AMENDMENT C393: EXPERT EVIDENCE OF JULIAN SZAFRANIEC

14 OCTOBER 2019

Prepared for

City of Greater Geelong

Independent insight.

[7716812: 22929283_1]

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SUMMARY OF EVIDENCE

1. I (Julian Szafraniec) have been instructed by Harwood Andrews acting on behalf of the City of Greater Geelong to provide expert evidence regarding Planning Scheme Amendment C393.

2. A summary of my evidence is as follows:

   - My evidence relates to the retail economic basis that underpins the Greater Geelong Retail Strategy 2016-2036 and associated Planning Scheme Amendment C393. My evidence also presents and draws on the supporting analysis and reports prepared by SGS Economics and Planning. These reports and data review projects are:
     - SGS Greater Geelong Retail Strategy Report, June 2016;
     - SGS Greater Geelong Retail Strategy, Issues and Options Report, September 2016
     - 2018 Retail Strategy Data Update

     I was Project Director and led the Issues and Options Report and 2018 Data Update and was also involved in the Retail Strategy Report, led by my colleague Marcus Spiller.

   - I believe the overall concepts, issues, opportunities, modelling approach and strategic policy advice outlined in the original reports and as reflected in the Amendment are still appropriate. The data inputs and analysis results as presented in the 2016 reports were updated in 2018 and presented in the final exhibited Greater Geelong Retail Strategy 2016-2036 associated with this Amendment. Subject to corrections noted in Section 2.8 of my evidence statement, I adopt this updated analysis and I believe it is still appropriate for the purposes of this Retail Strategy and Amendment.

   - To respond to Panel Direction 14 f, g, h, I, j and some Submission concerns, I have provided additional data and commentary on the retail modelling inputs, assumptions, method and results as presented in the Retail Strategy and that form the basis of the floorspace caps contained in the Amendment. I have also provided recommendations on how this additional analysis could be incorporated into the Retail Strategy Background Report to provided further clarity and transparency of the retail modelling. This is summarised in Section 2.8 of my expert evidence statement.

   - I have also reviewed the policy implementation from an economic basis and believe it is consistent with the original SGS advice and overall strategy objectives developed by my colleague Marcus Spiller. As discussed further at paragraph 20, I was involved in the development of the original SGS advice and agree with recommendations put forward. The policy seeks to reinforce the established retail hierarchy to support a strong vibrant and accessible retail economy across Greater Geelong. It also provides flexibility for non-conforming applications to be assessed though a clear and transparent assessment process, and approved on merit if a net community benefit can be demonstrated.

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, employment and the economy.

6. I have previously presented expert evidence at Planning Panels Victoria hearings.

7. Some of my relevant experience includes:

   - West Melbourne Employment and Economic Study – City of Melbourne (2017)
   - Small Area Land Use Projections – Transport for Victoria (2008-2019)
   - Small Area Land Use Projection Scenarios – City of Greater Geelong (2018, 2019)
   - Greater Geelong Retail Strategy - Data update - City of Greater Geelong (2018)
   - Small Activity Centre Strategy - Bayside City Council (2017)
   - Fishermans Bend Economic and Employment Study - Fishermans Bend Taskforce (2016)
   - Employment and Visitation Forecasts - City of Port Phillip (2016)
   - Retail, Commercial and Employment Strategy - Bayside City Council (2016)
   - Retail and Other Commercial Floor Space Assessment - City of Casey (2016)
   - Greater Geelong Retail Strategy Implementation Review - City of Greater Geelong (2016)
   - Greater Geelong Retail Strategy - City of Greater Geelong (2016)
   - Review of Green Square and Southern Areas Retail Study - City of Sydney (2015)
   - Spatial Economic and Employment Strategy - City of Yarra (2015)
   - Ocean Grove Economic Analysis – City of Greater Geelong (2015)
   - Darebin Retail Strategy - City of Darebin (2014)

8. Additional information regarding my experience is included in Attachment C.

1.2 Instructions

9. I have been instructed by Harwood Andrews acting on behalf of the City of Greater Geelong to undertake the following tasks:

- Review all documents relevant to the Amendment and referred to me
- Prepare an expert evidence report in accordance with the Planning Panels Victoria Guide to Expert Evidence. This report will need to:
  - Detail my role in preparing or overseeing the Strategy;
  - confirm whether I adopt the Strategy (either as exhibited or subject to changes);
  - identify any key assumptions made in preparing the Strategy;
  - identify any departure from findings or opinion expressed in the Strategy and reasons for the same (where applicable);
  - identify any matters addressed in the Strategy which fall outside your expertise;
  - identify whether the Strategy is incomplete or inaccurate in any respect;
  - detail any changed circumstances or assumptions since the Strategy was prepared, and whether these affect the opinions expressed in the Strategy;
  - detail my opinion on the merit of all submissions received by Council as relevant to my area of expertise and Council's response to the same as set out in Council's delegate report dated 22/8/19;
  - confirm whether I support the Amendment having regard to the Strategy and my area of expertise.
- Review and advise on any relevant expert witness reports circulated by other parties (if instructed);
- Present my expert evidence at the panel hearing during the week commencing 28/10/19 (if instructed).

1.3 Expertise relevant to Planning Scheme Amendment C393

10. I am an urban economist and have expertise in retail, employment and demographic forecasting, economic analysis and related policy advice.

11. I was Project Director and led the development of the SGS Greater Geelong Retail Strategy Issues and Opportunities Report (September 2016) and was involved in the SGS Greater Geelong Retail Strategy (June 2016) report which was led by my colleague Marcus Spiller. I was assisted in the preparation of these reports by SGS staff acting under my direction.

12. Marcus Spiller and I were also involved in reviewing Councils implementation of the SGS Greater Geelong Retail Strategy in late 2016. This involved SGS review and commenting on Councils version of the Greater Geelong Retail Strategy and proposed changes to the Planning Policy. In 2018 I led a data update for Councils version of the Greater Geelong Retail Strategy.

13. I am able to comment on the preparation and findings of these reports as relevant to the Amendment and my involvement as stated above.

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 relied on the following documents and data:

- Ocean Grove Economic Analysis, April 2015
- SGS Greater Geelong Retail Strategy, June 2016 by SGS;
- SGS Greater Geelong Retail Strategy, Issues and Options Report (and Appendices), September 2016;
- Draft Greater Geelong Gravity Model Update by SGS dated 24 May 2018
- final version delivered 18/6/2018 and accompanied by a data table and GIS layers
- Draft City of Greater Geelong Retail Strategy, 2017, by City of Greater Geelong prepared in association with SGS
- Ocean Grove Structure Plan December 2015 (Amended September 2016);
- Plans endorsed on 16 May 2019 under Planning Permit No. 233-2016 for Kingston Village (NAC);
- Development Plan for Kingston NAC and Industrial Estate approved under DPO22 on 2 October 2016.
- Northern and Western Geelong Growth Areas Draft Framework Plan Future Urban Structure Plan, 28 March 2018
- Western Geelong Growth Area Draft Framework Plan Future Urban Structure Plan, March 2018
- Lovely Banks Urban Form and Capacity Assessment by Essential Economics, July 2017

- Non Technical Summary Activity Centres Northern Geelong Growth Area by Essential Economics, 30 August 20
- Northern Geelong Growth Area Activity Centre Assessment by Essential Economics, August 2017
- Western Geelong Growth Area - Retail and Activity Centre Technical Report by Urban Enterprises, July 2017
- City of Greater Geelong Settlement Strategy adopted by Council in October 2018
- Relevant documents that form part of the Amendment C393
- Relevant submissions to the Amendment C393

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

14 October 2019

2. STATEMENT OF EVIDENCE

2.1 Summary of Amendment C393

17. The Planning Scheme Amendment C393 (**Amendment**) for the City of Greater Geelong seeks to implement the Greater Geelong Retail Strategy 2016 – 2036 (adopted November 2018) (**Retail Strategy**) via a series of amendments to the Municipal Strategic Statement (MSS), Local Planning Policy Framework (LPPF) and inclusion of the Retail Strategy as a reference document to the Planning Scheme.

18. The Amendment and associated Retail Strategy applies to the entire municipality. While focused on retail centres generally covered by the Commercial 1 Zone.

19. Consistent with the Retail Strategy, the Amendment broadly seeks to:

    - Refine and reinforce the existing activity centre hierarchy (via removal of retail policy provision in Clause 21.07 and the inclusion of a new Clause 21.19),
    - Refine the application of floorspace caps to ensure greater consistency and understanding of justification (via amendments to Clause 24.01).
    - Refine the assessment criteria for retail planning applications (via Clause 22.03)
    - Add the Retail Strategy as a background document (via Clause 72.08)

20. Further discussion regarding the economic basis of the policy implementation is included in Section 2.7 of my statement of evidence.

2.2 Overview of SGS reports and scope

21. In June 2014, SGS was engaged by the City of Greater Geelong to prepare the Greater Geelong Retail Strategy. I, Julian Szafraniec was Project Director and involved throughout the entire project. The original work was split into two stages:

- SGS Greater Geelong Retail Strategy - Issues and Options Report, September 2016 (**SGS Issues and Options Report**). I led this first stage of work with staff acting under my direction. This stage involved:
  - Review of existing policies, research and retail trends,
  - A land use audit of all existing centres (documented in an Appendix to the SGS Issues and Options Report)
  - Consultation with a range of stakeholders on key trends, issues and opportunities
  - Development of a retail gravity model to simulate and forecast the base retail system
  - Development of key issues, opportunities and strategic directions for Council to consider when planning for retail centres in the future
- SGS Greater Geelong Retail Strategy, June 2016 (**SGS Retail Strategy**). This second stage was led by Marcus Spiller with involvement from myself and other SGS staff. This stage involved:
  - Documenting the vision, principles, objectives and decision criteria to guide future investment in retail floorspace in the City of Greater Geelong.
  - Policy advice around the application of floorspace caps and the assessment criteria for retail planning applications.

22. These documents were then translated into the City of Greater Geelong designed version of the Greater Geelong Retail Strategy 2016-2036 (**Retail Strategy**) along with specific changes to the planning policy.

23. In late 2016 SGS was engaged to review the Council designed version of the Retail Strategy and draft planning policy. Marcus Spiller and I were involved in this work and provided advice on the implementation of the floorspace caps, assessment criteria and scheme drafting.

24. In 2018 I led a data update (**2018 SGS Data Update**) which input into the final exhibited Greater Geelong Retail Strategy 2016-2036 (**Retail Strategy**). This involved:

- Rebasing all data and modelling to a 2016 base year and forecasting to 2036.
- Updating existing and planned centre floorspace which was provided by Council. This included small revisions to the existing list of centres, plus adding 11 centres located in the Northern and Western Geelong Growth Areas (NGGA and WGGA), which were not included in the original analysis. At the time, a large portion of supply in these new

growth areas was thought to come online after 2036. The following centre supply inputs for the NGGA and WGGA were used:

TABLE 1 NORTHERN AND WESTERN GEELONG GROWTH AREA FLOORSPACE ASSUMPTIONS

Location	Centre	Retail floorspace (build out)	Retail floorspace (by 2036)
NGGA	1 x Town centre*	10,750 (average size of an existing Town Centre)	5,372 (50 % of capacity)
NGGA	3 x Neighbourhood	6,650 (Each) (average size of an existing Neighbourhood Centre)	6,650 (1 of 3)
WGGA	1 x Sub-regional	33,100 (average size of an existing Sub-regional Centre)	16,552 (50 %)
WGGA	5 x Neighbourhood	6,650 (Each) (average size of an existing Neighbourhood Centre)	6,650 (1 of 5)
WGGA	1 x Homemaker	14,500 (Each) (average size of an existing Homemaker Centre)	0 (0%)
Sub-total		**111,600**	**35,224 (25 %)**

*Note: in final Retail Strategy this has now been redefined as a sub-regional while analysis has not changed

- Updating population forecasts based on the latest available data including new 2016 Census and urban development information. The NGGA and WGGA were also added into the forecasts based on development assumptions from the Northern Geelong Growth Area – Activity Centre Assessment, Essential Economics, August 2017 and Western Growth Area – Retail and Activity Centre Technical Report, Urban Enterprise, July 2017. Timing of development to 2036 was determined in consultation with Council. The following population inputs for the NGGA and WGGA were used:

TABLE 2 NORTHERN AND WESTERN GEELONG GROWTH AREA POPULATION ASSUMPTIONS

Location	Population (Build out)	Population (by 2036)
NGGA	43,025 (15,366 dwellings)	14,112 (33 % of build out)
WGGA	64,170 (22,918 dwellings)	14,108 (22 %)
Sub total	**107,195 (38,284 dwellings)**	**28,220 (26 %)**

- The latest 2016 MarketInfo and ABS retail trade data were sourced, and expenditure forecasts were updated and rebased to 2016 dollars.
- A minor adjustment to Retail Turnover Densities was also completed to realign rates with updated population, expenditure and floorspace data.
- The SGS gravity model was rerun with new inputs to estimate the base case retail system
- SGS reproduced a selection of existing tables, charts, maps and datasets. These were provided in brief word document and set of data files.

