



ESSENTIAL ECONOMICS

# **Colac Otway Planning Scheme Amendment C86**

**Expert Witness Statement**

**of**

**Nicholas Brisbane, B Economics**

**Director, Essential Economics Pty Ltd**

**18 April 2017**

**Contact details**

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# 1 INTRODUCTION

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## Professional Details

- 1.1 My name is Nicholas Brisbane and I practice as a Senior Economist and Director at Essential Economics Pty Ltd of 96 Pelham Street, Carlton.
- 1.2 I hold the degree of Bachelor of Economics from Monash University. A copy of my CV is attached to this statement.

## Area of Expertise

- 1.3 My area of professional expertise is urban and regional economics and the assessment of economic impacts on local and regional economies associated with development projects. An area of particular professional activity is the economic analysis of the demand and supply for retail, commercial and industrial land as input to strategic planning for Local and State Government.
- 1.4 I have undertaken economic assessments for both public and private sector clients.
- 1.5 My opinions expressed herein are, to the context relevant, made by me in reliance upon my above expertise.

## Input to the Colac Township Economic Development, Commercial and Industrial Land Use Strategy

- 1.6 My firm, Essential Economics Pty Ltd, was responsible for the preparation of the *Colac Township Economic Development, Commercial and Industrial Land Use Strategy* (2016) on behalf of Colac Otway Shire Council. I was the Project Manager and the main author of the Strategy.
- 1.7 In preparing the Strategy I was supported by my colleagues Mr Geof Snell (Property Economist and now employed at AEC Group) and Mr John Henshall (Founding Partner and Senior Economist at Essential Economics).

## Instructions

- 1.8 I have been instructed in this matter by Colac Otway Shire Council (referred to herein as 'Council').
- 1.9 Council are proposing an amendment to the Colac Otway Planning Scheme to incorporate the Strategy within the Planning Scheme. In addition, Amendment C86 also seeks to rezone various sites for industrial uses.
- 1.10 I have reviewed the submissions to the amendment and note the majority of these relate to issues associated with industrial land. I also note instructions to Council

outlined in correspondence from Planning Panels Victoria dated 4 March 2017 and which requires Council to “*respond to any claims of an existing over-supply of industrial land, (and) any demand analysis demonstrating the locational need for any rezoning*”.

1.11 My instructions in this matter are as follows:

- (a) Review responses to any relevant submissions to the Strategy.
- (b) Prepare an Expert Witness Statement that provides the following:
  - A summary of the process undertaken to prepare the Strategy
  - A summary of the most relevant findings of the Strategy
  - Provide further clarification on any relevant issues or topics that may be of interest to the Panel that have arisen since the preparation of the Strategy.

### **Preparation**

1.12 In preparing this statement:

- (a) I have been instructed by Council, as a witness giving evidence (by report, or otherwise) in a proceeding as an expert, that I have a duty to assist the Panel and that this duty overrides any obligation that I may have to any party to the proceeding or to any person who is liable for my fee or expenses in this matter.
- (b) I have neither received nor accepted any instructions to adopt or reject any particular opinion in preparing this evidence.
- (c) I rely on the research and analysis presented in the Strategy as my evidence.
- (d) I have made all the enquiries which I believe are desirable and appropriate that no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.

My statement draws on the analysis, research and discussion provided in the Strategy.

### **This Statement**

1.13 This Statement comprises the following sections:

Section 2: Strategy Background and Objectives

Section 3: Strategy Methodology

Section 4: Summary of Key Findings and Directions

Section 5: Industrial Land: Response to Issues

Section 6: Overview of Key Issues: Economic Development

Section 7: Overview of Key Issues: Commercial Land

Section 8: Conclusions.

## 2 STRATEGY BACKGROUND AND OBJECTIVES

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### Strategy Background

- 2.1 Colac is the main centre serving the Colac Otway Shire and the surrounding region. The town has a population of some 12,000 residents in 2016 and this number is projected to reach 20,000 residents by 2050 according to the **G21 Regional Growth Plan** (2013).
- 2.2 Underpinning this potential growth is the anticipated duplication of the Princes Highway (Geelong to Colac), improved passenger rail services linking Colac and Melbourne, increased commuter population, and growth in tourism (Great Ocean Road; the Otways; South Coast).
- 2.3 If this population level is reached over the coming years, considerable investment will be required in infrastructure and services. As a regional service centre, the wider region served by Colac will benefit from the attraction of investment, creation of jobs and an overall improvement in economic activity in the township of Colac.
- 2.4 In order to accommodate growth, astute land use planning will be required by Council, particularly in regard to the planning of retail and commercial activities in the Colac town centre and planning for appropriate industrial land for new and expanded business development and job creation.
- 2.5 As part of the overall planning for this anticipated growth, the Colac Otway Council and the State Government are funding the preparation of **Colac 2050 Project**. The preparation of this Strategy forms a critically important part of the Colac 2050 Project.
- 2.6 The Strategy identifies economic development opportunities for the township and the region, and provides guidance to Council in planning for future requirements for commercial and industrial land.

