

WONTHAGGI COMMERCIAL AND INDUSTRIAL LAND ASSESSMENT

FINAL REPORT

BASS COAST SHIRE COUNCIL

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AUTHORS

Paul Shipp

Brett Hannah

URBAN ENTERPRISE

URBAN PLANNING LAND ECONOMICS TOURISM PLANNING INDUSTRY SOFTWARE

389 ST GEORGES RD, FITZROY NORTH, VIC 3068 | PH: (03) 9482 3888

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ZONE DEFINITIONS

COMMERCIAL 2 ZONE

The Commercial 2 Zone (**C2Z**) is zoned to encourage commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services. The zone also ensures that uses do not affect the safety and amenity of adjacent, more sensitive uses.

INDUSTRIAL 1 ZONE

The Industrial 1 Zone (**IN1Z**) is zoned to provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.

INDUSTRIAL 3 ZONE

The Industrial 3 Zone (**IN3Z**) is zoned to provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.

The zone also aims to provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community. It also allows for limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations, while ensuring that uses do not affect the safety and amenity of adjacent, more sensitive land uses.

EXECUTIVE SUMMARY

ENGAGEMENT

Urban Enterprise was engaged by Bass Coast Shire Council (**Council**) to prepare a review of commercial and industrial land needs for the town of Wonthaggi to inform preparation of a Precinct Structure Plan (**PSP**) for the Wonthaggi North East Growth Area. The PSP is being prepared by the Victorian Planning Authority (**VPA**) in partnership with Council.

KEY FINDINGS AND FIGURES

Employment projections estimate the Bass Coast Shire will accommodate a total employment figure of almost 8,000 jobs (additional 1,650 jobs) by 2036, of which 305 additional jobs will be located in Wonthaggi.

It is estimated that with an additional 18,000 population expected in the catchment by 2036, Wonthaggi will be able to support a demand for an additional 26,000-33,000sqm of retail floorspace. The retail expenditure for residents of the catchment is also expected to grow to approximately \$14,350 per person. By 2036, the North East Growth Area could have up to 4,000 residents, supporting 6,500sqm of retail floorspace. At capacity (8,000 residents), the North East Growth Area could support a Neighbourhood Centre of 2,000sqm and two smaller centres of up to 1,500sqm.

Demand growth for bulky goods is expected to support an additional 11,000sqm of floorspace over the next 20 years. Given the size of other relevant homemaker centres, projected growth and the possibility of relocating existing retailers, it is recommended that at least 8 hectares of C2Z land be retained for a future homemaker centre in the medium to long term.

Considering the projected additional employment in Wonthaggi by 2036 is 305 jobs, it is estimated that 205 of these jobs will occur within the industrial sector. The upper end of the projection range in the industrial demand modelling estimates demand for 8 to 10 hectares, with an additional 7 hectares required for larger strategic sites. This leads to a requirement for between 15 and 17 hectares of industrial land in Wonthaggi over the next 20 years. Given that there is 5 hectares of industrial supply currently, and additional 10-12 hectares is recommended to be rezoned and provided as supply to the area.

The projected growth and recommended rezoning of land anticipates that Wonthaggi would be able to consolidate its currently fragmented bulky goods and industrial uses into significant clusters, including a homemaker centre. The anticipated population driven growth in retail sectors is expected to occur largely in the existing town centre, while longer term development, including a Neighbourhood Centre, should occur in the North East Growth Area. As a town, the recommended rezoning will enable adequate and appropriate land for future development of Wonthaggi into a significant regional industrial and retail centre for the Bass Coast and South Gippsland regions.

POLICY AND STRATEGY CONTEXT

Both State and regional policies identify Wonthaggi as a location that will experience increased growth in the coming years. This will result in additional demand for business land over time, including core retail, bulky goods and industrial land.

The Wonthaggi North East Growth Area is being planned to accommodate up to 8,000 additional residents, generating new demand for retail, commercial and industrial products, services and land. The early stages of the development are likely to generate demand for hardware, trade supplies, landscape supplies and bulky goods.

The potential future Wonthaggi bypass road would redirect heavy vehicle traffic from the town centre and improve travel times to the Melbourne and South Gippsland markets from Wonthaggi. There is the opportunity to ensure that the location of future industrial land

maximises access to this future road to support businesses that generate heavy vehicle movements and rely on efficient distribution of goods to and from the broader region and beyond.

In terms of planning zones, site specific rezonings have been required to facilitate major retail development in the Wonthaggi town centre. Long term Commercial 2 Zone and Industrial 1 Zone areas have been set aside through Amendment C116, however these areas are yet to be developed.

ECONOMIC CONTEXT

The Bass Coast economy is underpinned by the tourism, agriculture, construction and manufacturing industries. The food, tourism and energy industries are emerging as growth industries in Wonthaggi, Bass Coast and the broader region. These sectors will require land within and near Wonthaggi to support this growth, including retail and industrial areas.

As the main service centre for Bass Coast Shire, Wonthaggi should accommodate the majority of larger industrial and major retail uses. As the population grows, land should be available to accommodate these users to mitigate the risk of lost investment and poor service delivery.

Business land in Wonthaggi should continue to play an important role in supporting the agricultural sector by accommodating retail, commercial and industrial businesses such as real estate agents, banks, equipment and farm supplies, hardware, transporters, construction and smaller manufacturers.

Sufficient land will need to be provided within Wonthaggi to support a growing hospitality and food retail sector, primarily within the existing town centre and tourist areas; and sufficient industrial land to support smaller businesses seeking to add value to local produce.

It is unlikely that large scale industrial areas and lots will be required for major food processors such as dairy, however it will remain important for Wonthaggi to provide some larger land areas with suitable separation from residential areas to accommodate any larger businesses such as abattoirs or processors, and others seeking to establish in Bass Coast given the absence of strategic industrial land elsewhere in the municipality.

EXISTING EMPLOYMENT LAND AND FLOORSACE

There is currently 111ha of land in Wonthaggi zoned for commercial or industrial purposes across six precincts, with a total of 10.7 ha of vacant land in the Industrial 1 Zone, 33.9 ha in the Commercial 2 Zone and only 0.05 ha in the Commercial 1 Zone.

Although the overall amounts of vacant land within the Commercial 2 Zone and Industrial 1 Zone are significant, the amount of vacant land that is ready to occupy or develop is substantially lower due to a number of constraints. As a result, there is a limited number of vacant lots within both the Commercial 2 Zone and the Industrial 1 Zone that are ready to occupy. In particular, the supply of industrial land is unlikely to be sufficiently diverse to accommodate new businesses seeking to establish in Wonthaggi.

A review of vacant land found that there are only 5 vacant lots within industrial zones in Wonthaggi that are ready to occupy (total 8ha), 4 of which are less than 2,000sqm in area. Only one strategic industrial site exists – this site is subject to a planning permit application. Similarly, only 3 vacant sites were identified within the Commercial 2 Zone that are ready for a new business to occupy (total 2.84ha). The lack of vacant sites that are ready to occupy is a key issue to be addressed.

It is estimated that there is approximately 44,000sqm of core retail floorspace in Wonthaggi, all of which is located in the CBD. Bulky goods retailers have a combined floorspace of approximately 18,000sqm, and there is an estimated 48,000sqm of occupied industrial floorspace.

Employment land in Wonthaggi is highly fragmented and many retail uses are located within industrial zones and vice-versa. Bulky goods retailers are dispersed across the Precincts, including within the Commercial 1 Zone and Industrial 1 Zone which are designed to accommodate other uses.

There is no consolidated bulky goods precinct in Wonthaggi, although broadhectare land in the Commercial 2 Zone in the Inverloch Road Precinct has sufficient area to accommodate this in the future.

The fragmented nature of the commercial and industrial zones and uses could result in land use conflict and is likely to preclude opportunities for clustering of like-businesses, thus forfeiting opportunities for trip-sharing for consumers and potential economic benefits for businesses.

RETAIL CONTEXT

Wonthaggi contains a number of bulky goods retailers and discount department stores that are not located elsewhere in Bass Coast Shire or in South Gippsland Shire – this extends the retail catchment of Wonthaggi across Bass Coast and into South Gippsland Shire. Wonthaggi supermarkets draw trade from across the mainland of Bass Coast Shire and into the coastal areas of South Gippsland to the south-east (such as Venus Bay), including permanent resident expenditure as well as holiday home visitors and tourists. Both core retailers and bulky goods generate substantial turnover from visitors to the area, especially holiday home owners.

The trading performance of many core retailers has weakened since completion of the Wonthaggi Plaza Shopping Centre, resulting in a two-speed retail economy of (1) traditional main street retailers with marginal profitability, and (2) shopping centre tenants with significantly higher turnover densities and rents.

As a result of ownership and infrastructure constraints, there is a general lack of new lots ready to be occupied by new retail businesses. Many bulky goods retailers are operating in stores smaller than usual for that brand. Although bulky goods retailers are generally performing well, there has been limited interest from investors to establish a new bulky goods centre on Inverloch Road with some consultees noting insufficient demand exists for a major additional to the bulky goods retail supply.

The traditional concentration of main street independent retailers on Graham Street has transitioned to accommodate a variety of retail, office, commercial and hospitality businesses. It is likely that the Graham St spine will continue to transition towards a greater variety of employment uses, rather than purely a retail area.

As the Wonthaggi North East Growth Area is progressively developed, the town centre will play an important role in providing convenience retail, comparison shopping and employment options to the new community. Recent floorspace growth has outpaced population growth in the Wonthaggi area – as such, it is important to ensure that the role of the town centre is maintained and reinforced in the short to medium term before new centres are considered within the Growth Area or elsewhere.

PROJECTED RETAIL FLOORSPACE DEMAND

The Wonthaggi retail catchment has a population of approximately 48,000 residents which covers the majority of Bass Coast Shire and parts of South Gippsland Shire. An additional 18,000 people are expected to reside in the catchment by 2036, an average growth rate of 1.6% per annum from 2016.

The total retail expenditure of catchment residents is estimated at \$624.2m per annum. The significant tourism visitation to Bass Coast and the large number of holiday homes in the area results in non-resident retail expenditure likely to be at the upper end of the share of turnover for a typical regional centre. Wonthaggi is estimated to have a retail market share of approximately 31% of expenditure within its catchment area, with a significantly higher market share estimated for the Primary Catchment (71%).

If Wonthaggi maintains its current retail market share, up to an additional 33,000sqm of retail floorspace could be supported in the town over the next 20 years. If the market share declines slightly due to new retailers establishing in other centres, the supportable floorspace could range between 26,000 and 33,000sqm. Over the short term, any core retail floorspace growth should be concentrated within the town centre.

NORTH EAST GROWTH AREA RETAIL FLOORSPEC REQUIREMENTS

The North East Growth Area will ultimately accommodate up to 8,000 residents. Council and VPA anticipate the timeframe of the project to be 30 to 50 years.

Over the next 20 years, it is expected that there could be up to 4,000 residents living in the growth area, generating demand for up to 6,500sqm of retail floorspace in Wonthaggi. This demand will be met by supermarkets, discount department stores, bulky goods retailers and specialty shops. It is expected that the majority of this floorspace can be retained within the Wonthaggi town centre and existing and future bulky goods areas.

Over the next 20 year period, there will not be sufficient demand generated in the North East Growth Area for a full-line supermarket – these generally require a catchment of at least 8,000 residents to be viable. New developments will, however, generate demand for some services and retail floorspace which should be provided locally within the growth area, such as convenience retail / large general store / micro-supermarket, takeaway food and cafes, and retail services (such as hairdressers).

These local facilities should be provided in conjunction with community assets such as primary schools, community centres and/or open spaces within the Growth Area. An allowance for 2-3 local centres with a floorspace of up to 1,000sqm each will enable local convenience goods and services to be provided in close proximity to residents and jobs.

At full development, the growth area is likely to be able to support a Neighbourhood Activity Centre. It is recommended that land is retained for a longer term Neighbourhood Centre of up to 2,000sqm of retail floorspace and two smaller centres of up to 1,500sqm. The PSP suggests the larger centre should be located near the new sports reserve, while the smaller centres will serve the local communities.

BULKY GOODS RETAIL DEMAND AND LOCATION CONSIDERATIONS

Demand growth for bulky goods is expected to support an additional 11,000sqm of floorspace over the next 20 years. Recent expansions to homemaker centres in Pakenham and Cranbourne are expected to continue to attract some bulky goods spending to south-east Melbourne, limiting the opportunity for a new major homemaker centre in Wonthaggi in the short term.

Over the medium – long term, demand is expected to accumulate such that a consolidated bulky goods centre is likely to be supportable, which could include some existing bulky goods retailers relocating to the new centre along with the attraction of new retailers. Land should be maintained in a location with high exposure and accessibility to enable this investment to occur. It is projected that in order to support such a centre, at least 8 hectares of Commercial 2 Zoned land will be required.

Future demand for bulky goods in Wonthaggi will be driven by residents of the North East Growth Area, existing and new retail catchment residents and visitors. There is no compelling economic rationale to seek alternative land in the Commercial 2 Zone. Vehicle movements on the Bass Highway are comparable to the east and west of the township, the North East Growth Area will generate new demand for bulky goods and trade supplies to the north and east of the town, and the existing land has excellent exposure to passing traffic.

The land in the Commercial 2 Zone to the north of the Bass Highway in the Inverloch Road Precinct is well suited to accommodating bulky goods uses, and would provide a suitable land use transition between industrial land to the south and future residential land to the north. The full extent of this land may not be required for bulky goods purposes. Although suitable for bulky goods, land in the Commercial 2 Zone to the south of the Bass Highway could also be suitable to industrial use.

INDUSTRIAL LAND REQUIREMENTS AND LOCATION CONSIDERATIONS

Demand for industrial land in Wonthaggi has been inconsistent in recent years. Take up of vacant land has generally been slow, however in recent years there has been a lack of suitable land for new businesses to establish, including both smaller serviced lots and larger strategic parcels. A number of enquiries have been fielded by Council, land owners and agents regarding larger industrial sites, however most could not be accommodated in Wonthaggi in recent years due to a lack of suitable land.

Demand modelling projects a requirement for between 15 and 17 hectares of industrial land in Wonthaggi over the next 20 years. This is based on the upper end of the population lead projections range (8 to 10 hectares), with an additional 7 hectares required for larger strategic sites. A range of lot sizes will be required to meet this demand, and some land should be provided with suitable buffers to sensitive uses to accommodate larger industries.

Maintaining an ongoing supply of suitable industrial land is important to support local employment retention, allow existing industrial businesses to relocate, including those currently operating in commercial areas, to allow home based industrial businesses to formalise business premises through availability of new leasable premises, enable existing businesses to move to larger premises, to encourage new business entrants and to attract larger industrial businesses to the area.

The existing Industrial 1 Zone and Commercial 2 Zone land south of the Bass Highway is well located to provide long term employment land, including proximity to the Potential Future Bypass. Land to the south of this precinct has buffers to sensitive uses – few opportunities exist in Wonthaggi to separate industrial uses from residential areas.

The Commercial 2 Zone land south of the Bass Highway should be considered for rezoning to the Industrial 3 Zone to facilitate long term employment growth and economic development. The consideration of rezoning the land east of the existing industrial zone is largely a result of projections highlighting a current oversupply of Commercial 2 Zoned land and that retaining the Commercial 2 Zone to the north of the Bass Highway is a preferable interface for the future residential area to the north. The rezoning of this parcel to an Industrial 3 Zone provides flexibility of use with some limited retail opportunities, as well as industrial activity. It is recommended that the Bass Highway frontage of the current Commercial 2 Zone site, to the south, should be retained for highway sales and potential bulky goods given the high exposure and accessibility to passing traffic.

1. INTRODUCTION

1.1. ENGAGEMENT

Urban Enterprise was engaged by Bass Coast Shire Council (**Council**) to prepare a review of commercial and industrial land needs for the town of Wonthaggi to inform preparation of a Precinct Structure Plan (**PSP**) for the Wonthaggi North East Growth Area. The PSP is being prepared by the Victorian Planning Authority (**VPA**) in partnership with Council.

1.2. SCOPE/PURPOSE

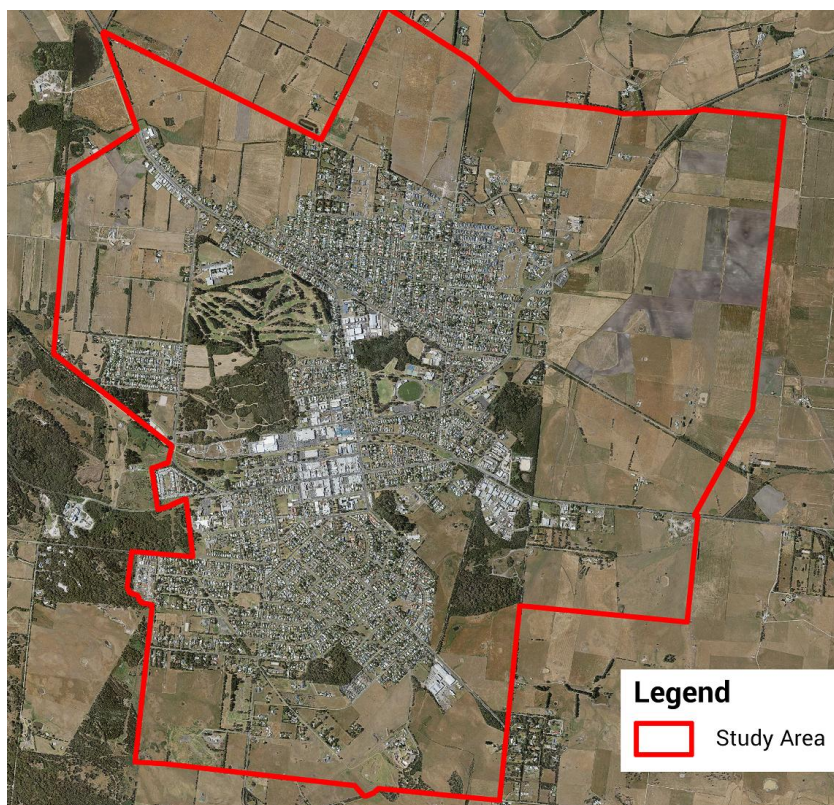
The scope of the project is to identify long term land requirements and preferred locations for retail, commercial and industrial uses in Wonthaggi, with a particular focus on the role that the North East Growth Area will play in terms of:

- Generating demand for retail services and local employment;
- Accommodating non-residential land within the growth area; and
- Presenting new economic opportunities associated with infrastructure (such as the Potential Future Wonthaggi Bypass).

