

Villawood Properties

Whittlesea Planning Scheme Amendment C187 Wollert South-West Local Town Centre

Economic Witness Statement

Justin Ganly

30 November 2015

This report has been prepared by:
deep end services pty ltd
suite 304 / 9-11 claremont street
south yarra vic 3141
t: +613 8825 5888
f: +613 9826 5331
w: www.deependservices.com.au

Managing Director	Justin Ganly justin.ganly@deependservices.com.au (03) 8825 5800
Senior Associate	Martin Hogarth martin.hogarth@deependservices.com.au (03) 8825 5833
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1. Introduction

1. This statement considers economic issues relating to the proposed Wollert South-West Local Town Centre ("LTC").
2. The statement has been prepared as requested by Mesh Planning on behalf of its client, Villawood Properties ("Villawood").
3. The statement is to assist the Panel formed to consider Amendment C187 ("Am C187") to the Whittlesea Planning Scheme ("Scheme").
4. Am C187 proposes to, amongst other things, incorporate the *Wollert Precinct Structure Plan, April 2015* and the *Wollert Development Contributions Plan, April 2015* into the scheme and to rezone the subject land to the Urban Growth Zone Schedule 5 to facilitate development of the land.

1.1 Approach

5. The tasks completed in the preparation of this statement have included:
 - Reading and consider all relevant documents.
 - Carrying out required analysis relating to capacity populations and activity centre retail planning.
 - Preparing a written economic statement which addresses all required issues and is suitable for provision to Planning Panels Victoria.

1.2 Abbreviations

6. The following abbreviations are used in this statement:

ABS	Australian Bureau of Statistics
Am	Amendment
Am C187	Whittlesea Planning Scheme Amendment C187
Background Report	<i>Wollert Precinct Structure Plan Background Report, April 2015</i>
Council	City of Whittlesea
DDS	Discount Department Store
EE Report 1	<i>Wollert PSP 1070, Activity Centre and Employment Analysis as Input to Precinct Structure Plan, July 2012</i>
EE Report 2	<i>Wollert PSP 1070, Addendum: Activity Centre and Employment Analysis as Input to PSP, 20 December 2013</i>
EE Report 3	<i>Growth Corridor Plans, Activity Centre and Employment Planning, Final Revised Report, November 2011</i>
GAA	Growth Areas Authority
ha	hectare
LTC	Local Town Centre
MTC	Major Town Centre
MPA	Metropolitan Planning Authority
PSP	Precinct Structure Plan
Scheme	Whittlesea Planning Scheme
sqm	square metre
Villawood	Villawood Properties
Wollert PSP	<i>Wollert Precinct Structure Plan, April 2015</i>

1.3 Expert witness details

The following expert witness details are provided in accordance with the *Planning Panels Victoria Guide to Expert Evidence*.

Name and address of expert

Mr Justin Ganly
Managing Director
Deep End Services Pty Ltd
Suite 304 / 9-11 Claremont Street
South Yarra Victoria 3141

Expert's qualifications and experience

- Graduate Diploma of Applied Finance & Investment, Securities Institute of Australia.
- Bachelor of Engineering (Chemical) (First Class Honours), University of Melbourne.
- Managing Director of Deep End Services since 2003.
- Retail and property consultant for KPMG, Coopers & Lybrand and Coles Myer from 1993 to 2003.
- A full CV is included at **Appendix 1**.

Expert's area of expertise

- Preparation and presentation of economic expert witness evidence.
- Activity centre planning for growth areas.
- Sales forecasting for supermarkets and specialty retailers.
- Feasibility analysis for property owners and developers of all forms of property.
- Determination of economic impacts due to development of new facilities.

Expert's expertise to make report

- Detailed knowledge of:
 - Australian supermarket operations
 - Economic planning principles within growth corridors
 - Retail networks within outer metropolitan areas
 - Impacts resulting from development of new retail facilities.
- Significant involvement with owners and developers of shopping centres and other retail facilities.

Instructions that defined the scope of the report

My instructions were provided in writing by Mesh Planning as follows:

Please prepare evidence for the Wollert Panel Hearing in relation to the western local town centre.

The tasks are:

- *Review the three alternative locations for the centre (exhibited, main road frontage or in between); and*
- *Recommend an appropriate soft cap floorspace figure for inclusion within the PSP.*

Facts, matters and assumptions upon which the report proceeds

- None unless otherwise stated.

Documents, materials and literature used in preparing this report

- See relevant sections of the statement.

Identity of the person who carried out any tests or experiments relevant to this report

- None

Summary of the opinions of the expert

- The preferred location for the Wollert South-West LTC is mid-way between the exhibited location and Craigieburn Road East; and
- An appropriate 'soft cap' on retail floorspace for the Wollert South-West LTC is 6,000 sqm to 7,000 sqm.

Provisional opinions not fully researched

- None.

Questions outside the expert's expertise

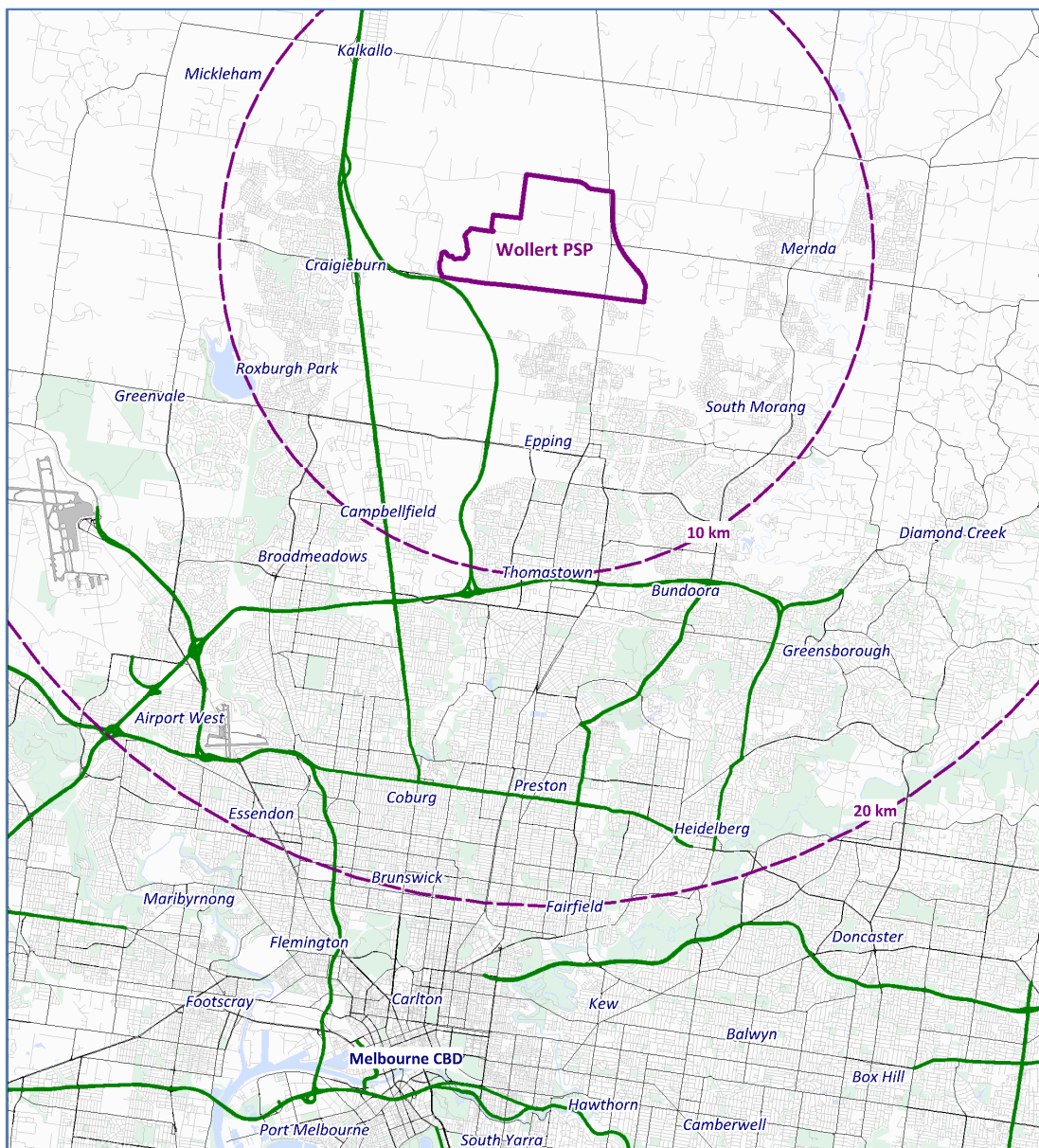
- None.

