Greater Geelong Retail Strategy

City of Greater Geelong

June 2016

SGS Economics & Planning

1991–2016 25 years of Independent insight.

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1 INTRODUCTION

Purpose

The City of Greater Geelong commissioned SGS Economics & Planning Pty Ltd (SGS) to research, develop and finalise a Retail Strategy for all towns and centres across the City.

The specific focus of the strategy was to inform Activity Centre planning. Whilst economic development, Activity Centre design and non-retail floorspace were all relevant issues for consideration, the brief for the Strategy was primarily directed to the quantity of retail floorspace required across Greater Geelong until 2031.

The current document sets out the principles, objectives and decision criteria to guide future investment in retail floorspace in the City. This Strategy is based on a comprehensive analysis of issues and opportunities which is set out in a separate volume.

More specifically, this strategy outlines the vision for the future of retail development in Greater Geelong, defines the retail hierarchy and provides guidance for future development proponents including:

- Opportunities for improvement of the retail network
- The quantum of floorspace which each existing and planned centre should accommodate by 2031
- The areas in the network which will be underserviced by supermarket, department store and bulky goods floorspace over time, and
- Council's expectations of development proponents in future investment propositions, whether these take the form of town planning permit applications or proposed rezonings/scheme amendments.

Structure

The Greater Geelong Retail Strategy is structured as follows

- **Section 2** provides the vision for retail development across Greater Geelong
- **Section 3** presents a retail hierarchy which supports the vision for retail development
- **Section 4** outlines the opportunities for future expansion and improvement of the retail network
- **Section 5** details the process by which Council will assess development proposals, with a focus on compliance with the retail hierarchy and a clear net community benefit test.

2 VISION FOR RETAIL DEVELOPMENT IN GREATER GEELONG

This section provides an overall guiding statement of how the network of retail centres in Geelong and the Bellarine Peninsula is to be developed. This vision is intended to meet the wider objectives expressed in the State and Local Planning Policy Framework within the Greater Geelong Planning Scheme, including those relating to settlement, economic development, transport and sustainability.

Goals for retail development in Greater Geelong

Retail land use and development in the City of Greater Geelong is expected:

- *To provide **convenient access** to goods and services, minimising the need for, and length of, car trips*
- *To encourage a **competitive supply of goods and services**, keeping prices down*
- *To encourage **walkable access to suppliers of day to day essentials***
- *To create **vibrant and inviting town and neighbourhood centres***
- *To maintain an **appropriate mix of sub-regional centres** that offer a wide range of retail goods and services*
- *To improve a **strong Central Geelong**, acting as a flagship for the commercial and cultural life of the City, and*
- *To **distribute bulky goods activity within a hierarchy**, with retailers located in centres and in a selected number of specialised regional bulky goods nodes.*

To achieve this vision, a broad suite of planning policies and guidelines is required. This is outlined in the following paragraphs.

Policies and strategies

Convenient access

1. Where possible, reduce the need for shoppers to travel long distances from home to access retail services.

2. Address service gaps identified in Greater Geelong's retail system, taking into account the effect on existing levels of retail competition and customer choice.

3. Locate any new retail centres on sites that have existing or potential future access to public transport services in addition to quality road access for private vehicles. Radial transport and movement networks into centres should be provided wherever possible.

Competitive supply of goods and services

4. Provide an appropriate forward land supply for retail and activity centre development to meet the current and anticipated needs of communities and to stimulate competition.

5. Where demand is expected to exceed supply, encourage new stores to establish in existing retail centres in conformity with an agreed retail hierarchy

6. Support the development of new retail centres only where (a) supply in the existing network of centres is constrained, (b) they are justified by demand growth, and (c) where they generate a net community benefit

7. Where possible, provide retail zoned land in multiple land ownerships so as to avoid monopoly conditions in catchments. Monopoly holdings can encourage restrictive lease practices and anti-competitive land withholding behaviour leading to undersupply of retail floorspace within the existing network.

Walkable access to day to day essentials

8. Encourage development of a dense network of convenience based local centres within walking distance for all residential areas of Greater Geelong (approximately 800m). This network should, where possible, reduce the need for shoppers to travel long distances from home to access day to day needs.

Vibrant and inviting retail centres

9. Supermarket-based Neighbourhood and Town Centres should be distributed across the municipality to perform the role of primary food centres for communities.

10. Consolidate the demand base of individual retail centres by integrating housing where possible.

11. Where demand exists, facilitate expansion of existing Centres without undermining the structure of the centres hierarchy

12. Ensure that there is a broad mix of activities in higher order Town and Sub-Regional Centres including office and community uses

Bulky goods

13. A number of regional-scale specialised bulky goods centres should continue to service regional catchments. These would provide for large-scale and low density bulky goods.

14. Smaller-scale and / or higher density bulky goods should be encouraged to locate in designated retail centres in preference to the specialised precincts.

15. The general dispersal of bulky goods in other locations should be discouraged unless it can be proven that a net community benefit will be created by proposed development.

3 THE RETAIL CENTRES HIERARCHY

This section presents a Retail Centres Hierarchy to guide the future development of the centres network in the City of Greater Geelong. The Hierarchy has been prepared to support the Vision presented in Section 2. The Retail Hierarchy assigns broad roles and functions to identified centres in the network.

