

Port Phillip Planning Scheme

Amendment C219port

Explanatory Report

Overview



Figure 1: Map of South Melbourne Structure Plan Area

The amendment applies to all land within the South Melbourne Structure Plan Area shown in Figure 1.

The amendment implements the recommendations set out in the South Melbourne Structure Plan which provides a long-term strategic vision for South Melbourne.

The amendment introduces new place-based policies for the South Melbourne Structure Plan Area in the Municipal Planning Strategy and Planning Policy Framework. In addition, the amendment replaces Design and Development Overlay (DDO) Schedules 8 and 16 with four new DDO schedules. Together, they will provide a contemporary planning framework to guide land use, built form, movement and transport, and public realm matters in South Melbourne.

Further, the amendment rezones the 'City Road Industrial Triangle' bound by City Road, Ferrars Street and York Street from the Industrial 1 Zone (IN1Z) to the Commercial 2 Zone (C2Z) and applies the Environmental Audit Overlay (EAO) to the land. It also applies the Heritage Overlay to 9 individual heritage places assessed to be of local significance and 4 places assessed to be of contributory significance to be included as an extension to HO440 (Emerald Hill Residential Precinct).

Finally, the amendment makes consequential changes to the Planning Policy Framework and Operational Provisions.

Where you may inspect this amendment

The amendment can be inspected free of charge at the City of Port Phillip website at <https://haveyoursay.portphillip.vic.gov.au/future-south-melbourne>.

The amendment is also available for public inspection, free of charge, during office hours at the following places:

- St Kilda Town Hall, Corner Carlisle Street and Brighton Road, St Kilda
- Emerald Hill Library, 195 Bank Street, South Melbourne

The amendment can also be inspected free of charge at the Department of Transport and Planning website at <http://www.planning.vic.gov.au/public-inspection> or by contacting the office on 1800 789 386 to arrange a time to view the amendment documentation.

Submissions

Any person may make a submission to the planning authority about the amendment. Submissions about the amendment must be received by **28 September 2025**.

A submission must be made:

- Via email to: FutureSouthMelbourne@portphillip.vic.gov.au;
- Via the project *Have Your Say* website: <https://haveyoursay.portphillip.vic.gov.au/future-south-melbourne>; or
- By post mailed to: City of Port Phillip, Private Bag 3 St Kilda, Victoria, Australia 3182

Panel hearing dates

In accordance with clause 4(2) of Ministerial Direction No.15 the following panel hearing dates have been set for this amendment:

- Directions hearing: 15/12/2025
- Panel hearing: Week of 2 March 2026

Details of the amendment

Who is the planning authority?

This amendment has been prepared by the City of Port Phillip, who is the planning authority for this amendment.

Land affected by the amendment

The amendment applies to all land within the South Melbourne Structure Plan Area shown in Figure 1.

A mapping reference table is attached at Attachment 1 to this Explanatory Report to provide further information about land affected by the amendment.

What the amendment does

The amendment implements the recommendations set out in the South Melbourne Structure Plan which provides a long-term strategic vision for South Melbourne. New planning provisions seek to guide the management of activities and uses, built form, movement and transport, and the public realm in South Melbourne.

Specifically, the amendment makes the following changes to the Port Phillip Planning Scheme:

1. Updates Clause 02 (Municipal Planning Strategy) to reflect the strategic vision set out by the South Melbourne Structure Plan.
2. Deletes Clause 11.03-1L-05 (South Melbourne Central) and introduces new place-based policies to the Planning Policy Framework at:
 - a. Clause 11.03-6L-08 (South Melbourne)
 - b. Clause 17.01-1L (Diversified economy - South Melbourne Enterprise Precinct)
 - c. Clause 17.01-2L (Innovation and research – South Melbourne Enterprise Precinct).
3. Amends the following clauses in the Planning Policy Framework to update policy references and make consequential changes:
 - a. Clause 11.03-1L-01 Activity centres
 - b. Clause 15.01-1L-02 Urban design
 - c. Clause 15.01-5L Neighbourhood character
 - d. Clause 15.03-1L Heritage policy
 - e. Clause 17.02-1L Mixed use and office areas
 - f. Clause 17.03-2L Sustainable industry
 - g. Clause 18.01-3L-01 Sustainable and safe transport in Port Phillip
 - h. Clause 19.02-4L Community facilities.
4. Deletes Design and Development Overlay Schedule 8 (South Melbourne Central) and Design and Development Overlay Schedule 16 (Cnr York, Cecil & Market Streets, South Melbourne).
5. Introduces four new Design and Development Overlay schedules:
 - a. Design and Development Overlay Schedule 37 (Clarendon Street Precinct)
 - b. Design and Development Overlay Schedule 38 (South Melbourne Market Precinct)
 - c. Design and Development Overlay Schedule 39 (South Melbourne Enterprise Precinct East and Kings Way Mixed Use Corridor)
 - d. Design and Development Overlay Schedule 40 (South Melbourne Enterprise Precinct West).
6. Rezones the 'City Road Industrial Triangle' bound by City Road, Ferrars Street and York Street from the IN1Z to the C2Z and applies the EAO to this land.

