



Port Phillip Industry and Business Strategy

City of Port Phillip

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INTRODUCTION

The future role and function of Port Phillip's industrial areas needs to be clarified in a local and broad context, having regard to economic trends and recent developments in the region including Docklands, Southbank, Fishermans Bend in the City of Melbourne, the Port of Melbourne and City Link.

There is currently pressure on some smaller industrial areas to evolve into mixed use areas with a dynamic mix of uses (including residential) that add diversity of micro-economic activity and the culture of the area. The South Melbourne/ Port Melbourne areas of Port Phillip are experiencing consolidation and growth in the hi-tech business sector which includes software, multi-media, information technology and telecommunications, internet and e-commerce.

These activities are consolidating in the inner region and have particular locational, infrastructure and accommodation needs that differ from traditional industry. These activities align more with the definition of office rather than industry and the appropriateness of existing industrial zones to accommodate these activities requires further investigation.

In recent years the Council has received various enquiries to rezone industrial sites from an industrial zone to a Mixed Use zone to facilitate medium density residential development. In addition, some land owners in Fishermans Bend have proposed subdivision of large industrial sites into multi lot industrial/ office parks.



Port Phillip has become a strategic location for export/ import related industries, being in close proximity to the Port of Melbourne. It is projected that total trade through Victoria's Ports will double by 2030 with container trade expected to exhibit growth of 400%. Supporting and protecting the key industrial and business areas is clearly integral to achieving a healthy industrial and business sector whilst minimising amenity impacts on nearby residential areas.

PURPOSE OF THIS REPORT

Macroffan was commissioned by the City of Port Phillip to develop an Industry and Business Strategy for the City that addresses the changing nature and function of industrial land within the City and the economic environment that is affecting the future of industrial land in Inner Melbourne.

Rather than a static blueprint for Port Phillip's industrial areas, this strategy presents an overall framework to both guide and influence development over the medium to long term. Inherent uncertainties in long term forecasting means that ongoing monitoring will be required to assess the key elements of the strategy. Accordingly, the strategy cannot anticipate all likely future eventualities and flexibility is required to ensure creative ideas and innovative proposals are encouraged.

The Strategy has been developed through a process of:

- Consultation with residents, business and industry in the City, the City of Melbourne and key government agencies including the former Department of Infrastructure and Melbourne Ports Corporation.
- Survey sent to the owners and occupiers of all industrial zoned properties in the City of Port Phillip.
- An audit of the Industrial 1, Industrial 3, Business 3 (along the northern side of Williamstown Rd) and Mixed Use zoned land in the City.
- An analysis of economic factors affecting the future location of industry, including an analysis of the industrial land market.
- Review of the relevant Port Phillip Planning Scheme provisions and policies.

The Strategy also gives consideration to key Council objectives to maintain and enhance industrial and business areas that:

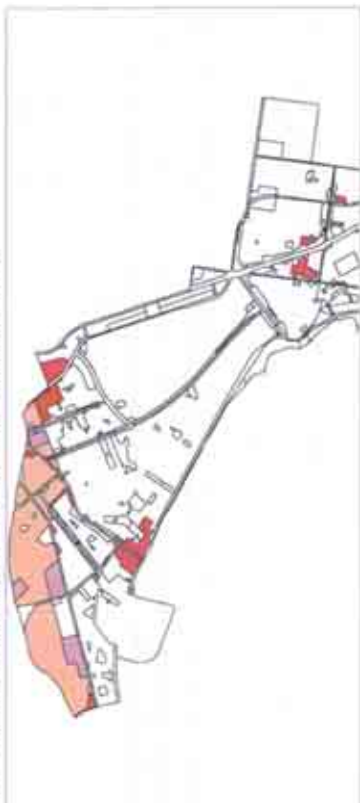
- Co-exist harmoniously with adjacent residential and other land-use precincts and do not compromise the amenity of nearby residential areas.
- Emphasise Port Phillip's competitive industry strengths.
- Maximise job opportunities.
- Support the role of Fishermans Bend, Port Melbourne as the industrial hub of Port Phillip.

Critical questions addressed in this report are:

- What are the current and future trends for industry?
- What are the current pressures for land use change in the industrial zones and where is it occurring?
- What are Port Phillip's comparative advantages for industrial/ business activities?
- What are the drivers to maintain an industrial zoning/ land use base and for what reasons?
- Are the current planning policies and controls appropriate to the future direction of industry and business?

PORT PHILLIP INDUSTRIAL AREAS

The Port Phillip Planning Scheme includes two industrial zones - Industrial 1 Zone (light brown) and Industrial 3 Zone (dark brown). There are other zones which allow for industrial use - the key zones being Business 3 Zone (purple) and Mixed Use Zone (red). These areas are highlighted in the following zoning map from the Port Phillip Planning Scheme.



The general purpose of each of the zones and an indication of the types of uses permitted in the zones is set out below.

Industrial 1 Zone - to provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner that does not affect the safety and amenity of local communities. Uses permitted include industry, warehouse, mail centre and service station. Prohibited uses include accommodation (other than caretaker's house), cinema, hospital, and most types of shop. Other uses require a permit.

Industrial 3 Zone - 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. The zone also provides a buffer between Industrial 1 or Industrial 2 Zoned land and local communities, which allow industries and associated uses compatible with the nearby community. It is also intended to ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses. Uses permitted include mail centre and service station. There is a limited range of uses permitted with most uses requiring a permit. Prohibited uses include accommodation (other than a caretaker's house), cinema, major sports and recreation facility, motor racing track and most types of shop.

Business 3 Zone - to encourage the integrated development of offices and manufacturing industries and associated commercial and industrial uses. Uses permitted include industry, mail centre, office and warehouse. Prohibited uses include shop, and accommodation (other than caretaker's house). Uses requiring a permit include restricted retail premises (bulky goods retailing), convenience shop, caretaker's house, education centre and most other uses.

The IN1 and IN3 zones contain a schedule wherein the floor area for a restricted retail premises can be specified. The B3 zone also contains a schedule wherein the floor area for an office or restricted retail premises can be specified.

Mixed Use Zone - to provide for a range of residential, commercial, industrial and other uses which complement the mixed use function of the locality. Uses permitted include bed & breakfast, dwelling, home occupation. Most other uses including industry, office, warehouse and shop require a permit. Prohibited uses include adult sex bookshop and brothel.

CONTEXT

POLICY CONTEXT

The Strategy gives consideration to a number of key Council policies. Principally, these include the:

- City of Port Phillip Corporate Plan 1999/2000 - 2001/2002; and
- Port Phillip Planning Scheme - Municipal Strategic Statement: MSS (Clause 21) and Local Planning Policy Framework: LPPF (Clause 22)

These policies are outlined below

CITY OF PORT PHILLIP CORPORATE PLAN 1999/2000 - 2001/2002

The Corporate Plan sets out the key objectives and actions for the Council to achieve, based on the aspirations of the community. The current Corporate Plan is structured under Key Result Areas - Building Stronger Communities, Improving Our Built Environment, Building a Sustainable Environment, Enhancing Our Neighbourhoods and Places, Improving Our Service and Capabilities and Ensuring a Sustainable Organisation.

Relevant objectives and actions from the Key Result Areas are:

KRA 2 - Improving Our Built Environment

Objective: Enhance urban character and preserve heritage.

Action: Complete and implement an Industrial Land Use Review.

Action: Prepare and plan implementation of urban design frameworks for strategic civic nodes, places and corridors, including Kingsway.

KRA 4 - Enhancing Our Neighbourhoods and Places

Objective: Encourage appropriate commerce, industry and tourism.

Action: Actively support commerce and industry in the City and in particular service their specific business needs by supporting existing and where appropriate contribute to the development of new and specific business networks, e.g. CyberPort etc.

Action: Continue to investigate the potential for co-operative action to encourage retention and expansion of multimedia business in Port Melbourne and South Melbourne.

