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SHENSTONE PARK PRECINCT STRUCTURE PLAN

Statement of Evidence
Prepared by Rhys Matthew
Quick

Prepared for
SUBMITTER 23
28 October 2020

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| Report Number | Final |

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INTRODUCTION & DECLARATION

1. This report has been prepared by Rhys Matthew Quick, Director, Property Economics & Research, Urbis Pty Ltd, 10th Floor, 477 Collins Street, Melbourne.
2. My qualifications and experience include a Bachelor of Economics (Honours) from Monash University, together with more than 21 years' experience in Property Economics and Research consulting, with my specialisation being the preparation of Economic Impact and Supply and Demand Assessments relating to the development of property. My Curriculum Vitae is attached as **Appendix B**.
3. Assistance in undertaking some of the analysis in this report has been provided by Mike Zhang, Senior Consultant of Urbis.
4. Urbis was initially engaged by Submitter 23 (Donnybrook JV Pty Ltd) in October 2019 to prepare an economic assessment considering the proposed treatment of the submitter's land in the proposed Shenstone Park Precinct Structure Plan area, with a view to appearing as an expert witness at any Panel Hearing convened to consider the PSP.
5. Subsequently, I received formal instructions in this matter from my original engagement from Ms Brihony Boan, Partner of Gadens, on 27 July 2020 asking I review documents contained within the provided brief, prepare evidence in support of Submitter 23's position and appear at the Panel hearing.
6. Subsequent instructions were provided on 8 September indicating my witness statement should include:
 1. *an economic assessment of and your professional opinion on the merits and strategic justification of the amount and location of employment land within the Exhibited PSP (ie, industry and light industry), including:*
 - *consideration of relevant policies and strategies relating to employment land in the Northern Growth Corridor and area of the Exhibited PSP;*
 - *an analysis of the demand for and existing and future supply of employment land in the area of the Exhibited PSP and the Northern Growth Corridor more broadly; and*
 - *consideration of the designation of the employment land within the Exhibited PSP as a 'Regionally Significant Industrial Precinct' in the Melbourne Industrial & Commercial Land Use Plan.*
 2. *an explanation and/or commentary as to how the 280 Hectares of employment land identified in the Melbourne Industrial & Commercial Land Use Plan was calculated.*
 3. *a review of and your professional opinion on the quantum and location of employment land (ie, industry and light industry) in Submitter's Preferred FUSP.*
 4. *any other policy, consideration or matter within your expertise that you consider relevant to Submitter's submissions.*
7. In preparing this report, I have had reference to a range of documents, including those previously lodged with the Council in this matter, other relevant research and witness statements prepared on behalf of Council and recently provided to the Panel. Key documents referenced are listed at the end of this report.

8. I, Rhys Matthew Quick, hereby adopt this Expert Witness report as my evidence and state as follows:

- the factual matters stated in this report are, as far as I know, true;
- I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel;
- the opinions stated in this statement of evidence are genuinely held by me;
- the statement of evidence contains reference to all matters that I consider significant; and
- I understand the expert's duty to the Panel and have complied and continue to comply with that duty.



Rhys Quick
Director, Property Economics & Research
Urbis Pty Ltd

Dated: 28 October 2020

SUMMARY OF OPINIONS

9. This report has been prepared according to instructions from Submitter 23, who have interest in land holdings at 960 and 1030 Donnybrook Road, Donnybrook. This land falls within the Shenstone Park Precinct Structure Plan (PSP) area. The PSP is still under consideration, with the most recent Draft PSP released by the Victorian Planning Authority (VPA) in October 2020 (PPV Document 25(a)).
10. The key findings of this report are as follows:
 - a. In locations that are not first choice industrial locations or are proposed as a response to particular circumstances, such as the quarry at Shenstone Park, **a modest change in employment land supply is not critical.**
 - b. There is **more than enough industrial land supply in the Northern Region to meet demand for the next 40 years** and beyond. Employment land in Shenstone Park has never been necessary in ensuring the Northern Region is supplied with sufficient jobs, particularly considering it will cater to blue collar employment where there are already plenty of opportunities elsewhere in superior locations across the region.
 - c. The area set aside as **future employment land in the North Growth Corridor Plan was more than one third higher than the upper end of the required range** according to the economic analysis commissioned to inform the plans.
 - d. Ultimately, setting aside land does not create the jobs needed. Market demand needs to exist for that land to be developed, which in turn creates the job opportunities. **If the land is not suitable for the intended use, demand and jobs will not materialise.**
 - e. **There appears to have been no strategic justification for the amount of employment/industrial land in the Shenstone Park area, other than as a response to the quarry buffers.** Seemingly, the extent of industrial land simply changed as the buffer distances moved or future quarry expansion plans changed.
 - f. The latest version of the PSP prepared by the VPA (PPV Document 25(a)) has increased the employment land area to the **highest level identified through any of the PSP drafts.** Again, there appears to be **no evidence** that has supported the need for employment land at this level.
 - g. The Melbourne Industrial & Commercial Land Use Plan notionally identifies **280 ha of industrial land at Shenstone Park**, however, this appears to include the quarry and surrounding non-urban/utilities land. This metropolitan-wide strategy did not consider the particular circumstances of Shenstone Park in designating it as a “Regionally Significant” industrial area, noting it was a **response to the need to provide buffers to residential areas.**
 - h. Given the competition from larger industrial precincts in superior locations across the region, **Shenstone Park presents only a secondary location for industrial uses**, constrained primarily by the relatively small area, the lack of direct highway access and critically, separation from the North State Significant Industrial Precinct. The area lends itself to more of a **peripheral business and service offering and small format industrial uses** catering to a local market, generating demand predominantly for smaller lots.
 - i. As such, the area may see an **extended period of underdevelopment**, resulting in potentially large areas of vacant land. A small reduction in the amount of employment land allowed for will not have any material impact on the rate of occupation of the land, nor the level of employment generated in the PSP.
 - j. From an economic perspective, I conclude that the **proposed Future Urban Structure Plan put forward by Submitter 23 is an enhanced outcome** for the following reasons:
 - The proposed pulling back of the employment land on the subject land is a **response to aligning with buffers from the quarry**, with industrial use within that buffer assumed to an appropriate use. Industrial land in this location would be unlikely to emerge if the quarry buffers did not exist.

- The **reduction of employment land at some 32 ha from the 171 ha of employment land proposed in the 2020 Draft PSP (PPV Document 25(a)) is inconsequential** in terms of the broader supply of employment land in the PSP, and relative to the substantial supply pipeline in the broader region.
- **I note, however, the employment land under Submitter 23's plan, at close to 140 ha, remains larger than the 131 ha designated in the Exhibited PSP (2019).**
- While technically a reduction in employment land could correspond to a reduction in the job capacity of the PSP, the PSP was never identified as being necessary to meeting future job requirements of the region. **The likely job reduction is minor.**
- **Demand for employment land is anticipated to be modest relative to supply.** As such, a **reduction in the land area**, particularly to the south of the PSP away from Donnybrook Road, is **appropriate** from an economic viewpoint.
- The proposed **shift of the local town centre will ensure it is more centrally located to the population** it is intended to serve, maximising the convenience for future residents.

SOURCES OF INFORMATION

11. This report draws on a variety of information and sources provided to this office, including the contents of my brief. The most important documents for my assessment are:
 - Growth Corridor Plans – Activity Centre and Employment Planning, Essential Economics, 2011
 - Background report to the North Growth Corridor Plan, Growth Area Authority, 2011
 - North Growth Corridor Plan, Growth Area Authority, 2012
 - Northern Quarries Investigation Area - Draft Addendum to the Growth Corridor Plans: Managing Melbourne's Growth, Metropolitan Planning Authority, 2015
 - Plan Melbourne, Department of Environment, Land, Water & Planning, 2017
 - Draft Shenstone Park Precinct Structure Plan, Victorian Planning Authority, December 2017
 - Draft Shenstone Precinct Structure Plan, Victorian Planning Authority, September 2019
 - Shenstone Park Precinct Structure Plan Retail and Employment Needs Economic Assessment, Ethos Urban, 2019
 - Melbourne Industrial & Commercial Land Use Plan, Department of Environment, Land, Water & Planning, March 2020
 - Part A Submission, Draft Shenstone Park Precinct Structure Plan, Victorian Planning Authority, October 2020

ABBREVIATIONS

| | |
|-------|---|
| ABS | Australian Bureau of Statistics |
| ACZ1 | Activity Centre Zone 1 |
| ACZ2 | Activity Centre Zone 2 |
| BIFT | Beveridge Intermodal Freight Terminal |
| C2Z | Commercial 2 Zone |
| DELWP | Department of Environment, Land, Water & Planning |
| EPA | Environmental Protection Authority |

| | |
|--------|---|
| FUSP | Future Urban Structure Plan |
| GAA | Growth Area Authority |
| NGCP | North Growth Corridor Plan |
| NQIA | Northern Quarry Investigation Addendum |
| LGA | Local Government Area |
| MICLUP | Melbourne Industrial & Commercial Land Use Plan |
| OMR | Outer Metropolitan Ring |
| PFN | Principal Freight Network |
| PSP | Precinct Structure Plan |
| SSIP | State Significant Industrial Precinct |
| UDP | Urban Development Program |
| UGB | Urban Growth Boundary |
| UGZ | Urban Growth Zone |
| VPA | Victoria Planning Authority |

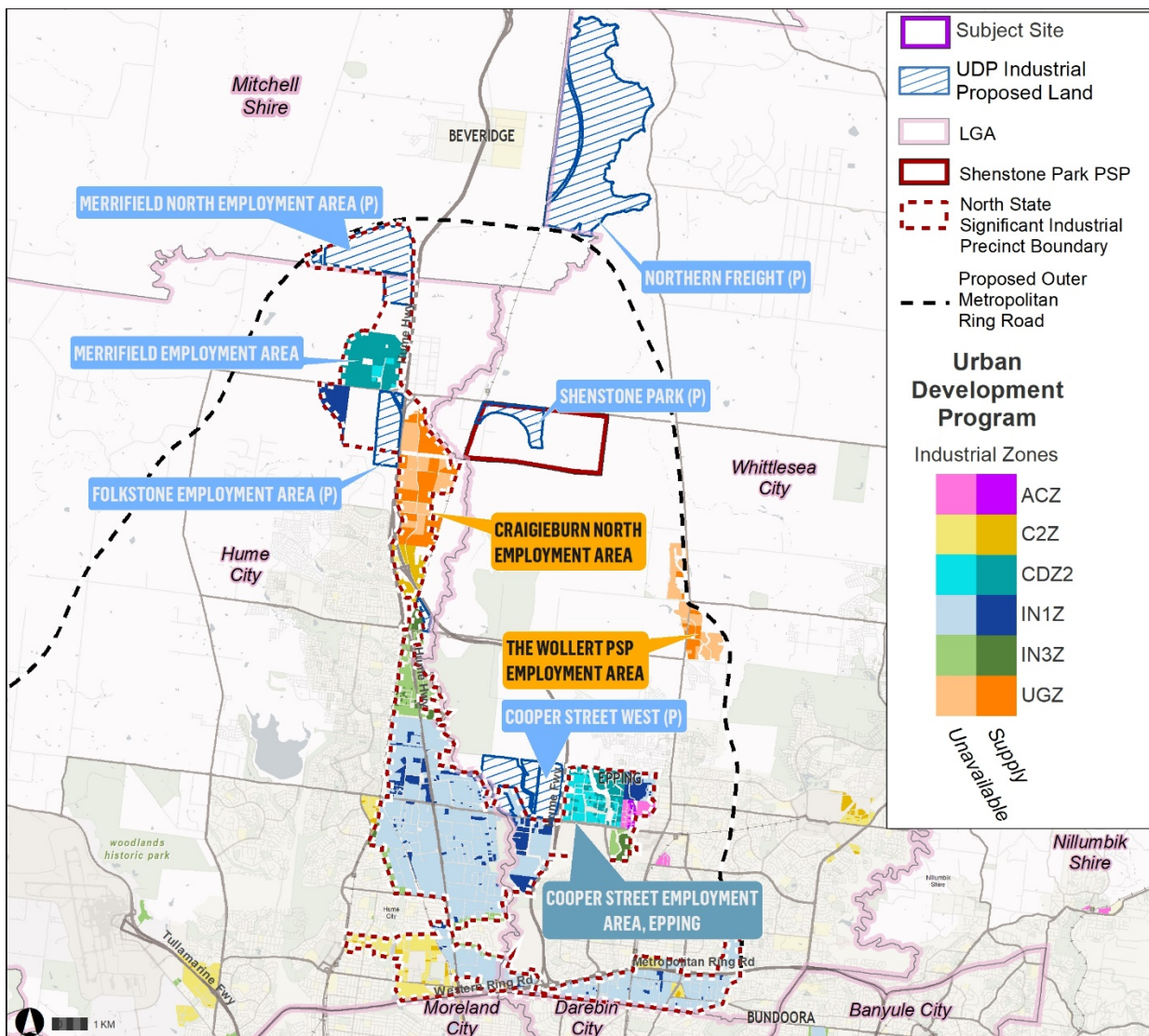
1. NORTHERN REGION EMPLOYMENT LAND

12. In this section I summarise the key trends in the supply of, and demand for, employment land in the Northern Region of Melbourne. This background to the regional employment land provision provides the context to consider the need for employment land in the Shenstone Park PSP.