7. Corrects the zoning of seven sites including:
 - a. 127 and 80-94 Market Street, 78 and 80-94 Cecil Street, 146-164, 166, 168 and 170 York Street and 3-5 Northumberland Street, South Melbourne
 - b. 176-188 Bank Street, South Melbourne
 - c. 383-385 Clarendon Street, South Melbourne
 - d. 68-72 York Street, 191-199 Clarendon Street and 31 Ross Street, South Melbourne
 - e. 120-142 Clarendon Street, Southbank
 - f. 102-106 Park Street, South Melbourne
 - g. 77 Park Street and 286-294 Kings Way, South Melbourne
8. Applies a Heritage Overlay to and inserts new Statements of Significance for nine individual heritage places, including:
 - a. HO561: 89 and 99 Eastern Road, and 36A and 58A Napier Street, South Melbourne
 - b. HO563: 110 Bank Street, South Melbourne
 - c. HO564: 151, 153 & 155 Dorcas Street, South Melbourne
 - d. HO565: 108 Bank Street, South Melbourne
 - e. HO566: 167-173 Coventry, South Melbourne
 - f. HO567: 82-86 Clarke Street, South Melbourne
 - g. HO568: 49-55 York Street, South Melbourne
 - h. HO569: 152 Clarendon Street, Southbank
 - i. HO570: 68 and 70 Market Street, Southbank
9. Extends the boundary of HO440 (Emerald Hill Residential Precinct) to apply to an additional four heritage places:
 - a. 2 Alfred Place, South Melbourne,
 - b. 214-216 and 220 Clarendon Street, South Melbourne
 - c. 31 Ross Street, South Melbourne
 - d. 221 Moray Street, South Melbourne.
10. Makes consequential changes to the following:
 - a. *Port Phillip Heritage Review - Volumes 1-6* (City of Port Phillip, August 2024)
 - b. *City of Port Phillip Heritage Policy Map* (City of Port Phillip, August 2024)
 - c. *City of Port Phillip Neighbourhood Character Map* (City of Port Phillip, August 2024).
11. Amends the Operational Provisions at the schedules to:
 - a. Clause 72.04 (Incorporated Documents) to update references to the Heritage Review, Heritage Policy Map and Neighbourhood Character Map.
 - b. Clause 72.08 (Background Documents) to include the South Melbourne Structure Plan (Port Phillip City Council, August 2024).
 - c. Clause 74.01 (Application Of Zones, Overlays And Provisions) to amend existing references to the application of the Commercial 2 Zone in South Melbourne and use of the Design and Development Overlay to facilitate increased employment densities.
 - d. Clause 72.04 (Further Strategic Work) to remove reference to the need to develop a vision and strategic framework to guide the role and function of South Melbourne Central.

Strategic assessment of the amendment

Why is the amendment required?

The amendment is required to implement the recommendations of the *South Melbourne Structure Plan* (City of Port Phillip, August 2024).

South Melbourne is identified as a Major Activity Centre (MAC) in *Plan Melbourne 2017-2050* and as an Enterprise Precinct comprising regionally significant employment land in the *Melbourne Industrial and Commercial Land Use Plan* as “Regionally Significant Industrial Land”. Similarly, *Plan for Victoria* identifies South Melbourne as an area for housing growth. Therefore, South Melbourne is required to play a significant role in achieving the directions of State Policy contained in these documents, along with the directions of State Policy contained in the Planning Policy Framework of the Port Phillip Planning Scheme, particularly regarding housing and employment.

Given its crucial role, the South Melbourne Structure Plan (SMSP) comprises an integrated planning framework to guide change in South Melbourne over a 20-year period. This framework will provide a high level of clarity and certainty for Council, applicants and the wider community on the preferred vision sought for the area.

The South Melbourne Structure Plan is underpinned by a robust suite of technical documents, including the:

- *South Melbourne Structure Plan Background Report 2024* (City of Port Phillip)
- *South Melbourne Built Form Review 2024* (Hodyl & Co)
- *South Melbourne Major Activity Centre & Employment Precincts: Heritage Built Form Analysis & Recommendations 2023* (GJM Heritage)
- *South Melbourne Heritage Gaps Analysis 2023* (Trethowan)
- *South Melbourne Public Realm Framework 2024* (City of Port Phillip)
- *South Melbourne Employment, Economic and Land Use Study 2023* (Urban Enterprise with Echelon Planning)
- *South Melbourne Transport and Movement Study 2023* (Ratio Consultants)
- *South Melbourne Activity Centre Boundary Report 2024* (City of Port Phillip)
- *South Melbourne Zoning Anomalies Report 2024* (City of Port Phillip).

Victoria’s Housing Statement: The decade ahead 2024-2034

The amendment supports initiatives in *Victoria’s Housing Statement* by introducing DDO schedules that increase South Melbourne’s development capacity, including residential development capacity.

Policy at clauses 11.03-6L-08 (South Melbourne), Clause 17.01-1L (Diversified economy - South Melbourne Enterprise Precinct) and Clause 17.01-2L (Innovation and research – South Melbourne Enterprise Precinct) are place-based policies that will support South Melbourne’s vibrancy, liveability and diversity. Together, these policies seek to strengthen and consolidate the MAC’s retail, commercial and residential role, expand the Enterprise Precinct’s role and ensure the viability of the Kings Way Mixed Use Corridor. Specific policy is included in Clause 11.03-6L-08 (South Melbourne) on activities and uses, built form and building design, access and movement, and the public realm. This intention is reinforced by updated policy in other parts of the PPF.

Updated strategic directions for South Melbourne in the Municipal Planning Strategy at Clauses 02.03-1 (Settlement) and 02.03-6 (Economic development) more strongly reflect the role of the South Melbourne MAC, South Melbourne Enterprise Precinct and the Kings Way Mixed Use Corridor as an anchor for a sustainable and well-designed mixed use precinct.