PORT PHILLIP PLANNING SCHEME

The relevant policy provisions in relation to industry and business in the Municipal Strategic Statement (MSS) and Local Policy Planning Framework (LPPF) include:

MSS - Clause 21.03-1 - Key Issues:

- Pressure for conversion of buildings in industrial and commercial areas for residential purposes and flow-on impacts to the ongoing viability of these areas for industrial and commercial purposes
- Residential amenity impacts associated with proximity of residential areas to areas of commercial, industrial, retail, entertainment and recreational activity

MSS Clause 21.05-9 Industrial Areas and LPPF Clause 22.03 Industrial Areas Policy

The provisions of the above Clauses indicate that it is important that industrial activities are consolidated in order to make the most of the area's competitive industry strengths such as proximity to the CAD, Docklands, major transport networks such as City Link and major infrastructure such as Webb Dock. The key objectives include maintaining and enhancing industrial and business areas that:

- Co-exist harmoniously with adjoining residential and other land-use precincts and do not compromise the amenity of surrounding areas.
- Emphasise Port Phillip's competitive industry strengths.
- Maximise job opportunities.
- Support the role of the Fishermens Bend area as the industrial hub of Port Phillip.

The policy seeks to:

- Encourage sufficient buffer distances between industrial and non-industrial land uses to minimise the potential for conflict.
 - Resist market pressures to allow industrial land in the Fishermens Bend area of Port and South Melbourne to be redeveloped for commercial and residential land uses.
 - Support the continued role of Fishermens Bend as the largest and most important industrial area within Port Phillip.
 - Support traditional viable existing industrial uses.
 - Encourage a transition from the traditional manufacturing role of the area to employment-intensive, clean and sustainable industrial activity, including hi-tech uses, offices and other labour intensive industries.
 - Encourage the construction of Dockside Road as a priority.
 - Maintain the strong industrial focus of the South Melbourne industrial area as well as the mix of large general industrial uses in the west and smaller lots with less industrial uses in the east.
 - Encourage new industrial uses in appropriate locations where they will not impact upon the amenity of adjoining residential areas.
 - Support the mixed use role of the South Melbourne East Industrial Area as a location for light industrial and commercial development (including manufacturing, motor vehicle repairs and a limited number of offices) with the potential for a range of mixed commercial and office uses along Kings Way corridor.
- The Industrial Land Use Framework Plan at the end of Clause 21.05-9 shows:

- The Fishermens Bend precinct, the South Melbourne West precinct north of City Road and the South Melbourne East precinct as the "main industrial areas"; and
- The area bounded by City Road, Ferrars Street, York Street, Clarendon Street and Ballantyne Street and the northern side of Williamstown Road as "mixed office and industrial precincts".

MSS - Clause 21.05-12 - Mixed Use Areas:

This clause indicates that the mixed use zone provides for a range of residential, commercial, industrial and other uses that complement the mixed use function of the locality. The objectives identify the strategic role of the Mixed Use zone in providing an opportunity for increased residential use that supports urban consolidation objectives and addresses issues of population growth. Strategies include support for commercial and light industrial uses that are compatible with residential uses within the zone.

In addition to the MSS and the LPPF policy framework and zones, the Port Phillip Planning Scheme contains various overlay controls, for example, the Heritage Overlay and Design Development Overlay, which also affect development in the industrial and mixed use areas. Other Council strategies may also affect industrial land use and development, including the Port Phillip Sustainable Development Strategy, 2001

INDUSTRIAL DEVELOPMENT TRENDS NATIONAL/ INTERNATIONAL ENVIRONMENT

- The shift from the 'old' to a global economy has changed the way business and manufacturing is organised.
- The global economy emphasises innovation and specialisation. Creating and transforming knowledge have emerged as the drivers, or keys, to competitiveness.

STATE AND REGIONAL PERSPECTIVE

- Melbourne's economic strength has come from its role as a manufacturing centre, consolidating this role and moving into higher technology processing. The drive to more efficient and low cost manufacturing has meant that industry is establishing new modes of production, with greater reliance on imported components, more automated manufacturing and a greater emphasis on establishing market niche.
- The increased reliance on imported components in the manufacturing sector has resulted in an increased focus on assembly and packaging processes with lower overall value added.
- The manufacturing sector is seeking low cost locations to maintain competitiveness. This means locations with low land cost, low transport costs and low labour costs. Industries requiring larger sites are therefore seeking locations away from the inner city areas to green field sites with good transport infrastructure and accessibility such as the western sector of Melbourne.
- Industrial property has enjoyed strong growth in line with State economic growth over the past 5 years. Despite the more modest forecasts for growth and industrial production now beginning to emerge, there has not been any slowdown in tenant demand as yet.
- There has been a growing emphasis on logistics and distribution, with the supply chain from production to delivery effectively becoming shorter and more efficient. The role of manufacturing with warehousing may be combined whilst the retail stage may be reduced. Many functions (sales/ admin/ warehouse/ distribution) will increasingly take place under the one roof. As a result, demand for versatile, 'hi-com' (industrial property with a high commercial component, noting that a maximum of 500m² of office floor area is permissible in an Industrial Zone) and well-located industrial space in inner Melbourne has grown over recent years. The emergence of e-commerce has hastened this trend.
- Close to the Melbourne CBD, there has been a gradual evolution of industrial property to 'hi-com'. This has been facilitated through larger manufacturing/ distribution industries relocating to greenfield sites and some rezoning of land (e.g. rezonings in City of Melbourne area of Fishermans Bend from industrial to business zones). Multi media and other hi-tech businesses are locating in the South Melbourne/ Port Melbourne area. The City of Port Phillip Corporate Plan seeks to encourage these businesses to consolidate in these locations.
- Port of Melbourne – the Draft Port of Melbourne Land Use Plan, 2001 prepared by the Melbourne Ports Corporation, identifies the possibility of a new container terminal being built at Webb Dock – Westgate Terminal. The establishment of a major new container facility at Westgate Terminal would require new back up facilities for the port, specifically container depots, some of which could be provided in the Fishermans Bend industrial area.



INDUSTRIAL LAND MARKET SUPPLY

- While there is only a small area of vacant industrial land in the City of Port Phillip, there is an estimated 157 hectares of industrial zoned land in the City. A significant proportion of this land is occupied by older building stock that is coming under pressure for upgrading as technology and the requirements of industry change. This is likely to result in a continuation of supply of industrial land in the City as industry requiring larger premises relocate to larger greenfield sites, generally in outer suburban locations, and redevelopment occurs to meet the requirements of new industry.
- Supply of industrial land in Port Phillip is of minor significance to the overall supply and demand of industrial land to service Melbourne's growth.

DEMAND

- The competitive advantage historically experienced by industries positioned close to the Port of Melbourne have been eroded due to increasingly efficient transport networks which link the Port to the larger and substantially cheaper industrial land spread across Metropolitan Melbourne (particularly in the western sector).
- Future growth of the Port of Melbourne, particularly the proposed development of a new container terminal at Westgate Park, may create demand for sites for port related activities in Fishermans Bend such as container depots/ parks and distribution centres, ie port related activities.
- 'Hi-com' industry is seeking well located industrial space in inner Melbourne to establish a base to service the greater metropolitan area.
- The evolving market for new, multi-unit hi-tech office/ warehouse and office/ residential could provide opportunities for businesses such as hi-tech/ multi-media to consolidate in the South Melbourne industrial and business areas.

CONSTRAINTS

- High land prices are constraining opportunities for industry to expand, particularly in South Melbourne. Leasing costs are also high. 'Hi-com' industries are driving higher land values for industrial land because of the higher office component.
- Prices for industrial land in South Melbourne range to over \$1,000 per sq m with larger sites in Port Melbourne/ Fishermans Bend priced around \$380 per sq m. This compares with prices in the western sector of Melbourne of around \$60 per sq m.
- High land prices reflect the changing market for land (and the take up by industry) with higher intensity use able to afford the costs for land/ premises in a highly accessible location.
- Smaller land holdings and relatively narrow streets (in parts of South Melbourne in particular) also limit opportunities for industries requiring larger sites accessible by trucks carrying containers.
- The industrial buildings are ageing throughout the Port Melbourne and South Melbourne areas and the rising land values are generating pressure for conversion of the older buildings to more modern premises to meet the requirements for new industries and businesses seeking to locate in these areas. The scope for these areas to retain industry will depend on the extent to which they compete with lower cost locations with modern buildings with more efficient use of space and potential for expansion.
- Some industrial zoned land interfaces with established residential areas and there is a need to minimise amenity impacts on residents.

