Mornington Peninsula

Activity Centres Strategy

Prepared for
Mornington Peninsula Shire Council

by
Essential Economics Pty Ltd

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EXECUTIVE SUMMARY

Context for Activity Centres

1 Activity centres are an important aspect of land use planning and development due to their significant influence on a wide range of economic, social and environmental outcomes for the communities they serve.

2 In Mornington Peninsula Shire, the role and performance of activity centres is shaped by the unique settlement patterns of the municipality, the metropolitan fringe location of the Shire, and the high levels of holiday home ownership and tourist visitation.

3 Recent planning reforms have been implemented by the State Government and include changes to the planning zones applied in activity centres, and greater flexibility in the range of retail and commercial land uses allowed in non-activity centre locations, including industrial zones.

Economic Analysis

4 The Mornington Peninsula had an estimated total population of 155,860 persons in 2015, with approximately 39% of persons located in the West Region, 34% in the South Region and 27% in the East Region. These three regions are generally served by the three Major Activity Centres: Mornington, Rosebud, and Hastings, respectively. Moderate population growth is forecast to occur in the Mornington Peninsula over the period to 2036, reaching 178,140 persons by 2036, an increase of 22,260 or 14 percent over 21 years, with expected growth concentrated primarily in the West and South Regions.

5 Total retail sales generated in the Mornington Peninsula are estimated at approximately $1,830 million in 2015, including $1,582 million in sales to Mornington Peninsula residents. Non-permanent residents and visitors to Mornington Peninsula generate approximately 14% of total retail sales in the Shire. Escape spending from the Mornington Peninsula is estimated at 25% of spending by residents.

6 At present, the Mornington Peninsula Shire accommodates a total of approximately 335,500m² of Shopfront floorspace, including 295,800m² of occupied retail floorspace. Policy should be seeking to deliver appropriate development in activity centres which can accommodate an additional 105,000m²-plus of new shopfront and commercial floorspace by 2036, having regard for growth in population, tourism and real spending per person.
Vision Statement

A Vision Statement has been prepared for the Activity Centres Strategy as follows:

The Mornington Peninsula’s existing activity centres will continue to be the focus for new retail development and key locations for business, community activity and social interaction in the Shire.

Council will work with stakeholders and the community to maintain and enhance the existing hierarchy of activity centres to meet the needs of both the local community and visitors to the Peninsula.

The activity centres will be highly accessible, support positive environmental, social and economic outcomes, and provide safe, attractive and diverse places for local residents and visitors to enjoy. Future development will be appropriate to the character, role and function of each centre.

Activity Centres in the Mornington Peninsula

A review of the activity centre hierarchy has been prepared for the Mornington Peninsula and is summarised in the following Table. This hierarchy reflects the role of the Peninsula’s Major Activity Centres in servicing wide geographic areas, and the role of smaller centres as important commercial and community destinations for their local areas.

<table>
<thead>
<tr>
<th>Centre Type</th>
<th>Number of Centres</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Activity Centre</td>
<td>3</td>
<td>Mornington, Rosebud, Hastings</td>
</tr>
<tr>
<td>Large Township</td>
<td>5</td>
<td>Somerville, Rye, Mt Eliza, Bentons Square, Dromana</td>
</tr>
<tr>
<td>Small Township</td>
<td>6</td>
<td>Sorrento, Balmarring, Mt Martha, Martha Cove, Baxter, McCrae</td>
</tr>
<tr>
<td>Local Centre</td>
<td>8</td>
<td>Capel Sound, Blairgowrie, Portsea, Tyabb, Bittern, Crib Point, Red Hill South, Flinders</td>
</tr>
<tr>
<td>Convenience Centre</td>
<td>14</td>
<td>Humphries Road, Mountain View Road, Beleura Hill Road, Robertson Drive, Wilsons Road, Dava Drive, Walara Drive, Boundary Road, McCrae, Waterfall Gully Road, Illaroo Street, Tootgarook, Dundas Street, Disney Street</td>
</tr>
</tbody>
</table>

Source: Essential Economics
Objectives and Actions for Activity Centres

9 A set of Objectives and Actions have been identified to guide the overall application of activity centres policy in the Mornington Peninsula. These are summarised as follows:

- Continue to support the activity centres hierarchy
- Ensure the hierarchy services residents, tourists and other visitors
- Consolidate a diverse range of activities in centres
- Confirm the primacy of Mornington Peninsula’s Major Activity Centres
- Support the growth of existing centres to meet increasing demand
- Closely monitor out-of-centre development.