### Strategy Objectives

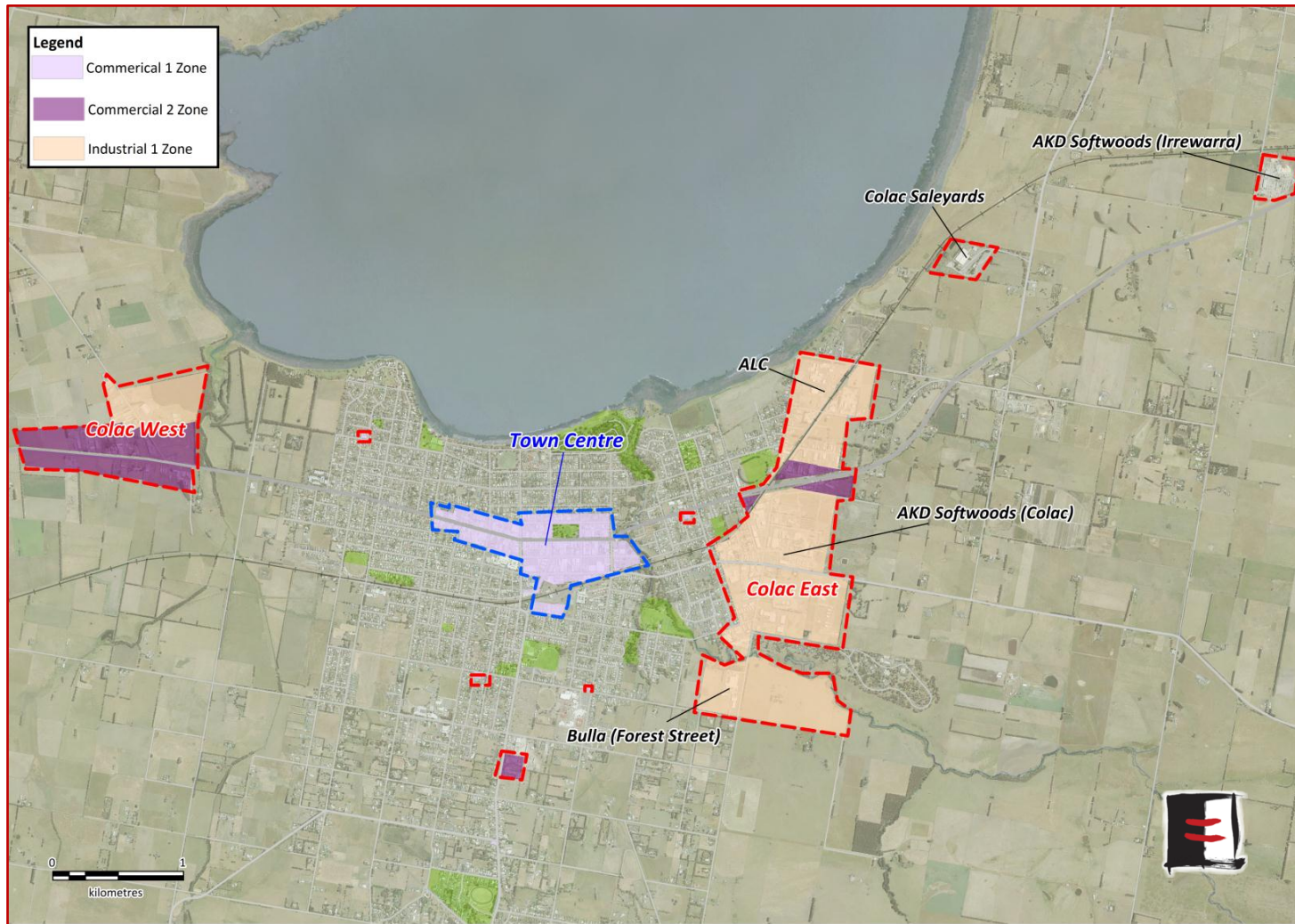
- 2.7 The key objectives of the Strategy are to:
  - (a) Examine macro, regional, and local conditions which are influencing the local economy and employment market in Colac and its hinterlands
  - (b) Consider opportunities for innovation, building on strengths and emerging economic trends, including catalytic projects which could result in significant economic activity
  - (c) Establish a basis for future economic land use decision-making by:
    - Considering initiatives, policies or measures to ensure the longer-term sustainability of existing retail and commercial centres and planning for the evolution/extension of retail and commercial facilities in the Colac / Elliminyt catchment over the next 30-40 years, with specific recommendations to accommodate growth over the next 20 years.

- Exploring the demand for industrial land in the township and its hinterlands and forecast future industrial land requirements, and providing a land use framework to ensure adequate long-term supply of industrial land for the expanding region.

## **Study Area**

- 2.8 The Strategy focuses on the Colac township, and also takes into consideration the role the township performs in regard to the provision of facilities and services to the surrounding region. Figure 1 shows the Study Area, including the location of commercial and industrial zoned land, and other key features.

Figure 1: Colac Township: Economic Development, Commercial and Industrial Land Use Strategy Study Area



Produced by Essential Economics using MapInfo, Nearmap and StreetPro



### 3 STRATEGY METHODOLOGY

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- 3.1 The Strategy represents a well-researched and thorough analysis of the future economic, commercial and industrial land use needs for Colac and involved the following Stages:
- 3.2 **Stage 1 – Project Inception:** Involving inception meeting and development of communication and engagement Strategy.
- 3.3 **Stage 2 – Background Research and Analysis:** The Stage included:
- A review of the regional context and relevant strategic documents.
  - Analysis of economic trends and opportunities (e.g. population, demographics, employment and labour force, property market characteristics, relevant regional and global trends, economic challenges and opportunities for Colac, and identification of potential catalyst projects).
  - Commercial land assessment including analysis of the existing retail and commercial situation in Colac supported by a retail and commercial floorspace survey, forecasts of future retail and commercial floorspace requirements and an assessment of the capacity of existing commercial zoned land to accommodate forecast demand.
  - Industrial land assessment including analysis of supply and demand, and identification of potential future industrial land locations in Colac.
- Part C of the Strategy outlines the background analysis that supports the Strategy.
- 3.4 **Stage 3 – Consultation:** A significant consultation process was undertaken as part of preparing the Strategy and included input from a total of 320 persons. Consultation involved:
- three separate workshops (businesses, government agencies and Councillors) run by community engagement specialists Capire Consulting Group Pty Ltd
  - a resident survey
  - a business survey
  - one-on-one interviews with key stakeholders.
- An overview of the consultation findings is provided in Chapter 12 of the Strategy.
- 3.5 **Stages 4-6 – Strategy Preparation and Reporting:** Three draft Strategies were prepared based on the findings of the background analysis and consultation. These draft Strategies were reviewed internally at Essential Economics, by Colac Otway Shire Council and by Regional Development Victoria.

## 4 SUMMARY OF KEY FINDINGS AND DIRECTIONS

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### Colac Township Economic Development Strategy

- 4.1 **Part A** of the Strategy is the **Colac Township Economic Development Strategy**, and provides a Vision for economic development in Colac, a set of objectives which support the Vision, and an Action Plan identifying specific actions for Council.
- 4.2 The background analysis (refer Part C of the Strategy) identified the following key aspects for the Economic Development Strategy:
- (a) Support and expand existing industries in Colac, including agriculture, health and aged care, food and fibre processing (e.g. dairy, lamb and sawmilling), and retail and consumer services.
  - (b) Develop and attract new industries, including green energies, expansion of freight & logistics, and direct tourism industries and support services.
  - (c) The need for improved connectivity (road, commuter rail, freight rail) to the wider region, including Geelong, Warrnambool, Ballarat and Melbourne for businesses and residents in order for Colac to reach its economic potential.
  - (d) Need to respond to key challenges impacting the local economy, including regional competition, attraction of a skilled labour force, ageing population, high unemployment and climate change.
- 4.3 The Objectives for the Colac Township Economic Development Strategy are as follows:
- (a) To retain and further develop existing businesses that meet existing and new market opportunities in retail, commerce and industry.
  - (b) To attract new investment to Colac with a focus on developing new and sustainable businesses and local jobs.
  - (c) To attract a skilled and experienced labour force to Colac by promoting the town as a desirable place to live and where career opportunities can be pursued.
  - (d) To provide training and skills development opportunities for the local labour force.

### Colac Commercial and Industrial Land Strategy

- 4.4 **Part B** of the Strategy is the **Colac Commercial and Industrial Land Strategy**, which provides a Vision for Colac's commercial and industrial areas, a set of objectives which support the Vision and an Action Plan identifying specific actions for Council.

- 4.5 The Colac Commercial and Industrial Land Use Strategy was supported by detailed research, analysis and consultation which identified the following key implications for commercial and industrial land in Colac:
- (a) Demand for an additional 12,000m<sup>2</sup> of retail floorspace and 5,000m<sup>2</sup> of office floorspace is forecast in Colac over the next 20 years. However, sufficient opportunities exist to accommodate this forecast floorspace growth in the existing commercial zoned land. Consequently, the Strategy focuses on improving the performance of existing commercial areas.
  - (b) An opportunity exists to identify 30-40ha of land for the purpose of accommodating industrial uses that require large land areas. The analysis supporting this finding is provided in Section 5 of my Statement.
- 4.6 The Strategy's objectives relating to commercial land in Colac are as follows:
- To improve the performance of retail and commercial activities in the Colac town centre in terms of improved levels of service, output and employment.
  - To build on the competitive advantages of Colac as a place to invest and do business in the retail and commercial sectors.
- 4.7 The Strategy's objectives relating to industrial land in Colac are as follows:
- To recognise the important role played by existing businesses located in industrial areas in Colac.
  - To investigate and promote opportunities for longer-term industrial land development and the attraction of new industries, their investments and jobs.
  - To assist local businesses in meeting challenges and opportunities, including developing new markets and addressing new competition.

