



ESSENTIAL ECONOMICS

Greater Shepparton Planning Scheme Amendments C192 and C193

Expert Witness Statement

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Contents

1 INTRODUCTION1

2 BACKGROUND TO PREPARING THE CACS3

3 PROCESS AND METHODOLOGY5

4 POLICY RATIONALE AND DIRECTION9

5 RESPONSE TO KEY ISSUES..... 12

6 CONCLUSIONS 19

1 INTRODUCTION

Professional Details

- 1.1 My name is Sean Andrew Stephens and I practice as Managing Partner and Senior Economist at Essential Economics Pty Ltd of 96 Pelham Street, Carlton.
- 1.2 I hold the degree of Economics with Honours from the University of Newcastle. A copy of my CV is attached to this statement.

Area of Expertise

- 1.3 My area of professional expertise is urban economics and the assessment of economic impacts on local and regional economies associated with urban development projects. An area of particular professional activity is strategic land use policy for Councils and State Government.
- 1.4 My opinions expressed herein are, to the context relevant, made by me in reliance upon my above expertise.
- 1.5 I am a member of the Victorian Planning and Environmental Law Association, the Urban Land Institute, and a former member of the Research Committee of the Property Council of Australia (Victoria).

Instructions

- 1.6 I have been instructed in this matter by HWL Ebsworth, lawyers acting on behalf of Greater Shepparton City Council.
- 1.7 My instructions in this matter are as follows:
 - (a) To describe the background and methodology applied to preparing the Commercial Activity Centres Strategy for Greater Shepparton City Council;
 - (b) To describe the analysis and rationale applied to the preparation of the Commercial Activity Centres Strategy;
 - (c) To outline the key recommendations and policy settings applied in the Commercial Activity Centres Strategy;
 - (d) To provide economic evidence on any further matters relevant to consideration of the Commercial Activity Centres Strategy; and
 - (e) To prepare this Expert Witness Statement.

Preparation

1.8 In preparing this statement:

- (a) I have been instructed by HWL Ebsworth that, as a witness giving evidence (by report, or otherwise) in a proceeding as an expert, I have a duty to assist the Panel and that this duty overrides any obligation that I may have to any party to the proceeding or to any person who is liable for my fee or expenses in this matter;
- (b) I have neither received nor accepted any instructions to adopt or reject any particular opinion in preparing this report;
- (c) I have made all the enquiries which I believe are desirable and appropriate and that no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Tribunal; and
- (d) I have considered the relevant documents disclosed by the parties to the proceeding and the documents listed in this report
- (e) I was solely responsible for the preparation of this Statement.
- (f) I was the primary author of the Commercial Activity Centres Strategy, although had no involvement in the preparation of the Planning Scheme Amendment documentation.

2 BACKGROUND TO PREPARING THE CACS

- 2.1 This Chapter considers the background to the preparation of the Greater Shepparton Commercial Activity Centres Strategy (CACS).

Background to Activity Centre Planning in Shepparton

- 2.2 My understanding of the background to the preparation of the CACS is based upon my professional perspective having undertaken, or made a contribution to, various consultancies for Council and the private sector in the municipality since 2004.
- 2.3 Prior to preparation of the CACS, the primary overarching policy document guiding activity centre planning and development in Greater Shepparton was the Greater Shepparton 2030 Strategic Plan prepared in 2006. Shepparton 2030 was an overarching plan for the future of Greater Shepparton, and was not specifically a land use strategy, although planning and development matters are an important part of the document.
- 2.4 In strategic terms for activity centre planning, Shepparton 2030 advocates:
- Retaining the primacy of the Shepparton CBD as the regional focus for retail, business, commercial, community, entertainment and tourist uses
 - Delivering a hierarchy of centres within Greater Shepparton, including careful consideration of the relative role and function of the Shepparton Marketplace with the CBD
 - To agglomerate peripheral sales in appropriately accessible and serviced locations.

These aspects of Shepparton 2030 are also indicated on Page 14 of the CACS.

- 2.5 Shepparton 2030 provides clear strategic guidance in relation to activity centre development in Greater Shepparton, although at the time of preparing the CACS it was increasingly out-of-date and provided limited future guidance on future planning and development of activity centres. As such, prior to the preparation of the CACS, planning for Greater Shepparton was not informed by a comprehensive and contemporary activity centres strategy.
- 2.6 In some respects, the lack of a standalone and up-to-date activity centres strategy resulted in ad hoc decision-making and a reliance upon local policies which were, at times, not able to respond appropriately to development pressures. This is my general experience, having undertaken project work in the Shepparton CBD, Shepparton North, Mooroopna and Kialla prior to preparation of the CACS.
- 2.7 In this context, Council developed a comprehensive CBD Strategy in 2008 which outlined a detailed planning framework for the centre, and which was the basis for Amendment C92 to the Greater Shepparton Planning Scheme. Amendment C92 applied the Activity Centre Zone (ACZ) to the Shepparton CBD and surrounding areas.