Report incompleteness or inaccuracies

- None.

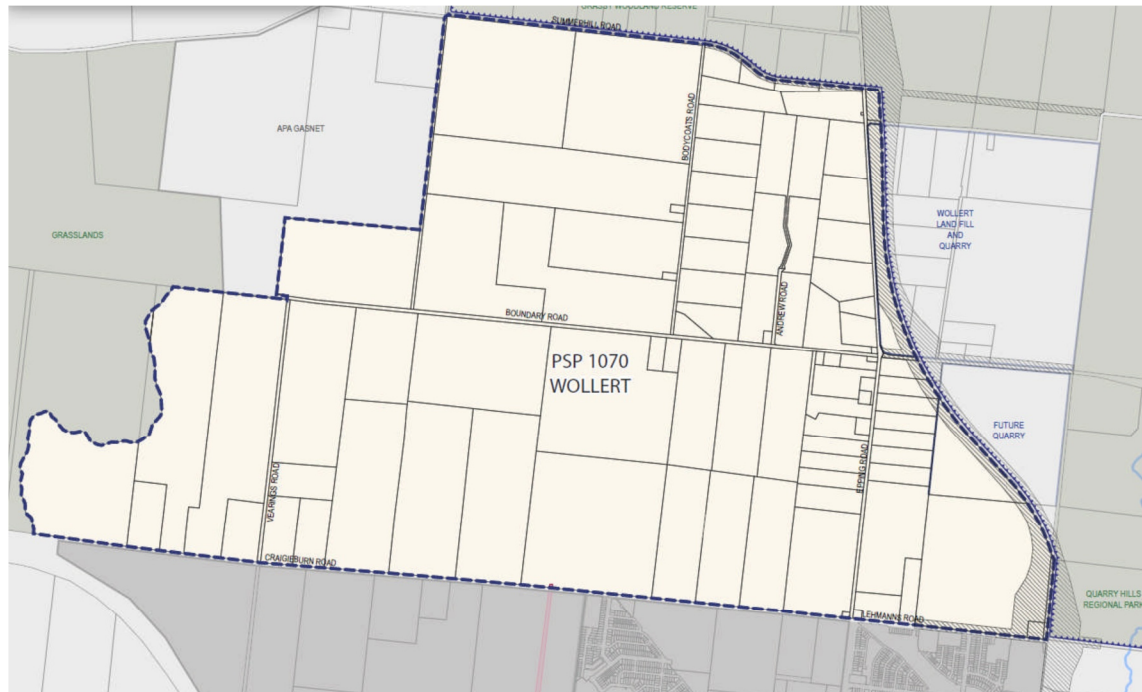
2. Amendment C187 to the Whittlesea Planning Scheme

7. Am C187 has been prepared by the Metropolitan Planning Authority ("MPA") in conjunction with the City of Whittlesea ("Council")
8. The MPA is the planning authority for the Amendment which has been prepared at the request of the MPA and Council.
9. Am C187 applies to approximately 1,454 ha of land within Wollert, located approximately 30 km north of Melbourne's CBD as shown below:



Source: Deep End Services

10. The subject land is bound by Craigieburn Road East to the south, Summerhill Road to the north, Curly Sedge Creek to the west and the future E6 road reservation to the east as shown below in a map provided within the Am C187 Explanatory Report:



Source: MPA

11. Am C187 proposes to:
- Incorporate two documents in the Whittlesea Planning Scheme (“Scheme”):
 - *Wollert Precinct Structure Plan, April 2015 (“PSP”); and*
 - *Wollert Development Contributions Plan, April 2015*
 - Rezone the subject land to Urban Growth Zone Schedule 5 to facilitate development of the land.
 - Make a number of specific changes to the Scheme as follows:
 - Amend Clause 21.11-1 Transport to include a reference to Wollert.
 - Amend Clause 22.10 River Red Gum Protection Policy to include a reference to Wollert.
 - Insert Clause 32.07 Residential Growth Zone into the Whittlesea Planning Scheme.
 - Insert Schedule 5 to Clause 37.07 Urban Growth Zone (UGZ) into the Whittlesea Planning Scheme and apply the UGZ Schedule 5 (UGZ5) to part of the land within the amendment area.
 - Rezone land from Urban Growth Zone to UGZ Schedule 5 (UGZ5) to part of the land within the amendment area.
 - Rezone land from Rural Conservation Zone (RCZ) to UGZ Schedule 5 (UGZ5) to part of the land within the amendment area.
 - Rezone land from Urban Growth Zone (UGZ) to Rural Conservation Zone (RCZ) to the conservation areas within the amendment area.

