



Shell Road Developments Pty Limited
Amendment C346 Greater Geelong Planning Scheme

Economic Witness Statement

Justin Ganly

22 April 2016

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1. Introduction

1. This statement examines a number of economic issues relevant to the future planning for residential land within Ocean Grove.
2. The statement has been prepared for Shell Road Developments Pty Limited (“Shell Road Developments”), an owner of land within the North East Growth Area (“NEGA”) of Ocean Grove.
3. The statement is to assist the Panel formed to consider Amendment C346 (“Am C346”) to the Greater Geelong Planning Scheme (“Scheme”).

1.1 Approach

4. The tasks completed in the preparation of this statement have included:
 - Inspecting large residential development sites within Ocean Grove;
 - Reading and considering relevant background documents to Am C346 and other documents produced or commissioned by the City of Greater Geelong Council (“Council”) and the G21 Alliance;
 - Considering and analysing data provided by a number of external data providers such as the Australian Bureau of Statistics (“ABS”), Australian Property Monitors, G21 Alliance .id and nearmap; and
 - Considering relevant submissions made regarding Am C346.

1.2 Abbreviations

5. The following abbreviations are used in this statement:

2007 Structure Plan	<i>Ocean Grove Structure Plan, adopted 27 February 2007 (amended 23 September 2008), City of Greater Geelong</i>
2015 Structure Plan	<i>Ocean Grove Structure Plan, December 2015, City of Greater Geelong,</i>
ABS	Australian Bureau of Statistics
Am C60	Greater Geelong Planning Scheme Amendment C60
Am C346	Greater Geelong Planning Scheme Amendment C346
CCD	Census Collector District
Council	City of Greater Geelong
Council Delegate Report	Delegated Authority Report prepared on 22 March 2016 by Council officers to consider submissions to Am C346
Growth Plan	<i>G21 Regional Growth Plan (2013), G21 Alliance</i>
ha	hectare
NEGA	North East Growth Area
SA1	Statistical Area 1
Scheme	Greater Geelong Planning Scheme
Shell Road Developments	Shell Road Developments Pty Limited
SLA	Statistical Local Area
SSC	State Suburb

1.3 Expert witness details

The following expert witness details are provided as required in Planning Panels Victoria's *G2 – Guide to Expert Evidence* practice note.

Name and address of expert

Mr Justin Ganly
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Expert's qualifications and experience

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

Expert's area of expertise

- Preparation and presentation of economic expert witness evidence.
- Feasibility analysis for property owners and developers of all forms of property.
- Demographic analysis.
- Population and land use forecasting.

Expert's expertise to make report

- 23 years of demographic consulting experience.
- Thorough understanding of residential land use and development patterns in Melbourne and regional Victoria.
- Detailed knowledge of the Ocean Grove area.

Instructions that defined the scope of the report

My brief was provided by Minter Ellison on behalf of Shell Road Developments in writing on 31 March 2016 with instructions as follows:

You are requested to advise whether you could support our client's position in relation to the Structure Plan, and if so, prepare expert evidence on the land supply matters raised by the Review. You would also be required to present to the Panel regarding your evidence.

Facts, matters and assumptions upon which the report proceeds

- None unless otherwise stated.

Documents, materials and literature used in preparing this report

- Stated in relevant sections of my report.

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

- I was assisted by Anna Kilroy, Senior Associate, Deep End Services in the preparation of this report.

Summary of the opinions of the expert

- The 2015 Structure Plan should plan for 210-250 new dwellings per year to be provided within greenfield estates in Ocean Grove.
- Adoption of the mid-point of this range results in Ocean Grove's population reaching a forecast figure of 21,886 at 2030, still well below the capacity population of 25,000 – 30,000 documented in the 2007 Structure Plan.
- This increase in population would represent an average growth rate of 2.9% per annum from 2015 to 2030, a figure both in line with the medium growth scenario from the 2007 Structure Plan and reasonable for a town with the status and infrastructure of Ocean Growth.
- However, Ocean Growth will run out of greenfield land towards the end of the 2015 Structure Plan's planning horizon.
- The 2015 Structure Plan should therefore acknowledge further work is required on the settlement boundary with two logical extension areas to be contemplated:
 - Limited land to the north of the Ocean Grove Nature Reserve and west of Grubb Road where appropriate access to nearby retail, community and employment facilities would be available.
 - Land between the current northern edge of the NEGA and the Bellarine Highway with a rural break maintained at the Highway interface.

Provisional opinions not fully researched

- None.

Questions outside the expert's expertise

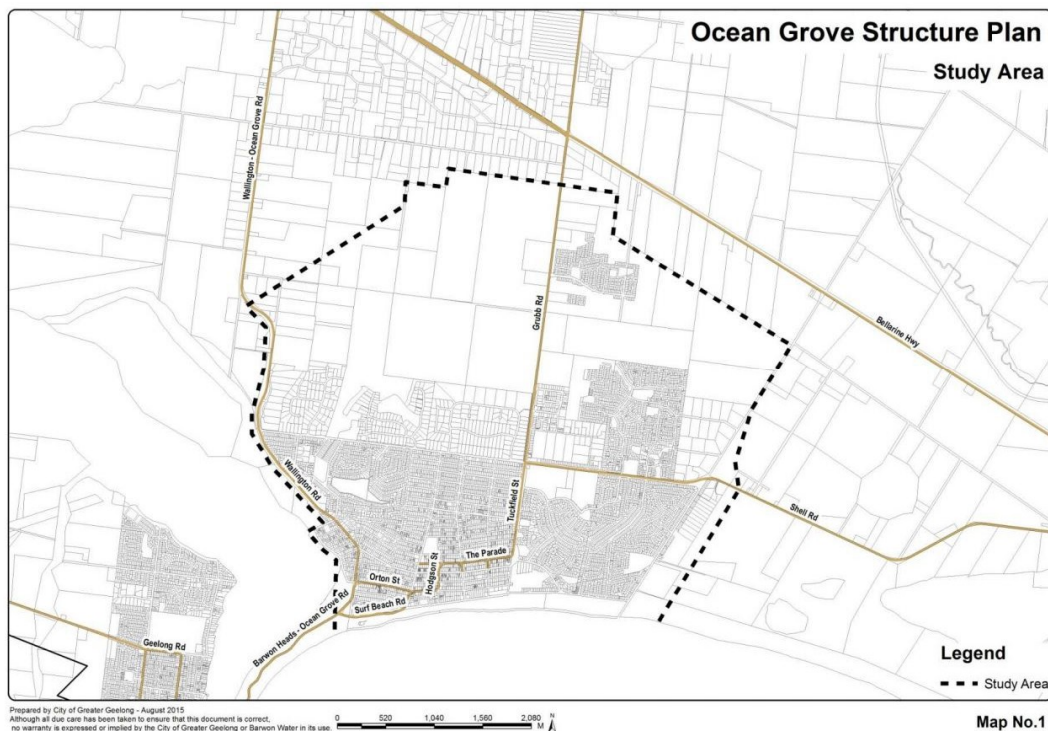
- None.

Report incompleteness or inaccuracies

- None.