Victoria's Housing Statement: The decade ahead 2024-2034

The amendment implements *Victoria's Housing Statement* by introducing DDO schedules that increase South Melbourne's development capacity, including residential development capacity.

Plan for Victoria

The amendment implements the 'five pillars for action' in a *Plan for Victoria* in the following ways:

Pillar 1: Housing for all Victorians

The proposed DDO schedules will increase the capacity of South Melbourne to accommodate new housing, which is well designed and provides for good internal amenity. Containing a Major Activity Centre and Enterprise Precinct, new housing in South Melbourne will enable residents to leverage opportunities to be close to daily needs and diverse employment opportunities. The DDOs will facilitate the delivery of housing targets for councils set out in a *Plan for Victoria*.

Pillar 2: Accessible jobs and services

The amendment elevates the importance of the South Melbourne Enterprise Precinct by:

- spatially defining its boundaries
- containing new policy in the PPF at Clause 17.01-1L (Diversified economy - South Melbourne Enterprise Precinct) and Clause 17.01-2L (Innovation and research – South Melbourne Enterprise Precinct) to improve the diversity of employment opportunities, along with facilitating innovation, enterprise and creativity
- retaining the C2Z and rezoning the City Road Industrial Triangle to C2Z to reinforce its employment focus.

Supporting this is new policy at Clause 11.03-6L-08 (South Melbourne) that seeks to enhance the South Melbourne Major Activity Centre's provision of retail, employment, housing, entertainment opportunities and community uses within a well-connected, accessible, well-designed and sustainable community.

Pillar 3: Great places, suburbs and towns

The amendment contains policy both in the PPF and in the new DDOs that will enhance South Melbourne's vibrancy, resilience and liveability. New DDOs contain a mix of mandatory and discretionary heights, mandatory Floor Ratios and direction on other design matters that will respond to and enhance South Melbourne's celebrated heritage and culture. The new DDOs will supersede DDO8, which has seen newer developments in South Melbourne take on a stepped 'wedding cake' form. This is supported by policy to ensure development contributes to engaging and walkable precincts.

Importantly, the amendment focuses on reinforcing civic pride and sense of place by acknowledging the need to developing the South Melbourne Town Hall and Emerald Hill Precinct as the major focus of cultural activity in the area.

Pillar 4: Sustainable environments

New policy at Clause 11.03-6L-08 (South Melbourne) seeks to encourage development to integrate climate responsive design and the creation of public spaces that are attractive, vibrant, climate-resilient and people-friendly. This will support direction in the new DDOs addressing development in flood affected areas, wind effects on the public realm and building separation. Together, new development and public realm upgrades will support South Melbourne's response to climate change in a way that builds community resilience.

Pillar 5: Self-determination and caring for country

Self-determination and caring for country underpin and inform the other four pillars in a *Plan for Victoria*. Importantly, the amendment reinforces the need to protect and interpret Aboriginal cultural values and heritage in the design of the public realm of South Melbourne. Doing so will provide opportunities to draw upon the unique knowledge and wisdom of Traditional Owners.

Design and Development Overlay Schedules 37, 38, 39 and 40

The amendment implements the built form recommendations of the *South Melbourne Structure Plan, August 2024* (City of Port Phillip) through the introduction of four new schedules to the DDO, including:

- Design and Development Overlay Schedule 37 (Clarendon Street Precinct)
- Design and Development Overlay Schedule 38 (South Melbourne Market Precinct)
- Design and Development Overlay Schedule 39 (South Melbourne Enterprise Precinct East and Kings Way Mixed Use Corridor)
- Design and Development Overlay Schedule 40 (South Melbourne Enterprise Precinct West).

These new DDO schedules replace the existing DDO8 and DDO16, containing precinct specific controls, which seek to strengthen the role of South Melbourne MAC, South Melbourne Enterprise Precinct and the Kings Way Mixed Use Corridor. In turn, the controls provide a tailored response for South Melbourne to ensure forecast growth occurs in a way that successfully balances the valued attributes of the activity centre and delivers a high-quality living and working environment, complemented by an attractive public realm and accessible movement network.

The amendment proposes to implement the following key controls:

Control	Rationale
Mandatory Floor Area Ratios (FARs)	Ensures new development provides a contextual response to the site considering the overall vision for South Melbourne and the specific precinct objectives. The key benefits of using FAR controls include: ▪ Provides greater clarity and certainty of future development yield that can be delivered on the site whilst ensuring that amenity outcomes are appropriately managed ▪ Provides design flexibility to respond to the specific conditions of a site and the surrounding context, enabling more site responsive design.