10 Directions have also been developed for individual activity centres, reflecting the overall directions outlined for the Strategy.
**INTRODUCTION**

**Background**

Mornington Peninsula Shire Council commissioned Essential Economics Pty Ltd to undertake the *Mornington Peninsula Activity Centres Strategy Review*.

The Strategy Review includes an updated assessment of retail and commercial floorspace demand and supply, and provides strategic directions and a policy framework for the activity centres on the Peninsula.

The existing Strategy, prepared by Ratio Consultants Pty Ltd in 2005, and reflected in the Local Policy (Clause 22.4) of the Mornington Peninsula Planning Scheme, requires an update to reflect changes to the policy context, planning scheme provisions and development patterns and practices; and to ensure that Council’s activity centre policies are consistent with community aspirations. The Activity Centres Strategy Review will form an important component of Council’s planning policy framework.

This report is presented in two parts:

- **Part A** provides the background to the strategy, including economic analyses, the identification of issues, and the outlook for activity centres; and
- **Part B** sets out the Strategy, including the vision for activity centres, the framework within which they operate, an implementation plan, and monitoring and review tasks.

**Objectives**

The key objectives for the Mornington Peninsula Activity Centres Strategy Review are to:

- Identify the relationship between economic activity, population levels, demographics, and social sustainability of activity centres
- Consider the viewpoints and concerns of Council, key stakeholders, and local traders associated with planning and development of activity centres
- Review the current hierarchy for Mornington Peninsula Shire activity centres in relation to their role, function, size, design, composition, and relationship to one another
- Identify future retail/commercial floorspace requirements in activity centres
- Provide the strategic basis for consideration of local planning scheme amendments
• Provide a summary of issues for further consideration regarding activity centre development on the Mornington Peninsula over the next 20 or so years.

**Terms and Definitions**

**Retail Activities**

Retail activity is defined according to the Australian Bureau of Statistics (ABS) classification adopted for the 1991/92 Retail and Services Census, excluding garden supplies, marine equipment, and motor vehicle and related traders. This definition of retail is consistent with the normal practice for undertaking retail-economic analysis in Australia.

A range of non-retail uses often operate in conjunction with, or adjacent to, many retail traders. These uses include cinemas, offices, travel agencies, lotto and gaming outlets, banks and other financial institutions, and equipment hire, and similar uses.

In addition, a range of other activities are excluded from the definition of retail because they mainly serve the trade, or non-household, sector. These activities include building supplies, garden supplies, timber-yards and the like.

**Retail Categories**

• For the purpose of this Strategy, estimates of retail floorspace and expenditure are divided into the following product categories:

  • **Food**: Comprises household spending and floorspace involved in the selling of take-home food, groceries and liquor, as well as cafes, restaurants and takeaway food stores.

  • **Non-Food**: Comprises spending on non-food retail products such as apparel, homewares, bulky merchandise, leisure goods and other general merchandise.

  • **Services**: Comprises spending on services such as hairdressers, video hire, dry cleaning, photo processing and optical dispensing, all of which typically operate from shopfront locations.

**Homemaker Retail**

Homemaker retail refers to large format retail stores (usually tenancies of 500m² and larger) which typically sell merchandise in bulky goods and homewares product categories, including:

• Furniture and floorcoverings,

• Large appliances,

• Hardware,
- Camping equipment,
- Household electrical products, and
- Manchester.

Homemaker retailing is generally considered as “Restricted Retail Premises” under the Victoria Planning Provisions (VPPs). Homemaker retailing often operates in association with traders in non-retail product categories such as automotive and trade supplies, especially where large sites with main road frontage are required.

**GST**

All spending and turnover figures expressed in this report are inclusive of GST.

**Shopfront**

This term refers to tenancies with a prominent ground floor shopfront facing onto the street which provides for the display or promotion of goods and services, and which allows for easy access by the general public. Shopfronts can be occupied by retail uses, or specific office and commercial uses which are appropriate for a shopfront type tenancy.

**Other Commercial**

This term refers to non-retail commercial floorspace excluding shopfront tenancies. Examples include office buildings, hotels, accommodation and shop-top office tenancies which do not have formal shopfront and which are not a suitable location for a retail business.

The relationship between tenancy types that are included in this report’s analysis is shown in Figure 1.1 below.
Figure 1.1: Relationship Between Tenancy Types
PART A: BACKGROUND REPORT
1 CONTEXT FOR ACTIVITY CENTRES

In preparing the Mornington Peninsula Activity Centres Strategy Review, it is important that the context for activity centre planning and development is clearly understood. This Chapter provides an overview of activity centres, their role in meeting community needs, and the trends and challenges for activity centres in Mornington Peninsula Shire Council.

