



## AMENDMENT C258: EXPERT EVIDENCE OF JULIAN SZAFRANIEC

---

28 MAY 2020

Prepared for  
City of Casey

Independent  
insight.



SGS Economics and Planning Pty Ltd

ACN 007 437 729

[www.sgsep.com.au](http://www.sgsep.com.au)

Offices in Canberra, Hobart, Melbourne, Sydney

# TABLE OF CONTENTS

---

<b>SUMMARY OF EVIDENCE</b>	<b>1</b>
<b>1. INTRODUCTION</b>	<b>2</b>
1.1 Credentials	2
1.2 Instructions	3
1.3 Expertise relevant to Planning Scheme Amendment C258	3
1.4 Evidence preparation	4
1.5 Declaration	5
<b>2. STATEMENT OF EVIDENCE</b>	<b>6</b>
2.1 Summary of Amendment C258	6
2.2 Scope of SGS reports and further involvement	7
2.3 Retail and Other Commercial Floor Space Assessment Context	9
2.4 SGS Report modelling approach	12
2.5 Comments on possible implications from COVID-19	21
2.6 Review of Activity Centres Strategy and Amendment	23
<b>3. RESPONSE TO SUBMISSIONS</b>	<b>30</b>
3.1 Comments on Eden Rise and Berwick Springs	30
3.2 Response to other submissions	33
<b>ATTACHMENT A - CV</b>	<b>36</b>

---

# SUMMARY OF EVIDENCE

---

1. I (Julian Szafraniec) have been instructed by Maddocks acting on behalf of the City of Casey to provide expert evidence regarding Planning Scheme Amendment C258 (the Amendment).
2. A summary of my evidence is as follows:
  - My evidence relates to the SGS Retail and Commercial Floorspace Assessment (November 2017) (SGS Report) which was an input into the City of Casey Activity Centres Strategy (2019) and associated Planning Scheme Amendment C258. I was Project Director and led the development of the SGS Report and have expertise in urban economics.
  - I believe the overall concepts, issues, opportunities, modelling approach and strategic policy advice outlined in the SGS Report and as reflected in the Amendment are still appropriate.
  - I have considered the possible impact of new data and the COVID-19 pandemic on the original analysis but and I believe that the analysis and the strategic policy advice outlined in the SGS Report is still appropriate for the purposes of this Activity Centres Strategy and associated Amendment.
  - I have also reviewed the policy implementation from an economic basis and believe it is consistent with the recommendations in the SGS Report. The policy seeks to update, refine and reinforce the Activity Centres Hierarchy to support a strong and diverse hierarchical network of centres that provide local services and employment opportunities. Further, the policy form, and therefore discretionary nature, of the various non retail floor space targets provides the important flexibility required for individual applications on the one hand and for such a large, rapidly developing and complex centre network on the other. The policy also includes provisions to manage out of centre development, which I support, and I have provided some suggestions on how this could be further strengthened or more clearly defined.

# 1. INTRODUCTION

---

## 1.1 Credentials

3. My full name is Julian Wincenty Szafraniec. I am a Principal, Partner and Director of SGS Economics & Planning Pty Ltd, based in the firm's Melbourne office at Level 14, 222 Exhibition Street, Melbourne, VIC, 3000.
4. I hold the following academic qualifications:
  - Bachelor of Economics (Econometrics) (Honours) (Monash University)
5. I have over 11 years' experience in applying economic theories and models to urban and regional issues across Australia and internationally. I have provided advice to all tiers of government and the private sector, related to the dynamics of housing, transport, retail, employment and the economy.
6. I have previously presented expert evidence at Planning Panels Victoria hearings.
7. Some of my relevant experience includes:
  - Retail and Other Commercial Floor Space Assessment - City of Casey (2016)
  - Cranbourne Town Centre: Economic Assessment – City of Casey (2017)
  - Cranbourne Town Centre: Housing Assessment – City of Casey (2017)
  - West Melbourne Employment and Economic Study – City of Melbourne (2017)
  - Small Area Land Use Projections – Transport for Victoria (2008-2020)
  - Monash Site Development Potential Study – Dexu (2018)
  - Small Activity Centre Strategy - Bayside City Council (2017)
  - East Village employment study – Brix Property Group (2017)
  - Fishermans Bend Economic and Employment Study - Fishermans Bend Taskforce (2016)
  - Retail, Commercial and Employment Strategy - Bayside City Council (2016)
  - Greater Geelong Retail Strategy - City of Greater Geelong (2016)
  - Review of Green Square and Southern Areas Retail Study - City of Sydney (2015)
8. Additional information regarding my experience is included in Attachment A.

## 1.2 Instructions

9. I have been instructed by Maddocks acting on behalf of the City of Casey to undertake the following tasks as part of my expert witness report:
- provide an overview of the *Retail and Other Employment Floorspace Assessment Final Report (November 2017)* prepared by SGS Economics & Planning and the methodology contained in that document;
  - express my opinion in relation to the Amendment, including whether the proposed changes to the Scheme are appropriate, as relevant to my area of expertise;
  - respond to the issues raised in submissions insofar as they comment on the SGS Report and relate to my area of expertise;
  - provide comment on any other matter which I consider relevant having regard to my area of expertise, including matters associated with the Minta Farm PSP;
  - prepare an expert witness report in accordance with the *Planning Panels Victoria Guidelines for Expert Witnesses*.

## 1.3 Expertise relevant to Planning Scheme Amendment C258

10. I am an urban economist and have expertise in retail, employment and demographic forecasting, economic analysis and providing related policy advice.
11. I was Project Director and led the development of the SGS Retail and Other Employment Floorspace Assessment (November 2017) (SGS Report).
12. I also lead the development of two other assessments for City of Casey, namely the Cranbourne Town Centre Economic Assessment (June 2017) and Residential Demand Study (June 2017).
13. I am able to comment on the preparation and findings of the SGS Report and the other reports to the extent that they are relevant to the Amendment.

## 1.4 Evidence preparation

14. I prepared this statement of evidence and the opinions in this statement are my own.
15. In the preparation of this statement I have reviewed and relied on the following documents:
  - Casey Activity Centres: Retail and Other Employment Floorspace Assessment (November 2017) prepared by SGS Economics & Planning (*SGS Report*).
  - The following documents and dataset which were provided as part of the Casey Activity Centres: Retail and Other Employment Floorspace Assessment *Request for Quotation*:
    - Casey C21 – Building a Greater City (2011)
    - Activity Areas and Non-Residential Uses Strategy (2012)
    - Activity Areas and Non-Residential Uses Strategy Volume 2 – Background Report (2011)
    - Activity Centres Strategy (2006)
    - Housing Strategy (2015)
    - Cranbourne Town Centre Plan (2011)
    - Economic Development Strategy (2010)
    - Casey Cardinia Employment Land Provision Study – Discussion Paper (2010)
    - Working Draft Casey-Cardinia Economic Development Framework (2014, AEC Group)
    - Working Draft Casey Activity Centres Strategy – Key Issues Paper (2016)
    - Housing Market Assessment (2015, Charter Keck Cramer)
    - Fountain Gate–Narre Warren CBD Refresh and Economic Report (2016, Urbis)
    - Berwick South Retail and Commercial Needs and Projections Analysis and Review (Charter Keck Cramer, 2016)
    - Cranbourne Town Centre: Retail and Commercial Floorspace Requirements 2012-2036 (Renaissance Planning, 2013)
    - Melbourne’s South East Growth Area – Activity Centre Requirements (Renaissance Planning, 2011)
    - Endeavour Hills Town Centre Council Land Commercial Feasibility Study - Site Assessment Report (MacroPlan Australia, 2010)
    - Casey Corridor Growth Area: Economic Development and Employment Analysis (Essential Economics, 2009)
    - Berwick Village Commercial Office Assessment (MacroPlan Australia, 2009)
    - Hampton Park Activity Centre Review (Ratio Consultants, June 2006)
    - Office Floorspace Planning Budgets: City of Casey’s Centres (SGS Economics and Planning, 2005)

- Activity Centres (GIS)
- Proposed Activity Centres - Growth Areas (GIS)
- Rates Data (GIS)
- Building Permit Information
- Local Areas and Casey Boundary (GIS)
- Proposed Residential Growth Zone (GIS)
- Casey Planning Scheme (<https://planning-schemes.delwp.vic.gov.au/schemes/casey>)
- id. Forecasting (<http://forecast.id.com.au/casey>)
- Approved Precinct Structure Plans (<http://www.mpa.vic.gov.au/planning-activities/greenfields-planning/precinct-structure-plans/casey/>)
- Cranbourne Town Centre Economic Assessment (June 2017)
- Cranbourne Town Centre Residential Demand Study (June 2017)
- City of Casey Activity Centres Strategy (2019) (*Activity Centres Strategy*)
- City of Casey Activity Centres Strategy Action Plan (2019) (*Action Plan*)
- City of Casey Activity Centres Strategy Background Paper (2019) (*Background Report*)
- Other relevant documents that form part of the Amendment C258 including submissions to the Amendment C258 included in the Council Meeting Report (3 March 2020) and separate Submission 15 document.