Discretionary maximum building heights	Mandatory FARs are applied with discretionary building heights (metres) to reflect the highly varied character of the Structure Plan area and have been determined through considering factors such as the role and width of streets, lot sizes, interfaces and land uses.
Mandatory maximum building height – DDO37 - Clarendon Street Precinct	Applies only to the Clarendon Street Precinct and is consistent with <i>Planning Practice Note: 59: Role of Mandatory Provisions in Planning Schemes</i> due to the Clarendon Street Precinct's high heritage value, including heritage places included on the Victorian Heritage Register.
Discretionary street wall heights and building setbacks (above street wall).	Street wall heights have been determined through considering the role and width of streets. The relationship or ratio between the street wall height and width of the street therefore varies across the Structure Plan area.
Mandatory street wall heights and setbacks	Applies to the Clarendon Street Precinct DDO37 and specific locations in other DDOs. This approach is consistent with <i>Planning Practice Note: 59: Role of Mandatory Provisions in Planning Schemes</i> due to the Clarendon Street Precinct and other location's high heritage value, including heritage places included on the Victorian Heritage Register.
Adaptable building requirements	Enable development to provide adequate floor-to-floor heights that support good internal amenity outcomes and are adaptable to changes in future land use over time, including the floor-to-floor heights of car parking.
Overshadowing	Ensure solar access controls are more targeted to maintain sunlight at certain times of the year to key streets and open spaces. Generally, there is a shift from winter solstice controls to spring equinox controls. Some proposed overshadowing controls are mandatory. These mandatory overshadowing controls seek to preserve sunlight along key streets and protect sunlight to enable a potential future open space on the South Melbourne Market site. This approach is consistent with <i>Planning Practice Note: 59: Role of Mandatory Provisions in Planning Schemes</i> which directs that mandatory controls are appropriate if they provide for the preferred outcome where performance-based controls would result in an unacceptable planning outcome. As such, changes to these controls are recommended to enable development outcomes that better reflect the role and function of South Melbourne as a Major Activity Centre and Enterprise Precinct.
Frontage requirements	Ensure frontages should be designed to enhance passive surveillance and contribute to a public realm that is attractive, engaging and safe.
Building separation requirements	Provide equitable development opportunities, avoid visual bulk and provide equitable access to an outlook and good daylight.
Light well requirements	Provide guidance on the use of light wells to provide high-amenity housing and workplaces.

Development in flood affected areas	Ensures that development provides carefully considered design solutions for buildings in flood affected areas, particularly in the transition from the building to the public realm to ensure that building entries and frontages are accessible and active. This includes ensuring that internal areas of buildings are protected from inundation and ensuring that safe access and egress is provided to that part of land where there is no anticipated overland flow from floodwaters.
Wind effects on the public realm – DDO38, DDO39, DDO40	Applies to South Melbourne Market Precinct DDO38, South Melbourne Enterprise Precinct East and Kings Way Mixed Use DDO39 and South Melbourne Enterprise Precinct West DDO40 for buildings and works higher than 40 metres. This ensures wind conditions in publicly accessible areas are safe. Does not apply to Clarendon Street Precinct DDO37, given the maximum building height specified is lower than 40 metres.

Heritage Overlay

The amendment gives effect to the heritage recommendations contained in the *South Melbourne Heritage Gaps Analysis 2023* (Trethowan), including applying the Heritage Overlay to 9 individual heritage places assessed to be of local significance and 4 places assessed to be of contributory significance to be included as an extension to HO440.

Rezoning

The amendment proposes to rezone the ‘City Road Industrial Triangle’ bound by City Road, Ferrars Street and York Street from the Industrial 1 Zone (IN1Z) to the C2Z. The nature of these land uses aligns with those within the broader Enterprise Precinct, providing greater certainty around development outcomes for this area. Retaining the C2Z will protect the Enterprise Precinct’s employment growth. No other land is proposed to be rezoned, other than correcting zoning anomalies, generally where two zones apply to one site.

Environmental Audit Overlay

The rezoning of the former ‘City Road Industrial Triangle’ from INZ1 to C2Z will allow for land uses such as a child care centre, kindergarten, primary or pre-school, secondary school, children’s playground and caretaker house, which are defined as sensitive uses. Hence, the Environmental Audit Overlay (EAO) will apply to this land, which is assessed as having high potential for contamination. The application of an EAO must be undertaken in accordance with relevant policy including *Planning Practice Note 30: Potentially contaminated land*, *Ministerial Direction No.1 Potentially Contaminated Land* and *Ministerial direction 19 – Amendments that may result in impacts on the environment, amenity and human health*. Consistent with these documents, Council undertook an assessment to determine the risk of contamination on a site-by-site basis.

The application of the EAO was based on:

- The *South Melbourne Employment, Economic and Land Use Study 2023* (Urban Enterprise with Echelon Planning) and site inspections to determine current land uses and activities.
- The current zone that applies to the land.

- Sands & McDougall's directory of Victoria - Melbourne & suburban profession & trade directory:
 - Years 1896, 1905, 1915, 1925, 1935, 1945, 1955, 1965, 1974.
- Review of the EPA Priority Site Register.
- Review of photographs held by the State Library of Victoria.

Importantly, the City Road Industrial Triangle is proximate to the Fishermans Bend Urban Renewal Area, where the EAO has been applied to all precincts where sensitive uses are envisaged. Studies undertaken to inform the *Fishermans Bend Framework* (Victorian Government, 2018) suggest that heavy metals and solvents may be widespread across Fishermans Bend and confirm issues with ground water contamination due to past land use activities.

The application of the Environmental Audit Overlay (EAO) to the nominated sites is required to address any potential site contamination issues to meet the requirements of *Ministerial Direction No. 1 – Potentially Contaminated Land*. The potential for contamination results from past and current activities on these sites.

The EAO requires an environmental audit to be undertaken on the land and for a certificate or statement to be obtained from an environmental auditor in accordance with the Environment Protection Act 1970, or a preliminary risk screen assessment or environmental audit statement under the *Environment Protection Act 2017* to be issued. The audit is carried out prior to the construction of the buildings and works in association with a dwelling or other sensitive use.

Correction of mapping errors

The amendment corrects several historical mapping errors where two zones apply to a site. Dual-zoned sites will be corrected to “provide for the fair, orderly, economic and sustainable use and development of land” in accordance with the objectives (in part) of the *Planning and Environment Act 1987*. Now that the anomalies have been corrected, the land can be developed and used in accordance with the zone provisions.