25. Separate to the Retail Strategy work for Council, I have also led the preparation of small area land use forecast scenarios for Geelong in 2018 and 2019. These included population and employment projections for a base (used in this Retail Strategy) and high growth scenario.

26. SGS has also been involved in studies for Armstrong Creek and the Northern and Western Geelong Growth Areas. I was not directly involved in these studies, however I have had regard to them during the drafting of this evidence statement along with other relevant documents noted in Section 1.4.

2.3 SGS retail modelling approach overview

27. SGS has used a gravity model approach for the Retail Strategy. This is further discussed in Section 5 of the SGS Issues and Options report and summarised in Figure 1 below.

FIGURE 1 GEELONG RETAIL GRAVITY MODEL APPROACH OVERVIEW

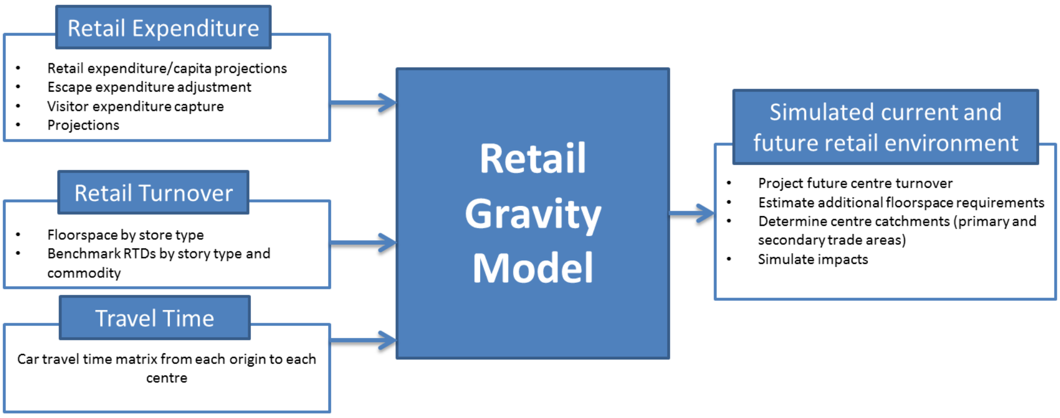


Figure 17, page 35 of the SGS Issues and Options Report

Source: SGS Economics and Planning

28. To create a largely self-contained system the model includes all of the City of Greater Geelong, Queenscliff and parts of Surf Coast. Analysis of resident, online, student, worker, and tourist expenditure flows has also been completed to account flows in/out of this system and reassign expenditure locations. The three core components are summarised below:

Retail Expenditure

29. Retail expenditure by small area is estimated based on population forecasts, expenditure per capita trends and escape/capture adjustments. Adjustments seek to capture the impact of online, student, worker, and tourist expenditure flows on the system. This is further discussed in Section 5.4 of SGS Issues and Options Report and Section 2.5 below.

Retail Turnover

30. The gravity model assumes a closed system (once addressing expenditure escape/capture adjustments noted above). Therefore in 2016 (base year) the system wide retail turnover is equal to system wide adjusted expenditure. This is allocated down to individual centres and store types based on the retail floorspace audit data, actual turnover data for selected centres where available and relativities in retail turnover densities for various store types.

31. When using the gravity model approach the total system expenditure pool must equal the total turnover of all centres. This is further discussed in Section 5.3 of Issues and Options Report and Section 2.6 of my evidence statement.

Retail Economy Simulation

32. SGS then applies a gravity modelling approach to simulate the flow of shoppers to different centres taking into account ease of access and the 'weight' or attractiveness of the various centres. In simplest terms the model assumes:

- If all centres were identical, I would spend money at the closest
- If all centres were at my doorstep, I would go to the biggest and most 'attractive' centre.

33. A gravity modelling approach is well suited to a largely self-contained and complex system such as Greater Geelong because:

- 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 dynamic, based on changing demand, supply, transport and retail segments.

34. The gravity model approach is further discussed in Section 5.2 of SGS Issues and Options Report and results discussed in Section 2.6 below.

2.4 Population projections

35. Population projections form a primary input into the retail floorspace demand forecasts. The following section of my evidence further details the final population projections used in the Retail Strategy and responds to the Panel Direction 14 h), 14 f) and 14 i).

36. In response to Panel Direction 14 h) Table 3 below provides a detailed breakdown of the population projections by sub-region[1]. This aligns with Table 1, page 12 and Figure 2, page 13 of the Retail Strategy. However, I note population growth within the NGGA and WGGA has been excluded from the map (Figure 2, page 13 of the Retail Strategy).

TABLE 3 POPULATION PROJECTIONS CITY OF GREATER GEELONG SUB-REGIONS, 2016-36

Sub-regions	2016	2021	2026	2031	2036	Growth (2016-36)		
						Change	% of change	Growth rate
Lara	15,326	16,931	18,539	20,338	22,242	6,916	6%	1.9%
Northern Geelong GA	1,097	1,095	1,104	3,376	14,112	13,015	11%	13.6%
Geelong (Corio Norlane)	40,641	41,794	42,975	44,205	45,471	4,830	4%	0.6%
Western Geelong GA	342	398	446	3,036	14,108	13,766	12%	20.4%
Geelong (Central)	111,857	117,374	121,940	126,415	131,315	19,458	17%	0.8%
Geelong (Armstrong Creek)	6,476	14,176	23,120	32,117	36,672	30,196	26%	9.1%
Leopold	12,119	13,712	15,331	16,914	18,673	6,554	6%	2.2%
Drysdale	12,668	14,394	16,188	18,136	20,097	7,430	6%	2.3%
Ocean Grove	18,402	19,636	20,823	22,255	24,051	5,648	5%	1.3%
NE Bellarine Pe	7,189	7,958	8,725	9,496	10,281	3,092	3%	1.8%
Remainder	11,013	11,285	11,782	12,620	14,477	3,465	3%	1.4%
Greater Geelong	**237,129**	**258,753**	**280,975**	**308,909**	**351,499**	**114,370**	**100%**	**2.0%**

AAGR = Average Annual Growth Rate

Source: SGS Economics and Planning

37. To improve clarity of what population forecasts were used in the Retail Strategy, I believe, the following changes should be made:

- The Table 3 (above) should replace Table 1 on page 12 of the Retail Strategy. Alternatively, this table could be added to an Appendix.
- Figure 2, page 13 of the Retail Strategy should be amended to include the assumed population growth to 2036 in the NGGA and WGGA. Given these areas will not be fully developed by 2036, the full build out capacity of these growth areas could potentially also be identified on the map or in a footnote. This would help clarify the expectation that substantial growth would continue post 2036. It would also enable readers of the Retail

[1] Where Sub-Regions are as defined per Figure 13, page 41 of the Greater Geelong Retail Strategy 2016-36

Strategy to reconcile the planned retail network in those areas with the full build out capacity, rather than just population growth estimated to 2036.

38. In response to Panel Direction 14 f) Table 4 below presents the final population projections used in the Retail Strategy (highlighted blue) alongside the Settlement Strategy population scenarios, other relevant population projections and recent historical population growth.

39. The population projections used in the Retail Strategy are broadly aligned with Settlement Strategy Scenario C 'Strong Growth'. They are also broadly aligned with the recently released July 2019 Victoria-in-Future population projections developed by the Department of Environment, Land, Water and Planning.

40. Settlement Scenario D reflects a 10 per cent higher population by 2036. While I have not modelled this level of population, it would likely impact the retail modelling to a similar degree. This would add approximately 100-150,000 square metres of total retail floorspace demand into the Greater Geelong system by 2036 (or 60-90,000 square metres of Shop retail[2] floorspace by 2036).

41. Growth rates have, and are likely to continue to, fluctuate over the life of the Retail Strategy. I believe the projections reflect an appropriate base scenario for retail centre planning and will ensure there is not an oversupply of floorspace if very high rates are not achieved.

42. Further, the policy is flexible (as discussed in Section 2.7) and if higher population is achieved then additional floorspace can be provided where it demonstrates a net community benefit.

TABLE 4 GREATER GEELONG POPULATION PROJECTION COMPARISON, 2016 AND 2036

Population sources	2016	2036	Population growth (2016-36)	
			Change	AAGR
Geelong Retail Strategy (Updated data 2018)	**237,129**	**351,499**	**114,370**	**2.0%**
Geelong Retail Strategy (Original Sept 2016)	237,129	298,000	60,871	1.1%
Settlement Strategy (A - Long term historic)	239,000	307,400	68,400	1.3%
Settlement Strategy (B - Current official)	239,000	320,800	81,800	1.5%
Settlement Strategy (C - Strong Growth)	239,000	352,300	113,300	2.0%
Settlement Strategy (D - G21 Regional Growth Plan)	239,000	387,900	148,900	2.5%
Settlement Strategy (E - Growth Surge)	239,000	427,121	188,121	2.9%
id.forecast	239,531	361,014	121,483	2.1%
2019 Victoria in Future - DELWP	239,529	360,245	120,716	2.1%
Recent Growth	*Note different years used for recent growth data*			
ABS ERP (2006-11)	201,495	215,837	14,342	1.4%
ABS ERP (2011-16)	215,837	239,529	23,692	2.1%
ABS ERP (2016-18)	239,529	252,217	12,688	2.6%

AAGR = Average Annual Growth Rate

[2] Shop Retail (excludes Bulky goods and Hospitality)

43. In response Direction 14 i) Table 5 below presents the historical and projected population for the Geelong (Central) sub-region and a selection of inner Geelong Statistical Areas 2s (SA2) broadly within 5km of the CBD. Table 6 presents new residential Building Approvals for these inner SA2s. A few key points can be made:

- Geelong (Central) subregion will add 19,458 people (17 per cent of Greater Geelong growth) from 2016 to 2036.
- The majority of this growth will be in and around the CBD (in the Geelong SA2).

TABLE 5 RECENT AND FORECAST POPULATION FOR INNER GEELONG

	Actual*			**Retail Strategy****				
	2008	**2018**	**Growth rate (2008-18)**	**2016**	**2026**	**Growth rate (2016-26)**	**2036**	**Growth rate (2026-36)**
Geelong (Central) *Strategy sub-region*				111,857	121,940	0.9%	131,315	0.7%
Selected Inner SA2s								
Geelong	12,151	13,498	1.1%	13,019	14,351	1.0%	15,934	1.1%
Belmont	13,666	14,608	0.7%	14,378	15,182	0.5%	16,024	0.5%
Newcomb - Moolap	14,758	14,949	0.1%	14,630	15,304	0.5%	16,346	0.7%
Newtown	9,885	10,718	0.8%	10,526	11,005	0.4%	11,515	0.5%
Selected SA2s subtotal	**50,460**	**53,773**	**0.6%**	**52,552**	**55,842**	**0.6%**	**59,818**	**0.7%**

*Estimated Resident Population, ABS

** Geelong Retail Strategy, SGS Economics and Planning, 2018

TABLE 6 BUILDING APPROVALS, NEW, RESIDENTIAL, SELECTED INNER SA2S

Selected Inner SA2s	**FY2011-12**	**FY2012-13**	**FY2013-14**	**FY2014-15**	**FY2015-16**	**FY2016-17**	**FY2017-18**	**FY2018-19**
Geelong	85	65	65	105	47	52	378	147
Belmont	69	71	51	58	95	61	101	55
Newcomb - Moolap	61	44	88	150	127	53	175	36
Newtown	94	108	57	52	32	38	43	39
SA2 subtotal	**309**	**288**	**261**	**365**	**301**	**204**	**697**	**277**
% of Geelong LGA	16%	13%	10%	14%	11%	8%	20%	8%

Source: ABS Building Approvals, New, Residential developments

2.5 Retail expenditure forecasting

44. The following section of my evidence details the approach and assumptions used to estimate retail expenditure and floorspace demand in the final Retail Strategy. It reproduces some analysis included in the original SGS Issues and Options Report with updated data from the 2018 SGS Data Update. I have also sought to respond to Panel Directions 14 g) through this expanded explanation of the expenditure analysis.