1.1. THE NORTHERN REGION

13. The Northern Region is defined in Plan Melbourne as comprising the local government areas of Moreland, Darebin, Banyule, Nillumbik, Hume, Whittlesea and the southern part of Mitchell Shire that falls within the Urban Growth Boundary. The region is characterised as having a large presence of industrial land, most of which within the North State Significant Industrial Precinct (SSIP). The relative position of Shenstone Park within the region is shown in Map 1 below.
14. The Shenstone Park PSP area is separated by the railway line from any major existing industrial precincts in the region, in particular those along the Hume Highway. While other exceptions such as the Beveridge Intermodal Freight Terminal (BIFT) and Wollert PSP also stand in isolation, in time these precincts will have direct access to the Outer Metropolitan Ring Road. In this context, Shenstone Park is not an extension of the SSIP and will operate separately and serve a different role. This seems to be reflected in the designation of the area as “Regionally Significant” in the Melbourne Industrial and Commercial Land Use Plan (MICLUP).

Map 1 Relative Position of Shenstone Park PSP in the Northern Region



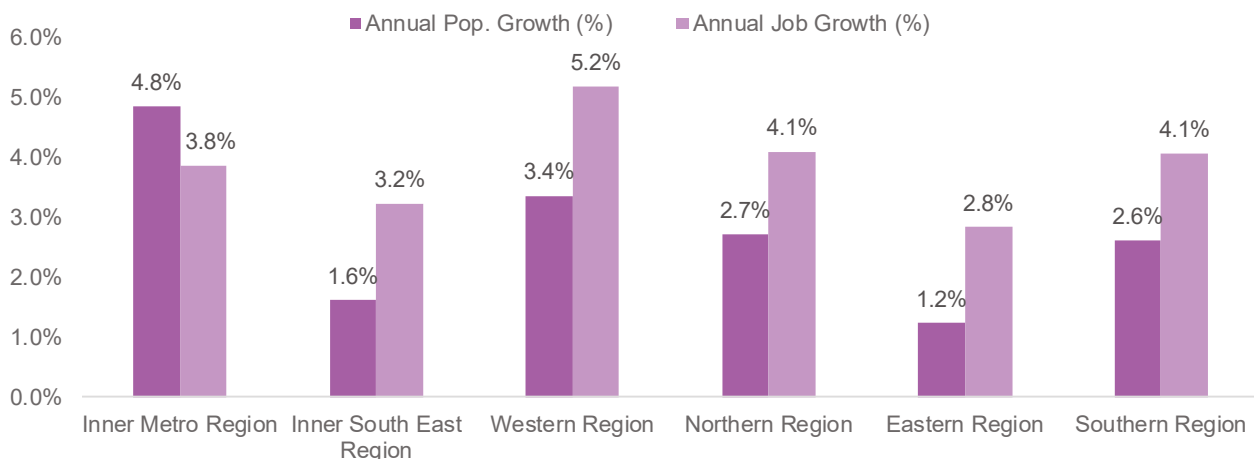
Source: UDP 2018; Urbis

1.2. KEY TRENDS IN NORTHERN REGION EMPLOYMENT

15. The key employment characteristics and trends observed in recent years across the Northern Region are presented in Charts 1-6 and summarised as follows.

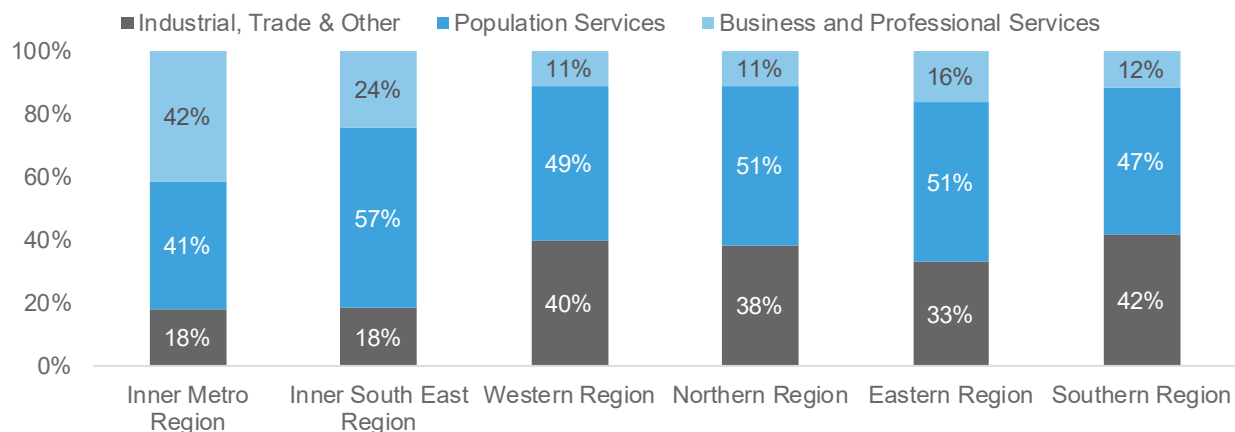
- **Job Growth Higher than Population Growth.** The Northern Region currently has some 282,800 jobs based on the latest ABS Census data (2016). Between 2011 and 2016, the Region added some 10,300 additional jobs per annum on average. While this was less than the average annual increase in population volume (23,400 people annually), in percentage terms, job growth outstripped population growth. In fact, the Northern Region was one of the fastest growing regions in Melbourne in terms of jobs growth (Chart 1).
- **High Provision of Industry-based Jobs.** Of the 282,800 jobs in the Region, 38% are generally industry-based jobs (i.e. Agriculture, Forestry & Fishing, Mining, Manufacturing, Electricity, Gas, Water & Waste Services, Construction, Wholesale Trade, Transport, Postal & Warehousing and Other Services). Only 11% are in higher value office-based industries (i.e. Information Media & Telecommunications, Financial & Insurance, Rental, Hiring & Real Estate, Professional, Scientific & Technical and Admin & Support Services), the lowest proportion across all metro regions (Chart 2).
- **Continued Decline in Industrial Jobs.** Despite the large presence of industrial base within the Region, the on-going de-industrialisation and rising level of automation have seen industry-related employment continue to decline. Between 2011 and 2016, Manufacturing and Wholesale Trade sectors saw a decline in resident workers (Chart 3), despite an increase in total jobs for the Region of around 51,300 jobs over the period. All other industries experienced positive growth in employed residents within the Region. Most new employment was created in education and health, with other key industrial sectors for the Northern Region, such as Transport, Postal and Warehousing, experiencing only modest gains.
- **Low Containment of Higher Value Jobs.** Job containment refers to local residents who live and work in the same region as a share of total resident workers in that region. As illustrated in Charts 4 & 5, the Northern Region has remained the outer region with the lowest level of containment, despite growth in this statistic between Censuses (44% in 2011 vs. 48% in 2016). Containment of higher value jobs (i.e. Business & Professional Services, as specified earlier) is particularly low at just 28%, the second lowest across all metro regions.
- **High Job Deficit in Higher Value Industries.** Comparing the number of residents of the region working in an industry to the number of jobs in the region, most industries have a job deficit (more residents working in that industry relative to jobs provided). However, the key areas of under-supply are in high-value, white-collar based industries such as Information Media and Telecommunications and Financial and Insurance Services, rather than the blue-collar industries intended to be catered for by industrial land supply (Chart 6).

Chart 1 Metropolitan Regions Population Growth vs. Jobs Growth 2011-2016



Source: ABS Censuses 2011 & 2016; Urbis

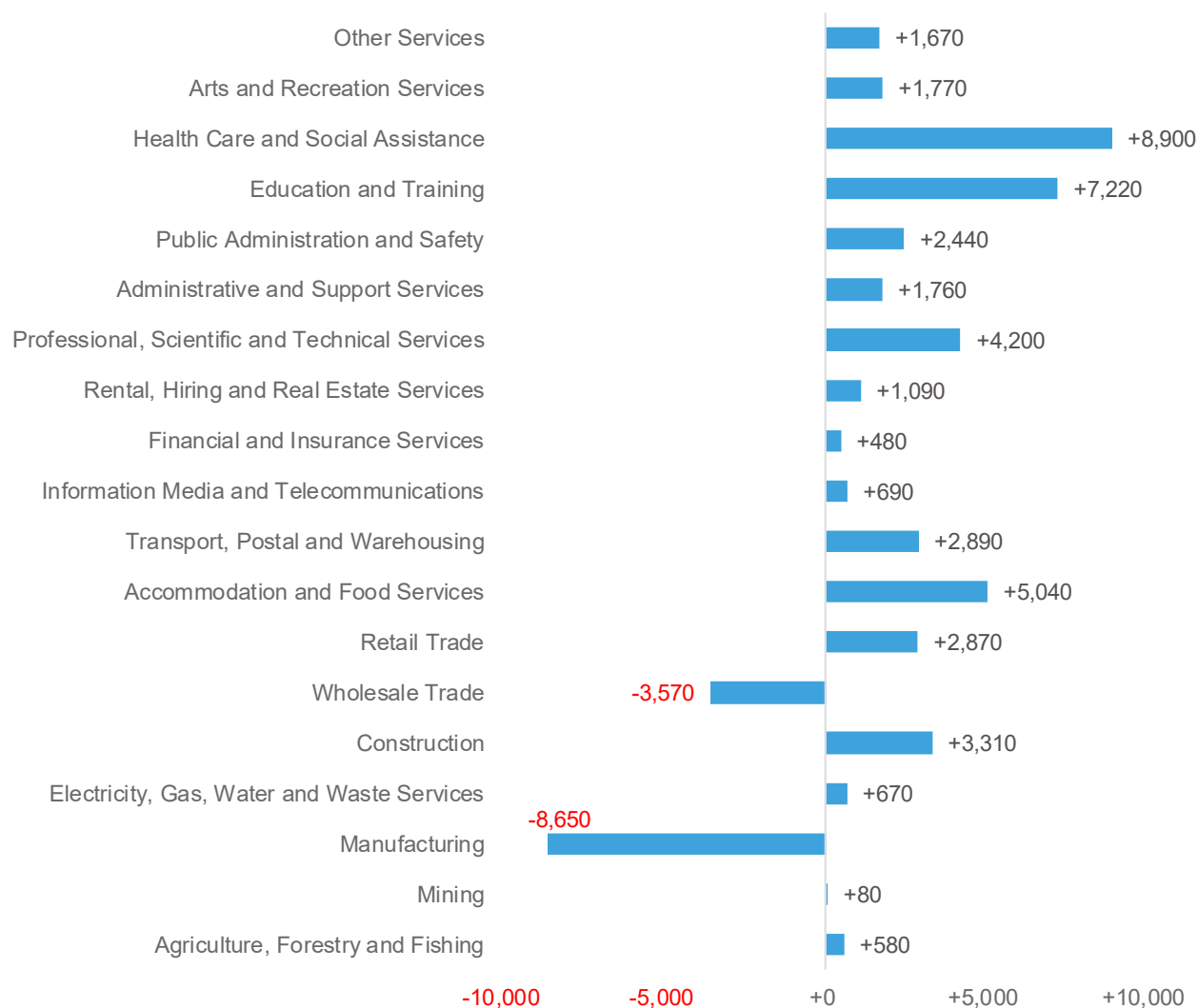
Chart 2 Metropolitan Regions Proportion of Jobs by Industry Categories¹



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Census 2016; Urbis

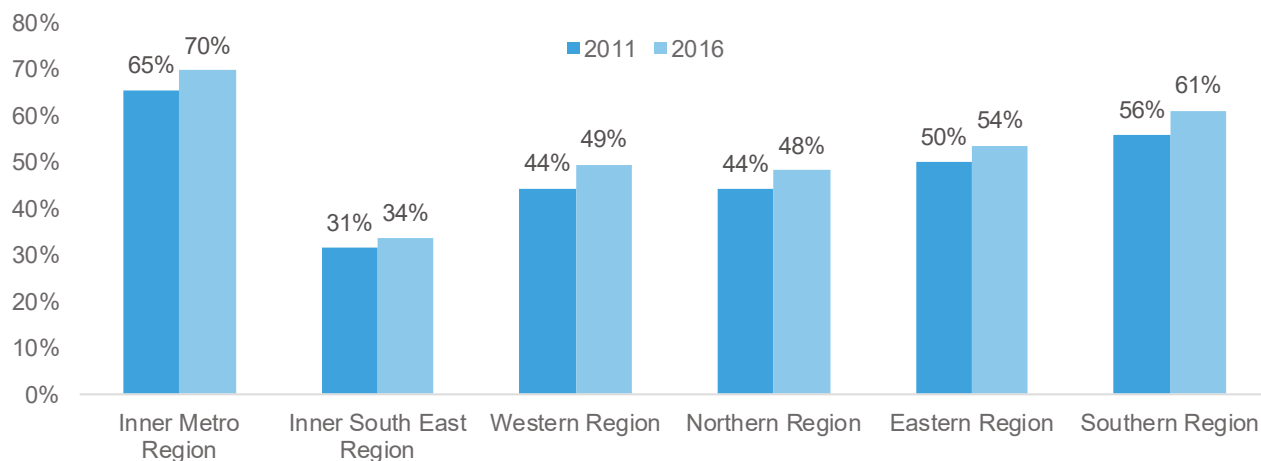
Chart 3 Northern Region Changes in Resident Workers by Industry¹