- Rezone land from Urban Floodway Zone (UFZ) to UGZ Schedule 5 (UGZ5) to part of the land within the amendment area.
- Rezone land from Farming Zone (FZ) to UGZ Schedule 5 (UGZ5) to part of the land within the amendment area.
- Insert Schedule 10 to Clause 37.01 Special Use Zone (SUZ) into the Whittlesea Planning Scheme and apply the SUZ Schedule 10 (SUZ10) to the transmission line easement within the amendment area.
- Rezone land from Farming Zone (FZ) to Special Use Zone Schedule 10 (SUZ10) to the transmission line easement within the amendment area.
- Delete Environmental Significance Overlay Schedule 1 (ESO1), Schedule 4 (ESO4) and Schedule 5 (ESO5) from land within the amendment area.
- Insert a new Schedule 4 to Clause 43.03 Incorporated Plan Overlay (IPO4) to apply to the local conservation reserves in the amendment area.
- Insert a new Schedule 5 to Clause 43.03 Incorporated Plan Overlay (IPO5) to apply to the Nature Conservation areas in the amendment area.
- Apply Clause 44.04 Land Subject to Inundation Overlay (LSIO) to part of the land within the amendment area.
- Apply Clause 45.01 Public Acquisition Overlay 2 (PAO2) to Craigieburn Road, part of Epping Road and part of Lehmanns Road.
- Insert a new Schedule 16 to Clause 45.06 Development Contributions Plan Overlay (DCPO) to apply to land in the amendment area.
- Amend the Schedule to Clause 52.01 to provide for passive open space contributions for land within the amendment area.
- Amend the Schedule to Clause 52.17 to identify native vegetation exempt from requiring a planning permit.
- Amend the Schedule to Clause 61.03 to update planning scheme maps.
- Amend the Schedule to Clause 66.04 to require referrals for planning permit applications in the Wollert Major Town Centre to the Growth Areas Authority and the 'constructions restrictions apply' area to the Secretary to the Department administering the Mineral Resources (Sustainable Development) Act 1990).
- Amend the Schedule to Clause 81.01 to include the new incorporated document titled "Wollert Precinct Structure Plan, April 2015" and "Wollert Development Contributions Plan, April 2015".
- Amends the Schedule to Clause 94 and Clause 95 to include VicSmart provisions for buildings and works, car parking and signage in relation to industrial areas.

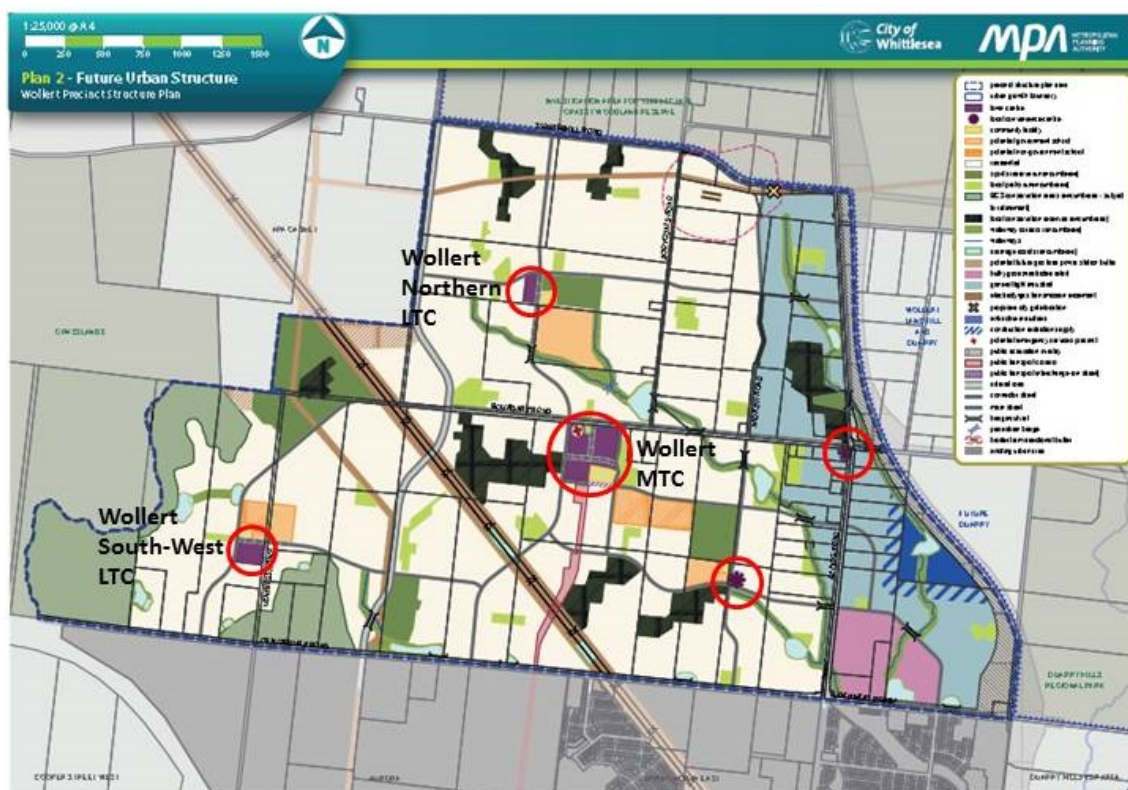
12. The Wollert PSP provides the long-term development vision for the subject land. Key components of the vision are:

- Schools and community services facilities.
- A comprehensive network of open space reserves and sporting grounds as well as an indoor sporting facility.
- 13,504 new dwellings, comprising 8,984 dwellings at conventional densities and 4,520 dwellings at higher densities within walking distance of town centres.
- One Major Town Centre ("MTC"), two Local Town Centres ("LTC") and two Convenience Centres.
- Additional employment generating lands for Light Industrial (138.1 ha) and Bulky Goods (29.0 ha).
- Local employment which will support 7,536 jobs.

3. Wollert Town Centres

3.1 Exhibited Wollert PSP

13. As discussed in the previous section of this statement, the Wollert PSP recommends a town centre network of a MTC, two LTCs and two Convenience Centres.
14. The intended location of these centres is shown on Plan 2 (Future Urban Structure) within the Wollert PSP.
15. I have copied the Future Urban Structure below and highlighted the centre locations and the names adopted for the higher-order centres within the PSP (i.e. Wollert MTC, Wollert South-West LTC and Wollert Northern LTC):



Source: Deep End Services; MPA

16. Section 3.3 of the Wollert PSP considers Town Centres and Employment.
17. Contained within this section, and particularly in Table 6 (Town centre hierarchy – Wollert precinct), is guidance as to the expected form and size of each of the town centres.

18. "Anticipated retail floorspace" is set out within Table 5 as follows:
 - Wollert MTC 25,000 sqm
 - South-West LTC 3,500 sqm
 - Northern LTC 2,200 sqm
 - Convenience Centres 500 sqm
19. It would appear that these figures are 'soft caps' with retail floorspace in excess of these to be applied for by permit.
20. Section 3.3 also provides guidance as to the expected retail anchors of each of the higher-order centres and summarised as follows:
 - Wollert MTC DDS, 2 "full-line" and 1 "midsized" supermarket
 - South-West LTC 1 "major" supermarket
 - Northern LTC 1 "small" supermarket
21. The *Wollert Precinct Structure Plan Background Report, April 2015* ("Background Report") provides estimates of the size of each of the anchors as:
 - Wollert MTC DDS – 7,000 sqm
 "full-line" supermarkets – 3,800 sqm & 3,600 sqm
 "midsized" supermarket – 1,200 sqm
 - South-West LTC "major" supermarket – 2,100 sqm
 - Northern LTC "small" supermarket – 1,300 sqm.
22. The Wollert PSP and Background Report rely, to a degree, on reports produced by Essential Economics as follows:
 - *Wollert PSP 1070, Activity Centre and Employment Analysis as Input to Precinct Structure Plan, July 2012* ("EE Report 1"); and
 - *Wollert PSP 1070, Addendum: Activity Centre and Employment Analysis as Input to PSP, 20 December 2013* ("EE Report 2").
23. I will refer to these reports later in my statement.

