ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

15 April 2014

Agenda Item 9.1 **GV Link - Status Update**

ESSENTIAL ECONOMICS

Goulburn Valley Freight Node – GV Link

Economic Assessment

Prepared for

Greater Shepparton City Council

By

Essential Economics Pty Ltd

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Authorship

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KEY FINDINGS

Greater Shepparton City Council have engaged Essential Economics to provide an economic assessment of the development of the Goulburn Valley Freight Node, known as GV Link. Council owns the land and is responsible for the development of the site.

Background

1 GV Link will be developed on 331ha of land located at 250 Toolamba Road, 2km south of the Midland Highway in Mooroopna.

2 GV Link is investment-ready, with a detailed master plan prepared, necessary land acquired and all planning permits in place. Land has been available to the market for approximately two years but, despite numerous enquiries, no land sales have yet been forthcoming.

Regional Economic Context

3 Population levels are projected to increase over the next two decades for Greater Shepparton (+16,000 persons) and the broader region (+37,000 persons). This will create the need for the regional economy to generate a significant number of new jobs to support long-term resident labour force growth.

4 Greater Shepparton – which is the major employment centre for the region – has suffered in recent years from very high levels of unemployment (currently 8.6% which is well above the State average of 5.5%). This situation has been driven by factors such as drought, the GFC, and reduced competitiveness of the regional manufacturing and food processing sectors due to the high currency rate.

5 A total of 400 jobs were lost between 2006 and 2011 in Manufacturing, Transport, postal and warehousing, and in Wholesaling, and a further 550 jobs were lost in the primary sector (principally Agriculture). Economic output (Gross Value Added) from these sectors has also declined markedly over recent years. In general, these are the industrial sectors and their supporting activities that generate demand for freight and industrial land consumption.

6 Greater Shepparton has significant stocks of zoned industrial land available (approximately 190ha), which represents a vacancy rate of 32%. Mooroopna has a much higher vacancy rate (62%), with 46ha of land vacant (excluding GV Link land).

Industrial Land Market

7 Greater Shepparton's land consumption rate has averaged 4ha to 5ha over the 2004-11 period (with Mooroopna averaging 0.4ha pa); however, industrial permit activity has declined markedly over recent years, falling from an average investment value of $2.6m pa (2001-06) to $1.2m (2007-12). In contrast, the average annual value of industrial permits in the municipalities surrounding Greater Shepparton (which comprise the balance of the Region) has increased from $2.2m to $4.1m over the same periods, indicating a shift in industrial investment to the wider region.

8 Greater Shepparton's vacant industrial land prices appear relatively high when compared with prices in nearby regional centres. For example, for lots less than 1ha in size Greater Shepparton's rate of $\$90/m^2$ appears much higher than Wodonga's (up to $\$65/m^2$) and Wangaratta's (up to $\$55/m^2$). While benchmarking has not been possible for larger lots (due to lack of available stock in Greater Shepparton and Wangaratta), lots of the size proposed for GV Link are currently averaging approximately $\$20/m^2$ in Wodonga and provide a realistic guide to competitive pricing for GV Link land. In this regard, current prices sought for land at GV Link might be ambitious, especially with regard to the early development cycle of the site compared to the more extensive offer at a facility such as Wodonga LOGIC.

9 A survey of major food manufacturers (2009) shows freight volumes of 465,000 tonnes pa could possibly be generated at GV Link from the sector if all potential users were secured. This equates to annual throughput of 5,730 containers, 440,000 pallets and 62,000 truck movements. To attract users, GV Link will need to be competitively priced (including land and services) and to offer more efficient and reliable outcomes than are currently available. However, the downturn in economic conditions and industrial activity in the intervening years since the survey was undertaken (as highlighted earlier in this report) is likely to have reduced potential usage in the facility.

10 A number of reasons help to explain why major operators in the region indicate they are unlikely to use GV Link, and these include having adequate long-term existing arrangements in place, uncertainty about GV Link's ability to deliver cost savings and efficiencies, and uncertainty regarding the development and how the facility will operate.

Regional Freight Node Case Study Findings

11 A number of important lessons can be learned from other regional freight node developments, and these include:

- Importance of securing a major anchor tenant and or terminal operator.
- Critical role of providing major road and rail infrastructure at an early stage to provide incentives for investors in terms of improved access to markets and operational efficiencies.
- Importance of being able to secure sustainable long-term freight volumes to underpin the facility.
- Need to develop a cluster of industrial activity on the site, rather than focusing only on freight and logistics, as this broader activity will generate on-site demand at the terminal.
- Importance of competitive pricing that reflects changing market conditions.
- Investment from or partnering with Government can supports the viability of freight nodes eg Wodonga TAFE Driving Centre and Fatigue Management and Trailer Interchange at Wodonga LOGIC.

Investment Outlook for GV Link

12 The following considerations are relevant to the GV Link development:

- Funding for Shepparton Bypass has not been secured and this creates uncertainty for investors.
- Demand for rail has not been demonstrated in this location, and rail freight is expected to continue to play only a small role in the overall Victorian freight task.
- The location of GV Link is not optimal, noting that the majority of established industrial operators are located in Shepparton East. This could act as a deterrent for some transport and logistics operators (or general industrial operators) to relocate to GV Link as they have existing synergies with other operators in this large industrial cluster.
- GV Link will need to provide competitive land sales and lease terms in the local and regional industrial land market. Ultimately, the benefits of investing or operating from GV Link will need to be greater than costs (sunk investment in existing location, land costs, relocation costs etc). Current land prices being sought might be ambitious. Council needs to balance returns against investment made in the development of the facility (and the ability to make further financial contributions).
- Greater Shepparton has experience a significant downturn in industrial investment over recent years due to a number of factors (GFC, drought, international competition etc), and this is likely to result in ongoing investment caution in the market, particularly if negative conditions continue.
- Government investment in specific freight nodes – such as Wodonga LOGIC – means GV Link might be considered to be behind in terms of freight centre development in the broader region. For example, the construction of Fatigue Management and Trailer Interchange presents a major Government-funded investment for Wodonga LOGIC which might improve the investment outlook for this site.

Cost and Benefits to Council of GV Link

13 The full development cost of GV Link is estimated at $150 million (in constant 2013 dollars) including the provision of all required infrastructure.

14 At full development Greater Shepparton City Council will have invested approximately $12.3 million (in constant 2013 dollars) in the planning, land acquisition, marketing and development of GV Link – this excludes investment in site infrastructure. Net returns to Council (after costs are removed) might generate between to $27.4 million to $61.4 million (in constant 2013 dollars) in land sales and rates revenue (depending on land sale prices attained).

15 Approximately $133 million (in constant 2013 dollars) will be required to provide critical infrastructure to deliver GV Link in line with the master plan. While funding sources are yet to be determined, it is expected that Council funding, private sector contributions

and financial support from Federal and State governments would be the most realistic funding mix.

16 These costs need to be considered against potential positive economic benefits arising from GV Link which include:

- Significant opportunities for the local construction sector (for both business and workers) during the development of GV Link, with the $130 million (or so) in infrastructure projects representing a major stimulus for the local economy.
- Ability to accommodate 3,400 jobs at the site across a range of activities, thus playing an important role in supporting Shepparton's long-term labour force growth.
- Opportunities for industry consolidation and clustering.
- Productivity improvements in freight and associated industries.
- Additional value added economic output of $70 million pa (in constant 2013 dollars) at full development associated with new businesses attracted to the region.
- Creation of new opportunities for retraining and industry transition.
- Generation of new spending into the regional economy through visitor spending and industry linkages.

Recommendations

17 Addressing challenges currently facing the GV Link is critically important, and a number of priority actions are required in order to stimulate investor and operator confidence in the development. Recommended priorities for Council are:

a. Advocating for further government assistance to develop the facility, including support for infrastructure, servicing, landscaping and integration of rail services.

b. Securing government support to assist in developing and transforming key industry sectors, such as food processing, dairy, manufacturing, agriculture and construction so as to ensure the Goulburn Valley continues to have a viable and sustainable freight base.

c. Reviewing development experiences from existing and proposed regional freight nodes in Victoria and identifying ways in with the GV Link development process might be enhanced.

d. Engaging the services of a commercial agent to confirm the value of land at GV Link so as to ensure land prices offered are competitive in the regional and State-wide market.

e. Continuing to pursue a logistics business entity to operate and manage the GV Link facility.

f. Continue to peruse inward investment from operators from outside the region, especially major investors with the ability to contribute to site infrastructure.

g. Identifying and direct marketing to major freight generating business in the Goulburn Valley region, especially business where leases or supply contract arrangements are expiring in the coming years, and where they could be candidates for a GV Link location.

h. Assessing the relocation potential of general industrial operators located in Shepparton's existing established industrial areas (especially those firms wishing to expand or upgrade to higher-quality facilities) as most of the successful freight nodes are usually well-integrated with more general industrial activities (engineering, mechanics etc).

INTRODUCTION

Background

Greater Shepparton City Council have engaged Essential Economics to provide an economic assessment of the development of the Goulburn Valley Freight Node, known as GV Link. Council owns the land and is responsible for the development of the site.

GV Link is investment-ready with a detailed master plan prepared, necessary land acquired and all planning permits in place. Land has been available to the market for approximately two years, and despite numerous enquiries, no land sales have yet been forthcoming. In view of significant Council investment and uncertain economic conditions – especially in the Goulburn Valley Region – an economic assessment of the GV Link development is now required to assist Council's role in attracting investment to the site and advocating for further Government assistance.

Objective

The main objectives of this study are:

- To examine the development feasibility of GV Link
- To assess the costs and benefits to Council of the development of GV Link
- To identify for priority actions to progress the development of the site

This Report

This report contains the following chapters:

Chapter 1: **GV Link Development Overview** – Provides a summary of the proposed development including an overview of the site master plan and staging.

Chapter 2: **Regional Economic Context** – Presents a summary of key economic factors likely to influence the development of GV Link, including labour force trends, industry composition and change, and regional economic performance.

Chapter 3: **Industrial Land Market Assessment** – Provides a detailed assessment of supply and demand trends for industrial land in the Shepparton market with reference to the Urban Development Program, investment trends, sales activity and prices, and specific demand factors relevant to GV Link.

Chapter 4: **Regional Victorian Freight Nodes Case Studies** – Provides short case studies on existing and planned regional intermodal freight nodes and summarises key factors influencing the success (or otherwise) of these developments.

Chapter 5: **Investment Outlook for GV Link** – Based on the preceding analysis, provides an overview of the long-term feasibility of the GV Link project, including identifying key development challenges.

Chapter 6: **Costs and Benefits to Council of GV Link Development –** Presents a summary of Council investment costs associated with the GV Link project and identifies potential economic development benefits from the proposed facility. Recommendations are made with regard to priority actions required to progress the development GV Link.

1 GV LINK DEVELOPMENT OVERVIEW

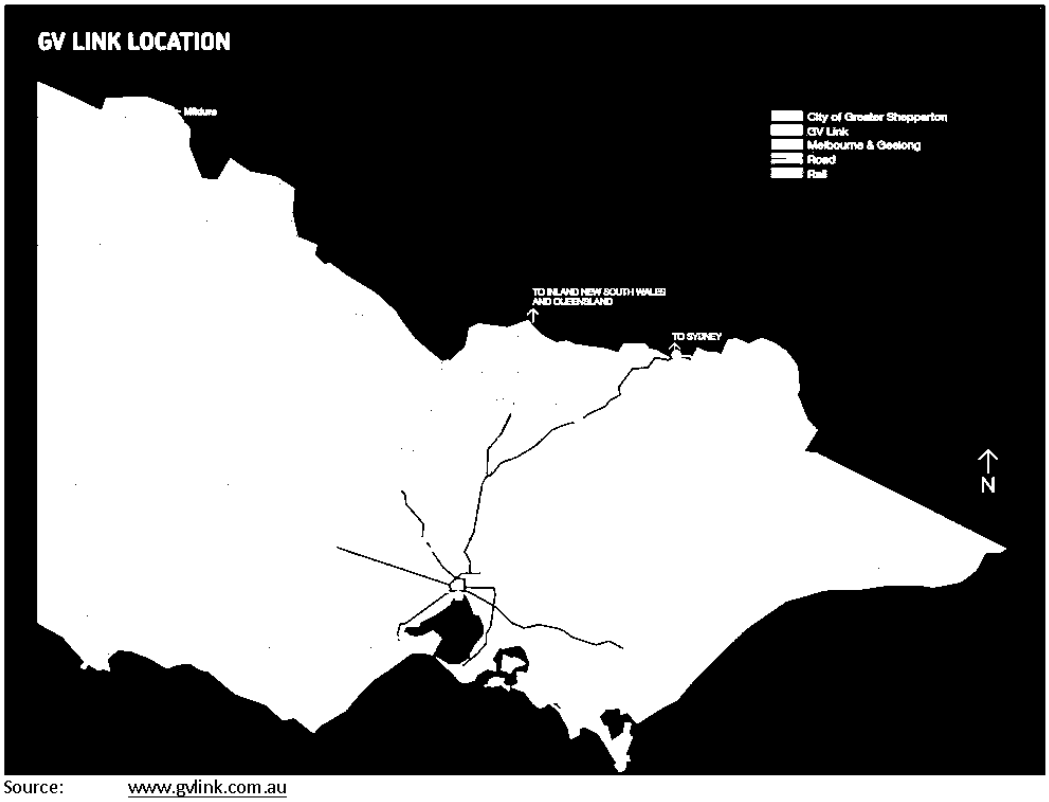
1.1 Location

GV Link is planned for development on 331ha of land at 250 Toolamba Road, 2km south of the Midland Highway in Mooroopna.

As Figure 1.1 highlights, GV Link is strategically located at the junction of two major freight routes, Goulburn Valley Highway and Midland Highway, that service Victoria's Food Bowl and Southern NSW. The soon-to-be completed Nagambie Bypass (located on the Goulburn Valley Highway) and the proposed Shepparton Bypass (the alignment of which runs through the GV Link site) will further boost access to markets for freight transporters in the longer-term.

The rail terminal at Mooroopna (located just 1km north of the site), provides broad gauge access for business in the area and will support the development of a dedicated rail terminal at GV Link, providing direct rail access to Melbourne and other major markets.

Figure 1.1: GV Link Locational Context



Source: www.gvlink.com.au

1.2 Background

The planning process for GV link commenced in 2003, and has been assisted through Council funding and financial support from the Australian Government (through Auslink) and the Victorian Government (through the Regional Infrastructure Development Fund).

The planning and design process is now complete and a detailed master plan for the site prepared has been prepared, as shown in Figure 1.2.

The key milestones to date for the project are as follows:

2007

- Economic Review completed
- $3 million Australian Government commitment

2008

- Planning Scheme Amendment gazetted
- Land acquired for development
- Design EOI concluded
- $2 million Victorian Government commitment
- Planning permit issued

2009

- Landscape Design Report completed

2010

- Detailed design plans complete

2011

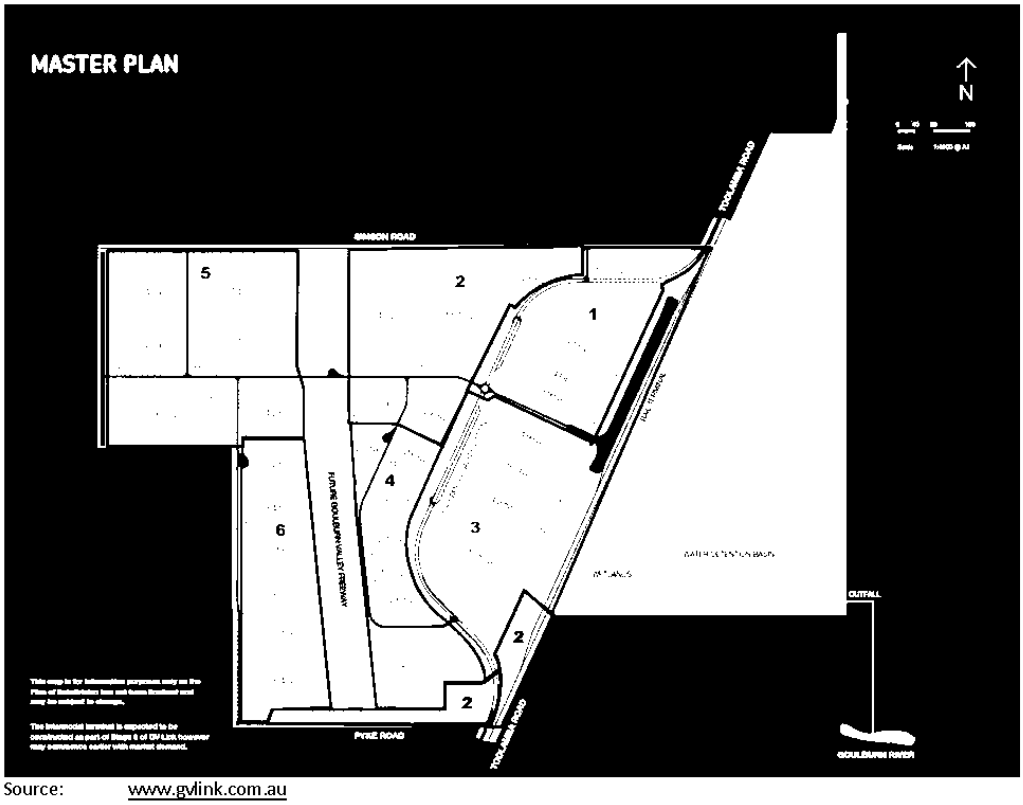
Council completes final land acquisition for the site through a $4.9 million compensation settlement.

1.3 Masterplan

As the master plan in Figure 1.2 shows, GV Link will consist of an intermodal rail-road terminal and general freight area that links producers/exporters to the Port of Melbourne by rail and road, and provides opportunities for distribution centres, warehouses, a container park and trucking depots. Once operational, the facility aims to improve efficiency of the freight logistics task for industry and growers, including improved access to external markets, including port

locations. The master plan covers a land area of 170ha and highlights a six-stage development process which yields 32 lots ranging in size from 1.5ha to 13.8ha.

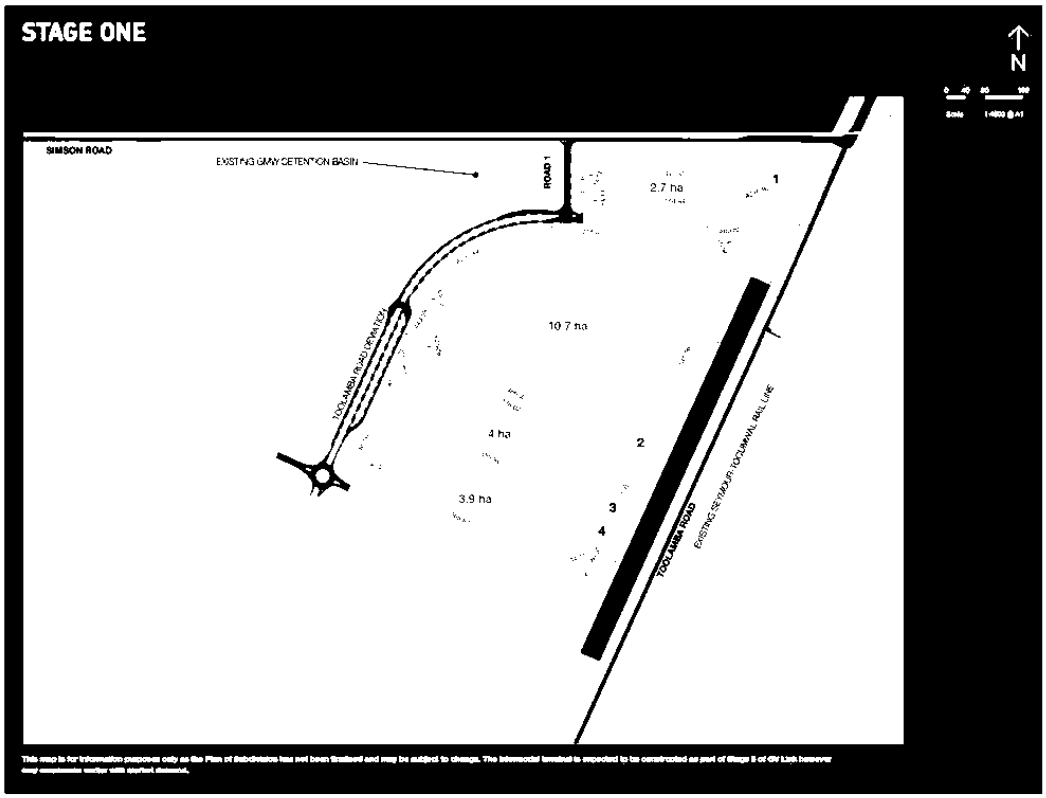
Figure 1.2: GV Link Masterplan



Source: www.gvlink.com.au

Stage 1 of GV Link, illustrated in Figure 1.3, focuses on the eastern section of the site, fronting Toolamba Road and adjacent to the existing Seymour-Tocumwal Rail Line. This four-lot subdivision has a total land of 21.3ha and adjoins the proposed rail terminal for the site.

Figure 1.3: GV Link Proposed Stage 1 Development



Source: www.gvlink.com.au

1.4 Current Status

With the master plan complete and all permits in place, GV Link is 'investment ready' and lots have been available for sale and lease for some time as part of the Stage 1 development.

Greater Shepparton City Council is currently responsible for facilitating investment in the site and, although a number of enquiries have been made, as yet no investment has been forthcoming in the site.