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2011 & 2016; Urbis

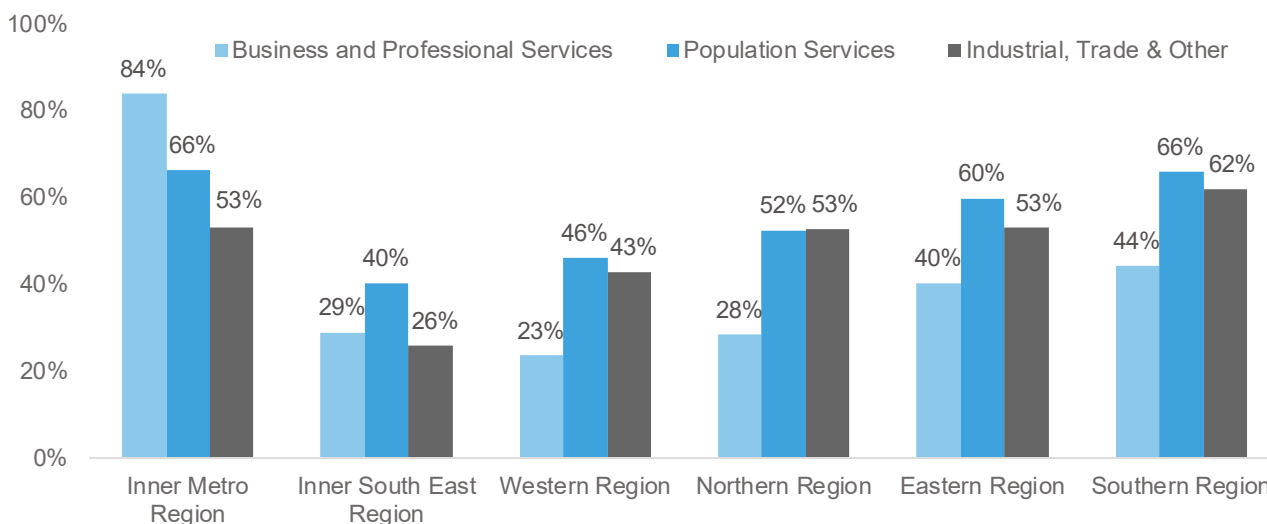
Chart 4 Proportion of Resident Workers Living and Working in the Region¹



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2011 & 2016; Urbis

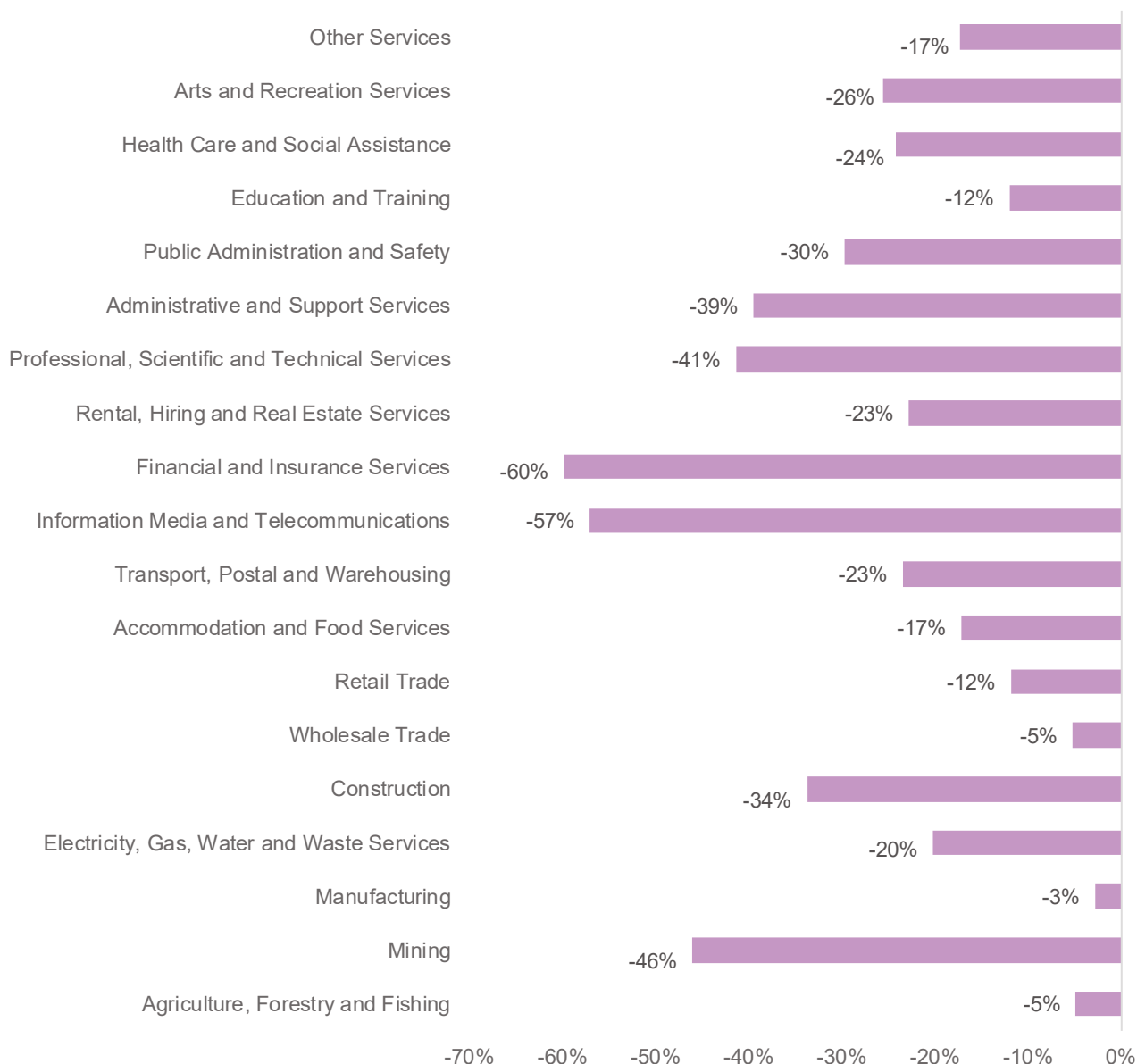
Chart 5 Job Containment by Industry Categories¹



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Census 2016; Urbis

Chart 6 Northern Region Job Surplus/Deficit as a Proportion of Resident Workers¹



1. Job deficit/surplus is the difference between jobs provided in an industry/area versus residents who work in that industry and live in the area. The proportion is calculated by dividing the deficit/surplus by the total number of residents in the area employed in that industry.

2. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2011 & 2016; Urbis

16. The above analysis leads to the following observations:
- Job growth across the region has been solid, but to provide more employment opportunities closer to where people live, the Northern Region, like most others, needs to continue to see **employment growth rates exceeding population growth**.
 - However, jobs growth needs to occur in the **right industries and locations** to address key areas of under-provision. To respond to the skills of and occupations of current and future residents and provide more employment opportunities closer to where people live, the Northern Region needs to provide **more jobs in white-collar industries**. The blue-collar industries, and to some extent, Population Services industries (such as Health and Education), are generally well catered for.
 - At the same time, industrial employment is on the decline, indicating a **reduced need for industrial land supply** going forward. To retain the increasingly white-collar workforce resident in the Region, there is a need to provide greater opportunities for white-collar industry through the **provision of quality office space in locations that can support that use**.
 - While an ambition to provide more employment opportunities in the Northern Region is appropriate, they need to be more in white-collar industries in the right locations. **An assumption that a reduction in the industrial land supply pipeline automatically reduces employment opportunities to meet the needs of future residents is inaccurate**. In locations that are not first choice industrial locations or are proposed as a response to particular circumstances, such as the quarry at Shenstone Park, a modest change in employment land supply is not critical.
17. As demonstrated in the following sub-section, there is more than sufficient supply of employment land in the Region to meet demand in the next 3-4 decades. The protection of secondary industrial land, which I consider Shenstone Park to be, is not necessary if maintaining a pipeline of supply and protecting jobs in the Northern Region are the only reasons put forward. This is discussed in more detail in subsequent sections.

1.3. SUFFICIENTLY LARGE FUTURE SUPPLY OF INDUSTRIAL LAND

18. In this sub-section, I consider the supply and demand status of the industrial land market in the Northern Region to determine whether there is a need for Shenstone Park to provide for further industrial land consistent with the North Growth Corridor Plan in the context of a continued shift away from industrial employment.

1.3.1. Zoned Supply

19. The Department of Environment, Land, Water and Planning (DELWP) publishes an annual Urban Development Program (UDP) report providing information on the supply of, and demand for, residential and industrial land across Victoria. The UDP defines industrial land as being either unavailable or supply/available land based on aerial photographic assessments.
20. The most recent UDP data released in July 2019 indicates as at June 2018 the Northern Region contains **4,413 gross ha of land zoned to allow industrial use without a permit** (Activity Zone 1, Commercial 2, Comprehensive Development 2, Industrial 1 and Industrial 3). **The land recorded as vacant or 'available' supply in the UDP is 996 gross ha across the Northern Region.**

1.3.2. Supply in Urban Growth Zone

21. In addition to the industrial/commercial zones, the UDP also considers land that is within the Urban Growth Zone (UGZ) and is designated to be used for industrial or commercial purposes. While the maps show the UGZ areas in Wollert and Craigieburn North, I have considered the applied zones that make up the UGZ land and matched those areas against what the UDP indicates as either available or occupied. **There is a total of 548 ha in the Region that has an applied zone suitable for use as industrial land, of which 253 ha are considered available.**
22. However, it should be noted that the UDP may have understated the true level of available industrial land in the region, as the identification of land availability was based on aerial photographic assessment. This is particularly evident in the UGZ areas which have not yet been developed substantially. On inspection of the UGZ areas in the Northern Region, including large parts of Craigieburn North and Wollert, many areas detailed as unavailable in the UDP are still being used as farm land.
23. It appears that the presence of farm houses and other out-buildings on the sites have led to them being classified as 'occupied' and therefore 'unavailable'. This is considered an anomaly in the methodology of the UDP that must be kept in mind when considering the absolute volume of vacant land and the level of consumption of land as reported in the UDP.

1.3.3. Proposed Future Supply

24. In addition to the existing zoned industrial land and the defined UGZ land, the 2018 UDP makes an allowance for land in proposed industrial land precincts, primarily based on the 2012 Northern Growth Corridor Plan. In the Northern Region, these proposed areas include those directly adjoining the Hume Freeway including the Cooper Street West area, the Folkstone and Merrifield North Employment Areas, and the land set aside for the BIFT. All are significantly larger and more accessible than the Shenstone Park PSP which is also identified as proposed supply (based on the industrial area shown in the North Growth Corridor Plan). **These areas allow for an additional 1,878 ha of industrial land in total.** The above information is shown in Map 1 and summarised in Table 1.
25. As mentioned earlier, it is important to note from Map 1 that Shenstone Park is one of the very few industrial areas that is not within or adjacent to the North SSIP. The other exceptions are the BIFT and Wollert PSP which in time will have direct access to the Outer Metropolitan Ring Road. As discussed in subsequent sections, this separation from a major industrial base and lack of highway exposure will impact the demand for industrial land in Shenstone Park.

Table 1 Northern Region Supply of Employment Land by Type, as at June 2018

| | Total Northern Region (gross ha) |
|--|---|
| Zoned Industrial Land¹ | |
| Unavailable Land | 3,417 |
| Supply | 996 |
| Total Industrial Land | 4,413 |
| Applied Zones Under Urban Growth Zone² | |
| Unavailable Land | 295 |
| Supply | 253 |
| Total Urban Growth Zone | 548 |
| Additional Future Supply | |
| Proposed Future Industrial Supply | 1,878 |
| Total Future Supply | 3,127 |

1. Includes CA, ACZ 1&2, C2Z, CD2Z, IN1Z and IN3Z land.

2. Area of applied zones suitable for industrial/commercial purposes that correspond to areas of unavailability or supply as defined in the UDP 2018 report. Urban Growth Zone (UGZ) allowed for Industrial uses in the Northern Region includes UGZ2/5/6/8/9/13/14 land.

Source: UDP 2018; Urbis

1.3.4. Demand for Industrial Land

26. In assessing the demand for industrial land, Urbis have used the UDP information from two time periods (2008 and 2018) to estimate the past take-up of industrial land in the Northern Region.
27. Across the Northern Region, average annual consumption of land zoned for industrial purposes between 2008 and 2018 was recorded in UDP at around 61 hectares (refer Table 2). The absolute majority of this was taken up in the SSIP along the Hume Highway and Freeway corridor which is attractive to industrial users (Map 1). The Shenstone Park PSP area sits outside the SSIP.
28. Given continued strong population growth in the Northern Region, it is reasonable to assume that annual consumption of land zoned for industrial purposes could increase in the Region in general. As a result, I have conservatively allowed for increased consumption rates with the release of the UGZ industrial land.
29. In total, across the Northern Region I have allowed for between 65-80 gross hectares of industrial land to be consumed annually in future, as shown in Table 2. At up to 30% higher than observed levels over the last decade or so, this is considered a generous allowance.
30. Various research has indicated that demand for industrial land in future will only likely reduce due to the continuation of de-industrialisation across Australia.
31. In addition, the advancement of technology has given rise to a continued decline in industrial employment (particularly manufacturing) which could lead to a reducing annual demand for industrial land. Therefore, this approach has the potential to overstate the future land requirement.