1.1 What are Activity Centres

People have always congregated at convenient meeting points to undertake business and to meet with friends and family. Historically, ‘centres’ developed around produce markets and over time these locations evolved into town centres and into what the planning system now refers to as ‘activity centres’, that often combine a range of commercial, community and residential uses.

As focal points for the surrounding community, it is important that activity centres serve their communities in an effective way. This means ensuring that centres:

- Are functional, in terms of safety, ease of movement for pedestrians, provision for vehicle access, parking and loading;
- Provide for an appropriate mix of activities (retail, commercial, community) relative to the scale and role of particular centres;
- Are situated in convenient/accessible locations;
- Are well designed and attractive as a focus of community interaction; and
- Provide opportunities for further development, improved levels of service and increased economic activity and employment and where appropriate.

Increasingly, activity centres are also regarded as appropriate places for higher-density residential development, thus expanding the residential role of centres well beyond the traditional shop- top housing role.

1.2 Why Have an Activity Centres Strategy?

An Activity Centres Strategy is a tool to guide and support the ongoing performance of centres. An Activity Centres Strategy can:

- Highlight locations where private sector investment and new business activity is encouraged,
- Identify where new and expanded public infrastructure is required,
• Implement a policy framework that supports economic development and efficient use of land, and

• Identify opportunities to expand the level and quality of service to the surrounding community.

An Activity Centres Strategy also provides policy guidance to ensure that the current and future needs of the community are met by informing the provision of commercially-zoned land and the appropriate development of commercial and retail floorspace across Mornington Peninsula’s Activity Centres.

Activity centres on the Mornington Peninsula must evolve in order to continue to meet the needs of the community and visitors from the wider region, thus ensuring that the significant economic benefits to local businesses and the community are maintained and further enhanced.

1.3 Activity Centres in the Mornington Peninsula Economy

Activity centres on the Mornington Peninsula are a major source of investment, employment and economic activity. In addition, activity centres facilitate the provision of goods and services to the community and are a focus for interaction between individuals, businesses and the wider community.

For many people, activity centres such as Main Street, Mornington or High Street, Hastings represent the ‘face of their community’. As a result, the success or otherwise of activity centres is important in influencing perceptions of a community to the outside world. This has implications for areas seeking to promote liveability and attract investment, tourism and new residents.

For this reason, activity centres are a particularly important part of the economy, both in terms of their direct contribution to employment and activity, and through indirect influences on a wide range of economic and social outcomes.

Role of Activity Centres

Social
- Serve surrounding community
- Accommodate community services (medical, education etc)
- Community contact and interaction
- The ‘face’ of a community
- Location of cultural activities
- Community identity

Economic
- Focus for jobs and investment
- Business incubator
- Generate tourist visitation and spending
- Accommodate public infrastructure
- Efficient location for investment
- Where ‘business is done’

Environmental
- Multi-purpose trips
- Can reduce carbon emissions
- Integrate with non-motorised transport
- Encourage healthy lifestyles
- Can accommodate higher density residential development
- Contribute to liveability
Employment

Activity centres are an important location for employment. In general terms, most sectors of the economy can have a presence in activity centres. The three sectors that tend to be almost exclusively located in activity centres are:

- Retail Trade
- Visitor accommodation and Food Services
- Financial and Insurance Services.

As shown in Table 1.1, these three sectors account for a total of approximately 27% or one-in- four jobs located in Mornington Peninsula Shire and the retail trade is the single largest employment sector. Many other sectors are also represented in activity centres, highlighting the importance of the health of activity centres in supporting the local economy and local employment.

Table 1.1: Mornington Peninsula Shire, Jobs Profile, 2015

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<tr>
<th>Industry</th>
<th>No. Jobs</th>
<th>Share</th>
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<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>894</td>
<td>2%</td>
</tr>
<tr>
<td>Mining</td>
<td>138</td>
<td>0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3,792</td>
<td>9%</td>
</tr>
<tr>
<td>Electricity, gas, water and waste services</td>
<td>295</td>
<td>1%</td>
</tr>
<tr>
<td>Construction</td>
<td>4,069</td>
<td>10%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>1,110</td>
<td>3%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>6,691</td>
<td>16%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>3,946</td>
<td>9%</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>968</td>
<td>2%</td>
</tr>
<tr>
<td>Information media and telecommunications</td>
<td>315</td>
<td>1%</td>
</tr>
<tr>
<td>Financial and insurance services</td>
<td>669</td>
<td>2%</td>
</tr>
<tr>
<td>Rental, hiring and real estate services</td>
<td>872</td>
<td>2%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>2,191</td>
<td>5%</td>
</tr>
<tr>
<td>Administrative and support services</td>
<td>1,228</td>
<td>3%</td>
</tr>
<tr>
<td>Public administration and safety</td>
<td>2,790</td>
<td>7%</td>
</tr>
<tr>
<td>Education and training</td>
<td>3,929</td>
<td>9%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>5,539</td>
<td>13%</td>
</tr>
<tr>
<td>Arts and recreation services</td>
<td>965</td>
<td>2%</td>
</tr>
<tr>
<td>Other services</td>
<td>1,778</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>42,179</td>
<td>100%</td>
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Source: Mornington Peninsula Economic Profile – REMPLAN
1.4 Activity Centres in the Regional Context