- 2.8 State Government reform in relation to planning zones and the implementation of Amendment VC100 occurred in 2013, and had major implications for activity centre planning in Greater Shepparton. In particular, the extensive use of the B4Z in Shepparton and the transfer of this land to the new C2Z resulted in a major expansion in the area of land able to accommodate retail and commercial uses that were previously either prohibited or requiring a planning permit.

Project Brief and Engagement

- 2.9 It is within the context of the background described above, that Council initiated the preparation of the CACS. A brief was provided to our office by Council in late January 2014.
- 2.10 The project brief, with the exception of some elements related to town planning, was consistent with a core expertise of our firm in developing strategic land use policies relating to activity centre planning and development. We have undertaken similar projects for councils in Victoria, Tasmania, South Australia, Western Australia and New South Wales.
- 2.11 As the lead consultant, our firm partnered with Spiire, who provided specific advice relating to town planning matters.
- 2.12 I was the assigned Project Director for Essential Economics, and generally had the support of a Research Analyst from our office over the course of the study. Spiire have a local office in Shepparton, and Jane Macey of that office was the project manager for relevant town planning matters.
- 2.13 Our proposal to undertake the CACS was accepted by Council on the 29th April 2014. Ian Boyle, the then Team Leader- Strategy, was the project manager for Council.
- 2.14 In preparing the CACS, robust discussion with Council (the client) and various stakeholders was a common occurrence. This is not unusual in the preparation of an activity centres strategy, based on my professional experience.
- 2.15 Notwithstanding this, at all times these discussions (in verbal and written form) were respectful of my role as a consultant. The draft and final versions of the CACS fully reflect the professional expertise and opinions of Essential Economics as the lead consultant, and Spiire in a sub-consultancy role.

3 PROCESS AND METHODOLOGY

- 3.1 This Chapter outlines how the CACS was prepared, including the project management, timing and methodology.

Data Gathering and Initial Consultation (May to September 2014)

- 3.2 The initial phase of preparing the CACS commenced in May 2014 and included the provision of relevant background information and developing a project management plan.
- 3.3 Consultation with the community was emphasised by Council as a key component in developing the CACS. As a result, an initial consultation phase was implemented which included:
- A general call for public submissions
 - Forums with key stakeholder groups (3)
 - An online business survey (39 responses)
 - Workshops, invitations sent to a broad mix of local stakeholders (2)
 - One-on-one meetings with key stakeholders (approximately 15 one-on-one and phone meetings according to my notes).
- 3.4 The one-on-one meetings that were undertaken included the following key stakeholders:
- | | |
|--|--|
| • Hermal Group (then owners of Shepparton Marketplace) | • Coles Group |
| • Woolworths | • Copulos Group (owners Riverside Plaza) |
| • Lascorp | • Metcash. |
- 3.5 The above one-on-one meetings were held during July/August 2014 and included attendance by both Council (Colin Kalms) and myself. The balance of stakeholder meetings with local traders and individual stakeholders were held by primarily by myself or a colleague.
- 3.6 In addition, as input to the CACS a household telephone survey was undertaken. This survey had a total of 500 responses and sought information on shopping and visitation patterns, as well as community views on issues relevant to the CACS. Appendix C to the CACS details the survey results, while the location of respondents is shown in Map A in the Introduction to the CACS (Page 4).
- 3.7 It is my opinion that the initial consultation phase of the CACS was as comprehensive as is reasonable for a Strategy of this nature. As the Project Director, I noted that a

wide range of issues and positions relevant to a diverse group of stakeholders, including the general community, were available as input to development of the CACS.

Analysis and Knowledge-Building (July 2014 to July 2015)

- 3.8 During this phase of the project, the analysis and strategic directions guiding the development of the CACS were formulated.

Floorspace Survey

- 3.9 An important input to the development of the CACS was a detailed floorspace survey of all major activity centres in Greater Shepparton. This involved physically walking the streets and identifying all shopfront tenancies, and making note of key commercial, administrative and other facilities.
- 3.10 A number of advantages were associated with undertaking a detailed floorspace survey as input to the CACS, namely:
- Creating a strong familiarity of the consultant team with the current operations and performance of activity centres in Greater Shepparton
 - Detailed and up-to-date information inputs to the economic analysis supporting the CACS
 - The ability to do time-series analysis using previous floorspace data.
- 3.11 A high-level summary of the floorspace data from the survey is summarised in Section 2.8 of the CACS.

Population and Socio-Economic Trends

- 3.12 Typical of a land use Strategy, the CACS was informed by an assessment of population and socio-economic trends. This assessment was not undertaken specifically for Greater Shepparton, but also for a wider 'study area' which included a broad geographic region of relevance to activity centres in the municipality (see CACS Page 53).
- 3.13 The population analysis identified that the Study Area was forecast to experience population growth of approximately +28,530 persons over the period 2015 to 2036. Approximately two-thirds of the population increase would be in what was termed the Primary Sector which includes Shepparton and Mooroopna (see CACS Table 3.3).
- 3.14 Importantly, the analysis also noted that population growth in the Secondary Sector, which surrounds urban Shepparton and Mooroopna, would be concentrated in areas to the north.