3.2 Submissions to the exhibited Wollert PSP

24. There were three key submissions made regarding the exhibited Wollert PSP which raised issues in relation to the proposed Town Centres. The relevant sections of these submissions are now discussed.

3.2.1 Taylors on behalf of Wollert JV Nominee Pty Limited

25. The Wollert JV is between AV Jennings and Australian Super and the entity owns parcels 13, 14 and 20 within the PSP.
26. The Wollert MTC is to be delivered within the JV's holdings and this submission supported the nominated location of the centre and its 25,000 sqm 'soft cap'.

3.2.2 Echelon Planning on behalf of Lend Lease Communities (Australia) Limited

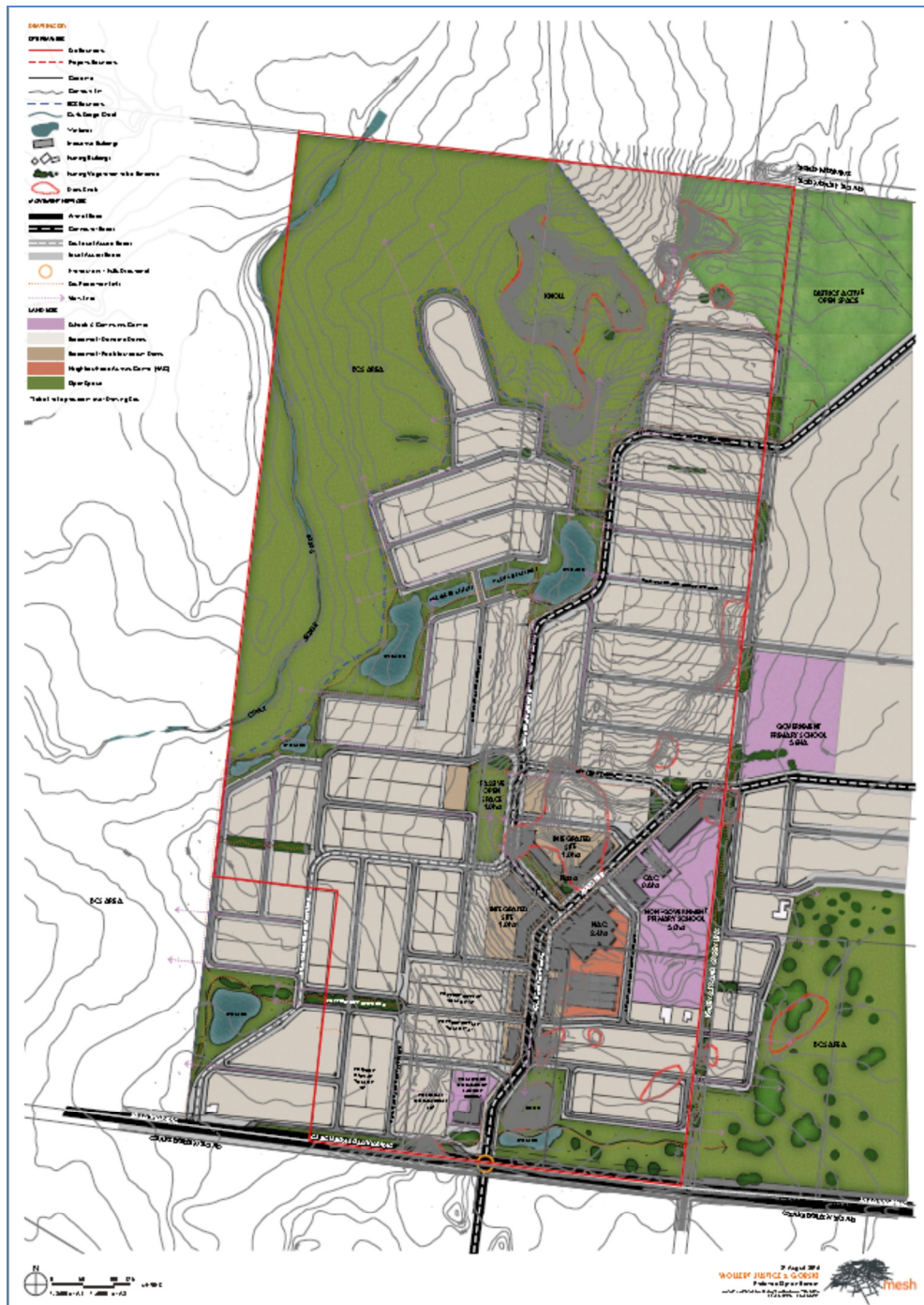
27. Lend Lease has recently purchased 410 ha of undeveloped residential land within Aurora, south of Craigieburn Road East in Epping North.
28. The relevant section of this submission was focussed on the Wollert MTC, with the key theme being that the MTC's 'soft cap' be reduced from 25,000 sqm so as to limit the centre's ability to contain a full-line DDS.
29. It was submitted that this was necessary to protect the ability of the Aurora North Town Centre to, itself, contain a full-line DDS as proposed under planning changes being contemplated for the Aurora development area.
30. The submission suggests that adoption of the medium growth development scenario for the Wollert Town Centres would achieve Lend Lease's desired outcome.
31. At this stage I observe:
 - Lend Lease does not own land within the Aurora North Town Centre;
 - The owners of land within the Aurora North Town Centre (Places Victoria) did not make a submission to the exhibited Wollert PSP; and
 - Plan Melbourne and the North Growth Corridor Plan indicate future provision of a higher order activity centre within Wollert but not within Aurora.

3.2.3 Mesh Planning on behalf of Villawood Properties

32. The key elements of this submission focussed on the Wollert South-West LTC, which is to be delivered within Villawood's landholdings (which constitute parcels 3, 4 and 5 within the PSP).
33. The submitter sought to:
 - Move the LTC location to a position on or close to Craigieburn Road East; and
 - Increase the centre's 'soft cap' from 3,500 sqm to approximately 8,000 sqm.
34. The major reason for the proposed movement of the LTC location was the ability to deliver retail services and other surrounding community facilities earlier than would be the case at the exhibited PSP location.
35. The increase in retail floorspace 'soft cap' was sought in order to be able to deliver a full-line supermarket and to reflect earlier draft forms of the Wollert PSP which had indicated the LTC could have retail floorspace of up to 10,000 sqm.