Policies for the Mornington Peninsula need to reflect the unique characteristics of the region in order to ensure that activity centres can respond to and meet community requirements. The following factors have been identified as particularly important considerations for the Activity Centres Strategy Review:

1. **Settlement Patterns**: although classified under State planning policy (Plan Melbourne) as part of the Melbourne metropolitan region, the Mornington Peninsula Shire has a unique pattern of development and land use which requires a specific response from activity centre policy. The Shire includes over 20 separate townships, each of which has its own specific needs in terms of retail and commercial land uses, while the needs of rural and semi-rural areas also need to be considered. The dispersed nature of settlement on the Mornington Peninsula means that it is appropriate and necessary for policy to provide localised guidance which ensures that residents and visitors across the municipality are well-served by the hierarchy of Centres.

2. **Regional Spending Patterns**: as a ‘fringe’ or ‘interface’ municipality, many residents of the Mornington Peninsula regularly work and visit other parts of metropolitan Melbourne. This includes visits to activity centres such as Frankston, Cranbourne and Southland, as well as the Melbourne CBD. Understanding and responding to these visitations and spending patterns is an important objective for activity centre policy.

3. **Tourism and Temporary Residents**: the Mornington Peninsula is very popular as a location for general recreation by residents from across metropolitan Melbourne and beyond. In 2013-14, tourism on the Mornington Peninsula accounted for $979 million (10.2%) of the municipality’s gross regional product. During the same period, the tourism industry employed approximately 9,800 people (9.4% of regional employment). The needs of tourists and other temporary visitors (including holiday-home owners) are an important consideration for activity centres policy, and provide a context for the planning of centres which is not present in most metropolitan municipalities.

These factors in combination mean that activity centre planning for the Mornington Peninsula needs to reflect a relatively sophisticated understanding of the very different geographic and demographic segments using retail and commercial facilities in the Shire. This is further complicated by the seasonal variations in non-resident spending throughout the year.

An overview of the regional context for Mornington Peninsula Shire is shown in Figure 1.1.
Figure 1.1: Mornington Peninsula Context Map

Source: Essential Economics using Melways and Mapinfo
1.5 Key Trends for Activity Centres

A number of key trends need to be considered in assessing the future prospects for activity centres on the Mornington Peninsula.

Continuing Importance of Retailing

The retail sector continues to be the land use that generates the greatest amount of activity and visitation in most activity centres in Australia. Retail typically accounts for over 50% of businesses and over 75% of shopfront floorspace in these centres.

Retail is a key determinant of how people use a centre, and where people come from to visit that centre. Activity centres with a broad and successful range of retail traders will generate more visitation from a wider geographic area than an activity centre with a ‘weak’ non-retail focus.

Changing Consumer Behaviour and Demographics

The public continually re-define their demands for goods and services in terms of the types of goods and services in demand, the total level of expenditure on retail items, and expectations of the ways in which they can access them.

The types of retail goods and services purchased by shoppers are constantly evolving. For example, a general shift has occurred which places increased focus on entertainment and leisure merchandise and services, rather than traditional household items. Consumers are also being attracted to places where retail purchases can be made in a time-efficient manner, from the drive-thru’ coffee service to online shopping from ‘click and collect’ retailers.

New Forms of Retail and Commercial Activity

New forms of retailing have become evident in Australia over the past decade, and these activities are of relevance in planning for retail development on the Mornington Peninsula. Examples include the success of ALDI in the Australian market and the increased popularity of large-format retailing in sectors such as hardware (Bunnings), liquor (Dan Murphy’s and 1st Choice Liquor), and bulky goods (Harvey Norman etc).