CURRENT PRESSURES FOR LAND USE CHANGE IN INDUSTRIAL ZONES

GENERAL PRESSURES – SOUTH MELBOURNE INDUSTRIAL AREAS

- Development in Docklands and Southbank is creating market pressure for land use change in the adjacent area of City of Port Phillip, particularly for medium density residential on large industrial sites in proximity to the Westgate Freeway.
- Developers are identifying sites for residential and/ or retail (supermarket and bulky goods) redevelopment, in the Fishermens Bend and South Melbourne industrial precincts.
- Most of the South Melbourne industrial precincts do not have a Design and Development Overlay control and consequently there is speculation as to the potential for medium and high rise development.
- Increased value of industrial zoned land along with growing office/ business park use is reducing the feasibility of new industrial use.
- Clusters of hi-tech uses are establishing in South Melbourne.

PRECINCT PRESSURES

SOUTH MELBOURNE WEST (MONTAGUE ST) INDUSTRIAL ZONES

- Few new significant industrial developments, although some refurbishment of buildings for warehouse/ office / industrial uses is occurring.
- The precinct has several large sites in Montague Street, Buckhurst Street and Ferrars Street that have the potential to be comprehensively redeveloped.

SOUTH MELBOURNE EAST (MORAY ST) INDUSTRIAL ZONES

- Few new industrial developments although some redevelopment of sites for office/ warehouse and caretaker's house is occurring, particularly in Moray Street (east side) between Bank and Coventry Streets.
- Increased pressure for residential/ caretaker's house within the precinct.
- Increasing pressure for small mixed use developments which combine an office showroom, sales and warehouse function (e.g. along Coventry Street)
- Most of the clusters of hi-tech uses are establishing within this precinct.
- There is a clustering of brothels in the Industrial 1(IN1) Zone in the north-eastern area of the precinct.
- There are few large sites in the precinct, which is characterised by a fine grained subdivision and local street pattern.

PORT MELBOURNE/ FISHERMENS BEND INDUSTRIAL ZONE AND BUSINESS 3 ZONE

- Core industrial area with major industry investment.
- Developers are identifying sites for retail (supermarket and bulky goods) redevelopment in the Business 3 zone on Williamstown Road.
- Office/ showroom and office/ warehouse development is occurring in the Business 3 (B3) zone in Williamstown Road.
- High value corporate office/ warehouse and business parks are establishing in the City of Melbourne part of Fishermens Bend, consistent with Melbourne City Council's strategic planning directions for the area.
- Larger sites provide for continued use of the area for industry.
- Emerging interest in business park estates on larger sites.
- Relocated heavy vehicle traffic, as a result of the removal of the Graham Street Freeway ramps, is impacting on the residential amenity of Williamstown Road.
- Continuing conflict between container depot and transport/ distribution uses in Fishermens Bend and adjacent residential areas in terms of truck traffic and continuous hours of operation.

ST KILDA INDUSTRIAL ZONE

- Little change in land use and built form over recent years.
- Provides an important option for industry to service the local area.

MIXED USE ZONED LAND

- Mixed Use zones have a low proportion of industrial and business uses and appear to be transforming to predominantly residential with limited new office, retail and restaurant uses reflecting increasing property values, market demand and developer interest.
- Some mixed use developments, incorporating various combinations of residential, office, retail, restaurants are taking place in the Mixed Use zones.
- Some hi tech/ multi media uses are clustered in the Port Melbourne Mixed Use Zone.

PORT PHILLIP AS A LOCATION FOR INDUSTRIAL/ BUSINESS ACTIVITIES COMPARATIVE ADVANTAGES

- High accessibility (Melbourne CAD, Docklands, Southbank, arterial routes to major transport terminals, inner and suburban areas and interstate).
- Access to suppliers.
- Proximity to the Port of Melbourne.
- Access to a highly skilled labor force.
- Diversity in existing industry base – range of industry, including internet/ multi-media start-ups in South Melbourne and Port Melbourne through to large scale manufacturing in Fishermens Bend.

CHALLENGES

- High value industrial land making it an unattractive location for traditional (e.g. manufacturing) industry, particularly those requiring large land areas.
- Large sites available in Fishermens Bend and South Melbourne West, but smaller sites in other areas of South Melbourne are restricting opportunities for many types of industry.
- Older buildings in need of upgrade to provide for the requirements of new industrial and business activity.
- New infrastructure required for hi tech/ multi-media industry, particularly access to high-speed cables.
- Conflict between through heavy vehicle traffic in Fishermens Bend and the adjacent Garden City residential area.

DEMAND FOR RESIDENTIAL DEVELOPMENT SITES

MacroPlan's analysis, in conjunction with discussions with a number of industry professionals (i.e. active developers, project marketing agents, economists, investors and investments advisors), indicates that the inner Melbourne residential market is peaking.¹ More recently, this is supported by the decline in the number of residential development applications lodged (within the last 6 months ie first half of 2002) and the decline in residential developments released to the market.

In terms of future supply, it is considered that there is adequate supply to satisfy demand for conservatively around 10 – 15 years (without consideration given to major known sites including the 2006 Commonwealth Games residential village). As a result, there is a limited requirement for additional major developable residential parcels in the immediate to short term – particularly given the aforementioned peak in the residential property cycle and the historically high inner Melbourne apartment market.

The existing supply of land (proposed and mooted) and demand is highlighted below:

- **Melbourne Docklands:** A further 7,500 apartments are planned and mooted. With around 760 scheduled for completion in 2002, this would conservatively satisfy around 10-12 years demand.
- **Port Melbourne Foreshore – Mixed Use Zone:** A total of 1,200 apartments are planned and mooted. With a 5-year annual apartment completion rate of around 320, this would conservatively satisfy around 4-5 years demand.
- **Melbourne CAD:** A total of 3,500 apartments are planned and mooted. With a 5-year annual apartment completion rate of around 960, this would conservatively satisfy around 4-5 years demand.
- **Southbank:** A total of 1,200 apartments are planned and mooted. With a 5-year annual apartment completion rate of around 530, this would conservatively satisfy around 2-3 years demand.
- **St. Kilda and Queens Road:** A total of 900 apartments are planned and mooted. With a 5-year annual apartment completion rate of around 300, this would conservatively satisfy around 3-4 years demand.



Melbourne Docklands – 2010

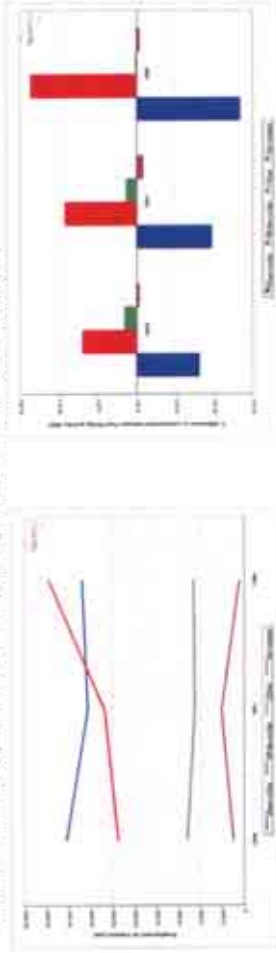
¹ REIV - December quarter data indicates that house price growth may be slowing, with Melbourne recording a median of \$316,000 (up 1%).