In view of this situation, and recognising that GV Link is a long-term project that will be developed over many years, the following Chapters assess the economic, property and investment fundamentals underpinning the facility (noting the change in economic circumstances in the Goulburn Valley region over the past decade), and provide an assessment on the current feasibility of the project and priority actions required to deliver a successful outcome.

2 REGIONAL ECONOMIC CONTEXT

This Chapter provides an overview of key economic factors influencing demand for land at GV Link. These factors include population growth, labour market trends, industry change, regional economic output, and future economic trends.

2.1 Population Growth

Strong population growth is forecast for the Greater Shepparton Region – which includes the surrounding municipalities of Benalla, Campaspe, Moira and Strathbogie – over the coming 20 years. The region's current population of approximately 150,000 persons is projected to expand to approximately 187,000 persons by 2031. By 2031 an additional 37,000 persons will be living in the Region.

Regional population expansion and associated consumer demand typically adds to the freight task through increased needs of the transport and logistics sector to store and distribute goods to warehouses, shops and households.

Table 2.1 Greater Shepparton Region Population Projections, 2011-2031

	2011[1]	2021[2]	2031[2]	Change 2011-31	Annual Average Growth Rate 2011-31
Benalla	13,750	15,250	16,020	+2,270	+0.8%
Campaspe	36,670	41,890	45,540	+8,870	+1.1%
Greater Shepparton	61,740	71,290	77,800	+16,060	+1.2%
Moira	28,440	33,160	36,880	+8,440	+1.3%
Strathbogie	9,620	10,520	11,090	+1,470	+0.7%
Greater Shepparton Region	**150,220**	**172,110**	**187,330**	**+37,110**	**+1.1%**

Source: [1] ABS Regional Population Growth, Australia Cat. No. 3218.0 (March 2012); [2] Department of Planning and Community Development, *Victoria in Future 2012*
Figures rounded

2.2 Regional Unemployment Trends

Over the past decade, Greater Shepparton's unemployment rate has increased from 6.7% to 8.6% during a period when unemployment has generally declined in regional Victoria (6.2% to 5.7%), and in metropolitan Melbourne (5.8% to 5.4%) and Victoria (5.9% to 5.5%). However, between 2002 and 2012, the unemployment rate of the broader region also trended upwards from 5.9% to 7.1%, highlighting difficult economic conditions in the Goulburn Valley associated with factors such as drought, GFC, high dollar and reduced exports, 'off-shoring' and consolidation of operations, and competition from cheaper imported goods in sectors such as manufacturing, food processing etc.

Job losses over this period include:

- 150 manufacturing jobs at SPC Ardmona at Mooroopna
- 144 manufacturing jobs at Heinz at Girgarre
- 140 milk production jobs at Nestlé at Tongala
- 40 processing and maintenance jobs at Campbells Soups at Shepparton

More recently (April 2013), SPC Ardmona announced a reduction of 50% in the company's intake of fruit from local growers (especially peaches and pears), impacting up to 130 fruit growing businesses in the Goulburn Valley through total loss of contracts or significantly reduced intakes of fruit.

Table 2.1 Unemployment Rates, Selected Locations 2002 and 2012

	2002	2012	Change 2002-+2012
Greater Shepparton	*6.7%*	*8.6%*	*+1.9%*
Benalla	8.7%	7.0%	-1.7%
Campaspe	4.8%	5.6%	+0.8%
Moira	4.6%	6.3%	+1.7%
Strathbogie	5.9%	5.3%	-0.6%
Region	5.9%	7.1%	+1.2%
Regional Victoria	**6.2%**	**5.7%**	**-0.5%**
Metropolitan Melbourne	**5.8%**	**5.4%**	**-0.4%**
Victoria	**5.9%**	**5.5%**	**-0.4%**

Source: Department of Employment, Education and Workplace Relations – Small Area Labour Markets Australia, December 2002 and December 2012

2.3 Industry Change

Resident Labour Force

According to the ABS Census, approximately 25,570 residents in Greater Shepparton were employed in 2011, and this represents a small increase in the labour force of 970 residents since 2006 or +3.9%. The 2011 resident labour force comprises the following:

- Approximately 17,240 persons in the Tertiary (or services) sector, representing 69% of employed Greater Shepparton residents.
- Approximately 3,580 persons in the Secondary sector, representing 22% of employed Greater Shepparton residents (with 13.3% in manufacturing and 8.5% in construction).
- Approximately 2,230 persons employed in the Primary sector (the majority of whom are employed in agriculture), representing 9% of employed Greater Shepparton residents.

Over the period 2006 to 2011, the majority of labour force growth occurred in the Tertiary Sector (especially health care and social assistance and education), with the number of residents employed in this sector increasing by approximately +1,130 persons.

Over the same period, the Secondary sector experienced only slow growth of +120 persons, due exclusively to the growth that occurred in the Construction industry (+270 persons), which was offset by a decline in the Manufacturing industry (-110 persons).

The number of persons employed in the Primary Sector declined by -370 persons over the period 2006 to 2011, with Agriculture, Forestry and Fishing accounting for a decline of -380 employed residents and with minor growth in Mining (+10).

Table 2.2 summarises these trends over the period 2006 to 2011.

Changing Structure of the Industrial Labour Force

The *industrial sector* comprises Manufacturing, Construction, Transport and storage, and Wholesale trade, and these activities typically locate in industrial areas.

In 2011 approximately 7,440 persons in Greater Shepparton were employed in the industrial sector, and comprised the following:

- Manufacturing: 3,310 persons, or 45% of all industrial jobs
- Construction: 2,120 persons, or 29% of all industrial jobs
- Transport, Postal and Warehousing: 1,090 persons, or 15% of all industrial jobs
- Wholesale Trade: 920 persons, or 12% of all industrial jobs.

Over the period 2006 to 2011, the size of the Greater Shepparton industrial labour force remained relatively stable, increasing by approximately +0.5%; however, this was significantly lower than labour force growth of +4.4% experienced in regional Victoria over the 5 years.

While Manufacturing remains the dominant employing sector consuming industrial land, its overall decline (-3.2%) has been driven by a significant contraction in employment in the fruit and vegetable processing sub-sector. Between 2006 and 2011, the number of people employed in this sub-sector declined by -240 persons, or -23%. In regional Victoria a sharp decline also occurred in Manufacturing (-5.9%) and in fruit and vegetable processing (-15%), indicating broader structural problems inherent in these activities.

Modest labour force growth in the Transport, postal and warehousing sector (+40) was recorded over the 5-year period, although its growth rate of +3.8% was much lower than the +10.5% growth across regional Victoria. Greater Shepparton's employment associated with warehousing activities declined significantly by -11.5% (or 120 resident workers) and this contrasts starkly with a far more modest decline of just -0.5% observed across regional Victoria for this sector.

Of the traditional industrial sectors, Construction provided strongest labour force growth over the period 2006-2011, expanding by a total of +230 persons or +12%. However, this rate of

growth was much lower than the +18% growth experienced for regional Victoria over the same period.

Changes in resident labour force structure relating to industrial activities are detailed in Table 2.3.

Table 2.2: Labour Force Trends by Industry, Greater Shepparton, 2006 to 2011

	2006		2011		Change 2006-2011		
	No.	%	No.	%	No.	%	Regional Victoria
Primary Sector							
Agriculture, Forestry and Fishing	2,560	10.7%	2,180	8.8%	-380	-14.8%	-12.1%
Mining	40	0.2%	50	0.2%	+10	+25.0%	+43.9%
Sub-total	**2,600**	**10.8%**	**2,230**	**9.0%**	**-370**	**-14.2%**	**-8.8%**
Secondary Sector							
Manufacturing	3,420	14.2%	3,310	13.3%	-110	-3.2%	-5.9%
Construction	1,890	7.9%	2,120	8.5%	+230	+12.2%	+18.2%
Sub-total	**5,310**	**22.1%**	**5,430**	**21.8%**	**+120**	**+2.3%**	**+4.0%**
Tertiary Sector							
Producer Services							
Electricity, Gas, Water and Waste Services	500	2.1%	580	2.3%	+80	+16.0%	+21.0%
Transport, Postal and Warehousing	1,050	4.4%	1,090	4.4%	+40	+3.8%	+10.5%
Information Media and Telecommunications	310	1.3%	300	1.2%	-10	-3.2%	-12.4%
Financial and Insurance Services	560	2.3%	470	1.9%	-90	-16.1%	+9.9%
Rental, Hiring and Real Estate Services	240	1.0%	220	0.9%	-20	-8.3%	+4.9%
Wholesale Trade	1,040	4.3%	920	3.7%	-120	-11.5%	-0.5%
Sub-total	**3,700**	**15.4%**	**3,580**	**14.4%**	**-120**	**-3.2%**	**+5.9%**
Consumer Services							
Retail Trade	3,370	14.0%	3,380	13.6%	+10	+0.3%	+1.2%
Accommodation and Food Services	1,260	5.2%	1,390	5.6%	+130	+10.3%	+14.7%
Arts and Recreation Services	180	0.7%	200	0.8%	+20	+11.1%	+18.2%
Administrative and Support Services	690	2.9%	720	2.9%	+30	+4.3%	+8.2%
Professional, Scientific and Technical Services	950	4.0%	1,020	4.1%	+70	+7.4%	+17.9%
Public Administration and Safety	1,010	4.2%	1,100	4.4%	+90	+8.9%	+14.1%
Education and Training	1,880	7.8%	2,080	8.4%	+200	+10.6%	+11.2%
Health Care and Social Assistance	3,070	12.8%	3,770	15.1%	+700	+22.8%	+22.0%
Sub-total	**12,410**	**51.7%**	**13,660**	**54.9%**	**+1,250**	**+10.1%**	**+12.5%**
Sub-total Tertiary Sector	**16,110**	**67.1%**	**17,240**	**69.2%**	**+1,130**	**+7.0%**	**+11.1%**
Total (excluding not stated/inadequately described)	**24,020**	**100.0%**	**24,900**	**100.0%**	**+880**	**+3.7%**	**+7.5%**
Not Stated/ Inadequately Describe	580		670		+90	+15.5%	-1.4%
Total	**24,600**		**25,570**		**+970**	**+3.9%**	**+7.3%**

Source: ABS Census of Population and Housing, 2006 and 2011
Note: Figures are rounded and based on ANZSIC 2006

Table 2.3: Industrial Labour Force Trends by Industry Sector, Greater Shepparton, 2006 to 2011

	2006		2011		Change 2006-2011		
	No.	%	No.	%	No.	%	Regional Victoria
Manufacturing							
Fruit and Vegetable Processing	1,100	14.9%	850	11.4%	-250	-22.7%	-14.7%
Dairy Product Manufacturing	410	5.5%	430	5.8%	20	4.9%	16.8%
Manufacturing, nfd	220	3.0%	260	3.5%	40	18.2%	8.6%
Other Food Product Manufacturing	50	0.7%	220	3.0%	170	340.0%	-3.2%
Meat and Meat Product Manufacturing	90	1.2%	130	1.7%	40	44.4%	-5.7%
Manufacturing Balance	1,550	20.9%	1,420	19.1%	-130	-8.4%	-8.9%
Total Manufacturing	**3,420**	**46.2%**	**3,310**	**44.5%**	**-110**	**-3.2%**	**-5.9%**
Construction							
Building Installation Services	400	5.4%	480	6.5%	80	20.0%	25.6%
Building Completion Services	360	4.9%	430	5.8%	70	19.4%	9.8%
Residential Building Construction	430	5.8%	410	5.5%	-20	-4.7%	7.9%
Heavy and Civil Engineering Construction	130	1.8%	190	2.6%	60	46.2%	38.3%
Building Structure Services	190	2.6%	180	2.4%	-10	-5.3%	13.5%
Construction Balance	380	5.1%	430	5.8%	50	13.2%	23.3%
Total Construction	**1,890**	**25.5%**	**2,120**	**28.5%**	**230**	**12.2%**	**18.2%**
Transport, Postal & Warehousing							
Road Freight Transport	670	9.1%	680	9.1%	10	1.5%	3.1%
Road Passenger Transport	110	1.5%	140	1.9%	30	27.3%	28.4%
Postal and Courier Pick-up and Delivery Services	120	1.6%	140	1.9%	20	16.7%	3.8%
Warehousing and Storage Services	40	0.5%	50	0.7%	10	25.0%	29.2%
Other Transport Support Services	10	0.1%	20	0.3%	10	100.0%	29.5%
Transport, Postal and Warehousing Balance	100	1.4%	60	0.8%	-40	-40.0%	18.3%
Total Transport, Postal & Warehousing	**1,050**	**14.2%**	**1,090**	**14.7%**	**40**	**3.8%**	**10.5%**
Wholesale Trade							
Grocery, Liquor and Tobacco Product Wholesaling	320	4.3%	240	3.2%	-80	-25.0%	-13.7%
Mineral, Metal and Chemical Wholesaling	100	1.4%	110	1.5%	10	10.0%	-0.6%
Agricultural Product Wholesaling	80	1.1%	90	1.2%	10	12.5%	1.7%
Other Machinery and Equipment Wholesaling	90	1.2%	90	1.2%	0	0.0%	17.9%
Furniture, Floor Covering and Other Goods Wholesaling	90	1.2%	80	1.1%	-10	-11.1%	-4.8%
Wholesale Trade Balance	360	4.9%	310	4.2%	-50	-13.9%	4.5%
Wholesale Trade	**1,040**	**14.1%**	**920**	**12.4%**	**-120**	**-11.5%**	**-0.5%**
Total	**11,380**	**100.0%**	**11,570**	**100.0%**	**40**	**0.5%**	**7.3%**

Source: ABS Census of Population and Housing, 2006 and 2011
Note: Figures are rounded and based on ANZSIC 2006

Job Provision

In 2011, Greater Shepparton provided approximately 24,010 jobs for a resident working population of 25,570 according to ABS Journey to Work (JTW) data presented in Table 2.4. Thus, Greater Shepparton lost 200 jobs (net) since 2006 and this has contributed to the increase in the unemployment rate. Sectors which are typical consumers of industrial land showed an overall decline of -320 jobs between 2006 and 2011 (from 6,980 jobs to 6,660 jobs). Although an additional 80 Construction jobs were located in Greater Shepparton over the 5-year period, a decline in jobs occurred in Manufacturing (-200 jobs), Wholesale trade (-140 jobs), and Postal, transport and warehousing (-60 jobs).

A significant contraction in Agricultural, forestry and fishing jobs located in Greater Shepparton is also evident over the period, with this sector shedding 550 jobs. In terms of industrial land consumption, this sector (especially agricultural-related activities in machinery manufacturing, vehicle maintenance, stock feed supplies, fencing suppliers, etc) includes many activities that are often located on industrial land, therefore the contraction in agricultural-related activities will have a flow-on effect on demand for industrial land more generally.

Table 2.4: Jobs by Industry Sector Located in Greater Shepparton, 2006 to 2011

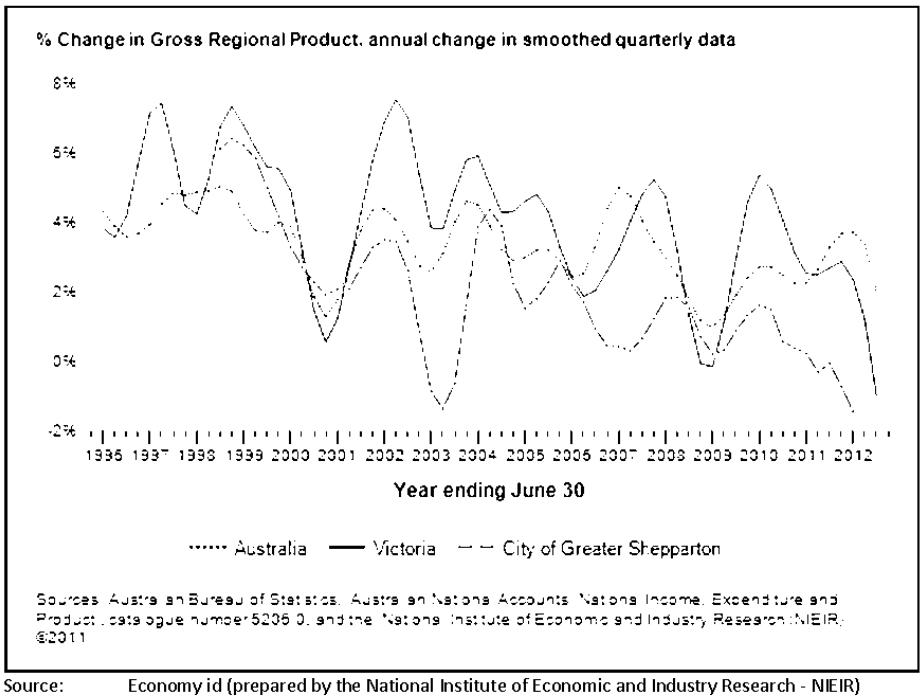
	2006		2011		Change 2006-2011		
	No.	%	No.	%	No.	%	Regional Victoria
Primary Sector							
Agriculture, Forestry and Fishing	2,420	10.1%	1,870	7.9%	-550	-22.7%	-15.3%
Mining	30	0.1%	40	0.2%	10	33.3%	14.5%
Sub-total	**2,450**	**10.2%**	**1,910**	**8.0%**	**-540**	**-22.0%**	**-13.7%**
Secondary Sector							
Manufacturing	3,360	14.0%	3,160	13.3%	-200	-6.0%	-11.0%
Construction	1,540	6.4%	1,620	6.8%	80	5.2%	10.6%
Sub-total	**4,900**	**20.4%**	**4,780**	**20.1%**	**-120**	**-2.4%**	**-3.7%**
Tertiary Sector							
Producer Services							
Electricity, Gas, Water and Waste Services	630	2.6%	700	2.9%	70	11.1%	6.5%
Transport, Postal and Warehousing	1,030	4.3%	970	4.1%	-60	-5.8%	1.8%
Information Media and Telecommunications	350	1.5%	300	1.3%	-50	-14.3%	-19.7%
Financial and Insurance Services	610	2.5%	480	2.0%	-130	-21.3%	6.8%
Rental, Hiring and Real Estate Services	250	1.0%	220	0.9%	-30	-12.0%	-0.2%
Wholesale Trade	1,050	4.4%	910	3.8%	-140	-13.3%	-7.3%
Sub-total	**3,920**	**16.3%**	**3,580**	**15.1%**	**-340**	**-8.7%**	**-1.6%**
Consumer Services							
Retail Trade	3,480	14.5%	3,250	13.7%	-230	-6.6%	-4.3%
Accommodation and Food Services	1,230	5.1%	1,170	4.9%	-60	-4.9%	9.0%
Arts and Recreation Services	180	0.7%	160	0.7%	-20	-11.1%	9.7%
Administrative and Support Services	620	2.6%	540	2.3%	-80	-12.9%	-4.0%
Professional, Scientific and Technical Services	990	4.1%	1,030	4.3%	40	4.0%	13.4%
Public Administration and Safety	1,070	4.5%	1,160	4.9%	90	8.4%	8.3%
Education and Training	1,930	8.0%	2,160	9.1%	230	11.9%	7.9%
Health Care and Social Assistance	3,260	13.6%	4,030	17.0%	770	23.6%	19.3%
Sub-total	**12,760**	**53.1%**	**13,500**	**56.8%**	**740**	**5.8%**	**7.5%**
Sub-total Tertiary Sector	**16,680**	**69.4%**	**17,080**	**71.9%**	**400**	**2.4%**	**5.8%**
Total (excluding not stated/inadequately described)	**24,030**	**100.0%**	**23,770**	**100.0%**	**-260**	**-1.1%**	**1.8%**
Not Stated/Inadequately Described	180		240		60	33.3%	0.0%
Total	**24,210**		**24,010**		**-200**	**-0.8%**	**1.8%**

Source: ABS Census of Population and Housing, 2006 and 2011
Note: Figures are rounded and based on ANZSIC 2006

2.4 Economic Performance

Economic performance, as measured by Gross Regional Product (GSP) and sourced from information prepared by the National Institute of Economic and Industry Research (NIEIR), shows Greater Shepparton has trended below national and state growth rates consistently since 1996. In the post-GFC climate, Greater Shepparton's GRP recovered at a relatively slow rate, although over the past couple of years it has experienced slightly negative growth. Overall, GSP has hovered around $2.4 billion pa for the 5-year period from 2008 to 2012.