Overview

The City of Greater Geelong is forecast to grow significantly over the next 15 years. Council wants to provide sufficient access to retail facilities for this growing population via a planned hierarchy of centres.

A planned hierarchy of centres, as distinct from opportunistic or ad hoc development of individual centres, is seen to be the best way of achieving the vision and goals set out in Section 2.

Geelong's retail centres bring together three significant roles - retailing, community services and local business development – and are expected to continue to do so in the future.

While the provision of adequate retailing to service the community is a key objective, the need to protect the primacy of the key centres in the network is fundamental to Geelong's economic development goals.

The need for a spatial distribution of retail and community services that minimises motorised travel in the City of Greater Geelong is also a vital consideration.

Principles underlying the retail centres hierarchy

The City of Greater Geelong's strategy recognises the continuing tendency for retail activity to form into hierarchies of centres.

These hierarchies of centres reflect typical citizen perceptions of 'community'. That is, the sense of local, district and regional identity is often defined by reference to the centres serving these various geographic spheres of affiliation.

These hierarchies also reflect typical shopping behaviours. More frequent, short distance and low spend visits are made to a local centre, versus occasional high spend visits to more distant centres offering higher order goods and services.

In these hierarchies, lower order functions typically 'nest' within higher order centres.

A planned hierarchy of activity centres facilitates:

- Co-location of community services and public investment to form a vibrant public realm
- Optimisation of accessibility for residents, resulting in travel efficiencies and reduced travel externalities, including greenhouse gas emissions, and
- Management of impacts of new retail investment on other centres to maintain a balanced spread of healthy centres across all suburbs.

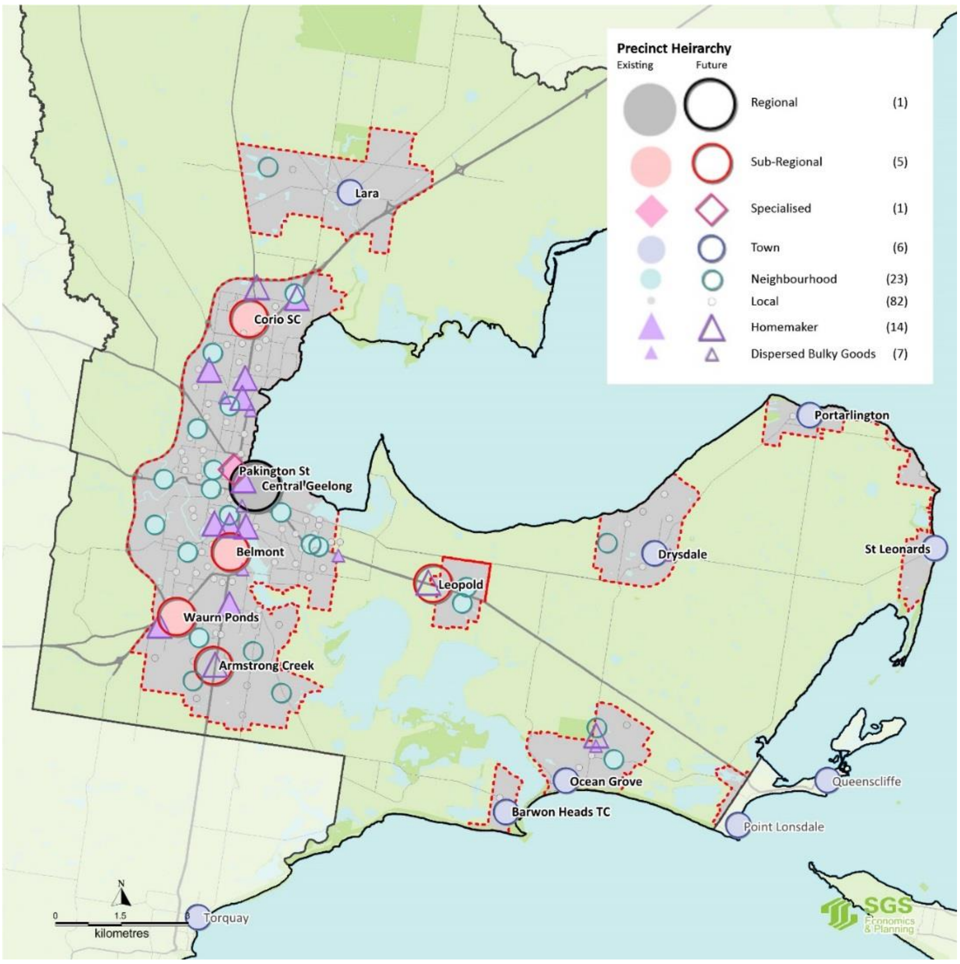
As well as the vital benefit offered by retail centres hierarchies in terms of transport sustainability, there is a strong nexus between centres policy and urban consolidation. Vibrant nodes of commercial, retail, entertainment, health and civic services provide the nuclei around which more dense housing can form. If such centres do not exist, or if they are unable to 'promise' a continuity of services and public transport for their walkable catchments, it is likely that households will prioritise space – in dwelling floor area and lot size – over convenience of access to services. Ultimately, this generates low density, 'sprawl' environments. The City of Greater Geelong wants to avoid these adverse impacts.