DRIVERS TO MAINTAIN INDUSTRIAL ZONING/ LAND USE

PORT PHILLIP RESIDENTS

Employment

- In total, there are 50% more jobs in the City of Port Phillip than the resident workforce. There has been a transformation of the occupations of residents in Port Phillip, with significant growth in the proportion of workforce in 'white-collar' occupations and corresponding declines in 'blue-collar' residents.



Community profile

- The population of Port Phillip is changing in character with a more affluent and highly skilled workforce, who are choosing to live in the municipality because of accessibility to a wide range of employment opportunities and lifestyle and leisure opportunities both within Port Phillip and the inner region.

PORT PHILLIP AS A BUSINESS LOCATION

- Industry is locating in Port Phillip to take advantage of the high accessibility of location, including access to:
 - Melbourne Central Activities District (CAD);
 - major arterial road routes;
 - suppliers; and
 - employees
- Industry locating in the South Melbourne area is part of a trend to locate in a highly accessible location for businesses offering trade supplies, businesses which are servicing clients around the metropolitan area and/ or the CAD. These businesses typically require an office and showroom component with modern storage facilities, accessible by smaller trucks and vans for distributing goods.
- Growth of businesses in the hi-tech/ multi-media sector in Port Phillip is likely to be driven as much by dynamic forces within the sector as the availability of suitable sites/ premises. Encouraging the establishment of this industry in Port Phillip is likely to be driven most successfully through initiatives such as:
 - Implement Port Phillip's 'CyberPort' concept, linking to the State government's multi media initiatives in Docklands;
 - establish/ support business networks;
 - facilitate growth of support services through direct industry liaison; and
 - establish appropriate infrastructure (e.g. high speed cables).
- Fishermens Bend remains an important location for major manufacturing companies. Holden and Kraft have recently announced major investments in the City of Melbourne area of Fishermens Bend as part of a long term commitment to stay in Melbourne. Toyota Australia and Unichema International are two major companies that have significant investments in manufacturing facilities in the Port Phillip side of Fishermens Bend. There are also significant car showroom, storage and distribution companies in the South Melbourne West (Montague Street) precinct.
- The Melbourne Port Corporation's future development plans for the Port of Melbourne are addressed in the Strategy to ensure appropriate management of the interface between the Garden City residential area and the potential industrial land needs related to the Port.

INFRASTRUCTURE AND LINKAGES

There are a number of infrastructure changes/ proposals which have/ or will affect the use and development of industrial land in the municipality. The removal of the Graham Street access to the Westgate Freeway (part of the construction of the City Link) is considered to have resulted in an increase in truck traffic along Williamstown Road on the southern boundary of the core industrial area in Fishermens Bend. This has had a detrimental effect on the amenity of the residential areas south of Williamstown Road. The current access arrangement to the Webb Dock facilities of the Port of Melbourne is considered to be contributing to a lesser degree to the high levels of truck traffic movement along Williamstown Road. A number of infrastructure improvements are proposed which will assist in reducing the truck traffic:

- A proposal to provide truck access along Plummer Street through the core industrial area north of Williamstown Road to the Westgate Freeway. Whilst this proposal didn't get State Government budget approval in 2002, it will remain on the agenda and further consultation and detailed design work will be undertaken between now and the next budget round.
- Construction of Dockside Road through the Port land in Webb Dock to provide more direct connection from the Port to the Westgate Freeway.
- A proposal to re-introduce the rail freight line from the Dynon Railyards across the Yarra and along Lorimer Street to Webb Dock with the aim of transporting 30 percent of the freight to and from Webb Dock by rail.

The City of Melbourne has recently investigated the feasibility of improving access for employees into the Fishermens Bend area by the introduction of a light rail line. This proposal is supported by the City of Port Phillip on the basis that it services the whole Fishermens Bend industrial area currently in both the City of Melbourne and the City of Port of Phillip.

INDUSTRIAL DEVELOPMENT ISSUES

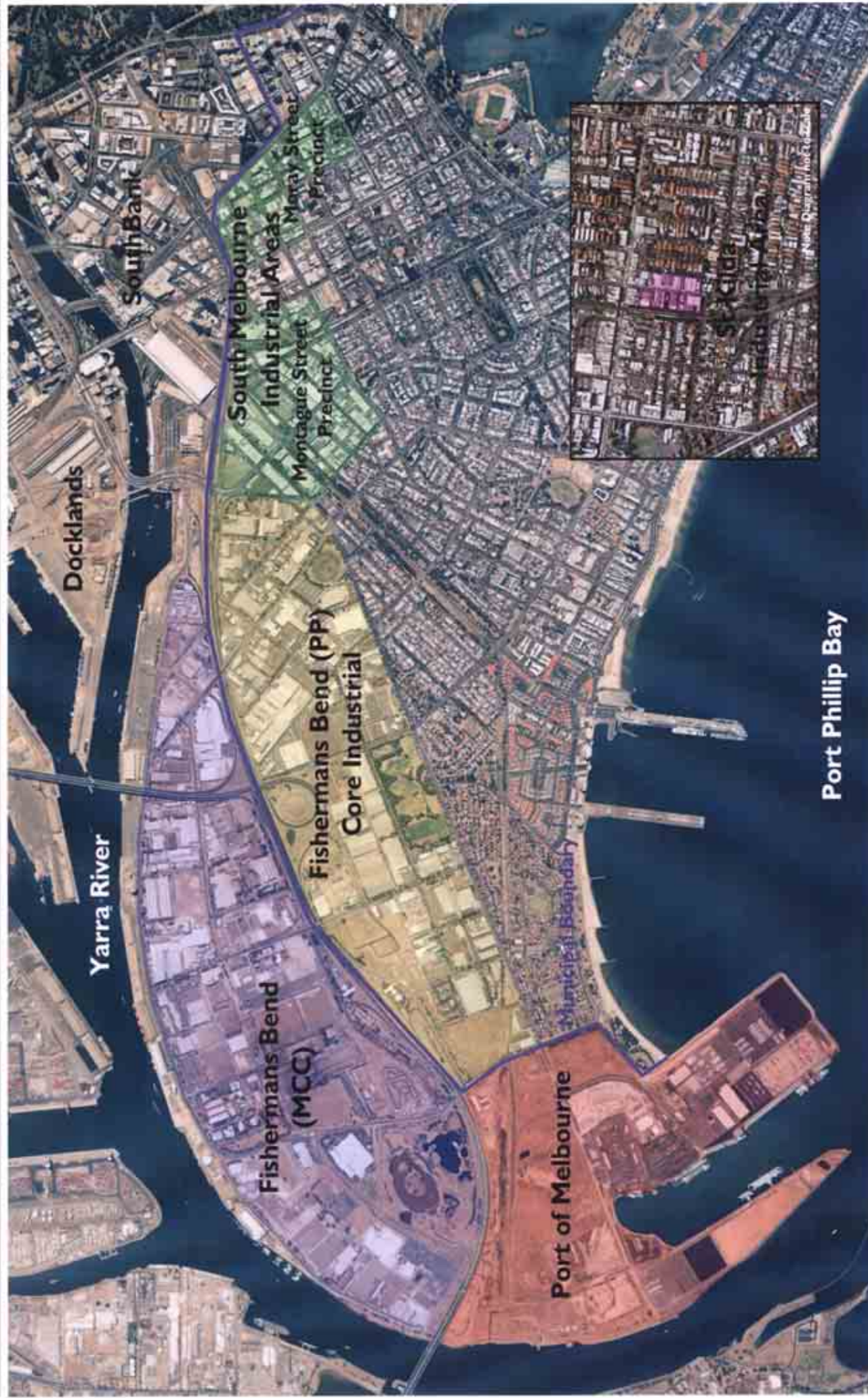
- Managing the interface between industrial and other land uses.
- Shipping container storage depots and truck traffic movement in the Fishermens Bend industrial area and the Port is creating noise, vibration and traffic nuisance to some Garden City residents.
- The potential amenity conflicts between industry and residential uses within Mixed Use zoned areas.
- Vehicle parking requirements for industry, particularly in South Melbourne, where the fine grain subdivision and local street pattern in some areas does not cater well for the parking and access needs of industry.
- Appropriate role that Council may wish to pursue to facilitate the establishment of new industrial and business development, particularly low impact and innovative forms of industry such as hi-tech, multi media industry and business enterprise parks.