1.3. STUDY AREA

The study area for this report is all land within the urban zones of Wonthaggi and immediate surrounds, plus the North East Growth Area. The study area is shown in Figure 1.

FIGURE 1 STUDY AREA BOUNDARY



Source: Bass Coast Shire Council, 2016

1.4. LOCATION AND ACCESS

Wonthaggi is located 136km south-east of Melbourne in the Bass Coast Shire. The town is accessed by the Bass Highway, which links Wonthaggi to Inverloch and Leongatha to the east and Phillip Island and metropolitan Melbourne to north-west. Korumburra- Wonthaggi Road is a secondary arterial road connecting Wonthaggi to the town of Korumburra to the north-east.

Wonthaggi is within 40 minutes drive from the towns of Leongatha, Korumburra, Cowes, Inverloch and Venus Bay, and within 1.5 hours drive of major regional centres and employment nodes at Warragul, Morwell, Traralgon, Pakenham and Dandenong.

There is no passenger or freight rail service to Wonthaggi – the nearest rail lines are the metropolitan line which terminates at Stony Point and the Gippsland Rail Line which extends from Melbourne to Bairnsdale through Pakenham, Warragul and the Latrobe Valley.

The locations of major towns and transport routes in the region are shown in Figure 2.

FIGURE 2 WONTHAGGI CONTEXT MAP



Source: Urban Enterprise. 2016

2. PLANNING AND INFRASTRUCTURE CONTEXT

2.1. INTRODUCTION

This section provides an overview of planning and infrastructure studies prepared in recent years relevant to this project.

2.2. PLANNING CONTEXT

2.2.1. PLAN MELBOURNE

Plan Melbourne (2014) identified Wonthaggi as a “peri-urban town with potential to attract housing and population growth” out of Melbourne. The Plan anticipated that it is likely that demand for housing in these centres would be accelerated in the future with the imposition of a permanent growth boundary around Melbourne and reducing land supply in the south-east growth corridor. The updated Plan Melbourne (2017) identifies Wonthaggi as a Regional Centre with “potential for growth”.

The policy support for growth in Wonthaggi and the direction in Plan Melbourne to “support planning for growing towns and peri-urban areas” clearly indicates that the town is expected to experience population growth and the recognition that planning and infrastructure investment will be required to facilitate this growth.

In August 2016, the Metropolitan Planning Authority (MPA) was renamed the Victorian Planning Authority and increasing the planning support offered to regional cities and towns. The VPA now described its role in regional Victoria as:

“To ensure our regional towns and cities are successful in attracting new residents, the VPA works closely with local councils to identify development and investment initiatives.” (VPA website, February 2017).

The increased State government support for growth in Wonthaggi is an important factor guiding the potential future economic role of the town, particularly given that other nearby towns such as Leongatha and Korumburra are not identified as strategic locations for urban growth in Plan Melbourne.

2.2.2. GIPPSLAND REGIONAL GROWTH PLAN

The Gippsland Regional Growth Plan (2014) identifies Wonthaggi as a Regional Centre, comprising a network across the region including Sale, Bairnsdale, Warragul and Leongatha, supporting the higher order role of the Regional City conglomerate of Traralgon, Morwell and Moe.

The Growth Plan identifies that Bass Coast Shire is expected to continue to experience strong population growth due to proximity to Melbourne’s south-east and employment opportunities in the growing Cardinia Employment Precinct.

A key principle of the Growth Plan is to “Develop sustainable communities through a settlement framework comprising major urban centres, that ensure residents have convenient access to jobs, services, infrastructure and community facilities.” This will require local employment and retail growth commensurate in scale with population growth.

The Growth Plan identifies that the economic opportunities for Wonthaggi is to become a “diverse commercial centre supporting health care, retail, manufacturing and professional services”, with links to the tourism role of the Bass Coast and Phillip Island (p.23)

The Growth Plan includes a strategy relating to industrial land in selected towns not including Wonthaggi: “Facilitate the release of additional industrial zoned land in towns including Warragul, Leongatha, Sale, Lakes Entrance, Paynesville and Mallacoota.” (p.25)

2.3. LOCAL STRATEGIES AND PLANS

2.3.1. WONTHAGGI – DALYSTON STRUCTURE PLAN (2008)

The Wonthaggi-Dalyston Structure Plan was prepared by the Coomes Consulting Group for the Bass Coast Shire Council in 2006 and updated in 2008, responding to strong commercial and residential growth and the employment and economic implications of the proposed construction of the Wonthaggi Desalination Plant. The Structure Plan was based on population projections for significant growth of approximately 3,000 – 4,000 people over a 25-year period.

The Structure Plan recommended consolidation of retail and commercial activity in the CBD to retain the convenience role of the town. At the time the Structure Plan was updated (2008) there was only 1.05 ha of vacant land in the Business 4 Zone (now Commercial 2 Zone). A subsequent Planning Scheme Amendment sought to rezone 20ha to the Business 4 Zone to accommodate projected demand for between 12ha and 20ha land for bulky goods by 2031.

In respect of industrial land, the Structure Plan identified the significance of the local industrial workforce with 32% of the workforce being employed in Industrial activity. The industrial land in Wonthaggi was found to be highly fragmented and often located adjacent to sensitive uses. The Structure Plan also recommended encouraging inappropriately located industries to relocate to the East Wonthaggi Industrial Area.

2.3.2. WONTHAGGI NORTH EAST GROWTH AREA DEVELOPMENT PLAN (2009)

This plan was undertaken by CPG in 2009 for the Bass Coast Shire Council in response to the Wonthaggi Dalyston Structure Plan. The Development Plan aimed to facilitate an urban extension of Wonthaggi in the north and north-east direction, accommodating up to 4,000 new dwellings on 269ha of land across a range of housing types and densities.

Relying primarily on the analysis undertaken for the Structure Plan, the Development Plan allowed:

- 32ha of land for a continuation of industrial land uses south of Inverloch Road to the east of Wonthaggi, encouraging a mix of industrial types including services industry, transport, storage and distribution; and
- 25ha of land for bulky goods, also along Inverloch Road.

2.3.3. PLANNING SCHEME AMENDMENTS

A number of Amendments to the Bass Coast Planning Scheme have resulted in changes to commercial and industrial land in Wonthaggi in recent years.

Over the period 2009 to 2016, two major commercial and industrial rezonings and 3 site specific rezonings were completed. The net result has been the addition of approximately 30ha of land in the Business 4 Zone, and an additional 18 hectares in the Industrial 1 Zone. The development of new core retail developments such as the Wonthaggi Plaza Shopping Centre and Dan Murphy's has taken place by rezoning large sites at the periphery of the CBD previously designated for restricted retail uses.

The Amendments are summarised as follows.

AMENDMENT C92

In 2009, Amendment C92 rezoned a single property from the former Business 4 Zone to the former Business 1 Zone (now Commercial 1 Zone) to facilitate the development of the Wonthaggi Plaza Shopping Centre, which is now operating. The area included in the Business 1 Zone was approximately 3.5ha.

AMENDMENT C100

In 2011, Amendment C100 rezoned land near the Bass Highway at the north-western entrance to Wonthaggi from the Farming Zone to the Mixed Use Zone and the former Business 4 Zone (now Commercial 2 Zone). The amendment resulted in a total of approximately 4.4ha of land being added to the Business 4 Zone, and approximately 6.5ha being added to the Mixed Use Zone.

The purpose of providing additional land in the Business 4 Zone was “to enable the establishment of ancillary uses, or to enable the extension of existing uses.” The Explanatory Report for C100 notes that the rezoning:

- “Will support the development of new and existing businesses within a smaller, commercial business centre”;
- “Encourages new industrial development to locate in Wonthaggi to build on the existing infrastructure and industrial base. The lot sizes and location of the area means industrial uses in this location will be small in nature and will not compete with the future planned industrial estate to the north-east of Wonthaggi”; and
- “Also reinforces Wonthaggi’s role as the major service centre for Bass Coast Shire and encourages co-location of bulky goods and peripheral sales along the Bass Coast highway frontage.”

AMENDMENT C116

In 2011, Amendment C116 rezoned land on Inverloch Rd to the east of Wonthaggi from the Farming Zone to the Business 4 Zone (29ha) and the Industrial 1 Zone (18ha).

The Amendment responded to the Wonthaggi – Daylston Structure Plan and the Wonthaggi North East Growth Area Development Plan which identified the need for additional commercial and industrial land.

The Amendment was partly informed by an economic assessment prepared for the Wallis Watson Group in 2010 to assess the demand for Business 4 Zone land in Wonthaggi¹. The report found that over the projection period of 2010 to 2026, the Wonthaggi ‘Main Trade Area’ would require an additional 35ha of B4Z land for restricted retail, non-retail trade and re-location of existing activities. The report asserted that based on current available land supply in the Main Trade Area and the area proposed to be rezoned under C116 as exhibited of 14ha, there would be a shortfall of 8 hectares.

The ultimate area rezoned to the Business 4 Zone was 29ha across 2 areas, both of which remain undeveloped.

AMENDMENT C126

In 2013, Amendment C126 rezoned a single property from the former Business 4 Zone to the Commercial 1 Zone to facilitate the development of a large liquor retailer (Dan Murphy’s), which is currently operating.

AMENDMENT C138

In 2014, Amendment C138 rezoned a single property from the Farming Zone to the Commercial 2 Zone. This property continues to be used as a trade supplies retailer and associated industrial use.

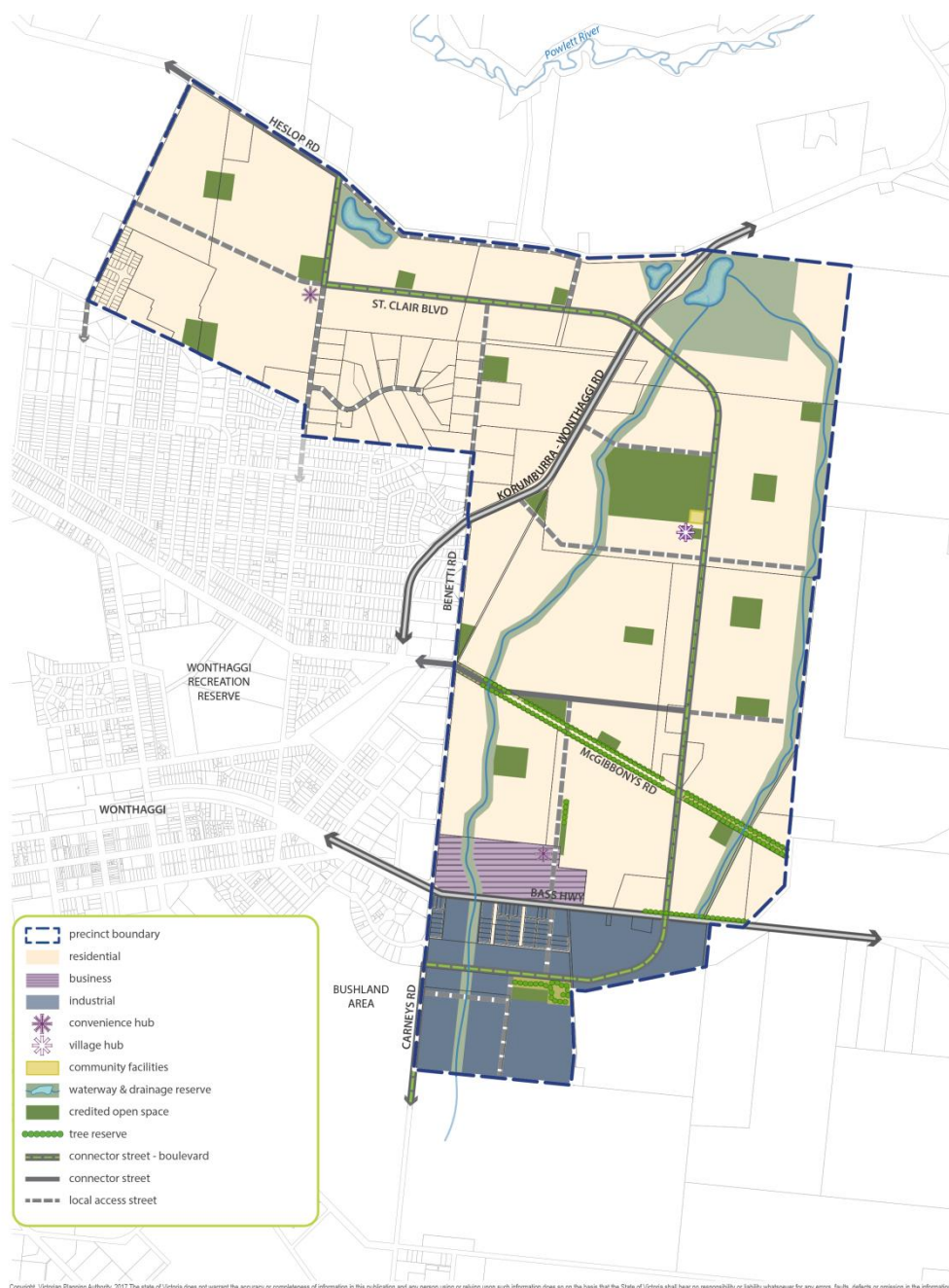
¹ Wonthaggi Business 4 Zone Land Review, 2010, Essential Economics.

2.3.4. WONTHAGGI NORTH EAST GROWTH AREA

The Victorian Planning Authority and Bass Coast Shire are currently preparing a Precinct Structure Plan for the Wonthaggi North East Growth Area. The majority of this area is currently within the Farming Zone, with some land already within the Residential Zone, Commercial 2 Zone and Industrial 1 Zone.

The previous Wonthaggi North East Development Plan estimated a total yield of 4,000 new dwellings in this area at varying densities. The draft Future Urban Structure Plan shown in Figure 3 envisages a variety of residential densities, open spaces, a government school and community facilities, along with two indicative local retail centres.

FIGURE 3 DRAFT FUTURE URBAN STRUCTURE – WONTHAGGI NORTH EAST GROWTH AREA



Source: VPA – note, draft subject to revision.

WONTHAGGI NORTH EAST TRANSPORT IMPACT ASSESSMENT

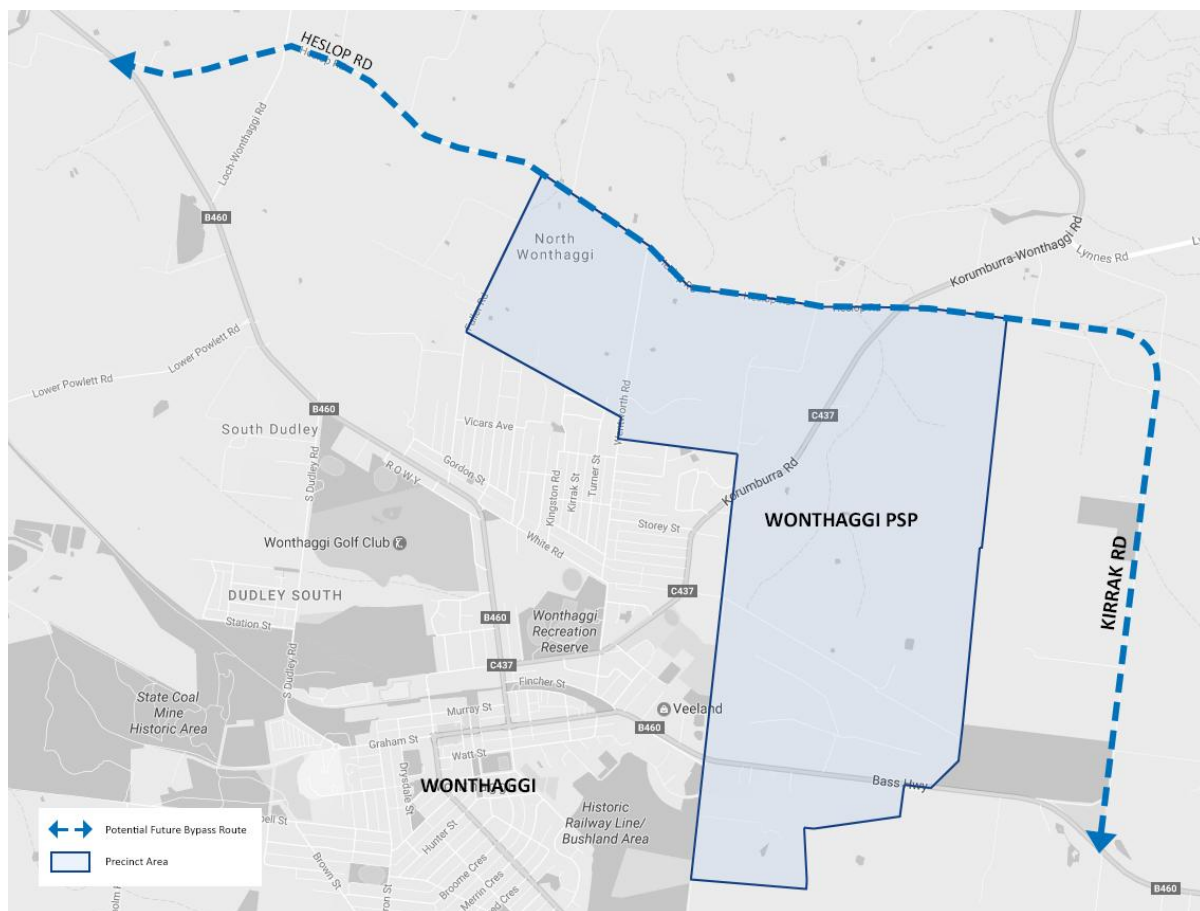
A Transport Impact Assessment of the proposed Wonthaggi North East Growth Area was prepared by GTA for Bass Coast Shire Council in 2016.

The Assessment found that the Bass Coast Highway has by far the greatest daily (two-way) volume of traffic of any road in the town, with 13,012 Vehicles Per Day (VPD) vehicles travelling through the township. The Bass Highway has an estimated 9,752 VPD to the north west of the town and a similar traffic volume to the east of the town (9,150 VPD). The section of the highway to the north-west of the town receives the highest volume of heavy vehicle traffic.

The assessment identified that the Potential Future Bypass of Wonthaggi would have a preferred alignment along Heslop Road, running along the northern boundary of the Wonthaggi PSP. This is then proposed to connect to Kirrak Road and run south before re-connecting with the Bass Highway.