1.3.5. Adequacy of Industrial Land Supply

32. In the Growth Corridor Plans released in 2012, it was indicated the plans provided sufficient industrial land for up to the next 40 years (i.e. around 32 years from now). Having established the future supply of, and demand for, industrial land within the Northern Region, I consider whether the supply is indeed adequate to meet demand over this 40-year time period.
33. Table 3 below summarises the estimated supply capacity, measured in the number of years this land is likely to last before exhaustion.
34. Based on my estimated historical absorption rate of industrial land between 2008 and 2018, the future supply of 3,127 ha of industrial land would be able to meet the demand across the Region for the next 39 to 48 years or so, consistent with the 40-year benchmark.
35. Under a rather extreme scenario and for the purpose of analysis only, should the entire 171 ha of industrial land south of Donnybrook Road identified in the 2020 Draft Shenstone Park PSP (PPV Document 25(a)) be removed from industrial land supply, total available supply for the region would only be reduced by around two years. This level of impact is considered immaterial at the regional level. Of course, the submitter proposed Future Urban Structure only involves a minor decrease in employment land as discussed in subsequent sections.
36. My assumed future consumption at 65-80 ha per annum is also likely to overstate the actual demand for industrial land. As the Victorian economy continues to de-industrialise and transition towards higher-value services, demand for blue collar workers and hence industrial employment land is only likely to become less.
37. **Based on the above, it is considered that Shenstone Park is not needed to meet supply requirements for the Northern Region. There is more than enough industrial land supply in the Northern Region to meet demand for the next 40 years and beyond, with or without the Shenstone Park PSP employment area being extended to meet the industrial land extent shown in the Growth Corridor Plan.**
38. As detailed in section 2, the Shenstone Park employment area has been designated primarily as a response to the buffers around the Woody Hill Quarry, not due to an identified need for employment land.

Table 2 Northern Region Consumption of Employment Land by Type, as at June 2018

| | Total Northern Region (gross ha) |
|------------------------------------|--|
| Industrial Land¹ | |
| 2008 Unavailable Land | 3,099 |
| 2018 Unavailable Land | 3,713 |
| Net Absorption 2008 - 2018 | |
| Total | 614 |
| Annual Average (ha/year) | 61.4 |
| Assumed Future Consumption | 65-80 |

1. Includes CA, ACZ 1&2, C2Z, CD2Z, IN1Z, IN3Z and UGZ2/5/6/8/9/13/14 land.

Source: UDP 2008 & 2018; Urbis

Table 3 Northern Region Estimated Supply Capacity, as at June 2018

| | Total Northern Region |
|---|--|
| Existing Industrial Land Provision¹ | |
| Future Supply (gross ha) | 3,127 |
| Assumed Future Consumption (gross ha/yr) | 65-80 |
| Total Available Supply (yrs) | 39-48 |
| | Excl. Employment Land in Shenstone Park PSP² |
| Industrial Land Provision | |
| Future Supply (gross ha) | 2,955 |
| Assumed Future Consumption (gross ha/yr) | 65-80 |
| Total Available Supply (yrs) | 37-45 |

1. Includes CA, ACZ 1&2, C2Z, CD2Z, IN1Z and IN3Z land.

2. includes industry, light industry and business land designated in the Draft PSP.

Source: UDP 2018; Urbis

1.4. LAND SUPPLY MORE THAN ENOUGH TO MEET JOB TARGETS

39. In addition to the above analysis suggesting the adequacy of industrial land supply in the region to meet future demand, this sub-section further demonstrates the extent to which existing and future supply of industrial land could support job targets for the region from an employment need perspective.
40. Specifically, I present here an assessment of the '1 additional job for every new dwelling' target as a guiding principle for employment land need derivation in the Growth Corridor Plans to determine whether such target provided any foundation for setting aside additional land in Shenstone Park to meet job targets for the region.
41. The concept of '1 additional job for every new dwelling' was referenced in the Growth Area Authority (GAA) background report to the North Growth Corridor Plan (NGCP) prepared in late 2011. The purpose of this objective is to ensure residents in Melbourne's growth areas in future have access to a sufficient range of job opportunities locally.
42. However, as the economic reports that informed the GAA's background document appear to recognise, there are a range of demand drivers that will ultimately influence the amount of employment land required in an area. Population growth is one factor at a metropolitan-wide level that will create a requirement for employment land, but it is less important at the regional level.
43. Many industrial land users who serve metropolitan, national, or international markets can choose which region best serves their operational needs. This means demand for industrial land in an area is not, in that case, tied to the population in that region.
44. The more critical drivers of industrial land demand are the locational attributes. The Growth Corridor Plans document identifies this:

The criteria adopted for locating major industrial precincts are:

- *good access to the Principal Freight Network (PFN) and via the network to ports, airports and intermodal freight terminals;*
- *the availability of sufficient unfragmented land holdings to enable the development, over time, of clusters of related businesses*
- *relatively flat land with good access to services and infrastructure so as to enable economic subdivision and building development; and*

- the ability to provide adequate buffers from residential and other sensitive land uses to enable planning and EPA guidelines for residual air and noise emissions to be met.

Growth Corridor Plans, Managing Melbourne's Growth, 2012, pg 24.

45. These considerations are addressed further in the following section in relation to the type of industrial land demand that could exist in Shenstone Park.
46. Industrial development differs from other employment-supporting facilities which are typically more population driven. The likes of education, health, retail, and other community services are much more closely linked to population at a local or regional level. However, the 1 job per dwelling guide was applied equally to all employment land in the Growth Corridor Plans in providing an indication of how much of each land type could be allocated to each growth area to assist in achieving the aspiration.
47. Ultimately, setting aside land does not create the jobs needed. Market demand needs to exist for that land to be developed, which in turn creates the job opportunities. If the land is not suitable for the intended use, demand and jobs will not materialise.
48. It is for this reason, the 1 job per dwelling aspiration has only been loosely applied in planning for the employment needs of the Northern Region. As discussed below, there was a large range in the estimated population growth and in turn, in the job and land area estimates needed.
49. The table below summarises the analysis contained in the Essential Economics report (*Growth Corridor Plans – Activity Centre and Employment Planning, 2011*) for the North Growth Corridor. This analysis presented two scenarios: a low and a high growth outcome. Within those two outcomes, again a range was applied, recognising the inability to be too precise in estimating land requirements over a long timeframe.

Table 4 North Growth Corridor, Derivation of Additional Employment Land Need (2011)

| Metric | Additional Growth | | Comment |
|---|-------------------|----------------|--|
| | Low | High | |
| Additional Population | 177,000 | 304,000 | The forecasting of population for the North Growth Corridor over a long time frame is challenging, resulting in a potential range where the high scenario is 72% higher than the low scenario. |
| Additional Dwellings | 66,000 | 105,000 | With an average household size of just less than 3 people, the dwelling range is also large. |
| Additional Jobs Target | 66,000 | 105,000 | The jobs target directly reflects the dwelling forecast based on 1 additional job for each additional dwelling. |
| Share of new jobs on Employment Land (40-45%) | 26,400-29,700 | 42,000-47,250 | Based on the historic distribution of jobs by land type, it is estimated employment land (including industrial and commercial business parks) will accommodate around 40%-45% of the additional jobs required. |
| Additional Employment Land Requirement | 1,320-1,485 ha | 2,100-2,365 ha | Based on 20 jobs per hectare for employment land. This represents the extra land required compared to currently occupied employment land. |

Source: *Essential Economics*

50. It is clear from this that a specific employment land area was not derived through the economic analysis that informed the NGCP. The indication provided to the GAA was that the employment land requirement in the North could be **anywhere from 1,320 ha to 2,365 ha**.
51. Following that advice, the GAA prepared the Growth Corridor Plans and set aside land that was not previously identified for industrial purposes in the order of 1,745 ha. At first glance, this appears to

fall within the employment land requirement range identified by Essential Economics. However, *this is only the industrial land that was not previously identified*.

52. If the land previously identified and other business land set aside for future development is included, the total land area to accommodate the new jobs on employment land as detailed in the NGCP is actually 3,250 ha. As detailed at page 70 of the NGCP, this consists of the following:
- 2,810 gross hectares of industrial land;
 - 320 gross hectares of business land; and
 - 120 gross hectares of industrial and commercial land potential across residential PSPs.
53. The area set aside as future employment land in the NGCP was **more than one third higher than the upper end of the required range** according to the economic analysis commissioned to inform the plans.
54. As detailed in my analysis at Table 1, the existing supply of 3,127 ha is still well in excess of the necessary level identified in the economic analysis behind the NGCP.
55. In effect, there is a disconnect between the amount of land that was ultimately allowed for in the NGCP and any expectation of what was required based on the aspiration of 1 additional job per additional dwelling.
56. Based on the above assessment, it is concluded the industrial land area would have remained well above the identified requirement even without employment land in Shenstone Park being included. Employment land in Shenstone Park has never been necessary in ensuring the Northern Region is supplied with sufficient jobs, particularly considering it will cater to blue collar employment where there are already plenty of opportunities elsewhere in superior locations across the region.

1.5. NORTHERN REGION EMPLOYMENT LAND SUMMARY

57. To summarise my analysis presented in this section, I note the following:
- While an ambition to provide more employment opportunities in the Northern Region is appropriate, they need to be more in white-collar industries in the right locations. **An assumption that a reduction in the industrial land supply pipeline automatically reduces employment opportunities to meet the needs of future residents is inaccurate.** In locations that are not first choice industrial locations or are proposed as a response to particular circumstances, such as the quarry at Shenstone Park, a modest change in employment land supply is not critical.
 - There is **more than enough industrial land supply in the Northern Region to meet demand for the next 40 years and beyond.** Employment land in Shenstone Park has never been necessary in ensuring the Northern Region is supplied with sufficient jobs, particularly considering it will cater to blue collar employment where there are already plenty of opportunities elsewhere in superior locations across the region.
 - **The area set aside as future employment land in the NGCP was more than one third higher than the upper end of the required range** according to the economic analysis commissioned to inform the plans.
58. Ultimately, setting aside land does not create the jobs needed. Market demand needs to exist for that land to be developed, which in turn creates the job opportunities. If the land is not suitable for the intended use, demand and jobs will not materialise. These issues are discussed further in the following section.

2. EMPLOYMENT LAND IN SHENSTONE PARK

59. This section presents a more focused audit of the designated industrial land in the Shenstone Park PSP, including a brief review of the history of planning that has led to the area being set aside for industrial uses, and most critically an analysis of its location attributes as a future industrial precinct in the regional context.

2.1. SHENSTONE PARK PSP

60. The Shenstone Park PSP area lies at the south east corner of Donnybrook Road and Melbourne-Sydney railway line, covering a total land area of around 628 ha. Table 5 below provides a summary of the amount of land allocated to each land use in the latest 2020 Draft PSP (PPV Document 25(a)).
61. Of particular note, the employment land area has been increased from 131 ha as specified in the 2019 version to over 171 ha now. Much of the increase is due to the land to the west of the Woody Hill Quarry and along the railway line being designated as industry or light industry.
62. Assessment in the remainder of this statement will be based on this latest version of the draft PSP (PPV Document 25(a)).