MAJOR INDUSTRIAL AREAS AND SURROUNDING PRECINCTS

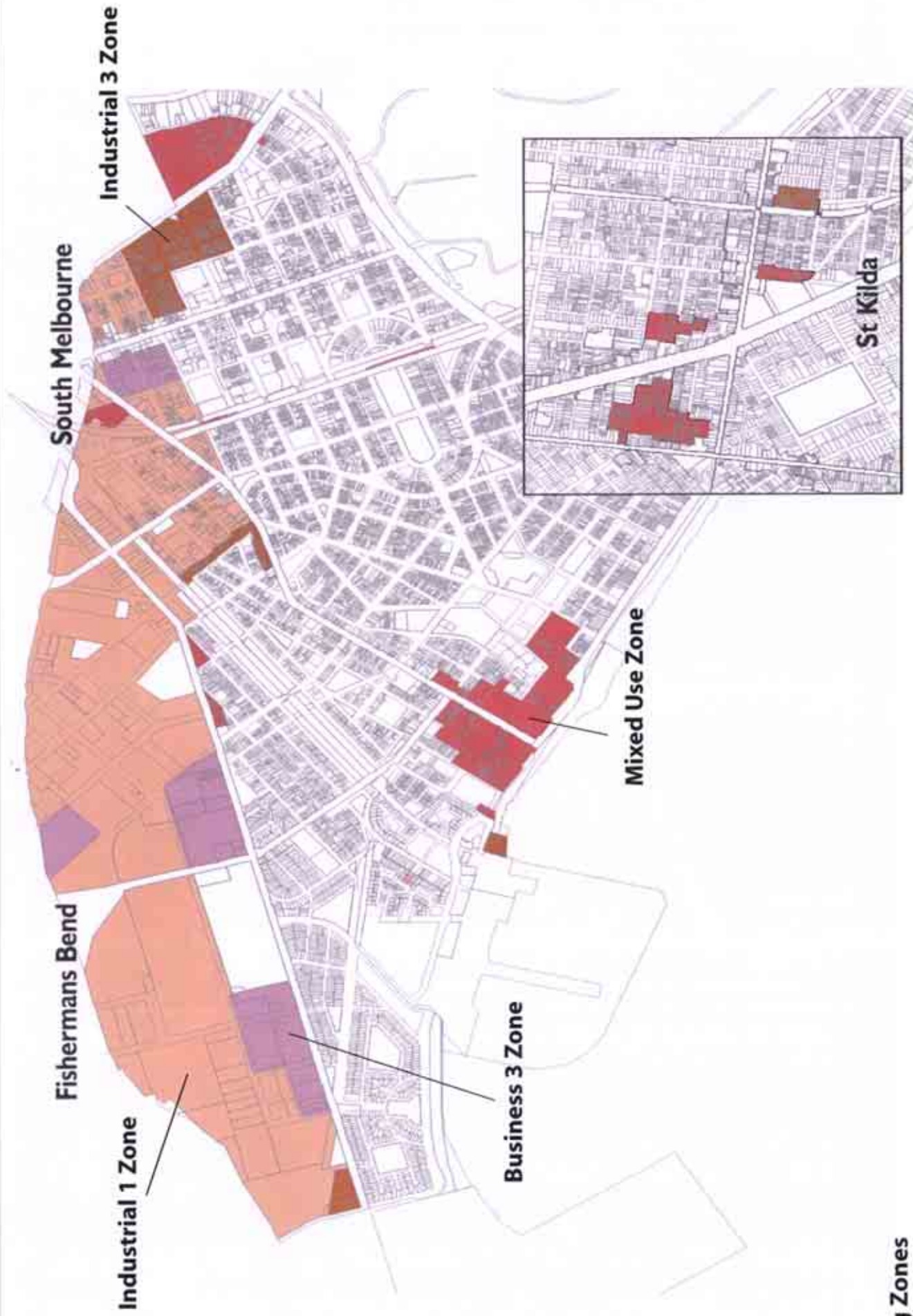
A contextual overview of the northern section of the City of Port Phillip is outlined in a diagram that overlays an aerial photograph on the following page. This diagram includes identification of the following major industry and business areas and precincts:

- Docklands (in part).
- Southbank (in part).
- Port of Melbourne.
- Fishermens Bend (City of Melbourne).
- Fishermens Bend (City of Port Phillip) Core Industrial Area.
- South Melbourne - Montague Street (south Melbourne West) and Moray Street (South Melbourne East) Industrial Areas.
- The municipal boundary between the City of Port Phillip and City of Melbourne.
- Port Phillip Bay and the Yarra River.

The map following the aerial photograph shows the existing Industrial 1 and 3, Business 3 and Mixed Use Zones in the Port Phillip Planning Scheme.



Port Phillip Bay



Existing Zones Port Phillip Planning Scheme

PORT PHILLIP INDUSTRY AND BUSINESS STRATEGY

INTRODUCTION

The Port Phillip Industry and Business Strategy has been prepared to address issues identified in the Port Phillip Industrial Review Issues Paper, December 2001, on a precinct basis, where possible. There are several matters that need to be addressed more broadly. The most important of these is the overall issue of industrial land supply in the City of Port Phillip. The strategy for industrial land supply forms the basis for addressing other issues on a precinct basis. The key industrial precincts are located in Port Melbourne (Fishermens Bend – the core industrial area), South Melbourne and St Kilda.

The guiding Principles for the Strategy have been identified below. The Strategy then follows a format for each precinct that identifies the relevant key issues, planning objectives, and strategies to achieve those objectives, and actions to implement those strategies. The precincts/issues have been addressed in the following order:

- Industrial Land Supply.
- South Melbourne West Industrial 1 and 3 (IN1 and IN 3) Zones.
- South Melbourne East Industrial 1 and 3 (IN1 and IN 3) Zones.
- Port Melbourne / Fishermens Bend Industrial 1 (IN1) and Business 3 (B3) Zones.
- St Kilda Industrial 1 (IN1) Zone.
- Interface with the City of Melbourne.
- Industry in Mixed Use (MU) Zones.

PRINCIPLES

The following overarching principles have been identified for the Strategy:

- Build upon the comparative advantages offered by Port Phillip's industrial areas by giving prominence to its unique attributes and strategic inner city location close to Melbourne's CBD, Docklands and Southbank, major transport infrastructure and the Port of Melbourne.
- Facilitate and encourage diversity of industry and business types and associated diversity of employment opportunities.
- Recognise the emergence of new dynamic and footloose work patterns with an increasing number of contract workers operating from a variety of work locations.
- Encourage a sustainable rate of change in land use and built form in industrial areas to facilitate new forms of business/ industry.
- Acknowledge the important economic role of established industry and business and support their retention and consolidation.
- Facilitate options for new 'start up' types of industry and business to establish in the South Melbourne/Port Melbourne precincts that have minimal amenity impacts.
- Provide opportunities for industry and business servicing the CBD, Port of Melbourne, Docklands, Southbank and Melbourne's inner suburbs.
- Recognise the appropriate expansion of the Port of Melbourne and acknowledge the State government's commitment to maintain the viability of the Port as key State infrastructure.

Specific objectives, strategies and actions have been identified for each of the precincts/ issues.

IMPLEMENTATION ISSUES

The Port Phillip Planning Scheme identifies the Strategic Issues, the Municipal Vision and Strategies, and Local Policies for the municipality. The Port Phillip Industry and Business Strategy contains a range of strategic issues, objectives, strategies and actions which are at variance with the current provisions of the planning scheme.

The adoption of this strategy will require the City of Port Phillip to amend the Planning Scheme to update those matters with which the scheme is at variance with the adopted strategy and list the Port Phillip Industry and Business Strategy as a reference document in the Municipal Strategic Statement. Of particular importance to the implementation of the Strategy will be the amendment of the Industrial Areas Policy (Clause 21.05-9) and the Industrial Areas chapter (Clause 22.03) of the Local Planning Policy Framework.