## 5 INDUSTRIAL LAND: RESPONSE TO ISSUES

- 5.1 Amendment C86 seeks to implement the key findings of the Strategy in relation to industrial land and proposes the rezoning of numerous lands for the purposes of:
- (a) providing a supply of industrial land for businesses requiring large allotments, and
  - (b) supporting the ongoing operation and retention of key businesses and employers in Colac.
- 5.2 A review of submissions and correspondence from Planning Panels Victoria relating to the Direction Hearings for Amendment C86 identifies the requirement for my Statement to outline the need for additional industrial land in Colac. This aspect is discussed below and draws on the research, analysis and discussion presented in the Strategy.

### Industrial Land Supply: Lack of Large Vacant Industrial Zoned Lots

- 5.3 An audit of all parcels of land located in industrial zones in Colac was undertaken by Essential Economics in August 2015 using aerial imagery provided by Council. Key findings of the audit are identified below:
- (a) Total Industrial Zoned Land (Net): Colac contains 248ha of net (i.e. excluding roads) industrial zoned land, including:
    - 192ha in Industrial 1 Zone, and
    - 56ha in Commercial 2 Zone.
  - (b) Vacant Industrial Zoned Land (Net): A total of 82ha of vacant net industrial zoned land exists, including:
    - 60ha in Industrial 1 Zone, and
    - 22ha in Commercial 2 Zone.
- 5.4 Table 1 summarises the net industrial land supply in Colac. A notable proportion of industrial land is vacant (33%); however, discussions with stakeholders indicated that a range of issues exist which could potentially pose an impediment to future development of the land, including the lack of services to land supply, infrastructure accessibility, passive landowners, and the like.

**Table 1: Total Industrial Zoned Land Supply (Net), Colac, 2015**

Zone	Occupied	Vacant	Total	Land Vacancy Rate
Industrial 1	132.0ha	59.9ha	191.9ha	31%
Commercial 2	34.5ha	21.8ha	56.3ha	39%
<b>Total</b>	<b>166.5ha</b>	<b>81.7ha</b>	<b>248.2ha</b>	<b>33%</b>

Source: Essential Economics Pty Ltd

Note: Figures rounded

5.5 Further analysis of industrial land stocks by lot size distribution is presented in Table 2 and shows the following with regard to vacant Industrial 1 Zoned (IN1Z) land:

- A total supply of 59.9ha of vacant IN1Z land exists in Colac.
- The majority of IN1Z vacant land parcels are smaller than 2,000m<sup>2</sup> in size (80%).
- Only three vacant lots are of 5ha or more and these represent approximately 31.6ha of vacant IN1Z land (or 53% of vacant IN1Z land).

5.6 The location of the three large vacant parcels is of utmost significance. These large vacant lots are contiguous and are under single ownership. This property is owned by a passive landowner who, to date, has shown no interest in using the industrial zoned property for industrial purposes. It is difficult to gauge the likelihood of these three lots being developed in the near future as development of these lots is reliant on the motives of the individual land owner.

Figure 2 shows the location of vacant and occupied industrial land in Colac.

5.7 Therefore, no current opportunities exist for new businesses requiring large parcel of industrial land to locate in Colac. From an economic development perspective, this is a significant issue.

5.8 The attraction of large businesses to a town is not common; however, the economic benefits of attracting large businesses to regional towns like Colac are significant. They provide direct employment opportunities, and they also provide significant flow-on benefits the rest of the local economy through supply chain linkages and the spending of employees' wages. Bulla Dairy Foods, AKD Softwoods and Australian Lamb Company (ALC) are relevant examples in Colac of the economic benefits of attracting large industrial businesses.

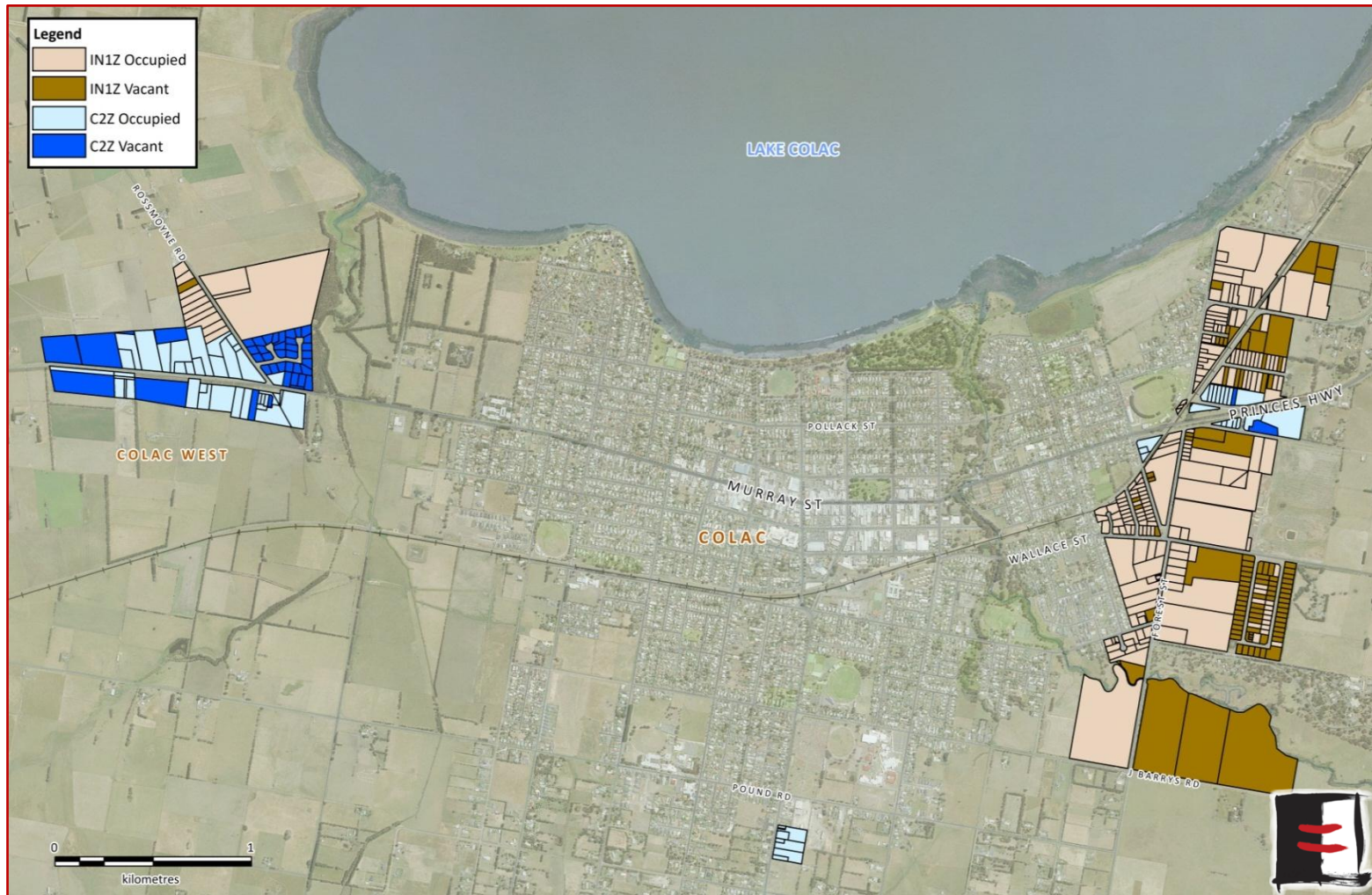
**Table 2: Total Industrial Zoned Land Supply (Net) by Lot Size, Colac, 2015**