## 1.5 Declaration

16. I have made all enquiries 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.



**Julian Szafraniec**

Principal | Partner | Director

SGS Economics and Planning Pty Ltd

28 May 2020



## 2. STATEMENT OF EVIDENCE

---

### 2.1 Summary of Amendment C258

17. The Planning Scheme Amendment C258 (**Amendment**) for the City of Casey seeks to implement the City of Casey Activity Centres Strategy 2019 (**Activity Centres Strategy**) via a series of changes to the Municipal Strategic Statement (MSS); and the Local Planning Policy Framework (LPPF). The Activity Centres Strategy is identified as a background document.
18. The Amendment and associated Activity Centres Strategy applies to the entire municipality. Consistent with the Activity Centres Strategy, the Amendment broadly seeks to:
  - Refine and reinforce the activity centre hierarchy (via changes to Clause 21.05 Economic Development Policy and replacement of the existing retail policy with a new activity centre policy at Clause 22.01,
  - Include additional policy provisions to support more non-retail and denser activity centres (via the new Clause 22.01 Activity Centre Policy).
  - Refine the assessment criteria for out of centre applications (via Clause 22.02 Non Residential Uses in Residential and Future Residential Areas)
19. Further discussion regarding the economic basis of the policies is included in Section 2.6 of my expert witness report.

## 2.2 Scope of SGS reports and further involvement

20. In April 2016, SGS was engaged by the City of Casey to prepare the SGS Report. I was Project Director and involved throughout the entire engagement which was completed in November 2017.

21. The scope of the engagement is summarised in the following extract from the original Request for Quotation and further detailed in Section 1.1 and 1.2 of the SGS Report.

The City of Casey is currently reviewing its Activity Centres Strategy (*Activities Areas and Non-Residential Uses Strategy*, Adopted December 2012). The primary goal of the strategy is to foster a highly accessible and robust activity centre network that maximises net community benefit. The City of Casey is seeking advice from a suitably qualified and experienced consultant on:

- The current and future demand for retail and other commercial office floor space within the municipality's activity centres.
- How growth should be apportioned across Casey's network of activity centres.
- If the activity centre hierarchy should be revised accordingly.
- The statutory planning and non-regulatory levers Council can utilise to attract more non-retail employment and local jobs in activity centres.
- How the City of Casey can encourage, incentivise and facilitate the delivery of job-rich, mixed-use development within its activity centres.

The advice will inform the review of Casey's 2012 Activity Centres Strategy and Activity Centre Structure Plans, and will assist Council to provide a coordinated municipal-wide response to managing demand for retail and other commercial floor space across the activity centre network. The revised Strategy will form the strategic basis for a subsequent planning scheme amendment to update the Retail and Non – Residential Uses in Residential Areas policies in the *Casey Planning Scheme*.

The closing date for submissions is **4pm, Friday 11 March 2016**.

22. The SGS Report focused on understanding the spatial and economic context of the Casey activity centres network through a thorough analysis of various key aspects and then involved modelling potential supply and demand of key floor space across the network to inform recommendations around the hierarchy of centres and the future development of the centres. The SGS Report formed one of several inputs into the development of the new Activity Centres Strategy which was developed internally by the City of Casey. While the SGS Report did consider related topics such as housing, transport and design, it was not the purpose of the SGS Report to undertake any targeted research and consultation activities in relation to those aspects.

23. The approach undertaken by SGS in to developing the SGS Report is as follows:

- A **review of local and state policy**, along with relevant **macro-economic trends**.
- A **supply assessment** to determine current employment and floor space across existing activity centres. Aside from Cranbourne, this was desktop based and did not included a physical audit or site visit of centres. Information on all planned future centres and expansions was also compiled. A high-level capacity assessment was also completed.

- A **demand assessment** to consider the latest population forecasts and demand for retail and non-retail employment and floor space across Casey activity centres. This included analysis of retail expenditure trends and associated demand.
  - **Optimal floor space rollout** considered employment drivers, strategic policy and retail expenditure flows (via a gravity model) to determine potential employment (retail and non-retail) floor space requirements across the activity centres network.
  - This analysis was used to inform advice around a **revised activity centres hierarchy** and other **policy gaps, issues and opportunities** for Council to consider during its development of the revised Activity Centres Strategy.
24. This approach, along with key assumptions and results, is further discussed in Section 2.4 of my expert witness report.
25. During the development of the SGS Report two related pieces of work for Cranbourne Town Centre were also undertaken. I was Project Director on both these projects. The projects were commissioned to inform Councils development of the Cranbourne Structure Plan and to inform the new Activity Centres Strategy. The two projects were:
- **Cranbourne Town Centre: Economic Assessment** (June 2017). This project built on analysis from the broader Casey wide assessment (the SGS Report) to further consider retail segments, non-retail requirements and the role of sub-precincts within Cranbourne. This work also included a site visit and land audit, along with additional policy advice.
  - **Cranbourne Town Centre: Housing Assessment** (June 2017). This project involved a housing demand and capacity assessment along with policy recommendations.
26. Following completion of the SGS Report in November 2017 SGS was not further engaged by Council to assist in development or drafting of the Activity Centres Strategy or the Planning Scheme Amendment.
27. However, in January 2019 Council did contact me with some questions related to their drafting of the new policies and the interpretation of our work, I provided a brief response at that time. In October 2019 SGS also made some minor corrections to the SGS Report prior to its public exhibition. This included some minor corrections and the addition of Appendix H. These modifications did not involve any change to the data, analysis, or recommendations in the SGS Report.

## 2.3 Retail and Other Commercial Floor Space Assessment Context

28. There are some fundamental economic issues facing the City of Casey which has shaped the overall approach I used in the Retail and Other Commercial Floorspace Assessment. I believe these issues are also central to understanding the Amendments economic basis.

### Key issues impacting the Casey activity centres network

29. The City of Casey has the largest municipal population in Victoria and is growing rapidly. In 2019 Casey had a population of 353,872<sup>1</sup>. This is 83,000 people more than the next largest Local Government Area (LGA) in Victoria, the City of Wyndham. It is similar in size to Canberra (395,000) or the Ballarat, Bendigo, Shepparton and Latrobe LGAs combined (364,582).
30. This large population has occurred very rapidly, with Casey's population doubling over the last 20 years - capturing 12 per cent of Melbourne's population growth over that period. It is forecast to almost double again by 2041, reaching a population of 550,000<sup>2</sup>. This is similar in size to the entire Inner South East Region of Melbourne today (564,340 people as of 2019<sup>3</sup>).
31. While local jobs have also increased in Casey, they have not kept pace with population growth. As of 2019 there are 85,000 jobs in Casey<sup>4</sup>. This represents 4.1 people per job or two resident workers per job. As a result, many residents are travelling out of Casey for work every day. The 2016 ABS Census reported that only 27.7 per cent of resident workers stayed within Casey for work. This is further discussed on page 35 and 65 of the SGS Report.
32. This gap is partly due to structural changes in the broader economy and partly the natural development lifecycle of a rapidly growing new community. Activity centres, as one of the key locations for employment within a community, play a fundamental role in addressing this gap and need to respond to these two broad issues (structural change and lifecycle).
33. Melbourne's economy is undergoing a significant structural change linked to globalisation, technology, and demographic shifts. This is resulting in an economy becoming more reliant on population and knowledge-based services employment (including both large firms and small/micro businesses/start-ups). This concept is further discussed in Section 3.3 and Appendix B of the SGS Report. Broadly speaking, this structural shift means more jobs will locate in commercial offices and population serving floor spaces such as, retail, cafes, restaurants, banks, medical centres, education facilities, gyms, libraries, and other services.

---

<sup>1</sup> 2019 Regional Population Growth (Cat. 3218.0), Australian Bureau of Statistics, released March 2020

<sup>2</sup> 2041 Population forecast (<https://forecast.id.com.au/casey>), id, released March 2019,

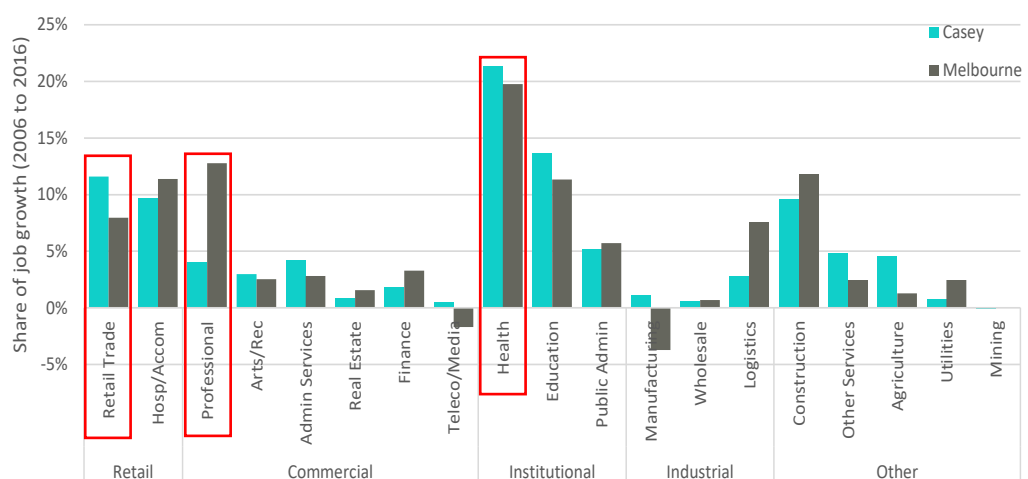
<sup>3</sup> 2019 Regional Population Growth (Cat. 3218.0), Australian Bureau of Statistics, released March 2020

<sup>4</sup> 2019 job estimate (<http://economy.id.com.au/casey>), National Institute of Economic and Industry Research (NIEIR), 2019

The locational needs and development timing of this changing economic condition is also quite different to the past.