Economic Analysis

- 3.15 A relatively conventional economic analysis of expected demand for future development in activity centres was undertaken, and is outlined in Chapter 4 of the CACS.
- 3.16 The economic analysis includes consideration of per capita and total retail spending by residents of the Study Area, sales to activity centres in Greater Shepparton, and an assessment of escape spending from Greater Shepparton.
- 3.17 The analysis concludes that although the rate of escape retail spending from Greater Shepparton is estimated at approximately 19%, this does not represent a major foregone economic opportunity. In the future, although some modest reduction in the rate of escape spending may be possible, most growth in demand for retail and commercial facilities will be driven by general market growth caused by an increasing population and level of retail spending in the Study Area.
- 3.18 An indicative assessment of retail floorspace demand growth is provided in Chapter 4.4 of the CACS. This forecast is intended to guide an understanding of future expectations for floorspace growth in Greater Shepparton, rather than operate as a formal part of planning policy controls.
- 3.19 According to the analysis, retail floorspace in Greater Shepparton is forecast to increase by between 35,700m² and 55,300m² in the period 2015 and 2036. An important policy objective of the CACS is ensuring that the development of new retail floorspace of this magnitude can be accommodated by activity centre policy, and that this growth is distributed in a manner which is to the benefit of the general community.
- 3.20 In addition to retail development considerations, the analysis also provides guidance on the development expectations for other non-retail uses such as office, residential and visitor accommodation. Similar to retail development expectations, the CACS must deliver a policy framework which encourages and supports development for these other land uses.

Draft Report, Consultation and Finalisation (July 2015 to February 2016)

- 3.21 In July 2015, a draft CACS was released for public comment. The CACS adopts a structure where a Background Report forms Part A of the document which outlines the general context for development of the CACS and this is subsequently articulated in Part B of the document.
- 3.22 When preparing the CACS, I was the principal author. Elements of the CACS were also written by supporting staff in our office, with input on town planning matters by Spiire.
- 3.23 Prior to the release of the July 2015 draft CACS, Council officers had provided comments and corrections in relation to various 'working draft' versions of the

document. The first working draft was released to Council in November 2014 and at that stage was simply to inform relevant Council officers of project progress.

- 3.24 A further and more complete working draft was supplied to Council in January 2015, and an additional revised version in April 2015. Council provided comments in relation to those working drafts, in both verbal and written terms.
- 3.25 The working drafts to Council were for internal discussion purposes only and were not versions of the CACS endorsed by the consultant team. Principal comment provided by Council in relation to the working drafts were around editing, report structure and questions/comments on strategic direction.
- 3.26 A formal and endorsed Draft of the report was released to Council in July 2015, and a briefing to Councillors provided on the 28th July 2015.
- 3.27 In August the draft CACS was released for public consultation. At this time a formal period of community feedback was initiated. Council approved a variation to the contract which released funds for the consultant team to undertake:
- Two public stakeholder workshops
 - A joint presentation to the Chamber of Commerce/Shepparton Show Me
 - One-on-one meetings with various stakeholders, including Copulos Group, Dexu (who had recently purchased Shepparton Marketplace), IGA/Metcash and Lascorp
 - A review of public submissions.
- 3.28 Subsequent to this, a summary of comments and feedback on the draft CACS was prepared and a final version of the CACS developed by the consultant team, taking into account the feedback process.

Report Finalisation

- 3.29 A final report was prepared in October 2015 and was subsequently adopted by Council in February 2016.

4 POLICY RATIONALE AND DIRECTION

- 4.1 This Chapter provides a high-level overview of the key outcomes of the CACS. It is not my intent to identify and rationalise all elements of the CACS which is a substantial document of some 160 pages.

Vision

- 4.2 A vision statement to guide the development of the CACS is identified in Chapter 6 of the report, and is reproduced below:

Greater Shepparton is a dynamic regional city with a network of activity centres serving both local residents and people from across north-central Victoria and southern New South Wales, as well as serving tourists and other visitors from further afield.

Greater Shepparton will consolidate and enhance its role as a sophisticated regional City, with a hierarchy of activity centres that provide the full range of modern, well-designed and well-integrated retail, commercial, administrative, cultural and other facilities in high-quality physical environments at easily accessible locations.

- 4.3 The above vision articulates two very important elements which underpin much of the strategic intent contained within the CACS.
- 4.4 The first element is the importance of Greater Shepparton retaining, and enhancing, its regional service role to a wide geographic area incorporating north-central Victoria and parts of southern New South Wales. This role for Greater Shepparton is critically important to the economy of the municipality and underpins the trading performance of most activity centres to at least some degree, and the Shepparton CBD and Shepparton Marketplace in particular.
- 4.5 The second element is the opportunity for Shepparton to evolve as a sophisticated regional city which includes a hierarchy of centres able to meet the full-range of community needs.

Summary of Objectives and Actions

- 4.6 Chapter 7 of the CACS outlines a total of nine overarching objectives, together with supporting actions. These objectives are intended to be general in nature, and do not necessarily specifically relate to an individual centre although nonetheless are relevant for consideration in decision-making.