Clause 21.07 of the Greater Geelong Planning Scheme outlines the key objectives and strategies for retail policy, with specific reference to the need for a hierarchy in order to *'articulate the role and function fulfilled by centres of different sizes'*, whilst supporting the '*primary of Central Geelong as the focus of retail activity in the region*'. These references remain relevant and continue to be the main reasons for maintaining a retail hierarchy across Greater Geelong.

Retail hierarchy

The Retail Hierarchy defines the roles of centres in the retail network across Greater Geelong. The locations of centres in the retail hierarchy is illustrated in Figure 1. Table 1 describes the levels in the hierarchy and their principal features.

FIGURE 1 RETAIL CENTRE HIERARCHY, GREATER GEELONG



Source: SGS Economics and Planning

TABLE 1 RETAIL CENTRE HIERARCHY, GREATER GEELONG

Centre Type	Role/Function	No. of Centres (Current/ Future)	Indicative retail Floorspace range (total)	Centres/Examples
Regional	A major retail centre that serves a wide catchment and is anchored by one or more department stores, discount department store(s), supermarket(s), mini major(s) and speciality stores. Often associated with bulky goods adjacent to or near the core retail centre. Provides a full range of retail needs and more successful when associated with entertainment and leisure activities such as cinemas and restaurants or niche retail precincts	1	More than 100,000 sqm	Geelong CBD
Sub-Regional	A major retail centre that serves a wide catchment (but smaller than a regional centre) and is anchored by one or more discount department stores, supermarket(s), mini major(s) and speciality stores. Because of their smaller size, they have less provision for higher-order activities including full-line department stores, and the range of specialty shopping is less extensive.	4/5	15,000 to 60,000 sqm	Belmont, Waurn Ponds, Corio, Leopold, Armstrong Creek
Specialised	More traditional major centres that have grown from strip shopping centres and which are typically located along main arterial routes and/or public transport nodes Tend to capture niche trade from wider catchments in addition to having an important community role as the focus for retail, civic, and community uses.	1	15,000 to 60,000 sqm	Pakington St (Geelong West)
Town	Major community shopping locations providing weekly grocery shopping for the local township in combination with specialty store shopping that also services visitors to the region	6	2,000 to 20,000 sqm	Ocean Grove, Drysdale, Lara, Barwon Heads, Portarlington, St Leonards
Neighbourhood	A retail centre that serves a neighbourhood catchment and is anchored by one or more supermarkets plus speciality stores	17/23	2,000 to 15,000 sqm	Shannon Ave (Geelong West), Separation St, Pakington St (Newtown), Highton, Newcomb Central, Geelong East, Bellarine Village, Bell Post SC, Barrabool Hills SC, Shannon Ave (Newtown), Ocean Grove (Marketplace), Vines Rd, Fyansford, Grovedale Central, Dorothy St, Ash Rd, Rosewall, Jetty Rd, Warralily, Lara W, Armstrong Creek W, Horseshoe Bend NE, Kingston Downs
Local	Small groups of shops serving a limited catchment, and typically providing for the daily convenience needs of residents in the surrounding area	69/82	Up to 5,000 sqm	(Examples only) Alkira Ave, Donnybrook Rd, Charles St, …

Centre Type	Role/Function	No. of Centres (Current/ Future)	Indicative retail Floorspace range (total)	Centres/Examples
Homemaker	A collection of bulky goods stores, generally comprising furniture, white goods, electrical, floor and window coverings, lighting, hardware and related retail operations Can be adjacent to core retail centres or in stand-alone precincts	11/14	5,000 to 50,000 sqm	Moorabool/Fyans (Moorabool St), Moorabool/Fyans (West Fyans St),Moorabool/Fyans (Gregory Ave), Surf Coast Hwy, Geelong Gateway, Geelong W, Waurn Ponds, Melbourne Rd (Norlane), Melbourne Rd (North Geelong), Sinclair St, Anakie Rd, Bacchus Marsh Rd, Leopold Central, Armstrong CreekB
Dispersed Bulky Goods	Retailers of furniture, white goods, electrical, floor and window coverings, lighting, hardware and related products, opportunistically distributed through industrial and similar areas with no particular linkages or synergies with established activity centres	7	-	Bellarine Hwy (Newcomb), Settlement Rd/Breakwater Rd, Smithton Grv, Drysdale Homemaker, Mackey St, Sharon Crt Princess Hwy

Source: SGS Economics and Planning

Floorspace caps

This Strategy adopts floorspace caps to further sharpen the definition of the City of Greater Geelong's preferred retail hierarchy. The floorspace caps are intended to make clear to development proponents just what the role and function of a given centre is in the hierarchy.

The floorspace caps are as follows:

- Geelong CBD; **no cap** (as additional investment could be accommodated without threat to the hierarchy).
- Sub-regional and specialised; **Waurn Ponds – 50,000m²**, **Belmont- 39,000m², Corio - 36,000m², Armstrong Creek - 36,000m²** , **Pakington Street – 34,000m²** and **Leopold – 19,000m²** (all excluding bulky goods and hospitality). This takes into account supportable floorspace.
- Town centres; **no cap** (as additional investment could be accommodated without threat to the hierarchy).
- Neighbourhood Centres; between **2,000 m²** and **13,000 m²**, depending on the projected supportable floorspace demand for shops in the centre (see Table 2).