The preferred bypass alignment option is shown in Figure 4.

FIGURE 4 POTENTIAL FUTURE BYPASS ALIGNMENT, WONTHAGGI



Source: GTA Transport Impact Assessment, 2016.

2.4. KEY FINDINGS

The key findings and implications of this section are as follows:

- Both State and regional policy supports Wonthaggi as a location that will experience increased growth in the coming years. This will result in additional demand for business land;
- The Wonthaggi North East Growth Area is being planned to accommodate up to 8,000 additional residents, generating new demand for retail, commercial and industrial products, services and land. The early stages of the development are likely to generate demand for hardware, trade supplies, landscape supplies and bulky goods;
- The Potential Future Bypass road would redirect heavy vehicle traffic from the town centre and would improve travel times to the Melbourne and South Gippsland markets from Wonthaggi. The location of current and future industrial land should optimise potential access to this bypass road;
- In the past, site specific rezonings have been required to facilitate major retail development in the town centre. Long term Commercial 2 Zone and industrial 1 Zone areas have been set aside through Amendment C116, however these areas are yet to be developed.

3. ECONOMIC CONTEXT

3.1. INTRODUCTION

This section provides an overview of the Bass Coast and Wonthaggi economies, with a focus on those industries that will require land and floorspace for commercial and industrial purposes.

Data for this and subsequent sections of this report is primarily sourced from the 2011 ABS Census, supplemented by economic and employment projections prepared for Council by Remplan in 2016 and updated annually. 2016 Census data was not available at the time this report was prepared – release is expected in stages across the second half of 2017. This data will provide important economic and demographic input to the broader study, and an update of the data underpinning this report is recommended once the Census data is released.

Some economic and construction data for 2011 in Bass Coast Shire and Wonthaggi is impacted by the construction of the Wonthaggi Desalination Plant, which took place from 2009 – 2012. Where relevant in this report, the impact of the construction of the Desalination Plant on economic and construction data has been noted, and analysis qualified if necessary.

Base economic data has been supplemented by alternative sources wherever possible to ensure a sound basis on which to make decisions regarding employment land needs over the planning period.

3.2. BASS COAST SHIRE ECONOMY

The Bass Coast economy is underpinned by the tourism, agriculture, construction and manufacturing industries. Employment in the Retail Trade and Accommodation and Food Services sectors is particularly high resulting from the significant tourism visitation to the municipality. Table 1 shows the largest 10 industries in Bass Coast Shire based on output, and comparisons with Victoria in terms of output, value added and employment proportions.

It should be noted that economic and employment data that is based on data sourced from the 2011 Census is strongly influenced by the Wonthaggi Desalination Plant which was under construction when the Census count was made. This generally had the impact of significantly increasing data relating to employment and economic activity in the Construction and Electricity, Gas, Water and Waste Services industries in Wonthaggi and Bass Coast as a whole.

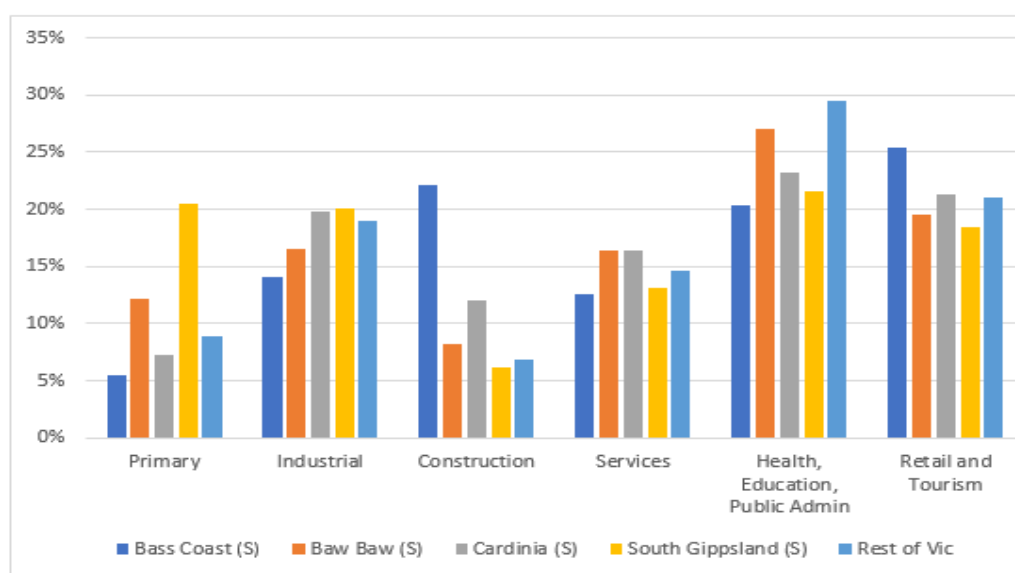
In terms of employment, each of Bass Coast and the neighbouring municipalities have different economic specialisations as shown in Figure 5 (based on 2011 Census data). Bass Coast had a higher proportion of employment within the Retail and Tourism group compared with its neighbours, but a lower proportion of employment in primary industries (including agriculture) and industrial sectors.

South Gippsland had the highest proportion of employment in primary industries and manufacturing (underpinned by agriculture and the dairy industry in particular), while Cardinia Shire had a high proportion of employment in industrial and construction industry groups. Baw Baw Shire had relatively high proportions of employment in primary industries, services, and health and education.

TABLE 1 ECONOMIC OUTPUT AND VALUE ADDED OF TOP 10 INDUSTRIES IN TERMS OF OUTPUT, BASS COAST SHIRE AND VICTORIA, 2015

Industry	Economic Output			Value Added			Employment		
	Bass Coast \$M	Bass Coast %	Victoria %	Bass Coast \$M	Bass Coast %	Victoria %	Bass Coast No.	Bass Coast %	Victoria %
Construction	\$1,764.671	43.0%	11.5%	\$542.205	31.6%	7.6%	2,537	22.4%	8.3%
Manufacturing	\$394.954	9.6%	24.4%	\$256.733	15.0%	13.9%	634	5.6%	11.0%
Rental, Hiring & Real Estate Services	\$368.100	9.0%	8.8%	\$145.505	8.5%	2.8%	192	1.7%	1.4%
Electricity, Gas, Water & Waste Services	\$235.679	5.7%	2.6%	\$101.665	5.9%	6.8%	380	3.4%	1.1%
Accommodation & Food Services	\$193.214	4.7%	2.4%	\$87.441	5.1%	5.2%	1,254	11.1%	6.2%
Agriculture, Forestry and Fishing	\$145.142	3.5%	1.8%	\$77.598	4.5%	2.4%	580	5.1%	2.3%
Retail Trade	\$142.561	3.5%	3.7%	\$61.101	3.6%	10.1%	1,302	11.5%	11.1%
Health Care and Social Assistance	\$140.194	3.4%	4.1%	\$59.345	3.5%	1.8%	1,231	10.9%	11.9%
Wholesale Trade	\$117.743	2.9%	5.2%	\$56.679	3.3%	5.7%	319	2.8%	4.6%
Professional, Scientific & Technical Services	\$108.490	2.6%	6.5%	\$56.106	3.3%	5.5%	414	3.7%	8.0%

Source: Remplan, 2017

FIGURE 5 PROPORTION OF EMPLOYMENT BY INDUSTRY GROUP, BASS COAST AND NEIGHBOURING MUNICIPALITIES, 2011

Source: ABS Census, 2011

AGRICULTURE

In terms of agricultural production, Bass Coast specialises in dairy and beef cattle farming. Together, these industries accounted for 76% of all agricultural employment in Bass Coast in 2011 (ABS Census). Other significant produce in Bass Coast includes vegetables, floriculture, fishing and broadacre cropping (hay and silage), with Council noting a recent increase in smaller niche food producers establishing within the municipality during consultation for this project.

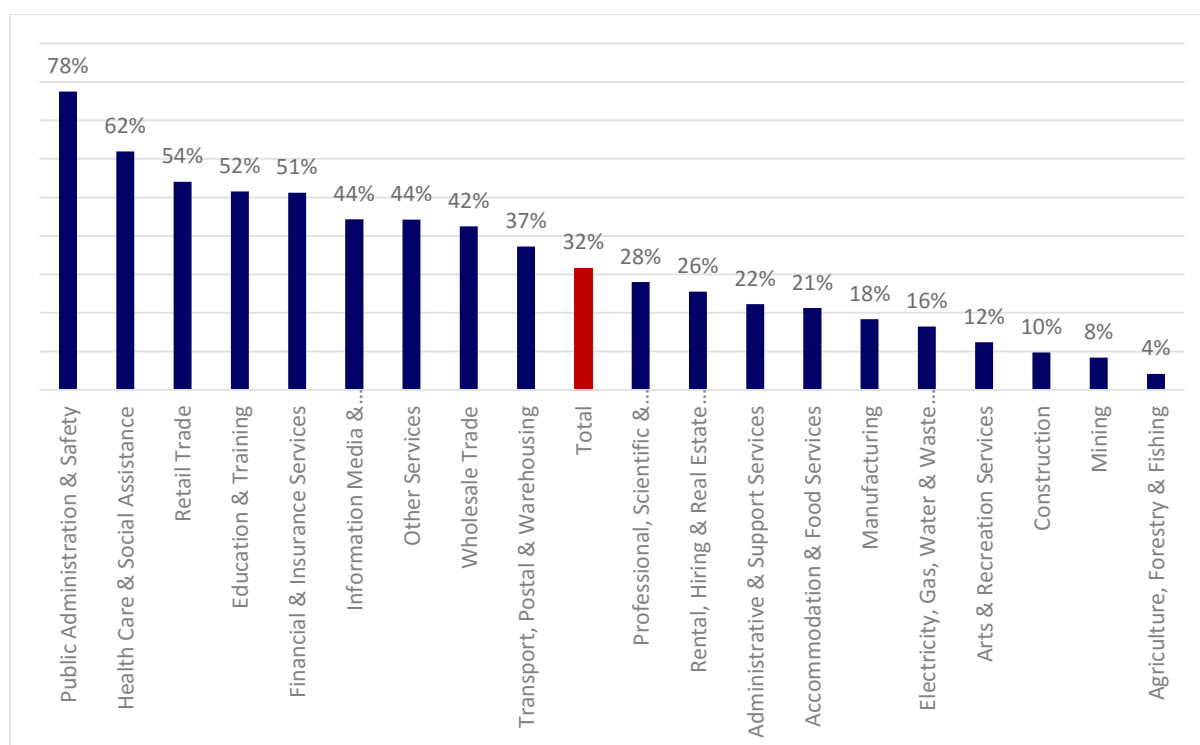
Business land in Wonthaggi should continue to play an important role in supporting the agricultural sector by accommodating retail, commercial and industrial businesses such as real estate agents, banks, equipment and farm supplies, hardware, transporters, construction and smaller manufacturers.

3.3. ECONOMIC ROLE OF WONTHAGGI

Wonthaggi is the main service centre for Bass Coast Shire and is the location for 32% of all employment in the municipality (ABS, Remplan, 2017). As shown in Figure 6, the town accommodates more than half of the Shire's employment in the industries of Public Administration (78%), Health Care (62%), Retail Trade (54%), Education and Training (52%) and Financial and Insurance Services (51%).

The town also accommodates a significant proportion of the Shire's employment within sectors generally requiring industrial land such as Wholesale Trade (42%) and Transport, Postal and Warehousing (37%), however a low proportion of Manufacturing and Construction employment is located in the town, reflecting the presence of manufacturing associated with agricultural produce in rural areas and the influence of the Wonthaggi Desalination Plant construction on the base data.

FIGURE 6 PROPORTION OF BASS COAST SHIRE EMPLOYMENT LOCATED WITHIN WONTHAGGI BY INDUSTRY, 2015



Source: Remplan, 2015.

3.4. ECONOMIC STRATEGIES

BASS COAST SHIRE ECONOMIC DEVELOPMENT STRATEGY 2016-2021

The key findings of the Strategy relevant to Wonthaggi and this study include:

- Wonthaggi has been growing significantly in terms of retail and is identified by Plan Melbourne as one of seven Victorian regional centres able to forge greater economic and social links with Melbourne;
- Continued growth and investment in larger commercial buildings and building expansion has seen the construction industry grow, indicating investment confidence in Bass Coast;
- Manufacturing is not a major industry in Bass Coast, however it does employ 650 people and contribute \$355 million to the local economy annually. There is opportunity for the industry to expand with new technologies and internet capabilities;
- There are opportunities for growth in industries relating to the natural environment (such as renewable energy) as well as growing the technology and knowledge sectors. Utilising opportunities for an online workforce with high-speed broadband can provide a diverse workforce with increased entrepreneurial enterprises as well as diversifying regional businesses.

It is important that sufficient and appropriately located industrial and commercial land is provided within the town to provide opportunity for new business attraction and growth of existing businesses in Wonthaggi.

SOUTHERN GIPPSLAND FOOD FUTURES PROJECT

The Southern Gippsland Food Futures report was prepared by Essential Economics in 2016 for South Gippsland Shire Council and Bass Coast Shire Council.

The local climate was identified as an advantage for the food industry, including being less affected by climate change than other areas. There is an opportunity to increase the food market in South Gippsland through product diversification including tourism, dairy, meat production and horticulture.

A number of infrastructure projects in the region are expected to be advantageous to the food industry, including town centre revitalisations, improved transport efficiency as well as road and bridge infrastructure. Investment in water security and water disposal, including the Desalination Plant, is expected to enhance confidence in the food sector for the region.

The report highlights a number of significant differences between the agricultural and food industry roles of Bass Coast compared with South Gippsland, including:

- The dairy industry is central to the South Gippsland economy, including related manufacturing (predominantly based on Murray Goulburn's presence in Leongatha), whereas the food industry is more diversified in Bass Coast with a stronger focus on food retail and hospitality to residents and tourists;
- Food sector manufacturing in Bass Coast employs 173 people in Bass Coast, significantly lower than the 762 employed in South Gippsland, indicating that food product processing does not play a major role in the Bass Coast economy and therefore is less likely to require significant areas of industrial land; and
- Bass Coast Shire has one of the highest numbers of cafes and restaurants of case study municipalities reviewed, highlighting the importance of the hospitality industry in this area.

Consultation for the project identified challenges and opportunities for the sector that could influence commercial and industrial land requirements including:

- There are a lack of abattoirs and other processors in the region which can service smaller operators as opposed to larger producers and exporters; and

- The local food movement, including increasing boutique producers and local sourcing of food for restaurants and cafes is an opportunity for the region. This is likely to be particularly relevant to Wonthaggi and surrounds, where the 'Food Map' associated with the project identifies a number of local food producers including mushrooms, beef, poultry, wine, community gardens, farm gates and cafes.

The implications of this report are that sufficient land will need to be provided within Wonthaggi to support a growing hospitality and food retail sector, primarily within the existing town centre and tourist areas, and sufficient industrial land to support smaller businesses seeking to add value to local produce, such as packing, storage and distribution, and small scale processing and manufacturing. To support the food tourism industry, land may also be required for small businesses such as beer and wine manufacturing and bottling.

It is unlikely that large scale industrial areas and lots will be required for major food processors such as dairy, however it will remain important for Wonthaggi to provide some larger land areas with suitable separation from residential areas to accommodate any larger businesses such as abattoirs or processors.

3.5. KEY FINDINGS

The key findings and implications of this section are as follows:

- The Bass Coast economy is underpinned by the tourism, agriculture, construction and manufacturing industries. The food, tourism and energy industries are emerging as growth industries in Wonthaggi and Bass Coast and the broader region. These sectors will require land within and near Wonthaggi to support this growth, including retail and industrial areas;
- As the main service centre for Bass Coast Shire, Wonthaggi should accommodate the majority of larger industrial and major retail uses. As the population grows, land should be available to accommodate these users to mitigate the risk of lost investment and poor service delivery;
- Business land in Wonthaggi should continue to play an important role in supporting the agricultural sector by accommodating retail, commercial and industrial businesses such as real estate agents, banks, equipment and farm supplies, hardware, transporters, construction and smaller manufacturers.
- Sufficient land will need to be provided within Wonthaggi to support a growing hospitality and food retail sector, primarily within the existing town centre and tourist areas; and sufficient industrial land to support smaller businesses seeking to add value to local produce;
- It is unlikely that large scale industrial areas and lots will be required for major food processors such as dairy, however it will remain important for Wonthaggi to provide some larger land areas with suitable separation from residential areas to accommodate any larger businesses such as abattoirs or processors.

4. LAND AND FLOORSPACE SUPPLY

4.1. INTRODUCTION

This section provides information relating to the existing supply of commercial and industrial land and floorspace in Wonthaggi. Analysis relates to the Commercial and Industrial zones, including the Commercial 1 Zone (C1Z), Commercial 2 Zone (C2Z), Mixed Use Zone (MUZ), and Industrial 1 Zone (IN1Z).