4.7 The nine objectives and a concise explanation are as follows:

Objective 1. To support the activity centres hierarchy. The CACS retains the importance of the activity centres hierarchy in supporting a coherent policy framework.

Objective 2. To maximise the regional service role of Shepparton through the provision of a dynamic and efficient activity centre hierarchy. Recognises the role that all activity centres across the hierarchy have in supporting the regional service role of Greater Shepparton.

Objective 3. To consolidate a diverse range of activities centres. Supports the creation of a broad mix of uses in activity centres, although noting a retail-focus specific to the Shepparton Marketplace.

Objective 4. To confirm the primacy of the Shepparton CBD. Re-affirms the policy objective of the Shepparton CBD as the regional focus for retail, commercial, administrative and entertainment uses.

Objective 5. To support the Regional Retail Role of Shepparton Marketplace in a manner complementary to the Shepparton CBD. Defines a role for the Shepparton Marketplace which is complementary to the Shepparton CBD by focussing primarily on retailing, and also reflects the important regional role served by the centre.

Objective 6: To support the growth of existing centres and the development of new centres to meet urban growth. Highlights the need for the retail hierarchy to evolve in order to meet growing demand.

Objective 7: To support retail and commercial businesses in smaller towns so that they continue to serve as important focal points for their communities. Provides guidance to Council on how smaller rural centres in Greater Shepparton can be supported.

Objective 8: To closely monitor out-of-centre development, and only allow such development at appropriate locations. Outlines a framework for assessing retail, commercial and other development outside of activity centres.

Objective 9: To apply Appropriate Planning and Development Assessment Criteria for Relevant Proposals. Provides an assessment framework for Council to use, as it sees fit, where discretion is required in relation to a planning or development proposal.

Shepparton CBD Action Plan

4.8 Reflecting the importance of the Shepparton CBD to the economy and activity centre hierarchy serving Greater Shepparton, a specific Shepparton CBD Action Plan is outlined in Chapter 8 of the CACS. This action plan builds on previous directions for the CBD developed in previous strategies, such as the Shepparton CBD Strategy (2008).

Detailed Actions for Activity Centres

- 4.9 Further to the Shepparton CBD Action Plan, specific guidance for individual centres and groups of centres is provided in Chapter 9 of the CACS.
- 4.10 Specific actions of relevance to the Panel are described in the next Chapter of this statement.
- 4.11 Note that ‘Strategic Planning Guidance’ is provided in Chapter 9 of the CACS for each relevant centre. The intent of this commentary is to guide Council in its implementation program for the CACS. It was not a formal requirement of the CACS to draft a planning scheme amendment.

Planning and Development Assessment Criteria

- 4.12 Given that the CACS provides the flexibility for Council to undertake discretionary decision-making, a set of planning and development assessment criteria were prepared. These criteria are intended to assist Council in making decisions in relation to planning and development in activity centres, where such discretion is required and appropriate.
- 4.13 It is not the intent of the CACS to formalise the Planning and Development Assessment Criteria as a specific policy tool. At all times, Council has the ability to apply the criteria or otherwise, and dictate the degree and detail to which applicants must follow the criteria.
- 4.14 In our office we have previously developed similar planning and development criteria to support Council decision-making in land use strategies across Australia.

5 RESPONSE TO KEY ISSUES

- 5.1 This Chapter considers matters of specific relevance to Amendments C192 and C193, as they relate to the CACS.

Shepparton Marketplace

- 5.2 A recurring theme of activity centre planning in Greater Shepparton is managing the relative role and function of the Shepparton CBD and the Shepparton Marketplace. Given the strong policy intent to retain the Shepparton CBD as the higher-order centre, the broad intent of the CACS can be summarised as follows:
- Ensure that the Shepparton CBD and Shepparton Marketplace operate in a complementary manner
 - Retain the dominance of the Shepparton CBD as the higher-order retail, commercial, entertainment and administrative centre serving Greater Shepparton and the wider region
 - Recognise that the Shepparton Marketplace has a vital supporting role to the Shepparton CBD, having regard for Shepparton Marketplace's role as a primarily retail-focussed centre serving a similar regional-level catchment
 - Support the appropriate expansion of Shepparton Marketplace to meet growing demand in a manner also consistent with achieving the above three outcomes.
- 5.3 In providing policy direction to the Shepparton Marketplace, the CACS adopts an approach which supports a greater degree of 'discretion' for Council. This represents a departure on the existing policy settings which are largely prescriptive in nature. For example, the current 15,000m² shop floorspace cap cannot be changed without a planning scheme amendment.
- 5.4 The CACS advocates Council moving working collaboratively with the owners of the Shepparton Marketplace to facilitate a policy setting *"that supports the expansion and development of the centre in a manner complementary to the role and function of the Shepparton CBD"* (CACS Page 113).
- 5.5 On this basis, the following changes to planning controls are identified in the CACS (ibid):
- An increase in the shop floorspace cap to 22,500m², with this to be considered a 'soft cap' whereby additional floorspace can be approved subject to a planning permit from Council
 - An office floorspace cap of 2,250m²
 - A permit required for cinema and cinema based activities
 - A cap on new tenancies greater than 4,000m² in size (subject to planning permit).