34. Typically, as a region first establishes we see demand for core population services such as retail, education, health and construction. However, as the region matures it will need to diversify its employment base, initially with increased small and medium scale enterprises, and eventually with higher order and larger scale institutions and businesses which can catalyse further economic activity. Importantly, these higher-order knowledge-based activities have quite different locational drivers to traditional industrial and population serving sectors. They require access to large and established skilled workers, along with high amenity, diverse and well-connected locations so they can specialise and innovate effectively. This means demand for these employment activities typically come during a second (or third) wave of development - once these pre-conditions, or demand drivers, are established. These broad structural economic concepts are further discussed in Appendix B of the SGS Report.
35. Figure 1 below compares Casey's share of employment growth to Greater Melbourne for 2006 to 2016. Similar information was represented in Figure 19 of the SGS Report. Figure 1 below includes new data from the 2016 ABS Census and a direct comparison to Greater Melbourne. This shows that in recent years, Casey's employment growth, compared to Greater Melbourne, has been more focused on population serving type jobs (i.e. retail, health), with relatively low growth in commercial type job sectors (i.e. Professional).

FIGURE 1 SHARE OF EMPLOYMENT GROWTH CASEY VS GREATER MELBOURNE, 2006 TO 2016



Source: SGS Economics and Planning based on ABS Census data

36. As demand for these commercial sectors emerges the format and subdivision pattern of Casey's activity centres needs to be flexible enough to allow for non-retail floor space to be easily added. Further investment and attraction initiatives are also required to encourage

these higher order activities to locate in Casey. Importantly, limited demand (initially) for these non-retail uses can often result in a fixed development format and land monopolies in some newly formed centres. This can inadvertently lock out this longer-term employment opportunity.

37. A strong activity centres hierarchy which supports both local (i.e. daily/weekly shopping and service needs) and higher order uses (i.e. more expensive or specialised shopping and service needs and non-consumer facing employment opportunities) and which recognises this economic evolution and need for employment diversification is critical to Casey achieving broader policy objectives, such as greater employment self-containment and a 20-minute neighbourhood.
38. The benefits of a strong activity centres hierarchy are further discussed at section 2.3 of the SGS Report and can be summarised as follows:
  - Supporting co-location of services and broader investment (i.e. transport)
  - Promote and optimise accessibility for residents to both local daily needs and occasional higher order needs.
  - Manage the impact on other centres to maintain healthy active centres.
39. In addition, a strong activity centres network can help realise broader housing objectives. Vibrant activity centres with a diversity of retail, services and employment opportunities enable potential residents to trade space for access and amenity; that is potentially live in a smaller dwelling that is close to an activity centre. If such centres do not exist, it is likely that future households will prioritise space – in dwelling floor area and lot size. Ultimately, this generates a vicious cycle of further sprawling lower density environments.
40. These broad issues have shaped the approach used in the SGS Report in a number of ways:
  - Given the size and rate of change in Casey a detailed land audit and site assessment of each individual centre was not feasible or useful. Rather I sought to draw on a wide range of datasets and take a macro-economic, network-based perspective.
  - I also took a broader employment floor space view, with retail expenditure and floor space forming one part of a broader employment needs assessment.
  - Related issues such as housing, transport and design were also considered with regard to their influence on economic and employment outcomes.

## 2.4 SGS Report modelling approach

41. The approach to estimating retail and other employment floor space needs across the Casey activity centres network is detailed in Sections 4 to 6 of the SGS Report. In this section I have provided a brief overview of key step and results relevant to the Amendment. I have also considered data that has become available since the SGS Report was written and its potential impact on the analysis findings.

### Supply assessment

42. Existing (as of 2016) floor space and employment within Casey's Activity Centres was estimated based on analysing a range of local and lot level datasets, along with a site visit of Cranbourne and a detailed review from Council officers drawing on their local knowledge. The location and floor space of future centres was sourced from a review of available Precinct Structure Plans and other local policy. This approach is further detailed on page 23 (floor space) and page 40 (employment) of the SGS Report.
43. As part of the supply assessment a review of six centre zoning irregularities (Section 4.6 of the SGS Report) and an assessment of local network coverage (Section 4.7 of the SGS Report) was also completed. This identified the need for seven additional local centres to support local access in new greenfield areas and some potential changes to centre boundary definitions. These recommendations included advice for Eden Rise which I have further discussed in Section 3.1 of my expert witness report.
44. A high-level capacity assessment was then completed to provide an 'order of magnitude' estimate of growth potential across all existing and proposed centres. This approach is detailed on page 51 of the SGS Report and involved a simple ratio applied to net land.
45. A summary of the supply assessment is presented in Figure 2 below. This identified 82 centres, with the existing 45 centres containing 1.4 million square metres of floor space and a potential capacity of 3.6 million square metres across the network.
46. This is also presented in Figure 10 of the SGS Report. However, in Figure 2 below I have addressed an minor error (changes highlighted blue) in Figure 10 of the SGS report which incorrectly identified an additional proposed Local Neighbourhood Activity Centre. This error was also reflected in the second paragraph on page 48 of the SGS Report and should read '..45 existing centres, 30 currently planned centres and 7 additional indicative neighbourhood activity centres..' and the first paragraph after the table on page 50 of the SGS Report '... across the 37 planned new centres..'. This was an editorial error that affected this table and the associated text noted above. It did not affect the analysis, other tables (such as the

preceding Table 9 on page 48 of the SGS Report which lists all 82 centres included in the SGS Report analysis) and maps or recommendations of the report.

FIGURE 2 CURRENT AND POTENTIAL FLOOR SPACE BY CENTRE TYPE

	Count of Centres			Existing floorspace (sqm)		Potential Capacity (sqm)	
	Existing	Proposed	Total	Total	Average per centre	Total	Average per centre size
Metro	1	0	1	261,000	261,000	579,000	579,000
Major	5	2	7	537,000	107,000	1,446,000	207,000
Medium	15	11	26	158,000	11,000	405,000	16,000
Local	19	21	40	39,000	2,000	175,000	4,000
Restricted	4	3	7	242,000	61,000	628,000	90,000
HEP	1	0	1	145,000	145,000	427,000	427,000
<b>Total</b>	<b>45</b>	<b>37</b>	<b>82</b>	<b>1,382,000</b>	<b>31,000</b>	<b>3,660,000</b>	<b>45,000</b>

Source: SGS Economics and Planning

Note: Existing centres are classified based on their existing role and not their aspirational role.  
Existing and potential capacity includes all floor space types.

47. The number and designation of centres in the SGS Report differs slightly from that included in the Activity Centre Strategy and the Amendment which I have discussed further at paragraph 90 of my expert witness report.
48. Key findings from the supply assessment include:
  - 39 per cent of all of Casey's employment is located in existing activity centres. Within existing activity centres 55 percent of jobs are retail and approximately 60 per cent of floor space is retail based.
  - Narre Warren and Cranbourne centres dominate the network representing 49 per cent of centre floor space and 44 per cent of potential additional capacity.
  - Existing major centres (excluding Cranbourne) are largely dominated by retail floor space with relatively little other employment or residential floor space.
  - Overall, there is significant capacity across the entire centre network with floor space able to potentially triple across the network of existing and planned future centres.



## Demand assessment

49. Activity centre employment floor space demand considered both retail and non-retail uses and included three broad steps:

- retail expenditure analysis,
- job forecasts (including retail and non-retail), and
- floor space requirements by centre and type.

## Retail expenditure

50. Retail expenditure by small area was estimated based on population forecasts, expenditure per capita trends and escape/capture adjustments that address the impact of online, visitor and worker expenditure flows. This is further discussed in Section 5.2 of the SGS Report.

51. Overall, the expenditure analysis indicated that local retail expenditure within Casey is likely to double from 2016 to 2036, largely driven by population growth.

52. Since completion of the SGS Report there has been a number of new datasets released and continued uncertainty in the retail sector, most notably due to the recent COVID-19 pandemic (further discussed in Section 2.5 of my expert witness report). To understand the possible impact of these factors I have completed some high-level sensitivity analysis on the original retail expenditure results. These consider the impact of two key elements:

- **Population:** Since completion of the SGS Report Casey's population forecasts have been revised upward to reflect both higher actual and projected population growth. The SGS Report assumed a 2016 population of 297,035 and a 2036 population of 458,643 (based on id.forecast - 2015 release). Page 5 of the final Activity Centre Strategy identifies a population of 514,800 by 2041. The latest 2019 Victoria in Future and id.forecast releases indicate a population of 522,251 and 519,72 by 2036 respectively.