TABLE 2 PROPOSED STATUTORY FLOORSPACE CAPS – NEIGHBOURHOOD CENTRES

Neighbourhood Centre	Proposed floorspace cap for 'shops' as defined in the VPP (m²)
Shannon Ave (Geelong West)*	13,000
Ocean Grove (Marketplace)	11,000
Pakington St (Newtown)	6,000
Newcomb Central	9,000
Bellarine Village	8,000
Highton	8,000
Bell Post SC	7,000
Geelong East	7,000
Separation St	4,000
Shannon Ave (Newtown)	4,000
Fyansford	4,000
Barrabool Hills SC	5,000
Vines Rd	4,000
Horseshoe Bend NE	6,000
Jetty Rd	6,000
Warralily	6,000
Grovedale Central	3,000
Rosewall	3,000
Kingston Downs	5,000
Dorothy St	2,000
Ash Rd	2,000
Armstrong Creek W	3,000
Lara W	5,000

4 OPPORTUNITIES FOR EXPANSION & IMPROVEMENT OF THE RETAIL NETWORK

This section outlines where there is scope for new investment in retailing across the City of Greater Geelong over the next 15 years, based on projected retail spending. The section is intended to guide developers about where retail investment would be viable and welcome in the City.

Indicators of retail need

The SGS analysis commissioned by Council was directed at identifying where there is scope for new retail investment in the City, either now or in the future as the municipality's population increases.

A key indicator in this analysis is the projected movement in retail turnover densities (RTD – sales per square meter of floorspace) assuming no change in supply of retail floorspace. The rise of RTDs to levels well above industry norms is an initial indicator that additional space can be added to a particular catchment. Whether such floorspace is actually added or not depends on many factors, including the indivisibility of certain retail formats. For example, supermarket operators may not invest until certain thresholds of available demand are passed. Physical site availability for new investment can also be an issue.

With these caveats in mind, the SGS demand and supply analysis is reproduced in the following pages for the different store types.

Locating areas of unmet demand

Figure 2, Figure 3 and Figure 4 map the current and forecast supply and demand balance for the different major categories of retail investment – supermarkets, department stores and bulky goods. The grey circles in the maps indicate floorspace demand which is met within convenient drive time for the retail facility in question (supermarkets – 20 minutes, department stores – 30 minutes, and bulky goods 30 minutes). The red circles on the other hand, indicate unmet demand. The size of the circles represent the quantum of floorspace demand. Note this analysis assumes no increase in floorspace supply over and above that which is planned for across the network.

Whether a circle is grey or red is driven by travel times and the underlying supply and demand equation based on trade area catchments. So when red circles appear even though those areas are within the assumed drive time of a given retail facility this suggests that those facilities are 'overtrading', that is, they have, or will have, RTDs well above industry norms. As noted, this indicates a case for supplying new floorspace – either at the nearby centre(s) OR in a new centre if (a) the nearest centre if relatively distant and (b) there is sufficient demand

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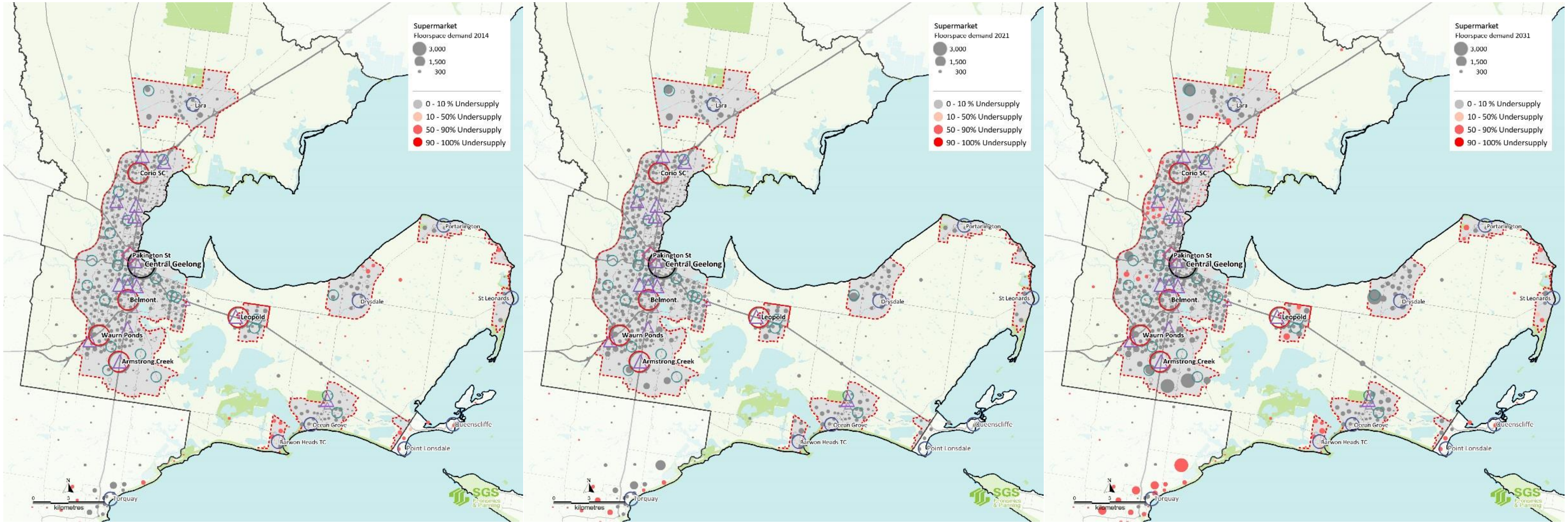
FIGURE 2 SUPPLY & DEMAND EQUATION, **SUPERMARKETS**