- 5.6 The above policy settings were not informed by any detailed guidance on future development concepts and intent from either Hermal Group (owners of the Marketplace during the initial consultation phase) and Dexu (owners of the Marketplace during the final consultation phase).
- 5.7 Nonetheless, the controls proposed in the CACS are intended to be supportive of future growth at the Marketplace, while retaining an appropriate level of Council discretion over the scale and nature of future development. This Council discretion is applied to ensure the complementary operation of the Marketplace and the Shepparton CBD, as described in the CACS.
- 5.8 I note that the zoning reforms arising from VC100 specifically retained the ability of Councils outside of metropolitan Melbourne and Geelong to retain the use of floorspace caps. The CACS does this through the use of 'soft caps', that is, the ability for Council to apply the Planning and Development Assessment Criteria (to Council's own satisfaction) and potentially approve additional floorspace via a planning permit.
- 5.9 In applying a 22,500m² shop floorspace cap, reference was made to a range of factors including:
- Accommodating an increase in the shop floorspace cap which has a strong sense of certainty that any additional development is consistent with the objectives contained in the CACS
 - Retaining Council discretion to consider proposals for development applications larger than 22,500m² of shop floorspace
 - The typical size of similar centres located in regional cities of Australia, and that 22,500m² is relatively generous as a shop floorspace cap in that regard
 - Forecast growth in population, retail spending and market demand.
- 5.10 Although any floorspace cap is at some level arbitrary in nature, in the context of Shepparton Marketplace the proposed shop floorspace 'soft cap' of 22,500m² represents a sensible, yet still significant, 50% increase on the existing shop 'hard cap'. This is particularly so in the absence of any specific proposal for expansion of the Shepparton Marketplace being provided to Council or the consultant team during preparation of the CACS.
- 5.11 A recommendation for a cap on new Department Store tenancies of greater than 4,000m² contained in the CACS has been removed from the Amendment C192. According to the current wording of the Amendment, department store is simply a permit-required use. This is a simpler approach to that identified in the CACS that removes the use of a floorspace cap and retains Council discretion through the requirement for a planning permit.
- 5.12 Cinema is a permit-required use in Amendment C192, as advocated in the CACS. This reflects the intent of policy for the Shepparton CBD to be the primary entertainment and leisure-based activity centre in Greater Shepparton, and the broad expectation that the Shepparton Marketplace is primarily a retail-focussed destination.

Shepparton North

Context for the CACS

5.13 In relation to Shepparton North, the CACS needed to respond to what could be termed a policy failure.

5.14 The Greater Shepparton 2030 strategic plan (2006) identified the opportunity for:

“An expanded neighbourhood centre to cater for the northern residential growth areas. A potential site is the Fairley’s (sic) IGA site on the Goulburn Valley Highway” (Background Report No 5, Page 40)

5.15 I also understand that prior to development of Shepparton 2030 in 2006, the then MSS for Greater Shepparton also specifically indicated support for expansion on the Fairley’s IGA site subject to an economic impact assessment.

5.16 Subsequently, in June 2007 our office prepared an economic report on behalf of planning consultants working for the owners of Fairley’s IGA. This report concluded that:

- The existing Fairley’s IGA was trading very successfully
- The lack of specialty retailing and other supporting facilities undermines the ability of visitors to meet their basic day-to-day and weekly shopping needs
- The current role and function of the Fairley’s IGA is inconsistent with its role as a neighbourhood centre
- Market potential exists for expansion of retail facilities at the Fairleys IGA site
- A rezoning of the site to the then Business 1 Zone (B1Z) is supported as a means of facilitating development.

5.17 In 2012, Amendment C119 was implemented which rezoned the site to the B1Z and a permit was granted for an expansion of the centre to 8,000m² of floorspace. This permit has not been acted on.

5.18 In July/August 2014, the initial consultation phase for the CACS included direct discussions with Metcash/IGA as the then owners of the freehold site. At this time, it was made clear to Metcash/IGA that the CACS was dealing with a circumstance where:

- Longstanding strategic policy support existed for expansion of the retail and other facilities on the Fairley’s IGA site,
- The northern parts of Shepparton were experiencing ongoing residential growth and increasing demand for retailing and associated infrastructure, and
- Notwithstanding the above, no significant change had occurred at the Fairleys IGA site and that a long-standing planning permit for expansion had remained un-actioned.

- 5.19 Only a broad indication of the intent to develop the Fairley's IGA site was indicated by Metcash/IGA at this time.
- 5.20 In subsequently preparing the draft CACS, no concept plans or any additional clarity on the intentions of Metcash/IGA for the site were made available. As Project Director for the CACS I personally made it very clear that we would be happy to accept any additional information or clarity on the intentions of the Metcash/IGA.
- 5.21 As a result, the CACS was developed in the context that the existing activity centre policy setting for Shepparton North was not achieving an outcome in the community interest. That is, despite long-standing policy support and ongoing growth in community demand, Fairley's IGA continued to trade in its existing format.
- 5.22 I also note that during the initial consultation phase, I met with Woolworths. At this time, Woolworths expressed to me their expectation that in the near future northern Shepparton would be an area of interest for them. At this time, no specific proposal or site was mentioned beyond a general understanding that this could either be in a new centre located within one of the housing estates in northern Shepparton, or in the Shepparton North commercial area, including but not exclusive to the Fairley's IGA site.