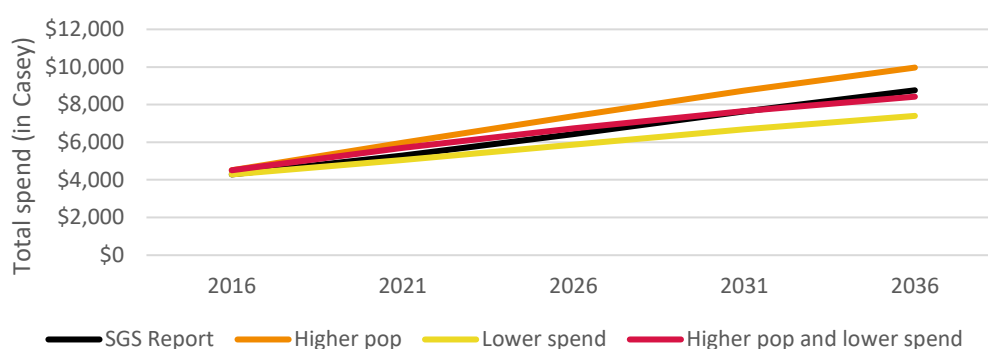
FIGURE 3 POPULATION FORECASTS FOR CASEY CITY COUNCIL

Data sources	2016	2021	2026	2031	2036	2041
id (2015) (used in SGS Report)	297,035	334,667	376,442	419,914	458,643	492,496
VIF15	300,169	343,409	388,686	433,904	468,013	489,958
Activity Centre Strategy (page 5)	326,820 (2017)					514,800
VIF19	312,789	377,524	432,449	481,318	522,251	
id (Mar 2019)	313,521	380,531	433,821	482,626	519,702	549,190

- **Real expenditure growth per capita.** SGS estimated that real (inflation adjusted) retail expenditure per capita would grow at 1.36 per cent per annum for Casey. This varied by commodity type and further adjustments, later in the methodology, were used to separately account for escape expenditure from workers, visitors and online spending. This growth rate was consistent with recent trends and industry forecasts and I believe still reasonable for the medium to long term. However, continued changes and uncertainty in the retail sector and broader economy mean there is potential for this rate to be lower, at least in the short term to medium term. I've tested the impact of real expenditure per capita growth slowing to 0.5 per cent per annum out to 2036.

53. These two variables were used to adjust the final spend estimates detailed in Table 8, page 63 of the SGS Report. Results of the high-level sensitivity analysis are presented in Figure 4 below. Considering each factor separately indicates total retail expenditure could potential be 14 per cent higher (due to higher population) or 15 per cent lower (due to lower expenditure growth) by 2036 than the SGS Report. If both (population and expenditure) factors are considered together, retail expenditure in the City of Casey would be 3 per cent lower than what was originally estimated in the SGS Report.
54. Based on this I believe the original expenditure analysis in the SGS Report is still appropriate for the purpose of informing the Activity Centre Strategy and Amendment.

FIGURE 4 RETAIL EXPENDITURE SENSITIVITY RESULTS



Source: SGS Economics and Planning, 2020

### Employment forecasts

55. Employment forecasts in the SGS Report consider 'top down' macro-economic trends and 'bottom up' factors, including the previous retail expenditure analysis, to determine a baseline employment forecast. The approach to employment forecasts is further outlined on page 57 of the SGS report. The forecast produced in the SGS Report represents a slightly optimistic, yet largely recent trend-based, view of employment for Casey to inform likely floor space needs and centre roll out. It assumes Casey will continue to capture a similar share of

Melbourne South East's employment growth by industry (38 per cent of SEM growth overall) and self-containment will not get worse, but will also not get substantially better either (4.0 people per job by 2036). It also assumes the share of jobs that cluster in centres by industry type will remain the same overtime (39 per cent of jobs locate in centres).

56. This scenario definition is important as multiple futures are possible, particularly in a rapidly growing area such as Casey. Employment growth below this would represent a negative outcome on the local economy, while higher employment associated with aspirational targets is still plausible and should be pursued to help drive transformative change. Higher employment is also possible, given there are now higher population forecasts for Casey, and Greater Melbourne, as noted at paragraph 52 of my expert witness report.
57. The analysis in the SGS Report indicates there would be 43,670 additional jobs across Casey with approximately 17,370 of these jobs locating within activity centres. 55 per cent of these jobs would be non-retail jobs – either commercial or institutional type jobs. This is summarised in Table 21 and Table 22 on pages 65 and 66 of the SGS Report.
58. Given the factors discussed at paragraph 52 to 54 of my expert witness report, this could be considered a conservative estimate with regard to the Activity Centre Strategy and Amendment. I believe, there is potential for more jobs (particularly non-retail) to be attracted to Casey or to cluster in activity centres if there are suitable supply opportunities and appropriate attraction initiatives. It is also relevant to note that higher job forecasts would likely include a greater share of non-retail employment linked to Casey capturing a greater share of the rapidly growing knowledge or institutional based jobs in the broader economy.

#### **Floor space requirements**

59. The final step in the demand assessment is estimating aggregate floor space requirements. For this exercise, retail expenditure and employment forecasts within centres are converted into floor space requirements based on Retail Turnover Density (RTD) and employee-to-floor space ratios. The approach is further detailed on page 69 of the SGS Report, with employee to floor space ratios documented on page 35 of the SGS Report. These ratios are Casey-specific and have been adjusted based on the supply assessment. Broadly they assume:
  - 35-50 sqm per employee for supermarkets, specialty stores, department stores, hospitality and institutional areas;
  - 120 sqm per employee for restricted retail, and
  - 30 sqm per employee for commercial floor space.

60. Based on the expenditure and employment forecasts the analysis indicates a need for approximately 980,000 sqm of floor space across the network from 2016 to 2036. Approximately 50 per cent of additional floor space is associated with retail needs (excluding restricted retail), with 33 per cent associated with non-retail needs such as commercial and institutional uses including health care, education and community services. This is further detailed in Table 24, page 68 of the SGS report.

### **Optimal centre rollout**

61. Floor space demand is then aligned to existing and proposed centres to understand implications on the centre network and support recommendations on the hierarchy.
62. This is referred to as the 'optimal centre roll out' and was developed to present a potential delivery of floor space across the network based on both market and policy based considerations. The approach is further discussed on page 73 of the SGS Report. The allocation of retail and non-retail floor space was informed by the following factors:
- Existing uses and capacity at existing centres
  - The available capacity (based on PSPs) in proposed centres
  - A strategic assessment of the centres hierarchy, to gain an understanding of the optimal retail size and function of each centre across the network
  - The desired non-retail functions of each centre based on its position in the hierarchy
  - The spatial location of retail demand and its alignment with floor space supply as estimated through the Retail Gravity Model.
63. Importantly, for the Activity Centres Strategy and Amendment, the optimal centre roll out should not be seen as highly prescriptive, or reflecting a fixed/single view of the future. It will, and should, evolve over time as state and local plans are updated and further developed and as actual development occurs and markets react to changing consumer preferences. To this end, it can assist in assessing the net community benefit associated with non-conforming applications. It is a tool to inform strategic policy and provides a basis for understanding how the network might roll out in a rapidly growing area.
64. It also takes a *network wide* view, so all centres are considered holistically and floor space requirements are not double counted or undercounted. Many of the centres (or surrounding residential communities) do not yet exist today and detailed planning for some of these locations is still being completed. Given this uncertainty the optimal centre roll out should always be used in conjunction with up-to-date supply and demand information to determine if a deviation is appropriate. The optimal centre roll out can then provide a network wide framework to understand how this deviation might impact the broader network.

### **SGS retail gravity model**

65. The SGS retail gravity model forms a key component of the optimal centre roll out. It is used to test the capacity, policy and strategic rollout assumptions associated with the allocation of retail floor space provision (Noting retail floor space represents 60 per cent of all additional employment floor space demand in centres).
66. The SGS gravity model approach is detailed on page 74 of the SGS Report. Essentially the gravity model is used to simulate the flow of shoppers to different centres taking into account ease of access and the 'weight' or attractiveness of centres.
67. In simplest terms the gravity model assumes that:
  - If all centres were identical, I would spend money at the closest centre
  - If all centres were at my doorstep, I would go to the biggest and most 'attractive' centre.
68. Gravity models were originally developed in the early 1900's based on Reilly's Law of Retail Gravitation in 1931, with the theory further expanded into the Huff Model in 1949. Since then the theory has been widely applied and refined, particularly through advances in the availability of data and computational power required to simulate the system.
69. The SGS gravity model derives a pull or 'attractiveness' parameter through a calibration process during the base year. It has been applied on many projects including: Bayside and Geelong activity centres strategies and for the ACT Department of Planning. I am also aware that several other consultants in the industry such as HillPDA, Spectrum Analysis and AEC Group also use gravity models for retail analysis.
70. Like any model, there are limitations to the gravity model due to availability of data inputs and necessary assumptions. However, this does not undermine its usefulness and roll within the broader optimal centre roll out process. In particular, a gravity model approach is well suited to a large and complex system such as Casey's network of over 80 centres and 500,000 people. The approach ensures:
  - all spending across the retail system is accounted for once, and only once,
  - it avoids having to define individual centre catchments which may double count and/or exclude areas when considered at a system wide level, and
  - Catchments are continuous and dynamic over time, based on changing demand, supply, transport and retail segments.
71. Further, the SGS gravity model is not used to define the optimal roll out; rather it is a tool to better understand the potential implications on the network given certain assumptions.