Table 5 Breakdown of Land Area by Land Use in Shenstone Park

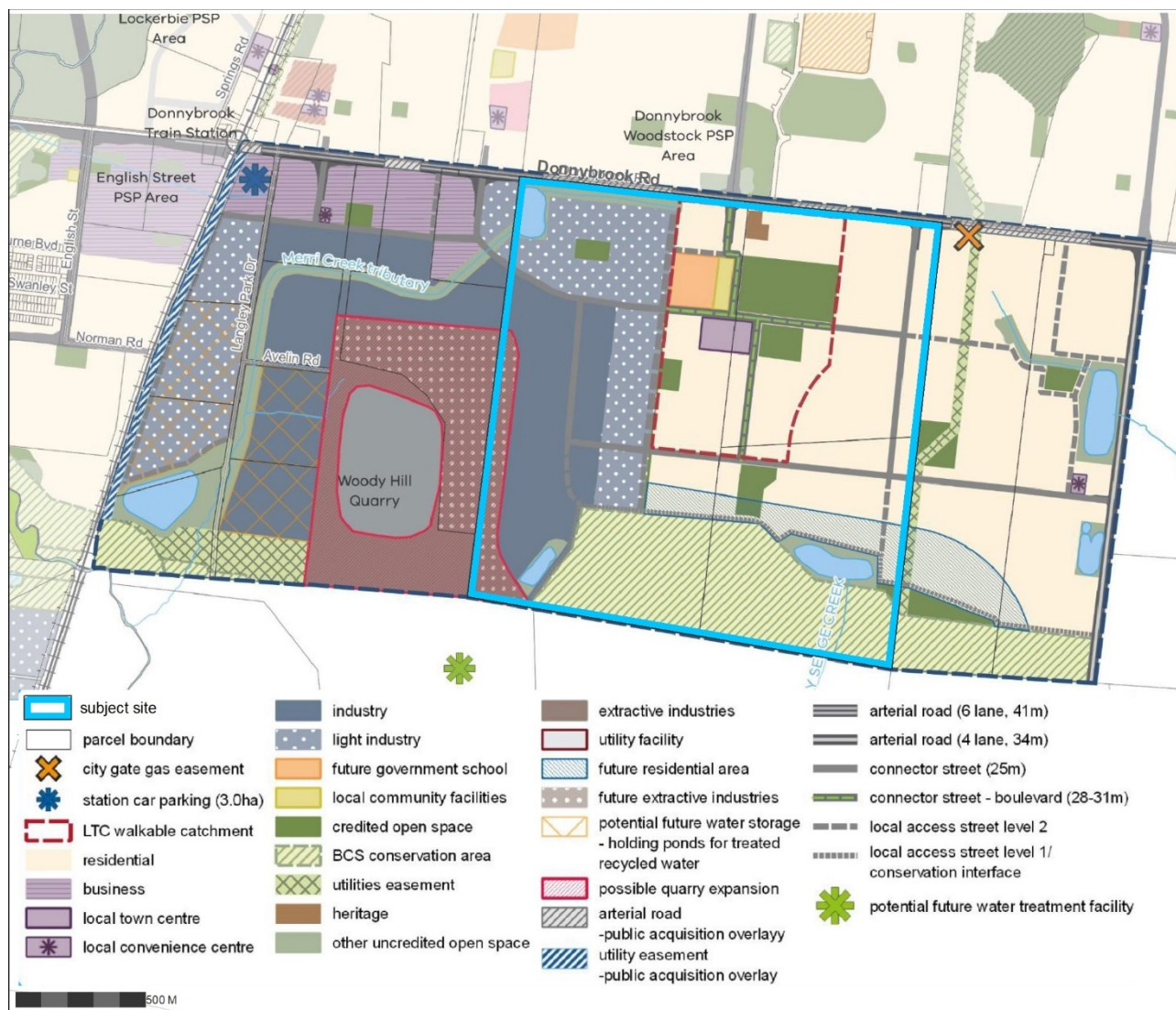
| Land Use | Land Area (ha) | Land Area (%) |
|---|----------------|---------------|
| Net Residential Developable Area | 196.8 | 31.3% |
| Net Employment Developable Area | 171.4 | 27.3% |
| <i>Light Industry</i> | 64.6 | 10.3% |
| <i>Industry</i> | 83.8 | 13.3% |
| <i>Business</i> | 23.0 | 3.6% |
| Total Net Developable Area | 368.3 | 58.8% |
| Local Town Centre | 3.0 | 0.5% |
| Other Employment-generating Land ¹ | 4.7 | 0.7% |
| Quarry (existing & expansion) | 73.4 | 12.0% |
| Other Land | 183.2 | 29.2% |
| Total Precinct Area | 628.2 | 100% |

1. Includes government school and community facility.

Source: Draft Shenstone Park PSP (October 2020) (PPV Document 25(a)); Urbis

63. Business land is proposed generally extending along Donnybrook Road to the east from the train line. The proposed industry land in the Shenstone Park PSP area generally surrounds the existing Woody Hill Quarry site. The land immediately abutting the quarry is designated "industry", with a transitional area of "light industry" for areas further removed from the quarry and adjacent to residential land.
64. As shown in Figure 1, the subject land encompasses both 960 and 1030 Donnybrook Road sites. While 1030 Donnybrook Road is designated as primarily residential, the western edge of the 960 Donnybrook Road land is impacted by allowance for industry and light industry land which sits around the various buffers of the Woody Hill Quarry. A government school and a local town centre are also proposed on the 960 Donnybrook Road land.
65. As analysed in more detail through the remainder of this section, the industrial land in the PSP has been designated primarily as buffer in response to the quarry in the area. There is no strategic justification for, nor supporting market evidence of the need for the scale of the land area set aside as industrial land, other than to act primarily as a buffer to the quarry.

Figure 1 Relative position of the subject land within the Draft Shenstone Park PSP (2020) (PPV Document 25(a))



Source: Draft Shenstone Park Precinct Structure Plan (October 2020) (PPV Document 25(a)), edited by Urbis.

2.2. HISTORY OF DESIGNATION OF LAND AT SHENSTONE PARK

66. Below I present a brief review of key documents that led to the designation of industrial land within the PSP.

- **North Growth Corridor Plan (2012)** – the overriding document in which the subject area was first identified as part of an ‘investigation area’. As detailed on page 71 of the Plan, approximately 100 ha gross of land south of Donnybrook Road was identified as having potential for future industrial use. However, this appears to have been a response to creating separation from more sensitive land uses and the Woody Hill Quarry. The quarry and “Non-Urban/Utilities land surrounding the quarry were identified separately to the industrial land which curved around those areas to the north. Other than the need for the land as a buffer, there is no strategic justification provided as to why there is a need for industrial land in this location.
- **Northern Quarries Investigation Area addendum** – this addendum to the Growth Corridor Plan identified the 187 ha parcel for employment around the Quarry, although as this is a gross area, the addendum suggested about 80% of this could be considered the net developable area (equivalent to about 150 ha).

I note most of the proposed employment areas within the NQIA identified in the Addendum were indicated to be around the larger quarry sites further south (i.e. , where access to future infrastructure (including an upgraded Summer Hill Road) would be more convenient.

The Addendum also appears to have only provided a cursory review of the need and location of future employment land, much less than the Growth Corridor Plan had indicated should be undertaken. Nonetheless, it continued to only define employment land in this area as a buffer response.

- **Draft Shenstone Park PSP (2017)** – the first version of the draft PSP prepared by the Victorian Planning Authority (VPA) which designated approximately 154 ha of employment land (including light industrial, bulky goods, utilities and areas with construction restrictions around the quarry site). Note that this is a net developable area, so it has had open space and main roads removed to arrive at that number. The 2017 draft PSP is shown in Appendix A. This iteration of the plan was again clearly using the industry land as a quarry buffer use, with the shape of the area to the north east of the quarry curving in line with the buffer area.
- **Draft Shenstone Park PSP (2019) (Exhibited Plan)**– an update to the 2017 draft PSP released in 2019 showed a land area reverting back to a similar area aligned with the Growth Corridor Plan, which as noted above was not supported by any strategic assessment of the need for that land area (see Appendix A). The 2019 plan identified some 131 ha of Employment land, with over 23 ha of designated 'Business' or Commercial Zone 2 (C2Z) land and close to 108 ha of proposed 'Industrial' land, including 94 ha of future supply and around 34 ha of identified land in the longer term post the completion of quarry operations. The employment land area was reduced in total from the 2017 version due to large areas set aside for utilities.

The 2019 Draft was supported by an economic assessment prepared by Ethos Urban which confirmed the previous designation and buffers are the primary reasons for employment land designation in the Shenstone Park area:

"The Melbourne North Growth Corridor Plan (2012) and constraints to potential land uses associated with buffer areas from the Woody Hill Quarry are two major influences for the designation of land in the FUS [Future Urban Structure] as employment."

Ethos Urban, Shenstone Park PSP Retail and Employment Needs, Sept 2019, Pg 1

Further discussion relating to the Ethos Urban review is provided below.

- **Melbourne Industrial and Commercial Land Use Plan (MICLUP, 2020)** – This is the most recent audit on the supply and demand conditions of employment land across metropolitan Melbourne prepared by the Department of Environment, Land, Water and Planning (DELWP). The plan, released in its final form in March 2020, mentioned the Shenstone Park PSP area as having some 280 ha of industrial land, with the boundary reflecting that shown in the Growth Corridor Plan. Further discussion of the treatment of Shenstone Park is provided in the next sub-section.
- **Draft Shenstone Park PSP (2020) (PPV Document 25(a))**– This is the most recent update to the PSP provided by the VPA in October 2020. It has made some substantial changes to the future urban structure, including the designation of the land abutting the railway line and land immediately west of the quarry, which was previously zoned 'utility facility', as now light industry and industry (Figure 1). There was a small reduction of the light industry land on 960 Donnybrook Road due to a relocation of the quarry expansion area. Total employment land within the PSP area is now increased to over 171 ha.

67. **Throughout the various iterations of planning for the area there was no strategic justification for the designation of employment/industrial land in the Shenstone Park area. Rather, it was primarily a response to the quarry buffers. Seemingly, the extent of industrial land simply changed as the buffer distances moved or future quarry expansion plans changed.**
68. **The latest version of the PSP prepared by the VPA (PPV Document 25 (a)) has increased the employment land area to the highest level identified in any of the PSP drafts for the future use of this land. I am unaware of any evidence that has supported the need for employment land at this level.**

2.2.1. Shenstone Park in the MICLUP

69. As mentioned in the summary above, the Melbourne Industrial and Commercial Land Use Plan was released in a final version in March 2020. The MICLUP provides an overview of current and future needs for industrial and commercial land across metropolitan Melbourne to assist with planning for future employment and industry needs, and better inform strategic directions.
70. In terms of the industrial land component of the plan, industrial land was classified as one of the following:
- State-Significant Industrial Precinct
 - Regionally Significant Industrial Precinct
 - Local Industrial Precinct
71. These precincts were then classified by whether they were existing or future.
72. Shenstone Park was identified as a “Regionally Significant Industrial Precinct – Future”. Regionally Significant precincts were identified as serving the following purpose:
- To provide opportunities for industry and business to grow and innovate in appropriate locations for a range of industrial and other employment uses that can contribute significantly to regional and local economies.*
- They will be retained and planned to allow a range of industrial and other employment uses, and where appropriate, new and emerging types of businesses that require access to affordable and well-located land to grow and innovate.*
- They may serve broader city functions or support activities which benefit from scale with some precincts offering opportunity to transition to a broader range of employment opportunities offering a higher amenity to workers and economic vibrancy.*
- Melbourne Industrial and Commercial Land Use Plan pg. 35*
73. The only mention of Shenstone Park in the plan was the following:
- To the north on Donnybrook Road, the Shenstone Park PSP area includes approximately 280 hectares of industrial land identified through the North Growth Corridor Plan and PSP process. This land provides an important buffer to existing and proposed quarry operations, a proposed sewerage treatment plant to the south, and nearby residential land uses. This precinct has good access to the Hume Freeway from Donnybrook Road.*
- Melbourne Industrial and Commercial Land Use Plan pg. 64*
74. I note the fact that the land was designated due to the buffer it presented for residential areas to the quarry and sewerage treatment plant. This appears to be the only justification for it, not being identified as being needed to provide employment or meet industrial land demand in the north.
75. The boundary of the area and the quantum of land referred to appears to have been transposed almost directly from the Northern Growth Corridor Plan developed in 2012, despite the more detailed planning for the PSP that has occurred subsequently. However, rather than distinguishing between the quarry, “Non-urban/Utilities” land and industrial land as the Growth Corridor Plan did, based on the maps in the report, the MICLUP appears to have identified the entire employment area, including the quarry land, as part of the 280 ha of industrial land. There has been no recognition of the constraints on the land, nor of the suitability of the land for industrial use.
76. As identified previously, the Northern Growth Corridor Plan upon which the MICLUP is based did not establish the need for a certain quantum of industrial land in Shenstone Park. There appears to have been no further analysis as part of the MICLUP that has subsequently provided strategic support for the proposed land area.
77. The separation of the land from the Northern SSIP appeared sufficient to ensure Shenstone Park was not considered to be part of that high-order industrial location, but most likely due to the large land area set aside, it was considered Regionally Significant rather than Local.

78. On my review of the MICLUP more generally, in identifying areas for inclusion in the plan and their boundaries, DELWP broadly replicated the status quo. In other words, existing zoned land was retained and classified, while land previously identified as future industrial land through the Growth Corridor Plans was transposed as future supply. This was a metropolitan-wide plan and there is no evidence of consideration at the local level of the appropriate boundary or quantum of land needed in each precinct, considering the particular circumstances of each area.
79. In summary, the MICLUP does not provide strategic support for a particular quantum of industrial land at Shenstone Park, only identifying it as necessary to provide a buffer to residential areas.

2.3. REVIEW OF ETHOS URBAN REPORT

80. The *Shenstone Park Precinct Structure Plan Retail and Employment Needs Economic Assessment (2019)* prepared by Ethos Urban provides a review of the employment land supportability proposed in the 2019 draft PSP to guide future land use planning. Of particular relevance, Chapter 4 of the report presents an assessment of the opportunity for land designated as 'Business' and 'Industrial' uses. Key conclusions from the assessment include:
- The area enjoys a number of advantages in support of future employment uses, including:
 - Proximity to Donnybrook Station
 - Proximity to a planned commercial area west of the Sydney-Melbourne railway line in the English Street PSP
 - Exposure and access to Donnybrook Road
 - Proximity to a large number of future businesses planned for industrial/commercial areas in the broader region
 - Access to a sizeable future population in the neighbouring PSPs
 - Supportable uses on land identified as 'Business' (Commercial 2 Zone) include:
 - Bulky goods/restricted retail/showrooms, given potential demand from future residents in the region
 - Regional/Corporate Office, potentially, while recognising the numerous opportunities for such uses elsewhere across the region such as MAB Merrifield Business Park and the English Street PSP
 - High-exposure Reliant Uses, such as Service Station, Fast Food, Fitness Centre, Medical Centre, etc.
 - Small Format Supermarket (<=1,800 sq.m) as an allowable use for C2Z land.
 - Industrial land can accommodate certain uses that '*do not require treatment with residential interfaces in the western portion of the land*' **but faces competition from other planned industrial areas in the region.**
 - There is '*a significant supply of industrial land planned for the wider region, and therefore the development of industrial uses may be long-term proposition*'.
 - Planning for the employment land in the PSP should have regard for the changing nature of 'light industrial' land within a broader residential area that increasingly accommodates non-industrial uses (e.g. recreation, entertainment, food catering, etc.) to cater to the local population base.