2. Amendment C346

6. Am C346 has been prepared by the City of Greater Geelong (“Council”), the Planning Authority for this amendment.
7. The Amendment has been prepared by Council.
8. Am C346 applies to the township of Ocean Grove, with the Amendment’s specific study area boundary shown on the map below:



Source: City of Greater Geelong

9. Am C346 seeks to implement the findings of the following Council-adopted documents into Scheme:
 - *Ocean Grove Structure Plan (December 2015) (“2015 Structure Plan”); and*
 - *Ocean Grove Town Centre Urban Design Framework (June 2014).*
10. The Amendment will:
 - *Amend Clause 21.14 Bellarine Peninsula to include the key strategies of the Ocean Grove Structure Plan (December 2015) and the updated Ocean Grove Structure Plan Map, and the recommendations of the Ocean Grove Town Centre Urban Design Framework Plan (June 2014)*
 - *Insert a new schedule 39 to Clause 43.02 Design and Development Overlay to implement key urban design recommendations for the Grubb Road activity centre and restricted retail precinct in the north-east growth area*

- *Insert a new schedule 40 to Clause 43.02 Design and Development Overlay to implement the key design recommendations of the Ocean Grove Town Centre Urban Design Framework (2014) for the Town Centre*
 - *Delete schedule 16 to Clause 43.02 Design and Development Overlay (Presidents Avenue Ocean Grove)*
 - *Delete schedule 27 to Clause 43.02 Design and Development Overlay (Hodgson Street Mixed Use Precinct)*
 - *Apply schedule 20 to Clause 43.02 Design and Development Overlay (Industrial 1, 2 and 3 Zones) to the Industrial 3 Zone land within the north-east growth area.*
 - *Amend Planning Scheme Maps 81DDO and 82DDO.*
11. The Am C346 Explanatory Report lists the following reasons for the Amendment being necessary:

The Amendment is required to give effect to the adopted Ocean Grove Structure Plan (December 2015) and the adopted Ocean Grove Urban Design Framework (June 2014) within the Greater Geelong Planning Scheme.

The existing Clause 21.14 of the Greater Geelong Planning Scheme acknowledges the need for additional work to be undertaken for the Town Centre, specifically stating:

“Prepare an Urban Design Framework and Parking Precinct Plan for the Ocean Grove Town Centre.”

The Town Centre Urban Design Framework sought to address movement within and around the Town Centre, provision of space for future growth of commercial, community and social facilities and how to preserve and build on Ocean Grove’s character and identity.

As part of five year strategic work plan review, Council undertook a review of the 2007 Ocean Grove Structure Plan.

The review built upon the current Structure Plan (2007) but has been amended to include updated State and Local Planning Policies, population growth, lot supply and dwelling construction rates, the location of the settlement boundary, environmental and social considerations including further service provisions for the town and a future review period.

Based on the high population growth rate adopted by the 2007 Structure Plan, it was necessary to undertake a review of population change since this time and the forecast population over the lifetime of the updated Structure Plan 2015. This assisted in determining the relevance of the existing and indicative long-term settlement boundaries identified on the 2007 Structure Plan map. The town has seen significant land use and development changes since 2007 resulting in the need to update the 2007 Structure Plan in terms of its principles and directions.

This Amendment gives effect to the principles and directions contained within the Ocean Grove Structure Plan and Town Centre Urban Design Framework.

In order for the new principles and directions to have statutory weight in the consideration of planning permits and rezoning requests, it is necessary for the Ocean Grove Structure Plan to be included in the Greater Geelong Planning Scheme.

The accompanying overlay changes are required to give effect to the recommendations contained within the Structure Plan and Urban Design Framework.

12. Of particular relevance to me are the following proposed changes to Clause 21.14 (The Bellarine Peninsula) within the Scheme:

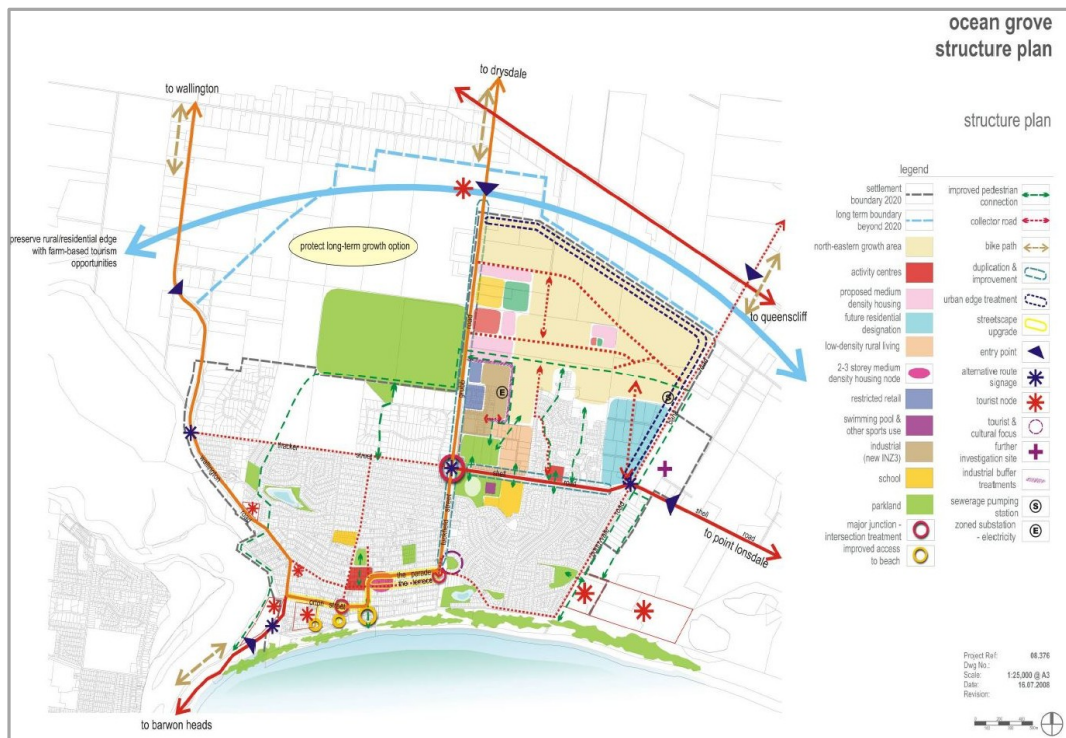
21.14-2 (Strategies)

- *Ensure that development outside of settlement boundaries (as shown in the Structure Plan maps included in this clause) does not compromise the rural, environmental and landscape values of the non-urban breaks ~~or longer term growth opportunities.~~*

21.14-2 (Ocean Grove)

- *Contain urban development within the defined settlement boundary on the Structure Plan map.*
- *Support the continued development of the north-east growth area as shown on the Structure Plan map. ~~Direct new greenfield residential development to the designated growth area in the north-east of the township, as shown on the Structure Plan map.~~*
- *Support the provision of community and social infrastructure commensurate with population growth, including the investigation of a site for a new primary school in the north-east growth area.*

13. The existing Ocean Grove Structure Plan map at 21.14-7 was adopted from the 2007 Structure Plan as follows:



Source: City of Greater Geelong

14. It is proposed that this map will be replaced at 21.14-7 with the following map from the 2015 Structure Plan:



Source: City of Greater Geelong

15. The Delegated Authority Report prepared on 22 March 2016 by Council officers to consider submissions to Am C346 ("Council Delegate Report") describes the differences between the two Structure Plans as follows:

Key changes in the new Structure Plan included the deletion of the indicative long-term settlement from the Structure Plan map including the wording "protect long-term growth option" that affects land outside the existing settlement boundary west of Grubb Road; the realignment of the eastern settlement boundary along Banks Road and the proposed implementation and review of planning controls to guide future land use and development, particularly for commercial areas and older parts of the town.