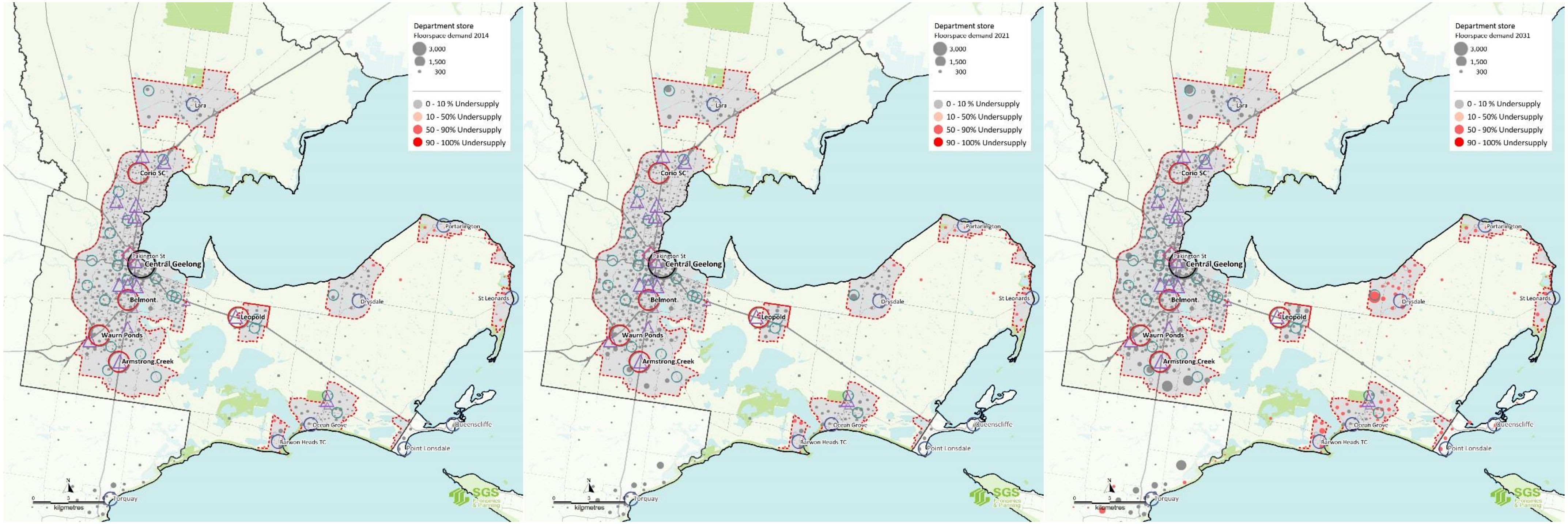
2014 ***2021*** ***2031***



Source: SGS Economics and Planning

FIGURE 3 SUPPLY & DEMAND EQUATION, **DEPARTMENT STORES**

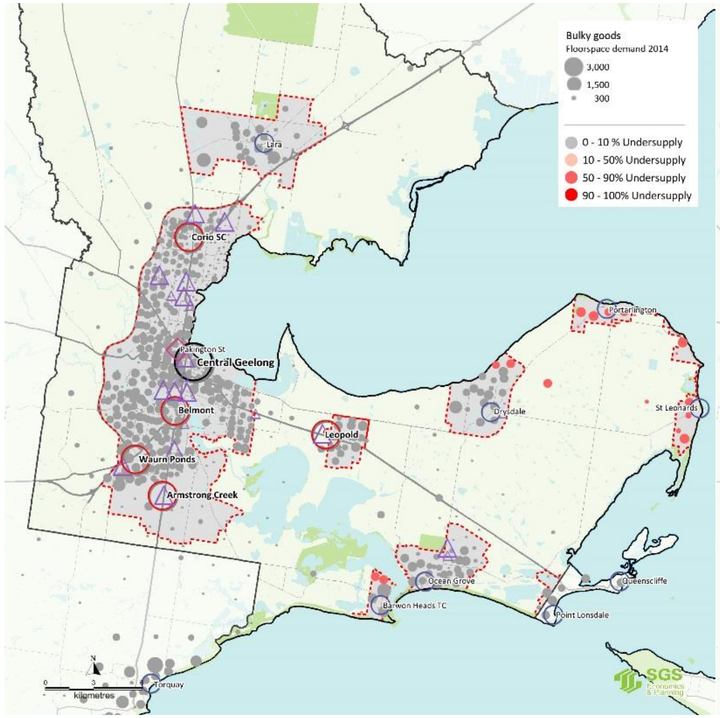
2014 ***2021*** ***2031***



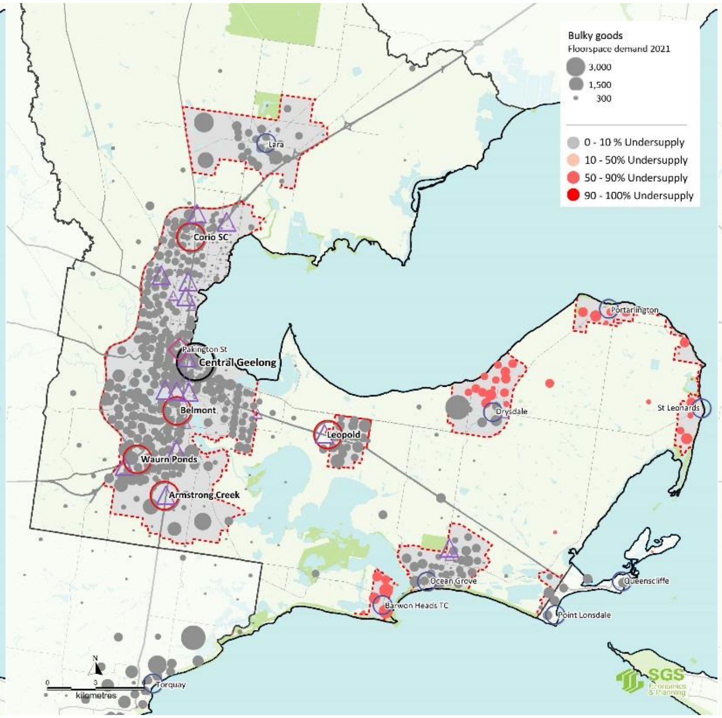
Source: SGS Economics and Planning

FIGURE 4 SUPPLY & DEMAND EQUATION, **BULKY GOODS**

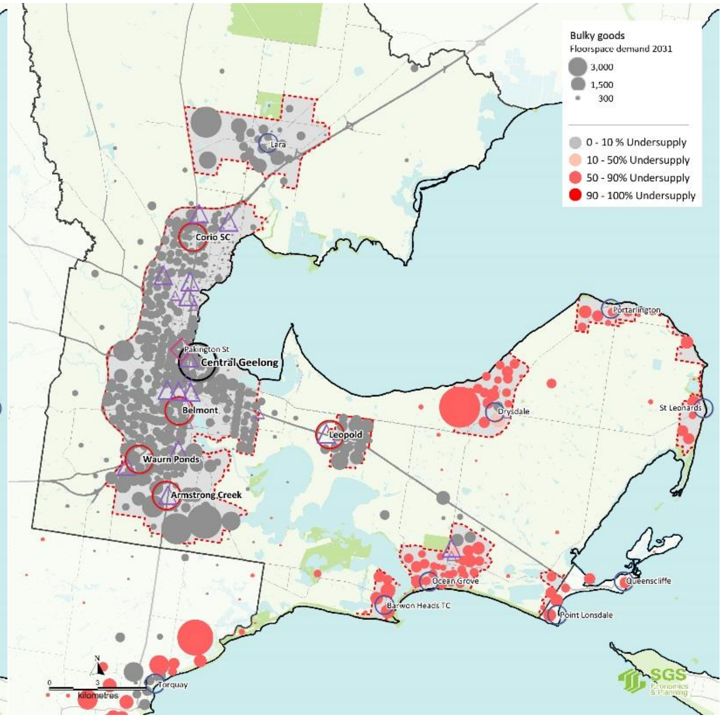
2014



2021



2031



Source: SGS Economics and Planning

Individual centre opportunities

Table 3 shows the commercially supportable floorspace at each centre as at 2031, taking into account projected population growth.

Most centres have market scope for expansion, though this is modest in most cases and will come on stream relatively late in the forecast period.

Existing and approved floorspace in some centres is already in excess of what is expected to be supportable in 2031.