Table 2.1: Gross Regional Product, Selected Locations, 1996-2012

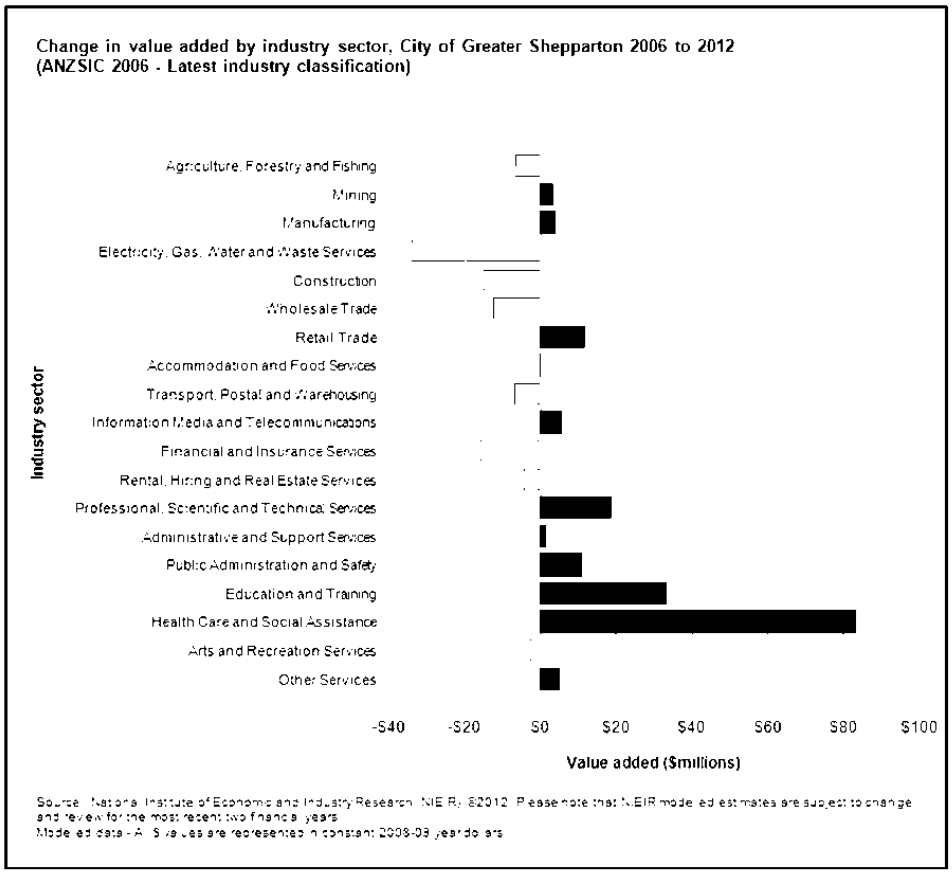


Source: Economy id (prepared by the National Institute of Economic and Industry Research - NIEIR)

Trend data for value added by industry sector, shown in Table 2.5 and Figure 2.2, shows declines or only very small increases in economic output from most traditional industrial activities over the period 2006-2011. In total, value added associated with Manufacturing, Construction, Transport, postal and warehousing, and Wholesale trade declined from $642 million in 2006 to $614 million in 2012 (as measured in constant 2011/12 dollars).

In contrast, significant increases in gross value added occurred in the Tertiary sector, particularly in Health care and social assistance, Education and training, and Professional, scientific and technical services, as shown in Figure 2.2.

Figure 2.2: Gross Value Added, By Industry Sector, Greater Shepparton 2006 to 2012



Source: Economy id (prepared by the National Institute of Economic and Industry Research (NIEIR)

Table 2.5: Gross Value Added, By Industry Sector, Greater Shepparton 2006 to 2012

Industry sector (2006 ANZSIC)	2012 $ millions (2010/11 constant prices)	2012 % of total	2006 $ millions (2010/11 constant prices)	2006 % of total	Change 2006 to 2012
Agriculture, Forestry and Fishing	309	13.6	316	14.4	-7
Mining	22	1	18	0.8	4
Manufacturing	288	12.7	284	12.9	4
Electricity, Gas, Water and Waste Services	116	5.1	150	6.8	-34
Construction	125	5.5	140	6.4	-15
Wholesale Trade	94	4.1	106	4.8	-12
Retail Trade	182	8	170	7.7	12
Accommodation and Food Services	57	2.5	56	2.6	0
Transport, Postal and Warehousing	106	4.6	112	5.1	-7
Information Media and Telecommunications	52	2.3	47	2.1	6
Financial and Insurance Services	140	6.1	156	7.1	-16
Rental, Hiring and Real Estate Services	36	1.6	41	1.8	-4
Professional, Scientific and Technical Services	102	4.5	83	3.8	19
Administrative and Support Services	52	2.3	50	2.3	2
Public Administration and Safety	90	4	79	3.6	11
Education and Training	174	7.6	140	6.4	33
Health Care and Social Assistance	261	11.5	178	8.1	83
Arts and Recreation Services	9	0.4	12	0.5	-3
Other Services	64	2.8	59	2.7	5
Total industries	**2,279**	**100**	**2,198**	**100**	**81**

Source: Economy id (prepared by the National Institute of Economic and Industry Research (NIEIR)

2.5 Economic Trends

The Trade Weighted Index (TWI) is a weighted average of a basket of currencies that reflects the importance of the sum of Australia's exports and imports of goods by country. The TWI is often used as one indicator of Australia's international competitiveness and is a useful gauge of the value of the Australian dollar when bilateral exchange rates exhibit diverging trends. As Figure 2.6 highlights, the TWI has risen sharply since the initial impacts of the GFC, with the period from mid-2009 to 2013 putting the TWI at near record levels.

Australia's high currency rate has impacted adversely on the competitiveness of many industry sectors, especially those exposed to overseas competition. In the Goulburn Valley, manufacturing, dairy and food processing have been negatively impacted by the high exchange rate, leading to cheaper goods and services being sourced overseas. For example, SPC Ardmona recently reduced its intake of fruit by 50% from local growers, with approximately 60

growers losing their contracts. The high dollar (leading to increased purchasing power for buyers, including major supermarket chains) is principally responsible for a sharp increase in imported cheap canned fruit from North America and Europe, impacting adversely on the competitiveness of the local fruit processing sector. SPCA exports are also significantly down.

Figure 2.6: Australian Trade Weighted Index (Fed 1984 to May 2013)

Source: Reserve Bank of Australia
http://fxtrade.oanda.com/analysis/economic-indicators/australia/indices/trade-weighted-index

2.6 Conclusions

- Over the next 20 years, population levels are projected to increase for Greater Shepparton (+16,000 persons) and for the broader region (+37,000 persons, including Greater Shepparton), creating the need for the regional economy to generate a significant number of new jobs to support long-term labour force growth.
- Greater Shepparton, which is the major employment centre for the region, has in recent years suffered from very high levels of unemployment (currently 8.6% which is well above the State average of 5.5%), and this situation has been driven by factors which include as drought, the GFC, and reduced competitiveness of the regional manufacturing and food processing sectors due to the high currency rate.
- Between 2006 and 2011, 400 jobs were lost in Greater Shepparton in Manufacturing, Transport, postal and warehousing, and in Wholesaling, and a further 550 jobs were lost in the Primary sector (principally Agriculture). Economic output as measured by Gross Value Added from these sectors has also declined markedly over recent years. In general, these are the sectors and their supporting activities that generate demand for freight and industrial land consumption.

3 INDUSTRIAL LAND MARKET ASSESSMENT

This Chapter provides an assessment of the regional and local industrial land market with reference to trends in land supply and demand factors, and a specific analysis of demand for land at GV Link.

3.1 Industrial Land Supply

Greater Shepparton had a supply of 188ha of available industrial land in 2011, according to the Urban Development Program (DPCD – Regional Industrial Report, City of Greater Shepparton, September 2012). This supply excluded land allocated for GV Link.

Most of this vacant industrial land is located in the major industrial node in Shepparton East which is situated north of the Midland Highway and south of the Shepparton Dookie Railway Line, as well as a large amount of vacant stocks available in Mooroopna North. These areas are shown in Figure 3.1. A large area of land is also identified in Shepparton North for the purposed of providing future industrial land.

This quantum of available industrial supply relative to total industrial land equates to a total vacancy rate of 32%, and this is considered sufficient to promote a competitive land supply market.

The available zoned land is well dispersed geographically across the municipality; however, vacancy rates differ considerably between land markets. Industrial land stocks are most concentrated in the suburb of Shepparton at 357ha with a land vacancy rate of 32%, while a total of 59ha of vacant zoned industrial land exist in Lemnos representing a land vacancy rate of only 11%. However, in Mooroopna/ Mooroopna North the vacant land at 46ha out of a total stock of 74.5ha of zoned land represents a very high vacancy rate of 62%.

In terms of vacancies by industrial zone, significant stocks exist for all zones with the exception of the Business 3 Zone (B3z), and this is described as follows.

- B3 Zone: 3.3ha of vacant land, with 6% vacancy rate
- IN1 Zone: 550ha of vacant land, with 32% vacancy rate
- IN3 Zone: 39ha of vacant land, with 35% vacancy rate
- SU Zone: 229ha of vacant land, with 99% vacancy rate.

Figure 3.1: Industrial Land Supply, Greater Shepparton, 2011

Source: DPCD – Regional Industrial Report, City of Greater Shepparton, September 2012

The UDP report concludes (Executive Summary p2):

> *"In summary there is an adequate stock of zoned and unzoned industrial land stocks to meet trend and accelerated consumption rates across the City of Greater Shepparton. Consumption of industrial land, however, should continue to be monitored to ensure there are sufficient land stocks to meet future demand.*
>
> *Based on recent consumption, there are no identified deficiencies in the supply stock of industrial demand in terms of lot size configuration.*
>
> *Further investigation may be required to establish the need for additional B3 zoned land. This type of zoning is generally located within close proximity to urban centres.*
>
> *No competition or land monopoly issues have been identified that could restrict the timely and competitive release of industrial land to meet market needs.*

Similarly, no issues have been identified in terms of land development dependent infrastructure provision that would prevent the timely delivery of industrial land subdivision and associated industrial purpose capital construction."

As of 1 July 2013, the State Government will introduce a range of new zones to Victorian Planning Schemes. While this will impact on B3Z land (which will now be included in the new Commercial 2 Zone), the role and uses permitted in other industrial zones (including the SUZ) will remain largely unchanged.

3.2 Industrial Land Demand

Demand for industrial land can be assessed through a number of indicators, including the number and value of permits issued for new industrial buildings, industrial land consumption rates, sales transaction rates, and property sales prices and rents. An overview of each of these factors is provided as follows.

Industrial Permit Trends

A significant decline in building investment occurred in Greater Shepparton and the Region over the period 2001-2012, according to permit information sourced from the Victorian Building Control Commission (BCC) and shown in Table 3.1. For example, the number of new industrial building permits issued in Greater Shepparton averaged 23 permits pa for the period 2001 to 2006, but the average declined to just 10 permits pa in the period 2007 to 2012. A similar trend is observed in terms of investment value, with new industrial buildings over the period heavily skewed to the 2001-2006 period averaging $2.6 million pa, compare to investment of just $1.2 million pa over the 2007-2012 period.

In contrast, over these two periods the municipalities surrounding Greater Shepparton experienced an increase in both permits (increasing from an average 35 to 87 pa) and investment (increasing from an average of $2.2m to $4.1m pa) for new industrial buildings.

The 2007-2012 period corresponds to the Global Financial Crisis and, more recently, the near record high AU$ exchange rate and this has had an adverse impact on local industrial investment. However, these factors do not explain Greater Shepparton's significant loss of regional market share which has declined from an average of 53% pa (in value terms) in 2001-2006, to just 22% pa over the period 2007-2012. This data shows that the smaller surrounding municipalities have been more successful in securing industrial investment in the recent difficult economic environment than Greater Shepparton, and this presents a competitive challenge for Shepparton's broader industrial market.

Table 3.1 Number and Value of Industrial Permits, Selected Locations 2001-2011

	Greater Shepparton		Region (Excluding Greater Shepparton)		Greater Shepparton Region		Greater Shepparton Share	
	Number	*Value*	*Number*	*Value*	*Number*	*Value*	*Number*	*Value*
2001	18	$3,136,961	17	$1,950,888	35	$5,087,849	51%	62%
2002	14	$2,956,961	19	$774,099	33	$3,731,060	42%	79%
2003	18	$2,926,961	44	$1,659,164	62	$4,586,125	29%	64%
2004	25	$2,881,961	23	$2,164,368	48	$5,046,329	52%	57%
2005	41	$1,830,761	64	$3,573,668	105	$5,404,429	39%	34%
2006	21	$1,710,200	40	$3,310,929	61	$5,021,129	34%	34%
2007	8	$1,414,200	12	$4,059,259	20	$5,473,459	40%	26%
2008	3	$1,114,200	15	$4,617,259	18	$5,731,459	17%	19%
2009	11	$845,747	16	$ 7,322,755	27	$8,168,502	41%	10%
2010	6	$945,747	6	$4,429,723	12	$5,375,470	50%	18%
2011	17	$1,310,899	10	$2,339,571	27	$3,650,470	63%	36%
2012	13	$1,341,665	28	$1,756,287	41	$3,097,952	32%	43%
2001-2012	**195**	**$22,416,263**	**294**	**$37,957,970**	**489**	**$60,374,233**	**40%**	**37%**
Average	16	$1,868,022	25	$3,163,164	41	$5,031,186		
2001-2006	**137**	**$15,443,805**	**207**	**$13,433,116**	**344**	**$28,876,921**	**40%**	**53%**
Average	23	$2,573,968	35	$2,238,853	57	$4,812,820		
2007-2012	**58**	**$6,972,458**	**87**	**$24,524,854**	**145**	**$31,497,312**	**40%**	**22%**
Average	10	$1,162,076	15	$4,087,476	24	$5,249,552		

Source: Building Control Commission of Victoria – Pulse database

Over the period 2004 to 2011, the UDP shows annual consumption of zoned industrial land in Greater Shepparton averaged 4.6ha per year. As Table 3.2 shows, most of this consumption occurred in the IN1 Zone (3.5ha pa), followed by the IN3Z (1.0ha pa), and a very small amount of consumption in the B3Z (0.1ha pa).

Geographically, the highest average annual consumption rates occurred in Shepparton's urban area (2.1ha pa) and in Tatura (1.3ha pa), with very small average annual consumption rates in Lemnos (0.8ha pa) and Mooroopna (0.4ha pa).

Table 3.2 Annual Average Industrial Land Consumption (ha) 2004-2011

	B3Z	IN1Z	IN3Z	Total
Greater Shepparton (C) – Pt A	**0**	**3.3**	**0.1**	**3.3**
Kialla	0	0	0	**0**
Lemnos	0	0.8	0	**0.8**
Mooroopna	0	0.4	0	**0.4**
Shepparton	0	2.0	0.1	**2.1**
Shepparton East	0	0	0	**0**
Shepparton North	0	0	0	**0**
Gr. Shepparton (C) – Pt B West	**0.1**	**0.3**	**1.0**	**1.3**
Tatura	0.1	0.3	1.0	**1.3**
Greater Shepparton LGA	**0.1**	**3.5**	**1.0**	**4.6**

Source: Urban Development Program, Regional Industrial Report – City of Greater Shepparton, 2012

3.3 Industrial Land Prices

A review of current prices for industrial zoned land in Greater Shepparton shows lots of between 0.3ha and 0.4ha average approximately $90/m^2$ and generally range from $85/m^2$ to $100/m^2$. These rates are sourced from current sales in Shepparton, including Shepparton Business Park and Peters Place Estate (Lemnos). Very few larger lots are currently available on the Shepparton market.

In a competitive sense, these prices appear relatively expensive compared to land located in other regional cities in, for example, the north-eastern Victoria region, such as Wodonga (ranging from $40/m^2$ to $65/m^2$ for small lots of less than 1ha), and Wangaratta (ranging from $35/m^2$ to $55/m^2$ for small lots up to 0.5ha).

When larger lots are considered (ie sizes likely to be on offer at GV Link), Wodonga provides a good benchmark with many larger lots currently on the market. These lots generally range in price from $20/m^2$ to $30/m^2$ for medium-sized lots (1ha to3 ha), to as low as $10/m^2$ for large lots over 10ha. Limited sales data for the Wodonga freight centre (known as Wodonga LOGIC) shows a 9.4ha site (located next to the Woolworths Distribution Centre) sold for $40/m^2$ in 2006, but on resale in 2010 was passed in at approximately $20/m^2$ (the site has recently sold but no details are available). This data shows that in the current market, significant price sensitivity exists relating to larger industrial land investments.

Data provided by Greater Shepparton City Council indicates GV Link land might be overpriced in the current economic climate and when regional competition is considered. For example, current prices for the Stage 1 GV Link development range from approximately $30/m^2$ (for the 10.6ha lot) to $40/m^2$ (for lots of 2.6ha to 3.9ha). Additionally, the established nature of Wodonga's LOGIC site needs to be factored into comparative pricing as most lots offered at the facility are fully-serviced, internal roads are in place, and the precinct is well-landscaped, a major anchor tenant (Woolworth's) has been secured, several other tenants now attracted, and government investment associated with a major service station development adds to the attractiveness of the freight node. While rail services at Wodonga Logic have yet to be provided, the good level of service provision and a gradual uplift in business activity occurring at the site needs to be considered when determining pricing for GV Link land, noting the

current offer at GV Link consists of un-serviced greenfield lots, with no major transport infrastructure in place. Competitive pricing is especially important where the potentially-interested operator/s or investor/s are non-location specific but are looking for an optimum outcome in a general area (such as North-East Victoria).

3.4 Demand from Potential Users of GV Link

While no specific regional freight task data are available, a survey of major food manufacturers located in the Goulburn Valley (Essential Economics, 2009) provides some insights into potential demand for land at the facility.

The survey involved the 20 largest food manufacturers (as identified by Greater Shepparton City Council) and these included food processing, dairy, meat production, packaging and other activities associated with the sector.

In 2009, the distribution of product from major Goulburn Valley firms was estimated to be 1,230,000 tonnes pa. This product was split between the GV Region (43% of product) and external locations (57%).

When external distribution is considered, metropolitan Melbourne (47% of product) and interstate (45% of product) are key export markets; with a further 6% of product distributed to overseas locations, and 3% of product distributed to other regional Victorian locations outside the GV.

The distribution of product (total) by sector is as follows:

- Dairy product is principally distributed within the GV Region (76%), with some product distributed to metropolitan Melbourne (18%) and very small proportions distributed overseas (3%), to regional Victoria (3%) and interstate (1%).
- Food processing product is mainly distributed outside the GV Region (80%), with interstate locations (42%) and metropolitan Melbourne (38%) being the major markets. A small amount of product is exported (6%), with the remaining product (14%) distributed within the GV Region.
- Meat product is distributed exclusively outside the GV Region, with the main markets being interstate locations (50%), metropolitan Melbourne (40%) and other regional Victorian locations (10%).
- Packaging product is principally distributed within the GV Region (73%), although there appears to be a reasonable interstate market for packaging product (18%). Very small proportions of packaging product are distributed to metropolitan Melbourne (7%) and overseas (2%).
- Other production (stock feed, soap) is distributed to a range of locations including interstate (48%), metropolitan Melbourne (16%) and overseas (2%). The GV Region retains a considerable share of product (34%).

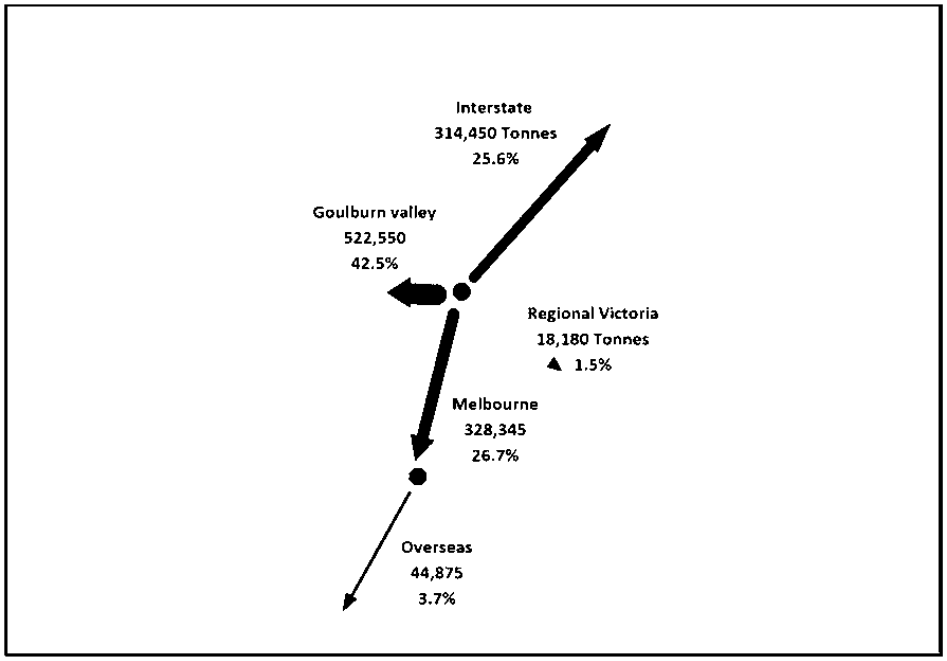
The estimated distribution of product is shown in Table 3.3 and Figure 3.2.

Table 3.3: Estimated Distribution of Product, Goulburn Valley Major Firms

Industry Sector	Goulburn Valley	Other Regional Victoria	Metropolitan Melbourne	Interstate	Overseas	Total
Product Distribution by Volume (tonnes)						
Dairy	375,000	14,000	89,300	5,600	12,600	496,500
Food Processing	75,000	280	198,670	215,250	29,300	518,500
Meat Production	0	3,900	15,600	19,500	0	39,000
Packaging	25,050	0	2,275	6,350	725	34,400
Other	47,500	0	22,500	67,750	2,250	140,000
Total	**522,550**	**18,180**	**328,345**	**314,450**	**44,875**	**1,228,400**
Product Distribution by Percentage						
Dairy	30.5%	1.1%	7.3%	0.5%	1.0%	100%
Food Processing	6.1%	0.0%	16.2%	17.5%	2.4%	100%
Meat Production	0.0%	0.3%	1.3%	1.6%	0.0%	100%
Packaging	2.0%	0.0%	0.2%	0.5%	0.1%	100%
Other	3.9%	0.0%	1.8%	5.5%	0.2%	100%
Total	**42.5%**	**1.5%**	**26.7%**	**25.6%**	**3.7%**	**100%**

Source: Essential Economics Pty Ltd, *Survey of Food Manufacturing Firms in Goulburn Valley*, August 2009.