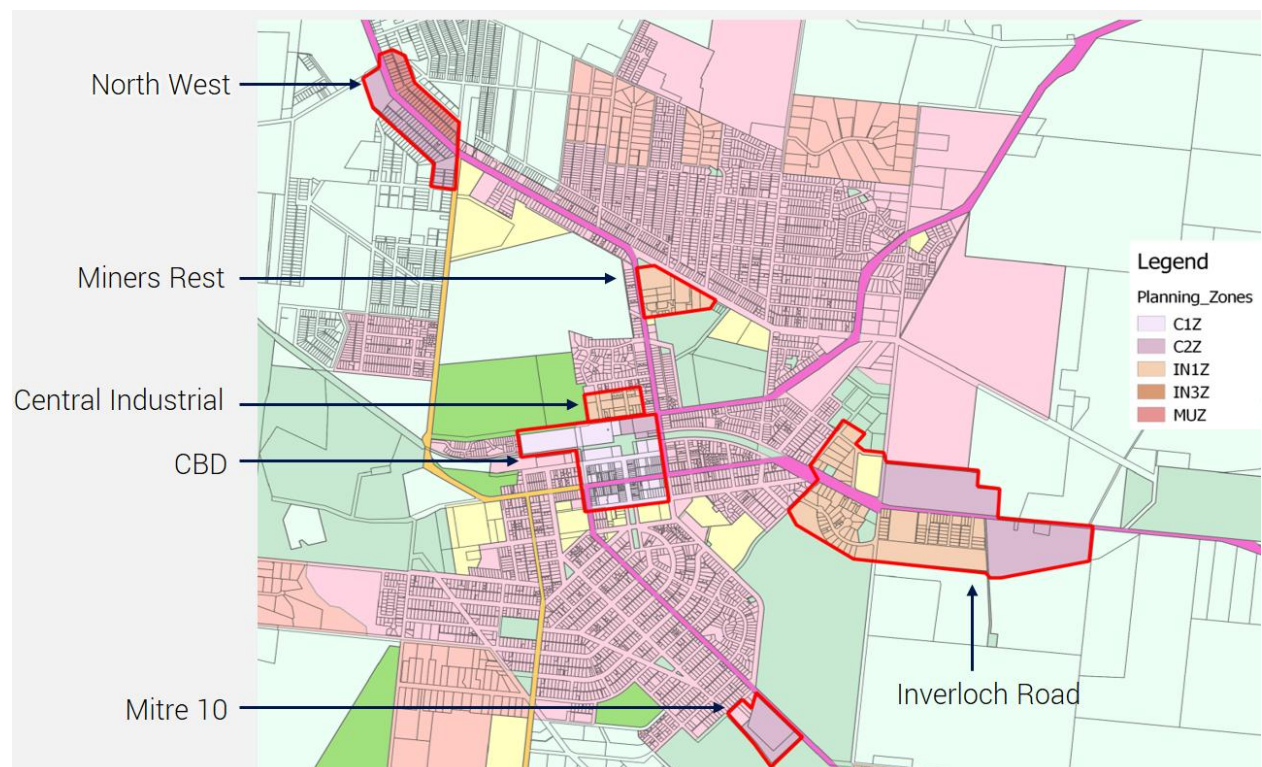
4.2. LAND SUPPLY

ZONED LAND AND EMPLOYMENT PRECINCTS

There is currently 111ha of land in Wonthaggi zoned for commercial or industrial purposes across six precincts. The location of each precinct is shown in Figure 7. The commercial and industrial precincts are fragmented across the town. Many precincts in the established areas of Wonthaggi have interfaces with residential areas.

The largest commercial and industrial precinct is located at Inverloch Road (28.9ha in the Industrial 1 Zone and 19.3 ha in the Commercial 2 Zone). The largest retail precinct is the Main Street precinct (the Wonthaggi CBD, encompassing 17ha of land in the Commercial 1 Zone).

FIGURE 7 WONTHAGGI EMPLOYMENT ZONES AND PRECINCTS



Source: Planning Maps Online, 2017.

TABLE 2 COMMERCIAL AND INDUSTRIAL LAND AREA BY ZONE AND PRECINCT

Zone	CBD	Mitre 10	Central Industrial	Inverloch Road	Miners Rest	North West	Total (ha)
C1Z	17.0	-	-	-	-	-	17.0
C2Z	2.2	4.0	-	29.3	-	9.3	44.8
IN1Z	-	-	5.8	28.9	7.8	-	42.5
MUZ	-	-	-	-	-	6.7	6.7
Total	19.2	4.0	5.8	58.2	7.8	16.0	111.0

Source: Council Rates Database, 2016. Note: private land, excluding roads.

VACANT LAND

Commercial and industrial Land in Wonthaggi is generally well utilised, with the exception of the Inverloch Road Precinct which includes three major development sites. Table 3 shows that there is a total of 10.7 ha of vacant land in the Industrial 1 Zone, 33.9 ha in the Commercial 2 Zone and only 0.05 ha in the Commercial 1 Zone.

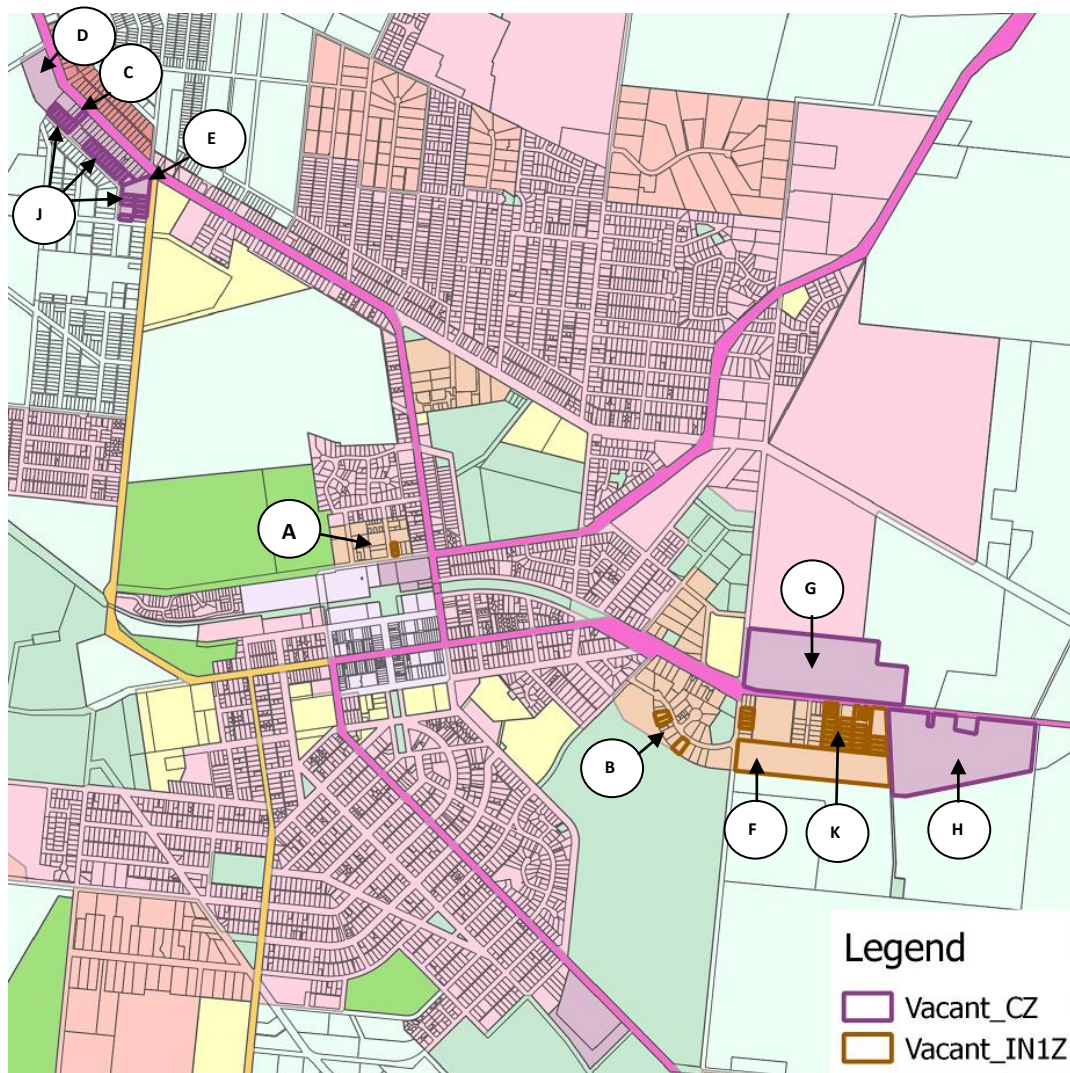
TABLE 3 VACANT LAND BY ZONE, ALL PRECINCTS

Zone	Total Land (ha)	Occupied Land (ha)	Vacant Land (ha)	Vacancy Rate (%)
C1Z	17.0	16.95	0.05	0.3%
C2Z	44.8	10.9	33.9	76%
MUZ	6.7	4.1	2.6	39%
IN1Z	42.5	31.8	10.7	25%

Source: Urban Enterprise, 2017.

Figure 8 shows the location of vacant properties in the Commercial 2 Zone and the Industrial 1 Zone, the primary focus of this study. The map highlights the lack of vacant land within the town centre and inner commercial and industrial precincts, and the large areas of vacant land in the Inverloch Road Precinct to the east of the town.

FIGURE 8 LOCATION OF VACANT INDUSTRIAL AND COMMERCIAL LAND, WONTHAGGI



Source: Bass Coast Shire Council, 2016, analysed by Urban Enterprise.

Although the overall quantum of vacant land within each of the Commercial 2 Zone and Industrial 1 Zone is significant, the amount of vacant land that is ready to occupy or develop is substantially lower due to a number of constraints, including:

- The need for new infrastructure and subdivision of major development sites (Inverloch Road precinct);
- The location of many vacant areas of land to the rear of existing occupied lots (in the North-west precinct); and
- Land fragmentation and significant drainage issues in the Carneys Road area (Inverloch Road precinct).

A breakdown of the vacant land supply in the Commercial 2 Zone and Industrial 1 Zone is shown in Table 4, along with potential constraints to the occupation or development of these sites.

TABLE 4 DETAILED COMMERCIAL 2 ZONE AND INDUSTRIAL 1 ZONE VACANT LAND SUPPLY

Map Ref.	Location	Precinct	Industrial 1 Zone		Commercial 2 Zone		Notes
			No.	Area (ha)	No.	Area (ha)	
	Small lots ready to occupy						
A	Cyclone Street	Central Industrial	2	0.1			2 small lots vacant ready to occupy
B	Loughran Drive	Inverloch Road	3	0.48			3 small lots vacant
C	Bass Hwy	North West			1	0.1	1 small lot vacant
	Large vacant lot						
D	Lower Powlett Rd	North West			1	2.1	1 Strategic site for bulky goods
E	South Dudley	North West			1	0.64	1 large site - no highway frontage, for sale
F	Carneys Rd	Inverloch Road	1	7.4			1 large site
	Broadhectare lots						
G	Inverloch North	Inverloch Road			1	14.1	Major development parcel
H	Inverloch South	Inverloch Road			1	14.6	Major development parcel
	Sub-total		6	7.98	5	31.54	
	Other lots – potentially constrained						
J	Rear of Bass Hwy	North West			24	2.4	Expansion opportunity for existing businesses only
K	Carneys Road	Inverloch Road	26	2.7			Drainage and access issues
	Total		32	10.68	29	33.94	

Source: Bass Coast Shire, 2016; Urban Enterprise, 2017

The analysis of vacant land in Table 4 shows that:

- There are currently only 5 small industrial lots that are vacant and ready to occupy and only one large industrial site (Carneys Road). The large site is currently the subject of a planning permit application to subdivide the land. All other land in the Industrial 1 Zone is occupied or constrained by fragmented ownership and drainage issues. The total developable land supply in the Industrial 1 Zone is estimated at 8 hectares. If the planning application on the large site (Carneys Road) is ultimately approved and developed, the supply will be reduced to approximately 5ha;
- The vacant sites in the Commercial 2 Zone within the Inverloch Road Precinct comprise the only broadhectare employment land capable of accommodating long term subdivision and development within a single precinct. These sites have frontage to the Bass Highway, providing excellent accessibility and exposure to passing traffic. These sites have a combined land area of approximately 29ha and will require subdivision and construction of significant infrastructure including internal roads, service roads, intersections and drainage works before new lots are available to the market;
- Two strategic vacant sites are located in the Commercial 2 Zone to the north-west of the town, with areas of 2.1ha and 0.64ha respectively. The smaller site is advertised for sale, however the site does not have direct access or exposure to the highway;
- The remaining vacant land within the Commercial 2 Zone is located to the rear of occupied lots located along the Bass Highway in the North West Precinct. These small lots (approximately 1,000sqm each) are all within separate ownership and could only accommodate extensions, subdivision or redevelopment of existing businesses, rather than creating substantial new supply to the market;
- Overall, it is estimated that there is a total of 2.84ha of land within the Commercial 2 Zone that is ready to occupy, and a further 29ha of land that could be developed.

The assessment shows that there is very limited number of vacant lots within both the Commercial 2 Zone and the Industrial 1 Zone that are ready to occupy. In particular, the supply of industrial land is limited and is unlikely to be sufficiently diverse to meet the needs of new businesses seeking to establish in Wonthaggi.

4.3. RETAIL, COMMERCIAL AND INDUSTRIAL FLOORSPACE

The existing floorspace within commercial and industrial zones in Wonthaggi was quantified using Council's rates database and verified through site visits and a review of aerial photography. The distribution of floorspace is shown in Table 5.

TABLE 5 FLOORSPACE (SQM) BY LAND USE, WONTHAGGI EMPLOYMENT PRECINCTS, 2016

Land Use	CBD	Mitre 10	Central Industrial	Inverloch Road	Miners Rest	North West	Total
Core Retail	43,602	-	-	-	-	-	43,602
Bulky Goods Retail	5,300	7,100	433	3,496	-	1,905	18,234
Commercial	12,912	-	876	-	-	1,692	15,480
Industrial	6,691	-	10,611	21,771	8,641	1,759	49,473
Other (residential, civic, recreation)	3,671	-	-	739	60	2,397	6,867
Total	72,176	7,100	11,920	26,006	8,701	7,753	133,656

Source: Bass Coast Shire Rates Database, 2016, categorised by Urban Enterprise, 2017. In categorising the floorspace into broad land use categories, Urban Enterprise's standard property categorisation was applied to AVPCC codes from Council's rates database. Note: floorspace calculations includes both occupied and vacant floorspace.

It is estimated that there is approximately 44,000 sqm of **core retail** floorspace in Wonthaggi, all of which is located in the CBD. Almost half of this floorspace is within major supermarkets (Coles, Woolworths and Aldi comprise approximately 10,000 sqm) and discount department stores (Big W and Target comprise approximately 11,500 sqm).

Bulky goods retailers have a combined total of approximately 18,000sqm of floorspace, the majority of which is within large format hardware retailers Bunnings (4,000 sqm) and Mitre 10 (7,100sqm). Other bulky goods retailers are dispersed across various locations and zones, including within the Commercial 1 Zone in the CBD, the Commercial 2 Zone in the North West Precinct and the Industrial 1 Zone in the Miners Rest and Inverloch Road Precincts.

The majority of the 15,500 sqm of **commercial** floorspace (including offices, banks, medical and other commercial uses) is located in the CBD, primarily along Main Street and McBride Avenue. The recent construction of major retail anchors to the north of Main Street has resulted in changes to the land use pattern in the CBD, with retail floorspace now primarily concentrated to the north of Graham Street, and commercial and hospitality floorspace primarily concentrated to the south.

Industrial floorspace is dispersed across five separate precincts, with the largest concentration within the Inverloch Road Precinct.

A notable feature of the floorspace distribution is that bulky goods retail and industrial floorspace is often located within zones that do not encourage that particular use. For example:

- The Miners Rest industrial area includes a number of bulky goods retail uses and a motel (despite these uses being defined as "industrial" in the rates database);
- The Commercial 1 Zone in the CBD includes a number of residual industrial uses, such as such as mechanics and warehouses; and
- The Industrial 1 Zone in the Inverloch Road Precinct accommodates a number of bulky goods retailers along the highway frontages.

VACANT FLOORSPACE

The audit found that the following floorspace vacancies currently exist:

- Retail and commercial premises: 1,263 sqm;
- Industrial premises: 1,528sqm.

When these vacancies are taken into account, it is estimated that Wonthaggi currently has approximately 48,000sqm of occupied industrial floorspace and 76,000sqm of retail and commercial floorspace.

4.4. KEY FINDINGS

The key findings of this section are as follows.

- There is currently 111ha of land in Wonthaggi zoned for commercial or industrial purposes across six precincts, with a total of 10.7 ha of vacant land in the Industrial 1 Zone, 33.9 ha in the Commercial 2 Zone and only 0.05 ha in the Commercial 1 Zone;
- Although the overall amounts of vacant land within the Commercial 2 Zone and Industrial 1 Zone are significant, the amount of vacant land that is ready to occupy or develop is substantially lower due to a number of constraints. As a result, there are limited number of vacant lots within both the Commercial 2 Zone and the Industrial 1 Zone that are ready to occupy. In particular, the supply of industrial land is unlikely to be sufficiently diverse in order to accommodate new businesses seeking to establish in Wonthaggi;
- It is estimated that there is approximately 44,000 sqm of core retail floorspace in Wonthaggi, all of which is located in the CBD. Bulky goods retailers have a combined total of approximately 18,000sqm of floorspace, and there is an estimated 48,000sqm of occupied industrial floorspace;
- Employment land in Wonthaggi is highly fragmented and it is common for retail uses to be located within industrial zones and vice-versa. Bulky goods retailers are dispersed across the Precincts, including within the Commercial 1 Zone and Industrial 1 Zone which are designed to accommodate other uses;
- There is no consolidated bulky goods precinct in Wonthaggi, although broadhectare land in the Commercial 2 Zone in the Inverloch Road Precinct has sufficient area to accommodate this in the future;
- The fragmented nature of the commercial and industrial zones and uses could result in land use conflict and is likely to preclude opportunities for clustering of like-businesses, reducing opportunities for trip-sharing for consumers and potential economic benefits for businesses.

5. RETAIL CONTEXT

5.1. INTRODUCTION

This section provides an overview of the competitive retail hierarchy for Wonthaggi which guides the identification of the catchment for retail and other employment land in the town.