16. The Council Delegate Report states that 42 submissions were made regarding the exhibited Am C346 with key "issues/themes" as follows:

- *Removal of the indicative long term boundary*
- *Changes to the settlement boundary east of Banks Road*
- *Request to extend the settlement boundary to the Bellarine Highway*
- *Grubb Road Neighborhood Activity Centre – Design & Development Overlay (DDO39)*
- *Town Centre Urban Design Framework and DDO40*
- *Traffic Issues (Grubb Road/ The Terrace)*
- *Other Planning Issues*
- *Footpath Issues*
- *Structure Plan Consultation process.*

3. Policy background

3.1 Ocean Grove

17. The City of Greater Geelong is the second largest city in Victoria and the largest urban area covered by the *G21 Regional Growth Plan (2013)* (“Growth Plan”).
18. The Growth Plan is referenced within the Scheme at Clause 11.05 (Regional settlement) as a document which must be considered where relevant.
19. Specific excerpts of the Growth Plan are then referenced within Clause 11.07 (Geelong (G21) regional growth).
20. The Growth Plan states in its Executive Summary at page III:

*The **G21 Regional Growth Plan (Growth Plan)** manages growth and land use pressures to 2050. It pulls together the strategic land use and growth planning already done across the region and builds on this to identify where future residential and employment growth will occur and the critical infrastructure required to support it.*

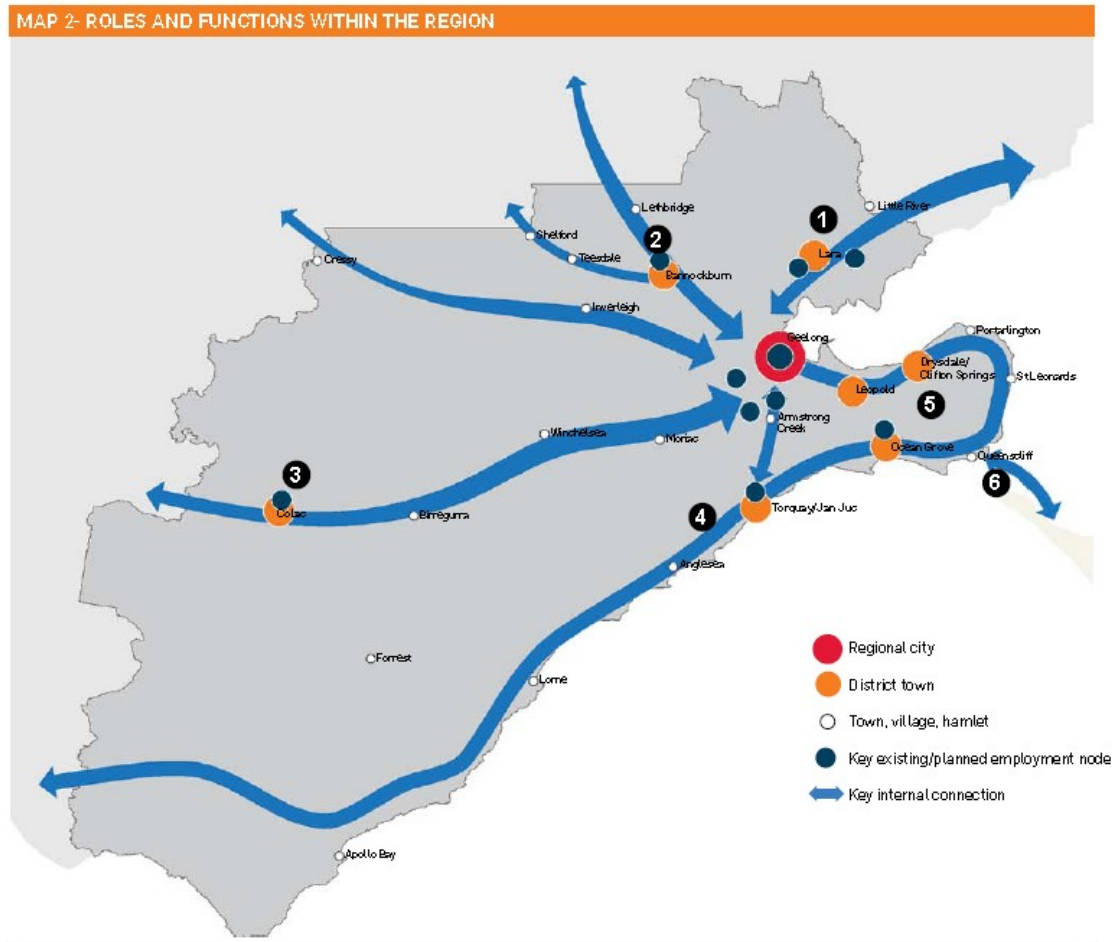
*The strategic planning work already done by G21 councils over the recent years has mapped out a 20-30 years supply of zoned and strategically identified residential and employment land. This regional picture of planned growth, along with the proposed growth directions, tells us that over the next 30-40 years we are likely to reach a population of 500,000, consistent with the population target identified in the **G21 Geelong Regional Plan –A sustainable growth strategy (2007)**.*

21. In terms of specific growth areas within the G21, the Growth Plan states at page 24 (my emphasis added):

Central Geelong, Armstrong Creek, Ocean Grove, Drysdale/Clifton Springs, Leopold, Lara, Torquay/Jan Juc, Bannockburn and Colac are identified for significant growth. These settlements will contain the majority of new residents and jobs. They play an important role in supporting surrounding communities and our productive farming activity.

22. The role of Ocean Growth within the G21 is that of a District Town which is to ultimately contain a population of between 10,000 and 100,000.

23. The designation is confirmed on Map 2 (page 9) of the Growth Plan which also shows that Ocean Grove is the only District Town on the Bellarine Peninsula with a key existing/planned employment node:

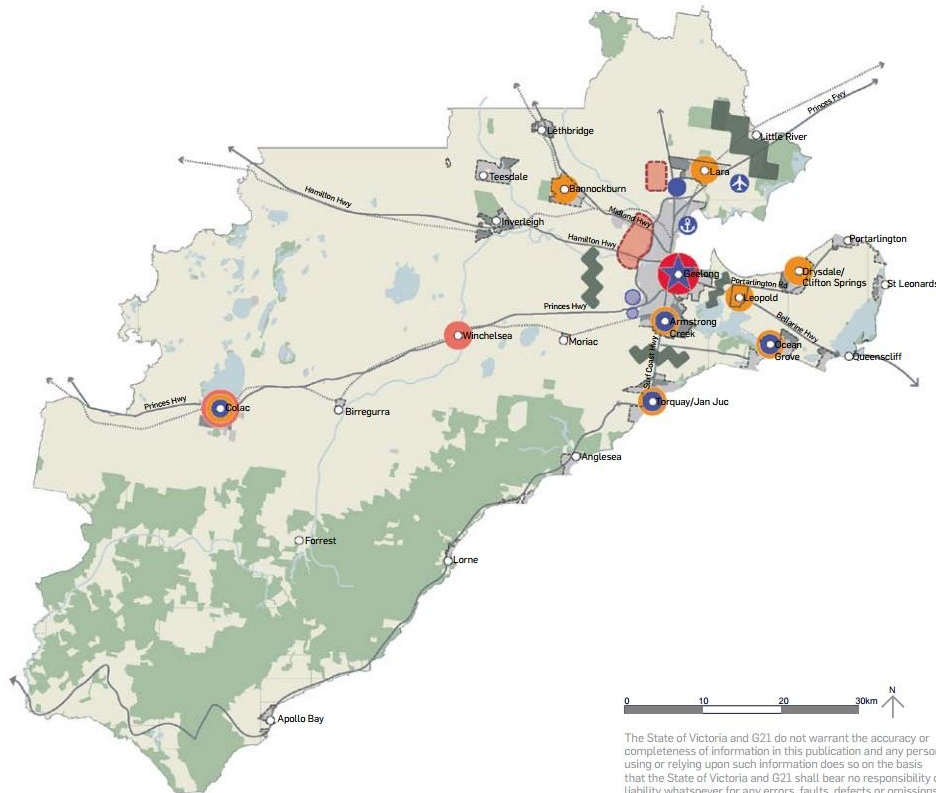


Source: G21

24. Ocean Grove’s role as the key provider of both residential and employment growth on the Bellarine Peninsula is reinforced by Map 7 on page 27 of the Growth Plan:

4.0 THE G21 REGIONAL GROWTH PLAN

MAP 7 – SETTLEMENT AND EMPLOYMENT GROWTH DIRECTIONS



The State of Victoria and G21 do not warrant the accuracy or completeness of information in this publication and any person using or relying upon such information does so on the basis that the State of Victoria and G21 shall bear no responsibility or liability whatsoever for any errors, faults, defects or omissions in the information.