Figure 3.1: Estimated Distribution of Product by Location, Goulburn Valley Major Firms



Source: Essential Economics Pty Ltd, *Survey of Food Manufacturing Firms in Goulburn Valley*, August 2009

Potential Users

Of the 20 firms responding to the survey, 40% (or 8 firms) said they were likely to use GV Link and they represent 38% of total freight volumes. 'Likely' firms include those which see the GV Link as a potential longer-term option (eg. once contracts for existing freight and distribution arrangements have expired).

These firms were:

- Campbell Soup
- CopRice Feeds
- Fonterra Stanhope
- HW Greenham & Sons
- Impress Australia
- Riverland Oilseeds
- Tatura Milk Industries
- Unilever

Most of the firms (12 firms or 60%) indicated they were unlikely or would definitely not use the facility, and they represent 62% of freight volumes. These firms were:

- Bega Cheese
- Fonterra Echuca
- HJ Heinz
- Murray Goulburn Cooperative
- Murray Goulburn Cobram
- Nestle
- Pental Soaps
- Riverside Meats
- Simplot,
- Snow Brand
- SPC Ardmona
- Visy Foods.

The firms which expressed an interest in using GV Link represent:

- 465,000 tonnes pa of production output, of which 325,000 tonnes or 70% are distributed externally;
- 5,370 container movements pa (or an average of approximately 16 containers movements per day), virtually all of which are external movements;
- 440,000 pallet movements pa (or an average of approximately 1,220 pallet movements per day), of which 370,000 or 84% are external movements; and
- 62,000 truck movements pa (or an average of approximately 170 truck movements per day); of which 54,000 or 87% are external movements.

When external markets are considered (ie. associated with imported supplies to GV region and exported product out of GV region), the relevant statistics associated with major firms which are likely to use the facility are summarised as follows:

- Production of approximately 325,000 tonnes pa
- Container movements of approximately 5,400 pa
- Pallet movements of approximately 370,000 pa
- Truck movements of approximately 54,000 pa

Detailed data is provided in Table 3.4.

Table 3.4: Production and Distribution Data for Likely GVFLC Users

Category	Total	External Markets (outside Goulburn Valley)
Production		
Tonnes pa	465,000	324,600
Container Movements		
Outbound pa	4,880	4,850
Inbound pa	487	187
Pallet Movements		
Outbound pa	297,450	278,660
Inbound pa	143,000	92,500
Truck Movements		
Outbound pa	23,350	17,640
Inbound pa	38,430	36,070

Source: Essential Economics Pty Ltd, *Survey of Food Manufacturing Firms in Goulburn Valley,* August 2009

Firms expressing an interest in using the GV Link indicated that quality of service, efficiency and competitive pricing would be key determinants in final decision making. Specifically, the following factors were mentioned:

- More reliable service offered at GV Link compared with current situation

- Potentially competitive pricing compared with the established warehouse market
- The facility could be used for imported material entering the region through the Port of Melbourne
- Rail services assist in reducing truck movements and associated carbon emissions, while improving road safety in the Goulburn Valley region.

Reasons for not using GV Link

A number of reasons stated by firms help in explaining why they believe they would not use the GV Link. Some firms simply do not distribute outside the region, while others have no requirement for rail services. More complex factors have also been identified, including existing contractual arrangements with local transport firms and investment in purpose-built warehouse facilities. These factors are detailed as follows:

- For some firms, production is distributed mainly within the Goulburn Valley
- Many firms have existing satisfactory arrangements with transport operators and are not convinced (at this stage) of cost savings that might be achieved through the GV Link
- Many firms have existing satisfactory arrangements with warehouse providers and suggest lower costs for such facilities at the GV Link might be difficult to achieve in a competitive market
- Some firms have no requirement for rail services and this significantly reduces their interest in the facility
- A perception exists among some firms that existing arrangements are likely to be more efficient than those proposed for GV Link, particularly with regard to direct access to Port of Melbourne
- Major retailers (Coles, Woolworths etc) determine the carrier of product, and therefore the flexibility does not necessarily exist for firms to use 3rd party transport carriers located at the proposed facility
- Some firms have invested significantly in their own purpose-built distribution facilities and will continue to use these facilities
- Some firms have existing arrangements to truck directly to distribution centres in Victoria (Altona, Somerton etc) and NSW, while others truck their product directly to the Port of Melbourne
- The dispersed nature of supply and widespread product distribution (with many geographical locations) restricts the need to use the proposed facility for some firms
- A lack of information exists as to what services and facilities the GV Link will provide and how the intermodal facilities will operate; this situation provides an element of risk in decision-making for firms. Until there is more clarity around the concept, or until investment actually commences, these firms will likely remain reluctant to consider using the facility.

Updated Situation

In the four-year period since the completion of the survey, a number of major participants have either withdrawn from the region (Heinz) or significantly cut back their operations (SPC Ardmona). Undoubtedly, this will have reduced volumes of freight moving through the region compared to the 2009 situation.

3.5 Conclusions

- State Government data shows Greater Shepparton has a significant stock of zoned industrial land available (approximately 190ha), which represents a vacancy rate of 32%. However, Mooroopna has a much higher vacancy rate (62%), with 46ha of land vacant (excluding GV Link land).
- Greater Shepparton's land consumption rate has averaged 4ha to 5ha per year over the 2004-11 period (with Mooroopna averaging 0.4ha pa); however, industrial permit activity has declined markedly over recent years, falling from an average investment value of $2.6m pa (2001-06) to $1.2m (2007-12). In contrast, the average annual value of industrial permits in the municipalities surrounding Greater Shepparton (balance of the Region) has increased from $2.2m to $4.1m over the same periods, indicating a shift in industrial investment in the wider region.
- Greater Shepparton's vacant industrial land prices appear relatively high when compared with prices in nearby regional centres of Wangaratta and Wodonga. For example, for lots less than 1ha in size Greater Shepparton's rate of $90/m^2 appears much higher than Wodonga (up to $65/m^2) and Wangaratta (up to $55/m^2). While benchmarking has not been possible for larger lots (due to lack of available stock in Greater Shepparton and Wangaratta), lots of the size proposed for GV Link are currently averaging approximately $20/m^2 in Wodonga and provide a realistic guide to competitive pricing for GV Link land. In this regard, current high prices sought for land at GV Link could be ambitious, especially with regard to the early development cycle of the site compared to the more extensive offer at a facility such as Wodonga LOGIC.
- A survey of major food manufacturers (2009) shows freight volumes of 465,000 tonnes pa could potentially be generated at GV Link from the sector if all potential users were secured. This equates to annual throughput of 5,730 containers, 440,000 pallets and 62,000 truck movements. To attract users, GV Link will need to be competitively priced (both land and services) and offer more efficient and reliable outcomes than currently available in Greater Shepparton and the region. However, the downturn in economic conditions and industrial activity in the intervening years since the survey was undertaken (as highlighted earlier in this report) is likely to have reduced potential freight volumes that can be generated in the GV region and this might impact on investment in the GV Link facility.
- A number of reasons explain why major operators in the region indicate they are unlikely to use GV Link and these include having adequate long-term existing arrangements in place, uncertainty about GV Link's ability to deliver cost savings and

efficiencies, and uncertainty regarding the development and how the facility will operate.

4 REGIONAL VICTORIA FREIGHT NODES - CASE STUDIES

This Chapter provides an overview of existing and planned freight nodes located in, or proposed for, regional Victoria, and identifies relevant factors in relation to the development and attraction investment in GV Link.

4.1 Overview

Victoria has an established network of intermodal terminals on its rail network and these are located at Horsham, Mildura, Wodonga, Warrnambool, Ballarat, Shepparton, Morwell, Donald, Boort, Bairnsdale, Laverton, Altona and Somerton. These terminals allow freight to be moved by rail and then transported a relatively short distance by road to its destination. These intermodal terminals typically handle grain and containerised freight.

4.2 Wodonga LOGIC

Description

Wodonga Logic is a 604ha fully-serviced freight and logistics park located on the edge of urban Wodonga. The land – which is located in an Industrial 1 Zone and provides for 24- hour operations – is partly-owned by Wodonga City Council (with the remaining land purchased by private investors). Figure 4.1 presents an overview of the site's layout.

The facility provides access to the Hume Freeway which is important for direct links to Melbourne, Canberra and Sydney. A full interchange at the Hume Freeway can accommodate B-doubles and future 'next generation' high-productivity vehicles, and direct access is also provided to the Murray Valley Highway leading to Adelaide and key freight destinations along the Murray River.

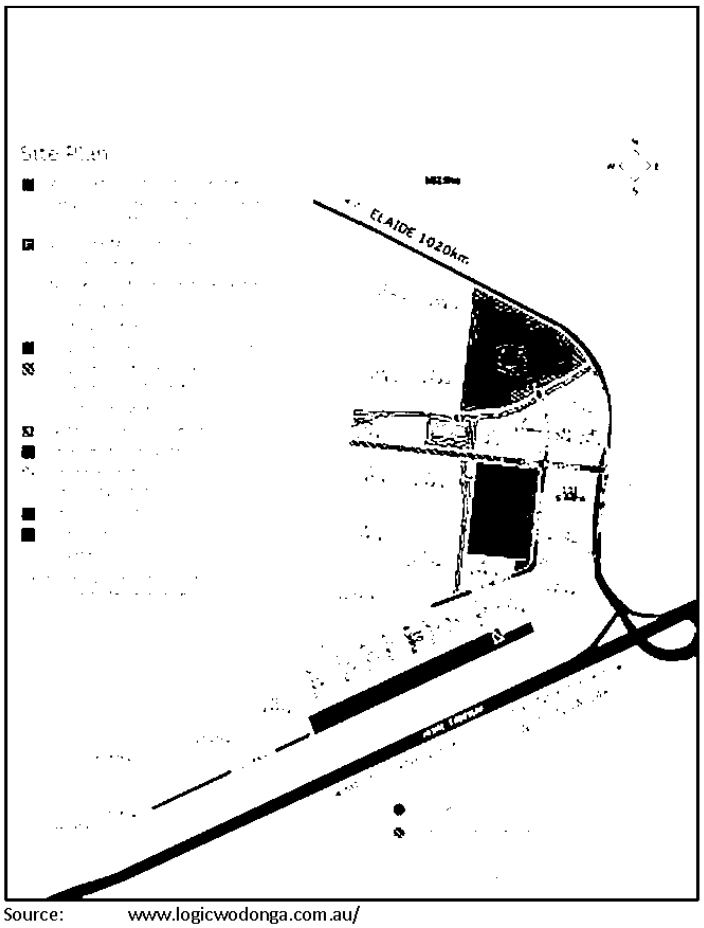
Existing infrastructure and services include:

- Power, water, and fibre optic
- Approximately 2km of internal B double compliant road infrastructure
- Power (66kVA)
- Potable water and high volume sewerage
- Gas transmission line with potential access via gas gate provision
- Large power and water users can be accommodated
- Main Melbourne-to-Sydney fibre optic cable runs through Logic

- Main Sydney-to-Melbourne gas line runs through Logic and can be accessed via a gas gate
- Melbourne-to-Sydney rail line interfaces with the southern boundary.

To date, approximately 84ha of land has been taken up private and government tenants, and this represents approximately 20% of available developable land. Currently, 340ha of industrial land is available, 90ha of which is fully serviced. The remaining parts of the site are allocated for the Northern Victoria Livestock Exchange (approximately 100ha), electricity substation (12ha), utilities reserves, and land allocated for a proposed intermodal container terminal.

Figure 4.1: Wodonga LOGIC Site Layout Plan



Source: www.logicwodonga.com.au/

Existing tenants include:

- Woolworths Regional Distribution Centre (60,000m^2)
- Border Express Warehouse (7,500m^2)
- Wodonga TAFE Logic Campus (Driver Training Facility) – a $16 million Government funded project

Two major developments are proposed for the near future:

- Service Centre (Fatigue Management and Trailer Interchange) – a $15.8 million Government funded project
- Cope Sensitive Freight Warehouse (8,000m^2)

Market Performance

Woolworth's was secured as LOGIC's anchor tenant in 2005, investing approximately $100 million in the 25ha site development, with the facility constructed by early 2006. At the time it was anticipated that the attraction of such a major tenant would lead to strong development momentum for the site. However, site development has been slow in the intervening years.

A 9.4ha site located next to the Woolworth's development was sold to Pac-Lib for $3.77 million in 2006; however, the site (which was earmarked for a 5,000m^2 warehouse development) was never developed and the company was placed in liquidation. The land was put up for sale at auction in December 2010, but failed to attract a bid. It was passed in on a vendor bid of $2 million. In August 2012, the site was resold again but details of the transaction are unknown due to confidentiality clauses associated with the sale.

4.3 Wimmera Intermodal Freight Terminal

Description

Wimmera Intermodal Freight Terminal (WIMFT) is a new facility located on a 23.5ha site in Dooen, approximately 1km north of the Horsham urban fringe.

Situated along the Adelaide-to-Melbourne national railway line, the WIMFT commenced operation in August 2012. The facility provides specialist grain and mineral sands handling services, and supports the movement of containerised exports and bulk grain through a purpose-built bulk loading facility. The terminal is operated by Wimmera Container Line (WCL) and Qube Holdings who have received State funding under the Mode Shift Incentive Scheme (MSIS) to support a modal shift from road to rail at the terminal.

WIMFT was a $17.5 million green-field project jointly funded by the Commonwealth ($6.5 million), the Victorian Government ($9.3 million), Local Government ($1.0 million), as well as the private sector ($0.6 million).

The project took approximately seven years to undertake, from concept design to completion. Works included:

- B-double access local public roads (total 1.8km upgrade)
- 5 new road-railway level crossings and 2 turnout railway connections
- Highway intersection creation and lighting
- Water supply, electricity, drainage infrastructure
- Concrete Hardstands and lighting
- Office, toilets and car-parking

The WIMFT is expected become a central distribution hub for the wider Wimmera region, which is the third-largest wheat-growing region in the world. It will replace the existing terminal located in central Horsham. According to forecasts, within the next five years WIMFT is expected to process up to 18,600 containers per year, representing more than twice the capacity of the existing Horsham facility.

It is intended that the WIFT will eventually include the freight terminal, bulk loading and container facilities, a distribution centre, warehousing facilities, a trucking depot and associated rail freight businesses.

Market Performance

WIMFT is operated and tenanted by Wimmera Container Lines.

Currently, approximately $7 million in planning permits are pending from Viterra, who are a strategic project partner and are located on a neighbouring property to the facility. Viterra has invested some money and land towards roads for the project.

It is understood that discussions are taking place with other firms that may be looking to relocate from Horsham and the broader region, including a business that specialises in truck and transport servicing. However, the nature of these discussions remains confidential.

According to the *Horsham Municipal Strategic Statement,* it is anticipated that over time a cluster of logistics businesses will evolve on land surrounding the WIMFT. A Precinct Structure Plan (PSP) is currently being prepared which will identify specific uses that could locate on land around the terminal. The PSP will also identify potential zoning, layout and infrastructure requirements for the surrounding area.

4.4 Warrnambool Intermodal Freight Terminal

Description

The City of Warrnambool has a strong industrial sector and functions as a regional service centre for south-west regional Victoria. The Warrnambool Intermodal Freight Terminal performs a significant freight task for this region by facilitating the transfer of freight to rail, for

delivery to the Port of Melbourne via the Warrnambool-to-Melbourne railway line. The Wettenhalls Group have received State funding under the MSIS to facilitate a modal shift of some freight from road to rail at the terminal.

The terminal processes an average of 10,000 containers pa. The majority of freight is exported, with dairy produce accounting for approximately two-thirds and meat produce the remaining one-third of total freight.

In November 2012, the Warrnambool Intermodal Freight Terminal was re-opened following a $1.8 million upgrade. The upgrades were jointly funded by the Commonwealth ($600,000), State ($1.044 million) and local governments ($148,000). As shown in Figure 4.2, the upgrade works involved:

- Removing an inactive level crossing
- Constructing turning lane for trucks
- New access lane for trucks into the depot
- Removal of internal fences to provide access to both sides of the depot

It is anticipated that the upgraded terminal will complement the planned Warncoort crossing loop which will allow longer freight trains to operate between Warrnambool and Melbourne.

Market Performance

The Warrnambool Freight Terminal is operated by Wettenhalls Group and is centrally located within the established West Warrnambool and Dennington/Fonterra Industrial areas.

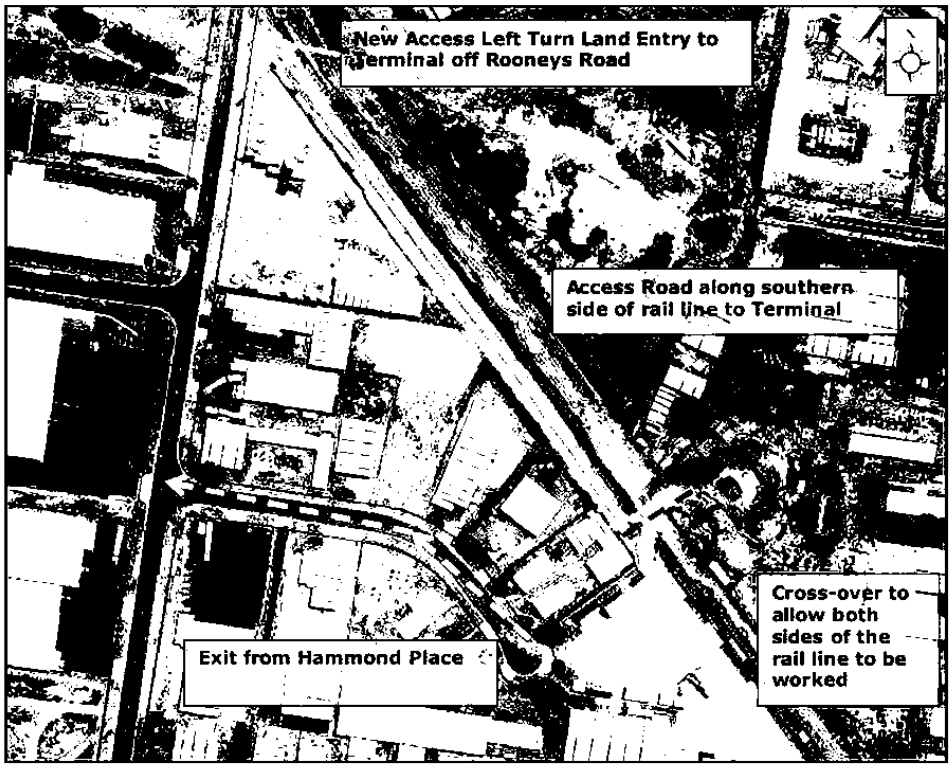
West Warrnambool is the oldest and largest of Warrnambool's industrial areas. It comprises approximately 109ha of industrial zoned land, the majority of which (101ha) is zoned IN1Z, with the remainder zoned INZ3. This industrial area is shown in Figure 4.3.

The area comprises a range of lot sizes and supports a mix of industries. Larger parcels are occupied by freight, the Council Depot, abattoirs, storage and scrap metal industries. Smaller lots are occupied by smaller manufacturers and wholesalers (kitchen/joinery, tiles, paving, plumbing supplies, hardware, wholesale food) and service industries (mechanical repairs etc).

Dennington/Fonterra includes 30ha of industrial land which was developed around the original Nestle factory. This factory (now operated by Fonterra) comprises approximately 8 ha of INZ1 land and is a key anchor tenant. The balance of the area (22ha) is zoned INZ3 and contains a range of smaller wholesale business and a timber yard. It is understood the timber yard is currently seeking an alternative, larger site in Warrnambool, however to date has been unsuccessful due to land shortages and high land values.

This is indicative of the tightening shortage of suitably-zoned industrial land in the Warrnambool district where prices for remaining vacant blocks are among the highest in Victoria. Currently there are no vacant industrial warehouses in Warrnambool.

Figure 4.2: Warrnambool Freight Terminal Upgrade Works

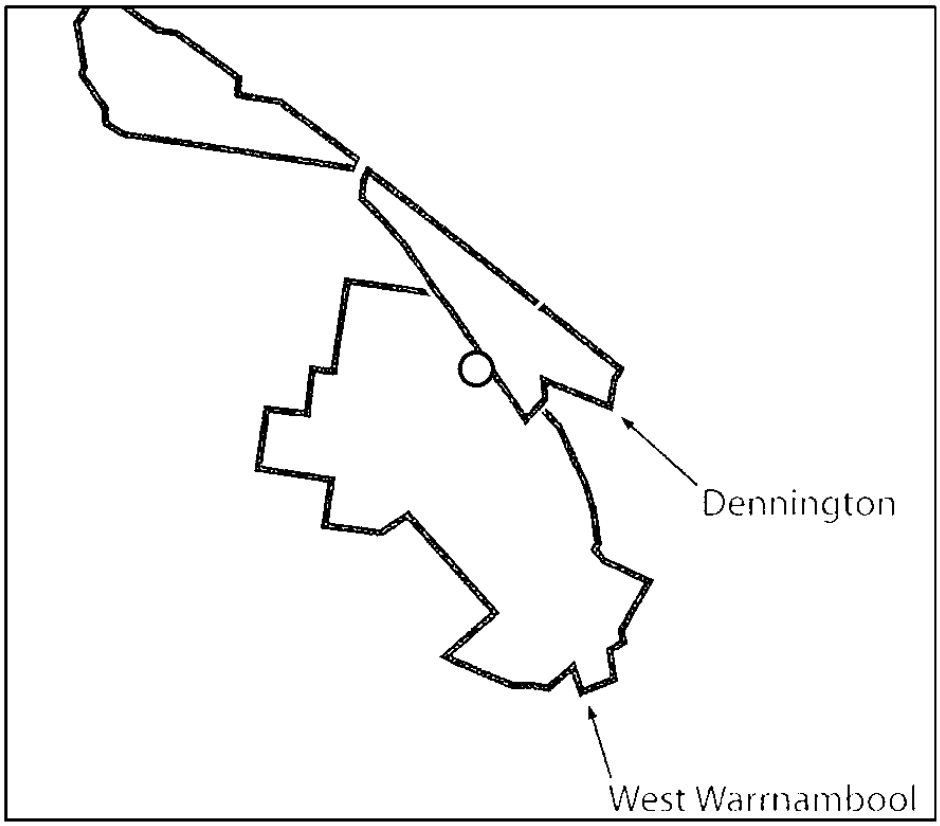


Source: Warrnambool City Council

As noted in Amendment C072 to the Warrnambool Planning Scheme "*the City is currently experiencing a critical shortage of vacant, available land zoned for industrial purposes*".