The Strategy also recognises that industrial and business development is a dynamic process and that there are a number of critical issues which are currently being explored by the City of Port Phillip which will impact on the future development of industry in the municipality. These include

- The boundary between the City of Melbourne and the City of Port Phillip which splits the Fishermens Bend industrial area into two administrations.
- The current development of Southbank and Docklands which is changing the demographic and employment framework in this part of inner Melbourne.
- The future development of the Port of Melbourne, particularly the prospect for the development of the Westgate Terminal and the option to re-establish a rail connection to Webb Dock.
- The nature and extent of the current development of hi-tech and multi media industries in the South Melbourne/ Port Melbourne area.
- The need for the Planning Scheme to respond to new types of advanced industry that do not neatly fit with current planning controls for industry and that Council will need to work in partnership with Government and other stakeholders to develop an appropriate planning response.

Also, it is noted that since the completion of the Port Phillip Industry and Business Strategy (draft) in August 2002, there have been two significant projects that have affected the final adopted version of the strategy, particularly in relation to the South Melbourne East precinct and part of the South Melbourne West precinct, as follows:

- The State Government's release of the Melbourne 2030 strategy (October 2002).
- Port Phillip Council's response to Melbourne 2030 that, in part, includes the Council resolution (December 2002) to prepare a structure plan and urban design framework for the "South Melbourne Central" precinct. This precinct includes the South Melbourne Activity Centre and surrounds; an area generally bounded by the Westgate Freeway, Ferrars Street, Park Street and Kingsway (i.e. including the South Melbourne East precinct and part of the South Melbourne West precinct of the Port Phillip Industry and Business Strategy). The South Melbourne Central project will establish the strategic land use, development and urban design framework for this area having regard to Melbourne 2030. Submissions to the Port Phillip Industry and Business Strategy (draft) that are relevant to this precinct will be further considered as part of the South Melbourne Central project.

The resolution of these issues in the short to medium term will mean that it may be appropriate to review the Port Phillip Industry and Business Strategy in 5 years to re-evaluate the strategic direction for industry.

INDUSTRIAL AND BUSINESS LAND SUPPLY

ISSUES

- The industrial properties in Port Phillip represent approximately 7% of total industrial properties in the Inner Melbourne region. A large proportion of industrial properties in Port Phillip is made up of small lots in the South Melbourne area.
- In terms of the importance of the City of Port Phillip industrial land supply, the remaining vacant industrial sites are large (average 1.4 hectare) lots in the Port Melbourne area with a total area of 9.7 hectares. This area represents approximately 1.7% of total vacant industrial land in the Inner Melbourne region and 0.2% of the Metropolitan market.
- The main contributor to supply in Port Phillip is the high redundancy factor of old buildings in the locality that presents opportunities for redevelopment. The industrial buildings are ageing throughout the Port Melbourne and South Melbourne areas and the rising land values are generating pressure for conversion of the older buildings to more modern premises to meet the requirements for new industries seeking to locate in these areas.
- Fishermens Bend represents the core industrial area of Port Phillip. Existing lot configuration, with a predominance of large lot sizes provides for the consolidation of existing industry and for a range of industrial development opportunities.

OBJECTIVES

- To maintain an adequate supply of industrial and business zoned land in the City of Port Phillip to meet the demand for a range of industry and business types.
- To maintain land parcel sizes, particularly the supply of large lot industrial land to meet the requirements of industries seeking a location in proximity to the Melbourne CBD.
- To maintain options for future industry and business investment.
- To develop policy which is responsive to trends and changes identified during the course of the Port Phillip Industry and Business Strategy such as:
 - The economy and employment composition.
 - Industry transformation and innovation.
 - Development/investor demand.
 - Locational influences for hi-tech and emerging forms of innovative industry such as e-commerce.
- To provide opportunities for industry and business providing services to Melbourne's CAD.
- To maintain historic linkages between the Port and the core Fishermens Bend industrial area.
- To establish an attractive business environment which builds on each precinct's qualities and attributes.

STRATEGIES

- Maintain a substantial area of Industrial 1(IN1) and Industrial 3 (IN3) zoned land in the Fishermens Bend, South Melbourne West and St Kilda precincts.
- Consolidate Business 3 (B3) zoned land along Williamstown Road (north side).
- Maintain a buffer between the future land area requirements of the Port of Melbourne and the adjacent Garden City residential area.
- Ensure that there is alignment between the policy, zoning and overlay provisions in the Port Phillip Planning Scheme.
- Promote the development of land associated with the transport function in view of the redevelopment of Docklands and the resultant relocation of some freight handling and storage firms.
- Develop a long term plan for coordinated transport and land use planning in Fishermens Bend to reduce truck impacts on interfacing residential areas and achieve effective buffers around Webb Dock.
- Facilitate the redevelopment of the older building stock in South Melbourne to accommodate new industry types in higher amenity developments.

ACTIONS

Port Phillip Planning Scheme

- Revise the industrial policy in the Port Phillip Planning Scheme (Clause 21.05-9 and Clause 22.03) to reflect the Port Phillip Industry and Business Strategy recommendations.
- Use the adopted Port Phillip Industry and Business Strategy as the strategic justification for not supporting any further rezoning of industrial zoned land for other purposes.

Other Measures

- Port Phillip Council continues to liaise with key authorities and stakeholders regarding regional and local traffic issues and solutions.
- Investigate infrastructure needs (including the provision of on-street parking), to enhance the function of the industrial areas and that are also integral to further industry/business development.
- In consultation with property owners and other interested parties, prepare a marketing strategy to increase the profile of Port Phillip's industrial areas and enhance investment. Promotion of attributes associated with its location and physical infrastructure, its diverse industry base, aligned with the implementation of the Port Phillip Industry and Business Strategy, will play a key role in attracting investment.



STRATEGIES (CONTINUED)

- Consider the appropriateness of the Industrial 1 zone for the area bounded by Ferrars Street, York Street, Cecil Street and City Road and the small 'triangle' site bounded by City Road, Ballantyne Street and the Westgate Freeway as part of the South Melbourne Central Structure Plan and UDF project.
- Consider consolidation of the Mixed Use zoning for the sub-precinct bounded by City Road, Whiteman Street and the Westgate Freeway, together with a concurrent Design and Development Overlay, in the context of State Government's Melbourne 2030 strategy and the area's proximity to the South Melbourne Activity Centre. A Design and Development Overlay should not continue the hi-rise (30 storey) built form of the adjacent Southbank area (City of Melbourne) but instead mediate between this City-scale of development and the low scale of Port Phillip's industrial and business areas.

STRATEGIES (CONTINUED)

- Recognise the potential for a site-specific rezoning of 11–31 Montague Street, bounded by Montague Street, Munro Street, Ford Street and Brady Street, noting that this is a major site that is currently vacant and subject to Design and Development and Development Overlay DDO 2, which includes a preferred maximum building height of 12 metres to 45 metres. Possible uses envisaged for this site include commercial, industrial and retail uses. No residential use (other than a caretaker's house) is supported at this stage for the following reasons:
 - The site's location within the core industrial area and adjacent to the City of Melbourne Fishermens Bend industrial and business area.
 - The site has the potential to contribute to the implementation of the strategic planning objectives for the core industrial area.
 - Residential development is consolidated in the riverside areas of Docklands and the City of Melbourne has maintained a Business 3 (B3) Zone for the intervening area of Fishermens Bend in the City of Melbourne. It is appropriate to consolidate the industrial and business role and function of the broader Fishermens Bend area to protect the on-going viability of this important inner city economic and employment base.
- The strategy for 11–31 Montague Street potentially applies to several other large sites in Buckhurst Street and Ferrars Street that have the potential to be comprehensively redeveloped.
- Investigate the potential for an urban design framework and/or guidelines, particularly for those sub-precincts that comprise large lot sizes and that interface with the Westgate Freeway, where this is adjacent to Docklands and the Southbank area in the City of Melbourne.
- Ensure that the planning policy provisions in relation to a caretaker's house are clarified so that only genuine caretaker's houses establish in the precinct (see also South Melbourne East (Moray Street) Precinct).