	<2,000m <sup>2</sup>		2,001-4,000m <sup>2</sup>		4,001m <sup>2</sup> -1ha		1ha-5ha		5ha+		Total	
	Lots	Ha	Lots	Ha	Lots	Ha	Lots	Ha	Lots	Ha	Lots	Ha
<b>Industrial 1 Zone</b>												
Occupied	114	13.1	34	9.9	32	17.9	14	35.6	5	55.5	199	132.0
Vacant	82	10.7	6	1.7	6	4.3	5	11.6	3	31.6	102	59.9
<b>IN1Z Total</b>	<b>196</b>	<b>23.9</b>	<b>40</b>	<b>11.6</b>	<b>38</b>	<b>22.2</b>	<b>19</b>	<b>47.2</b>	<b>8</b>	<b>87.1</b>	<b>301</b>	<b>192.0</b>
<b>Commercial 2 Zone</b>												
Occupied	28	3.2	7	1.9	21	13.8	10	15.7	0	0	66	34.5
Vacant	11	1.8	23	5.1	2	1.3	5	13.6	0	0	41	21.8
<b>C2Z total</b>	<b>39</b>	<b>5.0</b>	<b>30</b>	<b>7.0</b>	<b>23</b>	<b>15.0</b>	<b>15</b>	<b>29.3</b>	<b>0</b>	<b>0</b>	<b>107</b>	<b>56.3</b>
<b>Total</b>												
Occupied	142	16.3	41	11.8	53	31.7	24	51.3	5	55.5	265	166.5
Vacant	93	12.5	29	6.8	8	5.6	10	25.2	3	31.6	143	81.7
<b>Total</b>	<b>235</b>	<b>28.9</b>	<b>70</b>	<b>18.6</b>	<b>61</b>	<b>37.3</b>	<b>34</b>	<b>76.5</b>	<b>8</b>	<b>87.1</b>	<b>408</b>	<b>248.3</b>

Source: Essential Economics Pty Ltd

Note: Figures rounded

Figure 2: Industrial 1 Zoned and Commercial 2 Zoned Land Status, Colac, 2015



Source: Essential Economics using MapInfo, Colac Otway Shire Council and StreetPro



## Forecast Demand for ‘Standard’ Industrial Land Lots

- 5.9 Analysis of aerial photography of Colac in 2007 and 2015 (Council imagery) and property cadastre information was undertaken to assess the rate of development, or industrial land take-up, that occurred over the 2007 to 2015 period.
- 5.10 Over this 8-year period, development of 9.6ha of vacant industrial land occurred (including IN1Z and C2Z land), and thus the industrial land take-up rate observed in Colac over this period was an average of +1.2ha per annum. The ‘take-up’ of industrial land is summarised in Table 3.

**Table 3: Industrial Land Take-Up, Colac, 2007-2015**

	2007	2015	Change 2007-2015	Annual Change 2007-2015
Total Industrial Land	248.2ha	248.2ha	0.0ha	
Vacant Industrial Land Total	91.3ha	81.7ha	-9.6ha	-1.2ha
Industrial Land Vacancy Rate	37%	33%	-4%	

Source: Essential Economics Pty Ltd

Note: Figures rounded. Figures include Commercial 2 Zone land, and exclude vacant buildings.

- 5.11 In total, the net change in the number of occupied lots between 2007 and 2015 was positive, with an additional +26 lots occupied in this time. Take-up predominantly occurred in the smaller parcel sizes, with 16 additional sub-2,000m<sup>2</sup> lots being occupied.
- 5.12 The largest parcel which became occupied during this eight-year period was 1.2ha and Colac has been unable to attract an industrial tenant beyond this benchmark. As of 2015, Colac had only 13 vacant lots identified which are larger than 1ha (including the 3 lots larger than 5ha identified above). Thus, a lack of locational options exist for those larger businesses that may be seeking to locate in Colac.

## Forecast Demand for Industrial Land

- 5.13 Two industrial land demand scenarios were forecast based on ‘recent trends’ in industrial land take-up activity, and an alternative scenario which provided for increased level of demand equivalent to an additional 50% on recent trends.
- The forecasts were intended to provide an indication of baseline demand for industrial land. The forecasts do not account for the attraction of large industry entrants, which often occur in a ‘one-off’ or ad-hoc fashion.
- 5.14 Under both scenarios a sufficient supply of ‘standard’ industrial land exists, provided the land is appropriately serviced and available for development.
- A summary of the demand and supply situation as shown in the Strategy is provided in Table 4.
- 5.15 It is noted, however, that these calculations are strictly dependent upon the activation of the 31.6ha ‘Forest Street Industrial Site’. Removing this large area of industrial

zoned land from the below equation leads to an alternative conclusion of 42 years supply (recent trends scenario) and 28 years supply (high growth scenario).

**Table 4: Forecast Supply and Demand Situation, Colac, 2015**

	Recent Trends Scenario	High Growth Scenario
Net supply of vacant industrial land	81.6ha	81.6ha
Forecast annual industrial land demand	1.2ha	1.8ha
Years Supply	68 years	45 years

Source: Essential Economics

### Importance of Maintaining a ‘Developable’ Industrial Land Supply

- 5.16 While the baseline demand for industrial land summarised above indicates that an adequate long-term supply of smaller lots exists (i.e. sub-5ha), the reliance upon the Forest Street Industrial Site being brought to market in order to have land to offer prospective industrial operators is less than ideal.
- 5.17 Having regard for the difficulty in gauging the likelihood of the Forest Street Industrial Site being available for development in the near future, it is prudent to investigate the scenario whereby the land is unable to be activated.
- 5.18 Should a larger population and improved accessibility by road stimulate such strong demand for industrial property in close proximity to the town, and the Forest Street Industrial Site remains inactive, then approximately 12.6ha (ie, 7 years x 1.8ha) of additional industrial land would need to be sourced to accommodate demand to 2050. In this respect, the activation of the Forest Street Industrial Site is an important consideration for Council in ensuring sufficient industrial land is successfully brought to market during the lifespan of the Colac 2050 project.
- 5.19 In addition, an allowance of industrial land should be provided which can accommodate new medium to large industry entrants. These types of significant businesses are likely to require industrial sites larger than 5ha, or even potentially 20ha of land. In this context, it is worth noting the following extent of land holdings by some of Colac’s larger industrial businesses:
- Bulla (Forrest Street site):                      Approximately 13ha
  - AKD Softwoods (Colac):                              Approximately 16ha
  - AKD Softwoods (Irrewarra):                      Approximately 16ha
- 5.20 Competition in the industrial land market is another factor to be considered when assessing the need for additional industrial land for businesses requiring larger land parcels. Currently, the only three 5ha+ sites in Colac are under single ownership; as a result, currently no competition exists in the industrial land market should a potential investor seek to locate in Colac at this time. This is not a preferred situation in the context of trying to attract businesses, investment and jobs to Colac.