As a result, 4.7ha of land was rezoned to Industrial 1 Zone land in West Warrnambool and 65ha to Industrial 1 Zone on the Eastern Side of the city in May 2012. The last of these re-zonings has effectively created a new industrial precinct. The first titles are expected to be available for purchase in mid-2013.

Figure 4.3: West Warrnambool / Dennington Industrial Areas



Source: Warrnambool Industrial Land Review 2010

4.5 Tocumwal Freight Terminal

The Freight Terminal is operated by Grays Container Terminal and provides specialist grain-handling facilities for Graincorp and Kelly and Sons.

Freight movement is via train (3 times per week) to Melbourne via Mooroopna, with approximately 3,400–3,900 container movements occurring per year.

Freight is mostly containerised wheat and rice. The balance is agricultural produce (mainly potatoes) and meat.

Patrick Port Logistics and Regional Port Enterprizes have received State funding under the Mode Shift Incentive Scheme (MSIS) to support a modal shift from road to rail at the terminal.

4.6 Proposed Regional Freight Nodes

Gippsland Logistics Precinct

The Gippsland Logistics Precinct is located in Morwell and consists of 64ha of land owned by Latrobe City Council, with a rail siding running off the main Gippsland line into the Gippsland Intermodal Freight Terminal. This facility will be reopened as part of the development of the overall logistics precinct. The layout of the site is shown in Figure 4.4.

The Gippsland Logistics Precinct will facilitate the transport by rail of approximately 30,000 x 60 foot containers in the short-term and 20,000 tonnes per annum in bulk materials.

The site provides access to all utilities (electricity, gas, water, waste water) and is zoned for industrial development. Council are currently seeking companies who are interested in locating and/or developing the Gippsland Logistics Precinct.

A detailed Project Implementation Plan has been prepared by Latrobe City Council to guide the development of the precinct. A Business Case and Governance Model have been prepared and a long-term lease arrangement signed between VicTrack and Council.

Council is now overseeing the implementation phase of the project which includes the preparation of a marketing prospectus and tender documentation. Council is seeking State funding for site infrastructure as part of the implementation and investment attraction process.

Figure 4.4: Gippsland Logistics Precinct

Source: Gippsland Logistics Precinct – Project Implementation Plan, Latrobe City Council 2002

Ballarat West Employment Zone and Intermodal Freight Node

The Ballarat West Employment Zone (BWEZ) is located in the western growth area of Ballarat, approximately 7km north-west of the Central Business District, as shown in Figure 4.5. Surrounding land uses are as follows:

- North: Land to the direct north of the BWEZ is in agricultural use (Farming Zone), with the residential area of Mitchell Park located to the north-east of the site.
- East: Land to the east of the subject site is characterised by industrial activity (Industrial 1 Zone - IN1Z) comprising the major Wendouree industrial area which is located east and west of Learmonth Road
- South: Land to the south of BWEZ comprises the residential area of Alfredton and the Ballarat West Growth Area which is set aside to accommodate much of Ballarat's future population growth
- West: Land to the west of the subject site is principally used for residential purposes and includes a mix of Rural Living Zone (RLZ) and Low Density Residential Zone (LDRZ) land.

The main characteristics of the BWEZ are summarised as follows:

- A total gross land area of 623ha, which includes the Ballarat Airport and associated land uses
- Approximately 235ha of net developable land, excluding Ballarat Airport land
- Relatively flat land
- Proposed Ballarat Western Link Road from the eastern boundary of the site that will provide direct access to the Western Freeway
- Ballarat and Ararat Railway line which runs through the site, potentially providing a direct rail link to the site
- Proposed relocation of freight facilities from Ballarat Railway Station in the CBD to the south of the site abutting the Ballarat and Ararat Railway line and Ballarat Western Link Road
- Utilities and services can be accessed from extensions to existing infrastructure.

The development of the BWEZ (and freight node) is advantaged by:

- Close proximity to major established industrial areas in Ballarat's west, thus forming a large cluster of industrial activity
- Co-location with Ballarat Airport and associated industrial uses
- Strategic position with regard to Ballarat's major population growth area which will support significant labour force expansion in the coming years,

- Secured funding for Stage 1 of the Ballarat Western Link Road with the initial 4.2km section due for completion by November 2014. The improved linkage between the Western, Glenelg and Midland highways will improve the efficiency of logistics, provide an alternative route to the Central Business District for the transportation of freight, and provide access to developable land particularly in the Ballarat West Growth Area and Employment Zone.

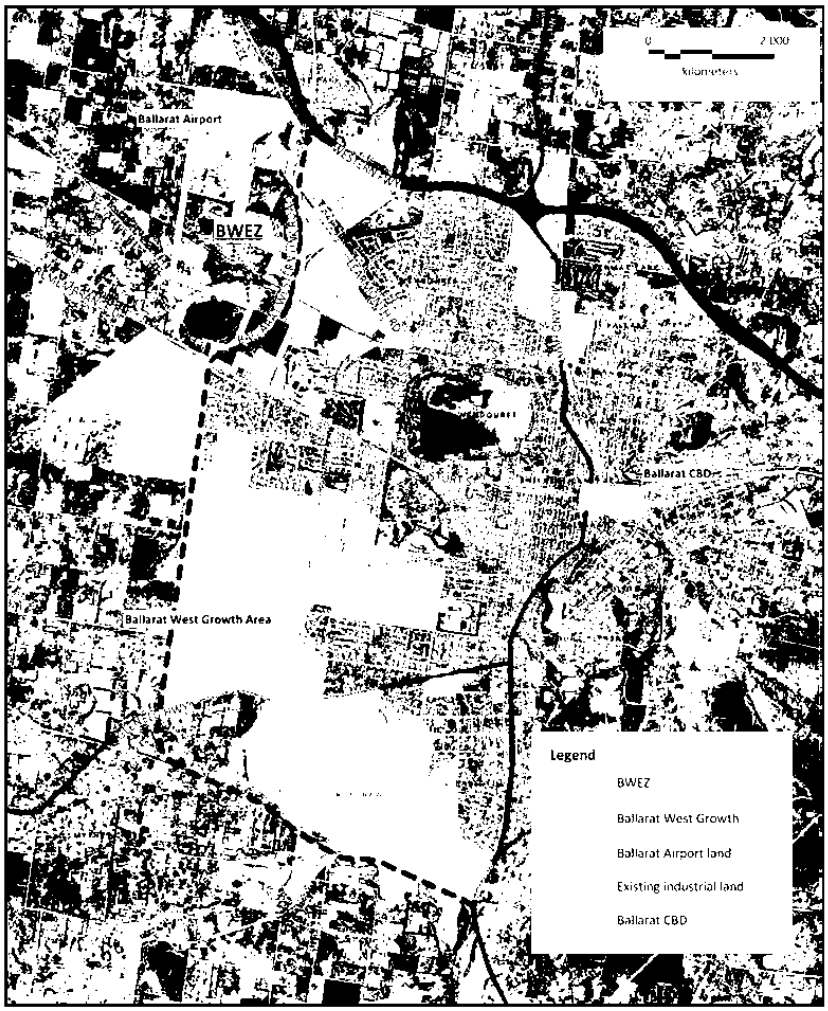
With regard to the proposed intermodal freight hub, analysis undertaken by Sd+D consultants envisages freight demand to be both generated from existing demand sources and supplemented by freight-generated demand through activities located on the broader BWEZ site (such as food processing, manufacturing, warehousing etc).

The report forecasts the amount of contestable Melbourne to Ballarat freight that might be attracted to the hub increasing from 560,000 tonnes pa in 2006 to 880,000 tonnes pa in 2030. (using these broad estimates, the 2013 volume would be around 650,000 tonnes). However, Sd+D also note contestable freight could increase to as much as 1,500,000 million tonnes per year as a result of the additional freight demand generated by on-site industrial activity at BWEZ at full development.

The analysis also highlights the potential in the longer-term for the freight node to be integrated into the Metropolitan Freight Terminal Network and this would enable further freight volumes to be generated to support the hub.

As Table 4.1 shows, only 20% of developable land is allocated for the freight and logistics precinct (50ha), with the balance of 80% (or 185ha) allocated to general industry (food processing, manufacturing, construction) and to research and development and business support services. The establishment of a significant industrial and research park at the site is fundamental in supporting demand for the logistics hub (ie. 40% of freight demand is forecast to be generated directly from on-site activities).

Figure 4.5: BWEZ Location Context



Produced by Essential Economics with MapInfo, NearMap and StreetPro

Table 4.1: Ballart West Employment Zone Land Allocation by Activity Type (at Full Development)

Industry	Total Allocation
Freight Village	20ha
Transport and logistics precinct	30ha
Food processing precinct	50ha
General industry (non-food manufacturing – including machinery and equipment , additive, mining, renewables , construction, wholesaling etc)	120ha
Research and development precinct	8ha
Business support services – Activity Centre	2ha
Business support services – corporate office uses	5ha
Total	**235ha**

Source: Essential Economics
Note: Figures rounded

4.7 Conclusions

While each existing and proposed regional freight terminal has unique characteristics and often different demand generators, a number of important lessons are identified in relation to facilitating development of GV Link. These lessons include:

- Importance of securing a major anchor tenant and or terminal operator
- Critical role of providing major road and rail infrastructure at an early stage in order to provide incentives for investors in terms of improved access to markets and operational efficiencies
- Importance of being able to secure sustainable long-term freight volumes to underpin the facility's investment and operation
- Need to develop a cluster of industrial activities on the site, rather than focusing only on freight and logistics, as this broader activity will help to generate on-site demand at the terminal
- Importance of competitive pricing (and in regard to land prices in particular) that reflects changing market conditions
- Investment from (or partnering with) Government can support the viability of freight nodes, eg Wodonga TAFE Driving Centre and Fatigue Management and Trailer Interchange at Wodonga LOGIC

5 INVESTMENT OUTLOOK FOR GV LINK

This Chapter highlights the investment outlook for GV Link, having regard for potential levels of interest in the facility, the importance of having the Shepparton Bypass in place, and noting the existing very small share of the total freight task in Victoria that is carried by rail.

5.1 Freight Task

While Greater Shepparton's long-term freight task is difficult to determine in view of many factors involved in the forecasting exercise, the survey of the major 20 food processing manufacturers suggested volumes of 465,000 tonnes pa (if all potential operators were to use the facility) and this equates to 5,400 container movements per year generating approximately 170 truck movement per day (as of 2009). These volumes would be supplemented by freight movements in other sectors such as construction, wholesaling and so on.

While one potential user of GV Link has down-sized its operations over recent years (namely, Campbell Soups), other potential uses have made further investments in their plants and appear to have good long-term prospects (such as HW Greenham & Sons (Tongala), Fonterra (Stanhope) and Unilever (Tatura). In addition, SPC Ardmona, Nestle and Heinz have indicated they were unlikely to use the facility (and noting that each has experienced significant regional production losses in recent times).

Notwithstanding the above comments, the potential volumes outlined above for GV Link appear relatively modest (especially when it is unlikely all prospective users would be secured) when compared to existing or expected volumes at other regional freight terminals, such as:

- Wodonga Logic: Woolworths Distribution Centre alone generates 450 truck movements per day
- Wimmera Intermodal Freight Terminal: 18,600 containers pa
- Warrnambool Freight Terminal: 10,000 containers pa.

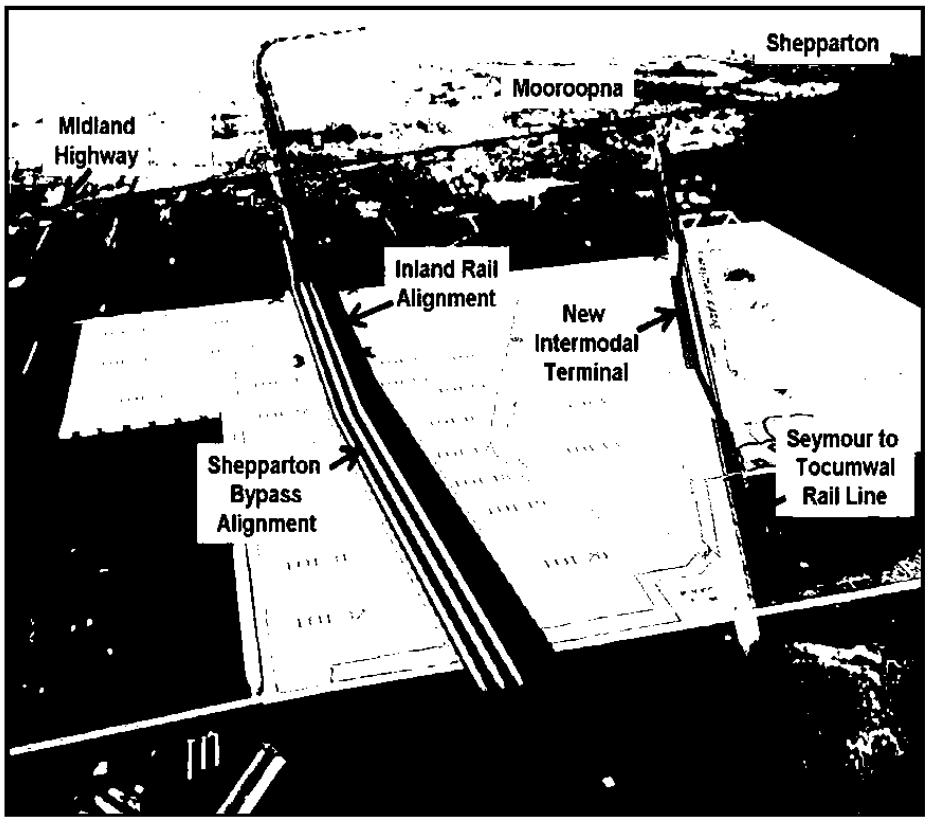
Proposed freight terminals such as Ballarat West expect initial volumes to be 660,000 tonnes but anticipated to reach up to 1,500,000 tonnes once the broader industrial development of the site is completed, while the Gippsland Logistics Precinct anticipates an initial volume of 30,000 container movements pa.

5.2 Shepparton Bypass

Delivery of the Shepparton Bypass is likely to be a key consideration for investors and operators considering a location at GV Link, recognising that the vast majority of Victoria's freight continues to be transported by road. This sentiment was highlighted by comments made by firms interviewed in the Manufacturing Survey who stated that this piece of infrastructure was critically important for them in considering their participation in the facility.

As Figure 5.1 shows, the alignment of the Bypass goes through the GV Link site, providing excellent links to all major roads and significantly improving operators' access to markets.

Figure 5.1: GV Link and Shepparton Bypass Alignment



Source: Greater Shepparton City Council

5.3 Rail Freight

Only a very small amount of the State's total freight task, estimated at 2%, is handled by rail, according to the Victorian Freight and Logistics Council.

Significant growth in truck freight movements has led to renewed pressure to facilitate greater use of rail (including regional rail) so as to reduce congestion levels and associated environmental impacts, recognising that the State's freight task is forecast to double over the period 2008 to 2030 *(Freight Futures, Victoria Freight Network Strategy*,2008).

For example, the Victorian Government's $10 million Mode Shift Incentive Scheme (MSIS) is designed to encourage the use of rail freight and to relieve road congestion through a competitive funding framework.

The new scheme aims to encourage the use of rail freight and relieve congestion on regional roads and at the Port of Melbourne.

Six companies have received funding under the scheme and are committed to moving almost 50,000 containers or the equivalent of 65,000 truck trips – by rail instead of road – into and out of the Port of Melbourne each year. .

The companies which have received funding are:

- Tocumwal corridor - Patrick Port Logistics and Regional Port Enterprizes
- Horsham corridor - Wimmera Container Line (WCL) and Qube Holdings
- Warrnambool corridor - Wettenhalls
- Mildura corridor - Iron Horse Intermodal

In order to be successful, applicants had to compete for funding and demonstrate they could provide the greatest economic, environmental and social benefits from reducing truck movements and shifting to rail.

5.4 Challenges Facing the GV Link Development

The following factors are important considerations when assessing the feasibility of GV Link:

- Funding for Shepparton Bypass has not been secured and this creates uncertainty for investors.
- Demand for rail has not been demonstrated in this location, and rail freight is expected to continue to play a small role in the overall Victorian freight task.
- The location of GV Link is not optimal as the majority of established industrial operators are located in Shepparton East. This might act as a deterrent for some transport and logistics operators to relocate to GV Link in view of their existing synergies with other operators in this large industrial cluster.
- GV Link will need to provide competitive land sales and lease terms in both the local and regional industrial land market. Ultimately, the benefits of investing or operating from GV Link will need to be greater than costs (sunk investment in existing location, land costs, relocation costs etc). As noted, current price points (ie, land prices sought at GV Link) might be ambitious; however, Council needs to balance returns against investment made in the development of the facility (and the ability to make further financial contributions).
- Greater Shepparton has experienced a significant downturn in industrial investment over recent years due to a number of factors (GFC, drought, international competition etc), and this is likely to result in ongoing investment caution in the market, particularly if negative conditions continue.

- Government investment in specific freight nodes – such as Wodonga LOGIC – means GV Link might be considered to be behind in terms of freight centre development in the broader region. For example, the construction of Fatigue Management and Trailer Interchange presents a major Government-funded investment for Wodonga LOGIC which might improve the investment outlook for this site.

6 COSTS AND BENEFITS TO COUNCIL OF GV LINK DEVELOPMENT

This Chapter provides an overview of costs and benefits associated with the GV Link development. It provides a short-list of recommendations aimed at securing the viable development and operation for the freight facility.

6.1 Financial Assessment

Costs

Council Costs

The net cost to Council of the planning and development for GV Link was $9.2 million as of 31 March 2013, according to information provided by Greater Shepparton City Council. This cost estimate excludes Federal and State contributions outlined earlier in this report.

Council has allocated $400,000 for GV Link in the current financial year (2012/13), of which $360,000 remains available but is expected to be spent by the end of the financial year. By 30 June 2013, total Council expenditure in the development of the facility will be in the order of $9.6m (rounded). In addition, Council has foregone rates revenue of approximately $35,000 in association with the compulsorily acquired 250 Toolamba Road site.

While Council has estimated costs for the various stages of future construction at GV Link (see Table 6.1), at present no budget bid has been made for the 2013/14 financial year for further Council spending on the project; rather, the availability of further budget commitments is subject to revenue raised from GV Link land sales.

When future costs to Council are considered, a notional $100,000 pa has been allocated to Council to cover marketing, maintenance and other holding cost for the land, while $7,000 pa has been allocated for foregone rates for the 250 Toolamba Road site (both figures relate to constant 2013 dollars).

In total, the cost to Council at full development is assumed to be $12.3 million (in constant 2013 dollars), excluding infrastructure contributions.

Federal and State Costs

As noted earlier Federal and State governments have to date committed $5 million to the project through Auslink and RIDF programs.

Infrastructure costs

Analysis undertaken by GHD indicates construction costs associated with the full development of the site would be approximately $133 million (in 2013 dollars). Estimated costs by development stage are included in Table 6.1.

Table 6.1: Estimated Infrastructure Development Costs for GV Link, by Stage and Total

Stage	Estimated Cost
Stage 1	$17.1 million
Stage 2	$34.6 million
Stage 3	$26.8 million
Stage 4	$28.2 million
Stage 5	$12.7 million
Stage 6	$7.5 million
Rail Terminal	$6.0 million
Total Cost	**$132.9 million**

Source: GHD
Note: Figures rounded

Total Costs

When council, federal and state contributions are added to estimated infrastructure costs, the total cost of the GV Link development is approximately $150 million. A summary of costs are provided in Table 6.2.

Table 6.2: Estimated Total Cost of GV Link Development, By Funding Source

Source	Estimated Cost
Greater Shepparton City Council	$12.3 million
Federal Government	$3.0 million
State Government	$2.0 million
Infrastructure (to be determined)	$132.9 million
Total Cost	**$150.2 million**

Source: GHD; Greater Shepparton City Council; Essential Economics
Note: Figures rounded

Revenue

Land Sales

The following analysis represents 'high-level' land sales revenue estimates, recognising a separate valuation study has been commissioned by Council. These values used are based on the current market price range ($20/m^2 to $40/m^2) for vacant industrial land in the broader region. The analysis shows that land sales revenue to Council ranges from $34 million (low yield scenario) to $68 million (high yield scenario) in constant 2013 prices.