- ★ Reinforcing the role of Central Geelong as a regional city and Victoria’s second largest city**
Major infill is proposed to support the revitalisation and strengthening of central Geelong.
- Supporting the growth of Geelong with a focus on infill housing opportunities**
A focus on infill housing opportunities at targeted activity centres and Key Development Areas as identified in the Greater Geelong Planning Scheme.
- Supporting planned growth and reinforcing the role of district towns**
Encourage growth of district towns or centres consistent with existing Structure Plans/Growth Plans. With Armstrong Creek, this will accommodate a further 125,000 people over the next 20 – 30 years. Development of underutilised sites and urban infill is actively recommended within these settlements to ensure a range of housing choice.
- Introducing new targeted growth nodes**
Grow Colac to a town of 20,000 and Winchelsea to a town of 10,000. Further strategic work will need to be undertaken for both towns to identify the most appropriate areas for growth and to identify major incentives to support growth. These areas are not anticipated to be required until at least 2030-2040.
- Identification of two Further Investigation Areas in Geelong**
Potential development of these areas, is not likely to be required ahead of identified planned growth. They will require further assessment of suitability and capacity for growth and the monitoring of land supply within the region to determine timing. The Lovely Banks area near Lara potentially has a higher priority, given greater connection to Melbourne and links with proposed national transport logistics employment areas.
- Strengthening and protecting the identified existing and planned employment areas (shown on map)**
As well as tourism precincts and district town activity centres (not shown on map).
- Maintain productive agricultural areas**
Consistent with existing Rural Land Use Strategies and includes opportunities for broadacre cropping and livestock, intensive livestock and horticulture, irrigated agriculture, forestry and emerging agricultural activities.
- Identifying new employment nodes**
A new Education, Health and Research Hub at Deakin University, the long term potential employment hub at Waurn Ponds South, subject to further investigation, and the expansion of industrial employment areas in Colac and Winchelsea, subject to more detailed planning.
- Identification of four key settlement breaks**
Discussion provided in section 4.11.
- Designation of settlement boundaries for all towns**
The region’s other rural and coastal settlements will continue to experience modest growth and play an important tourism and agricultural role to surrounding areas. Growth will be limited to identified structure plan settlement boundaries.
- Maintain and enhance natural assets**
Protect and build on our natural assets by maximising key opportunities to link and rehabilitate ecosystems and enable sustainable and planned productive uses. Sustain the health of our natural assets by considering future challenges in the management, planning and development of these assets.

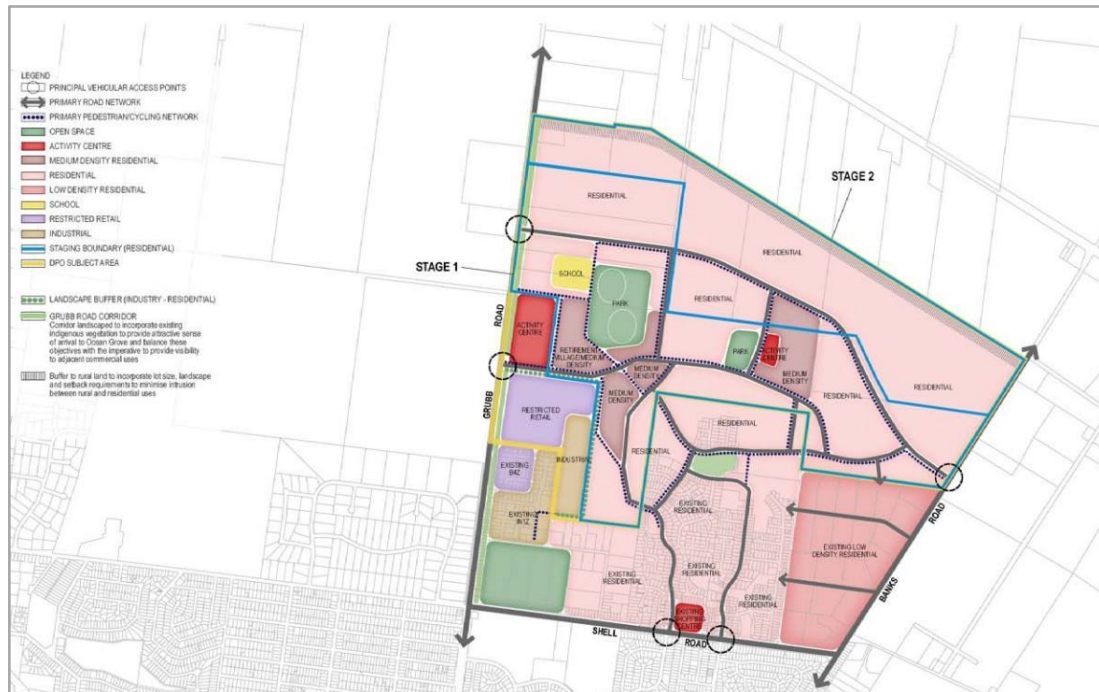
Source: G21

3.2 North East Growth Area

25. The term North East Growth Area (“NEGA”) is used in the 2015 Structure Plan to identify the land which was rezoned via Amendment C60 (“Am C60”) to accommodate long-term residential development needs for Ocean Grove.
26. This area has also been referred to in the past as the “North-Eastern Residential Development Corridor” (2007 Structure Plan) or the “North East Residential Corridor” (Am C60 Panel report).
27. The NEGA is located north of Shell Road and east of Grubb Road in Ocean Grove.
28. Am C60 resulted in the 312 ha of land within the NEGA being rezoned from Farming Zone as follows:

Zone	Area (ha)
Residential 1	291.3
Industrial 3	6.8
Business 4	13.1
Business 1	6.8
Total	312.0

29. The land rezoned is as per the DPO Subject Area delineated on the map below for the Ocean Grove Growth Area Masterplan and found at Schedule 22 to the Development Plan Overlay:



Source: City of Greater Geelong

30. The Am C60 report included the following quotes of relevance for that Amendment and for Am C346 (at page 6 and 10 respectively):

The Coastal Strategy 2008 identifies Ocean Grove as ‘High Growth Capacity: Large scale residential growth can be accommodated within and beyond current zoned urban limits.’

and

*As Mr McGurn’s evidence highlighted, State policy aims to “accommodate population growth over **at least** a 10 year period” (Clause 14.01) and recent state policy reinforces that a 10 year supply should be treated as a minimum. For example, the Government response to the Melbourne 2030 Audit identified the need to ‘ensure up to 25 years supply for future growth (**with a minimum of 15 years supply**) in areas that are served by major transport infrastructure and close to employment opportunities”.*