- 5.21 The Strategy recommends an allowance be made for an additional 30-40ha to facilitate the attraction of new medium to large industries to Colac and restrict the loss of new industry to another town. This will also ensure the industrial market remains fluid and that a shortage in land supply for large lots is avoided. Depending on the requirements for the individual businesses, the recommended 30-40ha could accommodate at least two large businesses and also satisfy long-term demand for industrial should the 'Forest Street Industrial Site' not become available for industrial development in the future.

### **Planning Options for Future Industrial Land**

- 5.22 Discussions with key stakeholders were effectively unanimous that, should the need arise for additional industrial land in Colac, the most appropriate location for rezoning would be the eastern side of the town. This area would benefit from the availability of land and being on the 'Melbourne side' of the township. Furthermore, it is understood that difficulties exist in servicing land to the west of Colac.
- 5.23 Two particular opportunities for additional industrial land were identified:
- Land along Forest Street, on the southern side of the Forest Street Industrial Site and which is subject to rezoning as part of Amendment C86.
  - The precinct which abuts AKD Softwood's Irrewarra mill.

These areas are shown in Figure 3.

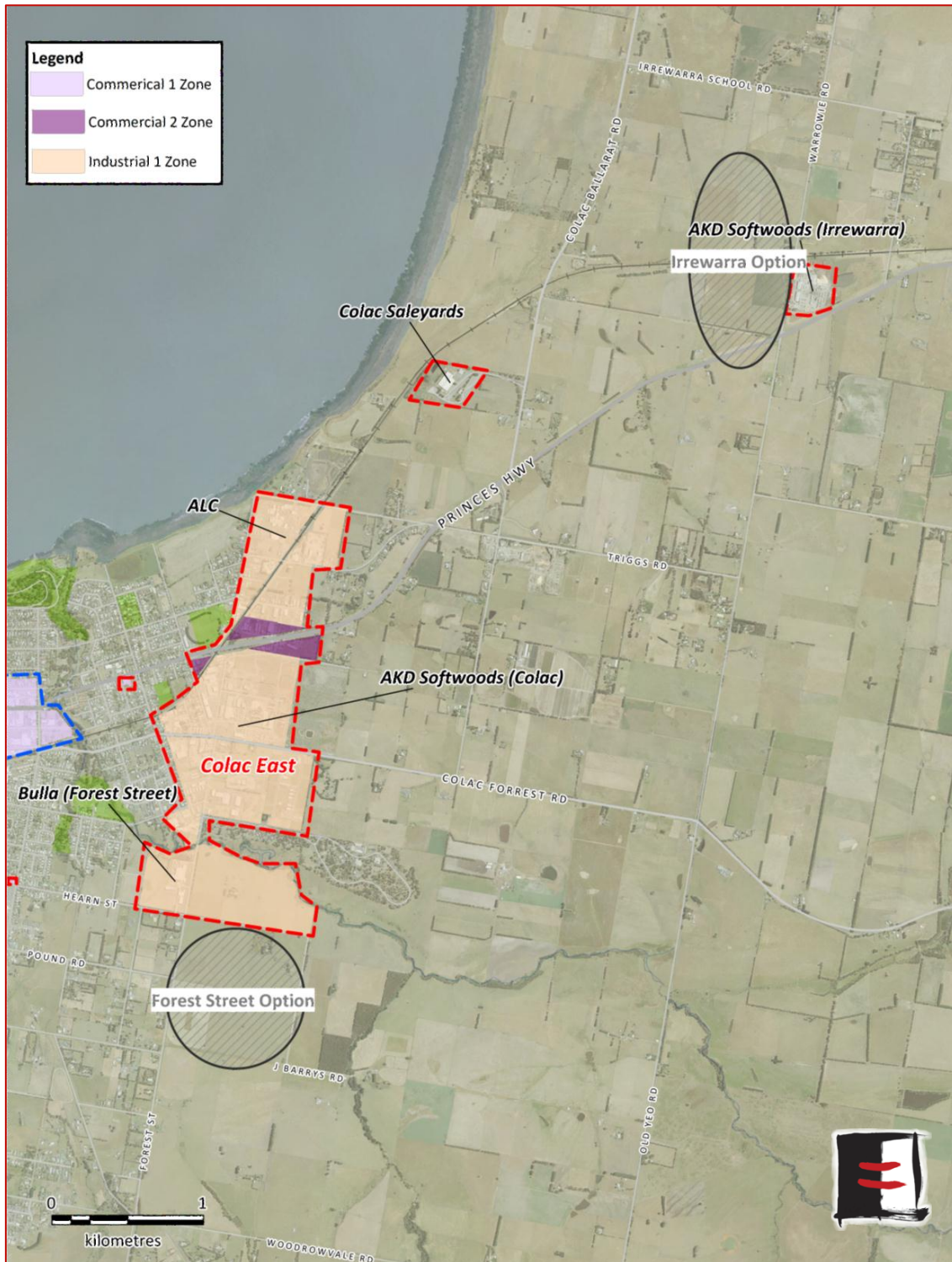
- 5.24 A review of both sites was undertaken (refer Section 15.4 of the Strategy) based on the typical factors that influence the attractiveness of land for industrial development. This review found that both sites are suitable locations to provide a long-term supply of large industrial allotments to the Colac market; however, the Irrewarra option was marginally superior.

It should be noted that the review of potential sites related to the attractiveness of land from a commercial perspective and did not consider other factors such as environment, planning and infrastructure considerations. These are also important factors that need to be considered.

- 5.25 Based on the above, the Strategy recommended the following in relation to identifying land for large-scale industrial uses (refer Action 4.2 of the Strategy):

*"Identify the Irrewarra Precinct and Forest Street site (refer Figure 2) as future investigation areas for large-scale industrial uses in future Structure Plans and the MSS, engage in dialogue with owners and ensure they are willing participants should these sites be rezoned."*

Figure 3: Potential Options for Additional Industrial 1 Zoned Land, Colac



Source: Essential Economics using MapInfo, Colac Otway Shire Council and StreetPro

## Importance of Supporting Key Industrial Businesses in Colac

- 5.26 Colac benefits greatly from a number of major industrial employers in the town (e.g. Bulla Dairy Foods, AKD Softwoods and ALC). Assisting these businesses to expand and remain key employers of local residents will be important to the future economic prospects of the region.
- 5.27 All three of these major businesses have evolved over time, and have very significant sunk investment in plant and equipment. As many of the major businesses in Colac are exposed to a high degree of international or national competition, a key function of any land use strategy is to ensure that these existing businesses can continue to operate in an efficient and profitable manner, and can expand to meet new business opportunities where they arise.
- 5.28 On this basis, the existing industrial sector in Colac is clearly one which has a high degree of importance, deserving of policy support because of the jobs, output and regional exports that are generated. The importance of Colac's industrial activities, in particular the manufacturing sector, is shown in Table 5. Based on ABS Census data for 2006 and 2011, the number of jobs in the Colac Otway Shire declined by approximately -390 over this period.
- However, manufacturing along with healthcare and social assistance were the only industries which experienced considerable growth in employment. In the case of manufacturing, this defied a well-established national trend of declining employment.
- 5.29 As indicated earlier in my statement, the large industrial businesses in Colac not only provide direct employment opportunities but also provide significant flow-on benefits to the rest of the local economy through supply chain linkages and the spending of employees' wages.