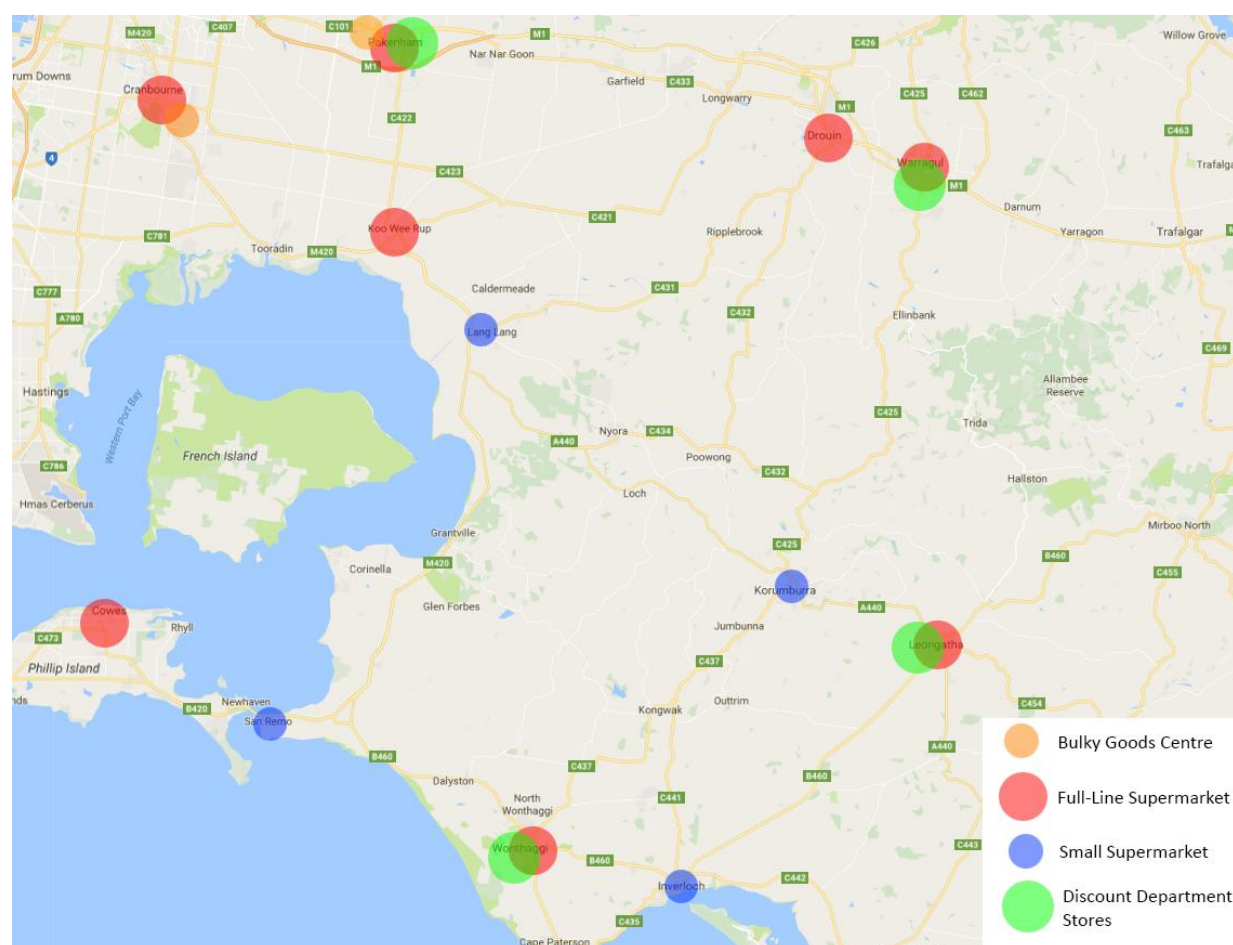
5.2. COMPETING RETAIL CENTRES

Wonthaggi contains two full-line supermarkets and two discount department stores which anchor the retail role of the town centre. The location of competing anchor retailers, including supermarkets, Discount Department Stores (DDS) and bulky goods centres are shown in Figure 9.

Relevant characteristics of the competing retail framework are identified as follows:

- The nearest discount department stores are located in Leongatha (Target Country), Warragul (Target) and Pakenham (Big W). Based on this distribution, the Wonthaggi stores (BigW and Target) are likely to serve a catchment that extends throughout most of Bass Coast Shire (including Phillip Island) and parts of South Gippsland;
- The nearest full-line supermarkets are located in Cowes (Coles), Leongatha (Woolworths) and Koo Wee Rup (Woolworths). Smaller supermarkets are also located in Inverloch, San Remo and Korumburra, meaning that the supermarket catchment for Wonthaggi is somewhat smaller than the DDS catchment. Wonthaggi supermarkets draw trade from across the mainland of Bass Coast Shire and into the coastal areas of South Gippsland to the south-east (such as Venus Bay), including permanent resident expenditure as well as holiday home visitors and tourists;
- Wonthaggi contains a number of bulky goods retailers that are not located elsewhere in Bass Coast Shire or in South Gippsland Shire, including Bunnings (nearest locations are Morwell, Pakenham and Warragul), Harvey Norman (nearest are Warragul, Moe, Morwell and Fountain Gate) and Dan Murphy's (Traralgon and Pakenham). A number of Mitre 10 stores are located in the vicinity of Wonthaggi, including Leongatha, Inverloch, Tarwin Lower, Grantville and Cowes;
- The nearest homemaker centres (i.e. clusters of modern furniture, whitegoods and hardware retailers) are located in Pakenham, Fountain Gate and Cranbourne. These are likely to attract a significant proportion of the demand for bulky goods in the areas to the north west of Wonthaggi.

FIGURE 9 LOCATION OF COMPETING SUPERMARKETS, DEPARTMENT STORES AND BULKY GOODS CENTRES



Source: Urban Enterprise.

TABLE 6 HIERARCHY OF COMPETING RETAIL CENTRES

Town	Plan Melbourne Classification	Shopping Centre Classification	Urban Enterprise Classification	Anchors	Distance to Wonthaggi
Narre Warren	Activity Centre	Regional Centre	Regional Centre	Myer, Woolworths, Coles, ALDI, Kmart, Big W, Apple	94.6 km by road (1hr 10mins)
Pakenham	Activity Centre	Sub-Regional Centre	Sub-Regional Centre	Woolworths, Coles, Target, Big W, Bunnings	79 km by road (1hr 3mins)
Warragul	Peri-urban town with growth potential	Neighbourhood Centre	Sub-Regional Centre	Coles, Woolworths, Target	76 km (1hr 10mins)
Wonthaggi	Peri-urban town with growth potential		Sub-Regional Centre	Coles, Woolworths, ALDI, Target, Big W	N/A
Leongatha	Peri-urban town with growth potential		Sub-Regional Centre	Woolworths, Target Country	39 km (31mins)
Drouin	Peri-urban town with growth potential	Neighbourhood Centre	Neighbourhood Centre	Coles, Woolworths	71km (1hr 3mins)
Cowes		Neighbourhood Centre	Neighbourhood Centre	Coles, Woolworths, ALDI	43 km (42mins)
Korumburra	Town		Neighbourhood Centre	IGA	33 km (29mins)
San Remo	Town		Local Centre	IGA	25 km (24mins)
Inverloch			Local Centre	Foodworks	14 km (14mins)

Source: Plan Melbourne 2014, Shopping Centre Directory 2016

5.3. RETAIL AND COMMERCIAL DEVELOPMENT ACTIVITY

Since 2007, Council records show that there were 19 building permits approved for construction of new retail or commercial space. These approvals include the construction of the Dan Murphy's store, Bunnings Warehouse, Big W – Stage 2 and the Wonthaggi Plaza Shopping Centre. Other business growth has taken place in largely in commercial premises with other movements likely to have taken place within existing shopfront floorspace.

TABLE 7 RETAIL AND COMMERCIAL BUILDING APPROVALS, 2007 - 2016

	Core retail	Bulky Goods	Commercial
New buildings approved	1	4	14
New floorspace approved (sqm)	11,845	4,368	4,579

Source: Bass Coast Shire, 2017.

5.4. CONSULTATION

Consultation was undertaken with a variety of stakeholders in Wonthaggi, including Council officers, owners of key commercial development properties, and members of the Wonthaggi Business and Tourism Association. The following key points relevant to this project were raised during consultation:

- Although a number of vacant properties are zoned for business and industrial use throughout the town, many require significant infrastructure works to make new lots available to the market;
- A number of the strategic commercial development sites are controlled by a single owner and are not on the market;
- As a result of ownership and infrastructure constraints, there is a general lack of new lots ready to be occupied by new businesses;
- Some industrial and commercial premises are vacant. Occupation of these premises could absorb some of the future demand from new businesses if appropriate, before considering further land requirements. In many cases, core retail floorspace is relatively under-utilised, with retail premises larger than what is needed by the occupants;
- Trading performance of many core retailers has weakened since completion of the Wonthaggi Plaza Shopping Centre, resulting in a two-speed retail economy of (1) traditional main street retailers with marginal profitability, and (2) shopping centre tenants with significantly higher turnover densities and rents;
- Bulky goods retailers are generally performing well, however the retailers are generally not co-located and often occupy smaller premises than typical for that store type (eg. Bunnings, Harvey Norman);
- Bulky goods retailers and discount department stores serve a very wide catchment which encompasses all of Bass Coast Shire and much of South Gippsland Shire given the lack of competing stores in nearby towns. Leongatha and Korumburra are within the retail catchment for these store types;
- Both core retailers and bulky goods generate substantial turnover from visitors to the area, especially holiday home owners. An older age demographic has traditionally been a major market for retail in the town, leading to a number of main street retailers providing discount goods and services;
- There is strong competition for hardware and trade supplies since the recent establishment of Bunnings Warehouse;
- There has been limited interest from investors to establish a new bulky goods centre on Inverloch Road. Some consultees identified that there is unlikely to be sufficient demand for a major homemaker centre in the short to medium term;
- Many recent business entrants to the town centre have been related to the property and construction industry, in particular national brand builders and real estate agents;

- Retail trading hours are often limited, discouraging weekend and night visitation to the retail core. Some businesses are now extending opening hours, however a lack of night time activity remains a weakness of the centre;
- Planning for new retail and business floorspace should ensure that the existing role of the town centre is not weakened, especially in the short to medium term given the significant increase in floorspace through construction of the shopping centre.

5.5. RETAIL AND COMMERCIAL ROLE

The following summarises the current retail role of Wonthaggi, based on the research and consultation undertaken.

NATIONAL BRAND RETAIL

In recent years, Wonthaggi has seen major growth in its National Brand retail role. While Wonthaggi previously had only one full line supermarket, Woolworths, supported by an IGA and Bi-Lo, the town centre now has 3 major supermarkets and one small line supermarket (Aldi). The township has also seen a major increase in floorspace from discount department stores (Big W and Target).

Other mini-major and bulky goods national brands have also been established in recent years, including Dan Murphy's, Bunnings Warehouse, Best & Less and the Reject Shop. The strong variety of DDS and bulky goods choice in Wonthaggi draws trade from across southern Gippsland - the nearest retail centres that offer this variety of higher order retail floorspace are Warragul and Pakenham.

MAIN STREET RETAIL AND COMMERCIAL

The traditional concentration of main street independent retailers on Graham Street has transitioned to accommodate a variety of retail, office, commercial and hospitality businesses. The central grid of the town centre is well occupied and supports significant employment and business activity. The retail role of this area was particularly strong during construction of the Wonthaggi Desalination Plant, leading to strong demand for food services in particular. Since completion of the Plant, the retail role of this area is less prominent.

Given the strong competition from retailers in the Wonthaggi Plaza Shopping Centre, it is likely that the Graham St spine will continue to transition towards a greater variety of employment uses, rather than purely a retail area.

SUPPORTING URBAN GROWTH

As the Wonthaggi North East Growth Area is progressively developed, the town centre will play an important role in providing convenience retail, comparison shopping and employment options to the new community. Recent floorspace growth has outpaced population growth in the Wonthaggi area – as such, it is important to ensure that the role of the town centre is maintained and reinforced in the short to medium term before new centres are considered within the Growth Area or elsewhere.

5.6. RETAIL CATCHMENT

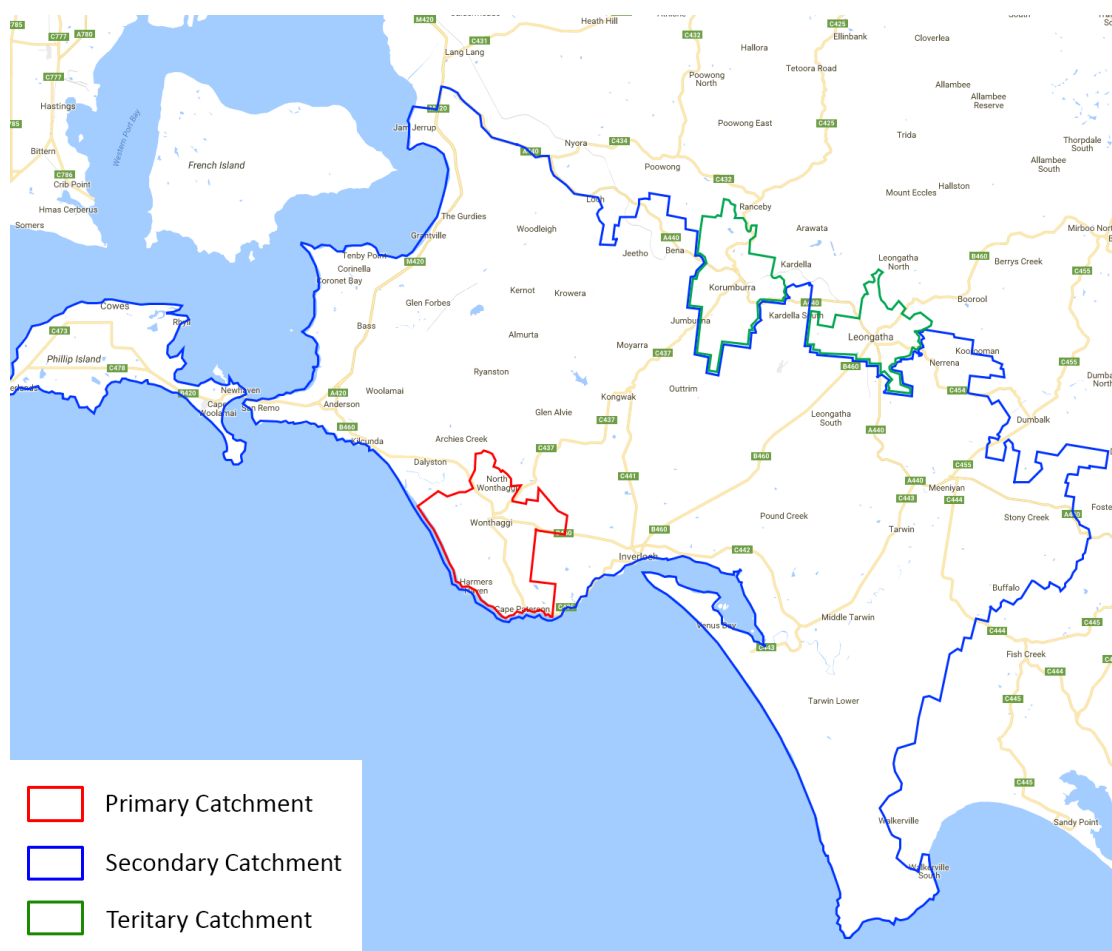
The estimated retail catchment area of Wonthaggi is shown in Figure 10, based on Forecast ID projection areas. The catchment has been established based on the existing retail mix, competing retail hierarchy and travel times to competing centres and consultation findings.

The **Primary Catchment** includes the Wonthaggi township, North Wonthaggi, Cape Paterson and immediate surrounds. Residents in this catchment would undertake the majority of their retail spending in Wonthaggi, with some spending directed to larger centres such as Pakenham, Cranbourne, Narre Warren and the Melbourne CBD.

The **Secondary Catchment** includes the majority of the balance of Bass Coast Shire (including the main towns of Inverloch, San Remo and Cowes) and the south-western part of South Gippsland Shire (including Venus Bay, Meeniyan and surrounding rural areas). Residents of the secondary catchment generally have other local supermarket, hardware and retail service options available in local centres, but would be expected to undertake a significant proportion of their expenditure on higher order goods and services (such as bulky goods, discount department stores and mini-major stores) in Wonthaggi. Some residents of the Secondary catchment would also be likely to undertake frequent supermarket shopping in Wonthaggi due to the variety of options and the lack of full-line supermarket floorspace in smaller towns.

A **Tertiary Catchment** has also been established to recognise that residents of Korumburra and Leongatha are likely to undertake a significant proportion of higher order spending in Wonthaggi, including bulky goods and discount department store purchases given the lack of such retailers in those towns. Residents in Korumburra and Leongatha would not be expected to undertake supermarket shopping or retail services expenditure in Wonthaggi due to the significant provision of these retail types in the respective towns.

FIGURE 10 WONTHAGGI CATCHMENT AREAS



Source: Remplan MapBuilder, 2017.

5.7. KEY FINDINGS

- Wonthaggi supermarkets draw trade from across the mainland of Bass Coast Shire and into the coastal areas of South Gippsland to the south-east (such as Venus Bay), including permanent resident expenditure as well as holiday home visitors and tourists;
- Wonthaggi contains a number of bulky goods retailers and discount department stores that are not located elsewhere in Bass Coast Shire or in South Gippsland Shire – this extends the retail catchment of Wonthaggi across Bass Coast and into South Gippsland Shire;
- Both core retailers and bulky goods generate substantial turnover from visitors to the area, especially holiday home owners;
- The trading performance of many core retailers has weakened since completion of the Wonthaggi Plaza Shopping Centre, resulting in a two-speed retail economy of (1) traditional main street retailers with marginal profitability, and (2) shopping centre tenants with significantly higher turnover densities and rents;
- As a result of ownership and infrastructure constraints, there is a general lack of new lots ready to be occupied by new retail businesses. Many bulky goods retailers are operating in stores smaller than usual for that brand;
- Although bulky goods retailers are generally performing well, there has been limited interest from investors to establish a new bulky goods centre on Inverloch Road with some consultees noting insufficient demand exists for a major additional to the bulky goods retail supply;
- The traditional concentration of main street independent retailers on Graham Street has transitioned to accommodate a variety of retail, office, commercial and hospitality businesses. It is likely that the Graham St spine will continue to transition towards a greater variety of employment uses, rather than purely a retail area;
- As the Wonthaggi North East Growth Area is progressively developed, the town centre will play an important role in providing convenience retail, comparison shopping and employment options to the new community. Recent floorspace growth has outpaced population growth in the Wonthaggi area – as such, it is important to ensure that the role of the town centre is maintained and reinforced in the short to medium term before new centres are considered within the Growth Area or elsewhere.

6. RETAIL DEMAND PROJECTIONS

6.1. INTRODUCTION

This section provides an assessment of current and projected demand for retail floorspace in Wonthaggi overall and within the Wonthaggi North East Growth Area based on projections of population growth and retail expenditure.

All values in this section are expressed in constant 2016 dollars.

6.2. POPULATION GROWTH

The Estimated Residential Population of the Wonthaggi-Inverloch area was 21,739 on 30 June 2015. This area covers the mainland section of Bass Coast Shire. The population of this area increased from 18,250 in 2005, an average growth rate of 1.8% per annum.

The Usual Resident Population of the Wonthaggi township was estimated at 7,279 persons as at the 2011 Census, an increase from 6,136 persons in 2001 at an average growth rate of 1.7% per annum, as shown in Table 8.