31. The timeline for Am C60 was:

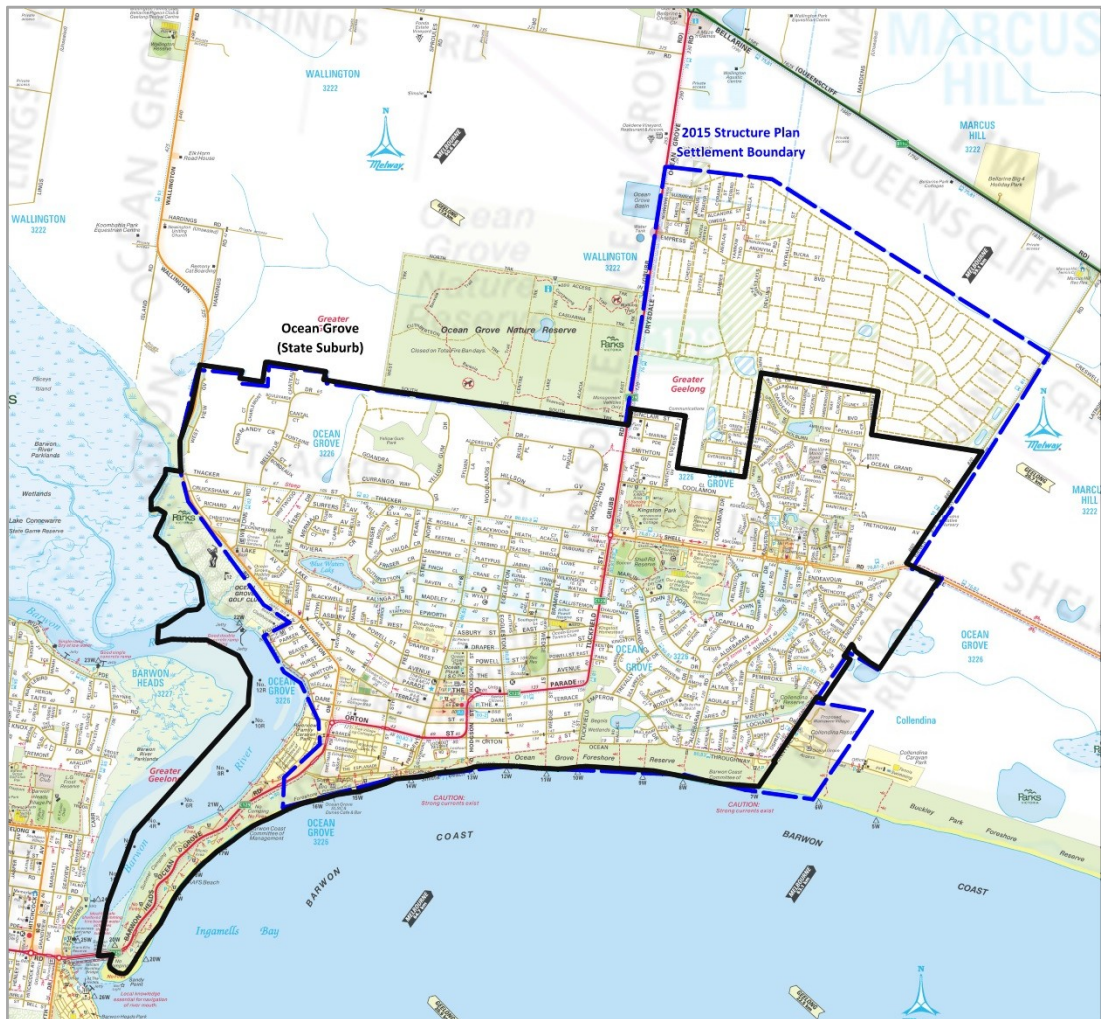
- Exhibition May 2009
- Panel hearing September 2009
- Panel report October 2009
- Council adoption December 2009
- Rezoning gazettal August 2010.

32. As discussed in the next section of my statement, the timing of gazettal has had implications for the subsequent supply of new greenfield land within Ocean Grove.

4. Residential land – demand and supply

4.1 Introduction

33. This section of my statement examines residential land and supply issues relevant for Ocean Grove.
34. The map below shows the current state suburb boundary for Ocean Grove in black. This is referred to as the Ocean Grove SSC:



Source: ABD; Ausway

35. The Ocean Grove SSC includes the older southern section of Kingston Estate as well as the historical heart of Ocean Grove and Collendina to the east.
36. However, the NEGA is not contained within the SSC and this must be added to the SSC to effectively match the settlement boundary proposed in the 2015 Structure Plan.
37. From this point forward, reference to “Ocean Grove” in a population, land or dwelling sense relates to the area within the settlement boundary.

4.2 Demand

38. The table below sets out the number of occupied and unoccupied private dwellings contained within the Ocean Grove SSC at each Census from 1986 to 2011:

Year	Occupied dwellings (No.)	Unoccupied dwellings (No.)	Total dwellings (No.)	Occupied dwellings as prop. of total ("Occupancy rate") (%)	Average annual growth in total dwellings (No./yr)
1986	2,568	806	3,374	76.1%	-
1991	3,089	995	4,084	75.6%	142
1996	3,556	1,113	4,679	76.0%	119
2001	3,990	1,225	5,245	76.1%	113
2006	4,332	1,495	5,827	74.3%	116
2011	5,148	1,424	6,572	78.3%	149

Source: *Towns in Time 2006/2011*, Department of Environment, Land, Water and Planning

39. Between 1986 and 1991, an average of 142 dwellings was constructed each year within the Ocean Grove SSD. The pace of residential development slowed after 1991, and remained relatively steady over the next 15 years to 2006, averaging 116 new dwellings per annum during this 15-year period.
40. New dwelling growth increased markedly after 2006, with an average of 149 being added within the Ocean Grove SSD each year to 2011 during this 5-year period.
41. During the 25-year period examined, occupancy rates have remained in a relatively narrow band between 74% and 78%.
42. Such rates are substantially lower than the Victorian average of 89%, reflecting the coastal nature of Ocean Grove and resulting high holiday-home representation. This will always mean that Ocean Grove will require more dwellings than would typically be needed to cater for local population growth,

43. The table below sets out the population reported by the ABS annually for the Ocean Grove SSD from 2001 to 2015:

Year at June	Population (No.)	Annual growth (No.)	Annual growth (%)
2001	10,835	-	-
2002	11,204	369	3.4%
2003	11,361	157	1.4%
2004	11,485	124	1.1%
2005	11,525	40	0.3%
2006	11,492	-33	-0.3%
2007	11,787	295	2.6%
2008	12,064	277	2.4%
2009	12,259	195	1.6%
2010	12,587	328	2.7%
2011	12,885	298	2.4%
2012	13,068	183	1.4%
2013	13,362	294	2.2%
2014	13,898	536	4.0%
2015	14,343	445	3.2%

Ave. 2001-06	-	1.2% pa	131 pa
Ave. 2006-13	-	2.2% pa	267 pa
Ave. 2013-15	-	3.6% pa	491 pa

44. It is apparent that the pace of population growth has been consistently increasing within Ocean Grove over the course of the past 13 years.
45. This is the case in both percentage and absolute terms, with growth reaching almost 4% or 500 people per annum during the two years to June 2015.
46. These numbers exclude growth taking place within the NEGA as it is not defined by the ABS to be part of the Ocean Grove SSD.
47. However, it is apparent that lots are being sold, dwellings constructed and population starting to grow within the NEGA.
48. Indeed, data provided by Shell Road Developments indicates that the first Kingston Estate lots settled within the NEGA in mid 2013, with a total of 232 settled since then.
49. Lots have also been available for purchase within Oakdene since 2013.