ACTIONS

Port Phillip Planning Scheme

- Revise the industrial policy in the Port Phillip Planning Scheme (Clause 21.05-9 and Clause 22.03) to reflect the South Melbourne West (Montague Street) precinct recommendations.
- Revise the current planning policy and provisions in relation to a caretaker's house to ensure that only a genuine caretaker's house establishes in the precinct.
- Complete the South Melbourne Central Structure Plan and UDF project to inform any potential changes to the planning controls for the following areas:
 - The area bounded by Ferrars Street, York Street, Cecil Street and City Road and the small triangle site bounded by City Road, Ballantyne Street and the Westgate Freeway.
 - No. 380 City Road, Nos. 115 Whiteman Street and No. 412 City Road; i.e. the remaining area of the sub-precinct bounded by Whiteman Street, City Road and the Westgate Freeway.
- Consider a site specific rezoning of 11–31 Montague Street, bounded by Montague Street, Munro Street, Ford Street and Brady Street that would facilitate commercial, industrial and/or retail uses.
- Undertake preliminary work to investigate the potential for an urban design framework and/or guidelines for the precinct or sub-precincts.

Other Measures

- Work in partnership with Government and other stakeholders to develop an appropriate planning response to new types of advanced industry that do not neatly fit with current planning controls for industry.
- In consultation with property owners and other interested parties, prepare a marketing strategy to raise the profile of the expanded core industrial precinct and enhance investment.

SUB PRECINCT 2 – SOUTH MELBOURNE EAST (MORAY STREET)

OBJECTIVES

- To minimise conflict between the industrial areas and other land uses in the precinct and the interfacing residential areas to the south of the precinct.
- To investigate the mixed use potential of the precinct in the context of State Government's Melbourne 2030 strategy and the area's proximity to the South Melbourne Activity Centre.
- To provide opportunities for business and industry that complements the South Melbourne Activity Centre and that services the Melbourne CAD and Melbourne's inner suburbs.
- To ensure that appropriate provision is made for vehicle parking for new industrial and business development.
- To facilitate new forms of industry including hi-tech and multi media businesses.
- To ensure that any caretaker's house in the precinct is rigorously justified to minimise any unnecessary residential encroachment into the precinct.

STRATEGIES

- Undertake the South Melbourne Central Structure Plan and UDF project to investigate the mixed use potential of the precinct.
- Support the continued transition of the precinct from an industrial area to a mixed industry and business enterprise precinct.
- Support the retention of the variety of manufacturing, warehousing and service industries in the area.
- Encourage substantial office and commercial uses to establish along the Kings Way corridor.
- Support the main clusters of existing 'hi-tech' start-ups in the precinct – main clusters are found in Bank Street, Clarendon Street, Dorcas Street, Market Street and Moray Street.
- Encourage the establishment of more 'hi-tech' start-ups in the precinct and the expansion of existing clusters.
- Encourage industries and businesses that are low impact and suited to the small sites and floor areas that characterise most of the precinct.
- Encourage the consolidation of mixed businesses that comprise a showroom at ground level and associated office and warehouse/distribution, in the Coventry Street area.
- Ensure that new use and development provides adequate parking, storage and loading facilities.
- Ensure that new use and development makes a positive contribution to the character and amenity of the area, particularly along Kings Way, which is a major road entry to the Melbourne CAD.
- Consider the potential to prepare an urban design framework and/or guidelines that provide direction on built form outcomes, access and vehicle parking, infrastructure, signage and streetscape improvements. In particular, the fine grain subdivision and development pattern and the pedestrian scale of the precinct should be acknowledged.

ACTIONS

Port Phillip Planning Scheme

- Complete the South Melbourne Central Structure Plan and UDF project to inform any changes to local planning policy and controls in the Port Phillip Planning Scheme.
- Revise the caretaker's house policy provisions in Clause 22.03 of the Port Phillip Planning Scheme
- As part of the South Melbourne Central Structure Plan and UDF project, prepare an urban design framework and/or guidelines for the precinct or key sub-precincts that could inform a Design and Development Overlay control.

Other Measures

- Work in partnership with Government and other stakeholders to develop an appropriate planning response to new types of advanced industry that do not neatly fit with current planning controls for industry.
- Undertake marketing / image development strategies for the precinct. In particular, target the precinct's hi-tech/multi media focus and potential to build on Council's 'CyberPort' concept.
- Encourage high-quality urban design and development with no net detriment to on-street parking capacity.
- Establish an economic development role within Council to develop / facilitate networks of hi-tech / multi-media industry.
- Continue work on developing an Urban Design Framework for the Kings Way corridor that improves the function, appearance and amenity of this major road entry to the Melbourne CAD.

PORT MELBOURNE/ FISHERMENS BEND INDUSTRIAL ZONE

ISSUES

- The Port Melbourne Industrial zoned land has retained a high proportion of industrial uses and large land holdings (over 1,000 sq m) and represents the core industrial area.
- Office/ showroom and office/ warehouse developments occurring in Port Melbourne/ Fishermens Bend revealing a shift to more intensive use of land in this area.
- High value industrial land in Port Melbourne/ Fishermens Bend area will experience redevelopment to more intensive use as large land users potentially seek to locate to lower cost locations or redevelop. Office/ warehouse development occurring in the precinct is increasing land values.
- Development in the City of Melbourne portion of Port Melbourne for high value office/ warehouse and hi-tech office parks is also starting to have some effect on the perception of land value and land use in the precinct.
- Lack of amenities for employees including public transport, and eating premises.

OBJECTIVES

- To encourage the consolidation of existing industrial uses in the precinct
- To acknowledge the precincts role of providing for potential port related industry
- To minimise amenity impacts on adjacent residential areas from industrial use and development in the precinct.
- To minimise amenity impacts on adjacent residential areas generated from truck traffic along Williamstown Road that comprises both local truck traffic and through truck traffic.
- To ensure availability of large sites for continued use by manufacturing, port related uses and transport/ distribution industry.
- To establish appropriate infrastructure to support industrial development in the area.

STRATEGIES

- Maintain the Fishermens Bend Industrial zoned land as the core industrial area in the City of Port Phillip.
- Maintain the Industrial 1(IN1) Zone for the core area of the precinct that is generally bounded by Westgate Freeway, Todd Road, Plummer Street, Woodruff Street and Ingles Street.
- Encourage the retention of existing large lot sizes throughout the core industrial precinct.
- Consolidate the Williamstown Road Business 3 (B3) Zone for the whole length of Williamstown Road.
- Encourage low impact uses such as offices and showrooms along the Williamstown Road frontage to provide a buffer between the core industrial area and the established residential areas.
- Lobby the State government and other key stakeholders for the establishment of key infrastructure to service industrial development including:
 - Plummer Street truck route extension to connect with Westgate Freeway
 - Construction of Dockside Road to better connect Webb Dock to the Westgate Freeway
 - Re-introduction of the rail freight line from the Dynon Railyards to Webb Dock to reduce truck movement of freight.
 - Light rail extension to Fishermens Bend to improve accessibility by existing and prospective employees.

ACTIONS

Port Phillip Planning Scheme

- Revise the industrial policy in the Port Phillip Planning Scheme (Clause 21.05-9 and Clause 22.03) to reflect the Port Melbourne/ Fishermens Bend precinct recommendations.
- Rezone the properties fronting Williamstown Road:
 - Between Todd Road and Prohasky Street from Industrial 3 (IN3) to a Business 3 (B3) zone.
 - Between Bridge Street and Ingles Street from Industrial 1 (IN1) to a Business 3 (B3) zone.
- Conduct forums with key stakeholders in the core industrial precinct to establish their needs and aspirations for the precinct and foster a partnership between Council and industry.
- Continue negotiations with State government, the City of Melbourne and other affected parties for the re-alignment of municipal boundaries to include all of Fishermens Bend in the City of Port Phillip (See Interface with City of Melbourne)



ST KILDA (WILLIAM STREET) INDUSTRIAL ZONE

ISSUES

- Little change in land use over recent years with some movement to small scale office.
- Due to the small scale of the industrial area there is little conflict with other uses.