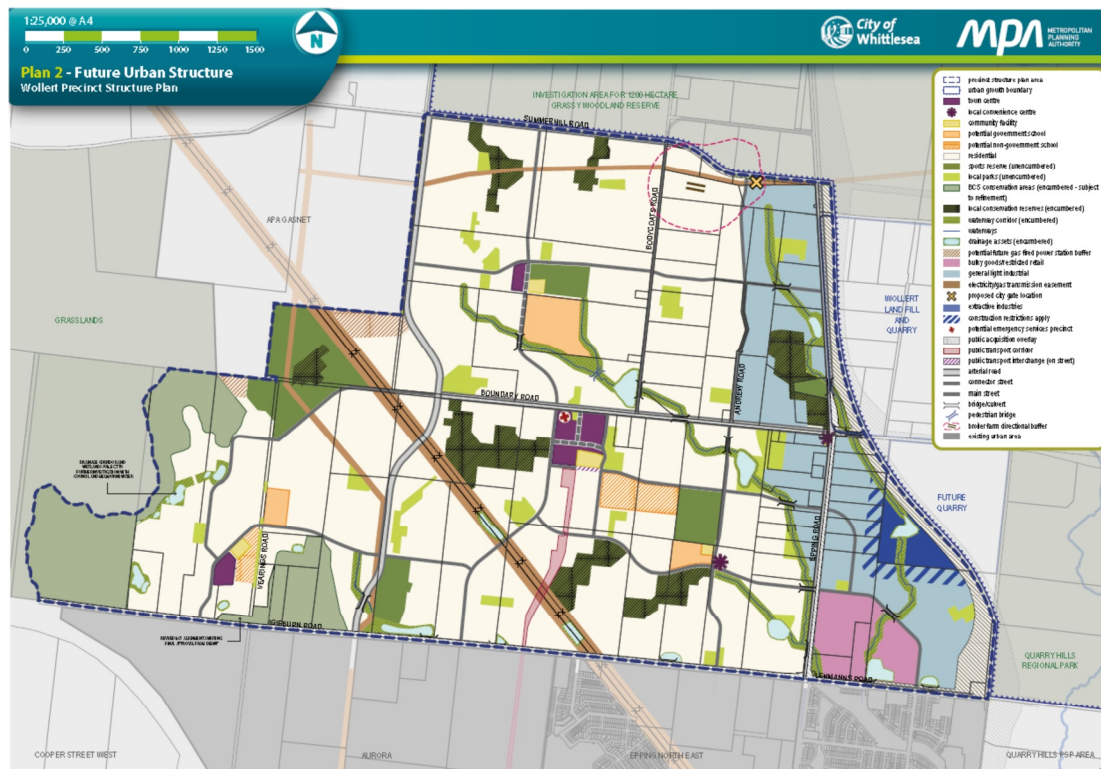
3.2.3.1 MPA response

36. The MPA has advised that it supports the movement of the Wollert South-West LTC to a location closer to Craigieburn Road.
37. The positioning of the LTC in this case would be as per Option 3 considered later in this statement, with a layout as below (as provided within Villawood's additional submission on 10 November 2015):



Source: Villawood

38. The Wollert PSP Future Urban Structure would also be altered as follows:



Source: Villawood

39. Whilst the MPA has indicated support for movement of the Wollert South-West LTC location it has advised that it only supports an increase in the centre's retail 'soft cap' from 3,500 sqm to 5,000 sqm.

40. The reasoning given for this was:

This allows for a full line supermarket (approximately 2,500 m²) and adequate specialty retail shops. The submitter is able to seek additional retail floor space through a planning permit application.

4. Wollert South-West Local Town Centre

4.1 Location

41. The Wollert PSP positions the Wollert South-West LTC in an embedded location, approximately 600 metres north of Craigieburn Road East. This is referred to in my statement as Option 1.
42. Option 2 would locate the LTC just north of Craigieburn Road East while Option 3 would locate the LTC mid way between the Option 1 and Option 2 locations. The three options are show below:



Source: Deep End Services; MPA; Melway

43. As I will discuss later in this statement, the catchment area served by the Wollert South-West LTC will not vary for the three options under consideration.
44. However, from a commercial perspective, Option 2 and Option 3 are favoured as the location closer to Craigieburn Road East will allow for the centre to be developed earlier and for it to derive a greater proportion of sales from traffic passing along Craigieburn Road East.
45. From a network perspective, moving the centre south also provides greater separation from the Wollert MTC, giving both centres a better opportunity to differentiate their catchment areas.
46. A key focus of the MPA is to ensure that Town Centres are located so as to maximise resident populations contained within walkable catchments.

47. At Table 6 within the Wollert PSP, it is stated that the 400 metre Wollert South-West LTC walkable catchment is required to contain a resident population of 2,750 at capacity.
48. Using a 400 metre boundary drawn from the edges of the LTC core – as per Plan 5 contained within the Wollert PSP – I calculate that the walkable catchment could contain 1,449 dwellings at capacity. With an average household size of 3.0 people per dwelling, these dwellings would contain a capacity population of 4,346 and, therefore, well in advance of the PSP target.
49. The walkable catchment populations in the other two options would also exceed the MPA's target with estimates as follows:
 - Option 2 3,245
 - Option 3 4,055
50. As a final performance measure, it is important to consider the GAA's *Activity Centre Design Guidelines* which dictate that 80-90% of residents living in growth areas should be able to access a supermarket within 1km of where they live.
51. All three options under consideration for the Wollert South-West LTC place the centre more than 2km from the Wollert MTC and the Aurora NTC. There is, therefore, no overlap in 1km radius considerations for the centres.
52. 1km capacity population estimates are provided below:
 - Option 1 9,589
 - Option 2 8,034
 - Option 3 9,990
53. Moving the LTC site south to the Option 3 location therefore maximises 1km capacity population coverage as the centre will be more readily accessible to residents within the north-west corner of the Aurora estate in this scenario (while maintaining similar performances levels within the Wollert PSP area).