TABLE 3 TOTAL SUPPORTABLE FLOORSPACE

Precinct	Floorspace supply Existing Floorspace in 2014	Vacant Floorspace	Planned new/ add floorspace	Total	Projected Supportable Floorspace Demand 2014	2021	2031	2014-31	Total supply less demand 2014	2021	2031
Regional	226,900	25,200	-	252,100	188,000	221,500	**283,900**	95,900	64,100	30,600	-31,800
Central Geelong	226,900	25,200	-	252,100	188,000	221,500	**283,900**	95,900	64,100	30,600	-31,800
Sub-Regional	122,200	1,400	56,100	179,700	108,500	143,100	**195,200**	86,700	71,200	36,600	-15,500
Belmont	42,600	1,400	-	44,000	37,100	42,400	**51,500**	14,400	6,900	1,600	-7,500
Waurn Ponds	42,800	0	-	42,800	38,500	45,200	**54,700**	16,200	4,300	-2,400	-11,900
Corio SC	29,900	0	-	29,900	26,700	30,800	**38,000**	11,300	3,200	-900	-8,100
Leopold	6,900	0	16,100	23,000	6,200	13,100	**17,000**	10,800	16,800	9,900	6,000
Armstrong Creek	0	0	40,000	40,000	0	11,600	**34,000**	34,000	40,000	28,400	6,000
Specialised	40,700	2,000	-	42,700	34,500	39,200	**46,800**	12,300	8,200	3,500	-4,100
Pakington St	40,700	2,000	-	42,700	34,500	39,200	**46,800**	12,300	8,200	3,500	-4,100
Town	56,100	3,700	6,300	66,100	48,700	57,100	**70,500**	21,800	17,400	9,000	-4,400
Ocean Grove	15,000	1,100	-	16,100	13,000	13,300	**15,100**	2,100	3,100	2,800	1,000
Drysdale	10,900	200	6,300	17,400	9,500	13,700	**18,500**	9,000	7,900	3,700	-1,100
Lara	11,900	400	-	12,300	10,700	12,300	**15,300**	4,600	1,600	0	-3,000
Barwon Heads	8,700	1,100	-	9,800	7,200	8,200	**9,300**	2,100	2,600	1,600	500
Portarlington	6,400	800	-	7,200	5,500	6,300	**8,000**	2,500	1,700	900	-800
St Leonards	3,200	100	-	3,300	2,800	3,300	**4,300**	1,500	500	0	-1,000
Neighbourhood	86,300	1,900	44,000	132,200	76,100	97,100	**127,200**	51,100	56,100	35,100	5,000
Shannon Ave (Geelong West)	12,900	0	-	12,900	11,400	12,800	**15,000**	3,600	1,500	100	-2,100
Separation St	5,600	400	-	6,000	4,600	5,300	**6,400**	1,800	1,400	700	-400
Pakington St (Newtown)	8,300	300	-	8,600	6,900	7,800	**9,200**	2,300	1,700	800	-600

Highton	7,000	100	-	7,100	6,100	6,900	**8,100**	2,000	1,000	200	-1,000
Newcomb Central	6,800	0	-	6,800	6,300	7,100	**8,700**	2,400	500	-300	-1,900
Geelong East	5,900	200	-	6,100	5,000	5,700	**7,000**	2,000	1,100	400	-900
Bellarine Village	6,900	0	-	6,900	6,300	7,100	**8,700**	2,400	600	-200	-1,800
Bell Post SC	5,800	0	-	5,800	5,300	6,000	**7,300**	2,000	500	-200	-1,500
Barrabool Hills SC	3,800	0	-	3,800	3,600	4,300	**5,000**	1,400	200	-500	-1,200
Shannon Ave (Newtown)	4,500	400	-	4,900	4,000	4,500	**5,400**	1,400	900	400	-500
Ocean Grove (Marketplace)	5,700	0	1,500	7,200	5,200	11,200	**13,200**	8,000	2,000	-4,000	-6,000
Vines Rd	3,100	100	-	3,200	2,700	3,100	**3,600**	900	500	100	-400
Fyansford	2,300	0	9,500	11,800	1,900	3,900	**5,200**	3,300	9,900	7,900	6,600
Grovedale Central	2,500	200	-	2,700	2,200	2,500	**3,100**	900	500	200	-400
Dorothy St	1,800	0	-	1,800	1,600	1,600	**2,000**	400	200	200	-200
Ash Rd	1,600	200	-	1,800	1,300	1,400	**2,000**	700	500	400	-200
Rosewall	1,700	0	1,100	2,800	1,700	2,400	**3,000**	1,300	1,100	400	-200
Jetty Rd	0	0	6,500	6,500	0	0	**3,300**	3,300	6,500	6,500	3,200
Warralily	0	0	6,000	6,000	0	1,500	**3,300**	3,300	6,000	4,500	2,700
Lara W	0	0	4,700	4,700	0	500	**600**	600	4,700	4,200	4,100
Armstrong Creek W	0	0	3,000	3,000	0	0	**1,400**	1,400	3,000	3,000	1,600
Horseshoe Bend NE	0	0	7,000	7,000	0	0	**3,400**	3,400	7,000	7,000	3,600
Kingston Downs	0	0	4,700	4,700	0	1,500	**2,300**	2,300	4,700	3,200	2,400
Local	69,500	5,900	11,800	87,200	58,100	65,500	**84,800**	26,700	29,100	21,700	2,400
Homemaker	206,400	9,500	55,800	271,700	162,900	215,700	**291,400**	128,500	108,800	56,000	-19,700
Moorabool/Fyans (Moorabool St)	42,500	3,100	-	45,600	33,300	39,200	**50,800**	17,500	12,300	6,400	-5,200
Moorabool/Fyans (West Fyans St)	13,300	400	-	13,700	10,500	12,400	**15,900**	5,400	3,200	1,300	-2,200
Moorabool/Fyans (Gregory Ave)	2,500	0	-	2,500	2,000	2,300	**2,800**	800	500	200	-300
Surf Coast Hwy	18,000	2,000	-	20,000	15,000	19,100	**24,500**	9,500	5,000	900	-4,500
Geelong Gateway	31,500	2,100	-	33,600	24,500	28,400	**37,400**	12,900	9,100	5,200	-3,800
Geelong W	20,300	1,800	-	22,100	15,800	18,600	**24,000**	8,200	6,300	3,500	-1,900