Retail expenditure forecasting

45. Section 5.4 of the SGS Issues and Options report details the approach to retail expenditure forecasting used the Geelong Retail Strategy. This involves a four-step process:

- Step 1: Expenditure per capita
- Step 2: Projected expenditure per capita
- Step 3: Total resident retail expenditure
- Step 4: Total adjusted retail expenditure

46. It should also be noted that Point Lonsdale LGA and the Torquay part of Surf Coast LGA were included in the analysis given there are flows between these areas and parts of Geelong. I have clearly noted in any results if these areas are included in the results presented.

STEP 1: Per capita expenditure

47. Expenditure per capita for each Statistical Area 1 and by 10 commodity types is sourced from 2016 MarketInfo. This includes all expenditure behaviour including online and at physical stores. The table below summarises average expenditure per capita by commodity types for Greater Geelong and comparator areas. This highlights that Geelong residents, on average, spend below the State and Metropolitan Melbourne averages and have a largely similar expenditure profile to the Regional Victorian average. This is consistent with the findings of the SGS Issues and Options Report based on 2014 MarketInfo data. However, the expenditure profile does vary by commodity type and also by locations within Geelong.

48. The Section 7.2 of the SGS Issues and Options Report, while based on the previous 2014 MarketInfo data, presents this spatial variation in great detail. It highlighted higher expenditure per capita in Ocean Grove and lower in Corio Norlane and Geelong (Central).

TABLE 7 2016 ANNUAL PER CAPITA SPEND BY COMMODITY TYPE, 2016 DOLLARS

Commodity group	Greater Geelong		Victoria	Regional Victoria	Greater Melbourne
	$	% diff from Vic			
Food/Groceries	$3,415	*99%*	$3,432	$3,323	$3,470
Pharmaceutical goods	$1,195	*95%*	$1,261	$1,179	$1,290
Tobacco/Bottle shops	$1,570	*105%*	$1,499	$1,606	$1,461
Restaurants/Cafes/Takeaway	$1,708	*89%*	$1,909	$1,691	$1,986
Clothing/Shoes	$1,138	*89%*	$1,277	$1,134	$1,327
Personal	$1,102	*89%*	$1,244	$1,055	$1,310
Furniture/White goods/Manchester	$1,379	*96%*	$1,430	$1,386	$1,445
Electronics	$1,606	*92%*	$1,754	$1,604	$1,806
Hardware/Gardening	$823	*92%*	$894	$831	$915
Newsagent/Lotto	$650	*98%*	$664	$651	$668
Total retail spend per capita	**$14,586**	***95%***	**$15,364**	**$14,460**	**$15,680**

Source: MarketInfo, 2016

STEP 2: Projected per capita expenditure

49. Per capita expenditure by commodity group is then projected to 2036 using trends in the ABS Retail Trade Survey dataset and other information on retail trends as detailed in Section 5.4 of the SGS Issues and Options Report. Commodity type growth rates are then applied to each zone within Greater Geelong to retain local variation in spending behaviour.

50. Table 8 shows projected growth in per capita expenditure by commodity group out to 2036. From this we can see that pharmaceutical goods, Clothing/Shoes and Electronics represent the largest increase in expenditure going forward.

TABLE 8 PROJECTED GREATER GEELONG SPEND PER CAPITA BY COMMODITY TYPE, 2016-36, 2016 DOLLARS

Commodity Type	2016	2026	2036	2016 - 36	
				Change	Growth Rate
Food/Groceries	$3,415	$3,773	$4,164	$750	1.00%
Pharmaceutical goods	$1,195	$1,430	$1,683	$488	1.73%
Tobacco/Bottle shops	$1,570	$1,699	$1,849	$279	0.82%
Restaurants/Cafes/Takeaway	$1,708	$1,939	$2,188	$479	1.24%
Clothing/Shoes	$1,138	$1,349	$1,567	$429	1.61%
Personal	$1,102	$1,260	$1,426	$324	1.30%
Furniture/White goods/Manchester	$1,379	$1,602	$1,834	$455	1.44%
Electronics	$1,606	$1,910	$2,213	$607	1.62%
Hardware/Gardening	$823	$957	$1,091	$268	1.42%
Newsagent/Lotto	$650	$368	$86	-$564	-9.61%
Total Spend per capita	**$14,586**	**$16,289**	**$18,100**	**$3,515**	**1.09%**

Source: SGS Economics and Planning based on Market Info and ABS Retail Trade series.

STEP 3: Total resident retail expenditure

51. Expenditure per capita projections are then multiplied by small area population projections to generate total resident expenditure forecasts. Results for the whole of Greater Geelong by commodity type and each subregion are presented in Table 9 and Table 10 below.

52. This highlights a total resident expenditure pool of $3,459 million in 2016. Over the next 20 years this will increase by 3.09 per cent in real terms. This is partly due to population growth (2 per cent) and partly due to increased spend per capita (1 per cent).

TABLE 9 PROJECTED GREATER GEELONG RESIDENT SPEND BY COMMODITY GROUP, 2014-31 ($ MILLION), 2016 DOLLARS

Commodity Type	2016	2026	2036	2016 - 36	
				Change	Growth Rate
Food/Groceries	$810	$1,060	$1,464	$654	3.00%
Pharmaceutical goods	$283	$402	$591	$308	3.75%
Tobacco/Bottle shops	$372	$477	$650	$278	2.83%
Restaurants/Cafes/Takeaway	$405	$545	$769	$364	3.26%
Clothing/Shoes	$270	$379	$551	$281	3.63%
Personal	$261	$354	$501	$240	3.31%
Furniture/White goods/Manchester	$327	$450	$645	$318	3.45%
Electronics	$381	$537	$778	$397	3.64%
Hardware/Gardening	$195	$269	$383	$188	3.44%
Newsagent/Lotto	$154	$103	$30	-$124	-7.82%
Total Resident Spend	**$3,459**	**$4,577**	**$6,362**	**$2,904**	**3.09%**

Source: SGS Economics and Planning based on Market Info and ABS Retail Trade series.

53. Growth in resident expenditure largely follows population growth, with Armstrong Creek, NGGA, WGGA and Geelong (Central) all seeing strong growth in resident expenditure.

54. An additional $354 million is also estimated in neighbouring Surf Coast (part) and Point Lonsdale LGA. These are considered when modelling escape/capture expenditure flows.

TABLE 10 PROJECTED RESIDENT SPEND BY SUB REGION, 2014-31 ($MILLION), 2016 DOLLARS

Commodity Type	2016	2026	2036	2016 - 36	
				Change	Growth Rate
Lara	$223	$300	$394	$171	2.88%
Northern Geelong GA	$16	$18	$259	$243	14.84%
Geelong (Corio Norlane)	$491	$576	$671	$180	1.57%
Western Geelong GA	$6	$9	$291	$285	21.24%
Geelong (Central)	$1,683	$2,053	$2,445	$762	1.89%
Geelong (Armstrong Creek)	$92	$370	$647	$554	10.22%
Leopold	$180	$256	$345	$165	3.29%
Drysdale	$198	$289	$398	$199	3.53%
Ocean Grove	$290	$358	$448	$158	2.20%
NE Bellarine Pe	$110	$148	$193	$83	2.87%
Remainder	$168	$200	$271	$103	2.41%
Total Geelong resident spend	**$3,459**	**$4,577**	**$6,362**	**$2,904**	**3.09%**
Surf Coast (part) and Point Lonsdale resident spend	*$354*	*$493*	*$682*	*$328*	*3.33%*
Total system resident spend	*$3,813*	*$5,069*	*$7,045*	*$3,232*	*3.12%*

Source: SGS Economics and Planning based on Market Info and ABS Retail Trade series.

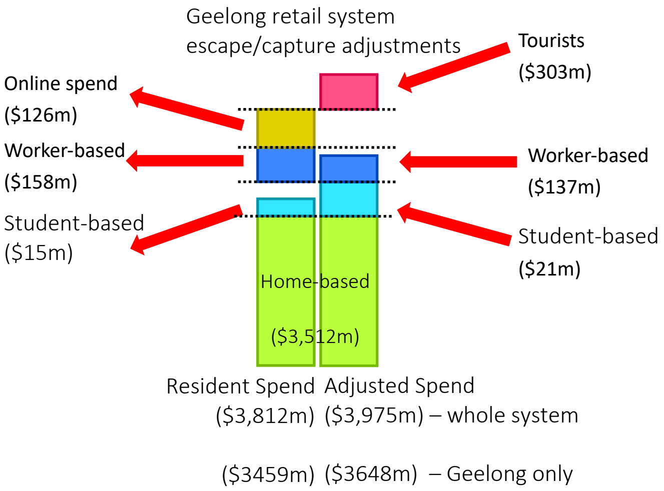
STEP 4: Total adjusted retail expenditure

55. While a large proportion of retail spend is linked to a person's place of residence, spending decisions are also linked to both place of work and study (for tertiary students). In addition, tourist spending can significantly influence demand during key points of the year, particularly for holiday areas. Online retailing has also increased its role.

56. These factors vary across commodity/store types and can significantly influence the actual amount and location of retail demand. SGS has completed analysis on each factor and adjusted expenditure accordingly. These adjustments are detailed in Section 5.4 of the SGS Issues and Options report. The effect and role of online retailing is also further discussed in Section 4.3 of the SGS Issues and Options report.

57. A summary of the overall effect of these adjustments is presented in Figure 2 below. These adjustments were completed at a system-wide level, including all of Greater Geelong, Surf Coast (part) and Point Lonsdale LGAs.

FIGURE 2 SYSTEM ESCAPE/ CAPTURE AND EXPENDITURE ADJUSTMENTS



58. Table 11 and Table 12 present these final adjusted expenditure estimates used to determine retail floorspace requirements and flows in the gravity model. From this we can see there is an overall net inflow into the retail economy as Geelong acts as a major economic node for the broader region. This is most felt in the hospitality (Restaurants/ Cafes/ Takeaway), apparel (Clothing/ Shoes) and personal goods commodity types.

59. There are also spatial implications within Greater Geelong from these adjustments. Due largely to the location of employment and major education institutions we see a shift toward the Geelong (Central) sub-region. There is also a small shift to Ocean Grove and the Remainder sub-regions which contain tourist attractors that generate retail demand.

TABLE 11 PROJECTED ADJUSTED SPEND BY COMMODITY GROUP, 2014-31 ($ MILLION), 2016 DOLLARS

Commodity types	**2016**	**2026**	**2036**	**2016 - 36**	
				Change	**Growth Rate**
Food/Groceries	$816	$1,065	$1,462	$646	2.96%
Pharmaceutical goods	$277	$391	$571	$294	3.68%
Tobacco/Bottle shops	$374	$477	$644	$270	2.76%
Restaurants/Cafes/Takeaway	$591	$750	$979	$388	2.55%
Clothing/Shoes	$300	$408	$569	$268	3.24%
Personal	$308	$405	$550	$241	2.93%
Furniture/White goods/Manchester	$311	$429	$613	$302	3.45%
Electronics	$335	$472	$683	$348	3.62%
Hardware/Gardening	$187	$257	$366	$179	3.41%
Newsagent/Lotto	$148	$99	$29	-$119	-7.82%
Total Geelong adjusted Spend	**$3,648**	**$4,753**	**$6,465**	**$2,817**	**2.90%**
Surf Coast (part) and Point Lonsdale adjusted spend	$326	$453	$627	$300	3.32%
Total system adjusted spend	$3,975	$5,206	$7,092	$3,117	2.94%

Source: SGS Economics and Planning based on Market Info and ABS Retail Trade series.