TABLE 8 POPULATION GROWTH 2001-2015

Source	Area	2001	2005	2006	2011	2015	AAG
ABS Regional Population Growth	Wonthaggi-Inverloch	-	18,250	-	-	21,739	1.8%
ABS Census 2011	Wonthaggi (UCL)	6,136	-	6,529	7,279	-	1.7%

Source: Various sources as listed, compiled by Urban Enterprise. AAG=Average annual growth.

6.3. RETAIL CATCHMENT POPULATION PROJECTIONS

Forecast ID projections prepared for Bass Coast Shire and South Gippsland Shire have been used to project population growth within each of the retail catchments.

Overall, an additional 18,000 people are expected to reside in the catchment by 2036, an average growth rate of 1.6% per annum from 2016. The highest growth rate is projected for the Primary Catchment on Wonthaggi and surrounds (2.18% p.a.), while the largest number of additional residents is expected in the Secondary Catchment (+8,680 residents), driven by growth in Inverloch and townships on Phillip Island and the Western Port Bay coast.

TABLE 9 PROJECTED CATCHMENT POPULATION GROWTH, 2016-2036

Catchment	Population					Additional Population	AAG
	2016	2021	2026	2031	2036	2016-36	2016-36
Primary	9,280	10,365	11,550	12,870	14,296	+5,016	2.18%
Secondary	28,284	30,121	32,098	34,486	36,964	+8,680	1.35%
Tertiary	10,514	11,541	12,636	13,775	14,856	+4,342	1.74%
Catchment	48,078	52,027	56,284	61,131	66,116	+18,038	1.61%

Source: Forecast ID, 2016. AAG = Average annual growth rate.

6.4. RETAIL EXPENDITURE AND GROWTH

RETAIL EXPENDITURE

Retail expenditure of residents is estimated by reference to Market Info data and shown in Table 10. The average annual retail expenditure of the Primary Catchment is \$12,318 per person, with significantly higher per capita expenditure in the Secondary Catchment of \$13,349 per annum. Table 11 shows that the total retail expenditure of catchment residents is estimated at \$624.2m per annum.

TABLE 10 RETAIL EXPENDITURE PER CAPITA, 2016

Retail Category	Primary	Secondary	Tertiary
Food, Liquor and Groceries	\$6,285	\$6,564	\$6,276
Food Catering	\$1,376	\$1,520	\$1,409
Apparel, Homewares and Leisure	\$2,970	\$3,324	\$3,113
Bulky Goods	\$1,269	\$1,472	\$1,358
Retail Services	\$418	\$469	\$424
Total	\$12,318	\$13,349	\$12,580

Source: Market Info, 2014. Escalated to 2016 values by Urban Enterprise.

TABLE 11 RETAIL EXPENDITURE, 2016

Catchment Area	Population	Expenditure per capita	Total expenditure
Primary Catchment	9,280	\$12,317	\$114,300,000
Secondary Catchment	28,284	\$13,357	\$377,800,000
Tertiary Catchment	10,514	\$12,574	\$132,200,000
Total	48,078	\$12,985	\$624,300,000

Source: Market Info, 2014 escalated to 2016 values by Urban Enterprise, Forecast ID.

WONTHAGGI MARKET SHARE

Based on estimated turnover densities, the annual turnover of retailers in Wonthaggi is estimated at \$248.8m. This estimate takes into account the retail floorspace types and categories, including the balance between discount department stores, bulky goods retailers, independent specialty retailers (with lower turnover densities), supermarkets and shopping centre specialty stores.

The significant tourism visitation to Bass Coast and the large number of holiday homes in the area results in non-resident retail expenditure likely to be at the upper end of the share of turnover for a typical regional centre. An allowance of 22% of all turnover in Wonthaggi being driven by non-residents has been made in the retail model, equating to \$54.7m per annum.

The remaining turnover of \$194.1m is supported by residents of the catchment area, which have a combined retail expenditure of \$624.3m. Therefore, Wonthaggi is estimated to have a retail market share of approximately 31% of expenditure within its catchment area, with a significantly higher market share estimated for the Primary Catchment (71%) as shown in Table 12.

TABLE 12 ESTIMATED WONTHAGGI RETAIL MARKET SHARE

Summary Table	Expenditure	Turnover	Market Share
Wonthaggi Retailers Annual Turnover		\$248,800,000	
Turnover drawn from outside the catchment		\$54,700,000	22%
Turnover drawn from catchment residents	\$624,300,000	\$194,100,000	31%
Primary Catchment	\$114,300,000	\$81,200,000	71%
Secondary Catchment	\$377,800,000	\$94,500,000	25%
Tertiary Catchment	\$132,200,000	\$18,500,000	14%

Source: Urban Enterprise, 2017.

POPULATION AND EXPENDITURE GROWTH

Projected population growth in the catchment is expected to result in additional demand for retail floorspace in Wonthaggi over the planning period. In addition, the amount spent by existing and new residents is expected to increase in real per capita terms, following a long-term trend of increasing expenditure per person over the past 20 years.

An allowance for an average annual increase of 0.5% per annum in real per capita retail spending has been included in the demand model. This rate is lower than the long term average to reflect the declining rate of real growth in recent years, and to allow for an expected increase in the impact of online retail on store based retailers which is particularly relevant to regional areas such as Wonthaggi. The assumed rate of real growth per capita is higher for bulky goods (1% per annum) and lower for food (0.3% p.a.) to reflect recent real growth trends (based on ABS Retail Trade data).

Table 13 shows that the total retail expenditure of catchment area residents is projected to increase from \$624m in 2016 to \$949m by 2036, an increase of \$325m.

TABLE 13 PROJECTED CATCHMENT RETAIL EXPENDITURE GROWTH, 2016-2036

Catchment	2016	2021	2026	2031	2036	Change
Primary Catchment	\$114,314,000	\$130,701,000	\$149,437,000	\$170,859,000	\$195,351,000	\$81,037,000
Secondary Catchment	\$377,802,000	\$414,287,000	\$454,526,000	\$498,923,000	\$547,928,000	\$170,126,000
Tertiary Catchment	\$132,189,000	\$147,759,000	\$165,163,000	\$184,617,000	\$206,363,000	\$74,174,000
Total	\$624,305,000	\$692,747,000	\$769,126,000	\$854,399,000	\$949,642,000	\$325,337,000

Source: MarketInfo, 2014; adapted by Urban Enterprise, 2017, Forecast ID.

6.5. SUPPORTABLE FLOORSACE PROJECTIONS

Projections of supportable floorspace in Wonthaggi have been prepared based on the data presented above, along with the following assumptions:

- Wonthaggi will continue to attract a constant market share based on current estimates. This would require no material changes to the retail hierarchy during the projection period, such as the introduction of a new Discount Department Store in a competing location; and
- Turnover densities will increase over the short to medium term at a rate of 1% per annum (2016-2026), followed by a longer term increase of 0.6% per annum (2026-2036). This profile reflects that many existing retailers are currently underperforming, and population growth will assist in improving retail conditions in the short term.

Table 14 shows the supportable floorspace projections for all retail types to 2036, with an estimated increase in supportable floorspace of 33,000sqm over the next 20 years in Wonthaggi across all retail types.

TABLE 14 RETAIL EXPENDITURE, TURNOVER AND SUPPORTABLE FLOORSACE, WONTHAGGI, 2016-2036

	2016	2026	2036	Change	AAG
Population	48,078	56,318	66,116	+18,038	1.6%
Catchment Retail Spending	\$624,300,000	\$769,100,000	\$949,600,000	+\$325,300,000	2.1%
Expenditure Captured by in store retailers					
Turnover from Primary Catchment	\$81,200,000	\$106,100,000	\$138,700,000	+\$57,500,000	2.7%
Turnover from Secondary Catchment	\$94,500,000	\$113,600,000	\$182,000,000	+\$87,500,000	3.3%
Turnover from Tertiary Catchment	\$18,500,000	\$23,100,000	\$28,900,000	+\$10,400,000	2.3%
Turnover from outside catchment	\$54,800,000	\$68,500,000	\$98,600,000	+\$43,800,000	3.0%
Total Wonthaggi Retail Turnover	\$248,900,000	\$311,400,000	\$448,200,000	+\$199,300,000	3.0%
Average Turnover per sqm	\$4,020	\$4,450	\$4,720	+\$700	0.8%
Retail Floorspace	61,850	70,050	94,970	+33,120	2.2%

Given that a major driver of additional supportable floorspace is population growth in the Secondary Catchment, it is expected that a significant proportion of the additional expenditure that would be attracted to Wonthaggi would be for higher order retail goods, such as bulky goods, apparel and homewares. If new competing retail floorspace is introduced elsewhere in the secondary or tertiary catchments in higher order retail types, Wonthaggi's market share would be likely to reduce.

A 3% reduction in each of the Secondary and Tertiary Catchment market shares would result in an overall supportable floorspace growth of 25,000sqm.

6.6. WONTHAGGI NORTH EAST GROWTH AREA

The Wonthaggi North East Growth Area has an approximate capacity for 4,000 dwellings. This would represent a significant extension to the urban area of Wonthaggi, given that the Wonthaggi, Cape Paterson, South Dudley and North Wonthaggi areas had a combined 5,244 dwellings in 2016 (Forecast ID). The 2009 Development Plan estimates a total population capacity of approximately 8,000 residents in the Growth Area.

Development of the Growth Area is expected to take place over a long period, in order to cater for the long term growth of the area. The timeframe for the development of the Growth Area is projected to be between 30 and 50 years according to Council and VPA information.

Despite the development of the North East Growth Area projected to occur over a long period of time, residents of the area will create significant new demand for retail goods and services in Wonthaggi. This additional expenditure will strengthen the demand base for existing retailers in the town centre and ultimately generate demand for new local floorspace in the growth area itself.

SUPPORTABLE FLOORSPACE PROJECTIONS

The retail floorspace required to meet the needs of future residents of the Growth Area has been estimated by applying the per capita retail expenditure for the Primary Catchment. Table 16 shows the projected population and retail expenditure of growth area residents at 2026 (10 years), 2036 (20 years) and at full development, assuming that:

- The same proportion of retail expenditure is captured within Wonthaggi as current estimates (approximately 71%). Higher order expenditure will continue to be met in centres such as Fountain Gate, Cranbourne and the Melbourne CBD;
- Per capita and turnover densities will increase to 2036 under the same assumptions as the overall retail model, with no escalation assumed beyond 2036 due to the uncertainty of such long-term projections;
- Higher turnover densities will apply to Growth Area resident expenditure that is likely to be captured in Wonthaggi on the basis that expenditure relevant to retail types with higher turnover densities (eg. supermarkets) will predominantly occur within Wonthaggi, while a greater share of expenditure on retail types with lower turnover densities (eg. bulky goods, apparel) will escape to other higher order centres.

The demand model shows the following results:

- Once the Growth Area population reaches 2,000 residents (estimated at 2026), demand will be generated for 3,600 sqm of retail floorspace in Wonthaggi;
- Once the Growth Area population reaches 4,000 residents (estimated at 2036), demand will be generated for 6,500 sqm of retail floorspace in Wonthaggi;
- At full development (8,000 residents), Growth Area residents will generate demand for approximately 13,000sqm of new retail floorspace in Wonthaggi.

TABLE 15 NORTH EAST GROWTH AREA POPULATION AND RETAIL EXPENDITURE (2016 VALUES)

	2026	2036	Full development
Growth Area Population	2,000	4,000	8,000
Retail expenditure per capita	\$12,857	\$13,426	\$13,426
Growth Area Resident Retail Expenditure	\$25,710,000	\$53,700,000	\$107,400,000
Expenditure retained in Wonthaggi (71%)	\$18,234,500	\$37,928,000	\$75,855,910
Average Turnover Density (\$/sqm)	\$5,000	\$5,900	\$5,900
Floorspace (sqm)	3,630	6,481	12,960

Source: Market Info, Urban Enterprise. Figures rounded.

Not all of this floorspace will need to be provided in the Growth Area. Even at full development of the Growth Area, the Wonthaggi town centre and bulky goods areas will continue to service the growth area for comparison goods, discount department stores, bulky goods. As development progresses, residents will also be able to access supermarkets and retail services in the town centre.

The most important trigger for the provision of retail floorspace or a new activity centre in a growth area is the accumulation of sufficient demand to support a supermarket. As a general rule, full-line supermarkets require a local catchment of 8,000 – 10,000 residents to be viable, indicating that a full-line supermarket would only be a realistic prospect in the later stages of the growth area's development.

In the interim, however, local convenience retail and local services will be required within close proximity to new residential areas to maximise accessibility and convenience. These local retail centres usually comprise a general store or micro-supermarket, a small number of retail services (such as hairdressers, dry cleaners) and food catering businesses (such as cafes and takeaway food). These centres usually have a retail floorspace of up to 1,000sqm and should generally be located central to residential catchments to maximise accessibility, and co-located with other trip-generators such as primary schools, community centres, open space reserves and public transport routes.

Depending on the ultimate layout of uses within the Growth Area, 2 to 3 local centres could be supported to maximise accessibility without directly competing with retailers in the town centre. Consideration should also be given to locating a small convenience retail centre within or adjacent to the employment precinct to service workers and retail visitors.

Construction activity in the North East Growth Area and new housing is also likely to drive greater demand for bulky good, landscaping and trade supplies in the proximity of the new development.

In the long term, a small Neighbourhood Activity Centre is likely to be supportable including a full line supermarket at full development, based on the supermarket assessment shown in Table 17. A full line supermarket in regional areas typically anchors a small neighbourhood centre with approximately 40% specialty retail floorspace, which would result in a total floorspace of approximately 5,000sqm.

TABLE 16 SUPERMARKET FLOORSPEACE ASSESSMENT

Population	1000	2000	4000	8000
FLG Expenditure Per Capita	\$6,476	\$6,673	\$6,673	\$6,673
FLG Expenditure	\$6,480,000	\$13,350,000	\$26,690,000	\$53,380,000
Proportion directed to supermarkets	\$4,530,000	\$9,340,000	\$18,680,000	\$37,370,000
Market Share of a growth area supermarket	\$2,270,000	\$4,670,000	\$9,340,000	\$18,680,000
General Merchandise and liquor (15% of total)	\$450,000	\$930,000	\$1,870,000	\$3,740,000
Additional trade from outside catchment (10%)	\$300,000	\$620,000	\$1,250,000	\$2,490,000
Potential growth area supermarket turnover	\$3,020,000	\$6,230,000	\$12,460,000	\$24,910,000
Indicative turnover density (\$/sqm)	\$8,000	\$8,493	\$8,493	\$8,493
Supportable Supermarket Floorspace (sqm)	400	700	1,500	2,900

Source: Urban Enterprise. Figures rounded.

The elongated layout of the growth area means that there will not be a clear, stand-alone catchment for any new activity centre in the growth area. In order to maximise accessibility to new residents across the growth area and exposure to passing trade, a potential long term Neighbourhood Activity Centre location should be planned central to the growth area, potentially on Wonthaggi – Korumburra Road, and/or on the main internal collector road.

The need, timing and location of any future activity centre should be reviewed at a later date, having regard to:

- The location, rate of growth and population yield of new residential development fronts;
- The performance of existing retailers in the Wonthaggi town centre; and
- An updated economic assessment.

6.7. BULKY GOODS FLOORSACE PROJECTIONS

Table 18 shows the results of an assessment of demand for bulky goods retail floorspace, based on the assumptions that:

- Expenditure per person on Bulky Goods is projected to grow at a rate of 1.0% per annum;
- Wonthaggi continues to achieve a bulky goods market share of 59% across its catchment;
- Sales to visitors and for general merchandise will comprise 20% of bulky goods turnover; and
- The starting turnover density of \$2,750 (2016) will increase at the rates outlined in the earlier retail model.

The results are that Wonthaggi could support an additional 5,000sqm of bulky goods floorspace over the next 10 years, and total of 11,000 sqm of additional floorspace over the next 20 years.

TABLE 17 BULKY GOODS RETAIL ASSESSMENT, WONTHAGGI, 2016 – 2036

	2016-2026	2016-2036
Population Growth	+8,240	+18,038
Expenditure growth	+\$19,200,000	+\$44,100,000
Wonthaggi Market Share	59%	59%
Wonthaggi Expenditure Growth	+\$11,370,000	+\$26,120,000
Total expenditure (+20% for general merch. and visitors)	+\$14,210,000	+\$32,650,000
Average Bulky goods retail turnover density (\$/sqm)	\$2,762	\$2,932
Supportable Floorspace	+5,146	+11,137

Source: Urban Enterprise, 2017. Figures rounded.

LAND REQUIREMENTS

Assuming an average site coverage of 33%, the bulky goods floorspace demand of 11,100sqm would require approximately 3.3ha of land over the next 20 years. In addition to this land requirement to meet residential spending growth, a number of factors are likely to add to the need for land in the Commercial 2 Zone in Wonthaggi over time, including:

- Land required for non-retail businesses that seek to establish on land in the Commercial 2 Zone (such as light industrial) and restricted retailers primarily servicing the business / trades sector. At present in Wonthaggi, non-retail uses comprise approximately one third of all floorspace in the Commercial 2 Zone. Adding a land requirement of 50% of the retail model land requirement results in an increased land requirement of approximately 5ha over the next 20 years; and
- Existing restricted retailers located within the town centre or industrial areas may seek to relocate to a stand-alone bulky goods area due to co-location benefits, improved car parking and the availability of larger sites. Examples include Bunnings (currently occupying 4,000sqm over 1 ha in the town centre) and Harvey Norman (occupying 700 sqm over 0.2ha). Full-line Bunnings stores generally require in the order of 2ha of land, and full-line regional Harvey Norman stores generally utilise sites of up to 1ha.

As development continues over the long term within the North East Growth Area, significant additional demand will be generated for bulky goods floorspace, and more national brand retailers are likely to be attracted to locate in the town.

Larger stand-alone homemaker centres are relatively uncommon in regional Victoria, however some examples include:

- The Wodonga Homemaker Centre which contains approximately 25,000sqm across 5.7ha of land;
- The Ballarat Homemaker Centre which contains approximately 29,000 sqm across 7 ha of land; and
- 5.7ha of land set aside in Warragul for 20,000 – 25,000sqm of bulky goods floorspace.

Each of these regional cities have significantly higher populations than Wonthaggi, however these provide an indication of the typical scale of homemaker centres in regional areas. Major metropolitan homemaker centres will continue to serve residents of the Wonthaggi catchment, including Pakenham (40,000sqm over 10ha) and Cranbourne (53,00sqm over 16ha).