How does the amendment implement the objectives of planning in Victoria?

The amendment implements the objectives of planning in sections 4 and 12(1)(a) of the *Planning and Environment Act 1987*, by updating the planning and policy framework that applies to South Melbourne. New place-based policy, new DDO schedules and addressing gaps in the Heritage Overlay will support appropriate integrated development outcomes, along with investments in infrastructure and the public realm to support the ongoing vibrancy and growth of the South Melbourne MAC, South Melbourne Enterprise Precinct and Kings Way Mixed Use Corridor. Such future outcomes and investment will in turn support the implementation of the objectives of planning in Victoria.

How does the amendment address any environmental, social and economic effects?

By introducing a new planning framework for South Melbourne, the amendment adequately addresses environmental, social and economic effects pursuant to sections 12(2)(b) and (c)

of the *Planning and Environment Act 1987*, in turn resulting in a net community benefit. An assessment of environmental, social and economic effects follows.

Environmental

A key pillar of the amendment is to introduce new built form controls and policy to South Melbourne, which are underpinned by extensive built form analysis. Implementing a mandatory FAR with other predominately discretionary controls, will result in more sustainable design outcomes in terms of design and function. Importantly, new planning provisions will address shortcomings with existing planning controls, enabling built form outcomes that better respond to South Melbourne's heritage context and that are more consistent with the features that give South Melbourne its distinct character, such as consistent streetwalls.

The amendment implements policy seeking to ensure public realm improvements contribute sustainable solutions to addressing climate change. Similarly, the amendment implements policy to encourage a shift to sustainable modes of transport, namely walking and cycling.

Rezoning the 'City Road Industrial Wedge' from IN1Z to C2Z and applying the EAO will recognise the transition of this remnant industrial land to uses generally aligned with the broader South Melbourne Enterprise Precinct.

Social

The amendment increases the development capacity of South Melbourne, ensuring that future development demand for residential and non-residential uses can be met across the South Melbourne MAC, Enterprise Precinct and Kings Way Mixed Use Corridor. New policy and controls seek to improve the internal and external amenity of development, to improve the design quality of new development for residents, workers and visitors. Policy encouraging public realm improvements seeks to reinforce civic pride and enhance a sense of place.

Economic

South Melbourne plays a crucial role in supporting Greater Melbourne's economic activity, confirmed by technical analysis contained in the supported by the *South Melbourne Employment, Economic and Land Use Study* (Urban Enterprise, November 2023), Therefore, this amendment largely maintains the existing zoning framework that has facilitated its success as a MAC and state-recognised Enterprise Precinct. In turn, this will support the growth of South Melbourne's economic specialisations, especially its unique specialisation in creative industries, along with other economic specialisations in professional and financial services, and retail, hospitality and personal services. Critically, new planning controls and policy will help continue to guide development outcomes and public realm improvements that ensure South Melbourne remains attractive to these businesses and encourage sustained investment in South Melbourne.

Does the amendment address relevant bushfire risk?

The land affected by the amendment is not located within an area of identified bushfire risk.

Does the amendment comply with the requirements of any other Minister's Direction applicable to the amendment?

The amendment is consistent with the Ministerial direction on the form and content of planning schemes.

Ministerial Direction: The form and content of planning schemes

- The amendment complies with the requirements set out in the Ministerial Direction: The form and content of planning schemes.

Ministerial Direction No. 1: Potentially contaminated land

- The amendment complies with Ministerial Direction No. 1 (Potentially contaminated land) by applying an EAO over land that is being rezoned from INZ1 to C2Z as the change in zoning will allow for a child care centre, which is defined as a sensitive use.

Ministerial Direction No. 9: Metropolitan strategy

- The amendment is affected by Ministerial Direction No. 9 – Metropolitan strategy under Section 12 of the *Planning and Environment Act 1987*. *Plan Melbourne: Metropolitan Planning Strategy 2017-2050* is the adopted Metropolitan Strategy for the Melbourne metropolitan region including the City of Port Phillip.
- South Melbourne is identified as a Major Activity Centre in Plan Melbourne. The amendment is consistent with outcomes sought by Plan Melbourne by introducing new planning provisions that facilitate housing, employment and other future needs, while considering climate change and sustainability. Doing so will ensure South Melbourne can fulfil its role as a MAC.

Ministerial Direction No. 11: Strategic assessment of amendments

- The amendment complies with Ministerial Direction No. 11 (Strategic Assessment of Amendments) under section 12 of the *Planning and Environment Act 1987*. The amendment is consistent with this direction which ensures a comprehensive strategic evaluation of a planning scheme amendment and the outcomes it produces has been undertaken.

Ministerial Direction No. 15: The planning scheme amendment process

- The amendment complies with the requirements set out in Ministerial Direction No. 15 (The planning scheme amendment process).

Ministerial Direction No. 19: (Amendments that may result in impacts on the environment, amenity and human health)

- The amendment complies with Ministerial Direction no. 19 (Amendments that may result in impacts on the environment, amenity and human health) by applying an EAO over potentially contaminated land in respect of the rezoning of land from I1Z to C2Z which will enable new land uses which require this assessment.
- The City of Port Phillip in its capacity as a Planning Authority sought the written views of the EPA as part of the preparation of this amendment and consultation on the Draft South Melbourne Structure Plan in 2024. How the amendment responds to the views of the EPA is addressed in this Explanatory Report under the question 'How does the amendment address the views of any relevant agency?'