**Table 5: Trends in the Jobs by Industry Sector, Colac Otway Shire, 2006-2011**

Industry	2006	2011	Change
Agriculture, Forestry and Fishing	1,200	990	-210
Mining	10	20	+10
Manufacturing	960	1,090	+130
Electricity, Gas, Water and Waste Services	60	60	0
Construction	490	520	+30
Wholesale Trade	380	220	-160
Retail Trade	1,040	920	-120
Accommodation and Food Services	720	690	-30
Transport, Postal and Warehousing	360	280	-80
Information Media and Telecommunications	100	80	-20
Financial and Insurance Services	110	130	+20
Rental, Hiring and Real Estate Services	90	70	-20
Professional, Scientific and Technical Services	230	260	+30
Administrative and Support Services	370	440	+70
Public Administration and Safety	560	480	-80
Education and Training	560	560	0
Health Care and Social Assistance	990	1,120	+130
Arts and Recreation Services	110	90	-20
Other Services	310	260	-50
Industry not classified	70	60	-10
<b>Total</b>	<b>8,720</b>	<b>8,330</b>	<b>-390</b>

Source: id Consulting (Economy id, September 2014)

### Comments on Proposed Rezoning of Industrial Land

5.30 I support the proposed rezoning of land at 50 J Barrys Road, Elliminyt and part of 286 Forest Street Elliminyt from the Farming Zone (FZ) to the Industrial 1 Zone (IN1Z). This land will provide an opportunity that currently does not exist for any new large industrial businesses seeking to establish in Colac.

Furthermore, the land will provide for the long-term supply of industrial land should land referred to as the Forest Street Industrial Site to the immediate north never eventuate as a development opportunity.

Rezoning the land as part of Amendment C86 will ensure this land will be available in the short-term, reducing the risks to the Colac economy of forgoing any potential major investment in the town.

5.31 I also support, from an economics perspective, the following proposed rezoning of land where it contributes to the retention and expansion of major industrial businesses and employers in Colac:

- (a) Rezone land which forms part of the Bulla Dairy Food Murray Street operations from Commercial 1 Zone (C1Z) to Special Use Zone Schedule 3 (SUZ3). SUZ3

proposes to allow for the ongoing and future use and development of the land for the purpose of industry, manufacturing, storage and distribution of iced-confection, milk and dairy-based products.

- (b) Rezone 34 Fulton Street, Colac from Rural Living Zone (RLZ) to Industrial 1 Zone (IN1Z) to facilitate the future expansion of Bulla Dairy Foods.
- (c) Rezone 1 Tristania Drive and 45 Flaxmill Road, Colac East from Industrial 1 Zone and part Public Use Zone Schedule 4 (PUZ4) to Special Use Zone Schedule 4 (SUZ4). SUZ4 proposes to allow for the ongoing and future use and development of the land for the purpose of industry, manufacturing, storage and distribution of an abattoir and food production.
- (d) Rezone 7-15 Forest Street, Colac, part of 18-24 Forest Street, Colac and 73 Colac Forrest Road, Colac from Farming Zone (FZ) to Industrial 1 Zone (IN1Z) to facilitate the use and development of the AKD Softwood operations.
- (e) Rezone 20 Warrowie Road Irrewarra from Farming Zone (FZ) to Industrial 1 Zone (IN1Z) to facilitate the operations of the existing AKD Softwoods.

## 6 OVERVIEW OF KEY ISSUES: ECONOMIC DEVELOPMENT

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- 6.1 Based on my review of submissions and correspondence from Planning Panels Victoria regarding the directions for the Panel Hearing, I am of the view that no major issues have been identified with regard to the '**Economic Development Strategy**' component of the Strategy that require further explanation in my statement.
- 6.2 For the purpose of providing an economic context for the Amendment, I have summarised below the key economic development considerations identified in the background analysis that influenced the development of the Economic Development Strategy:
- (a) There is a need to **support and expand existing industries in Colac**, including agriculture, health and aged care, food and fibre processing (e.g. dairy, lamb and sawmilling), and retail and consumer services.
  - (b) There is a need to **develop and attract new industries**, including green energies, expansion of freight & logistics, and direct tourism industries and tourism support services.
  - (c) There is a need to **advocate for improved connectivity to the wider region**, including Geelong, Warrnambool, Ballarat and Melbourne. Improved connectivity will be critically important in supporting economic growth in Colac and includes the following:
    - Duplication of the Princes Highway which is currently underway
    - Improved commuter rail services to Geelong and Warrnambool, connecting residents with increased opportunities for employment, tertiary education and higher-order services not provided in Colac
    - Potential for an intermodal freight hub in Colac, providing opportunities for local industry to transport goods by rail
    - Adoption of current and new technologies that utilise improved internet speeds.
  - (d) There is a need to **respond to key challenges impacting on the local economy**, including:
    - The exposure to key industries, including agriculture and manufacturing, to a high level of overseas competition
    - A high share of jobs in low-skilled occupations which are vulnerable to competitive economic forces
    - A range of demographic and socio-economic factors such as low rates of high school completion, low share of students attending university or a tertiary institution, and high rates of unemployment

- Expected ageing population in Colac (and universally) will lead to a reduction of working-age persons in coming decades
- Climate change presents as a potential challenge (and opportunity) to the local and regional economy.

6.3 The following ‘catalyst’ projects were identified that are considered to be important projects Council can undertake for the purpose of fostering economic development opportunities:

- (a) Advocate for increased commuter rail services between Colac and Geelong, and Colac and Warrnambool.
- (b) Investigate the opportunities and viability for the future development of an intermodal freight facility for transport and logistics purposes in Colac.
- (c) Identify opportunities to attract visitors to Colac stay longer, whether for an overnight or a longer stay, while passing through the town.
- (d) Assist in the attraction of a business(es) to the existing Coles store in Murray Street should Coles relocate (as expected) to the Council-approved development site in Bromfield Street.
- (e) Identify potential future uses for the Department of Health & Human Services (DHHS) Colanda site, which is Crown land and adjoins industrial zoned land in the east of Colac.

In addition to the above, it will be important that a supply of zoned and serviced industrial land is available in order to accommodate any new industries requiring large land parcels.

## 7 OVERVIEW OF KEY ISSUES: COMMERCIAL LAND

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7.1 Based on my review of submissions and correspondence from Planning Panels Victoria regarding the directions for the Panel Hearing, I am of the view that no major issues have been identified with the **Commercial Land Assessment or Commercial Land Strategy** that require further explanation in my statement.