- Low yield : revenue @ $20/m^2 = $34 million
- Medium yield: revenue @ $30/m^2 = $51 million
- High yield: revenue @ $40/m^2 = $68 million

Rates Return

Assuming the site could be fully developed over a 25 year timeframe (ie 170ha of land consumed at an average rate of 6.8ha pa), then cumulative rates revenue to council would be $5.7 million (in constant 2013 dollars) over this period, based on the current cents in the $ for industrial unimproved land.

Total Revenue

Total land sales and rates revenue to Council is estimated in the range of $39.7 million and $73.7 million over the development period (in constant 2013 dollars).

Overall, if the high yield land sales revenue was attained, net revenue to Council from the development would be $61.4 million. If a low yield sales revenue was attained the overall revenue to Council would be $27.4 million. Note, all values are expressed in constant 2013 dollars.

This analysis shows that Council would generate some revenues to contribute funds for infrastructure at the site – between 21% to 46% of the full requirement (if all net land sales and rates revenue was directed towards site infrastructure). However, infrastructure provision would need to be supported by funds from the private sector (investors/operators) and through funding provided by Federal and State governments. Of course, Council might borrow additional funds (if required) to contribute more significantly to infrastructure at the site.

6.2 Benefits

While considerable investment has been made by so far by Council in the GV Link site, and considerable further private/government infrastructure investment will be required to fully develop the site (approximately $130 million), this needs to be balanced against potential economic benefits arising from the ongoing development and successful operation of GV Link.

The freight centre would be expected to generate the following benefits:

- Generate approximately direct 800 FTE construction jobs (mostly taken by Shepparton workers) and a further 1,280 indirect construction-related jobs in the wider-economy (some of which would be supported in Shepparton) over the lifetime of the construction phase.
- Provide improved efficiencies for local industry in terms of imports and exports of materials and goods, particularly to and from the Port of Melbourne.
- Represent a major catalyst project to leverage new investment for Greater Shepparton and the broader region.
- Provide the environment for the development of a cluster of industrial activity through synergies with logistics activities, including distribution centres, packaging, truck maintenance, refuelling, container cleaning and repair, security services etc.

- Support direct and multiplier construction-related employment for Greater Shepparton and the broader region over many years through the staged construction of the site.
- Support new employment in the Greater Shepparton region where significant numbers of additional jobs will be required over the coming decades. For example, Stage 1 at 21.3 ha would potentially support 425 jobs on-site (at a ratio of 20 jobs per gross ha) and at full development the 170ha of land would support 3,400 jobs at GV Link.
- Modelling undertaken by National Economics and presented in economy.id shows that each worker in the Greater Shepparton's Transport, Postal and Warehousing sector contributes approximately $85,000 pa in industry value added (value-added is the value of sales generated by each industry, minus the cost of its inputs). Applying this figure to the 3,400 jobs located at the site at full development indicates approximately $290 million pa (in 2013 constant dollars) would be generated within the economy from the activities located at the site. Assuming, say 25% of jobs at the site are 'new jobs' generated by induced by outside investment in the GV Link facility that would not otherwise have occurred (such as the attraction of a major national distribution centre), then $72.5 million pa in new valued added economic benefit can be attributed to GV Link. This analysis recognises that many businesses and jobs locating to the site (especially road transport operators) will have simply transferred from existing industrial sites in Shepparton.
- Generate activities at the freight and logistics node (and through supporting activities) which would provide new employment opportunities for the regional labour force participants and enabling workers to retrain and transition from sectors in decline (food processing, manufacturing, agribusiness).
- Provide lot sizes to the market that are currently in relatively short supply in Greater Shepparton, and this would potentially attract investment that may have gone to another location.
- Represent an efficient use of transport infrastructure, including existing rail and the planned Shepparton Bypass.
- Generate increased new spending in the local economy (eg spending of long-distance truck drivers taking a break and/or staying overnight in Shepparton) and from business visitors associated with activities at GV Link.

6.3 Conclusions and Recommendations

Conclusion: Costs and Benefits

Costs

The full development cost of GV Link is estimated at $150 million (in constant 2013 dollars) including the provision of all required infrastructure.

At full development Greater Shepparton City Council will have invested approximately $12.3 million (in constant 2013 dollars) in the planning, land acquisition, marketing and development

of GV Link (excluding infrastructure investment). Net returns to Council (after costs are removed) might generate between $27.4 million and $61.4 million (in constant 2013 dollars) in land sales and rates revenue (depending on land sale prices attained).

Approximately $133 million (in constant 2013 dollars) will be required to provide critical infrastructure to deliver GV Link in line with the master plan. While funding sources are yet to be determined, it is expected infrastructure investment would be a mix of Council funding, private sector contributions with further support from Federal and State governments.

Benefits

These costs need to be considered against potential positive economic benefits arising from GV Link which include:

- Significant opportunities for the local construction sector (for both business and workers) during the development of GV Link, with the $130 million in infrastructure projects representing a major stimulus for the local economy.
- Ability to accommodate 3,400 jobs at the site across a range of activities, thus playing an important role in supporting Shepparton's long-term labour force growth.
- Opportunities for industry consolidation and clustering.
- Productivity improvements in freight and associated industries.
- Additional value added economic output of $70 million pa at full development associated with new businesses attracted to the region.
- Creation of new opportunities for retraining and industry transition.
- Generation of new spending into the regional economy through visitor spending and industry linkages.

With these costs and benefits in mind (see summary in Table 6.3), it will be important to address the challenges currently facing development of the site. In this regard, a number of priority actions are required to stimulate investor and operator confidence in the GV Link development, as noted below.

Table 6.3: GV Link Cost and Benefits Summary (at Full-Development)

Costs	
Project cost	$150.2 million
Cost to Greater Shepparton City Council	$12.3 million
Revenues	
Land sales	$34.0 million to $68.0 million
Cumulative rates revenue	$5.7 million
Employment	
Construction phase	800 direct and 1,280 indirect FTE jobs
Permanent jobs	3,400 FTE on-site jobs
Economic Output	
Increase in industry value-added	$72.5 million pa

Source: GHD; economy id/National Economics; Greater Shepparton City Council; Essential Economics
Note: Figures rounded

Recommendations

Priorities should include the following:

- Secure government commitment and funding to build the Shepparton Bypass.
- Advocate for further government assistance to develop the facility, including support for infrastructure, servicing, landscaping and integration of rail services.
- Secure government support to assist in developing and transforming key industry sectors (including food processing, dairying, manufacturing, agriculture and construction) so as to ensure that the Goulburn Valley continues to have a viable and sustainable freight base.

Additionally, from a Council perspective, it would be prudent to:

- Review development experiences from existing and proposed regional freight nodes in Victoria and identify ways in with the GV Link development process might be enhanced.
- Engage the services of a commercial agent to confirm the value of land at GV Link in order to ensure that land prices offered are competitive in the regional and (where relevant) State-wide industrial property market.
- Continue to pursue a logistics business entity to operate and manage the GV Link facility.
- Continue to peruse inward investment from operators from outside the region, especially major investors with the ability to contribute to site infrastructure.
- Identify and assess direct marketing to major freight-generating businesses in the Goulburn Valley region, especially businesses where lease or supply contract arrangements are expiring in the coming years (and are therefore candidates for location at GV Link).

- Assess the relocation potential of general industrial operators located in Shepparton's existing established industrial areas (especially those wishing to expand or upgrade to higher-quality facilities), noting that the most successful freight nodes are usually well-integrated with more general industrial activities (such as engineering, auto-mechanics etc).

History of the Goulburn Valley Freight and Logistics Centre (GV Link)

The Greater Shepparton City Council commenced investigation of the feasibility of developing an intermodal terminal or inland port in the region in 1997. Studies undertaken by the council, local businesses, logistics businesses and consultants have suggested widespread support from key businesses in the region. During this time, some businesses with immediate needs for increased warehouse and transport services have expressed that their preference would have been to develop such capacity at the GV Link had that been an option at the time.

The following is a brief history of the major project milestones:

2001

Assessment of Local Support

In 2001, the Greater Shepparton City Council contracted The Logistics Bureau to assess local industry support for the project. Twenty one major local manufacturers were canvassed. The overall response was positive, though no commitments could be made at that early stage of the project.
The report "Shepparton Freight Hub /Inland Port" was prepared by John Sandilant of Logistics Bureau in September 2001.
An accompanying presentation "Greater Shepparton City Council Logistics Initiative – Communities and Logistics Living Together" was prepared in October 2001.

Background to site selection of the Goulburn Valley Freight and Logistics Centre (GV Link)

A study was conducted in 2001 by Logistics Bureau (funded by the Victorian Department of Infrastructure) to assess the freight task of the region and to identify an appropriate site for the GV Link.

The study investigated 20 potential sites and judged each against a weighted set of criteria which consisted of nine essential and five desirable selection criteria which were identified.

2002

Study of Commercial Viability

The Greater Shepparton City Council commissioned The Logistics Bureau to study the commercial viability of the GV Link with respect specifically to SPC-Ardmona. They concluded that the scheme was viable solely on the basis of SPC-Ardmona's requirements. The report was published in August 2002 and titled "Goulburn Valley Freight Logistics Study Phase 2".

2004

Initial Proposal to the Commonwealth

In June 2004, a delegation of local industry, council and government officials visited Canberra to seek Commonwealth support for the GV Link. Discussions were held with

the Deputy Prime Minister and other Ministers. It is believed that this proposal was unsuccessful due to the high level of funding contributions required from all three levels of government and by a required commitment to the Shepparton section of the Goulburn Valley Bypass.

A constraint of the GV Link site is that the Mooroopna-Murchison Road (also known as Toolamba Road) separates the railway line from the western area which is the most logical area for industrial development. A series of new at grade-level crossings is undesirable for safety reasons. Grade separated crossings are expensive and would hinder easy access. The best solution appeared to be either the closure, or re-alignment of Toolamba Road.

The initial proposal sought to overcome the Toolamba Road limitation by seeking a commitment for the construction of at least a 3.5km portion of the proposed Shepparton Bypass. This would connect the site with the Midland Highway to the north and enable closure of Toolamba Road to through traffic. This section of the Bypass was estimated to cost approximately $23 million, which the federal Government was not willing to fund. An internal road network was also proposed to connect the various operations to a main entrance point at the south end of the site.

Re-Zoning and Public Acquisition Overlay

The Council initiated Planning Scheme Amendment C34 in order to re-zone the preferred site and to begin the process of public acquisition of the property. Objections from the property owner resulted in the appointment of an independent Panel in March 2004.

Coomes Consulting was contracted by the Council to prepare a Planning Report for the Panel which considered many issues including flooding, traffic and economic impacts. The Panel Report was delivered in November 2004 and the Council subsequently approved the conditions recommended by the Panel. The re-zoning and public acquisition overlay was gazetted by the Minister for Planning in May 2005.

Planning of the Goulburn Valley Freight and Logistics Centre (GV Link)

The panel report and its recommendations were adopted by the Council on 7 December 2004 and submitted to the Minister for approval. Approval of the amendment was given on 5th May 2005.

2005

Expression of Interest Process

An expression of interest process was initiated in September 2005, aimed primarily at identifying a preferred developer for the GV Link. Expressions of interest were also invited from potential operators, with the intent that this information would be passed on to those making a submission as a potential developer.

There were two responses from potential operators:

- Gattuso Linehaul Services (a local trucking and warehousing business). Subsequent conversations determined that their interest was in conducting some trucking activity at the site, but not in the operation of the overall site

- Patrick Portlink (operators of the existing rail terminal in Mooroopna) expressed interest in operating the rail terminal and associated activities

Receiving two responses was a disappointing result. Subsequent conversations with local businesses revealed that businesses did not feel they would derive any benefit from submission of an expression of interest and that the project was not sufficiently defined to enable them to make any kind of commitment (i.e. unknown timeframe and development costs

2008

Planning of the Goulburn Valley Freight and Logistics Centre (GV Link)

Following completion of the amendment process, the Council engaged Coomes Consulting to prepare a development plan (including associated reports) and planning application. This was submitted to the Council's Planning Department on 4 July 2008. In additional to the approval of a development plan, a design framework and landscape guidelines, infrastructure provision plan and noise assessment was endorsed as part of the development plan.

Subsequent to the approval of the development plan and associated documents, a planning permit was issued on 12 December 2008. This planning permit provided consent for stages one to three of the development. The Council's development engineers have reviewed and endorsed construction plans for stage 1 of the development and provided in principal support for the construction drawings of stages 2 and 3 of the development.

The planning permit remains a valid permit until 12 December 2014 for commencement of works. If additional time is required an application to extend the permit could be made to the Planning Department.

Design of the Goulburn Valley Freight and Logistics Centre (GV Link)

Council publicly advertised an EOI (Expression of Interest) for the design of the GV Link (Goulburn Valley Freight and Logistics Centre - later to be branded as GV Link) and closed submissions on 6 August 2008.

Six companies were shortlisted and issued with RFT (request for tender) documents. Council received only two tenders being local consultant Coomes (now Spiire) and GHD.

Council awarded design consultancy Contract No. 1191 to GHD on 8 April 2009, with a completion date of 30 September 2009, for the lump sum price of $1,444,432 (excl GST).

2013

GV Link – Economic Assessment – Prepared by Essential Economics 2013

PLANNING PERMIT

PERMIT NO:	**2008-282/A(AMENDED)**
PLANNING SCHEME:	GREATER SHEPPARTON PLANNING SCHEME
RESPONSIBLE AUTHORITY:	GREATER SHEPPARTON CITY COUNCIL
ADDRESS OF THE LAND:	250 Toolamba Road MOOROOPNA VIC 3629
THE PERMIT ALLOWS:	Staged subdivision (three stages) of land in Special Use Zone 6, Land Subject to Inundation Overlay, Floodway Overlay, Public Acquisition Overlay 4 and 7, Road Zone Category 1 and subdivision adjacent to a Road Zone Category 1 Creation and removal of easements Creation of access to Road Zone Category 1 Use of land for road, minor utility installation and transport terminal Destruction of native vegetation Buildings and works in Land Subject to Inundation Overlay, Floodway Overlay and Public Acquisition Overlay 4 in accordance with the endorsed Plans forming part of this Permit.

THE FOLLOWING CONDITIONS APPLY TO THIS PERMIT:

1. **Layout Not Altered**
   The subdivision as shown on the endorsed plans must not be altered without the written consent of the responsible authority.

2. **Section 173 Agreement**
   Prior to the issue of a Statement of Compliance for stage one, the owner must enter into an agreement with the responsible authority, pursuant to Section 173 of the Planning and Environment Act 1987. This agreement must be registered on the title to the land pursuant to Section 181 of the Planning and Environment Act 1987. The owner must pay the reasonable costs of the preparation, execution and registration of the section 173 agreement. The agreement must provide that:

DATE ISSUED: 12 December 2008 **DELEGATED AUTHORITY**

SIGNATURE FOR THE RESPONSIBLE AUTHORITY: _____

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a) The owner and future owners acknowledges that they are responsible and shall maintain the Gross Pollutant Trap and Sluice Gate in accordance with the manufacturer's standards and to the satisfaction of the responsible authority.

b) The owner and future owners acknowledge that the future use of the development is consistent with the purposes of the site as a freight logistics centre.

c) The use of the land must comply with the State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No. N-1. Testing for compliance with the State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No N-1 must be undertaken within six weeks of a written request from the Responsible Authority and a report submitted to the Responsible Authority to confirm compliance. If compliance with State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No. N-1 is not achieved a noise mitigation works package must be made available to the resident as described in Marshall Day Report Acoustics dated 26 March 2008.

d) The owner shall be required to provide onsite water supply for fire fighting purposes as set out in the Building Code of Australia and other relevant Australian standards.

The said agreement is to be prepared by the Council. The Council will undertake to have the agreement prepared upon written notification from the applicant. All costs associated with the preparation and registration of the agreement shall be borne by the applicant. All fees associated with the documentation must be fully paid prior to execution and registration of the document by Council.

3. **Section 173 Agreement**

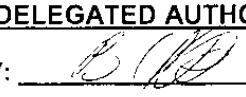
Prior to the issue of a Statement of Compliance for stage one, the owner must enter into an agreement with the responsible authority, pursuant to Section 173 of the Planning and Environment Act 1987. This agreement must be registered on the balance of the title (shown as A) to the land pursuant to Section 181 of the Planning and Environment Act 1987. The owner must pay the reasonable costs of the preparation, execution and registration of the section 173 agreement. The agreement must provide that:

a) That the developer agrees to ensure that the six culverts under the railway line and the back flow prevention devices are maintained in a useable condition at all times to the satisfaction of the responsible authority.

b) That the native vegetation off set plantings be retained in perpetuity to the satisfaction of relevant authorities.

The said agreement is to be prepared by the Council. The Council will undertake to have the agreement prepared upon written notification from the applicant. All costs associated with the preparation and registration of the agreement shall be borne by the applicant. All fees associated with the documentation must be fully paid prior to execution and registration of the document by Council.

DATE ISSUED: 12 December 2008 **DELEGATED AUTHORITY**

SIGNATURE FOR THE RESPONSIBLE AUTHORITY: 

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4. **Construction Management Plan**

Prior to the commencement of the development on the site (including any demolition and material removal) the applicant must submit to the Responsible Authority for approval a Construction Management Plan. The plan must address but is not limited to, the following:

a) Fencing to contain litter, restrict vehicle access and to restrict unauthorised access to the site
b) Fencing of sites identified in the Cultural Heritage Management Plan and the ERM Report dated March 2008.
c) Dust control measures
d) Erosion control measures
e) Parking facilities for construction workers
f) Delivery and unloading points
g) Compliance with relevant noise control relating to construction activities
h) Movement of soil from eastern side of Toolamba Road including controlled crossing points of the rail way and Toolamba Road.
i) A liaison officer for contact by residents and the Responsible Authority in the event of relevant queries or problems experienced.

Once approved the Construction Management Plan will be endorsed and form part of this permit.

5. **Staged Subdivision**

The subdivision must proceed in the order of stages as shown on the endorsed plans unless otherwise agreed to in writing by the responsible authority.

Before the issue of statement of compliance for any stage of the development, all works must be completed to the satisfaction of the responsible authority as shown on the endorsed staging of works plan.

6. **Drainage Plan**

Stage 1

Before the certification of the plan of subdivision and commencement of works on stage one of the development, a drainage plan with computations including stormwater quality treatment prepared by a suitably qualified person to the satisfaction of the responsible authority must be submitted to and approved by the responsible authority and Goulburn Murray Water. When approved, the plans will be endorsed and will then form part of the permit. The plans must be drawn to scale with dimensions and a minimum of two copies must be provided. The plans must be in accordance with the Council's Infrastructure Design Manual and include:

a) how the land will be drained;
b) underground pipe drains conveying stormwater to the legal point of discharge;
c) measures to enhance stormwater discharge quality from the site and protect downstream waterways;
d) a maximum discharge rate from the site of (1.2) l/sec/ha or as otherwise agreed

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in writing by the responsible authority and GMW

e) the provision of gross pollutant traps installed at the drainage outfall of each lot to ensure that no effluent or polluted water of any type may be allowed to enter the Council's stormwater drainage system.

Stages 2 and 3

Before the certification of plan of subdivision for stage 2 and commencement of works on stage 2 of the development, all approvals must be obtained to allow a suitable ultimate outfall for the development. This outfall must be to the satisfaction of the relevant authorities.

Before the certification of the plan of subdivision and commencement of works on stage's two and three of the development, a drainage plan with computations including stormwater quality treatment prepared by a suitably qualified person to the satisfaction of the responsible authority must be submitted to and approved by the responsible authority and Goulburn Murray Water. When approved, the plans will be endorsed and will then form part of the permit. The plans must be drawn to scale with dimensions and a minimum of two copies must be provided. The plans must be in accordance with the Council's Infrastructure Design Manual and include:

a) detailed design plans of the wetland and detention area including vegetated swales and landscaping, out fall and associated easements to the Goulburn River
b) details of reinstatement of all redundant GMW infrastructure
c) how the land will be drained to the wetland and retention basin
d) the location and design of connection to the basin
e) demonstrate that all necessary approvals have been obtained for the ultimate outfall
f) Maintenance plan for gross pollutant traps and sluice gates

Before a statement of compliance is issued for each stage of the development, all drainage works required by the endorsed drainage plan including provision of Gross Pollutant Traps and sluice gates for each lot must be completed to the satisfaction of the responsible authority.

7. **Rail Sidings**

Before the commencement of any works on stage 3 of the development, detailed design plans for the rail sidings area must be submitted for approval to the responsible authority and other necessary approvals from other statutory authorities.

Before the issue of Statement of Compliance for stage 3 of the development, the rail sidings area must be constructed as shown on the endorsed plans and to the satisfaction of the responsible authority.

8. **Construction of Works**

Before the Statement of Compliance is issued for each stage under the Subdivision Act 1988, the owner must construct and complete road works, drainage and other civil works, in accordance with endorsed plans and specifications approved by the Responsible Authority and in accordance with the Infrastructure Design Manual. Road works, drainage and other civil works to be constructed must include (but is not limited

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to):

a) fully sealed pavement and vehicular crossings to each lot within the said stage
b) drainage;
c) street trees;
d) underground conduits for water, electricity and telephone;
e) intersection and traffic control measures;
f) street lighting and signage;
g) fencing of lot boundaries excluding frontages
h) high stability permanent survey marks;
i) cross sections of all roads

to the satisfaction of the responsible authority.