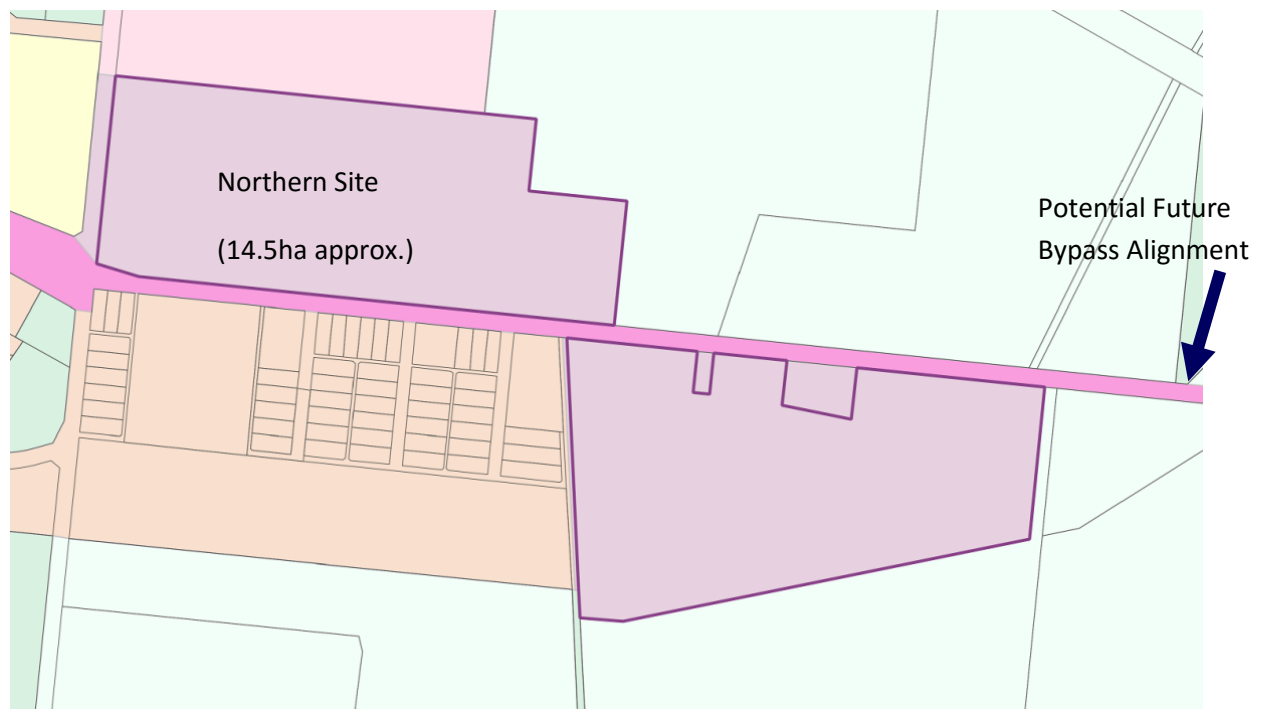
Overall, it is recommended that a large site of at least 8 ha is designated in Wonthaggi to accommodate a medium term bulky goods centre and other related uses. Further land should be retained for long term expansion opportunities. In the interim, incremental investment in new bulky goods and other highway sales floorspace will be possible on existing smaller vacant sites in the C2Z.

SUITABILITY OF EXISTING ZONED LAND

The two smaller vacant Commercial 2 Zoned sites located in the North West Precinct (2.1ha and 0.8ha respectively) are not large enough to accommodate a large homemaker centre, and are therefore considered more likely to attract uses that are similar to other uses in the precinct, such as light industrial and highway sales or service station, or potentially a stand-alone restricted retail use.

The two broadhectare sites currently within the Commercial 2 Zone in the Inverloch Road Precinct each have an area of approximately 15ha. The sites are shown in Figure 11.

FIGURE 11 LOCATION OF MAJOR COMMERCIAL 2 ZONE SUPPLY, WONTHAGGI



Source: Bass Coast Shire, 2016

Excellent exposure and accessibility to the highway from each site is expected to make either site an attractive location for a future bulky goods development once sufficient demand accumulates based on the following factors:

- Each site forms part of the large Inverloch Road precinct, a contiguous area of employment land to the immediate east of the town of Wonthaggi;
- The bulky goods catchment for Wonthaggi extends to the west, north and east of the town. In 2036, it is estimated that Wonthaggi residents will comprise 22% of all catchment residents, with towns to the east comprising 28%, north-east 14%, north-west 5% and East 32%. Residents to the west of Wonthaggi have better accessibility to homemaker centres in south-east Melbourne compared with residents to the east of Wonthaggi. The relatively even distribution of demand origin for bulky goods floorspace indicates that there is not a compelling need for future bulky goods land to be specifically located on any particular major road entrance to the town;
- Both sites are proximate to the North East Growth Area and future bulky goods and trade supplies businesses would be well positioned to serve the needs of new residents, builders and tradespeople; and
- Each site is controlled by developers, and therefore will be made available to the market for subdivision subject to demand.

Over the next 20 years, demand projections indicate that only one of these sites will be required for bulky goods and related commercial purposes. In terms of relative suitability of the sites for employment / bulky goods retail uses:

- The northern site would provide for a land use transition and buffer from industrial land to the south and future residential land to the north;
- The southern site could form a long term organic extension to the industrial land, and is located closer to the Potential Future Bypass to the east, indicating general suitability for future industrial land;
- The northern site has no known development constraints, whereas the southern site is understood to require a range of drainage and road infrastructure items to support development.

Overall, the northern site appears more suitable for bulky goods and highway sales, while the southern site – although suitable for bulky goods along the Bass Highway frontage - could also be suitable for future industrial uses.

Based on this assessment:

- There is no compelling economic rationale to consider alternative sites for bulky goods or highway sales uses in Wonthaggi; and
- Both broadhectare sites within the Commercial 2 Zone are not likely to be required for bulky goods and related uses over the medium term; and
- The northern site is considered more appropriate to accommodate a homemaker centre than the southern site.

6.8. KEY FINDINGS

Total Retail

- The Wonthaggi retail catchment has a population of approximately 48,000 residents. An additional 18,000 people are expected to reside in the catchment by 2036, an average growth rate of 1.6% per annum from 2016;
- The total retail expenditure of catchment residents is estimated at \$624.2m per annum. The significant tourism visitation to Bass Coast and the large number of holiday homes in the area results in non-resident retail expenditure likely to be at the upper end of the share of turnover for a typical regional centre;
- Wonthaggi is estimated to have a retail market share of approximately 31% of expenditure within its catchment area, with a significantly higher market share estimated for the Primary Catchment (71%);

- If Wonthaggi maintains its current retail market share, up to an additional 33,000sqm of retail floorspace could be supported in the town over the next 20 years. If the market share declines slightly due to new retailers establishing in other centres, the supportable floorspace could range between 26,000 and 33,000sqm; and
- Over the short term, retail floorspace growth should be concentrated on the town centre.

North East Growth Area

- The North East Growth Area will ultimately accommodate up to 8,000 residents. Council and VPA anticipate the timeframe of the project to be 30 to 50 years;
- Over the next 20 years, it is expected that there could be up to 4,000 residents living in the growth area, generating demand for up to 6,500sqm of retail floorspace in Wonthaggi. This demand will be spread across supermarkets, discount department stores, bulky goods retailers and specialty shops. It is expected that the majority of this floorspace can be retained within the Wonthaggi town centre and existing and future bulky goods areas;
- Over the next 20 year period, there will not be sufficient demand generated in the North East Growth Area for a full-line supermarket – these generally require a catchment of at least 8,000 residents to be viable. New developments will, however, generate demand for some services and retail floorspace which should be provided locally within the growth area, such as convenience retail / large general store / micro-supermarket, takeaway food and cafes, and retail services (such as hairdressers);
- These local facilities should be provided in conjunction with community assets such as primary schools, community centres and/or open spaces within the Growth Area. An allowance for 2-3 local centres with a floorspace of up to 1,000sqm each will enable local convenience goods and services to be provided in close proximity to residents and jobs;
- At full development, the growth area is likely to be able to support a Neighbourhood Activity Centre. It is recommended that land is retained for a longer term Neighbourhood Centre of up to 2,000sqm of retail floorspace and two smaller centres of up to 1,500sqm. The PSP suggests the larger centre should be located near the new sports reserve, while the smaller centres will serve the local communities.

Bulky Goods

- Demand growth for bulky goods is expected to support an additional 11,000sqm of floorspace over the next 20 years. Recent expansions to homemaker centres in Pakenham and Cranbourne are expected to continue to attract some bulky goods spending to this part of Melbourne, limiting the opportunity for a major homemaker centre in Wonthaggi in the short term;
- Over the medium – long term, demand is expected to accumulate to support a consolidated bulky goods centre, which could include some existing bulky goods retailers relocating to the new centre, along with the attraction of new retailers. Land should be maintained in a location with high exposure and accessibility to enable this investment to occur;
- Future demand for bulky goods in Wonthaggi will be driven by residents of the North East Growth Area, existing and new retail catchment residents and visitors;
- There is no compelling economic rationale to seek alternative land in the Commercial 2 Zone. Vehicle movements on the Bass Highway are comparable to the east and west of the township, the North East Growth Area will generate new demand for bulky goods and trade supplies to the north and east of the town, and the existing land has excellent exposure to passing traffic;
- The land in the Commercial 2 Zone to the north of the Bass Highway in the Inverloch Road Precinct is well suited to accommodating bulky goods uses, and would provide a suitable land use transition between industrial land to the south and future residential land to the north. The full extent of this land may not be required for bulky goods purposes.

7. INDUSTRIAL LAND REQUIREMENTS

7.1. INTRODUCTION

This section provides an assessment of industrial land requirements in Wonthaggi over the next 20 years.

7.2. EXISTING INDUSTRIAL ROLE

INDUSTRIAL LAND USE AND EMPLOYMENT

The following data provides an overview of the industrial sector in Wonthaggi:

- As at 2012, Bass Coast had a total of 66ha of industrial land, 40ha of which (60%) was located in Wonthaggi. Of the 66ha of zoned industrial land, 25ha was supply available for development;
- In 2011, there were 638 jobs in Wonthaggi in industries which generally locate in industrial areas, comprising 18% of all employment in Wonthaggi. As identified in Section 3.3, Wonthaggi accommodates a significant proportion of the Shire's employment within sectors generally requiring industrial land such as Wholesale Trade (42%) and Transport, Postal and Warehousing (37%), however a low proportion of Manufacturing and Construction employment is located in the town, reflecting the presence of manufacturing associated with agricultural produce in rural areas and the influence of the Wonthaggi Desalination Plant construction on the base data;
- Based on a review of the industry classes within these sectors, it is estimated that approximately 70% of employment in these industries in Wonthaggi would be located within industrial premises, resulting in an estimated employment of approximately 450 employees in industrial premises in Wonthaggi;
- Council's rates database shows that there is currently 31.8ha of occupied industrial land and 48,000sqm of occupied industrial floorspace in Wonthaggi;
- Using the above inputs, the average employment density for industrial properties is estimated at 107 sqm per worker.

COMPETING INDUSTRIAL LOCATIONS

The industrial land requirements in Wonthaggi will be influenced by the availability of land in other locations, particularly south east Melbourne in Dandenong and Pakenham.

The Southern state-significant industrial precinct covers a large area of industrial land in **Dandenong** and Dandenong South, and is located approximately 1 hr 20 minutes drive from Wonthaggi. Plan Melbourne identifies that this precinct "is part of one of Australia's most significant and productive manufacturing areas." The precinct accommodates large format industrial businesses and has excellent access to metropolitan labour force, markets and the road transport network.

A significant employment growth area is also currently under planning and development south of **Pakenham** and Officer, approximately 1 hr drive from Wonthaggi. Four employment precincts are planned within this area, with a combined land area in the order of 2,000 hectares. Access to the south-eastern metropolitan labour force and the metropolitan freeway network is leading to the attraction of large format industrial uses in this precinct, including manufacturers and transport businesses.

The availability of land in south-east Melbourne to accommodate large format Industrial uses – particularly transport and manufacturing businesses – will generally limit demand for larger sites in South Gippsland and Bass Coast Shire (with the exception of specific industries that seek to locate within close proximity to the source of agricultural produce in the area (such as abattoirs and milk processing plants).

In the southern Gippsland region, Leongatha has approximately 90ha of land zoned for industrial purposes. A study into industrial land demand and supply in Leongatha found that consumption of vacant land had averaged 0.8ha per annum over the period 2007 - 2012.² The Leongatha industrial land profile is slightly different to that of Wonthaggi, given the significant land occupied by Murray Goulburn dairy processing operations. Other sites are available for industrial occupation, however supply is becoming limited in Leongatha as it is in Wonthaggi.

Within Bass Coast Shire, Cowes contains a local industrial area within the Industrial 3 Zone. This area predominantly accommodates businesses serving local needs across Cowes and Phillip Island, with mainly smaller lots in the order of 1,000 – 3,000sqm. Vacant land exists for incremental growth in these business and lot types.

Inverloch also contains land in the Industrial 3 Zone (approximately 7ha), which is almost fully occupied by smaller industrial businesses on lots of approximately 1,000 to 2,000 sqm.

WONTHAGGI INDUSTRIAL ROLE SUMMARY

Wonthaggi is currently the primary industrial location within Bass Coast Shire and supports business activity and employment within the construction, wholesale trade, manufacturing and transport sectors. Other towns in the municipality provide limited land for local industrial needs in Inverloch and Cowes.

The availability of large strategic industrial sites in south-east Melbourne will limit the industrial role of Wonthaggi to small and medium businesses. As the population of Wonthaggi and the surrounding area grows, further demand will be generated for local employment land. Wonthaggi is well positioned to service Bass Coast and parts of South Gippsland Shire for industrial businesses servicing population growth in Wonthaggi and nearby towns, as well as being strategically located in proximity to agricultural produce of the region.

7.3. DRIVERS OF INDUSTRIAL LAND DEMAND

Demand for industrial land in Wonthaggi will generally be driven by two types of businesses:

- Medium-sized regional and export oriented industrial businesses, generally requiring medium to large sites in proximity to transport infrastructure and sometimes requiring separation from sensitive uses; and
- ‘Local industrial’ businesses that primarily serve demand generated by the local population. This type of business activity is generally closely linked to the scale of the local population and growth and requires smaller lots that are accessible to local residents and businesses, often close to the town centre.

Population growth will lead to additional demand for local industrial businesses such as mechanics, trade supplies, construction businesses, small workshops, engineering businesses and so on. At present, very few sites are available in Wonthaggi for these businesses to establish, move or expand. There is also limited opportunity for other businesses that could seek to established in industrial areas that are not ‘industrial’ in nature yet typically seek areas with relatively cheap land and planning permission to run a business, such as recreation facilities, storage, art studios, and ‘maker’ spaces.

The following sections assess the scale of future demand for industrial land in Wonthaggi.

² Leongatha Industrial Land Supply Study, June 2013, Meinhardt.

7.4. LAND CONSUMPTION AND BUILDING ACTIVITY

The following data summarises recent land consumption and building activity for industrial uses in Wonthaggi:

- Over the period 2009 – 2016, a total of 10,000sqm of new industrial floorspace was approved for construction in Wonthaggi, accounting for 67% of all new floorspace for industrial buildings across Bass Coast Shire. This equates to an average annual increase of 1,250 sqm per annum (Table 19). New floorspace construction was higher in the earlier years of this period, with an average of 1,888sqm constructed per annum between 2009 and 2013. Some of this may be attributable to the economic stimulus of the construction of the Desalination Plant, however the construction continued for 3 years after completion of the plant, indicating that the low rate of floorspace construction since 2013 is likely to be influenced by the lack of available industrial land supply;
- Land consumption in Wonthaggi averaged 0.1 ha per annum over the period 2006 to 2012 (Urban Development Program, vacant land consumption rate). Vacant land consumption in Wonthaggi averaged 0.2 ha per annum from 2012 to 2017 (based on a review of the status of the vacant lots identified in the 2012 UDP using Council's aerial photography as part of the land supply assessment shown in Section 4 of this report). During most of this period, it is likely that there was a general lack of vacant land supply available to the market.

In comparison to other competing industrial locations, industrial land consumption in Wonthaggi has been low despite the significant regional employment role played by the town. Land consumption in Cowes over the period 2006 to 2012 was 0.3ha per annum, and consumption in Leongatha from 2007 to 2012 was 0.8ha per annum. This indicates that a lack of suitable land may have limited land consumption rates in recent years in Wonthaggi.

It is interesting to note that subdivision of the Loughran Drive Industrial Area, located at the western end of the Inverloch Road Precinct, was consumed at an average rate of 0.2ha p.a. since land was released in the mid-1990s according to Council's records.

TABLE 18 FLOORSPACE ADDED, INDUSTRIAL BUILDING PERMIT APPROVALS, WONTHAGGI AND BASS COAST SHIRE, 2009 - 2016

Location	2009	2010	2011	2012	2013	2014	2015	2016	Total	Average
Wonthaggi	1734	4136	0	2111	1460	0	0	595	10036	1255
Other	484	887	1704	248	193	639	557	173	4885	611
Total Bass Coast	2218	5023	1704	2359	1653	639	557	768	14921	1865
Wonthaggi %	78%	82%	0%	89%	88%	0%	0%	77%	67%	67%

Source: Victorian Building Authority, 2017. Note: approvals directly associated with the Desalination Plant not included.

STRATEGIC INDUSTRIAL BUSINESSES

Consultation with Council, real estate agents and employment land owners revealed that a number of larger industrial businesses have expressed interest in locating in Wonthaggi over the past 3 years, however most have not been able to find a suitable large industrial site in the town and have subsequently sought premises in other municipalities. Enquiries have generally been from construction or events businesses seeking a base from which to service the Bass Coast and South Gippsland areas.

Unless new land is made available that is suitable for larger industrial businesses, it is likely that investment will continue to be lost to Bass Coast.

The only remaining large industrial lot in Wonthaggi (7ha site within the Inverloch Road precinct) is currently the subject of a planning permit application for subdivision. If development of this site proceeds, it could provide stimulus for further industrial business activity and growth in the area by creating new lots and providing the necessary infrastructure in an area which otherwise faces a number of infrastructure challenges.