81. My comments on the above key conclusions are summarised as follows:

- While some of the analysis in relation to the attributes of the designated employment land is valid, including proximity to local transport infrastructure and a sizeable local population base, I disagree with the statement that direct access to Donnybrook Road provides an advantage for the employment land in the PSP, at least to the extent to which it supports a 'Regionally Significant' industrial area. In fact, conflict and competition between residential and industrial vehicles present a major challenge for any industrial precinct immediately adjacent to a large residential area.
- The assessment of suitability of the designated 'Business' or C2Z land appears largely valid. There would likely be some demand for land designated as C2Z from the range of uses that the Ethos Urban report has identified. However, the report only recognises 15 ha of land that might be supported from these uses, including 6-7 ha for bulky goods. The latest version of the draft PSP (PPV Document 25(a)) allows for 23 ha of business land along the Donnybrook Road frontage, indicating the proposed supply is significant and is likely to develop over a longer period for a range of allowable uses.
- The question marks raised by Ethos Urban about the industrial land supportability are generally valid, in particular in recognising the 'significant supply' of industrial land at superior locations (such as the various large scale business parks/industrial precincts within the North SSIP), hence the competition that future industrial land in the PSP would have to face. The statement on the changing nature of industrial land in accommodating non-industrial uses also indicates the potential lack of demand from industrial tenants requiring large lots (specifically, manufacturing and logistics/warehouse tenants) at the subject location.
- In addition, the Ethos Urban report assessment of industrial land demand is qualitative in nature only. It does not provide any quantification of how much industrial land might be supported, nor does it endorse the provision of more than 100 ha of such land as the draft PSP has proposed. As illustrated in the previous section, the region has more than sufficient industrial land to meet future demand. There is no identified need for the extent of employment land proposed beyond what is required to adequately address the quarry buffers.

82. **Overall, I believe the Ethos Urban report responds to the employment land designation that existed in the PSP at the time, rather than determining the amount of land that should be set aside and where. While some potential uses are identified, they are mostly local in nature and responding to demand created by a growing residential population rather than serving a broader or regional role that an employment area of this scale might be expected to.** This is considered more in the following sub-section.

83. There is **no justification provided for the amount of land set aside, nor of the suitability of the land to accommodate larger industrial users.** In fact, the discussion around the competition the land will face highlights this is primarily a response to the quarry operation and not driven by need or demand considerations.

2.4. SHENSTONE PARK A SECONDARY INDUSTRIAL LOCATION

84. In this sub-section I consider the suitability of Shenstone Park as a major industrial precinct of 171 hectares. This is considered firstly based on the land being used for large-scale industrial use, as identified in the 2012 North Growth Area Plan, recognising the draft PSP identified 'employment' land rather than 'industrial' land.
85. Table 6 across the following pages presents an assessment of the appropriateness of the Shenstone Park PSP, including the subject site, as a major industrial precinct. This assessment considers the key factors tenants and developers look at in selecting a site for industrial occupation/development.
86. As can be seen from this assessment, the proposed Shenstone Park industrial area is unlikely to be an attractive location for major industrial tenants (i.e. large warehousing or logistics users who might seek sites of 20,000 sq.m or larger), now or in future.
- The location lacks the level of access and proximity to suppliers and logistics chains required for major industrial developments.
 - Industrial vehicles would have to share local road networks with the residential areas immediately north of the PSP, an unfavourable condition for both industrial and residential users. Likewise, major industrial land occupiers prefer greater separation from residential areas.
 - At only 171 ha of land, the industrial area will be too small to compete with major industrial/business precincts nearby that have direct access to the Hume Freeway, such as Cooper Street (East and West), Craigieburn North and the future Merrifield North precinct. However, it is much larger than most local industrial/employment precincts which typically only require 20-40 hectares.
 - In addition, the declining demand for industrial and other blue-collar workers as a result of continued de-industrialisation and technology advancements will further reduce the demand for industrial land, making small sites in a growth area such as this even less competitive.

Table 6 Assessment of Key Success Factors for Major Industrial Development at Shenstone Park

| Success Factor | Details | Assessment | Subject Site Rating (1-5) |
|---|---|---|---------------------------|
| Proximity to clients | <ul style="list-style-type: none"> Ease of accessing client markets Ease in which client can access/visit the business | <ul style="list-style-type: none"> Access to and from the Northern Region via the Hume Freeway/Highway is one of the key attractions of the northern area for industrial users. No direct highway or freeway access (as all other existing and future major industrial precincts in the north will), with users having to reach the precinct via Donnybrook Road, adding to the difficulty of access to clients who are likely in other larger industrial precincts or residential areas across Melbourne. | 3 |
| Proximity to suppliers or support businesses | <ul style="list-style-type: none"> Ease of accessing raw materials or input Access to support businesses Adjacency to other sites or operations of the business | <ul style="list-style-type: none"> Shenstone Park will be a small and separated employment precinct without direct highway access which is not particularly convenient for accessing suppliers elsewhere. Industrial users prefer precincts that offer a critical mass of industrial activity. This typically translates to precincts of 200+ hectares being preferred. | 3 |
| Proximity to home/workforce or public transport | <ul style="list-style-type: none"> Ease of staff getting to/from work (major roads, public transport) Potential to lose staff if move too far away | <ul style="list-style-type: none"> The future large residential areas will provide access to a local workforce when developed, although being towards the northern edge of the Melbourne urban area, more workers are in-bound from Shenstone Park. This suggests that most workers will have to be travelling outward from further south. While the area will be serviced by the Donnybrook Train Station, the majority of future workers would still be expected to drive, given the suburban nature of the location. | 3 |
| Proximity to transport networks/links & terminals | <ul style="list-style-type: none"> Access to main roads/routes Ability to avoid stop/start traffic (e.g. traffic lights) Ease of getting in and out of estates Access to rail or port terminals Ability to avoid residential streets | <ul style="list-style-type: none"> The subject land and the entire PSP area is not directly accessible from the Freeway. Industrial users will have to share local roads with residential traffic, increasing travel times. Heavy-duty industrial vehicles would seek to avoid such a situation. | 3 |

| Success Factor | Details | Assessment | Subject Site Rating (1-5) |
|---|--|---|---------------------------|
| Adequate buffers to residential areas or other sensitive uses | <ul style="list-style-type: none"> Avoid safety concerns Less restrictions on operations | <ul style="list-style-type: none"> As mentioned above, the designated industrial area is to be surrounded by residential areas, separated only by lower level local service roads. Although buffer details will be addressed through the PSP process, land on the eastern edge of the designated industrial area in particular will be faced with an interface with residential areas. This is not attractive to industrial land users. The only strategic reason for this area being designated for industrial use is to act as a buffer to the nearby quarry. However, even the controls that might be placed on construction in the buffer area and potential amenity impacts may limit tenant demand. | 1 |
| Separate freight/transport roads | <ul style="list-style-type: none"> Avoid conflict with residential traffic | <ul style="list-style-type: none"> Industrial traffic will mix with residential traffic given the proximity to surrounding areas and the nature of roads bordering the employment area which carry predominantly residential traffic. | 2 |
| Lot size | <ul style="list-style-type: none"> Needs to be adequate to suit operational and vehicle requirements Trend towards preferring bigger lots to allow for growth or consolidate | <ul style="list-style-type: none"> The modest size of the precinct overall means that the number of very large sites that can be provided is restricted compared to other locations such as the nearby Merrifield Central Employment Area which has seen major industrial tenants (e.g. Dulux, etc.) establish their operations in recent years. The industrial component of the PSP would be impossible to compete with the many large-scale industrial precincts across the Region. It would only likely appeal to certain types of industrial uses or small local services. | 1 |
| Visibility and exposure | <ul style="list-style-type: none"> Help advertising and raise profile Can attract clients of competing businesses as drive past | <ul style="list-style-type: none"> Businesses located along Donnybrook Road will have reasonable exposure to passing traffic. However, most of the industrial area would have no frontage to main roads and, while none of the precinct will have exposure to a highway or freeway. | 3 |

| | | | |
|------------------------------|--|---|------------|
| Suitable site profile | <ul style="list-style-type: none"> ▪ Flat land ▪ Drainage allowances ▪ Minimal setbacks and other building restrictions | <ul style="list-style-type: none"> ▪ The land is relatively flat, although undulating in parts. This may impact on the ability to deliver large industrial sites suitable for major tenants. | 3 |
| Overall * | | | 2.3 |

Note: overall rating is calculated based on equal weighting to each success factor, although in reality, some factors are more important than others.

87. Subject to the future zoning of the land, bulky goods facilities are a potential development outcome as exposure to Donnybrook Road makes the land a relatively attractive option for such premises. Consideration should be given to competitive locations across the region may emerge. Craigieburn North has a large 'commercial precinct' with highway frontage opposite the subject site where a 'higher order large floor plate restricted retail development' opportunity is identified in the PSP. Bulky goods could also be located in the Merrifield Town Centre.
88. In keeping with the employment land designation of the subject land, the site is best suited to a more **peripheral business and service offering and small format industrial uses serving the local area**. The land is more suitable to these uses rather than large format industrial uses given the size and nature of the site. The Donnybrook Road frontage provides some exposure required by a range of service businesses or commercial showrooms, with smaller lot industrial development set back from Donnybrook Road that are able to cater to the needs of a range of smaller operations serving the residents and businesses of the local area. The location is also relatively convenient for nearby residents as they pass along Donnybrook Road.
89. Generally, industrial locations with direct access and exposure to a major highway are preferred by large scale tenants providing services to the much broader regional or even metropolitan-wide market. The further away an industrial precinct is from highway access, the smaller such a precinct will become in size and scale. Typical tenants that would be attracted to such a secondary location, such as Shenstone Park, include workshops, storage space, showrooms, car repair, etc. that service a more local market base. The land required to accommodate these tenants is also much smaller, typically ranging between 1,000 and 3,000 sq.m, whereas large-scale industrial users would seek land lots that are up to 20,000 sq.m or even larger.
90. With smaller lot users likely to be the key market for the industrial land, either in areas designated as "industry" or "light industry", it may take a long period of time for the entire 171 ha of employment land to be occupied. **A small reduction in the amount of employment land allowed for will not impact materially on the rate of occupation of the land, nor the level of employment generated in the PSP.**

2.5. EMPLOYMENT LAND AT SHENSTONE PARK SUMMARY

91. To summarise my assessment above:

- There was no strategic justification for the employment/industrial land in the Shenstone Park area, other than primarily as a response to the quarry buffers. Seemingly, the extent of industrial land simply changed as the buffer distances moved or future quarry expansion plans changed.
- The latest version of the PSP prepared by the VPA has increased the employment land area to the highest level identified through any of the PSP drafts. Again, there appears to be no evidence that has supported the need for employment land at this level.
- The MICLUP notionally identifies 280 ha of industrial land at Shenstone Park, however, this appears to include the quarry and surrounding non-urban/utilities land. This metropolitan-wide strategy did not consider the particular circumstances of Shenstone Park in designating it as a “Regionally Significant” industrial area, noting only it was a response to the need to provide buffers to residential areas.
- Given the competition from larger industrial precincts in superior locations across the region, Shenstone Park presents only a secondary location for industrial uses, constrained primarily by the relatively small area, the lack of direct highway access and critically, separation from the North SSIP. The area lends itself to more of a peripheral business and service offering and small format industrial uses catering to a local market, generating demand predominantly for smaller lots.
- As such, the area may see an extended period of underdevelopment, resulting in potentially large areas of vacant land. A small reduction in the amount of employment land allowed for will not have any material impact on the rate of occupation of the land, nor the level of employment generated in the PSP.

3. SUBMITTER 23'S PROPOSAL

92. Given the context in the preceding sections, here I consider the Future Urban Structure Plan (FUSP) proposed by my client, Submitter 23. In particular, I consider the impact of reducing the proposed industry and light industry land to better align with the buffers from the quarry. The moving of the local town centre is also addressed from an economic perspective.