TABLE 12 GREATER GEELONG PROJECTED ADJUSTED SPEND BY SUB REGION, 2014-31 ($M), 2016 DOLLARS

Sub-regions	2016	2026	2036	2016 - 36	
				Change	Growth Rate
Lara	$216	$289	$377	$161	2.82%
Northern Geelong GA	$17	$19	$241	$224	14.21%
Geelong (Corio Norlane)	$519	$609	$708	$189	1.56%
Western Geelong GA	$7	$10	$269	$262	19.91%
Geelong (Central)	$1,816	$2,179	$2,545	$729	1.70%
Geelong (Armstrong Creek)	$95	$373	$667	$572	10.23%
Leopold	$169	$239	$320	$152	3.26%
Drysdale	$193	$278	$379	$186	3.42%
Ocean Grove	$301	$368	$456	$154	2.09%
NE Bellarine Pe	$111	$148	$190	$79	2.73%
Remainder	$204	$240	$313	$109	2.16%
Total Geelong adjusted spend	**$3,648**	**$4,753**	**$6,465**	**$2,817**	**2.90%**

Source: SGS Economics and Planning based on Market Info and ABS Retail Trade series.

2.6 Retail floorspace demand modelling

60. The following section discusses how the retail expenditure forecasts are combined with floorspace supply information to estimate floorspace demand results detailed in the Retail Strategy. These results also form the basis of the Floorspace Caps further discussed in Section 2.7 of my evidence statement. I have identified some required corrections to the Retail Strategy and provided some suggestions to clarify the analysis. I have also sought to respond to Panel Directions 14 j).

System-wide demand and supply alignment

61. The total system retail expenditure as summarised in Table 11 and Table 12 is aligned with the results of the floorspace audit which identified 903,812 square metres of retail floorspace across the system. This is presented in columns A and B of Table 13 below. These are combined to estimate average turnover per square meter by store types (i.e. Retail Turnover Density or RTD) for the entire system (column C).

62. This system estimated RTD was found to be generally below industry averages and as such a 'target' RTD (Column D) was developed for forecasting base case future retail floorspace demand requirements across Greater Geelong. This target RTD was still below industry averages, but considered a reasonable baseline for the regional context.

TABLE 13 SYSTEM ALIGNMENT AND RETAIL TURNOVER DENSITIES

Store types	A) Total system adjusted spend / Turnover ($m)	B) Floorspace (sqm)	C= B/A) Estimate Retail Turnover Density ($psm)	D) 'Target' Retail Turnover Density ($psm)
Supermarket and Grocery Stores	$850	110,166	$7,720	$10,000
Department Stores	$224	63,624	$3,524	$3,500
Bulky Goods	$673	267,323	$2,519	$3,000
Specialty – Food & Drink	$514	65,510	$7,843	$9,000
Specialty – Non food	$1,069	250,515	$4,266	$4,000
Hospitality	$623	146,673	$4,249	$4,000
Total retail	**$3,954**	**903,812**	**$4,374**	**$4,632**
Shop retail (ex. Bulky and Hospitality)	*$2,657*	*489,815*	*$5,425*	*$5,613*

Note: Column C and D are also presented in Table 4, page 35 of the Retail Strategy

Source: SGS Economics and Planning

63. RTDs do (and should) vary significantly for a range of reasons by location, store type and individual shop. This is due to varying input costs, operational models and performance. However, this does not mean a store with a low RTD is necessarily less profitable. Therefore, RTDs should always be used at a strategic level and not interpreted as reflective of one particular shop.

64. To further address uncertainty regarding RTDs, sensitivity analysis was also conducted in Section 8.1 of the SGS Issues and Options Report. This is presented below in Table 14.

Base case retail floorspace demand scenario

65. The retail floorspace forecasts detailed in the Retail Strategy reflect a base case, or business as usual scenario for the system. This is a theoretical scenario which assumes future demand will be absorbed by existing and already planned future centres via the gravity model. This helps understand the level of trade that these centres will attract if no further development occurs. This provides an important starting point from which future changes to the retail system can be assessed. It does not necessarily reflect the only or best outcome.

66. Increased base case trade at these existing/planned centres can then also be translated back to estimates of future supportable floorspace using standard RTDs. This is basis of the projected floorspace demand presented in the Retail Strategy.

67. The clear definition and documentation of a base case scenario is critical to the Net Community Benefit assessment. This is further discussed in Section 3.4 and 8.2 of the Issues and Options Report.

Greater Geelong floorspace demand projections

68. The gravity model approach enables results to be presented in wide range of ways to understand various segments of the retail economy. However, this can also cause confusion as to what is being presented and how one aspect compares to another. The following seeks to systematically breakdown how results are created, how they link to each other and how they should be interpreted by a potential applicant.

69. Table 14 summarises a series of total retail floorspace demand forecasts for Greater Geelong. This includes a number of RTD sensitivities as were included in the SGS Issues and Options Report. Floorspace demand is essentially determined by converting expenditure data to floorspace using various RTDs (noted in rows C, E, G, I, L, N, P, R). This can be done based on expenditure *origin* as reflected by the 'Adjusted spend (from Geelong)' (row B), or expenditure *destination* as reflected in 'Adjusted spend (at Geelong Centres)' (row K). The difference between row B and row K reflects flows to/from Point Lonsdale and Surf Coast.

70. I have the following comments on these results and how they relate to the Retail Strategy:

- Row B aligns with the data presented in Table 11 of this statement.
- Row C and L aligns with existing system floorspace and associated RTDs in 2016 as noted in Column C of Table 13. Therefore, 2016 floorspace demand at Geelong Centres (row N) equals the floorspace audit supply data of 903,812.
- Row C (highlighted Blue) is the basis of the 'demand component' of charts presented in Figure 12 and Figure 14, page 40-43 of the Retail Strategy.
- Row E and N align with 'target' RTDs as per column D in Table 13.
- Row N (highlighted red) is the basis of the projected floorspace demand presented in Table 5, page 57 of the Retail Strategy.
- Total retail floorspace demand at centres is anticipated to increase by between 471,537 and 711,449 square metres over the next 20 years. This includes all retail store types including Supermarket, Department Stores, Specialty, Bulky goods and Hospitality.
- According to the updated floorspace audit total retail floorspace provision as at 2016 is 3.6 square metres per person (row O). If average real RTDs do not change this rate is anticipated to increase to 4.3 square metres per person. At an RTD of $6,600, provision would be at 3.0 square meters per person by 2036 (row S).

TABLE 14 TOTAL RETAIL FLOORSPACE DEMAND

		2016	2026	2036	2016-36
A	Population	237,129	280,975	351,499	114,370
B	**Adjusted spend ($m) (from Geelong)**	**$3,648**	**$4,753**	**$6,465**	**$2,817**
C	Floorspace demand ($4,374 RTD)	834,020	1,086,482	1,477,930	643,909
D	Floorspace per capita	3.5	3.8	4.2	
E	Floorspace demand ($4,632 RTD)	787,685	1,026,121	1,395,821	608,136
F	Floorspace per capita	3.3	3.7	4.0	
G	Floorspace demand ($5,600 RTD)	651,485	848,693	1,154,468	502,982
H	Floorspace per capita	2.7	3.0	3.3	
I	Floorspace demand ($6,600 RTD)	552,776	720,103	979,548	426,773
J	Floorspace per capita	2.3	2.6	2.8	
K	**Adjusted spend ($m) (at Geelong centres)**	**$3,954**	**$5,183**	**$7,066**	**$3,112**
L	Floorspace demand ($4,374 RTD)	903,812	1,184,856	1,615,260	711,449
M	Floorspace per capita	3.8	4.2	4.6	
N	Floorspace demand ($4,632 RTD)	853,599	1,120,759	1,527,750	674,151
O	Floorspace per capita	3.6	4.0	4.3	
P	Floorspace demand ($5,600 RTD)	706,002	925,537	1,261,742	555,740
Q	Floorspace per capita	3.0	3.3	3.6	
R	Floorspace demand ($6,600 RTD)	599,032	785,304	1,070,569	471,537
S	Floorspace per capita	2.5	2.8	3.0	

Source: SGS Economics and Planning

71. Table 15 presents the same analysis for just shop retail (excluding Bulky goods and hospitality). Row N (highlighted Red) aligns with shop retail demand projections included Table 7 and 8 in the Retail Strategy. This indicates current shop retail provision of 2.0 square metres per person, increasing to 2.4 square metres per person by 2036 under the Target RTD rates (row N).

TABLE 15 SHOP RETAIL FLOORSPACE DEMAND

		2016	2026	2036	2016-36
A	Population	237,129	280,975	351,499	114,370
B	**Adjusted spend ($m) (from Geelong)**	**$2,452**	**$3,197**	**$4,371**	**$1,919**
C	Floorspace demand ($5,425 RTD)	451,992	589,374	805,725	353,733
D	Floorspace per capita	1.9	2.1	2.3	
E	Floorspace demand ($5,613 RTD)	436,790	569,551	778,626	341,836
F	Floorspace per capita	1.8	2.0	2.2	
G	Floorspace demand ($6,600 RTD)	371,493	484,408	662,227	290,734
H	Floorspace per capita	1.6	1.7	1.9	
I	Floorspace demand ($7,600 RTD)	322,612	420,670	575,092	252,480
J	Floorspace per capita	1.4	1.5	1.6	
K	**Adjusted spend ($m) (at Geelong centres)**	**$2,657**	**$3,487**	**$4,777**	**$2,120**
L	Floorspace demand ($5,425 RTD)	489,815	642,738	880,594	390,779
M	Floorspace per capita	2.1	2.3	2.5	
N	Floorspace demand ($5,613 RTD)	473,340	621,638	851,824	378,484
O	Floorspace per capita	2.0	2.2	2.4	
P	Floorspace demand ($6,600 RTD)	402,579	528,268	723,762	321,182
Q	Floorspace per capita	1.7	1.9	2.1	
R	Floorspace demand ($7,600 RTD)	349,608	458,759	628,530	278,921
S	Floorspace per capita	1.5	1.6	1.8	

Source: SGS Economics and Planning

72. Row E and N can then be further disaggregated into subregions to determine underlying floorspace demand by subregion origin and at destinations. This is summarised in Table 16 and Table 17 for Total retail and Shop retail respectively.

TABLE 16 TOTAL RETAIL FLOORSPACE DEMAND, SUBREGION

	Estimated Demand from Geelong (row E) based on adjusted spend and $4,632 RTD				Floorspace demand at Geelong centres (row N) based on gravity model base case assignment and $4,632 RTD			
	2016	2026	2036	2016-36	2016	2026	2036	2016-36
Lara	46,715	62,299	81,408	34,693	19,843	25,222	33,933	14,090
Northern Geelong Growth Area	3,647	4,074	51,956	48,309	0	0	9,302	9,302
Geelong (Corio Norlane)	112,076	131,517	152,855	40,779	142,881	184,013	249,331	106,451
Western Geelong Growth Area	1,539	2,151	58,161	56,622	0	0	24,800	24,800
Geelong (Central)	392,043	470,544	549,490	157,447	576,409	723,369	914,606	338,197
Geelong (Armstrong Creek)	20,533	80,506	144,045	123,512	5,540	44,048	109,554	104,014
Leopold	36,439	51,562	69,150	32,711	33,563	47,941	66,928	33,365
Drysdale	41,747	60,075	81,844	40,097	22,096	29,007	37,307	15,211
Ocean Grove	65,021	79,558	98,370	33,349	40,383	50,637	61,404	21,021
NE Bellarine Pe	23,913	31,931	40,996	17,083	12,884	16,521	20,585	7,701
Remainder	44,013	51,905	67,548	23,534	0	0	0	0
Total	**787,685**	**1,026,121**	**1,395,821**	**608,136**	**853,599**	**1,120,759**	**1,527,750**	**674,151**

Source: SGS Economics and Planning

TABLE 17 SHOP RETAIL FLOORSPACE DEMAND, SUBREGION

	Estimated Demand from Geelong based on adjusted spend and $5,613 RTD				Floorspace demand at Geelong centres (row N) based on gravity model base case assignment and $5,613 RTD			
	2016	2026	2036	2016-36	2016	2026	2036	2016-36
Lara	25,905	34,579	45,411	19,507	13,643	17,226	23,166	9,522
Northern Geelong Growth Area	2,022	2,261	28,983	26,960	0	0	6,006	6,006
Geelong (Corio Norlane)	62,149	72,999	85,267	23,118	66,212	81,100	106,247	40,034
Western Geelong Growth Area	854	1,194	32,444	31,590	0	0	20,813	20,813
Geelong (Central)	217,397	261,177	306,520	89,123	320,072	405,190	516,673	196,601
Geelong (Armstrong Creek)	11,386	44,685	80,352	68,966	4,329	28,375	64,903	60,574
Leopold	20,206	28,620	38,574	18,367	19,746	26,728	35,925	16,179
Drysdale	23,150	33,345	45,655	22,505	16,460	21,232	27,181	10,722
Ocean Grove	36,056	44,159	54,873	18,818	25,081	31,862	38,641	13,561
NE Bellarine Pe	13,260	17,723	22,868	9,608	7,797	9,925	12,270	4,473
Remainder	24,406	28,810	37,680	13,273	0	0	0	0
Total	**436,790**	**569,551**	**778,626**	**341,836**	**473,340**	**621,638**	**851,824**	**378,484**

Source: SGS Economics and Planning

73. In response to Panel Direction 14 j) the data presented in Figure 12 and Figure 14 on pages 40-43 of the Retail Strategy is presented in Table 18 below. The 'demand component' aligns with row C of Table 14 above (highlighted blue). The 'supply component' is sourced from the floorspace audit and includes existing and planned supply, excluding vacant floorspace.