OBJECTIVES

- Maintain the potential for this precinct to provide an important option for small scale industry to service the local area.
- Maintain existing industrial character.

STRATEGIES

- Maintain the current industrial policy and Industrial 3 (IN3) Zone for the precinct.

ACTIONS

- No action required.

INTERFACE WITH THE CITY OF MELBOURNE

ISSUES

- Inconsistency in land use and development outcomes, specifically the interface to Southbank where there is a significant difference in the height of development.
- Separation of core industrial areas, namely Fishermens Bend and industry and business areas north of the Westgate Freeway (Fishermens Bend, City of Melbourne) due to the local government amalgamation process in 1994 and issues resulting from poor access to and across the Westgate Freeway.

OBJECTIVES

- To ensure compatibility of administration for industrial and business development in the broader Fishermens Bend area currently located within the City of Port Phillip and the City of Melbourne.
- To improve the connectivity between the northern and southern areas of Fishermens Bend that is presently compromised by the Westgate Freeway.
- To address the differences in land use mix, built form scale and the provision of car parking between the City of Port Phillip and the City of Melbourne.

STRATEGIES

- Investigate opportunities to provide linkages and improvements to the public realm, traffic management and public transport between the City of Port Phillip and the City of Melbourne areas of Fishermens Bend, pending State Government's decision on the reunification of Fishermens Bend.
- Develop planning policy and controls that address the change in built form scale at the interface area.
- Advocate for resolving the local government boundary that currently divides the Fishermens Bend area.

ACTIONS

Port Phillip Planning Scheme

- Revise the urban design policy in the Port Phillip Planning Scheme (Clause 21.05-4) to include some specific provisions to address the change in built form at the interface area. This policy should be developed together with the proposed Design and Development Overlay for the Whiteman Street, City Road and Westgate Freeway sub-precinct. The policy should mediate between the Southbank City-scale of development and the low scale (2-3 storeys) of Port Phillip's industrial and business areas.
- Prepare urban design and streetscape plans based on improving linkages to the northern area of Fishermens Bend, as well as the general roadside amenity.
- Continue negotiations with the City of Melbourne and State Government with respect to re-alignment of the municipal boundary to include all of Fishermens Bend in the City of Port Phillip.

INDUSTRY IN MIXED USE AREAS (ST KILDA, BAY STREET, KINGS WAY)

ISSUES

- Mixed Use zones have a low proportion of industrial uses and appear to be transforming to predominantly residential in accordance with the main intent of the zone.
- Mixed Use developments, incorporating various combinations of residential, office, retail, restaurants are taking place in the Mixed Use zones.
- The Mixed Use zone is not relevant to future industrial land supply in the City of Port Phillip

OBJECTIVES

- To encourage innovative developments that incorporate "best practice" environmental and sustainability objectives, including a mix of small to medium enterprises.
- To retain, where appropriate, existing industry and businesses and opportunities for their consolidation.

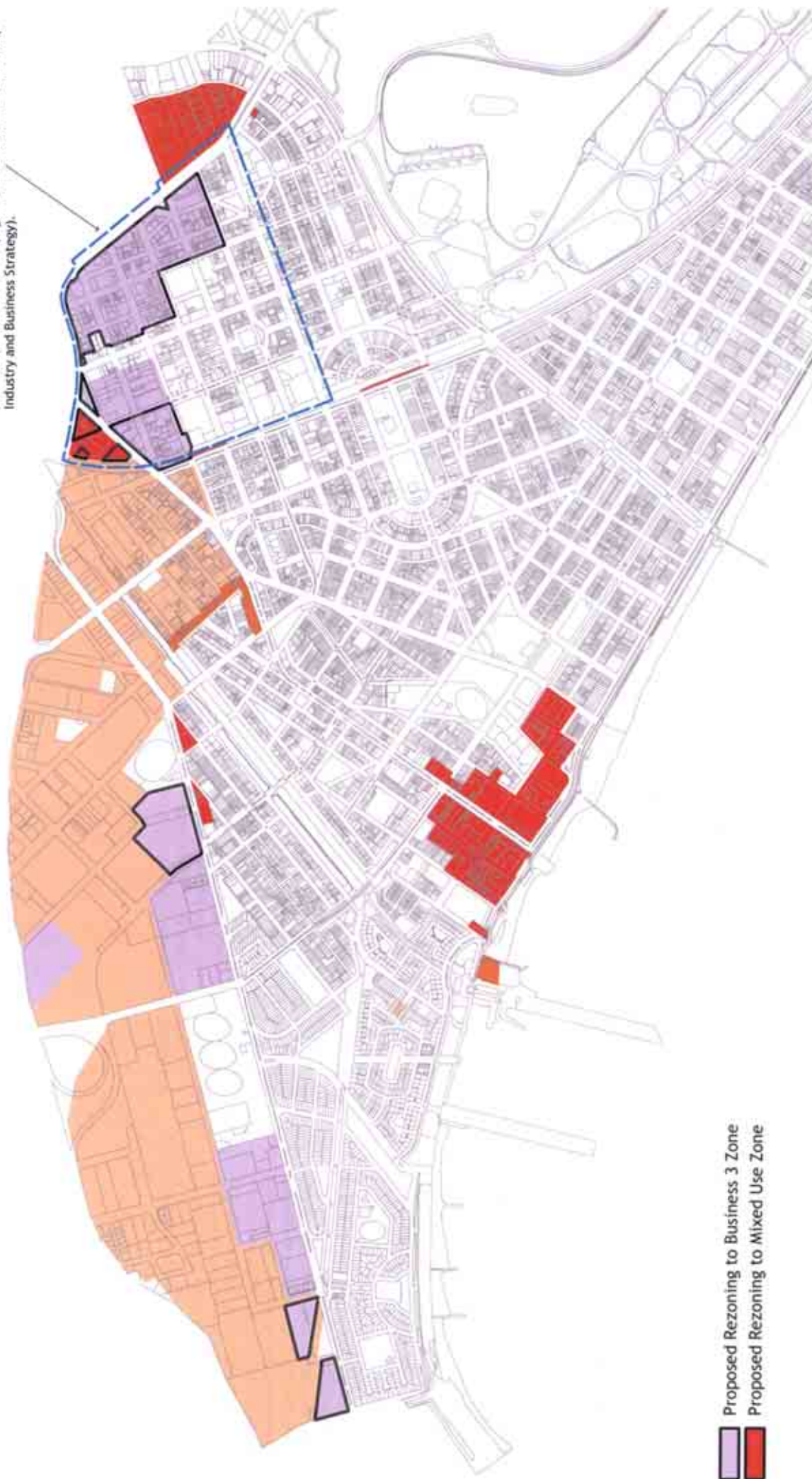
STRATEGIES

- Identify the importance of mixed use zones in facilitating the development of multi media businesses, particularly in the Port Melbourne Mixed Use Zone.
- Review the role and preferred mix of uses and associated built form character outcomes for each Mixed Use Area that is currently in the Municipal Strategic Statement of the planning scheme.

ACTIONS

- Input into the mooted State Government review of the effectiveness of the current VPP Mixed Use Zone.
- Review the complementarity of the relevant MSS policy (Clause 21.05-12) and land use and built form outcomes that have occurred in each Mixed Use Zone.

South Melbourne Central (SMC) Precinct
The SMC Structure Plan and Urban Design Framework project
will identify the strategic planning directions for this
precinct (as referred to on pages 9, 12 & 13 of the Port Phillip
Industry and Business Strategy).



Proposed Rezoning Port Phillip Industry & Business Strategy