50. Significant housing activity within the NEGA is translating to increasing building approvals activity across Ocean Grove – comprising the area within the SSD and NEGA – as set out below:

Year end June	Allocated building approvals			Residual building approvals*	Total building approvals
	Ocean Grove SSD	NEGA	Ocean Grove	Ocean Grove	Ocean Grove
2007	90	0	90	14	104
2008	124	0	124	30	154
2009	147	0	147	5	152
2010	169	0	169	23	192
2011	138	0	138	22	160
2012	102	0	102	5	107
2013	88	0	88	27	115
2014	84	101	185	8	193
2015	88	109	197	10	207

Source: ABS; Deep End Services

*Residual building approvals are those which were not allocated to an SA1 (2012-2015) or CCD (2007-2011) – these have been allocated to Ocean Grove on a pro rata basis according to its share of attributable approvals within the relevant SA2 (2012-2015) or SLA (2007-2011)

51. With the volume of land sales rapidly increasing within Ocean Grove – as discussed in the next section of this statement – it is inevitable that numbers of building approvals will continue to increase for at least 2015/16 and 2016/17.

4.3 Supply

52. Ocean Grove was first settled as a coastal hamlet in the 1880s and was not pronounced a township until 1958.
53. The town core – south of Thacker Street and west of Grubb Road – provided land for most housing development until the 1970s and 1980s when development commenced within Collendina (east of Grubb Road and south of Shell Road).
54. This remained the key area for new housing until land was released within the first stage of Kingston Estate (and the adjoining Parks Estate to the east) in 1992, with the local population supporting the opening of the Collendina Shopping Centre on Shell Road in 2005.
55. The southern part of Kingston Estate was developed as 22 stages through until 2012 when the supply of zoned land within the Ocean Grove SSD was almost exhausted within this area.
56. Stage 23 was subject to VCAT proceedings and the 40 lots within this stage were released in early 2013.
57. The rezoning of land within the NEGA was not gazetted until August 2010. This led to a gap of new supply in the Ocean Grove residential market, with lots only being available for sale in the NEGA at Kingston Estate and Oakdene from mid 2013.
58. Since then, the following has occurred within the two active estates in the NEGA:

Estate	Stages released	Lots released	Lots sold	Lots available at 19 April 2016
Kingston	9	273	232	41
Oakdene	8	353	291	62
Total	17	626	523	103

Source: Shell Road Developments; www.oakdeneestate.com.au

59. It is apparent, therefore, that land is being supplied at a rate of about 210 lots per year within the NEGA, with less than 6 months of supply available within active stages at the current time.

60. Data provided within the *G21 Land Supply Monitor, 2015* (“2015 Monitor”) indicates the following land as being available for residential development beyond the active stages at Kingston Estate and Oakdene within the NEGA:

Land	Undeveloped stock	Notes
Kingston Estate	1,158	Stage 33 onward
Kingston Coast	1,220	Land fronting Banks Road – 1 st stage to be released in January 2017 (2015 Monitor incorrectly indicates development not to commence for 11 years+)
Oakdene	414	Stage 8 onward
The Oaks	50	Medium density development site on Grubb Road surrounded by Oakdene
Daffey	24	NW corner of Oakdene
Total	2,866	-

61. The land recently rezoned to allow for residential development in the Trethowan Avenue/Ocean Grand Drive area should also be added to this supply, although its development could be delayed due to fragmented land ownership patterns within this area.
62. The 2015 Monitor identifies development potential of 436 lots for this area, bringing total future greenfield supply to 3,302 lots for Ocean Grove.

4.4 Demand/supply analysis

63. The pace of residential development within Ocean Grove has been constrained for some time by a lack of greenfield development opportunities.
64. However, the rezoning and release of land within the NEGA has seen unconstrained demand of 210 lots per annum for the past three years within this area alone.
65. This has been occurring at the same time as development continues on the ever-dwindling supply of land within infill locations in the traditional heart of Ocean Grove and the older Collendina and southern Kingston Estate areas.
66. It is also apparent that infrastructure investment within the NEGA is accelerating.
67. Land within Kingston Coast – accessed from Banks Road – will be available for purchase from 2017 when sewerage infrastructure will be in place. This will open up a major new growth front for the NEGA.
68. This will also be the case when the imminent development of the Grubb Road neighbourhood centre and surrounding aged care and child care super lots results in a new east-west road being built into Kingston Estate from Grubb Road.
69. It is therefore reasonable to assume that residential land within the NEGA will continue to be consumed at a rate of 210 lots per annum and that this could increase to 250 lots per annum.
70. **On this basis, and adopting the previously zoned future supply estimate of 3,302 lots, the NEGA contains between 13 and 16 years of supply.**

5. Strategic considerations

5.1 Dwelling and population forecasts

71. Much is said in the 2015 Structure Plan, the Council report of December 2015 (“Ocean Grove Structure Plan Review 2015”) and the Council Delegate Report of March 2016 regarding the use of a forecast population growth figure of 4% per annum to determine the needs of an Ocean Grove population of 21,000 by 2020 in the 2007 Structure Plan.
72. The 2007 Structure Plan actually contemplated three population growth scenarios from an estimated population base of 10,850 in 2005:

Scenario	2020 population
Low (2%pa)	14,648
Medium (3%pa)	17,632
High (4%pa)	21,185

Source: City of Greater Geelong

73. I note:
- The actual population base in 2005 was 6% higher at 11,525;
 - The estimated population at 2015 was 14,343;
 - The average rate of growth between 2005 and 2015 was 2.2% pa; and
 - If the average rate of growth for the past 10 years was continued, Ocean Grove’s population would reach 16,000 by 2020.
74. However, Ocean Grove’s population growth rate has accelerated to an average of 3.6% per annum between 2013 and 2015 as a result of increased greenfield land activity around and within the NEGA.
75. Application of this average growth rate to the estimated population at 2015 would result in Ocean Grove’s population reaching 17,117 by 2020 (i.e. close to the figure contemplated in the medium growth scenario in the 2007 Structure Plan).
76. Continued growth at 3.6% per annum would result in the high-growth scenario figure being reached in 2026 (i.e. 10 years from now). This is four years before 2030, the end point of the lifespan of the Structure Plan 2015.
77. Council relies heavily upon the population and dwelling forecasts provided by .id in May 2015 to arrive at the key conclusion on page 15 of the Structure Plan 2015 that “The anticipated demand for housing can be accommodated within the nominated settlement boundary based on the adequacy of land supply”.