4.2 Retail floorspace requirements

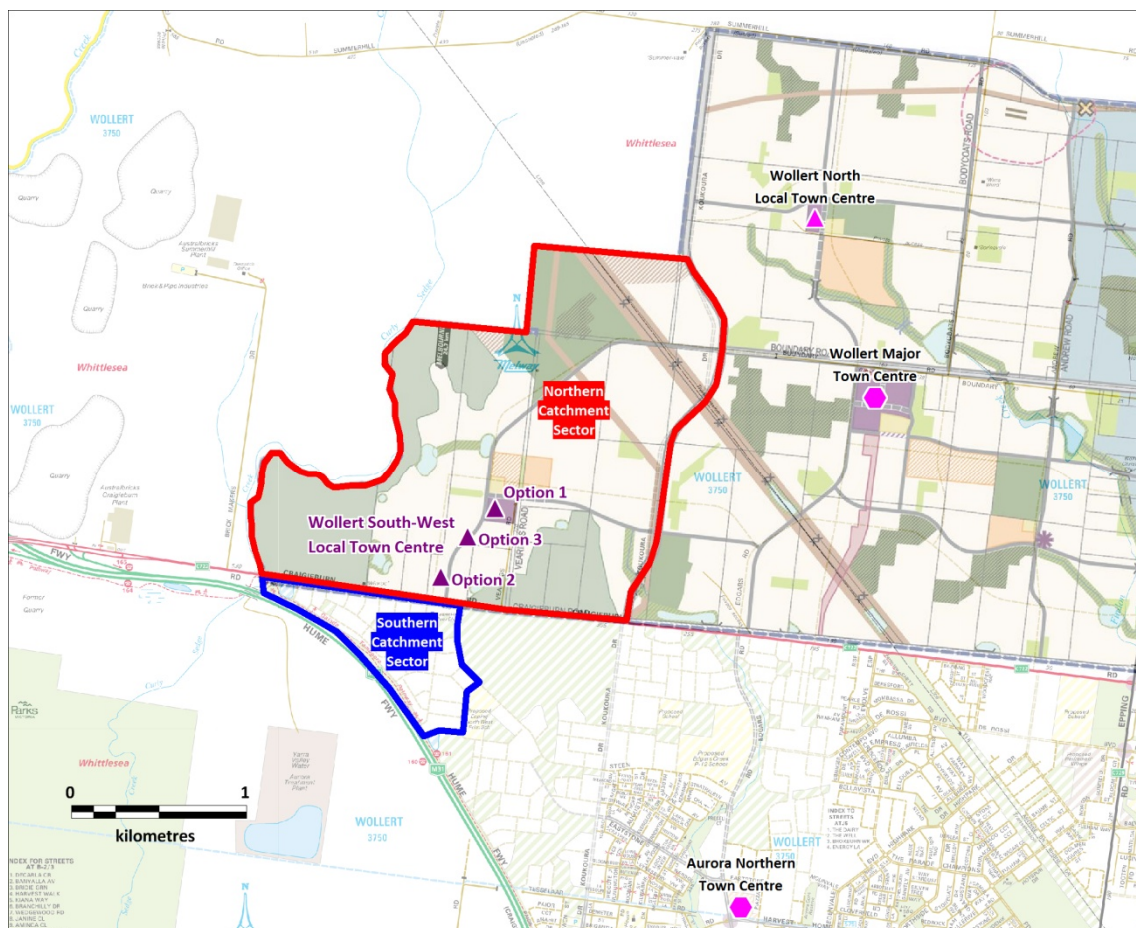
4.2.1 Catchment area definition

54. The catchment area that would be served by the Wollert South-West LTC would be the same regardless of the locations under consideration in Options 1, 2 and 3.

55. This area is contained within a maximum 2.3 km of the LTC and is defined as:

- A northern sector – within the Wollert PSP area – bound by Curly Sedge Creek to the west, the PSP boundary to the north, the proposed arterial road to the east (i.e. extension of Koukoura Drive) and Craigieburn Road East to the south; and
- A southern sector which comprises the north-western corner of the Aurora development area (and which is at least 2 km by road from the Aurora NTC).

56. The defined catchment area is shown on the map below:



Source: Deep End Services; MPA; Melway

4.2.2 Dwelling forecasts

57. Capacity dwelling forecasts for the northern sector of the Wollert South-West LTC catchment area can be derived using:
- The Wollert PSP's land use and property boundary map as provided at Plan 3;
 - The detailed property-specific land use budgets – and specifically Net Developable Area ("NDA") – provided within the PSP at Table 11;
 - The PSP requirement that residential land within 400 metres of the LTC must only be used for medium and higher density dwellings; and
 - The PSP density targets in Table 3 of 15 lots per ha (NDA) for standard density housing and 27.5 lots per ha (NDA) for medium density housing.
58. Capacity forecasts for the southern sector of the Wollert South-West LTC catchment area have been derived using small area information contained within the *2014 Urban Development Program* as produced by the Department of Transport, Planning and Local Infrastructure.
59. The resulting dwelling capacity forecasts for the catchment area are set out below:

	Capacity dwellings		
Sector	Option 1	Option 2	Option 3
North	3,157	2,844	3,108
South	862	862	862
Total	4,019	3,706	3,970

Source: Deep End Services; MPA; *2014 Urban Development Program*

4.2.3 Population forecasts

60. Capacity population forecasts for the Wollert South-West LTC catchment area are generated by applying an average household size to the capacity dwelling forecasts.
61. The MPA has adopted an average household size of 2.8 persons per household for conventional density housing in the PSP, quoting *Victoria in Future 2012* as the source for this assumption.
62. It would appear that the figure adopted by the MPA has been derived from the average household size of 2.81 which was forecast in *Victoria in Future 2012* for Melbourne's six growth area municipalities – Wyndham, Melton, Hume, Whittlesea, Casey and Cardinia – at 2031.

63. *Victoria in Future 2015* has now been released and the average household size forecast for the growth area municipalities in 2031 has now increased to 2.84.
64. Of more relevance, however, are the forecast average household sizes for the Whittlesea municipality (2.89) and, specifically, the northern growth area of the municipality – Epping-Whittlesea – at 2.96.
65. I also note that .id prepared suburb-based population forecasts for the City of Whittlesea in February 2014.
66. The forecasts were prepared for each year to 2036, with Wollert and Epping North (containing Aurora) of relevance.
67. The forecast average household size for Wollert between 2021 (when residential development is anticipated to be underway) and 2036 is 3.04 persons per dwelling.
68. The current typical household size in Epping North is 3.18 persons per dwelling and it is expected that the average to 2036 will be 3.10 persons per dwelling.
69. Taking the *Victoria in Future 2015* and .id forecasts into account, adoption of an average household size for the Wollert South-West LTC catchment area of 3.0 persons per dwelling is therefore assessed as being appropriate.
70. I note that this is the figure adopted by Essential Economics in EE Report 1 and EE Report 2.
71. The resulting population capacity forecasts for the catchment area are set out below:

	Capacity population		
Sector	Option 1	Option 2	Option 3
North	9,470	8,533	9,325
South	2,586	2,586	2,586
Total	12,056	11,119	11,911

Source: Deep End Services; .id

4.2.4 Total retail floorspace

72. Based on my experience in growth area planning and familiarity with the MPA's activity centre principles, I then consider that the following parameters should be used in calculating the appropriate amount of total retail floorspace to be provided within the Wollert South-West LTC:

- Capacity population 11,119-12,056
- Total retail floorspace provision rate 2.3 sqm per capita
- Total retail floorspace required 25,574 sqm - 27,729 sqm
- LTC as % of total retail floorspace required 27%
- Wollert S-W LTC retail floorspace required 6,905 sqm - 7,487 sqm

73. This indicates that between 6,905 sqm and 7,487 sqm of retail floorspace should be supplied within the Wollert South LTC to address the needs of local residents.

4.2.5 Supermarket floorspace

74. I have examined the current supply of supermarkets larger than 400 sqm within Melbourne.

75. The average provision rate is 0.32 sqm of supermarket floorspace per person.

76. However, the growth area municipalities have a higher provision rate of 0.35 sqm per person. This is due to the lack of historical strip-based centres in these areas in combination with the ability to often provide larger supermarkets on well-planned greenfield sites.