Proposed Policy Setting

- 5.23 The CACS identifies a 'Shepparton North' activity centre, rather than simply referring to Fairley's or Fairley's IGA as in previous strategic documents.
- 5.24 In addition, the CACS identifies the Shepparton North centre as a 'sub-regional centre' in the Greater Shepparton activity centres hierarchy. This status reflects the long-term expectations of future urban growth in northern Shepparton, and that over time the Shepparton North activity centre should also grow and evolve to meet community needs.
- 5.25 As highlighted on Page 36 of the CACS, the sub-regional classification is in the context of planning policy relevant to Greater Shepparton, and is not intended to necessarily reflect other property industry terminology.
- 5.26 The appropriate role and function of Shepparton North is as a sub-regional centre serving what the CACS describes as:

Sub-regional centres are important locations for retail and commercial activity that serve an immediate residential catchment in the surrounding urban area, as well as a broader rural and regional hinterland that is highly accessible via regional road networks. (CACS Page 22)

- 5.27 In identifying the sub-regional status of Shepparton North in the hierarchy, consideration was given as to whether a new neighbourhood activity centre might be located elsewhere in the balance of northern Shepparton, as had been suggested as a

possible outcome by Woolworths. One site which had been mentioned in the initial preparation of the CACS was in the North East PSP area.

- 5.28 Ultimately, this option for a new neighbourhood centre in northern Shepparton was ruled out for the following reasons:
- This site would likely be relatively self-contained within a new urban area, and unable to effectively serve urban areas both east and west of Numurkah Road which are experiencing urban development
 - A new neighbourhood centre would undermine the linear nature of activity centre development in Greater Shepparton, with the CBD in a central location and other centres located on key north-south and east-west spines
 - The physical ability for additional development on the existing Commercial 1 Zoned land in Shepparton North, and also potentially in the wider precinct which is developing to the north and south of the Fairley's IGA
 - Woolworths themselves had expressed, in general terms only, a preference for a site on Numurkah Road in Shepparton North (and I note that no specific proposal or site on Numurkah Road was mentioned in these discussions).
- 5.29 As a result of this decision, the CACS needs to deliver a policy setting which ensures in practical terms, not theoretical terms, delivery of additional retail and commercial uses in Shepparton North. Given the long-standing policy support for development at the Fairley's IGA site which remained undelivered (over 10+ years), a reasonable policy response is to 'decouple' the specific Fairley's IGA site from this outcome.
- 5.30 For this reason, the CACS defines the Shepparton North activity centre to potentially include land outside the Fairley's IGA site. Development of uses such as McDonald's, and convenience food retailing to the south of the Fairley's IGA is additional justification for this policy outcome. I note all of the uses mentioned could have located on the Fairley's IGA site in the Commercial 1 Zone.
- 5.31 A particular emphasis of the CACS direction in relation to Shepparton North is the need to support the development of a 2nd full-line supermarket and supporting retail and non-retail uses.
- 5.32 I note the CACS specifically mentions the term 'full-line supermarket' to reflect a store containing the full range of grocery products typically sold in a supermarket. The trading characteristics and usage patterns for a full-line supermarket are generally very different from those of smaller limited-range supermarkets and specialist traders such as ALDI and selected large food stores.
- 5.33 In general a full-line supermarket will include:
- Full range of fresh dairy produce
 - Hot chicken department
 - Delicatessen

- Fresh seafood counter
 - Butchery
 - Bakery
 - Fresh fruit and vegetable display and sales area
 - General dry and packaged groceries.
- 5.34 The specific support for a 2nd full-line supermarket partly reflects the stated interest of Woolworths in a location at Shepparton North during the initial consultation phase.
- 5.35 However, it is also true that full-line supermarkets are a particularly important element of the retail sector, in particular for urban growth areas in regional Australia. No other retail format is visited more often by a higher share of the population than a supermarket.
- 5.36 The CACS would not be fulfilling its obligation to achieving a net community benefit in Shepparton North if a policy setting was not in place which did not actively facilitate future development in the activity centre. In particular, this would include facilitating future development of a second full-line supermarket.
- 5.37 As a result, Shepparton North Action 3 allows for consideration of an additional 6,000m² of shop floorspace, in indicative terms, outside the existing Commercial 1 Zone (i.e. Fairley's IGA site). I note that according to the CACS this is at the discretion of Council, including through use of the Planning and Development Assessment criteria.
- 5.38 In locational terms, the Shepparton North Action 3 identifies the potential for land to be considered in the area fronting the Goulburn Valley Highway (Numurkah Road) between Ford Road in the north and Hawkins Street in the south. This area already includes a diverse mix of retail, trade and other uses.
- 5.39 Importantly, the CACS does not identify any single site for expansion of the C1Z. Deliberately, the CACS develops a framework for Council to consider future development of the Shepparton North activity centre, rather than specifically endorse any site or proposal.
- 5.40 I note that this policy was written prior to any new proposals being submitted to Council in relation to the Shepparton North activity centre. In this respect, I consider the current investor and developer interest in Shepparton North to be a successful outcome of the CACS.
- 5.41 I make no comment in relation to the specific proposal being considered in Amendment C193. Nor do I make any comment in relation to the most recent proposal for the Fairley's IGA site. My comment is limited to explaining the policy settings which apply in the CACS as they relate to the Shepparton North activity centre.