72. From this perspective, a gravity model can be thought of as broadly similar to a transport model, such as the Victorian Integrated Transport Model (VITM). VITM is fundamental to the planning and evaluation of every major transport project in Victoria. VITM has data input and assumption limitations (such as no peak spreading). However, its use is still supported given its usefulness in simulating the network as a whole and the infeasibility of alternatives.
73. I believe the use of the SGS gravity model to inform the optimal centre roll out and in turn the Activity Centres Strategy and the Amendment is reasonable and appropriate.
74. Alternatives approaches are either overly simplified and purely judgement based assessments, or survey/design based approaches with a strong focus on an individual centre which are not reasonably feasible for such a large network and can also be detached from broader macro-economic trends and network wide trends and outcomes.

#### **Results of the optimal centre rollout**

75. Results of the optimal centre rollout are presented in Section 6 of the SGS Report. Overall, the analysis suggests that, in aggregate Casey has planned for sufficient retail and commercial floor space across the network, with potential capacity significantly higher than 2036 demand.
76. This alignment varies by location and centre hierarchy level as presented in Figure 37 of the SGS Report - noting the figure includes Cranbourne as an 'aspirational' Metro centre. A few key points can be made from the results of the optimal centre roll out:
- Given the existing size of **Narre Warren and Cranbourne** their core focus should be to consolidate and diversify their offer, rather than continuing to expand their existing retail offer based on further population growth.
  - Existing **Major activity centres** (excluding Cranbourne) will only see a small amount of growth as they shift focus to consolidating and enhancing their existing offer. There are also several new major activity centres which will establish over the next 20 years. By 2036 the analysis estimates 83 per cent of their theoretical capacity will be realised.
  - The **Berwick Health and Education Precinct** could see significant growth, leveraging the strength of the Health and Education sectors in the broader economy. This presents a key opportunity for attracting high order jobs into the local economy.
  - Existing **Neighbourhood activity centres** will see small levels of growth and new ones will be established as growth areas are developed. There will still be capacity across this local network as development continues post 2036.

77. The summary tables in Appendix H of the SGS Report are of most relevance to the Activity Centre Strategy and the Amendment. They present floor space requirements by centre type for retail and non-retail uses out to 2036. This breakdown, along with a review of relevant Precinct Structure Plans and other strategic policy was used by Council as the basis for the non-retail floor space targets recommended in the Amendment. How Council used the SGS Report alongside other sources is discussed in Section 3.2 of Background Report.
78. The ratios of the SGS Report presented in Table 1 of the Background Report can be replicated by comparing Table 37 to Table 35 in Appendix H of the SGS Report. I have done this exercise in Figure 5 below and highlighted in blue the relevant numbers that align with the Background Report.
79. Given many of the centres will continue to develop post 2036, Council has utilised the average from existing centres only within each centre classification. I believe this is an appropriate approach given my comments on centres development lifecycles in Section 2.3 of this expert witness report.
80. I have further discussed my view on the appropriateness of the non-retail floor space targets adopted by Council and referenced in the Amendment in Section 2.6 of my expert witness report.

FIGURE 5 NON-RETAIL FLOOR SPACE SHARES BASED ON OPTIMAL CENTRE ROLLOUT

Type	Status	2016	2026	2036
<b>Hierarchy type and status summary</b>				
Metro	Existing	50%	52%	53%
HEP	Existing	89%	91%	94%
Major	Existing	18%	19%	21%
	Proposed	-	13%	13%
Medium	Existing	20%	15%	15%
	Proposed	-	8%	7%
Local	Existing	35%	28%	27%
	Proposed	-	15%	10%
Restricted	Existing	30%	28%	27%
	Proposed	-	9%	9%
<b>Hierarchy type summary</b>				
Metro		50%	52%	53%
HEP		89%	91%	94%
Major		18%	18%	19%
Medium		20%	14%	13%
Local		35%	23%	19%
Restricted		30%	27%	25%
<b>Status type summary</b>				
	Existing	42%	41%	44%
	Proposed	-	11%	10%
<b>All centres</b>		42%	39%	39%

Source: SGS Report, Nov 2017

## Policy recommendations from SGS Report

81. Drawing on the retail and other employment floor space assessment outlined above a series of recommendations were developed for Council's consideration. These are detailed in Section 7 of SGS Report. The key recommendations include:
- A **revised centre hierarchy** with expanded direction around the non-retail role and function of centres and terminology consistent with Plan Melbourne (see Figure 41 and Table 28 of the SGS Report). Consideration of an aspirational designation to recognise the long term potential of some centres was also recommended
  - A series of **overarching policy gaps, issues and opportunities** was also identified including:
    - Employment diversification
    - Encouraging diverse retailing formats
    - More floor space in future activity centres
    - Greater structure plan and development plan specificity
    - Managing the rollout of supermarkets
  - A number of **centre specific recommendations** were also included.

## 2.5 Comments on possible implications from COVID-19

82. The SGS Report and the Amendment have both been developed prior to the COVID-19 pandemic, which I believe will have significant short and lasting impacts on the entire economy.
83. Preliminary data is showing a significant impact on the economic, with ABS Labour Force data indicated a 4 per cent drop in employment in Victoria (Cat 6202.0) and a 17.9 per cent drop in Australia wide Retail Trade (Cat. 8501.0.55.008) for the month of April 2020. The shift in these broad indicators are further complicated by more significant impacts in some sectors, locations, demographic groups and the impact of reduced hours and various stimulus packages.
84. However, the COVID-19 pandemic is still unfolding at this time and the long term impacts, or the likely form of recovery is currently still unknown. At a high level it is still uncertain if the economy will see a quick bounce back as restrictions are lifted, or if we will see a deep and lasting recession due to further outbreaks, prolonged restrictions and broad economic effects.
85. In addition, and of most relevance to the Amendment, is the fact that the potential economic impact will play out differently by sector and location, both in the short term and via lasting structural changes.



86. The following is a few key trends relevant to Casey and the Amendment:

- A deep recession and slow recovery are likely to impact national migration rates, there could be up to 1 million **less people** in Victoria by 2046. Slower population growth would impact a rapidly growing location such as Casey, delaying residential development and in turn delaying demand for population services such as retail, health education.
- **Online retail** has increased dramatically during the pandemic. Retail could experience a stronger shift away from 'bricks and mortar' models and more towards on-line sales. This trend could also see 'bricks and mortar' retailing needing to further focus on unique experiences to attract customers (discussed in Section 3.3 and Appendix B of the SGS Report). This trend, if it were to continue, would likely reduce the demand for conventional retail space, but open up more demand for retail/wholesale hybrid spaces well suited to online delivery along with opportunities for centres focused on unique experiences and services.
- Given the shortages experienced in the supply of a number of product groups. A shift away from 'just in time' supply chains could mean that business hold much more stock than is currently the case. This would include demand for **additional shelf and warehouse floor space**. **Local manufacturing** could also see a resurgence, especially in some product types, as businesses want greater certainty from their supply chains. This means that there would be less imports and more domestic production in certain product types. This would increase the demand for employment floor space as manufacturers increase production. Within this context, modern manufacturing in Australia is increasingly capital and skills intensive to ensure high efficiency and productivity. As a result, increased local manufacturing could support higher skilled employment opportunities and broader commercial activity.
- Investment in **Health services** from research, pharmaceutical and supply production to hospitals and other related service has been a focus during this pandemic. Continued investment in these sectors to ensure Australia remains resilient in the event of future pandemics will potentially encourage further jobs and floor space in this sector.
- The pandemic has forced many **office-based workers** to work from home, dramatically changing the nature of how and where people work. While the full effect is unclear as yet this period is likely to shift some perceptions and priorities in the commercial non retail sector.
  - Business may be more supportive of **people working from home** on an ongoing, or more regular basis. This may lead to households searching for larger homes to account for working from home requirements or alternatively residents seeking

locally based personal serviced offices to support a similar requirement. This may result in, more workers remaining in their local area more often during work times. This could also result in more people living in Casey and/or reduced expenditure leakage from workers leaving for the Melbourne CBD and other locations outside of Casey every workday.

- There could also be decreased demand for employment floor space in the central city and **increase local economy opportunities** for Casey (and other locations) as firms realise that technology can be used to supplement many business interactions previously requiring face to face involvement. This could lead to increased commercial floor space demand for a range of formats including small/temporary office spaces that support a more flexible workforce, through to larger floor spaces for permanent business operations.

87. Given the uncertainty it is impossible to say what the outcome of the COVID-19 crisis will be. However, emerging trends discussed above suggest the core recommendations of the SGS Report and the Activity Centres Strategy and Amendment principles around supporting a strong, flexible and diverse activity centres hierarchy are critical. They could help both manage risks associated with potential reduced retail floor space demand, along with help in capturing opportunities associated with increased local commercial and health demand.

## 2.6 Review of Activity Centres Strategy and Amendment

88. The following section provides my comments on the Activity Centre Strategy and the policy implementation. I am not a qualified planner and, therefore, cannot comment on the drafting and implementation of the proposed policy and controls specifically. However, I have experience working with state and local government on a range of retail and employment centre policy and planning related studies and can comment on the controls from an economic basis. I have also considered how the Amendments aligns with the findings and recommendations presented in the SGS Report.

### Activity Centre Strategy

89. I have reviewed the Activity Centre Strategy and the associated Background Report and believe they are reasonable and reflect the findings and recommendations identified in the SGS Report.