77. Adoption of the growth area supermarket provision rate can then be used to calculate the supermarket floorspace supportable at the Wollert South-West LTC as follows:

- Capacity population 11,119-12,056
- Supermarket floorspace provision rate 0.35 sqm per capita
- Supermarket floorspace required 3,892 sqm – 4,220 sqm

4.3 Strategic assessment

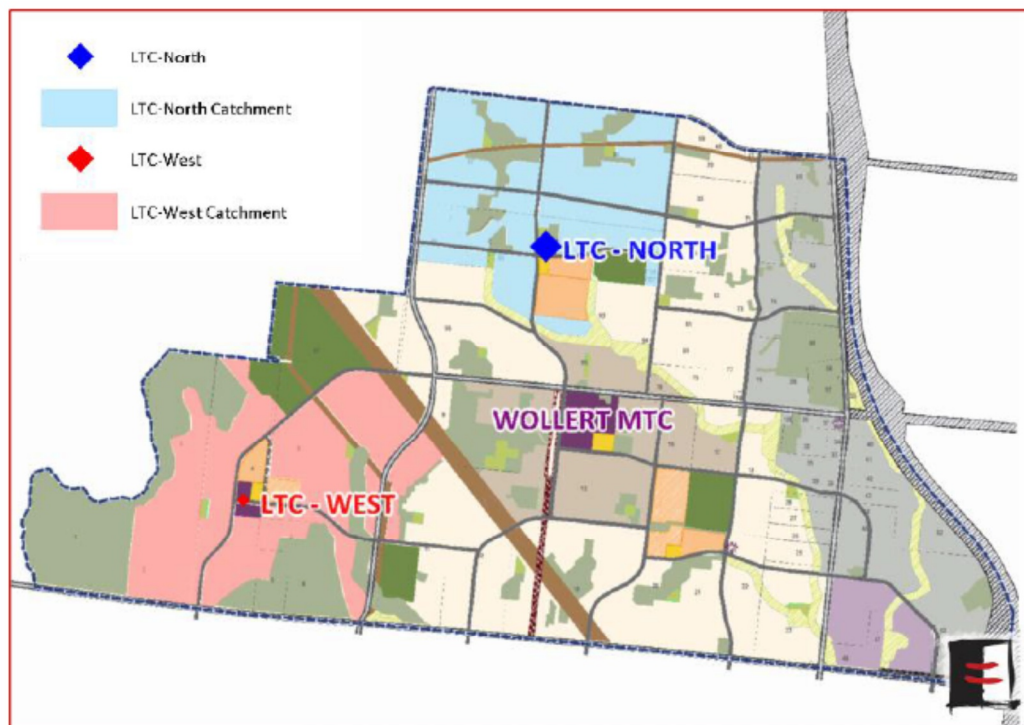
4.3.1 Location

78. Moving the Wollert South-West LTC location to the Option 2 site (Craigieburn Road East) or the Option 3 site (mid-way between the current location and Option 2) would allow for earlier delivery of the centre.
79. Either of the new locations would also allow for the earlier delivery of associated community and educational facilities at the gateway to residential development to the north while providing much-needed convenient LTC access for residents of the Aurora estate located on the southern side of Craigieburn Road East.
80. From a network perspective, Option 2 and Option 3 provide better separation from the Wollert MTC.
81. All three options easily satisfy the Wollert PSP's target of capacity walkable population of 2,750 with Option 3 providing the highest 1km population coverage.
82. On balance, Option 2 or Option 3 should therefore be preferred to the current location.
83. I am, however, cognisant of the MPA's guideline that LTCs should not be placed on arterial roads such as Craigieburn Road East.
- 84. It is therefore my opinion that the Option 3 location should be preferred for the Wollert South-West LTC.**
85. This would appear to be supported by the MPA's response to Villawood's submission to the exhibited Wollert PSP.
86. I also believe that Council and the Catholic Education Office – which is potentially associated with the LTC school site – are also supportive of this change.

4.3.2 Retail floorspace

87. In round terms, it is my opinion that 7,200 sqm of retail floorspace is supportable at the Wollert South-West LTC, with 4,000 sqm of this to be occupied by a full-line supermarket and the balance (3,200 sqm) by mini-majors (such as discount variety and/or pharmacy) and specialty shops.
88. The Wollert PSP nominates a 'soft cap' for the LTC's retail floorspace of 3,500 sqm, which is to allow for a "major" supermarket anchor, specialty shops and cafes.
89. The justification for the quantum and expected mix of retail floorspace at the Wollert South-West LTC is provided within the Essential Economics report of 20 December 2013 (i.e. EE Report 2).
90. The approach taken is "bottom up" as opposed to the "top down" approach taken in the original report of July 2012 (i.e. EE Report 1). The key reason for this change was that the hierarchy and proposed location of centres was better defined at the time of preparation of EE Report 2.
91. The bottom up approach in EE Report 2 starts with an assessment of the catchment area that would be served by the Wollert South-West LTC. This catchment area is shown at Figure 4 and is copied below:

Figure 4: Catchments for LTCs in Wollert PSP



Source: Essential Economics; MOA

92. Within the Wollert PSP area, the extent of the defined catchment for the Wollert South-West LTC is very similar to that which I have defined earlier in my statement, with the key differences being my inclusion of the area to the north of the electricity/gas transmission easement and west of the north-south arterial road and EE's inclusion of land to the east of the same arterial road.

93. My definition leads to a net additional 73 dwellings being included in these two areas which, at an average household size of 3.0 persons per dwelling, leads to a difference in catchment population of 219 people.
94. I also note the following comment on page 9 of EE report 2:
- “... potential may exist for additional medium-density housing around the two LTCs and around selected areas which overlook areas of open space. This would provide additional support to the LTCs and would capitalise on areas overlooking open space that may be subject to higher property values.”*
95. EE Report 2 therefore fails to allow for higher density housing within the 400 metre walkable catchment from the Wollert South-West LTC, resulting in an underestimation of 659 dwellings and 1,976 people compared to my calculations.
96. These identifiable differences therefore lead to my capacity population forecast for the northern sector being 2,195 higher than that contained within EE Report 2.
97. I note, however, that the actual difference is 2,570 – I am unable to identify where Essential Economics has forecast 125 fewer dwellings than I have to explain this difference.
98. Finally, EE Report 2 fails to explicitly take into account the Aurora portion of the catchment.
99. Whilst an allowance of 15% of sales from beyond the catchment is made – and some of these would be sourced from Aurora residents – it is my opinion that these residents must be included within the catchment area.
100. The resulting comparison between catchment area capacity populations assessed for the Wollert South-West LTC are set out below:

Area	Ganly (Option 1)	EE report 2	Difference
Wollert PSP	9,470	6,900	2,570
Aurora	2,586	0	2,586
Total	12,056	6,900	5,156

101. My catchment area capacity population is therefore 75% higher than that estimated in EE Report 2.
102. EE Report 2 uses a supportable supermarket floorspace methodology which is driven by the catchment area capacity population to arrive at a rounded figure of 2,100 sqm.
103. The report then assumes that retail specialty shop floorspace should be provided at a rate of two-thirds of supermarket floorspace (i.e. 1,400 sqm) to arrive at total supportable retail floorspace of 3,500 sqm.