74. I also note there is an error in the undersupply of retail floorspace reported on page 40 of the Retail Strategy. On this basis it should be:

- 2016 (current) – 74,648 square metre oversupply
- 2026 – 105,267 square metre undersupply
- 2036 – 415,725 square metre undersupply

TABLE 18 SUBREGION SUPPLY AND DEMAND ALIGNMENT (DATA FROM FIGURE 12 AND 14)

	SUPPLY Existing (ex. Vacant) and planned supply			DEMAND Estimated demand from Geelong (row C) based on adjusted spend and $4,374 RTD		
	2016	2026	2036	2016	2026	2036
Lara	21,564	26,264	29,564	49,463	65,964	86,197
Northern Geelong Growth Area	0	0	12,022	3,861	4,313	55,012
Geelong (Corio Norlane)	157,131	157,131	157,131	118,669	139,254	161,847
Western Geelong Growth Area	0	0	23,202	1,630	2,277	61,582
Geelong (Central)	603,595	613,095	613,095	415,104	498,223	581,813
Geelong (Armstrong Creek)	6,340	51,517	90,703	21,740	85,241	152,518
Leopold	36,328	36,328	36,328	38,582	54,596	73,217
Drysdale	24,575	24,575	24,575	44,203	63,608	86,658
Ocean Grove	41,086	52,785	53,785	68,846	84,238	104,156
NE Bellarine Pe	13,193	13,193	13,193	25,319	33,809	43,407
Remainder	0	0	0	46,603	54,959	71,521
Total	**903,812**	**974,887**	**1,053,597**	**834,020**	**1,086,482**	**1,477,930**

Source: SGS Economics and Planning

75. However, to be consistent with subsequent analysis in the retail strategy I proposed this analysis be reframed as per Table 20 below. This could be presented as a table or as a similar set of charts. This comparison would highlight the following provision gaps:

- 2016 (current) – 106,180 square metre oversupply
- 2026 – 89,904 square metre undersupply
- 2036 – 418,186 square metre undersupply

76. It should be noted that this alignment includes 55,967 square meters of vacant floorspace. This represents 6% of total retail floorspace which overall is a reasonable level of vacancy to enable the normal churn and redevelopment of centres. It should also be noted this is not evenly distributed with some centres well above this rate highlighting performance issues.

TABLE 19 DEMAND AND SUPPLY ALIGNMENT (UPDATED)

	SUPPLY Existing and planned to 2036 (as of March 2018) total retail floorspace supply			DEMAND Base case scenario total retail floorspace demand projections (row N) Based on 2% population growth, $4,632 average RTD and demand allocated to existing and planned supply locations only		
	2016	2026	2036	2016	2026	2036
Lara	22,043	26,743	30,043	19,843	25,222	33,933
Northern Geelong Growth Area	0	0	12,022	0	0	9,302
Geelong (Corio Norlane)	163,103	163,103	163,103	142,881	184,013	249,331
Western Geelong Growth Area	0	0	23,202	0	0	24,800
Geelong (Central)	648,488	657,988	657,988	576,409	723,369	914,606
Geelong (Armstrong Creek)	7,257	52,434	91,620	5,540	44,048	109,554
Leopold	36,518	36,518	36,518	33,563	47,941	66,928
Drysdale	25,353	25,353	25,353	22,096	29,007	37,307
Ocean Grove	42,716	54,415	55,415	40,383	50,637	61,404
NE Bellarine Pe	14,299	14,299	14,299	12,884	16,521	20,585
Remainder	0	0	0	0	0	0
Total	**959,779**	**1,030,855**	**1,109,564**	**853,599**	**1,120,759**	**1,527,750**

Source: SGS Economics and Planning

77. Floorspace demand under target RTDs (Table 14 row N) can then be further disaggregated to individual centres using the gravity model (see Columns E, F, G, H of Table 20). This reflects the base case scenario floorspace demand. This can be compared to the existing (including vacant) and planned floorspace (see Columns A, B, C and D of Table 20) to identify potential base case future provision gaps (see Columns I, J and K of Table 20).

78. Table 20 below reproduces Table 5, page 57 from the Retail Strategy. It also forms the basis of information presented in Table 8, page 78 of the Retail Strategy. It should be noted that the intention of the demand results is not to state that a specific centre cannot be delivered until 2036, but that by 2036 under a base case scenario the model assumes there will be that amount of additional floorspace demand. The exact timing of delivery of any one centre will be determined through other local policy and market appetite. Table 20 below includes some additional commentary in the column headings to assist in understanding how to interpret the results. A Greater Geelong total row has also been added which aligns with Table 14 row N. This could replace Table 5, page 57 and Table 8, page 78 from the Retail Strategy.

79. It also includes two corrections (highlighted yellow):

- Jetty Rd 2036 floorspace demand (Column G) should be 5,559, not 3,300.
- Local centres floorspace demand (Column E, F and G) should be 69371, 85,603, 114,764 and not 19,000, 23,700, 31,900.

TABLE 20 BASE CASE SCENARIO TOTAL RETAIL FLOORSPACE PROVISION, 2016 TO 36

Precinct	Existing and planned to 2036 (as of March 2018) total retail floorspace supply				Base case scenario total retail floorspace demand projections (row N) Based on 2% population growth, $4,632 average RTD and demand allocated to existing and planned supply locations only				Total supply less demand		
	A) Existing Floorspace in 2016	B) Vacant Floorspace	C) Planned new/ add floorspace	D = A+B+C) Total	E) 2016	F) 2026	G) 2036	H = G- E) 2016-36	I = E - D) 2016	J = F – D) 2026	K = G – D) 2036
GREATER GEELONG	903,812	55,967	149,786	1,109,564	853,599	1,120,759	1,527,750	674,151	255,965	-11,194	-418,186
Regional	**187,304**	**25,985**	**0**	**213,289**	**189,091**	**253,737**	**345,803**	**156,712**	**24,198**	**-40,448**	**-132,514**
Central Geelong	187,304	25,985	0	213,289	189,091	253,737	345,803	156,712	24,198	-40,448	-132,514
Sub-Regional	**132,416**	**1,370**	**61,924**	**195,710**	**125,759**	**180,747**	**281,484**	**155,725**	**69,951**	**14,963**	**-85,774**
Belmont	42,590	1,370	0	43,960	40,209	51,635	64,809	24,600	3,751	-7,675	-20,849
Waurn Ponds	41,760	0	0	41,760	39,556	51,541	64,455	24,899	2,204	-9,781	-22,695
Corio SC	27,463	0	0	27,463	26,136	33,002	44,081	17,945	1,327	-5,539	-16,618
Leopold Gateway Plaza	20,604	0	0	20,604	19,858	26,930	36,376	16,518	746	-6,326	-15,772
Armstrong Creek Town Centre	0	0	40,000	40,000	0	17,640	49,574	49,574	40,000	22,360	-9,574
Southern Major Centre - WGGA	0	0	16,552	16,552	0	0	17,569	17,569	16,552	16,552	-1,017
Central Major Centre - NGGA	0	0	5,372	5,372	0	0	4,619	4,619	5,372	5,372	753
Specialised	**38,145**	**5,015**	**0**	**43,160**	**38,243**	**47,306**	**61,124**	**22,882**	**4,917**	**-4,146**	**-17,964**
Pakington Street (Geelong West)	38,145	5,015	0	43,160	38,243	47,306	61,124	22,882	4,917	-4,146	-17,964
Town	64,460	2,653	522	67,634	61,128	74,744	91,271	30,143	6,506	-7,109	-23,637
Ocean Grove	16,293	408	0	16,701	16,095	17,807	20,231	4,136	606	-1,106	-3,530
Drysdale	14,886	187	0	15,073	13,372	18,035	23,193	9,821	1,701	-2,963	-8,120
Lara	14,952	98	0	15,050	13,249	16,392	20,847	7,597	1,800	-1,343	-5,797
Barwon Heads	8,735	1,066	522	10,323	9,115	10,389	11,853	2,738	1,208	-66	-1,530
Portarlington	6,408	774	0	7,182	6,200	7,797	9,708	3,508	983	-615	-2,526
St Leonards (Murradoc Road)	3,185	120	0	3,306	3,098	4,323	5,440	2,343	208	-1,017	-2,135
Neighbourhood	**101,504**	**2,953**	**50,540**	**154,997**	**93,767**	**134,283**	**188,299**	**94,532**	**61,230**	**20,714**	**-33,303**
Shannon Avenue (Geelong West)	12,948	0	0	12,948	12,184	14,571	18,109	5,925	763	-1,623	-5,162
Separation St	5,572	409	0	5,981	5,754	7,124	9,545	3,791	228	-1,143	-3,563
Pakington Street (Newtown)	9,151	301	0	9,452	9,655	12,045	14,848	5,193	-204	-2,593	-5,396
Highton	6,972	77	0	7,049	6,463	7,973	9,852	3,388	586	-924	-2,803
Newcomb Central	7,390	0	0	7,390	6,210	7,741	9,900	3,690	1,180	-352	-2,510
Ormond Road	5,917	165	0	6,083	6,023	7,606	9,624	3,601	60	-1,524	-3,541
Bellarine Village	6,929	0	0	6,929	5,967	7,443	9,495	3,528	962	-514	-2,566
Bell Post SC	5,562	0	0	5,562	4,811	5,845	8,270	3,459	751	-283	-2,708
Barrabool Hills Neighbourhood Shopping Centre	4,227	0	0	4,227	3,508	4,511	5,646	2,138	719	-284	-1,419
Shannon Avenue (Newtown)	4,495	363	0	4,858	4,178	5,089	6,307	2,129	680	-231	-1,449
Ocean Grove (Marketplace)	5,748	72	0	5,820	5,020	5,754	6,862	1,842	800	66	-1,042
Vines Road	3,110	136	0	3,245	2,983	3,597	4,885	1,902	263	-352	-1,640
Hyland Street	2,346	0	9,500	11,846	2,429	7,877	11,327	8,898	9,417	3,969	520
Grovedale Central	2,479	248	0	2,726	2,313	2,812	3,400	1,087	413	-86	-674
Dorothy Street	1,803	0	0	1,803	1,734	2,211	2,851	1,118	69	-409	-1,049
Ash Road	1,578	191	0	1,769	1,608	2,372	3,220	1,612	161	-603	-1,451
Rosewall	1,740	0	0	1,740	1,344	1,658	2,193	849	397	82	-452
Jetty Road	4,147	95	0	4,242	3,422	4,127	5,559	2,137	820	115	-1,317
The Village Warralily	6,000	897	1,863	8,760	5,201	11,059	16,600	11,399	3,559	-2,299	-7,840
Surf Coast Highway NAC	3,390	0	0	3,390	2,961	3,905	4,812	1,850	429	-515	-1,422
Kingston Downs	0	0	11,177	11,177	0	4,385	6,257	6,257	11,177	6,792	4,920
Lara West NAC	0	0	4,700	4,700	0	565	829	829	4,700	4,135	3,871
Armstrong Creek West NAC	0	0	3,000	3,000	0	1,146	1,572	1,572	3,000	1,854	1,428
Armstrong Creek Horseshoe Bend Precinct North East NAC	0	0	7,000	7,000	0	2,864	4,424	4,424	7,000	4,136	2,576
Northern Local Centre - NGGA	0	0	6,650	6,650	0	0	4,683	4,683	6,650	6,650	1,967
Western Local Centre - NGGA	0	0	0	0	0	0	0	0	0	0	0
North-Western Local Centre - NGGA	0	0	0	0	0	0	0	0	0	0	0
Northern Local Centre - WGGA	0	0	6,650	6,650	0	0	7,231	7,231	6,650	6,650	-581
Central-North Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Central-West Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
South-Eastern Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
South-Western Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Local (82 centres)	69,459	5,863	11,800	87,122	69,371	85,603	114,764	45,392	17,751	1,519	-27,642