Waurn Ponds	31,900	0	-	31,900	25,100	30,500	**39,000**	13,900	6,800	1,400	-7,100
Melbourne Rd (Norlane)	23,500	100	-	23,600	18,400	21,200	**26,900**	8,500	5,200	2,400	-3,300
Melbourne Rd (North Geelong)	14,300	0	-	14,300	11,400	13,000	**16,400**	5,000	2,900	1,300	-2,100
Sinclair St	3,200	0	-	3,200	2,600	3,100	**4,500**	1,900	600	100	-1,300
Anakie Rd	5,500	0	-	5,500	4,300	5,000	**6,300**	2,000	1,200	500	-800
Bacchus Marsh Rd	0	0	18,500	18,500	0	6,900	**9,000**	9,000	18,500	11,600	9,500
Leopold Central	0	0	12,300	12,300	0	9,400	**12,900**	12,900	12,300	2,900	-600
Armstrong Creek	0	0	25,000	25,000	0	6,600	**21,000**	21,000	25,000	18,400	4,000
Dispersed Bulky Goods	78,500	1,900	0	80,400	61,200	72,300	**94,700**	33,500	19,200	8,100	-14,300
Bellarine Hwy (Newcomb)	18,900	1,300	-	20,200	15,200	17,000	**21,700**	6,500	5,000	3,200	-1,500
Settlement Rd/Breakwater Rd	33,000	200	-	33,200	25,500	31,100	**41,100**	15,600	7,700	2,100	-7,900
Smithton Grv	2,500	0	-	2,500	1,900	2,400	**3,500**	1,600	600	100	-1,000
Drysdale Homemaker	2,100	400	-	2,500	1,700	2,000	**2,800**	1,100	800	500	-300
Mackey St	11,200	0	-	11,200	8,600	10,000	**12,900**	4,300	2,600	1,200	-1,700
Sharon Crt	10,500	0	-	10,500	8,100	9,500	**12,400**	4,300	2,400	1,000	-1,900
Princess Hwy	300	0	-	300	200	300	**300**	100	100	0	0

5 EXPECTATIONS OF DEVELOPMENT PROPONENTS

This section provide guidelines for retail development proponents and decision rules for Council.

Where the Planning Scheme allows the Responsible Authority a degree of discretion in the determination of applications for retail development in the City, or where it is proposed to amend the Scheme to enable new retail development, the following criteria and decision rules will be applied.

1. Council will appraise how the retail proposal aligns with the adopted retail hierarchy in terms of:

    a) **location** – relative to the existing centres network presented in Figure 1, on page 6
    b) **indicative size** – assessed against the floorspace caps under Table 2, on page 9
    c) **centre role -** assessed against the expectations of centre level within the hierarchy as outlined in Table 1 on page 7.

2. Proposals that are deemed to be inconsistent with the centres hierarchy and policy on any of the three terms listed above ***('non-compliant proposals')*** will be assessed to determine whether they are likely to become 'high community impact' or 'low community impact' developments in terms of the objectives which Council has set for the retail system as detailed in Section 2 on page 3.

3. Potentially '**high impact**' non-compliant proposals will be those which compete directly, and to a significant degree, with similar offerings in designated **Regional, Sub-Regional** and **Town Centres** as identified in the retail hierarchy.

4. Potentially '**low impact**' proposals will be all other non-compliant proposals. Approval of these proposals will depend on demonstration of acceptable trade diversion effects (less than 10% to 15% immediate impact on any competing centre) and satisfactory operation from a traffic and urban amenity perspective.

5. The status of the proposal against Items 3 and 4 will be evaluated by Council based on the proponent's (peer reviewed) retail capacity and economic impact assessment.

6. High impact proposals will be required to demonstrate a **net community benefit** against a Base Case where the new retail services in question are assumed to be satisfactorily provided in an appropriate centre in the hierarchy.

    The net community benefit test will measure marginal costs and benefits generated by the non-compliant proposal versus the Base Case. The (minimum) scope of the net community benefit test is shown in Table 4. An elaboration of this scope may be found in the Issues and Options Report

    State Government guidance on how these costs and benefits may be measured can be found in *DTF Victorian Guide to Regulation; Toolkit 2: Cost benefit analysis; Updated July 2014*

TABLE 4 NET COMMUNITY BENEFIT ANALYSIS OF HIGH IMPACT NON-COMPLIANT PROPOSALS

Benefits versus the base case	Costs versus the base case
1. Improved amenity and place quality at the out of centre location achieved through retail development 2. (Potentially) earlier provision of expanded retail services for the catchment population	1. Greater motorised travel externalities (air pollution and greenhouse gas emissions, accidents, congestion) 2. Reduced consumer surplus (shoppers paying more in vehicle operating costs to achieve similar retail service outcomes) 3. Foregone opportunities for more consolidated urban development in the district 4. (Potentially) blighting of seriously impacted competing centres within the planned hierarchy (persistent vacancies, vandalism etc.) 5. (Potentially) foregone opportunities for co-location of retail services with community services 6. (Potentially) foregone employment development through displacement of strategic business land

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