104. The adoption of my population figure and application to the EE Report 2 methodology would arrive at rounded supportable supermarket floorspace of 3,700 sqm and rounded specialty retail floorspace of 2,400 sqm. This would be a total of 6,100 sqm.
105. We are, therefore, at a point where it would be reasonable to be planning for the provision of between 6,100 sqm (EE Report 2 with adjusted population) and 7,200 sqm (my assessment) of retail floorspace at the Wollert South-West LTC.
106. These figures can be compared to that contained within another Essential Economics report *Growth Corridor Plans, Activity Centre and Employment Planning, Final Revised Report, November 2011* ("EE Report 3").
107. This report was prepared for the GAA and helped to guide the preparation of the Growth Corridor Plans.
108. Chapter 7 of EE Report 3 is titled "A Distributed Centre Network Model" and sets out the criteria for catchment area population and retail floorspace provision at different levels of the retail hierarchy.
109. At the LTC level, the expectation is that a total of approximately 7,000 sqm of retail floorspace (including a full-line supermarket) will be provided for neighbourhoods of 8,000 to 10,000 people.
110. My assessment of supportable retail floorspace at the Wollert South-West LTC is very close to this figure and reflects, in my opinion, the 'model nature' of the Wollert PSP area being married with the ability to better serve the roughly 2,000 residents who will be living on the southern side of Craigieburn Road within Aurora.
111. The final consideration is the MPA's response to Villawood's submission to the Wollert PSP that a soft cap 5,000 sqm of retail floorspace at the Wollert South-West PSP is sufficient on the basis that it allows for the development of a full-line supermarket of 2,500 sqm and specialty shops.
112. It is my opinion that a modern full-line supermarket will comprise at least 3,500 sqm in a greenfield setting such as Wollert. Indeed, many full-line supermarkets being developed in similar locations are 4,000 sqm or larger.
113. The PSP Town Centre guidelines only provide a 'soft cap' on total retail floorspace. If the intent is, as it should be, to provide a full-line supermarket at the Wollert South-West LTC it is therefore inadequate to only provide a total retail 'soft cap' of 5,000 sqm as 80% or more of this floorspace would need to be occupied by the supermarket anchor.
114. **For this and the earlier reasons discussed in this statement, I am of the opinion that the retail floorspace 'soft cap' for the Wollert South-West LTC should be increased to between 6,000 sqm and 7,000 sqm.**

5. Conclusion

115. It is my conclusion that:

- The preferred location for the Wollert South-West LTC is mid-way between the exhibited location and Craigieburn Road East; and
- An appropriate 'soft cap' on retail floorspace for the Wollert South-West LTC is 6,000 sqm to 7,000 sqm.

116. In arriving at this conclusion I have made all the inquiries that I believe are desirable and appropriate. No matters of significance that I regard as relevant have, to my knowledge, been withheld.

A handwritten signature in black ink that reads "Justin Ganly". The signature is written in a cursive, flowing style.

JUSTIN GANLY
Managing Director, Deep End Services
30 November 2015

Appendix 1 Curriculum vitae for Justin Ganly



Curriculum Vitae

Justin Ganly
Managing Director

Current Position:

Managing Director, Deep End Services Pty Ltd

Previous Positions:

Associate Director, KPMG

February 1999 - June 2003

National Real Estate Analyst, Coles Myer

January 1998 - February 1999

Managing Consultant, Coopers & Lybrand Consultants

August 1993 - December 1997

Senior Consultant, Andersen Consulting

January 1990 - July 1993

Academic Qualifications:

Graduate Diploma of Applied Finance and Investment

Securities Institute of Australia, 2003

Bachelor of Chemical Engineering (First Class Honours)

University of Melbourne, 1989

Professional Affiliations:

Board Member, MAB Corporation Advisory Board

Board Member, The Good Foundation Advisory Board

Member, Property Council of Australia

Associate Member, Large Format Retail Association

Member, Victorian Planning & Environmental Law Association

Member, Urban Land Institute

Skills / Attributes:

- Experienced economic expert
- Well developed modelling and forecasting skills
- Clear and thorough communicator in both written and verbal presentations
- Experience in dealing with all major retailers in Australia and New Zealand
- Detailed knowledge of all major property classes within Australia and New Zealand
- Developing knowledge of new markets in Asia, USA and the Middle East
- Well known in the business community via involvement with clients and through regular commentary in publications such as the *Australian Financial Review*, *The Australian*, *The Age* and *Business Review Weekly*.



Professional Experience

Managing Director, Deep End Services (July 2003 - current)

- Justin established Deep End Services in July 2003 and now employs sixteen staff based in Melbourne and one based in Sydney
- Deep assists clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. "DEEP" represents three core service areas:
Demand Evaluation
Economics
Planning
- Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered included:
 - ♦ Store network planning and sales forecasting
 - ♦ Acquisition due diligence
 - ♦ Feasibility analysis
 - ♦ Economic impact assessment
- Deep's property clients include:
 - ♦ Amcor, AMP, Australand, Brookfield Multiplex, Cbus Property, Charter Hall Retail REIT, Federation Centres, Harvey Norman, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Orica, Pellicano, Places Victoria, Stockland, Walker Corporation and Westfield
- Deep's retail clients include:
 - ♦ ALDI, Anaconda, Baby Bunting, Beacon Lighting, City Farmers, Clark Rubber, Coles, Harris Scarfe, Masters, Pacific Brands, Pet Barn, Quick Service Restaurant Holdings, Spotlight, The Good Guys, Trade Secret and Woolworths
- Deep's other clients include:
 - ♦ ANZ, Crescendo Partners, InterContinental Hotels Group, KPMG, Large Format Retail Association, Medibank Private, Melbourne Racing Club, Newcastle Permanent Building Society and Reading Entertainment

Associate Director, KPMG (February 1999 - 2003)

- Based in Melbourne, but working on assignments throughout Australia and New Zealand, Justin worked closely with Bernard Salt, Australia's leading business demographer, to provide consulting services to clients requiring independent assistance on retail, property, demand and/or demographic issues.
- Services and clients at KPMG and Coopers & Lybrand Consultants included:
 - ♦ Planning & litigation support (AMP, Coles, Myer, Macquarie CountryWide)
 - ♦ Shopping centre development (AMP, Gandel, Leda, Macquarie CountryWide)
 - ♦ New location feasibility studies (Bunnings, Melbourne Museum, Reading Cinemas)
 - ♦ Store location network strategies (Freedom Furniture, Barbeques Galore, Rebel Sport)
 - ♦ Demand analysis (Strandbags, Just Jeans, Jeans West)
 - ♦ Specialty store micro-siting (Australia Post, Terry White, Strandbags).



Professional Experience continued

National Real Estate Analyst, Coles Myer (January 1998 - 1999)

- Employed as Coles Myers' National Estate Analyst in a position within the Shared Services team based at Tooronga in Melbourne.
- The key responsibilities in this position were the development of store sales forecasting models for all major Coles Myer brands (including Myer Grace Bros, Kmart, Target, Coles and Bi-Lo) plus delivery of sales forecasts for proposed new or refurbished stores for use in capital allocation decisions.

Managing Consultant, Coopers & Lybrand Consultants (August 1993 - December 1997)

- Employed as a Managing Consultant in C&LC's Property Group, which comprised up to 40 staff located in offices in Melbourne, Sydney, Brisbane, Adelaide and Canberra.
- The Melbourne operation was responsible for providing consulting advice to clients involved in retail, property ownership and property development in Australia, New Zealand and South East Asia. This group transferred to KPMG in early 1998.

Senior Consultant, Andersen Consulting (January 1990 - 1993)

- Employed as a Senior Consultant in the Systems Integration Group in the Melbourne office and was involved in systems installation such as the design and installation of a retail property management system in Auckland.