	Existing and planned to 2036 (as of March 2018) total retail floorspace supply				Base case scenario total retail floorspace demand projections (row N) Based on 2% population growth, $4,632 average RTD and demand allocated to existing and planned supply locations only				Total supply less demand		
Precinct	A) Existing Floorspace in 2016	B) Vacant Floorspace	C) Planned new/ add floorspace	D = A+B+C) Total	E) 2016	F) 2026	G) 2036	H = G- E) 2016-36	I = E - D) 2016	J = F – D) 2026	K = G – D) 2036
Homemaker	**136,021**	**2,904**	**25,000**	**163,925**	**121,584**	**189,682**	**290,349**	**168,765**	**42,340**	**-25,758**	**-126,425**
Geelong Gateway Homemaker precinct	31,463	2,121	0	33,584	27,346	39,950	59,746	32,400	6,238	-6,367	-26,162
Waurn Ponds Homemaker Retail	46,972	333	0	47,305	42,876	64,564	90,913	48,037	4,428	-17,259	-43,608
Melbourne Road (Norlane)	23,652	92	0	23,744	20,644	29,802	43,474	22,830	3,101	-6,058	-19,729
Melbourne Road (North Geelong)	14,322	0	0	14,322	13,211	18,411	26,131	12,920	1,111	-4,089	-11,809
Sinclair Street	4,095	0	0	4,095	4,200	6,146	8,851	4,650	-105	-2,051	-4,756
Drysdale Homemaker	3,174	358	0	3,532	2,944	4,252	5,586	2,643	588	-720	-2,055
Leopold Homemaker	12,343	0	0	12,343	10,363	16,428	24,480	14,117	1,980	-4,085	-12,137
Armstrong Creek	0	0	25,000	25,000	0	10,129	31,168	31,168	25,000	14,871	-6,168
Central Restricted Retail Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Dispersed Bulky Goods	**174,502**	**9,226**	**0**	**183,728**	**154,655**	**154,655**	**154,655**	**0**	**29,072**	**29,072**	**29,072**
Bellarine Highway (Newcomb)	19,234	1,332	0	20,566	17,661	17,661	17,661	0	2,905	2,905	2,905
Settlement and Breakwater Road Belmont - Spotlight centre	32,959	210	0	33,169	28,179	28,179	28,179	0	4,989	4,989	4,989
Smithton Grove	4,277	0	0	4,277	3,988	3,988	3,988	0	289	289	289
North Geelong - Mackey Street	11,199	0	0	11,199	9,403	9,403	9,403	0	1,796	1,796	1,796
Sharon Court	10,519	0	0	10,519	8,832	8,832	8,832	0	1,687	1,687	1,687
Princess Hwy Auto Centre	290	0	0	290	243	243	243	0	47	47	47
Gordon Avenue Precinct (Geelong West)	20,302	1,825	0	22,127	17,850	17,850	17,850	0	4,277	4,277	4,277
Moorabool-Fyans Dispersed	42,460	3,121	0	45,582	38,084	38,084	38,084	0	7,498	7,498	7,498
Anakie Road	3,909	339	0	4,248	3,658	3,658	3,658	0	590	590	590
Gregory Avenue	2,509	0	0	2,509	2,284	2,284	2,284	0	225	225	225
West Fyans Street	13,316	384	0	13,700	12,389	12,389	12,389	0	1,310	1,310	1,310
Surf Coast Highway	13,528	2,015	0	15,543	12,083	12,083	12,083	0	3,460	3,460	3,460
Bacchus Marsh Road (Corio)	0	0	0	0	0	0	0	0	0	0	0

Source: SGS Economics and Planning

80. The following table presents the same information for just shop retail (excluding bulky goods and hospitality). This is the basis of floorspace caps (also discussed further in section 2.7 of my statement) as presented in Table 7, page 76 of the Retail Strategy. This similarly formatted table, or a condensed version (for only centres with caps) could be used to provide consistency with Table 5, page 57 of the Retail Strategy instead of presenting the cap information basis in a different format at this point.

TABLE 21 BASE CASE SCENARIO SHOP RETAIL FLOORSPACE PROVISION, 2016 TO 36

	Existing and planned to 2036 (as of March 2018) shop retail floorspace supply				Base case scenario shop retail floorspace demand projections (row N) Based on 2% population growth, \$5,613 average RTD and demand allocated to existing and planned supply locations only				Total supply less demand		
Precinct	A) Existing Floorspace in 2016	B) Vacant Floorspace	C) Planned new/ add floorspace	D = A+B+C) Total	E) 2016	F) 2026	G) 2036	H = G- E) 2016-36	I = E - D) 2016	J = F – D) 2026	K = G – D) 2036
GREATER GEELONG	**489,815**	**55,967**	**105,081**	**650,863**	**473,340**	**621,638**	**851,824**	**378,484**	**177,522**	**29,224**	**-200,962**
Regional	**105,407**	**25,985**	**0**	**131,392**	**108,580**	**143,360**	**193,942**	**85,362**	**22,812**	**-11,968**	**-62,550**
Central Geelong	105,407	25,985	0	131,392	108,580	143,360	193,942	85,362	22,812	-11,968	-62,550
Sub-Regional	**113,772**	**1,370**	**53,596**	**168,739**	**107,041**	**154,053**	**239,666**	**132,625**	**61,698**	**14,686**	**-70,927**
Belmont	31,071	1,370	0	32,441	28,918	36,740	46,076	17,159	3,523	-4,299	-13,635
Waurn Ponds	38,268	0	0	38,268	35,847	46,999	59,224	23,377	2,421	-8,731	-20,956
Corio SC	26,420	0	0	26,420	25,028	31,624	42,369	17,342	1,392	-5,204	-15,950
Leopold Gateway Plaza	18,014	0	0	18,014	17,249	23,338	31,454	14,205	765	-5,324	-13,440
Armstrong Creek Town Centre	0	0	35,500	35,500	0	15,353	42,677	42,677	35,500	20,147	-7,177
Southern Major Centre - WGGA	0	0	14,222	14,222	0	0	15,329	15,329	14,222	14,222	-1,108
Central Major Centre - NGGA	0	0	3,875	3,875	0	0	2,536	2,536	3,875	3,875	1,339
Specialised	**24,222**	**5,015**	**0**	**29,237**	**23,879**	**29,135**	**37,578**	**13,699**	**5,358**	**102**	**-8,341**
Pakington Street (Geelong West)	24,222	5,015	0	29,237	23,879	29,135	37,578	13,699	5,358	102	-8,341
Town	46,499	2,653	522	49,674	42,205	51,205	62,485	20,280	7,469	-1,531	-12,811
Ocean Grove	12,013	408	0	12,421	11,705	12,676	14,221	2,516	716	-255	-1,800
Drysdale	11,981	187	0	12,168	10,286	13,868	17,825	7,540	1,882	-1,700	-5,657
Lara	13,107	98	0	13,205	11,290	13,897	17,725	6,435	1,915	-692	-4,520
Barwon Heads	3,747	1,066	522	5,335	3,816	4,108	4,452	636	1,518	1,227	882
Portarlington	3,612	774	0	4,386	3,229	4,010	4,948	1,719	1,157	376	-562
St Leonards (Murradoc Road)	2,039	120	0	2,160	1,880	2,646	3,313	1,433	279	-487	-1,154
Neighbourhood	**81,262**	**2,953**	**42,702**	**126,916**	**72,327**	**103,696**	**145,299**	**72,972**	**54,589**	**23,221**	**-18,383**
Shannon Avenue (Geelong West)	10,970	0	0	10,970	10,084	12,007	14,927	4,844	886	-1,037	-3,957
Separation St	2,806	409	0	3,215	2,815	3,464	4,715	1,900	400	-249	-1,500
Pakington Street (Newtown)	5,205	301	0	5,506	5,464	6,844	8,530	3,066	42	-1,339	-3,024
Highton	6,006	77	0	6,083	5,437	6,713	8,343	2,906	646	-630	-2,260
Newcomb Central	7,075	0	0	7,075	5,876	7,316	9,365	3,489	1,199	-241	-2,290
Ormond Road	5,398	165	0	5,563	5,471	6,909	8,751	3,280	92	-1,345	-3,188
Bellarine Village	6,133	0	0	6,133	5,121	6,368	8,146	3,025	1,012	-235	-2,013
Bell Post SC	5,196	0	0	5,196	4,422	5,367	7,634	3,212	774	-171	-2,438
Barrabool Hills Neighbourhood Shopping Centre	3,972	0	0	3,972	3,237	4,156	5,210	1,973	735	-184	-1,238
Shannon Avenue (Newtown)	2,858	363	0	3,221	2,439	2,927	3,616	1,177	782	294	-395
Ocean Grove (Marketplace)	4,763	72	0	4,835	3,973	4,496	5,360	1,387	862	339	-525
Vines Road	2,630	136	0	2,765	2,473	2,966	4,022	1,550	293	-200	-1,257
Hyland Street	0	0	7,760	7,760	0	3,250	4,759	4,759	7,760	4,510	3,001
Grovedale Central	2,303	248	0	2,551	2,126	2,586	3,133	1,007	424	-35	-583
Dorothy Street	1,496	0	0	1,496	1,408	1,791	2,307	899	88	-295	-811
Ash Road	1,090	191	0	1,281	1,089	1,599	2,164	1,075	191	-318	-883
Rosewall	1,740	0	0	1,740	1,344	1,658	2,193	849	397	82	-452
Jetty Road	4,047	95	0	4,142	3,315	3,994	5,375	2,060	827	148	-1,233
The Village Warralily	4,940	897	1,863	7,700	4,075	8,708	12,990	8,915	3,625	-1,008	-5,290
Surf Coast Highway NAC	2,633	0	0	2,633	2,157	2,843	3,544	1,387	476	-210	-911
Kingston Downs	0	0	9,623	9,623	0	3,729	5,311	5,311	9,623	5,894	4,312
Lara West NAC	0	0	4,400	4,400	0	516	762	762	4,400	3,884	3,638
Armstrong Creek West NAC	0	0	3,000	3,000	0	1,146	1,572	1,572	3,000	1,854	1,428
Armstrong Creek Horseshoe Bend Precinct North East NAC	0	0	6,010	6,010	0	2,344	3,614	3,614	6,010	3,666	2,396
Northern Local Centre - NGGA	0	0	5,023	5,023	0	0	3,470	3,470	5,023	5,023	1,553
Western Local Centre - NGGA	0	0	0	0	0	0	0	0	0	0	0