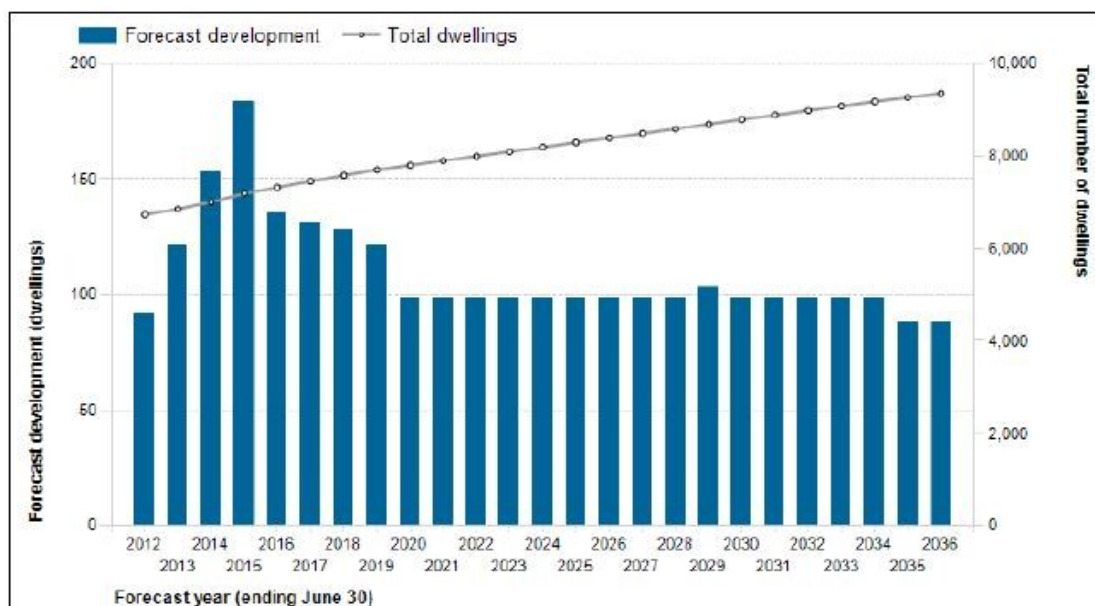
78. The key .id assumptions regarding dwelling construction within Ocean Grove are set out within Table 13 and Figure 15 on page 92 of the Structure Plan 2015. These are copied below:

Table 18 .id forecast residential development trends

Development Area	Output (Dwelling construction)	Timing
Kingston (north-east growth area)	809	2014-2036
Oakdene (north-east growth area)	795	2013-2036
Kingston Downs Tareeda	135	2012-2019
Yellow Gums Estate	161	2012-2029
Low level in-centre	4	Per annum
Moderate level infill	24-35	Per annum

Source: .id, City of Greater Geelong

Figure 15 Forecast residential development- Ocean Grove



Source: .id, City of Greater Geelong

79. As stated in the text in the middle of page 92, the assumptions "... have been collated in collaboration between Council officers and .id forecasters".
80. My understanding is that Shell Road Developments was not consulted regarding the assumptions, despite being the largest owner and developer of the land being modelled.
81. It is my opinion that the work completed by Council and .id has resulted in the production of a set of dwelling and population forecasts which substantially underestimate the future dwelling and population growth of Ocean Grove.
82. First, the numbers bear little resemblance to those provided within the G21 Monitor 2015, with Kingston Estate in the NEGA indicated as having 809 lots to be developed while the G21 Monitor 2015 shows 2,560 lots (including 1,220 lots within Kingston Coast on Banks Road).
83. Second, the contemplated timeframe for development is inconsistent with recent market activity.
84. Hence, the resultant forecast pace of dwelling growth (including infill activity) of 120-140 lots between 2016 and 2019 and 100 dwellings per annum thereafter is substantially lower than current lot sales within the NEGA alone of more 200 per annum.
85. As an example, the forecasts contemplate Oakdene's 795 dwellings within the Ocean Grove section of the estate being delivered over 23 years from 2013 to 2036 at an average rate of 35 per year.
86. On current trends, the remaining 335 lots within this part of Oakdene (and The Oaks) will be sold in 4-5 years' time and have dwellings constructed on them by 2024 at the latest. This is 12 years before the date modelled by .id.
87. Finally, Council's analysis excludes the northern section of Oakdene (and the Daffey land) which is located within the suburb of Wallington but is inside the Settlement Boundary.
88. .id contemplated the development of 180 lots in this area as per the assumptions listed for "Rural Bellarine", with construction to take place between 2022 and 2034.
89. The G21 Monitor 2015 identifies 215 lots on this land with development expected between 2018 and 2020. This would appear a reasonable assumption.
90. It is therefore my opinion that the .id forecasts of dwelling and population growth prepared for Ocean Grove should not have been the only forecasts relied upon by Council in determining the future residential land needs of Ocean Grove in the 2015 Structure Plan.

91. Instead I suggest the following is appropriate for modeling population to 2030:
- Greenfield dwellings 230 per year
 - Other dwellings 40 per year
 - Average household size 2.4
 - Occupancy rate 77.6%
92. As a result, I calculate that the Ocean Grove population will increase at an average rate of 2.9% from 14,343 in 2015 to 21,886 in 2030.
93. However, the supply of greenfield land will be exhausted before the end of this period without extension of the settlement boundary as 3,450 lots will be consumed with only 3,302 available.

5.2 Ocean Grove's role within Greater Geelong and on the Bellarine Peninsula

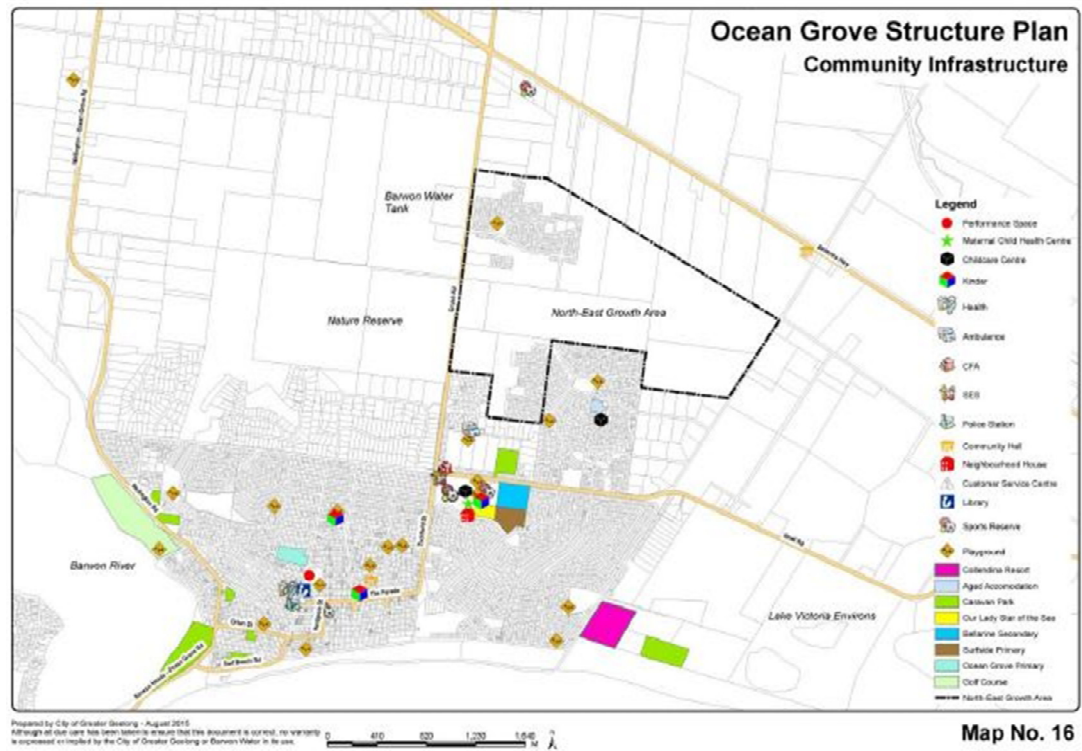
94. The G21 Growth Plan contemplates the region's population growing from approximately 300,000 to 500,000 in the next 30-40 years.
95. The majority of this growth will be accommodated within Geelong, and particularly within Armstrong Creek.
96. However, Ocean Grove must also play its role in supporting this growth, particularly as it is one of only three District Towns on the Bellarine Peninsula.
97. It is also the only Bellarine Peninsula location with a key existing/planned employment node. This is a node which is to be enhanced as the NEGA continues to be developed.
98. Keeping the settlement boundary as it is effectively locks in a population expectation of 21,000 for the foreseeable future for Ocean Grove.
99. This 'vision' provides for just 6,000 more residents for Ocean Grove, or 3% of those contemplated for the G21 region over the next 30-40 years.
100. The 2007 Structure Plan states the following at page A-8:
- Long term, ongoing expansion of the town beyond a total population of between 25,000 – 30,000 is not advocated as it is considered that this would result in the significant loss of the unique setting and character of the town that makes it popular for residents and tourists alike and runs contrary to coastal planning principles.*
101. The same document does not appear to state how the capacity population of 25,000 – 30,000 was reached but should Ocean Grove be allowed to grow to this size it would provide for between 5% and 7.5% of the G21 region's population growth over the next 30-40 years, certainly a more reasonable proportion than 3%.