Once this site is occupied, no vacant industrial sites will remain in Wonthaggi with an area of 1ha or more, and only one vacant site has an area of more than 2,000sqm.

One potential redevelopment site located in the Miners Rest Precinct (currently occupied by the Miners Rest Caravan Park and Motel) is currently the subject of a planning permit application for highway sales and takeaway food, rather than a subdivision which would accommodate industrial uses. This would continue the trend of industrial land in this precinct being occupied by non-industrial uses, including restricted retail, highway sales and emergency services.

It is therefore important that further industrial land is made available to ensure that larger businesses seeking to establish in Bass Coast Shire can be accommodated.

7.5. REGIONAL EMPLOYMENT GROWTH

Federal government employment projections for the Gippsland region³ are for the strongest employment growth in the region to be experienced in population-led services, with the largest growth expected in the Health Care and Social Assistance sector, followed by Accommodation and Food Services and Retail Trade.

Industries typically requiring industrial land are expected to experience mixed employment change across the region, with some projected to increase (Construction, Transport Postal and Warehousing, and Rental, Hiring and Real Estate Services), Wholesale Trade expected to remain steady and Mining and Manufacturing expected to decline (due primarily to a scaling down of some coal mining operations in the Latrobe Valley).

The net change in employment in industries requiring industrial land in Gippsland is projected to equate to a total of 300 additional jobs over the next 5 years, an increase of only 0.9% over the 5-year period. It is likely that some parts of Gippsland will experience stronger industrial employment growth which is likely to be offset by employment reductions in the Latrobe Valley.

By contrast, the Melbourne South-East region is projected to experience strong employment growth for some industries requiring industrial land including Construction, Transport, Postal and Warehousing and Rental, Hiring and Real Estate (+7,400 jobs), offset by decreases in employment in the Manufacturing and Wholesale Trade industries (-3,800 jobs). This region includes the major Dandenong South Industrial Precinct and the emerging Cardinia Employment Growth Area near Pakenham, and demonstrates that Wonthaggi and Bass Coast will face strong competition for industrial employment and business activity from south-east Melbourne. It is therefore important that Council plans for the local and sub-regional industrial requirements to be met in Wonthaggi, which will generally require small to medium sized industrial lots.

7.6. MUNICIPAL POPULATION AND EMPLOYMENT GROWTH

As the population of Wonthaggi and the surrounding areas increases, demand for industrial services and employment in the area will increase in response, particularly in industries which rely on residential demand such as construction, wholesale trade, small scale engineering and storage.

As outlined earlier in this report, the population of Bass Coast Shire is expected to increase by approximately 15,000 residents over the next 20 years at a rate of 1.6%. Table shows the results of an industrial land demand model which projects industrial employment growth across Bass Coast and subsequently Wonthaggi based on the following assumptions:

- Bass Coast employment will grow at the same rate as the population (1.6% per annum), and the current ratio of 2.7 residents per job will remain constant;

³ Australian Government Department of Employment, Industry Projections 5 years to November 2020 (2016).

- The distribution of employment by industry for both Bass Coast and Wonthaggi will remain the same as the 2011 distribution;
- Wonthaggi will retain the current proportion of jobs within Bass Coast (32%); and
- 67% of jobs within industrial sectors will require land in the industrial zones based on a typical distribution of jobs and the mix of industry sub-classes within the respective industries.

TABLE 19 EMPLOYMENT PROJECTIONS FOR INDUSTRIES REQUIRING INDUSTRIAL LAND IN WONTHAGGI

Industry requiring industrial land	Bass Coast Employment 2015	Bass Coast Employment 2036 (projected)	Change	% located in Wonthaggi	Wonthaggi increase	% located in Industrial areas	Wonthaggi industrial employment increase to 2036
Construction	2,537	3,517	980	10%	95	50%	47
Manufacturing	634	879	245	18%	45	100%	45
Other Services	342	474	132	44%	58	40%	23
Rental, Hiring & Real Estate Services	192	266	74	26%	19	10%	2
Transport, Postal & Warehousing	244	338	94	37%	35	100%	35
Wholesale Trade	319	442	123	42%	52	100%	52
Total	6283	7952	1,648	18%	305	67%	205

Source: Urban Enterprise, 2017.

Table 21 converts the employment projection results into land requirements, assuming that:

- An average industrial employment density of 90sqm per employee (a slight reduction on current circumstances in Wonthaggi);
- Average site coverage of 33% to allow for car parking, loading, access, outdoor storage, etc; and
- Net Developable Area will comprise 70% of gross developable area in new subdivisions (allowing for roads, drainage and open space).

The model shows that the estimated industrial land requirement to support population growth will be 0.4ha per annum over the next 20 years.

TABLE 20 PROJECTED WONTHAGGI INDUSTRIAL LAND REQUIREMENTS – POPULATION MODEL

Employment growth demand in Wonthaggi industrial land to 2036	Average employment density (sqm/employee)	Floorspace required (sqm)	Average Site coverage	Net land required (sqm)	Net Land required (ha)	Net land % of gross land	Gross land required (ha)	Gross land required per annum (ha)	Gross land required to 2036 (ha)
205	90	18,450	33%	55,909	5.6	70%	8.0	0.4	8

Source: Urban Enterprise, 2017.

LAND CONSUMPTION MODEL

An alternative method of estimating future land requirements is to project demand based on a set of historical land consumption and building activity measures. Four scenarios have been reviewed, including:

- Average vacant land consumption from 2012 to 2017 of 0.2ha per annum;
- Average floorspace constructed from 2009 to 2016 of 1,200sqm per annum, converted into land requirements by assuming net Developable Area will comprise 70% of Gross Developable Area;
- Average floorspace constructed from 2009 to 2013 of 1,900sqm per annum, converted into gross land requirements; and

- A higher demand scenario of 0.6ha per annum, based on the fact the current land supply has been constrained and has not been able to accommodate demand, especially from larger businesses.

Results are shown in Table 22. The projected land requirements range from 3.6-10ha over the next 20 years, and between 6 - 15 ha over the next 30 years.

TABLE 21 INDUSTRIAL LAND PROJECTIONS – LAND CONSUMPTION MODEL

Scenario	Basis	Floorspace constructed p.a.	Land Consumption p.a.	Land consumption to 2036	Land consumption to 2046
1	Vacant land consumed 2012 – 2017	N/A	0.2	4.0	6.0
2	Floorspace constructed 2009 – 2016 (constrained supply conditions)	1250	0.18	3.6	5.4
3	Floorspace constructed 2009 – 2013	1900	0.27	5.4	8.1
4	Higher growth scenario	N/A	0.5	10.0	15.0

Source: Urban Enterprise, 2017.

LARGE BUSINESS DEMAND

As identified earlier in this section, it is important to ensure that some strategic sites are available for larger businesses that may seek a site in Wonthaggi. Based on consultation, it is apparent that 3 larger industrial businesses have sought large industrial sites (in the order of 1-2ha) in Wonthaggi over the past 3 years. Over the next 20 years, it is expected that population and business growth in Wonthaggi will lead to further demand from larger businesses seeking a site from which to service the Wonthaggi, Bass Coast and South Gippsland areas. This demand could be further increased following the completion of road improvements such as the Bass Highway improvements and the Potential Future Bypass, particularly if the larger lots are provided in a location with ready access to the highway and Potential Future Bypass.

Therefore, it is considered prudent to provide land supply for in the order of 6-7 larger lots of at least 1ha (i.e., a total strategic long term supply of 6-7ha, in addition to land to service local industrial needs). Business opportunities may exist to leverage from local produce and specialisations, such as:

- Agriculture;
- Desalination plant;
- Residential construction in the North East Growth Area;
- Major road transport routes; and
- Renewable energy businesses located in and near Wonthaggi.

Demand from the asphalt business is an example of a large business seeking a strategic location to base a large format industrial use in proximity to a growing residential area, linked to the construction industry.

SUMMARY OF INDUSTRIAL LAND REQUIREMENTS

Over the next 20 years, the analysis presented in this section identifies that industrial land requirements are likely to range between 4ha and 10ha to meet population demand. In order to plan for the eventuality that demand increases over time, it is recommended that strategic planning allows for demand at the upper end of this range (8-10 ha). In addition, at least 7 ha should be set aside for larger strategic sites, resulting in a total requirement for between 15 and 17 ha of industrial land.

Current vacant land provides in the order of 5ha of industrial land, meaning that a further 10ha – 12ha should be rezoned for industrial purposes to meet demand over the next 20 years. Opportunities for expansion beyond this timeframe should also be identified.

7.7. LOCATION CONSIDERATIONS

Much of the industrial land that exists within the Inverloch Road precinct is constrained by fragmented land ownership, meaning that the co-ordinated provision of infrastructure such as drainage and road access in this area is unlikely to be delivered.

The Inverloch Road Precinct is otherwise well located to accommodate industrial development for a number of reasons, including:

- Proximity to the existing industrial area on Loughran Drive;
- Good separation to sensitive uses;
- The land forms parts of the broader industrial and commercial precinct, with the opportunity to accommodate a consolidated industrial, commercial and bulky goods retail area over time;
- Ready access to the Bass Highway (subject to resolution of access intersections and service road requirements with VicRoads); and
- Close proximity to the Potential Future Bypass alignment, which would provide significantly improved large vehicle movements avoiding the town centre;
- Other than the fragmented industrial land close to the Bass Highway, properties are large, enabling strategic redevelopment and subdivision, as well as co-ordinated infrastructure planning and delivery; and
- Strategic planning support for long term expansion of the Inverloch Road precinct to the south to accommodate long term industrial land needs.

The only known constraint to further development of the area is the provision of required infrastructure, particularly drainage and road access. Infrastructure costs can be particularly prohibitive to development viability in regional areas, where land prices are generally low and developments are often marginal. In these circumstances, local governments sometimes initiate industrial subdivisions in order to encourage economic growth.

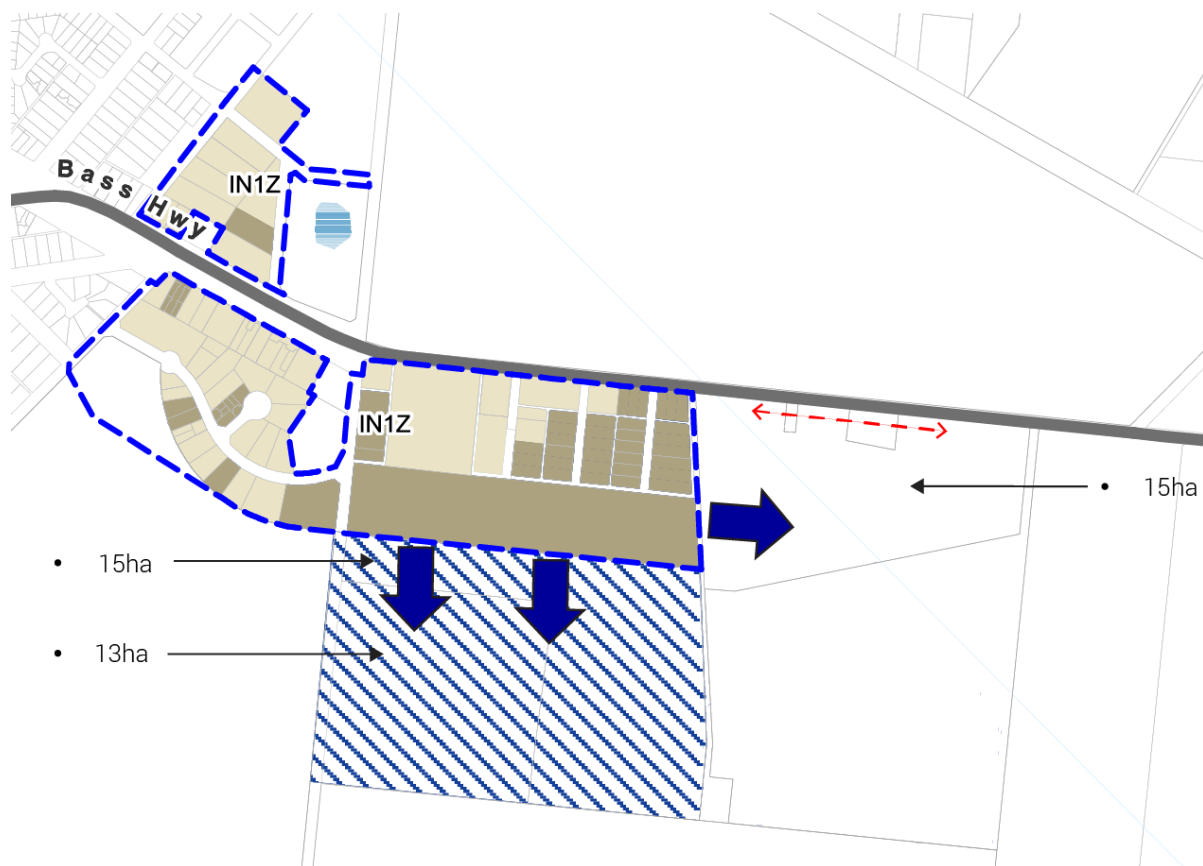
RECOMMENDATION

It is recommended that at least 12 ha of industrial land is rezoned to the Industrial 1 Zone or Industrial 3 Zone adjacent to the existing industrial area south of the Bass Highway. Four large properties are located in this area, ranging from approximately 13ha to 24ha in area, three of which are in the Farming Zone and designated as potential future industrial land and one of which is currently within the Commercial 2 Zone.

Early stages of rezoning should concentrate on areas that abut the existing Industrial Zone. Ultimately, it is envisaged that the industrial zone could extend from Carneys Road to the west to the Potential Future Bypass to the east. The Bass Highway frontage of the current Commercial 2 Zone site should be retained for highway sales and potential bulky goods given the high exposure and accessibility to passing traffic.

Industrial area expansion opportunities are shown in Figure 12.

FIGURE 12 POTENTIAL INDUSTRIAL AREA EXPANSION OPPORTUNITIES



Source: Urban Enterprise, 2017. Base Map: Urban Development Program, 2012.

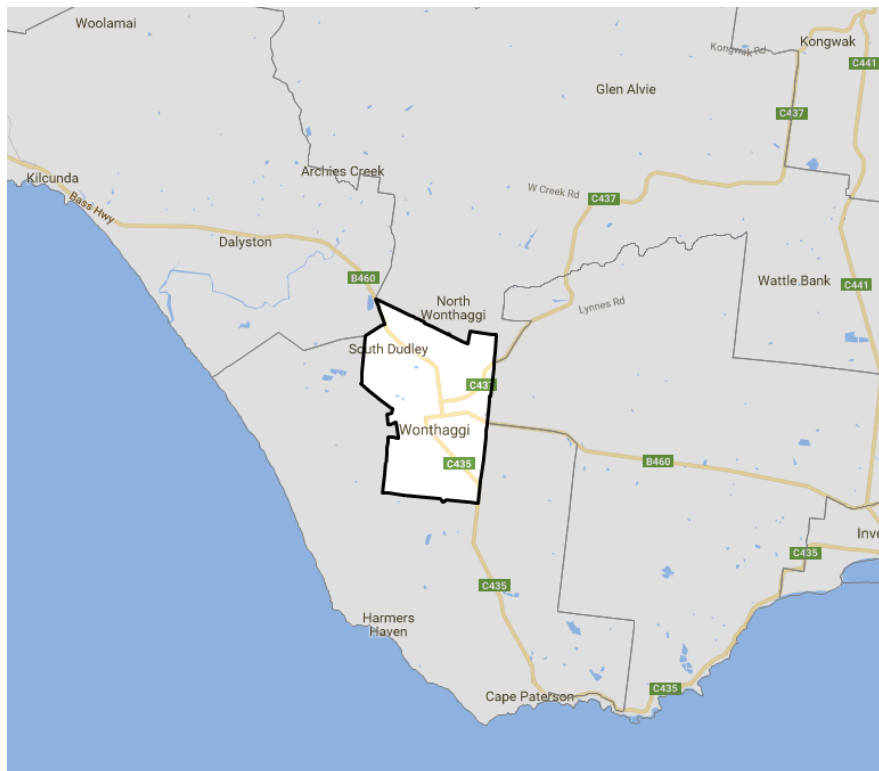
7.8. KEY FINDINGS

- Demand for industrial land in Wonthaggi has been inconsistent. Two-thirds of new industrial floorspace in Bass Coast Shire is located in Wonthaggi, with an average of 1,200sqm added per annum since 2009;
- Take up of new land is generally slow, however in recent years there has been a lack of suitable land for new businesses to establish, including both smaller serviced lots and larger strategic parcels;
- A number of enquiries have been fielded by Council, land owners and agents regarding larger industrial sites, however most could not be accommodated in Wonthaggi in recent years due to a lack of suitable land;
- Demand modelling projects a requirement for between 15 and 17 hectares of industrial land in Wonthaggi over the next 20 years. This is based on the upper end of the population lead projections range (8 to 10 hectares), with an additional 7 hectares required for larger strategic sites. A range of lot sizes will be required to meet this demand, and some land should be provided with suitable buffers to sensitive uses to accommodate larger industries;
- Industrial land supply is important to allow existing industrial businesses to relocate, including those currently operating in commercial areas, to allow home based industrial businesses to formalise business premises through availability of new leasable premises, enable existing businesses to move to larger premises, to encourage new business entrants and to attract larger industrial businesses to the area;
- Industrial land is also important to provide employment to support key industries including construction, agriculture and tourism, and to attract strategic investment that could otherwise be lost to other areas;

- The existing Industrial 1 Zone and Commercial 2 Zone land south of the Bass Highway is well located to provide long term employment land, including proximate to the Potential Future Bypass. Land to the south of this precinct has buffers to sensitive uses – few opportunities exist in Wonthaggi to separate industrial uses from residential areas;
- The Commercial 2 Zone land should be considered for rezoning to the Industrial 3 Zone to facilitate long term employment growth and economic development. The major challenge to delivering a viable development south of the Bass Highway is infrastructure delivery. Council should consider the opportunity to assist with funding key infrastructure in order to ensure that development in this area can commence.

APPENDIX A DATA AREAS

FIGURE 13 DATA BOUNDARY: WONTHAGGI DESTINATION ZONE



Source: Remplan Mapbuilder.

FIGURE 14 DATA BOUNDARY, WONTHAGGI-INVERLOCH SA2



Source: Remplan Mapbuilder.