3.1. REVISED FUTURE URBAN STRUCTURE

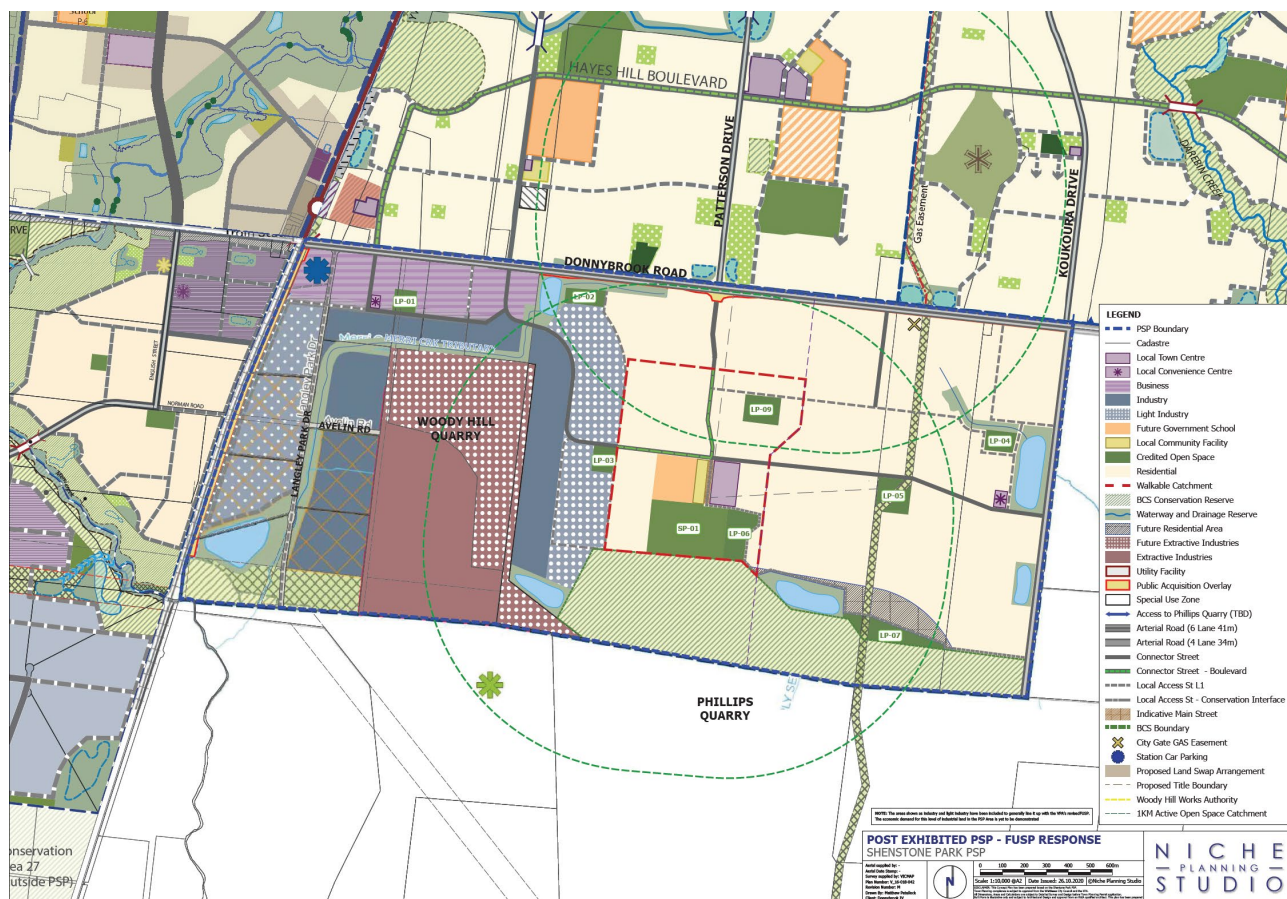
93. As shown in Figures 2 and 3, the submitter proposed FUSP pulls back the industry and light industry land on 960 Donnybrook Road, consistent with an interpretation of where the buffer areas from the quarry should be applied. Consistent with the designation of employment land throughout planning for Shenstone Park, the proposed industrial areas are seen as a response to dealing with the buffers, rather than the land being needed to support future employment growth or meet industrial land demand.
94. There are other changes to the urban structure proposed, with the most relevant from an economic assessment viewpoint being the proposed shift of the local town centre further to the east which also involves redistribution of some open space and a school.
95. The change in land area allocated to employment land between the two alternative plans are summarised in the table below, along with a breakdown of employment land designated in the Exhibited PSP (2019). As this demonstrates, the change in employment land relative to the latest 2020 Draft PSP (PPV Document 25(a)) is in the order of 32 ha. In the context of the large employment land supply (increased through the release of the latest draft PSP), this change in available land is seen as inconsequential.
96. I note, however, the submitter proposed employment land, at close to 140 ha, remains larger than the 131 ha designated in the Exhibited PSP.

Table 7 Comparison of Employment Land – Submitter Proposed FUSP vs Exhibited PSP (2019) vs. Draft PSP (2020)

| Employment Land Use | Land Area (ha) | | |
|--|-------------------------|----------------------|---------------------------------------|
| | Submitter Proposed FUSP | Exhibited PSP (2019) | Draft PSP (2020) (PPV Document 25(a)) |
| Light Industry | 58 | 40.1 | 64.6 |
| Industry | 56.3 | 67.7 | 83.8 |
| Business | 25.3 | 23.5 | 23 |
| Net Employment Developable Area | 139.6 | 131.3 | 171.4 |

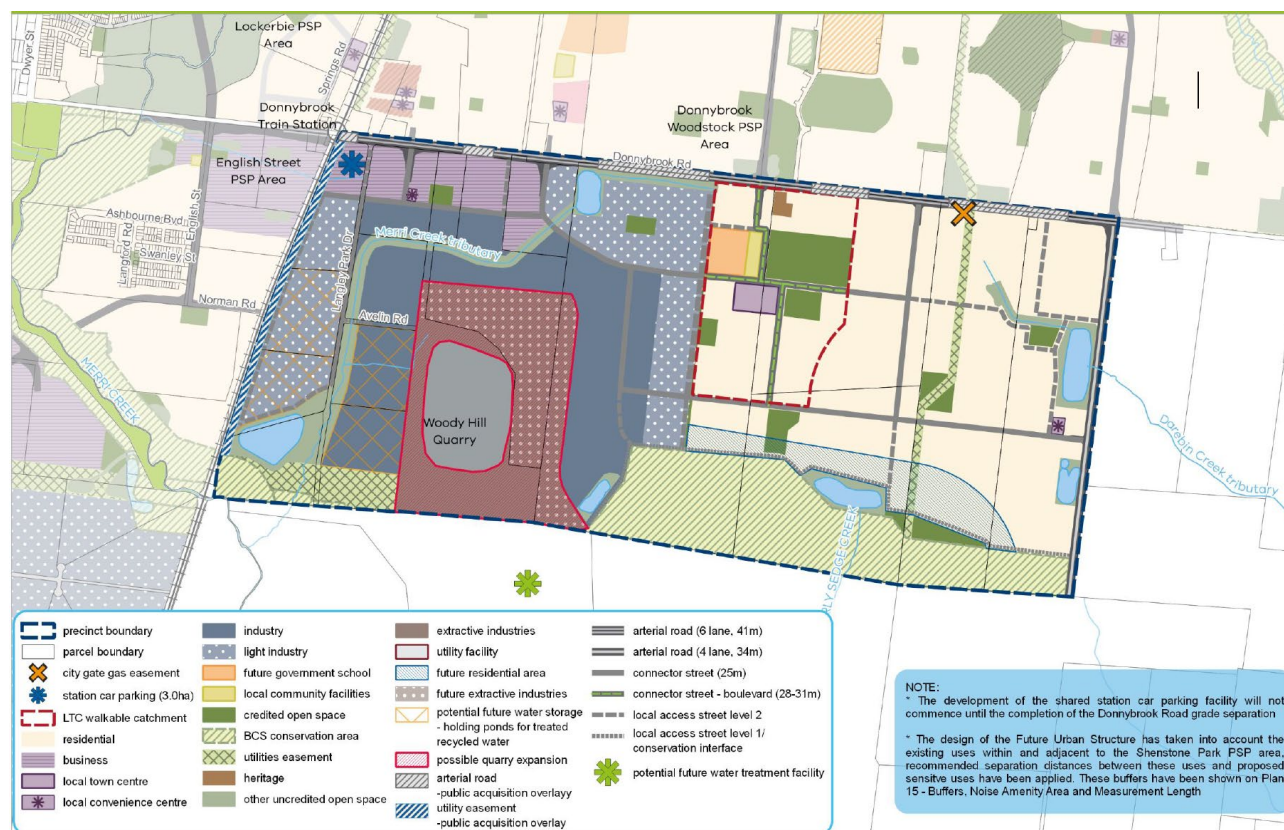
Source: VPA, Submitter 23

Figure 2 Submitter Proposed Future Urban Structure for Shenstone Park (received 27th October 2020)



Source: Niche Planning Studio, Submitter 23

Figure 3 Future Urban Structure, Draft Shenstone Park PSP October 2020 (PPV Document 25(a))



Source: VPA

3.2. EFFECTS OF REDUCING EMPLOYMENT LAND

97. I have established in previous sections the following key points:

- There is **more than enough industrial land** to meet the demand generated in the Northern Region for around the next 40 years.
- There is **sufficient employment land to provide jobs** for the growing Northern Region population, with the employment land supply substantially higher than any previous economic analysis of need identified.
- The location, access, topography and adjacencies (primarily residential development) make **Shenstone Park a secondary industrial location** that will not support expansion of major industrial land users such as logistics or major manufacturing. This is reflected in the employment area being designated as “Regionally Significant” in the MICLUP rather than being part of the adjacent “State Significant Industrial Precinct”.
- The characteristics of the Shenstone Park location are more **supportive of an employment precinct servicing the needs of the surrounding population rather than national or metropolitan markets**. As such, the nature of development would naturally involve a mix of service business and bulky goods taking advantage of the exposure provided by frontage to Donnybrook Road, with light industry, small warehousing and local business activity occupying employment land that is set back from Donnybrook Road and within the quarry buffers.
- Regional employment locations with the mix of activity described above are typically **substantially smaller in size than the 171 ha now proposed in the Shenstone Park PSP**. The land set aside for employment is primarily a function of responding to the quarry buffer. It is not “needed” in any other sense as employment land.

98. I am not appropriately qualified to consider what the appropriate buffer distance around the quarry should be. Nor am I in a position to provide an opinion as to the uses that are suitable within the buffer areas. However, assuming that the buffer distances proposed by Submitter 23 are appropriate, and that industrial use (light or other industry) is a suitable use within the buffer zone, within my area of expertise I believe that the reduction in employment land resulting from the revised buffers on the subject land is inconsequential from an economic perspective.

99. The reduction in employment land will technically reduce the capacity of the area to support jobs. However, again, the scale of change proposed will not be significant in this regard. Industrial land of the nature likely to emerge in the buffer around the quarry is anticipated to generate relatively low density of employment. Typically, allowance should be made for around 20 jobs per hectare for land of the nature anticipated on the subject land. As such, the reduction in the extent of industrial land would only diminish the capacity for jobs by around 600 jobs.

100. However, this assumes that the entire employment land supply is filled over time. There is a possibility, given the very large supply of employment land in the PSP relative to the demand I have identified, that some employment land may remain vacant or underdeveloped for a long period of time. Of course, vacant land does not support jobs.

101. Within the context of the Shenstone Park PSP, some of the employment land will be in higher demand than other areas. In general, those areas of highest demand will be the more accessible and exposed locations. Primarily this will be areas with exposure to Donnybrook Road. Demand for employment land is likely to reduce in line with the distance away from Donnybrook Road. In that respect, the land towards the south of the subject land will likely experience lower demand for employment use. Consequently, a scaling back of the employment land in this vicinity is again not considered to be critical.

102. Although the employment land proposed will be less than the latest version of the PSP (PPV document 25(a)), I note that the jobs supported in the PSP will be greater under the proposed FUSP of Submitter 23 than the Exhibited PSP given the larger employment area.