102. The 2015 Structure Plan provides none of this form of analysis, instead falling back on the assessment that a population of 21,000 can be accommodated within the existing settlement boundary by 2030.
103. No mention is made of the capacity figure of 25,000 – 30,000 and, other than the assertion that adequate residential land exists elsewhere on the Bellarine Peninsula and in Greater Geelong for 15 years of growth, no analysis is made of the expected contribution of Ocean Grove to dwelling and population growth within Greater Geelong or the G21 region.
104. This is a key failing of the 2015 Structure Plan.

5.3 Capitalising on infrastructure

105. Ocean Grove’s residents are the beneficiaries of the most comprehensive supply of public and private sector infrastructure on the Bellarine Peninsula, with much of this added or upgraded in recent years.
106. Important assets include:
 - Bellarine Aquatic and Sports Centre (the only facility of its type on the Bellarine Peninsula)
 - Other sporting facilities such as the recently upgraded Shell Road Reserve and the Ocean Grove Surf Lifesaving Club
 - Grubb Road industrial node
 - Numerous bus routes around the town and linking it to Geelong, Barwon Heads and the Bellarine Peninsula
 - 3 primary schools and a secondary school
 - Police station (new in 2014)
 - Fire station (2007)
 - Ambulance station (24 hours, opened in 2007)
 - 2 supermarkets and Target (the Peninsula’s only DDS).

107. Many of these assets are readily accessible by residents of the NEGA, with several positioned on Shell Road or Grubb Road as shown on Map 16 from the Structure Plan 2015 as copied below:



Source: City of Greater Geelong

108. Directing residential growth elsewhere will, in many cases, result in similar assets having to be duplicated in those areas.
109. The 2015 Structure Plan does not identify the need for the provision of significant further public sector infrastructure within Ocean Grove, with the exception of an additional primary school which may be required within the NEGA.
110. My brief does not involve consideration of whether this school is required.
111. However, the location of the new school within the NEGA would provide further impetus for development of this area and be consistent with the current and future desired growth pattern for Ocean Grove.

5.4 Logical development progression

112. Both the 2007 and 2015 Structure Plans identify the coast (south), Barwon River estuary (west) and Lake Victoria and surrounding region (east) as being sensitive areas towards which residential development should not be allowed.
113. Growth has therefore been directed to the north of Ocean Grove, with the rezoning of the NEGA the most obvious manifestation of such direction.
114. The location of the environmentally sensitive Ocean Grove Nature Reserve on the western side of Grubb Road has eliminated the ability for the township to develop significantly to the north of Thacker Street (i.e. on the western side of Grubb Road).

6. Conclusion

119. The 2015 Structure Plan should plan for 210-250 new dwellings per year to be provided within greenfield estates in Ocean Grove.
120. Adoption of the mid-point of this range results in Ocean Grove's population reaching a forecast figure of 21,886 at 2030, still well below the capacity population of 25,000 – 30,000 documented in the 2007 Structure Plan.
121. This increase in population would represent an average growth rate of 2.9% per annum from 2015 to 2030, a figure both in line with the medium growth scenario from the 2007 Structure Plan and reasonable for a town with the status and infrastructure of Ocean Grove.
122. However, Ocean Grove will run out of greenfield land towards the end of the 2015 Structure Plan's planning horizon.
123. The 2015 Structure Plan should therefore acknowledge further work is required on the settlement boundary with two logical extension areas to be contemplated:
 - Limited land to the north of the Ocean Grove Nature Reserve and west of Grubb Road where appropriate access to nearby retail, community and employment facilities would be available.
 - Land between the current northern edge of the NEGA and the Bellarine Highway with a rural break maintained at the Highway interface.
124. In arriving at this conclusion I have made all the inquiries that I believe are desirable and appropriate. No matters of significance that I regard as relevant have, to my knowledge, been withheld.



JUSTIN GANLY
Managing Director, Deep End Services
22 April 2016

Appendix 1 Curriculum vitae for Justin Ganly



Current Position:

Managing Director, Deep End Services Pty Ltd

Previous Positions:

Associate Director, KPMG

February 1999 - June 2003

National Real Estate Analyst, Coles Myer

January 1998 - February 1999

Managing Consultant, Coopers & Lybrand Consultants

August 1993 - December 1997

Senior Consultant, Andersen Consulting

January 1990 - July 1993

Academic Qualifications:

Graduate Diploma of Applied Finance and Investment Securities Institute of Australia, 2003

Bachelor of Chemical Engineering (First Class Honours) University of Melbourne, 1989

Professional Affiliations:

Board Member, MAB Corporation Advisory Board

Board Member, The Good Foundation Advisory Board

Member, Property Council of Australia

Associate Member, Large Format Retail Association

Member, Victorian Planning & Environmental Law Association

Member, Urban Land Institute

Skills / Attributes:

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



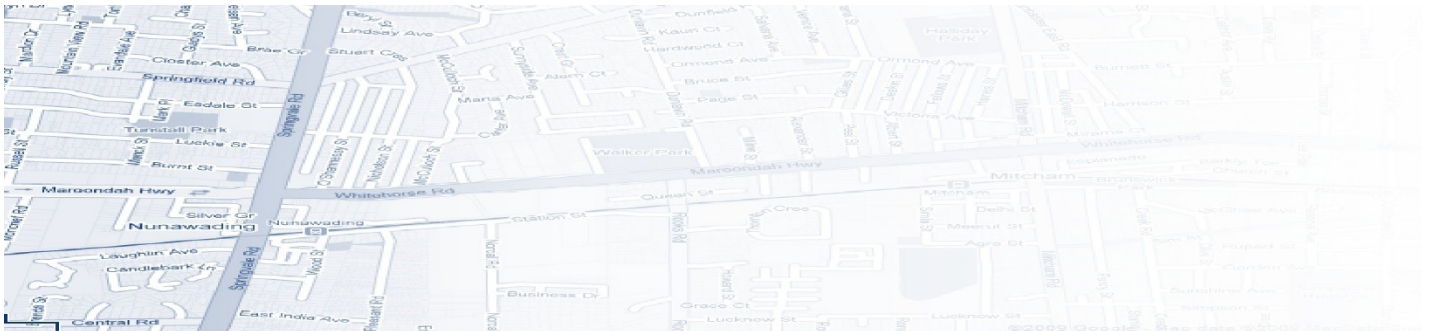
Professional Experience

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

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

Associate Director, KPMG (February 1999 - 2003)

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



Professional Experience continued

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

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

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

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

Senior Consultant, Andersen Consulting (January 1990 - 1993)

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