How does the amendment support or implement the Planning Policy Framework and any adopted State policy?

State policy

The amendment supports the implementation of State policies and strategies as follows.

Melbourne Industrial and Commercial Land Use Plan 2020

The amendment provides land use and built form guidance for parts of the South Melbourne Structure Plan Area that are identified in this document as both 'Regionally Significant Industrial Land' and as a 'Regionally Significant Commercial Area'.

Unlocking Enterprise in a Changing Economy Strategy 2018

The amendment provides land use and built form guidance for the South Melbourne Enterprise Precinct, one of three key areas outside Melbourne's CBD to attract new businesses and investment.

Urban Design Guidelines 2023

The amendment contains policy consistent with the aim to create neighbourhoods that foster community interaction and make it easy for people of all ages and abilities to live healthy lifestyles and engage in regular physical activity.

Victoria's Climate Change Strategy 2021

The amendment contains policy to contribute to minimising emissions and achieving a climate resilient Victoria by 2050, as articulated by this strategy.

Planning Policy Framework

The amendment supports the implementation of the policy contained in the Planning Policy Framework (PPF) as follows. The amendment balances competing objectives in favour of net community benefit and sustainable development as required by Clause 71.02-3 of the Port Phillip Planning Scheme).

Clause 11.03 Planning for Places

The amendment implements the objectives and strategies at Clause 11.03-6S (Regional and local places) by introducing an integrated place-based planning framework for the South Melbourne Major Activity Centre, South Melbourne Enterprise Precinct and Kings Way Mixed Use Corridor. The amendment contains policy for the South Melbourne Major Activity Centre supporting the outcomes sought by Clause 11.03-1S (Activity centres) and 11.03-1L-01 (Activity centres). The new Clause 11.03-6L-08 (South Melbourne) contains policy for activities and uses, built form, access and movement, and the public realm, seeking to provide guidance on the use of discretion to support decision-making on statutory and strategic planning matters.

Clause 13 Environmental Risks and Amenity

Generally retaining South Melbourne's existing zoning framework and rezoning the 'City Road Industrial Wedge' from IN1Z to C2Z and the application of the EAO supports policy seeking to ensure that land uses are compatible with one another and address their context. Built form guidance contained in the new Clause 11.03-6L-08 (South Melbourne) and DDO schedules considers policy in Clause 13.01-1S (Natural hazards and climate change).

Clause 15 Built Environment and Heritage

Built form guidance contained in the new Clause 11.03-6L-08 (South Melbourne) and new DDO schedules reinforce policy that recognises the role of urban design, building design, heritage and energy and resource efficiency in delivering liveable and sustainable cities, towns and neighbourhoods. Applying the Heritage Overlay supports policy seeking to protect places and sites with significant heritage, architectural, aesthetic, natural, scientific and cultural value.

Clause 16 Housing

The new DDO schedules will increase development capacity in South Melbourne, supporting the provision of diverse and sustainable housing, and leveraging South Melbourne's excellent provision of supporting infrastructure.

Clause 17 Economic Development

The amendment introduces policy to encourage and stimulate ongoing investment in and enhance the growth and vibrancy of the South Melbourne Enterprise Precinct at Clause 17.01-1L (Diversified economy - South Melbourne Enterprise Precinct) and Clause 17.01-2L (Innovation and research – South Melbourne Enterprise Precinct). In turn, this will implement policy at Clause 17 (Economic Development) to provide for a strong and innovative economy, where all sectors are critical to economic prosperity, along with contributing to the economic wellbeing of the state and foster economic growth.

Clause 18 Movement Networks

The amendment reinforces the need for the transport system to be safe, integrated and sustainable.

Clause 19 Infrastructure

The amendment reinforces the need for the development of social and physical infrastructure to be provided in a way that is efficient, equitable, accessible and timely.

How does the amendment support or implement the Municipal Planning Strategy?

The amendment supports the implementation of the strategic directions contained in the Municipal Planning Strategy (MPS), by introducing an updated place-based planning framework to South Melbourne.

Changes to the MPS seek to reinforce the need to:

- Ensure South Melbourne's function as a Major Activity Centre and state-recognised Enterprise Precinct is enhanced and expanded
- Address the shortage of public open space and improve the quality of the public realm
- Support ongoing investment in movement networks to improve accessibility within and outside the neighbourhood, along with encouraging investment and visitation.

The amendment will support the strategic direction to create 10-minute walkable neighbourhoods by integrating land use and transport planning to direct housing and employment growth close to high quality pedestrian routes and public transport services.

Critically, changes to the MPS recognise that the South Melbourne Enterprise Precinct is of state significance and is the largest remaining area of land in the City of Port Phillip exclusively dedicated to employment uses. Importantly, while the amendment will retain employment uses in the Enterprise Precinct, it will increase the development capacity of South Melbourne MAC and Kings Way Mixed Use Corridor enabling it to deliver future housing need. The application of the Heritage Overlay will not unduly restrict the development capacity of the South Melbourne Structure Plan Area.

Does the amendment make proper use of the Victoria Planning Provisions?

The amendment makes suitable use of the Victoria Planning Provisions by selecting the most appropriate provisions to guide land use and development in South Melbourne, in turn supporting the strategic objectives of the Port Phillip Planning Scheme and the South Melbourne Structure Plan.

Zones

Zones have been selected to appropriately guide the use and development of the land.