3.3. PROPOSED SHIFT OF THE LOCAL TOWN CENTRE

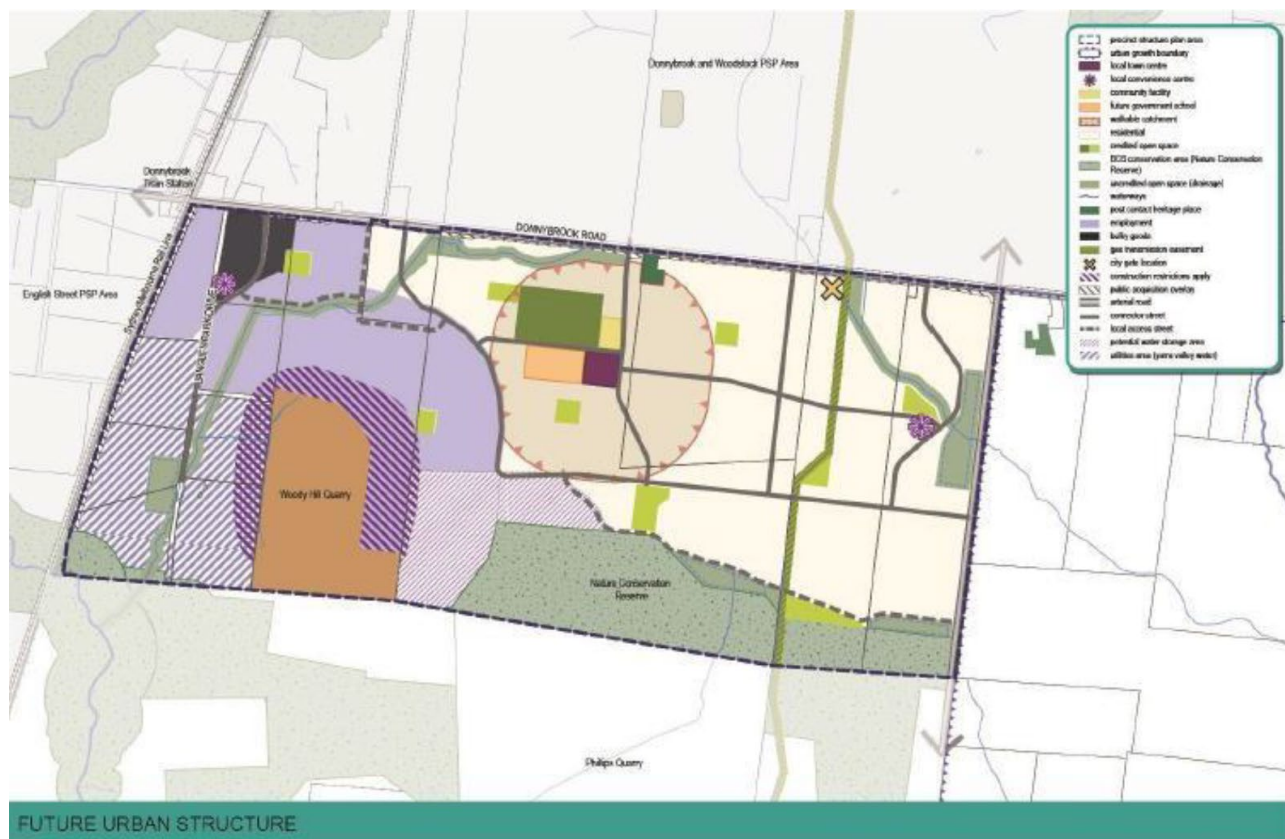
103. The other key change the Future Urban Structure proposed by Submitter 23 relative to the October 2020 PSP version is a shift in the location of the Shenstone Park Local Town Centre. As shown in Figures 2 and 3, the town centre is proposed to be moved further to the east and slightly south. Adjacent open space and the proposed local community facility and future government school is also proposed to shift in line with this change.
104. From an economic perspective, the proposed movement of these facilities within the site presents as a positive outcome for a number of reasons.
105. Firstly, the proposed shift of the town centre will position it more centrally to the population it is intended to serve. A greater share of the future residents of the PSP will have more convenient access to the local town centre as a result.
106. Secondly, the centre is moved further from the industrial area. Based on the current plan, a large part of the walkable catchment around the centre falls within the industrial land. While there is merit in workers and businesses having access to local retail facilities, it is more critical that residents have the most convenient access to the centre. Residents are ultimately the key to the success and activity generation of the centre.
107. Thirdly, and as an extension to the importance of maximising the convenience and accessibility of the local town centre to residents, the shift of open space and the school/community facility is appropriate. The current plan sees open space directly opposite the town centre in two directions, with the school directly to the north west. Consequently, these uses present as a barrier to accessing the local town centre for residents to the north and east. The walkable catchment of residents is therefore reduced.
108. While it is appropriate for the local town centre to be proximate to other activity generators such as schools and community sporting facilities, the submitter's plan appropriately shifts those uses to the south west of the local town centre. This enhances the convenience and access to the centre for a wider resident population. Ultimately this underpins the success of the local town centre and ensures it properly fulfils its role for the future community.

3.4. SUMMARY OF POSITION ON SUBMITTER'S PLAN

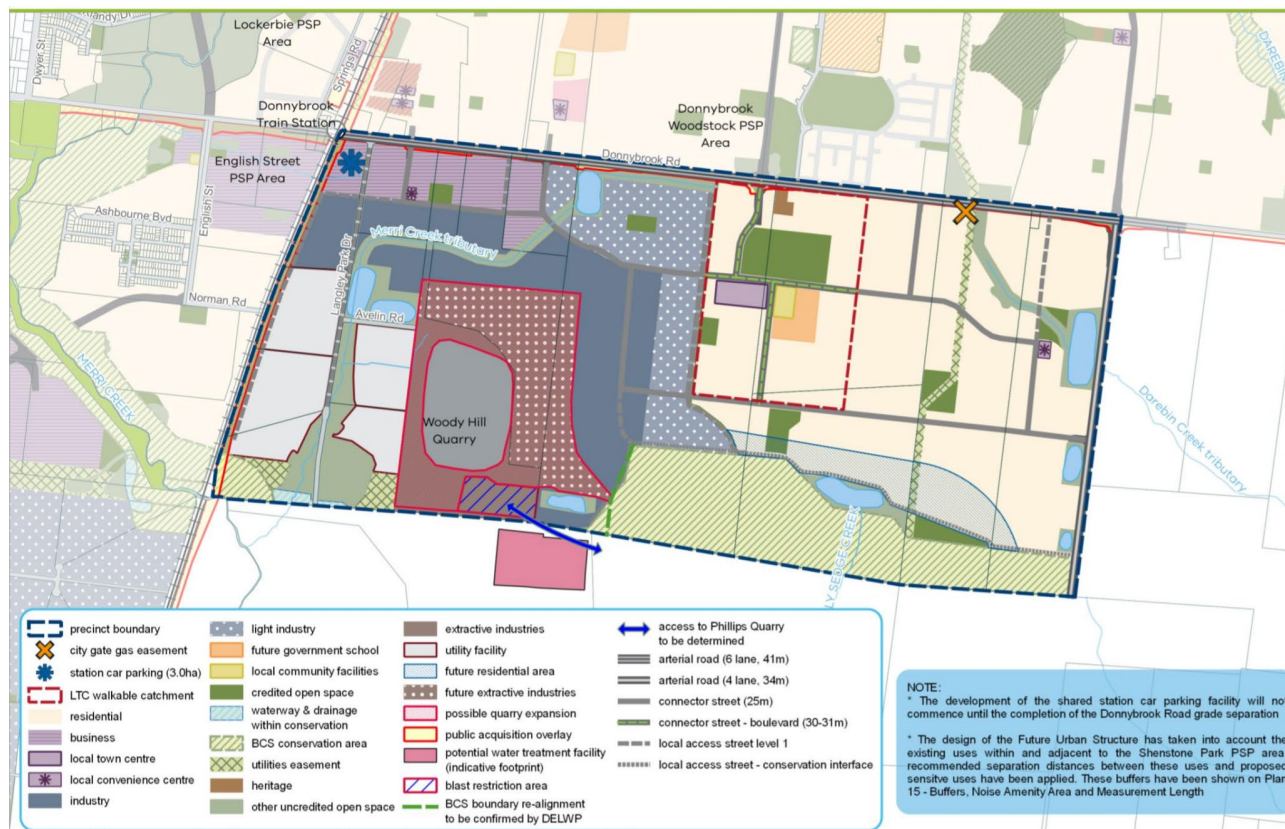
109. From an economic perspective, I conclude that the proposed FUSP put forward by Submitter 23 is an enhanced outcome for the following reasons:
 - The proposed pulling back of the employment land on the subject land is a response to aligning with buffers from the quarry, with industrial use within that buffer assumed to an appropriate use. Industrial land in this location would be unlikely to emerge if the quarry buffers did not exist.
 - The reduction of employment land at less than 32 ha is inconsequential in terms of the broader supply of employment land in the PSP, and relative to the substantial supply pipeline in the region, noting that total employment land proposed remains larger than the amount designated in the Exhibited PSP (2019).
 - While technically a reduction in employment land could correspond to a reduction in the job capacity of the PSP, the PSP was never identified as being necessary to meeting future job requirements of the region. The likely job reduction is minor.
 - Demand for employment land is anticipated to be modest relative to supply. As such, a reduction in the land area, particularly to the south of the PSP away from Donnybrook Road, is appropriate from an economic viewpoint.
 - The proposed shift of the local town centre will ensure it is more centrally located to the population it is intended to serve, maximising the convenience for future residents.

APPENDIX A

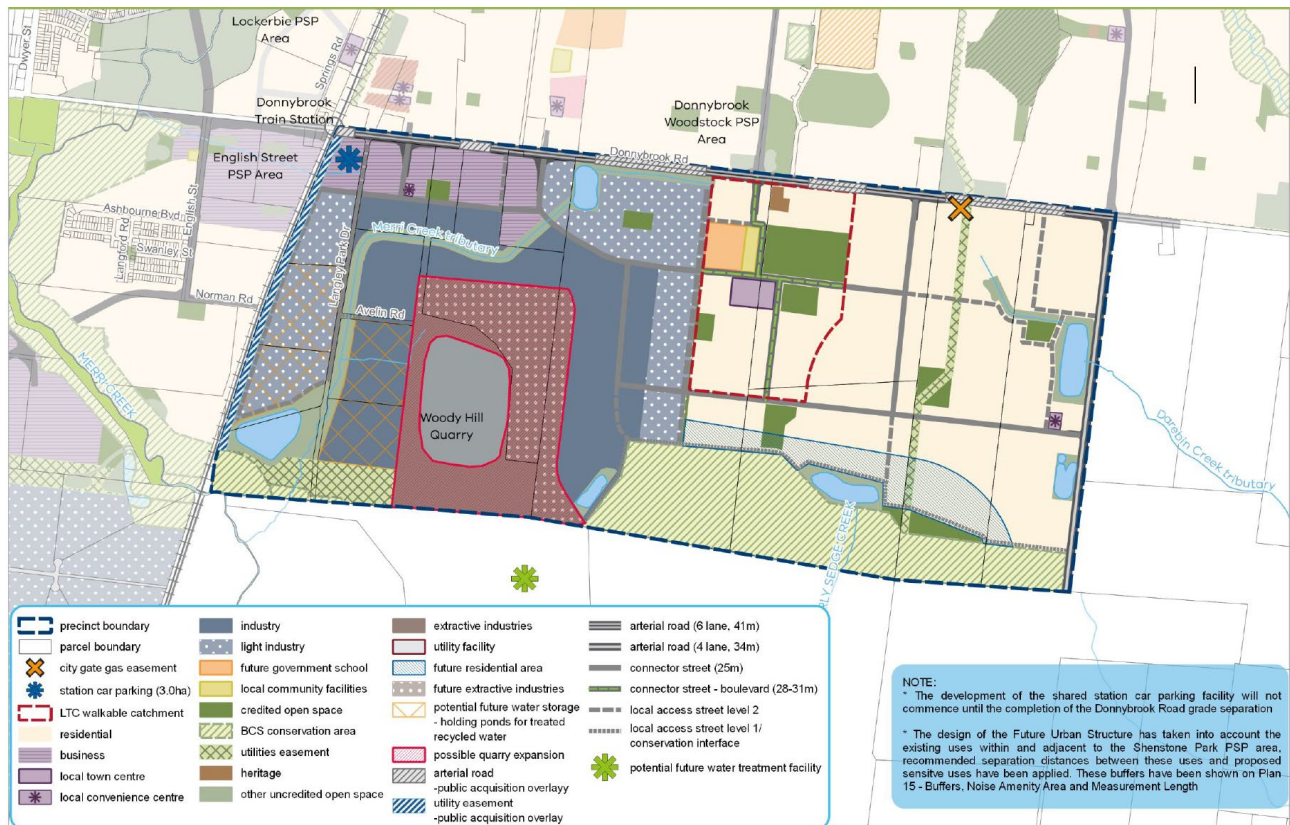
VARIOUS VERSIONS OF THE SHENSTONE PARK PRECINCT STRUCTURE PLAN



Draft Shenstone Park PSP, September 2019 (Exhibited PSP)



Draft Shenstone Park PSP, October 2020



Source: VPA

APPENDIX B

CURRICULUM VITAE



RHYS QUICK

DIRECTOR

“I find it exciting being involved from the early stages in significant property projects, watching as they develop and are finally delivered, ultimately changing the way people live, work and play.”

SERVICES

Economics

Research

SECTORS

Mixed Use

Retail

Tourism and Leisure

QUALIFICATIONS

Bachelor Economics, Hons
(Monash University)

AFFILIATIONS

Past Committee Member,
Property Council of Australia
Retail Committee.

Member, Victorian Planning
and Environmental Law
Association.

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Rhys Quick is an economic property consultant specialising in economic supply and demand analyses in the retail, entertainment and leisure, and mixed use sectors.

He has consulted for many of the major property groups in Australia and New Zealand, including shopping centre owners, retailers, entertainment providers and property developers in all sectors. He also has experience working with various government authorities in delivering significant infrastructure projects and community outcomes. He is expert at undertaking market demand studies, forecasting inputs to development feasibility, and assessing the economic impact of new developments.

Since he joined Urbis in 1999, Rhys has been a key consultant on the development of the Chadstone Shopping Centre; this work is a long-term highlight of his career. Other achievements include advising on the 10-year, \$11 billion Melbourne Metro Rail Project and delivering the industry standard Urbis Shopping Centre Benchmarks on an annual basis. Rhys also regularly acts as economic expert witness before Victorian planning tribunals and panels, and the Victorian Commission for Gambling and Liquor Regulation.

PROJECTS

Chadstone Shopping Centre
Development Potential –
Retail, Hotel & Office

Concordia – a proposed
residential & leisure-oriented
development near the
Barossa Valley

Coronet Bay Resort
Economic Benefits
Assessment

Economic Impact
Assessments for numerous
hotels and clubs.

Melbourne Metro Rail Project
Business Case Development
& Retail Strategy

Old Royal Adelaide Hospital
Mixed Use Redevelopment

The Future of the Central
Melbourne – a review of land
use and community facility
requirements

Urbis Shopping Centre
Benchmarks – annual review
of performance of shopping
centres and the uses within
them.