### Revised centre hierarchy

90. The **revised centre hierarchy** presented in Objective 1 of the Activity Centres Strategy (pages 26-31) is broadly consistent with the recommendations in the SGS Report. In terms of centre locations and designations the following differences occur between the SGS Report (which included 82 centres) and Activity Centre Strategy (which included 81 centres):
- Inclusion of Berwick Springs (9b in Table 2 of the Activity Centres Strategy) as a *separate* Medium Neighbourhood Activity Centre, the SGS Report had merged Berwick Springs into the Eden Rise centre (7 in List of Centres Table of Appendix E of SGS Report).
  - Inclusion of Minta Farm (35 in Table 2 of the Activity Centres Strategy) as a Medium Neighbourhood Activity Centre following the approval of the Minta Farm PSP. This was not considered in the SGS Report.
  - Two indicative Local Neighbourhood Activity Centres (38 and 39 in Table 2 of the Activity Centres Strategy and 79 and 81 in List of Centres Table of Appendix E of SGS Report) have been reclassified as Medium and given names based on updated information from the Cardinia Creek South PSP.
  - Two indicative Local Neighbourhood Activity Centres have been removed (78 and 80 in List of Centres Table of Appendix E of SGS Report) based on updated PSP information. This may potentially result in localised access gaps based on the network coverage analysis presented in Section 4.7 of the SGS Report.
  - The Cranbourne North Service Business Precinct (74 in List of Centres Table of Appendix E of SGS Report) has also not been included in the Activity Centres Strategy. I believe this is appropriate. While it has some restricted retail, it is primarily a commercial services precinct and as such should be considered in other relevant employment policy.
91. The size ranges, characteristics and functions of the centre hierarchy are also consistent with the recommendations presented in Table 28, page 81 of the SGS Report. Table 1 of the Activity Centres Strategy also includes specific targets for non-retail floor space and building heights which were not detailed in the SGS Report. This is discussed later from paragraph 107 of my expert witness report.

92. The Activity Centre Strategy includes an **aspirational centre designation** for some centres. This is discussed on page 17 of the Activity Centre Strategy, with centres defined in Table 2. There is a question regarding this designation in the Panel Direction 14) e) ii)

*What is the strategic basis of attributing 'aspirational' status (p17) to some centres i.e. for them to eventually move up one category in the Activity Centre hierarchy and what criteria have been used to attribute this term? Does 'aspirational' status attributed to some centres have any time frames associated with it and how does it align with State Planning Policy?*

93. The use of an aspirational status for some centres was recommended in the SGS Report and is discussed in Section 7.2, page 80 of the SGS Report. The aspirational status was included to ensure alignment with Plan Melbourne and the 2036 planning horizon, while still recognising the significant growth potential beyond the 2036 horizon. The designation was defined based on the centres' aggregate potential size, strategic location and attributes. The designation essentially presents where I see the centre heading in terms of its long term future trajectory.
94. I believe the aspirational status helps manage expectations, provide long term certainty in the market and a focus for future policy reviews. For example, Cranbourne is designated as a Major Activity Centre in Plan Melbourne. While it currently largely functions as a Major Activity Centre, it is very large containing 270,000 sqm of floor space and is well located from a strategic perspective. As the region's population continues to grow it is likely a second Metropolitan scale centre would be needed. Cranbourne would be the optimal candidate for this role and hence it would be beneficial to *flag* this opportunity in the current policy.
95. I believe the Strategies in Objectives 2, 3, 4, 5 and 6 generally help to reinforce the hierarchy and encourage a diversity of employment and other uses. These Objectives includes Strategy S4.5 which recommends establishment of Berwick South Central Major Activity Centre. This is consistent with recommendations in the SGS Report and I have discussed this matter further in Section 3.1 of my expert witness report.

#### **Out of centre development**

96. Objectives 9 and 10 of the Activity Centres Strategy address out-of-centre development and recommend a sequential test and use of a Net Community Benefit (NCB) assessment to consider potential impacts. From an economic perspective, I believe this is appropriate given the supply and demand analysis indicates the planned centre hierarchy can support future requirements and the benefits of supporting this designated hierarchy discussed in Section 2.3 of my expert witness report.

### **Non-retail floor space targets**

97. Objective 11 of the Activity Centre Strategy focuses on mechanisms that encourage a greater amount of non-retail floor space in activity centres. The issues and challenges discussed in the preceding section of the Activity Centre Strategy are consistent with the issues identified in the SGS Report. Further, Section 7.2 of the SGS Report recommends that Council should investigate ways of encouraging further employment diversity in centre and specifically '*policy to specify preferred retail floor space limits, or a ratio for retail compared to commercial floor space, in higher order centres*'. The SGS Report does not recommend a preferred policy approach.
98. Objective 11 also includes a range of strategies to support non-retail employment, which I support. The Objective also includes targets for the building height and mix of floor space within activity centres (Strategy S11.2). I broadly support these specific targets in the discretionary manner that they have been referenced and the approach from an economic basis and have discussed them further from paragraph 107 of my expert witness report in relation to their role in the local policy (Clause 21.05).

### **Design and place-based objectives**

99. Objectives 13 – 16 of the Activity Centre Strategy are associated with various design, active transport and community services objectives. These primarily draw on other research not included in the SGS Report. In particular, I note that many of the diagrams reference the Victorian Government Urban Design Guidelines for Victoria.
100. However, from an economic perspective they are critical to supporting more vibrant and economically diverse centres. As discussed in Section 2.3 of my expert witness report, dense, high amenity and well-connected centres are key to attracting high order knowledge jobs and these types of considerations were part of the optimal centre roll out process.

### **Individual centre targets**

101. The Activity Centres Strategy does not include specific floor space limits for individual centres. This issue is raised in Panel Direction 14) e) i):

*Table 1 (p25) provides a range of floor space limits for each category of Centre. Noting this, there are no specific floor space guidelines or targets for individual Centres. Can Council clarify the reason for this?*

102. This is correct. The approach is consistent with the SGS Report which did not recommend Council introduce floor space limits for individual centres. This decision is based on a number of factors:

- given the number of centres (81 based on the Activity Centre Strategy) and anticipated growth planned for Casey, it was considered appropriate to allow for some degree of flexibility (within centre designations) and consider performance of the network as a whole, rather than individual centres.
- Further, it is understood that the rollout of floor space for new centres is closely managed through the PSP process to ensure alignment with local needs. I also recommended greater structure and development planning of both existing and future centres to support better development outcomes in key centres.
- Finally, the analysis I undertook identified that employment diversification and improved amenity, not simply size, was the key issue that need to be addressed across the network.

### **Review of the policy Implementation**

103. The Amendment includes changes to Clause 21.05, 22.01 and a new Clause 22.02. I provide the following comments as to whether the proposed changes to the policies are appropriate from an economic perspective.

#### **Clause 21.05: Economic Development**

104. The key changes to Clause 21.05 include the addition of Objective 3 (21.05-4) and the revised centre typology (Table 1- 21.05-7) and a new map (21.05-8). I make the follow comments:
- Objective 3 and the associated strategies below reinforce the need for a strong and diverse activity centre network. It references the need for the broader role of centres beyond just retail and highlights the key roles they play from a retail, commercial, institutional and community perspective. The strategies also identify the role of bulky goods and the need to direct this category of retailing into designated restricted retail precincts. The strategies seek to reinforce the centre hierarchy and discourage development that is inconsistent with the hierarchy.
  - The role and function table (21.05-7) and updated Activity Centre map (21.05-8) is generally consistent with the SGS Report which I support and have previously discussed at paragraph 91 of my expert witness report. Table 1 also identifies the non-retail floor space and development scale recommendations by centre type. The use of these targets is further detailed in Clause 22.01 Activity Centre Policy. I discuss this issue further beginning at paragraph 107 of my expert witness report.

#### **Clause 22.01 Activity Centre Policy**

105. The new Clause 22.01 Activity Centre Policy supports the development of a thriving network of activity centres and discourages out of centre development. It replaces a policy which was

more directed to retailing and now recognises the broader role that activity centres need to play in the local economy. A key element of the policy is floor space and building height targets for activity centres, which is discussed at 22.01-5.

106. The formulation of the building height and floor space targets and application are discussed in Section 3.2 of the Background Report. It is my understanding these targets are intended to guide structure planning and planning permit applications and provide policy guidance for larger development proposals (defined as over 1,000 sqm). They apply consistently to all centres and (applicable) sites within the respective centres. However, they are overridden by more specific plans such as PSPs, structure plans or urban design frameworks.
107. The targets do not exactly align with the SGS Report and optimal centre roll out as documented at paragraph 79 of my expert witness report and summarised in Section 3.2 of the Background Report. However, I believe they are still appropriate given the additional information, purpose and justification provided in the Background Report. The optimal centre roll out considered a business-as-usual employment forecast. It also reflected existing land use outcomes and centres that were still maturing. This is a key reason for the lower ratio for Major Activity Centres in the optimal centre roll out results. I believe a higher target for new development in Major Centres, to try shift this historical outcome, is consistent with the objectives of the Activity Centres Strategy and recommendations of the SGS Report.
108. Given this, I believe the overall targets of 40, 30 and 25 for Metropolitan, Major and Neighbourhood Activity Centres respectively are appropriate. The targets for Metropolitan and Major Activity Centres, in particular, are the most important for realising higher order employment opportunities and greater economic self-containment in Casey.
109. The associated minimum building height targets of three storeys for Metropolitan Activity Centres and two storeys for Major and Neighbourhood Activity Centres have been determined based on centre design objectives as set out in the Activity Centres Strategy. From a pure supply perspective this scale of development is not required based on the high-level capacity analysis completed in the SGS Report. However, building up rather than out encourages more compact, walkable and diverse centres which will then be better able to accommodate non-retail uses and provide an environment conducive to higher order employment needs. From this perspective I support the built form targets as proposed.
110. In terms of the of these targets, I will comment on their consistent application across all centres and sites (over 1000 square metres). Many of the centres in Casey are geographically large and quite diverse. There would be larger/central areas where the targets are appropriate (or potentially too low), while it might not be appropriate or feasible for

fragmented and/or fringe parts of a centre to meet the targets. Furthermore, ideally you would want some of these non-retail uses to cluster together. For example, a cluster of non-retail could be provided through a large medical centre or office development as opposed to a smaller amount of floor space being integrated in all new developments sites - this is most relevant for the larger higher order centres. I would think that these issues could be addressed through the discretionary nature of the controls and through further detail in individual centre Structure Plans. For this reason, I am supportive of the targets expressed as guidelines as proposed in the Amendment, from an economic perspective.