The Commercial 1 Zone (C1Z) has been selected to support the South Melbourne MAC as a mixed use commercial centre for retail, office, business, residential, entertainment and community uses. Analysis contained in the *South Melbourne Employment, Economic and Land Use Study 2023* (Urban Enterprise with Echelon Planning) finds that the C1Z is appropriately supporting land use and development outcomes in the South Melbourne MAC and that no rezoning of land is warranted, other than the 'City Road Industrial Triangle' to Commercial 2 Zone and the sites identified in the *South Melbourne Zoning Anomalies Report 2024* (City of Port Phillip).

The Commercial 2 Zone (C2Z) has been selected to support the South Melbourne Enterprise Precinct as an area that provides for offices and associated business and commercial services together with appropriate industry and retailing. Analysis contained in the *South Melbourne Employment, Economic and Land Use Study 2023* (Urban Enterprise with Echelon Planning) finds that the C2Z is appropriately supporting land use and development outcomes in the South Melbourne Enterprise Precinct and that no rezoning of land is warranted, other than the 'City Road Industrial Triangle' to C2Z and the sites identified in the *South Melbourne Zoning Anomalies Report 2024* (City of Port Phillip). Sites in the 'City Road Industrial Triangle' accord with the purpose of the C2Z and the function of the Enterprise Precinct. The continued application of the Industrial 1 Zone is no longer appropriate, in light of surrounding zones and existing land uses within this area.

Further, retaining the Commercial 2 Zone will support the South Melbourne Enterprise Precinct achieve the strategic direction of the *Melbourne Industrial and Commercial Land Use Plan 2020*, where this area is identified as containing regionally significant industrial land. Given small scale supermarkets are allowed in the Commercial 2 Zone without a permit, policy will encourage supermarkets to locate adjacent to the South Melbourne MAC.

The Mixed Use Zone (MUZ) applies to the Kings Way Mixed Use Corridor to support this area's mixed-use function. Analysis contained in the *South Melbourne Employment, Economic and Land Use Study 2023* (Urban Enterprise with Echelon Planning) finds that the MUZ is appropriately supporting land use and development outcomes in the South

Melbourne Kings Way Mixed Use Corridor and that no rezoning of land is warranted, other than the 'City Road Industrial Triangle' to C2Z and the sites identified in the *South Melbourne Zoning Anomalies Report 2024* (City of Port Phillip).

Overlays

Design and Development Overlay (DDO) schedules set out specific requirements relating to the design and built form of new development based on the content in the SMSP. New DDO schedules will provide clear guidelines for built form outcomes, replacing the existing DDO8 and DDO16, which are outdated and do not accord with the *Ministerial Direction: Form and Content of Planning Schemes*.

The Environmental Audit Overlay has been applied to land identified, known or reasonably suspected of being contaminated or potentially contaminated, as set out above.

The Heritage Overlay will ensure that heritage places deemed to meet the threshold for local significance are conserved and enhanced.

How does the amendment address the views of any relevant agency?

During consultation on the Draft South Melbourne Structure Plan, the City of Port Phillip sought comments from a broad range of agencies. Feedback was received from Department of Transport and Planning – Transport Network Planning Integration (DTP), Environment Protection Authority (EPA) and Melbourne Water. The matters raised by agencies have been considered in the preparation of this amendment. Views of agencies will be sought during the exhibition of this amendment.

Department of Transport and Planning – Transport Network Planning Integration (DTP)

With respect to DTP – Transport Network Planning Integration's feedback, the South Melbourne Structure Plan has been updated to better reflect the intention of the State Government's Movement and Place Framework to South Melbourne. These matters have been considered in the preparation of this amendment.

Environment Protection Authority (EPA)

In preparing the amendment, the City of Port Phillip sought the views of the EPA. The EPA advised that the explanatory report should explain why it is 'difficult or inappropriate' to address potentially contaminated land and why it is proposed to defer audit system requirements via the EAO.

As described earlier, the EAO is proposed to be applied to the City Road Industrial Triangle due to its proximity to the Fishermans Bend Urban Renewal Area, where studies undertaken to inform the *Fishermans Bend Framework* (Victorian Government, 2018) suggest that heavy metals and solvents may be widespread across Fishermans Bend and confirm issues with ground water contamination due to past land use activities.

In this instance it is difficult or inappropriate to address potentially contaminated at the amendment stage for the following reasons:

- the rezoning relates to a large strategic planning exercise to implement the recommendations of the SMSP

- the City Road Industrial Triangle comprises multiple sites in separate ownership with a diverse history of past uses
- the sites are fully developed, with significant proportions of site coverage, making testing difficult.

With respect to the EPA's submission to the SMSP in 2024, the SMSP was updated to better acknowledge risk of air pollution and noise pollution. Rezoning the remnant 'City Road Industrial Triangle' will support the implementation of Clause 13.05-1S (Noise management) and Clause 13.06-1S (Air quality management), given the direct abuttal of this land with land that allows residential uses in all directions.

Melbourne Water

Melbourne Water raised matters relating to flood risk, increasing densities in flood prone areas. These matters have been considered in the preparation of this amendment.

The South Melbourne Structure Plan acknowledges that much of the City is particularly vulnerable to the impacts of climate change, including rising sea levels, increased storm severity and frequency, and more extreme rainfall. These effects are expected to significantly impact low-lying areas within South Melbourne. Many of these flood prone areas are covered by the Special Building Overlay 1 (SBO1). Conditions that apply to development in these locations can include ground floor levels being set above the flood level or limitations on the design of basement parking and access.