Before the statement of compliance is issued for stage 1 the following stage specific works must be undertaken to the satisfaction of the responsible authority and Goulburn Murray Water (as appropriate)

a) construction of temporary retention basin
b) construction of part of Toolamba Road realignment including service road and upgrading of part of Simson Road including intersection with Toolamba Road
c) Part realignment of the existing Ardmona Drain 11
d) construction of roundabout

Before the statement of compliance is issued for stage 2, the following stage specific works must be undertaken to the satisfaction of the responsible authority and Goulburn Murray Water (as appropriate)

a) Construction of water treatment and detention area
b) Water treatment and detention area vested to the Council
c) Ultimate outfall solution and construction
d) Decommissioning of the existing Ardmona Drain 11
e) Construction of culverts under railway and flow prevention devices
f) Off set vegetation planting

Before the statement of compliance issued for stage 3, the following stage specific works must be undertaken to the satisfaction of the responsible authority

a) Decommissioning of the existing Toolamba Road alignment, transfer of land to the Council and restoration of land
b) Construction of the ultimate Toolamba Road alignment including intersection works
c) Construction of rail sidings and associated infrastructure
d) Upgrade existing Toolamba Road from the site to McLennan Street (sealing of shoulders)

9. **Soil Remediation**
Prior to the issue of statement of compliance for Stage 1 of the development, additional testing and remediation / removal of soils must be undertaken as set out in

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the Douglas Partners report. The remediation / removal of soils must be undertaken to the satisfaction of the responsible authority.

10. Landscape Plan

Before the development starts a landscape master plan must be submitted to and approved by the Responsible Authority. When approved, the plan will be endorsed and will then form part of the permit. The plan must be drawn to scale with dimensions and three copies must be provided. Landscaping must be designed in accordance with the Design and Landscape Guidelines (Coomes April 2008).

a) a survey of all existing vegetation and natural features showing plants (greater than 1200mm diameter) to be removed;

b) 'Tree Preservation Areas' in yellow and hatched indicating areas of significant vegetation to be retained. The owner must retain significant vegetation within any "Tree Preservation Area", during construction of works for this subdivision;

c) Detailed design of entry statement to Stage 1 and 3 of the development

d) building envelopes and vehicular access points for each lot in the subdivision.

e) a schedule of all proposed trees, shrubs and ground cover, including the location, number and size at maturity of all plants, the botanical names and the location of areas to be covered by grass, lawn or other surface materials as specified;

f) the method of preparing, draining, watering and maintaining the landscaped area;

g) details of surface finishes of pathways and driveways;

h) landscaping and planting within all open areas of the site

i) the sewer and water supply connection points;

j) all landscaped areas to be used for stormwater retardation;

k) a permanent screen of trees and shrubs along Toolamba Road with a minimum of two rows using a mixture of local trees and understorey species

l) provision of 30 metre wide landscape buffer in accordance with Design and Landscape guidelines

All species selected must be to the satisfaction of the responsible authority.

Before the issue of statement of compliance for each stage or by such a later date as is approved by the responsible authority in writing, landscaping works shown on the endorsed plan must be carried out and completed to the satisfaction of the responsible authority.

11. Tree Protection During Construction

Prior to the commencement of works on each stage a tree protection fence must be erected around the existing native trees to be retained as shown in the ERM Biological Features Report September 2007 to define a 'Tree Protection zone'. The fence must be constructed to the satisfaction of the responsible authority.

The tree protection fence must remain in place until works are completed on the land. The ground surface of the Tree Protection Zone must be covered by a 100mm deep layer of mulch prior to the commencement of works and be watered regularly to the satisfaction of the responsible authority.

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Prior to works commencing, all employers and employees, that will be working on the site or requiring access to the site, must participate in an induction program to ensure that all personnel are aware of the recommended procedures when dealing with Tree Protection Zones as outlined in the ERM Biological Features Report September 2007.

12. General Provision of Services

Before the Statement of Compliance is issued for each stage, reticulated water, sewerage and electricity must be available to the said stage to the satisfaction of the responsible authority.

Before the Statement of Compliance is issued for each stage, all reticulated services for the said stage including telecommunications infrastructure shall be under grounded. Where possible all services are to be provided within common trenches.

13. Subdivision Development

Form 23

Before a Statement of Compliance is issued for each stage under the Subdivision Act 1988 by the Responsible Authority the owner must provide a completed Form 23.

Other Matters

Before a Statement of Compliance is issued for each stage under the Subdivision Act 1988 the owner must provide to the satisfaction of the Responsible Authority

a) a water supply/tapping (including a water meter) to each area of reserve in the subdivision;
b) an assets statement for each street;
c) an 'as constructed' set of plans for the entire work in each development stage;
d) a certified plan showing the extent and depth of fill in excess of 300 mm placed on any of the allotments;
e) street name plates;
f) fencing all land abutting reserves; and
g) fire plugs in accordance with the Country Fire Authority requirements (generally at a maximum spacing of 120 m), at the subdivider's expense.

14. VicRoads Requirements

a) The Mooroopna-Murchison Road (Toolamba Road) deviation and closure of the existing Mooroopna-Murchison Road (Toolamba Road) alignment between Pyke Road and Simson Road shall be generally in accordance with the Development Plan appended to the Goulburn Valley Freight Logistics Centre, Development Plan Report.

b) Access to Mooroopna-Murchison Road (Toolamba Road) shall be in accordance with Section 4.1 of the Goulburn Valley Freight Logistics Centre Traffic Impact Assessment Report Revision 3 dated August 2007, prepared by John Piper Traffic.

c) The applicant shall construct the mitigating works including street lighting as

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identified in the Goulburn Valley Freight Logistics Centre Traffic Impact Assessment Report Revision 3 dated August 2007, prepared by John Piper Traffic to the satisfaction of both VicRoads and the responsible authority (Greater Shepparton City Council) prior to the issuing a statement of compliance for each stage of the subdivision as follows:

Stage One

- Construct an interim intersection treatment at the existing Mooroopna-Murchison Road (Toolamba Road)/Simson Road intersection including a Type "CHR" right turn treatment (Fig 6.39) and Type "AUL" auxiliary left turn treatment (Fig 2.5) in accordance with the Austroads Guide to Traffic Engineering Practice Part 5 - Intersections at Grade June 2005 Edition.

- Construct a section of the proposed Mooroopna- Murchison Road (Toolamba Road) Deviation approximately 500 metres in length to provide access to Lots 2,3,4,5 and 6.

Stage Two

- Construct a Roundabout or a staggered "T" intersection (including protected right and left turn lanes) at the proposed Mooroopna-Murchison Road Deviation/east-west subdivisional road (rail siding access) intersection in accordance with the Austroads Guide to Traffic Engineering Practice Part 6 - Roundabouts and the Austroads Guide to Traffic Engineering Practice Part 5-Intersections at Grade.

Stage Three

- Complete the construction of the Mooroopna-Murchison Road (Toolamba Road) Deviation including a Type "CHR" right turn treatment at the proposed Mooroopna-Murchison Road (Toolamba Road) Deviation/Connector Road intersection at the eastern boundary of Lot 1 and a Type "BAR" right turn treatment at the Mooroopna-Murchison Road (Toolamba Road)/Pyke Road intersection.

- Close the existing alignment of the Mooroopna-Murchison Road (Toolamba Road) and Simson Road intersection including landscape planting to screen the former alignment Mooroopna-Murchison Road (Toolamba Road) at the north and south end of the proposed rail siding.

d) Street lighting as recommended in the Goulburn Valley Freight Logistics Centre Traffic Impact Assessment Report Revision 3 dated August 2007, prepared by John Piper Traffic, shall be installed in accordance with VicRoads' Traffic Control Guidelines (TGC)-006 'Guidelines for Street Lighting Design & Installation' and shall meet the minimum requirements of Category V3 standard, AS/NZS 1158. Street lighting shall be installed at no cost to VicRoads and the applicant shall pay an up-front fee to VicRoads equivalent to 60% of the estimated first ten year's operational costs. The on-going maintenance of the intersection lighting, on the Mooroopna-Murchison Road (Toolamba Road) will be VicRoads' responsibility, if metered separately.

e) The developer shall, at no cost to VicRoads, be responsible for noise attenuation

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measures as may be required to attenuate dwellings identified in an acoustic report to enable compliance with a noise level of 63dB(A) L10(18 hour) or less, as measured 1 metre out from the façade of dwellings adjacent to the Mooroopna-Murchison Road (Toolamba Road). Should the noise attenuation measures consist of the installation of noise walls, then the location and design of noise walls shall be to the satisfaction of VicRoads and the responsible authority (Greater Shepparton City Council).

f) Prior to the certification of the Plan of Subdivision (excluding stage 1), the developer shall, at no cost to VicRoads:
- Engage a VicRoads pre-qualified acoustic engineering consultant to prepare anacoustic report to the satisfaction of VicRoads and the Responsible Authority(Greater Shepparton City Council);
- Obtain the written approval of the Acoustic Report from VicRoads and the Responsible Authority (Greater Shepparton City Council) and;
- Incorporate any required noise attenuation measures in the design of the Plan of Subdivision.

g) The acoustic report shall include, but not necessarily be limited to, the following:
- Predictions of the future traffic noise levels generated from the proposed Goulburn Valley Freight Logistics Centre at least 10 years after its anticipated construction and operation;
- Recommendations, including plans and drawings showing the location, layout and structural and architectural design, of any noise attenuation measures required to comply with a noise level of 63dB(A) L10(18 hour) or less, as measured 1 metre out from the façade of a residential building adjacent to the Mooroopna-Murchison Road (Toolamba Road), at least 10 years after the anticipated construction and operation of the Goulburn Valley Freight Logistics Centre;
- Recommendations indicating "triggers" which specify the stage or stages of the subdivision that require noise attenuation measures to be implemented; and
- Design any required noise attenuation measures for a 50 year design life.

h) Prior to the issuing of a Statement of Compliance for a Plan of Subdivision for each stage two and three of the subdivision the developer shall:
- Implement any required noise attenuation measures as recommended in the acoustic report to the satisfaction of and at no cost to VicRoads;
- At no cost to VicRoads, engage an independent VicRoads pre-qualified acoustic/proof engineering consultant and forward to VicRoads and the Responsible Authority a Certificate of Compliance confirming that any required noise attenuation works have been completed satisfactorily;
- Provide VicRoads a payment for 10 years maintenance costs of any noise attenuation measures constructed for that particular state of the subdivision which are required to be maintained by VicRoads if they are constructed within the Mooroopna-Murchison (Toolamba) Road reserve. VicRoads will determine the maintenance cost subsequent to approval of the Acoustic Report.

i) In relation to any business signs and lighting:

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- Any sign, including appurtenances such as lighting, must be erected within the property line and must not obstruct a driver's line of sight at any point of egress

- All signs must meet the VicRoads' ten point safety checklist for advertisements and hoardings to ensure that it does not constitute a road safety hazard.

j) Detailed road design plans shall be prepared in accordance with the following publications:

- VicRoads Traffic Engineering Manuals, Volume 1 ' Traffic Management' and Volume 2 'Signs & Markings'.
- VicRoads Road Design Guidelines.
- VicRoads' Code of Practice for Selection and Design of Pavements and Surfacings(RC 500.22).
- Austroads Guide to Traffic Engineering Practice, Part 5 - Intersection at Grade, June 2005 Edition.
- Austroads Guide to Traffic Engineering Practice, Part 6 - Roundabouts.
- Austroads Guide to Traffic Engineering Practice, Part 13 - Pedestrians.
- Category V3 street lighting in accordance with AS/NZS 1158 and VicRoads' Traffic Control Guidelines (TGC)-006 'Guidelines for Street Lighting Design & Installation (refer attached).

k) Prior to the commencement of work within the declared arterial road reserve for each stage of the subdivision the applicant shall:

- Submit detailed design plans and specifications and obtain the written approval of the plans and specifications from VicRoads for the mitigating works required as detailed in the Goulburn Valley Freight Logistics Centre Traffic Impact Assessment Report Revision 3 dated August 2007, prepared by John Piper Traffic.

- Submit an application for consent, in accordance with the Road Management Act (Works and Infrastructure) Regulations 2004, including payment of the prescribed fee (telephone 03 5761 1888 or visit www.vicroads.vic.gov.au for further information.

l) VicRoads written approval shall be obtained for drainage designs pertaining to any culverts pipes across the Mooroopna-Murchison Road (Toolamba Road) deviation or across the future Shepparton Bypass reservation. The designs shall demonstrate that the culverts provide for rainfall events in accordance with VicRoads' Road Design Guidelines.

m) Pavement designs shall be in accordance with VicRoads' Code of Practice for "Selection and Design of Pavements and Surfacings (RC 500.22). A copy of the Code of Practice RC 500.22 is attached. Pavement thickness, class of materials, line marking and pavement markings at the intersection are required to be shown on the drawing. Any kerb & channel at the intersection shall be SM2 or SM3 (refer VicRoads' standard drawing SD 2001 D attached). Driveable

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endwalls are required as shown on the attached drawing SD 1991 A, if culverts are located within 9.5m of the edge of traffic lane.

n) Construction activities within the declared arterial road reserve shall be performed in accordance with the VicRoads' Standard Specifications for Roadwork. Traffic Management shall be conducted in accordance with a traffic management plan prepared in accordance with the Road Safety Act and Road Management Act Code of Practice for Worksite Safety-Traffic Management.

o) The final Plan of Subdivision submitted for certification must be referred to VicRoads in accordance with Section 8 of the Subdivision Act 1988.

p) All works associated with the above requirements are to be completed at no cost to VicRoads and the road reserve must be left in a neat and tidy condition.

15. Department of Public Transport

a) Roads works and infrastructure associated with the crossing of the 'Future Goulburn Valley Freeway and Future Rail Provision' must be designed to cater for future grade separation to the satisfaction of the Director of Public Transport.

b) The buildings and works associated with the construction of Railway Terminal Area in stage 3 must be designed and constructed to the satisfaction of the Director of Public Transport.

16. Powercor Requirements

The Plan of Subdivision submitted for certification under the Subdivision Act 1988 shall be referred to Powercor Australia Ltd in accordance with Section 8 of that Act.

a) Provide electricity supply to all lots in the subdivision in accordance with Powercors requirements and standards, including the extension, augmentation or re-arrangement of any existing electricity supply system, as required by Powercor (A payment to cover the cost of such work will be required). In the event that a supply is not provided the applicant shall provide a written undertaking to Powercor Australia Ltds that prospective purchasers will be informed.

b) Where buildings or other installations exist on the land to be subdivided and are connected to the electricity supply, they shall be brought into compliance with the Service and Installation Rules issued by the Victorian Electricity Supply Industry. You shall arrange compliance through a Registered Electrical Contractor.

c) Set aside on the plan of subdivision for the use of Powercor Australia reserves satisfactory to Powercor Australia where any electric substation (other than pole mounted type) is required to service the subdivision.

Alternatively, at the discretion of Powercor Australia Ltd a leases of the sites and for easements for associated powerlines, cables and access ways shall be provided. Such a lease shall be for a period of 30 years at a nominal rental with a right to extend the lease for a further 30 years. Powercor Australia Ltd will register such leases on the title by way of caveat prior to the registration of the

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plan of subdivision.

d) Provide easements satisfactory to Powercor Australia, where easements have not been otherwise provided, for all existing Powercor Australia electric lines on the land and for any new power lines required to service the lots and adjoining land, save for lines located, or to be located, on public roads set out on the plan. These easements shall be for the purpose of "Power Line" in favour of Powercor Australia Ltd for Powerline purposes pursuant to Section 88 of the Electricity Industry Act 2000.

e) Obtain the use of Powercor Australia Ltd any other easement external to the subdivision required to service the lots

f) Adjust the position of any existing easement(s) for power lines to accord with the position of the line(s) as determined by survey.

g) Obtain Powercor Australia Ltd's approval for lot boundaries within any area affected by an easement for a power line and for the construction of any works in such an area

h) Provide to Powercor Australia Ltd, a copy of the version of the plan of subdivision submitted for certification, which shows any amendments which have been required.

17. Country Fire Authority Requirements

a) Operable hydrants, above or below ground must be provided to the satisfaction of the CFA.
b) The maximum distance between hydrants must be 120m.
c) Hydrants must be identified as specified in 'Identification of Street hydrants for fire fighting purposes' available under publications on the CFA website (www.cfa.vic.gov.au)
d) Roads must be constructed to a standard so that they are accessible in all weather conditions and capable of accommodating a vehicle of 15 tonnes for the trafficable road width
e) The average grade must be no more than 1 in 7 (14.4%) (8.1 degrees) with a maximum of no more than 1 in 5 (20%) (11.3 degrees) for no more than 50 metres. Dips must have no more than 1 in 8 (12%) (7.1 degrees) entry and exit angle.

18. Telstra Requirements

That the plan of subdivision submitted for certification be referred to Telstra, in accordance with Section 8 of the Subdivision Act 1988.

19. Goulburn Valley Water Requirements

a) Payment of a new customer contribution for water supply to the development, such amount being determined by the Corporation at the time of payment;

b) Provision of a reticulated water supply and associated construction works to

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each allotment within the development, at the developers expense, in accordance with standards of construction adopted by and to the satisfaction of the Goulburn Valley Region Water Corporation (including, but not limited to, a dedicated 225mm main from McLennan Street and possible upgrades of up stream infrastructure.

c) Payment of a new customer contribution for sewerage services to the development, such amount being determined by the Corporation at the time of payment;

d) Provision of reticulated sewerage and associated construction works to each allotment within the development, at the developer's expense, in accordance with standards of construction adopted by and to the satisfaction of the Goulburn Valley Region Water Corporation (including, but not limited to, sewerage pump station(s) and associated rising mains and possible upgrades of downstream infrastructure).

e) Connection of all sanitary fixtures within the development to reticulated sewerage, at the developers expense, in accordance with standards of construction adopted by and to the satisfaction of the Goulburn Valley Region Water Corporation.

All works required are to be carried out in accordance with AS3500.2 – 'Sanitary plumbing and drainage', and to the satisfaction of the Corporation's Property Services Section.

f) Provision of easements in favour of the Goulburn Valley Region Water Corporation over all existing and proposed sewer mains located within private property;

g) Pursuant to section 36 of the Subdivision Act, if the Corporation considers that, for the economical and efficient subdivision and servicing of the land covered by the Application for Permit, it requires the owner of the land to acquire an easement over other land in the vicinity. That is, any land not owned by the Developer through which a sewerage extension servicing the development is to be located, easements shall be created in favour of the Corporation.

h) The operator under this permit shall be obliged to enter into an agreement with Goulburn valley Region Water Corporation relating to the design and construction of any sewerage or water works required. The form of such Agreement shall be to the satisfaction of Goulburn Valley water. A copy of the format of the Agreement will be provided on request;

i) The plan of subdivision lodged for certification is to be referred to the Goulburn Valley Region Water Authority pursuant to Section 8(1) of the Subdivision Act, 1988.

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20. Goulburn Murray Water Requirements

Prior to the issue of statement of compliance, all redundant irrigation supply outlets shall be removed to the satisfaction of Goulburn Murray Water.

21. Goulburn Broken Catchment Management Authority Requirements

a) The final plan of subdivision submitted for certification must be referred to Goulburn Broken Catchment Management Authority in accordance with Section 8 of the Subdivision Act, 1988

b) Prior to the certification of the plan of subdivision for stage one, hydraulic computations and revised flood mapping (flood extent and floodway and 1% flood contours) must be submitted for approval to the Catchment Management Authority showing that the Ardmona Drain realignment is designed to carry the 1% stormwater runoff. All revised mapping output must in hard copy and GIS formats.

c) Prior to the issue of statement of compliance for stage two of the subdivision, all necessary approvals (such as Works on Waterways) must be obtained to allow discharge from the site to the Goulburn River to the satisfaction of the Catchment Management Authority.

d) Prior to the issue of statement of compliance for each stage, all flood mitigation works must be completed to the satisfaction of the Goulburn Broken Catchment Management Authority.