7.2 For the purpose of providing an overview of the key issues relating to commercial land in Colac for the Panel, I have reproduced below the implications for the Strategy derived from the Commercial Land Assessment.

**7.3 The Strategy and Council should focus on improving the performance of existing retail/commercial areas in Colac, rather than identifying new areas for retail/commercial land.**

While the Colac town centre does not suffer from any major vacancy issues, it is evident that retailers in general achieve lower average turnover per square metre than in other comparable regional centres.

Significant work has been undertaken which focuses on improving the urban design features of the town centre, including the Colac CBD and Entrances Project (2012), while Strategies to improve existing areas are also identified in the Colac Otway Planning Scheme.

7.4 **The Colac town centre has a number of unique aspects which could be drawn upon as key strengths to the centre in any future planning or design study**, including Memorial Square, Bulla Dairy Foods, proximity to the Colac Botanical Gardens and Lake Colac, and the existence of considerable heritage buildings throughout the centre.

7.5 **Demand for approximately an additional 12,000m<sup>2</sup> of retail floorspace and 5,000m<sup>2</sup> of office floorspace is forecast over the next 20 years in Colac.** Capacity exists for this floorspace to be accommodated within existing Commercial 1 and Commercial 2 Zoned land.

The majority of potential for additional retail floorspace in Colac is for Non-food floorspace, taking into consideration the approved Coles development which will have a Food, Liquor and Groceries focus.

7.6 **Colac's office market is likely to focus on the provision of office accommodation for small to mid-sized businesses that provide important services to the surrounding region.**

7.7 **Other forms of development should also be encouraged in the Colac town centre that contribute to its role as a regional centre** which provides a wide variety of facilities and services, including visitor accommodation and community, entertainment and cultural facilities.



- 7.8 **The majority of the demand for additional retail/commercial floorspace will be for locations in the Colac town centre**, although limited potential for highway-based bulky goods retailing may also eventuate to the west on the Princes Highway. It is unlikely sufficient demand will arise for a new stand-alone neighbourhood centre elsewhere in Colac in the foreseeable future, although it would be prudent to consider the potential for neighbourhood or local centre development in the planning for new urban areas in the future.
- 7.9 **Having regard for a potential population of 20,000 residents in Colac by 2050**, it would be prudent for the purpose of longer-term planning (i.e. beyond the next 20 years) that the following be considered:
- Identification of a future direction for any potential future expansion of the Colac town centre; and
  - Consideration of neighbourhood or local centres when planning for new residential areas.
- 7.10 **Additional future Commercial Land requirements over the next 20 years:** Nil. Sufficient opportunities exist within the current commercial zoning boundaries to accommodate future floorspace requirements.

## 8 CONCLUSIONS

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- 8.1 The Colac Township Economic Development, Commercial and Industrial Land Strategy is a very thorough and well-researched Strategy that is suitable for inclusion into the Colac Otway Municipal Strategic Statement.
- 8.2 I support the proposed rezoning of land at 50 J Barrys Road, Elliminyt and part of 286 Forest Street Elliminyt from the Farming Zone (FZ) to the Industrial 1 Zone (IN1Z). This land will provide an opportunity that currently does not exist for any new large industrial businesses seeking to establish in Colac.
- 8.3 I also support, from an economics perspective, the proposed rezoning of land where it contributes to the retention and expansion of major industrial businesses and employers in Colac.

### Declaration

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



Nicholas Brisbane  
Director  
**Essential Economics Pty Ltd**

13 April 2016

## **ATTACHMENT: NICHOLAS BRISBANE CV**

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# Nick Brisbane

B. ECONOMICS

Director



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Nick is an economist with wide-ranging experience in public and private sector work in both Australia and the UK. Nick's particular expertise is in undertaking market assessments of the demand for property development, and assessing the economic impact of development on the local, regional and wider economies.

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## INTRODUCTION

Nick has a Bachelor degree in Economics, with a specialisation in Econometrics, and has 16 years' experience in undertaking economic research for a wide range of public and private sector clients.

At Essential Economics, Nick's role is primarily in undertaking market assessments of various forms of property development, preparing demand forecasts across a range of sectors, preparing economic and demographic profiles, and assessing economic impacts associated a wide range of project projects.

In particular, Nick has strong expertise in assessing the market potential for retail, residential, retirement and tourism project. He has experience in community and stakeholder consultation, and excellent report writing and presentation skills.

## ACADEMIC QUALIFICATIONS

*Bachelor of Economics, Monash University, Melbourne, 2001*

## PRESENT POSITION

Director, Essential Economics Pty Ltd,  
March 2012 -

## PAST POSITIONS

Associate, Essential Economics, March 2011 – March 2012

Senior Economist, Essential Economics,  
January 2007 - March 2011

Economist, Essential Economics, March 2004 – January 2007

Consultant, Colin Buchanan and Partners Pty Ltd, September 2003 – January 2004

Economist, Essential Economics, August 2001 – March 2003

## RELEVANT EXPERIENCE



## **Retail, Commercial and Industrial Assessments**

*Exford Road NAC, Melton South – Economic Assessment, for private client*

*Torquay ALDI – Economic Impact Assessment, for ALDI*

*Bunnings Swan Hill Economic Assessment, for Bunnings Group Limited*

*Proposed Gateway Neighbourhood Centre, New Norfolk (Tas) – Economic Impact Assessment, for North Hobart Developments Pty Ltd*

*Montague Street, South Melbourne - Retail Assessment, for Austpac*

*Shepparton Retail Overview, for Shepparton City Council*

*Bunnings Swan Hill Trade Area Profile, for Bunnings Group Pty Ltd*

*Bunnings Yarrawonga Trade Area Profile, for Bunnings Group Pty Ltd*

*Laurimar Town Centre Advice, for private client*

*Craigieburn R2 NAC Assessment, for Peet*

*Glebe Hill Estate Neighbourhood Activity Centre Assessment, for private client*

*Super Amart - Retail Economic Impact Assessment, for Super Amart*

*Application for Rezoning of Land at Harcourt Parade, Cremorne - Economic Analysis, for Caydon Property Pty Ltd*

*Sibelco Economic Benefit Assessment, for Sibelco*

*University Hill Retail Analysis, for MAB Corporation*

*Assessment of Industrial Land in the City of Monash, for private land owners*

*Economic Assessment of Preferred Future Land Uses, Oakleigh, for private land owners*

*Corio Norlane Urban Renewal Project - Retail and Activity Centre Assessment, for Major Projects Victoria*

*Costco Auburn Economic Impact Assessment, for Costco*

*Market Street, South Melbourne – Economic Advice, for Blueprint Australia*

*Inverloch Retail Assessment, for Coomes Consulting on behalf of Bass Coast Shire*

*Business and Industrial Zoned Land Requirements in Wallan, for Mitchell Shire Council*

*Diggers Rest – Employment Land Assessment, for Industrial Commercial Property Solutions Pty Ltd*

*Moorabbin Airport Masterplan Review, for Moorabbin Airport Corporation*

*Sale Industrial and Business Zoned Land Assessment, for Wellington Shire*

*Tooronga Homemaker Centre Economic Impact Assessment, for Leighton Properties Pty Ltd*