Changes introduced by Amendment VC171 require councils to plan for a 0.2 sea level rise by 2040 with a new requirement to plan for a sea level rise of at least 0.8 metres by 2100. Further, State policy provides that at risk areas should be identified using the best available data.

To assist with the City's consideration of this new benchmark, Melbourne Water has provided the City with flood data and mapping, highlighting areas of Port Phillip, including South Melbourne, most susceptible to sea level rise. Council will continue to work with Melbourne Water, including through future amendments to the Port Phillip Planning Scheme to identify land subject to flooding, and to ensure appropriate referrals to Melbourne Water. These amendment/s are scheduled to commence in 2024/25.

The South Melbourne Structure Plan boundary is consistent with *Planning Practice Note 58: Structure planning for activity centres*. South Melbourne is recognised in State Policy as a Major Activity Centre and Enterprise Precinct and requires a contemporary planning framework to guide decision making. Therefore, the identification of flood prone land in South Melbourne does not preclude the need to undertake strategic work to inform statutory and strategic planning decisions, especially when such work can result in built form outcomes that better respond to flood risk.

Does the amendment address relevant requirements of the Transport Integration Act 2010?

Pursuant to the requirements of the *Transport Integration Act 2010*, the amendment is unlikely to have significant impacts on the transport network. The amendment is consistent with the requirements of the *Transport Integration Act 2010* with actions based on the findings from *South Melbourne Transport and Movement Study 2023* (prepared by Ratio)

recommending and identifying opportunities to enhance South Melbourne's transport system. The recommendations to improve the public realm will not likely have significant impacts on the transport system and will be subject to further investigation in the implementation of the South Melbourne Structure Plan.

How does the amendment have regard to the principles set out in the *Yarra River Protection (Wilip-gin Birrarung murrong)* Act 2017 in relation to Yarra River land and other land, the use or development of which may affect Yarra River land?

The amendment is broadly consistent with policy contained in Clause 12.03-1R – Birrarung (Yarra River).

In particular, new policy in Clause 11.03-6L-08 for South Melbourne seeks to provide an attractive and safe local pedestrian and cycling network that connects key destinations and strategic corridors from South Melbourne to Montague (Fishermans Bend) and Southbank. This supports the implementation of strategies in Clause 12.03-1R to facilitate new and improved walking and cycling connections between precincts, by prioritising continuous links to the city from Fishermans Bend.

Resource and administrative costs

What impact will the new planning provisions have on the resource and administrative costs of the responsible authority?

The amendment is not expected to impose any significant additional resource or administrative costs on the responsible authority.

Introducing a revised local policy and new DDOs for South Melbourne is expected to create a clearer and more navigable policy framework for South Melbourne. After an initial familiarisation phase, the new planning provisions should have the effect of reducing any resource or administrative burden on the responsible authority, by introducing a clearer framework that more clearly articulates the responsible authority's vision for South Melbourne

The policies provide a greater level of certainty to the community and other stakeholders within the municipality and make clear how council will use its discretion when deciding planning permit applications within South Melbourne.

Attachment 1 – Mapping reference table

Location	Land/Area Affected or Address	Mapping Reference	Proposed Zone changes	Proposed Overlay changes	Proposed deletion changes
South Melbourne and Southbank	Land shown in Figure 1 to this explanatory report	Port Phillip C219port 002d-ddo Maps03_04 Exhibition Port Phillip C219port 003ddo Maps03_04 Exhibition	-	DDO37 DDO38 DDO39 DDO40	D-DDO8 D-DDO16
South Melbourne	'City Road Industrial Triangle' bound by City Road, Ferrars Street and York Street	Port Phillip C219port 001zn Maps03_04 Exhibition Port Phillip C219port 004eao Map03 Exhibition	C2Z	EAO	-
South Melbourne and Southbank	127 and 80-94 Market Street, 78 and 80-94 Cecil Street, 146-164, 166, 168 and 170 York Street and 3-5 Northumberland Street, South Melbourne 176-188 Bank Street, South Melbourne 383-385 Clarendon Street, South Melbourne 68-72 York Street, 191-199 Clarendon Street and 31 Ross Street, South Melbourne 120-142 Clarendon Street, Southbank	Port Phillip C219port 001zn Maps03_04 Exhibition	C1Z	-	-

Location	Land/Area Affected or Address	Mapping Reference	Proposed Zone changes	Proposed Overlay changes	Proposed deletion changes
South Melbourne	102-106 Park Street, South Melbourne 77 Park Street and 286-294 Kings Way, South Melbourne	Port Phillip C219port 001zn Maps03_04 Exhibition	MUZ	-	-
South Melbourne	2 Alfred Place, South Melbourne, 214-216 and 220 Clarendon Street, South Melbourne 31 Ross Street, South Melbourne 22 Moray Street, South Melbourne.	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO440	-
South Melbourne	89 and 99 Eastern Road, and 36A and 58A Napier Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO561	-
South Melbourne	110 Bank Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO563	-
South Melbourne	151, 153 &155 Dorcas Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO564	-
South Melbourne	108 Bank Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO565	-
South Melbourne	167-173 Coventry, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO566	-

Location	Land/Area Affected or Address	Mapping Reference	Proposed Zone changes	Proposed Overlay changes	Proposed deletion changes
South Melbourne	82-86 Clarke Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO567	-
South Melbourne	49-55 York Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO568	-
South Melbourne	152 Clarendon Street, South Melbourne	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO569	-
Southbank	68 and 70 Market Street, Southbank	Port Phillip C219port 005hoMaps 03_04 Exhibition	-	HO570	-