Precinct	Existing and planned to 2036 (as of March 2018) shop retail floorspace supply				Base case scenario shop retail floorspace demand projections (row N) Based on 2% population growth, $5,613 average RTD and demand allocated to existing and planned supply locations only				Total supply less demand		
	A) Existing Floorspace in 2016	B) Vacant Floorspace	C) Planned new/ add floorspace	D = A+B+C) Total	E) 2016	F) 2026	G) 2036	H = G- E) 2016-36	I = E - D) 2016	J = F – D) 2026	K = G – D) 2036
North-Western Local Centre - NGGA	0	0	0	0	0	0	0	0	0	0	0
Northern Local Centre - WGGA	0	0	5,023	5,023	0	0	5,484	5,484	5,023	5,023	-461
Central-North Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Central-West Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
South-Eastern Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
South-Western Local Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Local (82 centres)	49,757	5,863	8,260	63,880	48,854	59,774	79,950	31,096	15,026	4,105	-16,070
Homemaker	32,016	2,904	0	34,920	33,412	43,373	55,861	22,449	1,508	-8,452	-20,941
Geelong Gateway Homemaker precinct	4,315	2,121	0	6,436	4,302	5,398	7,045	2,743	2,134	1,038	-609
Waurn Ponds Homemaker Retail	15,294	333	0	15,627	16,217	21,438	27,253	11,037	-590	-5,811	-11,627
Melbourne Road (Norlane)	3,686	92	0	3,778	3,658	4,492	5,716	2,059	121	-714	-1,938
Melbourne Road (North Geelong)	4,802	0	0	4,802	5,121	6,344	8,115	2,994	-319	-1,542	-3,313
Sinclair Street	2,836	0	0	2,836	3,024	4,255	5,938	2,914	-188	-1,419	-3,102
Drysdale Homemaker	1,083	358	0	1,441	1,091	1,446	1,794	703	350	-5	-353
Leopold Homemaker	0	0	0	0	0	0	0	0	0	0	0
Armstrong Creek	0	0	0	0	0	0	0	0	0	0	0
Central Restricted Retail Centre - WGGA	0	0	0	0	0	0	0	0	0	0	0
Dispersed Bulky Goods	36,879	9,226	0	46,105	37,042	37,042	37,042	0	9,062	9,062	9,062
Bellarine Highway (Newcomb)	7,632	1,332	0	8,964	7,409	7,409	7,409	0	1,554	1,554	1,554
Settlement and Breakwater Road Belmont - Spotlight centre	2,882	210	0	3,092	2,908	2,908	2,908	0	184	184	184
Smithton Grove	1,396	0	0	1,396	1,489	1,489	1,489	0	-93	-93	-93
North Geelong - Mackey Street	0	0	0	0	0	0	0	0	0	0	0
Sharon Court	0	0	0	0	0	0	0	0	0	0	0
Princess Hwy Auto Centre	0	0	0	0	0	0	0	0	0	0	0
Gordon Avenue Precinct (Geelong West)	3,507	1,825	0	5,332	3,717	3,717	3,717	0	1,615	1,615	1,615
Moorabool-Fyans Dispersed	7,567	3,121	0	10,688	7,986	7,986	7,986	0	2,702	2,702	2,702
Anakie Road	3,721	339	0	4,060	3,458	3,458	3,458	0	602	602	602
Gregory Avenue	686	0	0	686	732	732	732	0	-46	-46	-46
West Fyans Street	3,059	384	0	3,443	3,262	3,262	3,262	0	181	181	181
Surf Coast Highway	6,429	2,015	0	8,444	6,082	6,082	6,082	0	2,362	2,362	2,362
Bacchus Marsh Road (Corio)	0	0	0	0	0	0	0	0	0	0	0

Source: SGS Economics and Planning

2.7 Review of policy implementation from economic basis

81. The proposed Amendment seeks to implement the Retail Strategy through a suite of related planning controls in the City of Greater Geelong Planning Scheme. The controls and policy should align and support the objectives outlined in the Retail Strategy background document.

82. I am not a qualified planner and, therefore, cannot comment on the drafting and implementation of the proposed policy and controls. However, I have experience working with state and local government on a range of retail and employment centre policy and planning related studies. I also have experience in the economic concepts and preparation of economic impact assessments (EIA) and net community benefit (NCB) assessments. As such, I believe I can comment on the proposed amendment from an economic and strategic basis.

Strategic basis for new retail assessment approach

83. The Retail Strategy proposes a new retail assessment approach and refined floorspace caps.

84. The justification for this general approach and the use of caps and a net community benefit test is detailed in Section 3.3, 3.4 of the SGS Issues and Options Report.

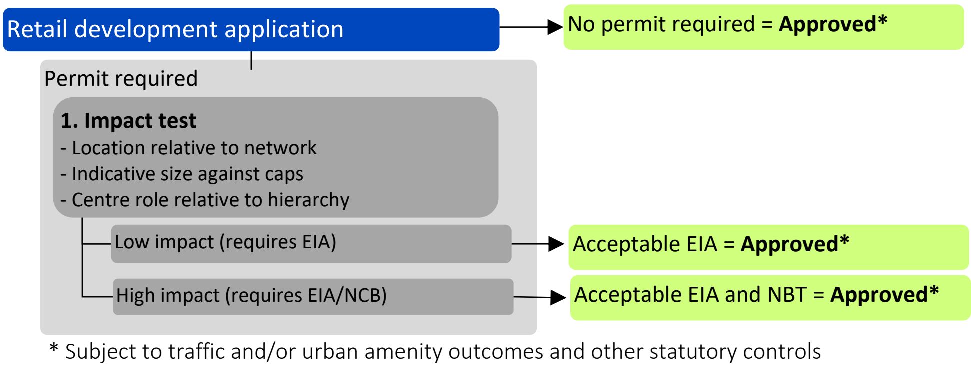
85. The benefits of supporting a strong centre hierarchy can be summarised as:

- 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.

86. Section 8 (and in particular Figure 57, page 109) of the SGS Issues and Options Report outlines the original retail assessment approach conceptualised by SGS. This was simplified in Section 5 of the SGS Retail Strategy and further refined through the scheme drafting process with consideration of the tools and triggers available in the Victorian Planning Scheme.

87. A conceptual overview of my understanding of the process is presented in Figure 3 below.

FIGURE 3 ECONOMIC IMPACT ASSESSMENT AND NET BENEFIT TEST



Clause 21.19: Activity Centres

88. The proposed Clauses 21.19 in the City of Greater Geelong Planning Scheme replaces the retail policy in Clause 21.07 and sets out the overall local policy that will be used to implement the Retail Strategy.

- The local policy clearly identifies the objectives and strategies needed to support a strong retail centre network in Greater Geelong. These objectives and strategies broadly align with the advice provided in the SGS Retail Strategy as noted above.
- I would suggest refining the language related to the '4 retail systems'. This concept was outlined in the original SGS Issues and Options Report as an alternative dimension when considering traditional retail categories. It reflects some of the challenges, opportunities and changing environment of retail in Greater Geelong. However, it was not intended as the core retail classification that is required in all centres as indicated in Strategies – Uses - dot point 2. I suggest the following wording for this dot point
  "Encourage development that supports a diversity of retail forms across the hierarchy"
- I would also support removal of Table 1 in Clause 21.19 to avoid confusion with floorspace caps and to reduce the need to update the policy if forecasts change.

Clause 22.03 and 34.01

89. The Amendment applies floorspace caps to Sub-regional centres and Neighbourhood centres in growth area locations through a schedule to Clause 34.01 Commercial 1 Zone. It is my understanding that the cap is not an absolute, but triggers the requirement for a use permit. This provides Council with the opportunity to review the application based on the Assessment Criteria for Retail Planning Applications set out in the new Clause 22.03.

90. Based on Clause 22.03, applications which conform with the defined retail hierarchy (in terms of location, size and role) will be identified as 'low impact'. These applications will need to complete an EIA as defined in Clause 22.03. An application which does not conform with the defined retail hierarchy will be identified as 'high impact' and still be assessed. However, high impact applications will be required to complete an EIA and NCB as defined in Clause 22.03.

91. I do not believe these requirements are too onerous and are broadly consistent with SGS advice as presented in Section 5 of the SGS Retail Strategy. The use of a high and low impact test with an EIA required for low impact applications and an EIA and NCB required for high impact applications gives the opportunity for the retail hierarchy to develop, while provided flexibility in the system if circumstances change or new market opportunities arise. These non-conforming high impact applications will still be assessed on merit and approved where a net benefit to the community can be proven.

92. Consistent with SGS advice, the Amendment seeks to clearly define the criteria around when a NCB is to be conducted and the expected components. This is intended to provide certainty to all stakeholders involved to help streamline the process. It makes clear what topics need to be addressed in an application and the matters on which a decision will be made.

93. Clause 34.01 revises existing floorspace caps and consistently applies them across sub-regional and neighbourhood centres in growth areas only. This does deviate from the original advice in the SGS Retail Strategy which suggested caps be applied to <u>all</u> Sub-Regional, Specialised and Neighbourhood Centres. This was discussed with Council during the implementation process and SGS agreed with Councils approach as presented in the Amendment. Centres in established areas are largely constrained through existing zoning and monitoring floorspace across all existing centres could potentially become overly resource intensive. Any significant expansion to established centres would typically require a rezoning which would trigger a separate planning scheme amendment process which requires a strategic assessment.

94. Consistent with the SGS Retail Strategy, caps have been excluded from Geelong CBD (Regional) and Town centres as additional investment in these centres could be accommodated without a threat to the overall retail centre hierarchy.

95. Currently caps have not been applied to Sub-regional and Neighbourhood Centres in the NGGA and WGGA. I believe this is appropriate given planning in these areas is still evolving. However, once development plans are resolved, appropriate caps consistent with the defined centre hierarchy and forecast demand within each area should be applied. In the interim planning for centres within these areas should align with objectives set out in the proposed Clause 21.19-2 and Retail Strategy.

Proposed changes from Delegated Authority Report, 22 August 2019

96. I have also reviewed the response to submissions and proposed changes to the Amendment as recommended in the Greater Geelong City Council Delegated Authority Report, 22 August 2019. I support the proposed changes as recommended in this report, in particular:

- Amendments to Clause 21.19 Strategy - Uses that support diversity and competition between different sized supermarkets.
- Removal of Table 1 in Clause 21.19 to avoid confusion with floorspace caps and to reduce the need to update the policy if forecasts change.
- Corrections to the floorspace caps for Leopold (revised to 30,000) and Warralily (revised to 7,700)

2.8 Summary of recommended changes

97. The following provides a summary of my recommended changes to either the Retail Strategy or Amendment. I have discussed substantive changes in previous section of my evidence statement.

Retail Strategy

- Figure 1 labels do not align with actual subregions names used in the analysis.
- Table 3 in Section 2.4 should replace Table 1 on page 12 of the Retail Strategy. Alternatively, this table could be added to an Appendix.
- Figure 2, page 13 of the Retail Strategy should be amended to include the assumed population growth to 2036 in the NGGA and WGGA. Full build out capacity of growth areas could potentially also be identified on the map or in a footnote to highlight the need to consider additional growth beyond the strategy planning horizon of 2036.
- I have identified the following minor errors to the floorspace audit table on page 31 of the Retail Strategy. It is unclear if this is also reflected in Figure 7 on page 32
  - Waurn ponds double counted at bottom of table
  - Dispersed Restricted Retail should be 174,501, consistent with Table 5, page 59
- Update Figures 12 and 14 on pages 41-43 of the Retail Strategy with data from Table 19, Section 2.6. I also suggest removing Figure 13 as it replicates Figure 1.
- Correct Figure 17c, page 56 of the Retail Strategy as red bubble is missing for Drysdale.
- Update Table 5, page 57 of the Retail Strategy with Table 19 in Section 2.6. Consider also replace or removing Table 8, page 78 of the Retail Strategy as this presents the same information in a slightly different form.
- Minor correction on page 65 dot point 3, should reference page 62, not page 17.
- Updated Table 7 Proposed Floorspace Caps, page 76 of the Retail Strategy to be consistent with the finale schedule to C1Z (see below).

Amendment

- Clause 21.19 - Strategies – Uses - dot point 2. Suggest the following wording "Encourage development that supports a diversity of retail forms across the hierarchy"
- Changes as recommended in the Delegated Authority Report, 22 August 2019. This includes corrections to the floorspace caps for Leopold and Warralily centres.

3. RESPONSE TO SUBMISSIONS

3.1 Review of submissions

98. I have reviewed all submissions to the Amendment and in this section of my evidence statement, I provide comment on those submissions which I judge to be relevant and within the scope of my expertise. I have reviewed submissions 4, 5 and 13 and have no comment. I note submissions 10 and 14 have been formally withdrawn.

