific Controls Overlay (SCO) to insert SCO14 which prohibits the use and development of land for urban purposes across part of the precinct until the five key State infrastructure items within the precinct have been satisfactorily constructed, or have a confirmed state government funding commitment. The five key state infrastructure items are:
 - Lecky Road bridge (interim standard) across Lower Gum Scrub Creek.
 - Thompsons Road bridge (interim standard) across Lower Gum Scrub Creek.
 - Officer South Freeway interchange intersection upgrade.
 - Grices Road bridge (ultimate standard) across Cardinia Creek.
 - Thompsons Road bridge (ultimate standard) across Cardinia Creek.
- Amends the Schedule to Clause 52.17 Native Vegetation to identify native vegetation that is exempt from requiring a planning permit for its removal.
- Amends the Schedule to Clause 66.04 Referral of Permit Applications Under Local Provision to require:

- Referral to Secretary to the Department of Energy, Environment and Climate Action for an application to subdivide land containing a conservation area as shown in the Biodiversity Conservation Strategy for Melbourne's Growth Corridors (Department of Environment and Primary Industries, 2013) as 'Conservation Area'.
- Referral to the Department of Transport and Planning of an application to subdivide land, use land or the construction of a building or carrying out of works on land identified as 'service station site' on Plan 3 of the PSP.
- Amends the Schedule to Clause 66.06 Notice of Permit Applications Under Local Provisions to require notice to the gas pipelines licensee under the Pipelines Act 2005 for a permit application for Accommodation (other than Dwelling), Child care centre, Cinema based entertainment facility, Corrective institution, Education centre, Hospital, Place of assembly, Residential aged car facility, Retail and service station within the '240m measurement length' shown on Plan 3 of the PSP.
- Amends the Schedule to Clause 72.03.
- Amends the Schedule to Clause 72.04 Documents Incorporated in this Planning Scheme to incorporate the Officer South Employment Precinct Structure Plan, September 2023, the Officer South Employment Infrastructure Contributions Plan September 2023 and the Site specific control – State Infrastructure Items – Officer South Employment Precinct Structure Plan September 2023.