Use of the Activity Centre Zone

- 5.42 The CACS at various times advocates Council consider applying the Activity Centre Zone (ACZ). This direction in the CACS was made on the basis of town planning advice by Spiire, feedback from Council, and recognition of the use of the ACZ in the Shepparton CBD.
- 5.43 From my perspective, the application of the ACZ allows Council to implement planning controls which support key elements of the CACS as they relate to matters such as:
- Retaining a sense of hierarchy,
 - Supporting the primacy of the Shepparton CBD, and
 - Responding to planning zone reform.
- 5.44 I note that in general, the CACS advocates a discretionary approach to the application of the ACZ rather than prescriptive policy mechanisms and controls.

6 CONCLUSIONS

- 6.1 The Commercial Activity Centres Strategy (CACS) was undertaken by Essential Economics with the assistance of Spiire in relation to town planning matters. I was the Project Director and principal author of the CACS, and developed the document in close client consultation primarily with Ian Boyle, the then Team Leader – Strategy at Greater Shepparton Council. The CACS reflects the professional expertise and opinions of the consultant team.
- 6.2 In developing the CACS, detailed phases of consultation and supporting analysis were undertaken between May 2014 and July 2015 when a formal draft was released for public comment. The level of detail in relation to both consultation and analysis was as comprehensive as is reasonable for a Strategy of this nature.
- 6.3 The primary objective of the CACS was to build a comprehensive municipality-wide policy framework for Council to apply in relation to activity centres. This policy framework is relevant to Amendment C192 which gives weight to key elements of the CACS in the planning scheme, and Amendment C193 which relates to a proposal that is considered in the context of the CACS.
- 6.4 In relation to the Shepparton Marketplace, the Amendment C192 provides scope for an appropriate expansion of the centre through creating a ‘soft cap’ of 22,500m² for shop floorspace. Any additional expansion of the centre above this level is subject to planning and development assessment criteria outlined in the CACS. Other controls proposed for the Shepparton Marketplace in Amendment C192 are aimed at ensuring the centre operates in a manner complementary to the Shepparton CBD, as is supported by the CACS.
- 6.5 Amendment C193 relates to a retail development proposal in the Shepparton North activity centre. This proposal responds to a policy framework established by the CACS emphasising delivery of new retail and other facilities to the expanding population in northern Shepparton and the regional area further north. In my view, the proposal reflects a positive response to the intent of the CACS given the previous long-standing policy support for new retail facilities at Shepparton North which remains undelivered.

Declaration

I have made all the inquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have to my knowledge been withheld.



Sean Stephens
Managing Partner and Senior Economist
Essential Economics Pty Ltd

17 July 2017

ATTACHMENT:

Sean Stephens CV



Sean Stephens

B.ECON (HONOURS)

Managing Partner



Sean is Managing Partner at Essential Economics. He has over sixteen years' experience in undertaking economic assessments associated with urban development projects and regional economic development.

strategic property advice to property owners, industry and government departments and agencies.

As one of Australia's most experienced urban economists, Sean is regularly asked to appear in an expert witness capacity in planning and legal forums across Australia.

Sean's relaxed manner and extensive industry knowledge means that he is in demand as a conference speaker. He also delivers tailored presentations and workshops to large groups in the public and private sector.

BACKGROUND

Sean has an Honours Degree in Economics from the University of Newcastle. He is a member of the Victorian Planning and Environmental Law Association (VPELA) and the membership committee of the Urban Land Institute (ULI).

He has particular expertise in undertaking market assessments, location analysis and impact assessments for retail and commercial developments, and brings a detailed knowledge of the Australian property market to projects.