**Clause 22.02 Non-Residential uses in Residential and Future Residential Areas Policy**

111. The proposed changes to Clause 22.02 seek to provide guidance on how to deal with out of centre development applications. Essentially the key requirement is that they should not be encouraged unless they provide a net benefit to the community. It acknowledges some out of centre employment development is appropriate, such as childcare or medical uses. It also includes new location criteria (22.02-3) which is also discussed in Table 4, page 52 of the Activity Centres Strategy and new application requirements (22.02-5).
112. I support the location criteria and use of a net community benefit test to consider the merits of future development. However, I note the application requirements do not explicitly identify the requirement for a net community benefit assessment and the policy does not explain what a net community benefit assessment comprises of, or how it might be measured. The Activity Centre Strategy does provide some guidance at page 53 on the criteria that a net community benefit assessment should consider, but the various guidance in the Activity Centre Strategy has not been referenced in the implementation provisions. In addition, the guidance on completing a Net Community Benefit Assessment on page 53 of the Activity Centres Strategy focuses on *principles* and *key questions*. I believe both the Activity Centres Strategy and policy could be strengthened if clearer guidance is provided as to when and how a net community benefit assessment should be completed. This could include additional wording as is included at point 6 on page 97 of the SGS Report. In particular, specifying that a net community benefit assessment should consider marginal costs and benefits generated by the application against a Base Case. Further, the scope and measurement of these various costs and benefits should be consistent with State Government guidance which can be found in the Department of Treasury and Finance Victorian Guide to Regulation – Toolkit 2: Cost benefit analysis (updated July 2014)<sup>5</sup>.

---

<sup>5</sup> <https://www.dtf.vic.gov.au/funds-programs-and-policies/victorian-guide-regulation>



# 3. RESPONSE TO SUBMISSIONS

---

113. I have reviewed all submissions to the Amendment and in this section of my evidence statement, I provide comments on those submissions which I judge to be relevant and within the scope of my expertise.

## 3.1 Comments on Eden Rise and Berwick Springs

114. Two Submissions, 9 and 15, focus on the Eden Rise and Berwick Springs centres.
115. Submitter 9 objects to the new designation of Berwick Springs as a new Medium Neighbourhood Activity Centre and the identification of the new centre as an Aspirational Major Activity Centre. With regard to this issue, the submitter suggest the Amendment is lacking in strategic planning and land use economic justification.
116. Submitter 15 supports the Planning Scheme Amendment as it currently stands and provides a number of comments in relation to Submitter 9's concerns.

### How the SGS Report considered the centres

117. Based on the SGS Report, as of 2016, Eden Rise represented 1.4 per cent of Casey's jobs (380 jobs, including retail and non-retail) and 1.2 per cent of activity centre employment floor space (15,520 square metres, including retail and non-retail). The capacity assessment indicated the site had potential to approximately double in floor space (to 32,850 square metres) and the optimal centre roll out analysis indicated there was demand for the centre to growth and realise almost all available capacity by 2036.
118. As part of the review of zoning irregularities Berwick Springs was identified (See page 44 of the SGS Report). While Berwick Springs is currently zoned GRZ1, the area currently has approximately 9,010 square meters of employment floor space through a series of ad-hoc planning approvals. This irregularity was by far the largest identified in Casey and larger in employment floor space than most Local NACs and several Medium NACs.
119. Given the quantum of existing uses in that location and its proximity directly adjacent to Eden Rise it was recommended the *'area should be reviewed holistically and a long term plan to integrate the two centres and apply an appropriate zone(s) over the area should be investigated.'* This combined centre would then have an existing floor space of 24,530 square metres (including 15,520 at Eden Rise and 9,010 at Berwick Springs) and a potential floor

space of 41,070 square metres by 2036 (including 16,540 additional square metres based on the optimal centre roll out analysis for Eden Rise). In the context of the activity centre typology (including floor space ranges) detailed in Table 28 of the SGS Report, it was further recommended that that centre be therefore designated as an aspirational Major Activity Centre on page 84 of the SGS Report. This designation would also enable Council to consider the location more holistically and encourage it to take on a broader employment role, rather than being two adjacent and competing retail dominated centres.

120. Given the size of this centre within the context of the large overall network in Casey a detailed assessment of this site specifically was not completed.
121. The Activity Centre Strategy has proposed a slightly alternative and staged approach. First designating Berwick Springs as a Medium Neighbourhood Activity Centre and then identifying the merged centres as an Aspirational Major Activity Centre. I believe this is still broadly consistent with the recommendation in the SGS Report.

#### **Response to submitter concerns**

122. The location is complex, and I believe there are justifications for both leaving the designations unchanged and things as they are and merging the centres and elevating the combined centres designation, as is recommended in the Amendment. When weighing up these various factors, I believe, on balance the best outcome for the community is that which is recommended in the Amendment and SGS Report. I say this is for the following reasons:
  - The land at Berwick Springs is not required from a purely employment **floor space supply** perspective. The capacity and optimal floor space roll out assessment indicated that 2036 demand could be accommodated by Eden Rise. However, there would be limited growth potential for the Eden Rise centre beyond this point.
  - The Berwick Springs location already possesses significant economic activity on a main road frontage and would likely be perceived as a 'centre' by many residents. Given this is now an **established role**, it would be logical to properly identify and appropriately plan for the location going forward, rather than leaving it without clear strategic direction.
  - Although Berwick Springs and Eden Rise are **separated by a major intersection**, I believe it is by no means insurmountable and options for integration are worth investigation from a design and traffic expert. Many street-based malls and Activity Centres across suburban Melbourne are laid out across both sides of a main road or intersection, with various pedestrian crossings, traffic calming and other measures taken to further enhance the connectivity of those centres. Berwick MAC, further up the same major road, is one example that is spread across a large intersection. Development on both sides of the

main road also has the added benefit of improving pedestrian access to retail facilities for residents on the western side of the catchment (west of Clyde Road), which is itself an important objective as part of Plan Melbourne and 20 minute neighbourhoods.

- Merging of the two locations also provides an opportunity for **greater competition** within the centre itself, potentially supporting greater innovation and competitive behaviour. However, this dynamic may already be occurring regardless of policy and designation.
- Given the amount of employment activity and floor space capacity and in this location merging and elevating the locations role to a Major Activity Centre long term could encourage it to take on a **broader employment role**, rather than just accommodating more retail. The location could accommodate significant commercial floor space which would support local employment opportunity and also further support demand for retail
- Since completion of the SGS Report the **Minta Farm** PSP has been approved. The PSP which envisages a community with 8,500 residents and 11,200 jobs includes a newly proposed medium Neighbourhood Activity Centre with 13,000 square metres of retail and 2,600 square metres of commercial floor space. The residential component and activity centre was not known or included in the SGS Report. While the new centre will largely service the new residents within the PSP, given its size, it is also likely to absorb some demand from surrounding areas including the catchment of Eden Rise/Berwick Springs.

123. In summary, while I believe Berwick Springs is not required in the Activity Centre Network, given its existing role, it should be appropriately acknowledged and properly planned for going forward. I believe the best way to do this, from an economic perspective, is to integrate it with Eden Rise as far as possible from a physical perspective and more so from the broader role and function perspective to support higher order employment for the local community. I do not believe doing this would substantially diminish opportunities for the Eden Rise component of the merged centre to still grow into the future.

## 3.2 Response to other submissions

### Submission 1

124. Submitter 1 has identified some inconsistencies in the Amendment with regard to identification of Berwick Waterways PSP and the Berwick Waterways NAC. In Council's response to submissions (Attachment 6.2.2 of the Council Meeting – 3 March 2020) these omissions have been acknowledged and Council has suggested they be corrected.
125. I support this correction. Berwick Waterways PSP and NAC was included in the SGS Report analysis and identified as a Centre. It is also identified in the Activity Centres Strategy and in the map at Clause 21.05.8.