22. Department of Sustainability and Environment

a) Before the development starts, all persons undertaking the works on site must be advised of all relevant conditions of this permit.

b) The removal of vegetation must be to the minimum extent necessary that allow for the necessary development works. That is, if any vegetation marked for removal can be saved at the time of works being undertaken then every effort should be made to do so.

c) Only the thirty three (33) trees indicated in *Vegetation Management Offset Plan, Goulburn Valley Freight Logistics Centre, Toolamba Rd, Mooroopna* prepared by Coomes Consulting Group November 2008 accompanying Application No. 2008-282 are to be removed.

d) The provision of infrastructure and services for the development must meet the requirements to 'avoid' and 'minimise' the need for removal of native vegetation in accordance with Victoria's Native Vegetation Management – A Framework for Action (*Department of Natural Resources and Environment* 2002) and the planning provisions of the Greater Shepparton Planning Scheme.

e) All other trees and native vegetation are to be retained and protected from adverse impacts during works.

f) Before vegetation removal starts, the boundaries of all vegetation stands to be removed and retained must be clearly marked on the ground or marked with

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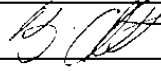
SIGNATURE FOR THE RESPONSIBLE AUTHORITY: 

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tape or temporary fencing to the satisfaction of the responsible authority.

g) A minimum distance of twice the dripline for any woody vegetation and 5 metres for any remnant treeless area native vegetation is to be used for the protection of native vegetation to be retained such that no works, buildings, storage of machinery and/or materials, access tracks and other such like actions that may adversely impact on native vegetation is to occur within this area.

h) Vegetation removal and disposal must not cause damage to vegetation stands to be retained.

i) Any felled or dead timber greater than 10cm diameter removed during works, referred to as Coarse Woody Debris is to be used to create ground habitat to the relevant EVC bioregional benchmark in the offset areas nominated in *Vegetation Management Offset Plan, Goulburn Valley Freight Logistics Centre, Toolamba Rd, Mooroopna* prepared by Coomes Consulting Group November 2008.

j) Before the vegetation removal starts, an offset plan showing appropriate offsets to compensate for the removal of 18 *Very Large Old trees*, 13 *Large Old trees* and 2 *Medium Old trees* from [1]EVC55_62 Riverine Plains Grassy Woodland within the Victorian Riverina bioregion to the satisfaction of the *Department of Sustainability and Environment* must be submitted to and approved by the responsible authority. Three copies of the plan must be provided. When approved, the plan will be endorsed and will then form part of this permit.
   - The offset plan must be generally in accordance with the draft offset plan - *Vegetation Offset Management Plan, Goulburn Valley Freight and Logistics Centre, Toolamba Rd, Mooroopna* prepared by Coomes Consulting Group Pty Ltd, November 2008, except that the plan must include:
   - An aerial photograph (or map to scale with dimensions) that identify each offset site and habitat zone.
   - Categories of native vegetation in accordance with *Native Vegetation: Guide to assessment of referred planning permit* applications (DSE 2007).
   - Revegetation target survival rates and densities of life forms per hectare to the standards outlined in *Native Vegetation: Revegetation Planting Standards (DSE 2006).*
   - Offsets in accordance with the endorsed plan must be implemented within twelve months of the approval of the Offset Plan and completed according to the schedule of works in the Offset Plan to the satisfaction of the *Department of Sustainability and Environment.*

k) Before the vegetation removal starts the Responsible Authority must enter into a registered on-title agreement to the satisfaction of the *Department of Sustainability and Environment* which provides for the security of the native vegetation offset in accordance with the endorsed offset plan of this permit. The applicant must pay all reasonable costs of the preparation, execution and registration of the on-title agreement.
   - Any subsequent amendment to the registered on-title agreement must be to the satisfaction of the *Department of Sustainability and Environment.*

l) Before the development works commence, a Construction Management Plan to

[1] Ecological Vegetation Class

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the satisfaction of the *Department of Sustainability and Environment* must be submitted to and approved by the Responsible Authority. When approved the plan will be endorsed and will then form part of this permit. The Construction Management plan must provide details of:

- Location of the construction zone.
- Vegetation within the zone that is to be retained and removed.
- Management of vegetation to be retained.
- Measures to control sediment and sediment laden water run-off including design detail of any structures.
- Where equipment, machinery and earth is to be stored/stockpiled during construction.
- Access tracks and parking provisions for construction personnel.
- Location of any temporary structures for construction purposes.

m) Before the use commences the *Environmental Management Plan, Goulburn Valley Freight Logistics Centre, Toolamba Rd, Mooroopna* prepared by Coomes Consulting Group Pty Ltd May 2008 must include a section titled *'Management of Native Vegetation'* to the satisfaction of the *Department of Sustainability and Environment*. The Environmental Management Plan must be submitted to and approved by the responsible authority. Three copies of the Environmental Management Plan are to be provided. When approved the Environmental Management Plan will form part of this permit. The section *'Management of Native Vegetation'* is to include:

- The management of all native vegetation to be retained outside the offset area/s identified in the *Vegetation Offset Management Plan, Goulburn Valley Freight and Logistics Centre, Toolamba Rd, Mooroopna* prepared by Coomes Consulting Group Pty Ltd, November 2008.

23. Time for Starting and Completing a Subdivision

This permit will expire if one of the following circumstances applies:

a) the subdivision is not started (certification) within **two (2)** years of the date of this permit;
b) the subdivision is not completed (statement of compliance issued) within **10 (ten)** years of the date of this permit.

The Responsible Authority may extend the periods referred to if a request is made in writing before the permit expires or within three (3) months afterwards. Prior to approval being given for the extension of these periods the Responsible Authority may require the re-submission of Plans, Computations and other relevant information to assess compliance with current requirements, Acts and Regulations, Codes of Practice and Australian Standards, as may be relevant.

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NOTATIONS

Supervision Fees
Prior to the commencement of works the owner must make a payment comprising 2.5% of the value of the works, must be paid to the responsible authority, being the costs of the Responsible Authority in supervising the works on the land.

Plan Checking Fee
Prior to the commencement of works the owner must make a payment comprising 0.75% of the value of the documented works must be paid to the Responsible Authority, for the checking of the engineering design of the works.

Street/Road Name Allocation
Before the plan of subdivision is certified under the Subdivision Act 1988, the owner must lodge an application to the Council's Street Naming Committee for the approval of any street names and street numbers on the plan of subdivision.

Excavation of Soil
It is the responsibility of the permit operator to ensure that any other approvals which may be required for the excavation of soil from the land east of Toolamba Road is obtained in accordance with any relevant Statutory requirements.

THIS PERMIT HAS BEEN AMENDED AS FOLLOWS:

Date of Amendment	Brief description of amendment
24 March 2010	• Amend permit preamble and various conditions including, condition 2c, 3a, 3c, 3d, 6d, 8, 14 and 17b and insert new condition 2d

DATE ISSUED: 12 December 2008 **DELEGATED AUTHORITY**

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PLANNING AND ENVIRONMENT REGULATIONS - FORM 4.4

Final Version DD 9/7/08

EXPRESSION OF INTEREST

NO 1191

GOULBURN VALLEY FREIGHT AND LOGISTICS CENTRE DESIGN OF STAGES 1 TO 3

Greater Shepparton City Council seeks Expressions of Interest (EOI) for the design of the $70M Goulburn Valley Freight and Logistics Centre (GVFLC).
The task will involve the preliminary design for the entire site (331Ha) and detailed design of stages one to three of the six stages of development.
The GVFLC will consist of a general freight/logistics area and rail terminal.
A site has been purchased by Council south of Mooroopna, adjacent to the existing Melbourne Tocumwal rail line and the proposed Shepparton Bypass.
EOI documents will only be issued to companies currently pre-qualified at VicRoads Road and Bridge Design UR/RR/CH levels.

EXPRESSIONS OF INTEREST WILL BE RECEIVED UNTIL 4.00 PM WEDNESDAY 6 AUGUST 2008.

Expression of Interest documents may be obtained by telephoning (03) 5832 9830 during office hours, or can be collected from the Council's Office, 90 Welsford Street, Shepparton.
Expressions of Interest shall be enclosed in a sealed envelope and lodged in the Tender Box at the Council's Office.
It is Council's policy not to accept any Expressions of Interest received after the specified closing time.

For insertion in the Shepparton News:

Friday 11 July 2008

For insertion in the Age:

Saturday 12 July 2008

Ledger number

60358-364

EXPRESSION OF INTEREST BRIEF

Greater Shepparton City Council

GOULBURN VALLEY FREIGHT AND LOGISTICS CENTRE (GVFLC)

PRELIMINARY DESIGN AND DETAILED DESIGN OF STAGES 1 TO 3

1. DEFINITIONS

In this Brief, the following terms have the meanings indicated, unless inconsistent with the context:

"Brief" means this Expression of Interest Brief;

"Contract" has the meaning ascribed to it by clause 5;

"Council" means the Greater Shepparton City Council;

"EOI" means an Expression Of Interest submitted in response to this Brief;

"EOI Process" means the Expression Of Interest process outlined in this Brief;

"GVFLC" means the Goulburn Valley Freight and Logistics Centre;

"Respondent" means a party which submits an EOI;

"RFT" means a Request For Tender process under which selected Respondents will be invited to tender for the Contract; and

"Site" has the meaning ascribed to it by clause 3.

2. GENERAL

The Council seeks EOIs for the design of elements of the $70M GVFLC.

The task will involve the preliminary design for the entire site (331Ha) and detailed design of stages one to three (of the six stages) of the development.

EOIs will only be considered from Respondents currently pre-qualified at VicRoads Road and Bridge Design UR/RR/CH levels.

3. BACKGROUND

Council has acquired a site south of Mooroopna (see attached plan A) ("Site"). The existing Melbourne to Tocumwal rail line and the proposed Goulburn Valley Highway Shepparton Bypass freeway alignment pass through the Site.

The GVFLC is intended to be an inland port and centre for distribution for the Goulburn Valley. The Goulburn Valley is one of Australia's major foodbowls and is experiencing sustained growth.

It is intended that the GVFLC will incorporate functions, including, but not limited to:

- Intermodel freight terminal
- Container park and services
- Distribution centres
- Warehouses
- Trucking depots and facilities
- Associated business

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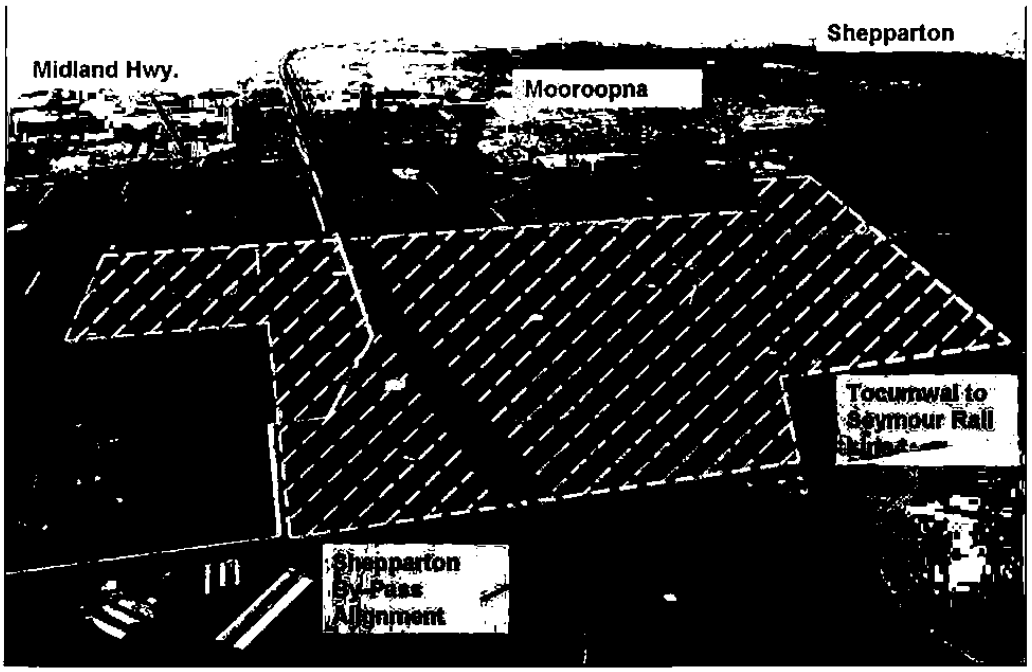

Plan A – Aerial view of the GVFLC site (looking north)

4. PROJECT STATUS

As the responsible authority under the Greater Shepparton Planning Scheme, Council has approved a development plan (see attached plan B) for the Site.

Council has applied for a planning permit for the first three stages of the development of the Site

Council expects to receive a response to the planning permit application in the last quarter of 2008. Any planning permit issued will form part of the RFT documentation provided the planning permit issues within one week of the RFT closing date.

The GVFLC is planned to have six development stages. The rate of development will be dependent on the commercial market. The intermodel freight terminal is currently planned to be part of stage three (see attached plan C).

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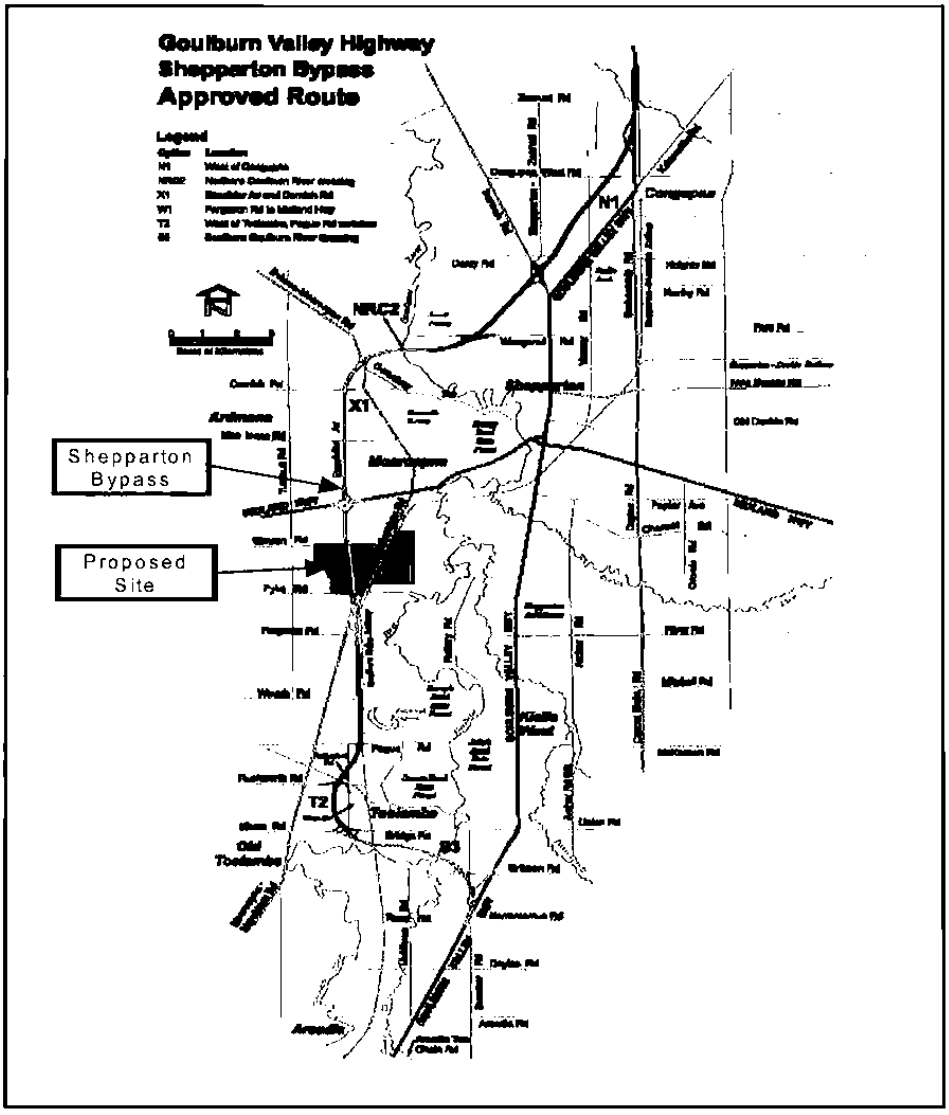

Plan B – Location of the Site traversed by the Shepparton By-Pass

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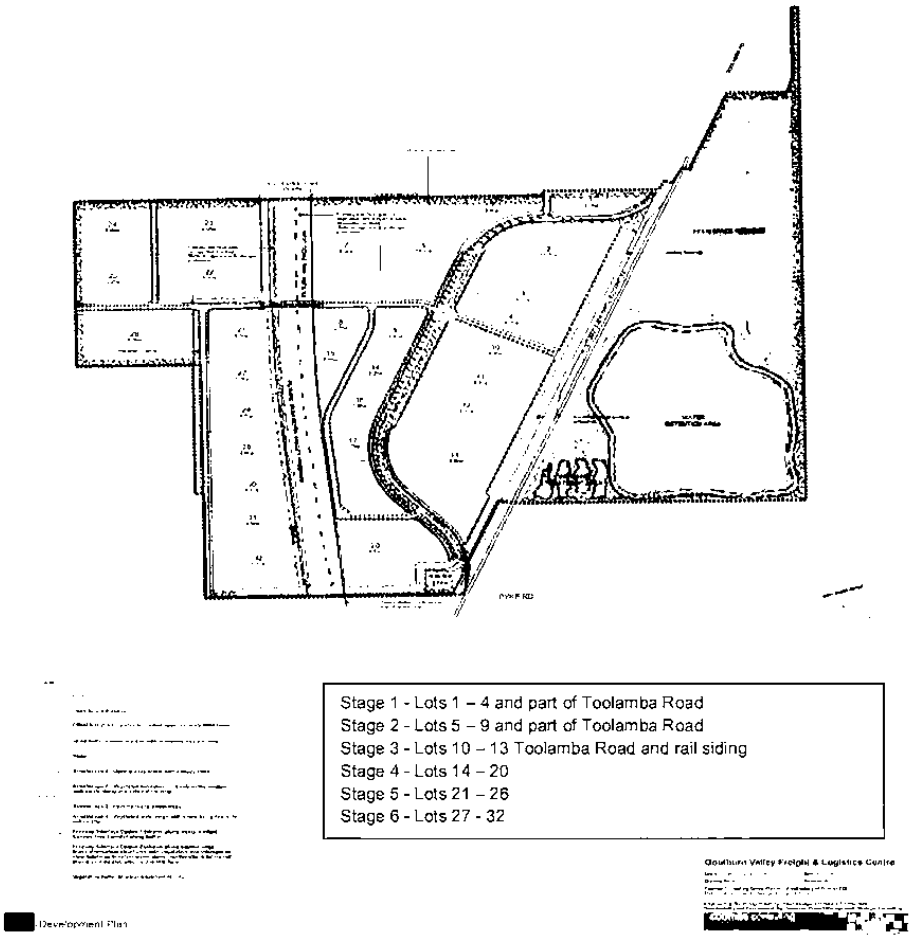

Plan C - The approved development plan concept

5. TASK

Following the EOI Process, Council will determine the Respondents to be issued with documents in the RFT. Under the RFT Council will seek tenders for a contract for the preparation of:

5.1 a preliminary design of the whole Site; and

5.2 detailed design of stages one to three –

and associated works ("Contract"). All construction work will be performed under a separate contract/s.

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6. EOI PROCESS

EOIs are to provide the information listed in the attached Schedule. Details are summarised below.

Schedule 1 Company Details

Schedule 2 Proposed Methodology

Schedule 3 Key Staff

Schedule 4 Examples of Similar Work

Schedule 5 Proposed Changes to Scope

Schedule 6 Other Information

EOIs will be short listed for the RFT based on Council's assessment of the Respondents' demonstrated capacity to perform the required tasks.

Note that information for each schedule is to be limited to one page.

Respondents may be requested to provide further information and to attend an interview.

Council reserves the right to adjust the work to be performed under the Contract as a result of its consideration of EOIs. For this purpose, Council may adopt concepts or proposals from any Respondent's EOI.

Only the RFT documents, once issued, will reflect the detailed scope and specification for the Contract.

7. TIMELINE

The expected timeline for the process is as follows:

Close of EOI	6 August 2008
EOI outcome notification	August 2008
Invite RFT	September to December 2008
Compulsory tender briefing	September to December 2008
Close RFT	4 weeks after RFT invitation
Award Contract	5 weeks after close RFT
Contract duration	20 weeks

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8. SUBMISSIONS

EOIs must include completed schedules as identified above.

Pricing is not required.

EOIs must be received in the Council tender box located at 90 Welsford Street Shepparton by 4.00pm on Wednesday 6 August 2008.

EOIs received late will not be considered.

EOIs received by fax or by email will not be considered.

EOIs are to be addressed to:

Doug Smith
Manager Engineering Projects
Greater Shepparton City Council
Locked Bag 1000
SHEPPARTON VIC 3632

9. STATUS OF EOIs

The EOI Process is not intended to give rise to a contract governing the EOI Process or any aspect of the EOI Process and Council expressly disclaims any intention to create any such contract.

Council may, at its absolute discretion;

9.1. elect not to proceed to a RFT;

9.2. elect not to invite any Respondent to participate in the RFT;

9.3. seek tenders for the Contract by public notice without reference to the EOI Process;

9.4. not proceed with the Contract; or

9.5. elect to employ any other means which it considers appropriate of proceeding with the work under the Contract.

Respondents will be notified of the names of short-listed prospective tenderers under the RFT.

All costs associated with the EOI Process will be borne by a Respondent.

Information supplied to Council as part of the EOI Process may be incorporated into the RFT documents.

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By lodging an EOI, a Respondent acknowledges and accepts:

9.6. the terms set out in this Brief;

9.7. that Council may reproduce the whole or any portion of its EOI for evaluation purposes; and

9.8. that Council is under no legal obligation of any kind to any Respondent.

Respondents should note that Respondents are prohibited from lobbying individual councillors of Council in relation to the EOI Process and the EOI of any Respondent which breaches this prohibition will be disqualified from further consideration.

10. ENQUIRIES

Enquiries regarding the EOI can be directed to Doug Smith, Manager Engineering Projects on (03) 5832 9768 or doug.smith@shepparton.vic.gov.au.

Any clarification to this Brief issued to any potential Respondent may also be issued to all other potential Respondents.

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SCHEDULE DETAILS

SCHEDULE 1 – COMPANY DETAILS

Respondent's Name

Address

ABN

Contact person

Position of contact person in the Respondent's organisation

Contact details

Pre-qualifications with relevant bodies (e.g. Vic Roads)

SCHEDULE 2 – PROPOSED METHODOLOGY

Identify proposed methodology, including major milestones and outputs.

SCHEDULE 3 – KEY STAFF

Identify staff to be involved and their relevant experience.

SCHEDULE 4 – EXAMPLES OF SIMILAR WORK

List similar assignments, including the nature of the Respondent's involvement, approximate project value, date completed and contact details of referees.

SCHEDULE 5 – PROPOSED CHANGES TO SCOPE

Identify any changes to the project scope to improve the specified outcomes.

SCHEDULE 6 – OTHER INFORMATION

Include any other information that you may consider relevant to this task.

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