Sean is a property economist with experience working on a diverse range of projects across Australia for high profile clients. He has worked on market feasibility assessments for major retail developments and also provides

ACADEMIC QUALIFICATIONS

*Bachelor of Economics (Honours),
University of Newcastle, 1994*

PAST POSITIONS

Consultant, JHD Advisors, 2000 – 2003

RELEVANT EXPERIENCE

Feasibility and Location Assessments

Costco national store roll out (Ongoing)

Bunnings national store roll out
(Ongoing)

*Chatswood Post Office Redevelopment
Market Assessment, for Australia Post*

*Rasmussen Retail Assessment, for
Lancini Property and Development*



*Stud Park Shopping Centre
Development Options Assessment, for
Lend Lease*

*Belmont Park Racecourse Development
Peer Review, for Golden River
Developments*

*Aston Neighbourhood Centre Market
Assessment, for Peet Limited*

*Armstrong Creek Town Centre Market
Assessment, for Coles Group*

*Moree Taylor Oval Feasibility
Assessment, for Moree Plains Shire
Council*

*Rosella Site Market Assessment, for
Lasky Raizon Group*

*Trinity Beach Cairns Market Assessment,
for ADCO*

*Leopold Town Centre Market
Assessment, for Lascorp*

*Athelstone Liquor Advice, for Coles
Group*

*Gateway Site Darwin Preliminary Market
Assessment, for TMG Developments*

*Geelong Waterfront Renewal Cost
Benefit Analysis, for Royal Geelong
Yacht Club*

*Lyndhurst Activity Centre Market
Assessment, for Villawood Properties*

*Wyong Retail Assessments, for Henry
Kendall Group*

*Tarneit Gardens Strategic Advice, for
Rockworth Capital Partners*

*Shepparton Neighbourhood Centre
Market Assessment, for Copulos Group*

*Bairnsdale Market Assessment, for
Dahlsens*

*Park Street Port Macquarie Economic
Impact Assessment, for Mirvac*

*Mudgee Retail Assessment, for private
client*

*Outlet Centre National Roll Out Strategy,
for private client*

*Rowville ALDI Economic Impact
Assessment, for Gearon Group*

*Canberra Airport Retail Development
Economic Impact Assessment, for
Canberra International Airport*

*Berowra Supermarket Assessment, for
Ritchies IGA*

*Epping North Project Activity Centre
Analysis, for AV Jennings*

*Essendon Airport Retail and Outlet
Centre Development Retail Needs and
Economic Impact Assessment, for
Essendon Airport Limited*

*Rocklea Home Centre Economic Impact
Assessment, for Phileo Property*

*Mernda Precinct Activity Centre
Commercial Assessment, for Metricon
Developments*

*Retail Economic Assessment for
Proposed ALDI Store at Corio, ALDI
Stores*

Economic Assessments

*PFOS Control Measures Cost-Benefit
Analysis, for Department of
Sustainability, Environment, Water,
Population and Communities
(DSEWPac)*

*Essendon Football Club Re-location
Options Analysis, Essendon Football
Club*

*Arrownet Trademark Review, for Arrow
Research Corporation*

*ACT Waste Pricing Strategy, for ACT
NOWaste*

*Contaminated Soils Market Review, for
EPA Victoria*

*Economic and Social Benefits
Assessment, Melbourne Racing Club*

*Measuring Economic Benefit of
Dwelling Construction and Maintenance
Programs of DHA, for Defence Housing
Australia*

*Waste and Resource Management
Economic and Spatial Analysis, for
Sustainability Victoria*

*Morwell East Industrial Land Analysis,
for SM Urban*

*Devonport Economic Baseline Analysis,
for City of Devonport*

*Economic Benefits of Shepparton Show
Me, for City of Greater Shepparton*



Economic Benefits of Main Streets, for Main Streets Australia

Melbourne Metro Land Use Compensation Assessment, for City of Melbourne

Holden Closure Impact on Northern Adelaide Store Network, for Coles Group

Land Use Planning and Policy

Albury Retail Strategy, for Albury City Council

Loganholme Retail Review, for Logan City Council

Blacktown Sportpark Economic Assessment, for City of Blacktown

City of Swan Retail Needs Assessment, for City of Swan

Hobsons Bay Activity Centres Strategy, for Hobsons Bay City Council

The Parade Retail Strategy, for the City of Norwood, Payneham and St Peters

Goolwa Growth Area Workshop, for Alexandrina Shire

Retail Benchmarking and Land Use Planning, for Environment and Sustainable Development Directorate ACT Government

Melbourne CBD Retail Review, for City of Melbourne

Boroondara Activity Centres Analysis, for City of Boroondara

Maldon Town Centre Review, for Mount Alexander Shire

Devonport Retail Study, for City of Devonport

Activity Centres Review Technical Report-Planning Strategy for Greater Adelaide, for Planning SA

Cardinia Small Towns Project, for Shire of Cardinia

Wyndham Activity Centres Strategy, for City of Wyndham

Bayside Major Activity Centre Advice, for City of Bayside

Glenferrie Structure Plan, for City of Boroondara

Geelong Retail Strategy, for City of Greater Geelong

Torquay and Jan Juc Retail Review Retail Assessment, for Surf Coast Shire

City of Bayside Major Activity Centres Project, for City of Bayside

Other

Jurisdictions in which Sean has provided expert witness services include:

- ACT Supreme Court
- Land and Environment Court (NSW)
- Planning and Environment Court (QLD)
- Planning Panels (VIC)
- VCAT (VIC)
- Environment, Resources, Development Court (SA)
- SA Licencing Court
- WA Liquor Commission
- Tasmanian Planning Commission
- Tasmanian Magistrates Court (Administrative Appeals Division).

Sean has also presented at numerous conferences and industry events across Australia and overseas.