### Submission 6

126. Submitter 6 has two main concerns that are relevant to my area of expertise.

#### Non-retail floor space

127. Submitter 6 recommends deleting the non-retail floor space targets for sites over 1,000 square metres at Clause 22.01-5.
128. From an economic perspective I would not support this change.
129. The SGS Report identified the importance and need for additional commercial office and institutional floor space to support greater employment and employment diversification in Casey's activity centres. Further, this is most critical for locations at the top of the centre hierarchy. This is further discussed in Sections 2.3 and 2.6 of my expert witness report.
130. Existing provisions have largely focused on the retail role of activity centres and have not resulted in sufficient non-retail jobs and floor space provision to date. For this reason, the SGS Report recommended Council investigate new policy to further encourage greater employment diversification (page 86 of the SGS Report).
131. As I understand the non-retail floor space target, it is intended to have two purposes: to guide the development of future Structure Plans for activity centres; and secondly to provide policy guidance for permit applications where a proposal involves development over 1,000 square metres. The second aspect regarding permit applications does not apply where a document which provides specific local area guidance, such as a structure plan applies. This approach provides clarity and certainty around the need to actively consider employment diversification within a centre. The approach, being a policy and not a control, enables a flexible approach. Where a structure plan is created, it can be further informed by detailed urban design, market feasibility, traffic, and other studies to define more customised, specific

and staged guidelines within the centre and which still achieve this overall target for non-retail floor space and employment diversification.

#### **Building heights**

132. Submitter 6 also recommends the minimum building height provision be reworded to only apply to new buildings, and to be at least two to three storeys, where practicable.
133. I would not support this from an economic perspective, noting my comments at paragraph 131. Preferably, all future investment in Activity Centres should work towards the intensification and diversification of employment. From this economic perspective, there should be no distinction between new buildings and redeveloped/expanded buildings. However, I do agree that there needs to be discretion in the approach and not a fixed approach.

#### **Submitter 7**

134. Submitter 7 requests the site at 760 South Gippsland Highway, Lynbrook be designated as an activity centre and believes no designation contradicts the Lynbrook and Lyndhurst Development Plan.
135. This location was not considered as part of the SGS Report, which did not consider commercial and industrial precincts. From initial review of the site, from an economic basis, there is no justification to designate it as a new centre, for the following reasons.
  - It does not address a local access gap with Lynbrook Village and South Gippsland Highway (proposed) centres both within 1.5km of the site.
  - It lacks a walkable residential catchment to its east and south, whilst pedestrian access to residential land in the north is obstructed by the South Gippsland Highway.
  - Given its location along a major arterial, this site could be effective for a (non-retail) commercial use.

#### **Submitter 8**

##### **Non-retail floor space and building height targets for Cranbourne**

136. While broadly supportive of the Amendment, Submitter 8 expresses concern with the application of the non-retail floor space and minimum building heights controls on the Cranbourne Park location.
137. I believe these concerns do not relate to the overall target or economic justification, rather the drafting and associated application of the provisions for on the Cranbourne Park site.

These elements have been considered in Attachment 6.2.2 of the Council Meeting – 3 March 2020.

#### **Non-retail floor space targets for Neighbourhood Centres**

138. Submitter 8 suggests the 25 per cent non-retail floor space target for Neighbourhood Centres should be assessed on a case by case basis.
139. From an economic basis I believe the overall target is justified. I also believe the policy allows discretion which I have discussed at paragraph 131 and which is further considered in Council's response to submissions in Attachment 6.2.2 of the Council Meeting – 3 March 2020.

#### **Submitter 13**

140. Submitter 13 suggests there does not appear to be substantial analysis of the current retail performance, noting the Amendment is based on 2011 and 2016 data. Further it states requirements are based on floor space and jobs, rather than actual retail spending, population data and performance capacity for planned growth.
141. I believe the network wide and all employment use approach used in the SGS Report is robust and appropriate for the purpose of this Amendment, given the size of the network, planning horizon, forecast growth and broader floor space scope which includes consideration of both retail and non-retail uses. In addition, at paragraph 52 of my expert witness report I have considered the high level implication of revised population and retail expenditure trends, which indicate the analysis as presented in the SGS Report is still appropriate for purposes of informing this Amendment.
142. Whilst data on the current performance of specific centres and sites can be useful to cross-check assumptions and ratios, they are not a substitute for the methods that SGS has used to forecast retail spending and broader employment requirements across the entire Casey network over the next 20 years. The current underperformance of individual centres and sites are a snapshot of existing market trends and these trends fluctuate over time. For this reason, current levels of performance are not in and of themselves sufficiently informative of future growth patterns. In saying this, SGS has considered local data and trends to inform model assumptions and inputs as discussed on pages 23, 57, 62 and 68 of the SGS Report.
143. I believe, further and more detailed analysis of individual centres performance and specific requirements should still be completed during the development of various local area plan. Rather than as part of the development of the overarching Activity Centre Strategy.

# ATTACHMENT A - CV

---

## Julian Szafraniec

Principal, Partner and Director

National Leader: Data and Spatial Analytics



144. Julian is an urban economist who has experience in applying economic theories and models to urban and regional issues across Australia and internationally. Julian has provided advice to all tiers of government and the private sector, related to the dynamics of housing, transport, community infrastructure, retail, and the economy generally.
145. Julian is an excellent communicator and able to translate often complex ideas into *plain English*. He regularly presents to councilors, the community, at conferences, seminars, panels hearings and has been reported in the media around key economic and housing issues.
146. I have previously presented expert evidence at Planning Panels Victoria and other hearings, including:
- (Am C393) Geelong Retail Strategy – City of Greater Geelong (2019)
  - (Am C309) West Melbourne Economic and Employment Study – City of Melbourne (2019)
  - (Am C126) Bayside Small Activity Centre Strategy – City of Bayside (2018)
  - (VCAT) Officer Hotel EGM application – City of Cardinia (2018)
  - (Am C150) Bayside RCE Strategy – City of Bayside (2018)
  - (Am GC81) Fishermans Bend Planning Review Panel – Economic Expert Evidence (2018)
  - (VCGLR hearing) Officer Hotel EGM application – City of Cardinia (2018)
  - (VCAT) Commercial Hotel EGM application – City of Whittlesea (2017)
  - (Am C76) Moorabool Industrial Land Supply Expert Evidence – City of Moorabool (2017)
  - (VCGLR hearing) Commercial Hotel EGM application – City of Whittlesea (2016)
  - (Am C182) Dandenong Housing Strategy - City of Greater Dandenong (2016)
  - Ministerial Advisory Committee - Housing Capacity - City of Boroondara (2016)
  - (Am C198) Craigieburn North PSP - Metropolitan Planning Authority, City of Hume (2015)
  - (Am C108) VicTrack Rezoning to Retail Uses – VicTrack, Shire of Yarra Ranges (2012)
  - (Am C21) Council Gambling Policy - Benalla Rural City Council (2012)

147. A selection of other relevant experience includes:

- Bayside Business District and Night Economy Study – City of Bayside (2019)
- Pakenham South Employment PSP: Economic Assessment – City of Cardinia (2019)
- SEIA of EGM application at Clyde North Hotel – City of Casey (2020)
- SEIA of EGM application at Lynbrook North Hotel – City of Casey (2020)
- Small Area Land Use Projections – Transport for Victoria (2008-2020)
- Monash Site Development Potential Study – Dexus (2018)
- Greater Geelong Retail Strategy - Data update - City of Greater Geelong (2018)
- Ravenhall Site employment scenario analysis – Dexus (2018)
- Melbourne Growth Area Plan – National Australia Bank (2018)
- West Melbourne Employment and Economic Study – City of Melbourne (2017)
- East Village employment study – Brix Property Group (2017)
- Small Activity Centre Strategy - Bayside City Council (2017)
- **Cranbourne Town Centre Economic and Housing Assessments – City of Casey (2017)**
- **Retail and Other Commercial Floorspace Assessment – City of Casey (2017)**
- Clyde Town Centre UDF Economic peer-review – City of Casey (2016)
- Fishermans Bend Economic and Employment Study - Fishermans Bend Taskforce (2016)
- Retail Hospitality and Expenditure Study (2016 Update) - City of Melbourne (2016)
- Clyde Town Centre Urban Design Framework Review - City of Casey (2016)
- Retail, Commercial and Industrial Strategy - Bayside City Council (2016)
- Employment and Visitation Forecasts - City of Port Phillip (2016)
- Greater Geelong Retail Strategy - City of Greater Geelong (2016)
- Spatial Economic and Employment Strategy - City of Yarra (2015)
- Peer Review of Amcor Site Redevelopment Plan - City of Yarra (2015)
- Review of Green Square and Southern Areas Retail Study - City of Sydney (2015)
- Restricted Retail Study Hume-Whittlesea Corridor - Victorian Planning Authority (2014)
- Darebin Retail Strategy - City of Darebin (2014)
- Retail and Hospitality Expenditure Study - City of Melbourne (2013)
- Value of Hospitality Sector - City of Melbourne (2013)
- Chapel Re-vision development projects and employment capacity update - City of Stonnington (2014)





## Contact us

Level 2, 28-36 Ainslie Place  
Canberra ACT 2601  
+61 2 6257 4525  
[sgsact@sgsep.com.au](mailto:sgsact@sgsep.com.au)

PO Box 123  
Franklin TAS 7113  
+61 421 372 940  
[sgstas@sgsep.com.au](mailto:sgstas@sgsep.com.au)

Level 14, 222 Exhibition St  
Melbourne VIC 3000  
+61 3 8616 0331  
[sgsvic@sgsep.com.au](mailto:sgsvic@sgsep.com.au)

209/50 Holt St  
Surry Hills NSW 2010  
+61 2 8307 0121  
[sgsnsw@sgsep.com.au](mailto:sgsnsw@sgsep.com.au)