## **Strategic and Urban Planning**

*City of Swan Local Commercial and Activity Centres Strategy, for City of Swan*

*Alexandrina Economic Development Strategy, for Alexandrina Council*

*Shire of Mundaring Local Commercial and Activity Centres Strategy, for Shire of Mundaring*

*Colac Economic Development and Land Use Strategy, for Colac-Otway Shire*

*Beveridge North West PSP 1059 – Retail Needs Assessment, for Metropolitan Planning Authority*

*Donnybrook, Woodstock and English Street PSP – Activity Centre and Employment Land Analysis, for Metropolitan Planning Authority*

*Melton Housing Diversity Strategy, for City of Melton*

*Mildura Housing and Settlement Strategy, for Rural City of Mildura*

*North Park Reserve, Swan Hill – Economic Impact Review of Proposed Rezoning, for Swan Hill Rural City Council*

*Collins Street (St Albans) Redevelopment Feasibility Study – Economic Input, for Brimbank City Council*

*Quarry Hills PSP – Activity Centre and Employment Analysis, Growth Areas Authority*



*Wollert PSP – Activity Centre and Employment Analysis, Growth Areas Authority*

*Yarra Ranges Activity Centre Network Strategy, for Shire of Yarra Ranges*

*Horseshoe Bend Activity Centre Assessment, for private client*

*Assessment of Economic Impact Associated with Reducing Development Levies in Mooroonpa West, for Greater Shepparton Council*

*Twin Rivers Land Use Plan, for East Gippsland Shire*

*Hopkins Street Precinct, Footscray - Retail Economics Assessment, for Austpac Properties*

*Leakes Road Rockbank Masterplan - Economic Input, for Mirvac and Jayaland*

*Mount Penang Parklands - Economic Input to State Significant Site Study, for Central Coast Regional Development Corporation*

*Batesford South, Geelong - Assessment of Future Land Use and Employment, for private client*

*Assessment of Preferred Future Land Uses in Westminster Street Oakleigh, for private client*

*Clyde North Submission to GAFP, for private client*

*Retail Floorspace Forecasts for Regional Victoria, 2007-2030, for Department of Sustainability and Environment*

*Retail Floorspace Forecasts for Metropolitan Melbourne, 2006-2030, for Department of Sustainability and Environment*

*Moorabbin Airport Masterplan Review, for Moorabbin Airport Corporation*

*Input to Fyans Street / West Fyans Street Structure Plan, for City of Geelong*

*Input to Taylors Hill Structure Plan, for Shire of Melton*

*Input to Melton North Structure Plan, for Shire of Melton*

*Mooroolbark Urban Design Framework – Retail and Economic Considerations for the UDF, for Aspect*

*St Albans Activity Centre – Economic Input to the Urban Design Framework, with David Lock Associates*

## **Residential, Retirement and Aged Care Assessments**

*Ballarat Eco-Village – Economic Assessment, for private client*

*A Victorian Housing Solution – Market Analysis as Input Masterplan development & Urban Renewal of Fitzroy, Prahran and North Richmond Public Housing Estates, for Department of Human Services*

*Pallara Retirement Village Market Assessment, for Stockland*

*Farrington Grove Retirement Village Market Assessment, for Stockland*

*Boral Quarry Residential Land Assessment, for Boral*

*Selandra Rise Retirement Village Market Assessment, for Stockland*

*Hillside Retirement Village Market Assessment – Update, for Stockland*

*Woodend Davies Hill – Economic Analysis, for Villawood Properties*

*Cape Paterson Eco Village Market and Impact Assessment, for PlannedFX*

*Due Diligence for the Geelong TAFE Site, for VicUrban*

*Infill Development Opportunities for Ballarat, for City of Ballarat*

*Latrobe Residential and Rural Residential Land Assessment, for Latrobe City Council*

*Residential Mix Market Assessment, Cowes, for Kellehers*

*Ventnor Residential Land Assessment, for Tomkinson*

*Apollo Bay Residential Land Assessment, for J. Di Cecco & Associates Pty Ltd*

*Arcare Knox – Aged Care Market Assessment, for Arcare Pty Ltd*

*ARC/Stockland Victorian Retirement Village Research, for Stockland*

*Gowanbrae Retirement Village Assessment, for Stockland*



*South Morang Retirement Village Assessment, for Stockland*

*Kawana Retirement Village Assessment, for Stockland*

*Maitland Retirement Village Assessment, for Stockland*

*Pemulwuy Retirement Village Assessment, for Stockland*

*Campbelltown Retirement Village Assessment, for Stockland*

*Maitland Retirement Village Assessment, for Stockland*

*Rosebud West Retirement Village Assessment, for AMP Capital*

*Penrith Retirement Village Assessment, for Stockland*

*Craigieburn Retirement Village Assessment, for Stockland*

*Shellharbour Retirement Village Assessment, for Stockland*

*Baldivis Retirement Village Assessment, for Stockland*

*Vincentia Residential Land and Retirement Village Assessment, for Stockland*

*Cowes Retirement Village Market and Economic Impact Assessment, for AMP Capital*

*Point Lonsdale Retirement Village Assessment, for Stockland*

*Apollo Bay – Market Assessment for Potential Land Uses, for BCR*

*Lyndhurst Aged Care and Accommodation Proposal, for Southern Cross Care*

*Korumburra Assessment of Demand for Aged Care and Retirement Living, for Rossi Group Pty Ltd*

*Leongatha Assessment of Demand for Aged Care and Retirement Living, for Rossi Group Pty Ltd*

## **Economic Development Strategies and Town Centre Assessments**

*Echuca Commercial Strategy, for Campaspe Shire*

*Swan Hill Retail Strategy 2014 – Strengthening Swan Hill's Retail*

*Industry, for Swan Hill Rural City Council*

*Horsham CAD Strategy, Rural City of Horsham*

*Economic Impact of Crime in Frankston, for City of Frankston*

*Economic Assessment of Crop2 Project Sunshine, for Brimbank City Council*

*Coomera Town Centre Meeting Community Infrastructure Needs - Economic Assessment of Integrated Community Infrastructure, Sutera Architects*

*Assessment of Sunshine Station Development Opportunities, for City of Brimbank*

*Business and Industrial Zoned Land Requirements in Wallan, for Mitchell Shire Council*

*South Gippsland Township Study – Economic Assessment of Future Requirements for Residential, Industrial and Commercial Zoned Land, for South Gippsland Shire*

*Metropolitan Fringe Strategic Planning Partnership Project - Growth Strategies, for DSE, Mitchell Shire and Baw Baw Shire*

*Macedon Rural Land Study, Tourism and Urban Growth Assessment, for Macedon Ranges Shire, with RPD Group*

*Mitchell Shire Economic Development and Planning Strategy, for the Shire of Mitchell*

*Moorabool Shire Economic Profile, for the Shire of Moorabool*

## **Tourism Assessments**

*Kinglake Resort – Market and Economic Impacts Assessment, for private client*

*Korumburra Resort – Market and Economic Impacts Assessment, for private client*

*Lorne Strategy Plan (Tourism and Economic aspects), for Surf Coast Shire and Maunsell*

*Surfworld Museum – Tourism Benefit Assessment, for Surfworld Museum*