3.2 Response to Submission 1 and 3

99. Submitter 1 has identified I number of inconsistencies in the Retail Strategy and floorspace caps table of Clause 34.01 regarding Warralily Village. These relate to the amount of existing and approved floorspace and the associated floorspace cap which is below this level.

100. I agree with the two submitters in relation to this point. The existing and approved Shop retail floorspace is 6,540 square meters, with a further 900 square metres of vacant floorspace[3]. Councils Delegated Authority Report (22 August) recommends revising the cap to 7,700 square metres. I agree with this recommendation and recommend any inconsistencies in the Retail Strategy be corrected.

101. Submitter 3 requests a further 3,700 sqm of floorspace based on growth within the next 1-3 years. I disagree with this assessment. The base case scenario retail modelling suggests a supportable Shop retail floorspace of 8,700 square metres by 2026 (see Table 21 in Section 2.6 of my evidence statement).

3.3 Response to Submission 2

102. Submitter 2 relates to Jetty Rd – Curlewis shopping centre in Drysdale settlement. I provide the following comments regarding their submission

103. Regarding the six dot points related to 'fundamental assumptions':

- *The proposition that retail floorspace supply is transferrable between Ocean Gove, Leopold and Drysdale is only really relevant for higher order retail goods.*
  - I am unclear where in the strategy this is asserted. However, I largely agree with the submitter. Noting there is some transfer between locations due to worker and

[3] There also is a further 1,060 square metres of hospitality and 650 square meters of non-retail employment floorspace.

tourism based expenditure behaviours (i.e. a Drysdale resident may purchase lunch/food shopping near their work which may not be in Drysdale)

- *Drysdale and Curlewis will each need to maintain a type and scale of convenience-base retail goods and services that meets the needs of the local catchments*
    - Agree, noting they are only 2.4 km apart and are likely to have overlapping catchments. Further Drysdale, as the Town centre, should be larger and the focus of higher order retail goods and other retail, personal and community services.
- *In Curlewis the local catchment population and therefore expenditure is clearly expected to grow strongly, meaning a material increase in demand for convenience retail goods and services in the local area.*
    - Noted, this has been factored into SGS retail gravity modelling discussed in Section 2.3 of my evidence statement
- *The suggestion that there will be an oversupply of total retail floorspace in the broader sub-region relies on the assumption that expected floorspace growth in Leopold would directly meet the needs of Curlewis / Jetty Road residents. There is no information available to support this.*
    - I am unclear where in the strategy this is asserted. The forecast provision for the network of centres in Drysdale (including Jerry Rd - Curlewis) is broadly consistent with the population growth expected for the area (see Table 22). This indicates the square metre provision per resident will increase from 2016 to 2036. Some local resident retail demand has, and is forecast, to be captured outside the area consistent with general consumer behaviour and the high mobility across the peninsula generally. For context, only 20 per cent of Drysdale settlement residents work in Drysdale and more work in Geelong than in Drysdale.

TABLE 22 SUMMARY OF POPULATION AND RETAIL (SHOP) FLOORSPACE, DRYSDALE

	2016	2026	2036	2016-36
Population	12,668	16,188	20,097	7,430
Current (core) floorspace (as at 2018)	18,921			
Supportable floorspace (shop)	16,460	21,232	27,181	10,722
Floorspace per person	1.3	1.3	1.4	1.4

Source: SGS Economics and Planning
Retail (Shop) – excludes bulky goods and hospitality floorspace, along with commercial uses.

- *The modelling and analysis in the retail strategy appears relevant at the aggregate level and to inform broad retail strategy work, however seeking to use sub-region floorspace projections to make specific recommendations for individual centres ignores the important role of neighbourhood centres in serving local catchments, particularly those which are growing quickly such as Curlewis.*

    - Disagree, I believe the research, retail modelling and controls support a more sustainable centre network that will better service the local population.
- *The report's finding that there is a negative increase in supportable floorspace at Curlewis over the next 20 years. As previously state there is strong expected growth in the catchment leading to an increased supply of floorspace.*
    - There is an error in the supportable floorspace table (Table 5 of the Retail Strategy) for Jetty Rd. The projected floorspace demand for 2036 should be 5,600 (not 3,300). This error has not affected the proposed floorspace caps table which correctly reports the supportable retail (shop) demand for 2036 as 5,400

104. Following the these dot points the following concern is raised: "However, I believe the error in these assumptions are based on, can be found on page 56 and 58 of the Retail Strategy report." … "I believe the data populates Curlewis-Jerry Roads demand circle is missing…"

105. This is correct. The dot for Restricted Retail is missing in the Retail Strategy map for 2036.

These errors (along with the supportable floorspace error noted above) are editorial only and have not influenced actual analysis results or recommendations of the strategy.

3.4 Response to Submission 6

106. Submitter 6 requests the policy more clearly outline cases where an out-of-centre development would be acceptable.

107. I believe the policy as drafted is appropriate. Clause 22.03 clearly outlines the assessment criteria for approval and the process for an out of centre development.

3.5 Response to Submission 7

108. Submitter 7 indicates that a Shop floorspace cap on Kingston Downs NAC is premature given significant population growth in the area.

109. I disagree and have further discussed this in response to submitter 11 below.

110. Submitter 7 also identifies concerns and inconsistencies regarding Leopold Sub-regional Centre and requests the Shop retail floorspace cap be revised to 30,000 square metres.

111. Councils Delegated Authority Report (22 August) recommends revising the cap to 30,000 square metres. I agree with this recommendation and note it is consistent with the base case supportable floorspace identified in Table 20 and Table 21 in Section 2.6 of my evidence statement. I do note this is inconsistent with Table 8, page 78 of the Retail Strategy (which identifies 34,500 square metres) which should be corrected.

3.6 Response to Submission 8

112. Submitter 8 relates to the Lovely Banks development in the Northern Growth Area, while it also touches on the West Growth Area and the overall strategy. I provide the following comments regarding their submission.

113. The cover letter identifies several inconsistencies regarding the treatment of the Northern and Western Growth Areas. The inconsistencies identified by the submitter are all valid and I believe have been addressed through the proposed changes recommended in Councils Delegated Authority Report, 22 August 2019

114. The submission also raises concerns regarding the projected population used for the NGGA and WGGA and Greater Geelong overall. I believe the population projections used in the Amendment are appropriate. I have discussed this matter in detail in Section 2.2 and 2.4 of my evidence statement.

115. The Deep End report attachment to the submission expands on the above points. It also raises a number of general concerns. I have commented on some of these below:

116. A number of concerns relate to insufficient information being provided in the Retail Strategy to replicate/validate the gravity modelling results. Through my evidence statement and with reference to the original SGS Issues and Options Report I have endeavoured to further detail the approach, assumptions and interpretation of the retail modelling results. I recommend relevant information related to the method be included as an Appendix to the Retail Strategy.

117. Page 4, second dot point: raises concerns regarding standard retail turnover densities. I have discussed the basis behind these RTDs in Section 2.6 of my statement and provided sensitivity analysis in this section. I believe the figures used are reasonable and have been calibrated to the estimated expenditure and floorspace audit data for Greater Geelong.

118. Page 6, last dot point: I believe these points and concepts are generally sound and reasonable. The language could be refined, particularly regarding the role of supermarkets. However, they reflect the unique environment and challenges of the Geelong retail environment where there is in fact a significantly high level proportion of packaged liquor and supermarket retailing.

119. Page 12, las dot point: challenges the floorspace audit and per capita ratios. Floorspace data has been reviewed, validated and updated by Council. When focused on just (shop) retail (i.e. excluding bulky goods and hospitality) the ratio is 2.0 which is broadly consistent with standard ratios.

120. Page 7 (and page 8) last main dot point: raises concerns regarding the impact assessment approach and 10% impact threshold. I believe this is still appropriate and I disagree with

Deep Ends assessment. In particular, they have conflated short term fluctuations, which are expected and can be managed, with a modelled longer term, sustained impact which is related to the test.

3.7 In Response to Submission 9 and Submission 11

121. Submitter 9 and 11 both relate to the Kingston Down NAC in the Ocean Growth settlement and both raise similar general concerns. I provide the following comments regarding both submitters.

122. In regard to the 'key points' raised by Submitter 9 I have the following comments:

- *The Council continues to flout the recommendations of Amendment C346 Ocean Grove Structure Plan. In this regard we note that Amendment C346 Panel recommendations required the review/assessment of long-term growth options by 2020 was amended by Council to 2021 and the Panel's request to designate on the Structure Plan map "Protect long term growth potential" was not included. The retail strategy floor area caps for Ocean Grove based on a pre-determined settlement boundary perpetuates this ongoing trend.*
  - The retail modelling is based on supporting the retail hierarchy and the current settlement structure for Ocean Grove and Greater Geelong. The work assumes the following population forecast for Ocean Grove which does not include additional growth in the 'logical inclusion' area identified in the submission (see Table 23).

TABLE 23 SUMMARY OF POPULATION AND RETAIL (SHOP) FLOORSPACE, OCEAN GROVE

	2016	2026	2036	2016-36
Population	18,402	20,823	24,051	5,648
Current (core) floorspace (as at 2018)	25,854			
Supportable floorspace (shop)	25,081	31,862	38,641	13,561
Floorspace per person	1.4	1.5	1.6	2.4

Source: SGS Economics and Planning
Retail (Shop) – excludes bulky goods and hospitality floorspace, along with commercial uses.

  - However, if significant additional growth does occur, the proposed amendment does not necessarily limit additional retail development. Rather it means the applicant would need to apply for additional floorspace above the cap. The application would then be considered based on the assessment criteria outlined in Clause 22.03 and would need to demonstrate a net benefit to the community.
  - Further, I believe if there was significant expansion to the settlement boundary of Ocean Grove a new NAC should ideally be identified within that expanded area to support local convenience needs with demand for high order needs largely

redirected to higher order centres (namely Ocean Grove Town Centre) to reinforce the settlement hierarchy.

- *We do not support the proposed retail floorspace cap of 12,260 square metres (sqm) on the Kingston Downs Neighbourhood Activity centre which is significantly less than its current potential size of approximately 20,000 sqm;*
  - I believe the cap is in fact 7,650 sqm (not 12,260 sqm). While the centre may have a potential size of 20,000 sqm I don't believe this would be appropriate for the following reasons.
    - This is significantly higher than the total supportable retail (shop) floorspace for the entire Ocean Grove settlement (see Table 17 in Section 2.6 of my statement) and would result in other centres either not be able to grow/reinvest or experience significant vacancies.
    - This size (20,000 sqm) would be significantly larger than the recommended Neighbourhood Centre range (2,000 to 15,000 sqm) and significantly higher than the currently designated Ocean Grove Town Centre (12,000 sqm). A centre at Kingston Downs of this size would be a significant departure from the current hierarchy and undermine investment and other uses located in the Ocean Grove Town Centre (i.e. Library, other tourism assets). This is particularly relevant given Kingston Downs proximity to the Sinclair St Homemaker Centre and Smithton Grove set of shops which further add to the overall mass of retail.

123. Other comments in both submissions largely reiterate these core points or are outside my area of expertise.

ATTACHMENT A - CV

Julian Szafraniec

Principal, Partner and Director

National Leader: Data and Spatial Analytics

124. 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.

125. 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.

126. I have previously presented expert evidence at Planning Panels Victoria and other hearings, including:

- (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)

127. A selection of other relevant experience includes:

- West Melbourne Employment and Economic Study – City of Melbourne (2017)
- Small Area Land Use Projections – Transport for Victoria (2008-2019)
- Small Area Land Use Projection Scenarios – City of Greater Geelong (2018, 2019)
- Greater Geelong Retail Strategy - Data update - City of Greater Geelong (2018)
- Small Activity Centre Strategy - Bayside City Council (2017)
- Cranbourne Town Centre Economic and Housing Assessments – City of Casey (2017)
- Small Area Land Use Projections – Transport for Victoria (2008-2017)
- 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 Visititation Forecasts - City of Port Phillip (2016)
- Greater Geelong Retail Strategy Implementation Review - City of Greater Geelong (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)
- Ocean Grove Economic Analysis – City of Greater Geelong (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)

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