A trend in the large-format retailing sector is the clustering of retailers into ‘homemaker centres’. Large-format retailers, and thus homemaker centres, predominantly locate outside of traditional activity centres due to their need for large land parcels. When appropriately located, homemaker centres can complement the successful operation of the activity centre hierarchy, strengthening the overall attraction of an area and avoiding the problem of fitting new (and potentially disruptive) forms of development with high floor area and parking demands, into established and traditional street-based commercial areas. However, there is a risk that major out-of-centre locations may extend their range of functions to include the
smaller-scale specialty retailing, which is a distinctive feature of traditional town centres, potentially undermining the attraction and performance of these centres.

In addition, evolution in work practices and economic shifts are changing the nature of commercial activities, such as the increased popularity of home-based businesses, rationalisation of regional Government offices, and the shift in the commercial accommodation sector towards ‘serviced apartments’.

For this reason, activity centre policy needs to reflect an understanding of those changes that are already occurring, and be flexible enough to respond to other changes (and challenges) that emerge in the future.

**Local Convenience Centres**

Small local centres which traditionally provided a limited range of day-to-day convenience retailing to a local catchment have come under increased competition, and have generally been in decline over at least the past two decades. Consumer preference for convenient multi-purpose trips and greater reliance on the motor vehicle has also increased the popularity of modern convenience stores attached to petrol stations.

Furthermore, the level of convenience experienced at supermarkets has also increased, with the advent of extended trading hours, express lanes, self-service check-out and convenient parking. Supermarkets are the dominant retail format for attracting a share of spending on convenience groceries, with industry data (ABS Retail Industry Survey) showing that up to 75% of all spending on food, liquor and groceries is captured by supermarkets.

The future of local convenience centres will have significant implications for other planning objectives, including reduced car dependency, increasing walkability and achieving ‘20-minute Neighbourhoods’, where people are able to access their day-to-day needs within a 20-minute non-car based trip of their home.

**Online Retailing**

The nature of retailing has changed substantially in some sectors due to the growth of online retailing that does not require a ‘bricks and mortar’ presence. The embrace of internet and e-commerce is seen as a significant challenge to existing retail operations, and has potential to significantly affect the retail landscape.

A range of estimates have been prepared by various analysts in recent times and the best estimate is that at present approximately 6% of total retail sales are undertaken online in Australia. A higher share of sales is estimated for the following categories:

- Computers and electrical goods
- Published media, including books, magazines, music, video and ringtones
• Jewellery and fashion accessories
• Software and apps
• Cosmetics, fragrances and personal care products
• Clothing, sporting equipment and toys.

The overall implication is that online retailing will continue to account for a sizeable proportion of total consumer spending on retail goods and services.

**Mix of Uses**

Activity centres are the location for a wide range of activities in addition to retail. Examples include:

• **Commercial services** – such as travel, insurance and real estate agents
• **Professional services** – such as legal and accounting practices
• **Health care** – such as doctors, dentists, podiatrists and physiotherapists
• **Community services** – including Centrelink, employment agencies and social support services
• **Hospitality** – in the form of bars, cafes and restaurants
• **Entertainment facilities** – cinemas, gaming, etc.

**Housing**

Activity centres are becoming increasingly popular as locations for higher-density residential development in both metropolitan and regional areas. This trend is supported by the ongoing changes in lifestyle (it is now more popular for people in some age groups to live in an apartment in an activity centre) and a decline in household size (which supports apartment living, especially for those without children).

These factors are relevant to the Mornington Peninsula and need to be considered in the context of future planning for activity centres. Recent growth in demand for higher density living in the Mornington activity centre highlights the importance of understanding shifts in housing demand in activity centre policy and the connections with other areas of Council policy, such as the draft Mornington Peninsula Housing and Settlement Strategy 2017.

**1.6 Mornington Peninsula Activity Centres Strategy 2005**

The Mornington Peninsula Activity Centres Strategy was prepared in 2005 by Ratio Consultants and provides a comprehensive analysis of, and policy framework for, the
development of activity centres in Mornington Peninsula Shire. The Strategy was
developed in a manner that implements the policy objectives contained in the then
metropolitan strategy Melbourne 2030, and has subsequently been an important
reference document for Council in considering matters relating to activity centre
planning and development.

Importantly, the Mornington Peninsula Activity Centres Strategy 2005 is carefully
taxed to reflect the unique settlement patterns, regional spending patterns and high
levels of temporary residents and tourism visitation that characterise the Shire, and
which are also identified in Section 1.4 of this report.

In broad terms, the Mornington Peninsula Activity Centres Strategy 2005 provides the
following:

- Strong guidance on the operation of an appropriate activity centres hierarchy on
  the
- Mornington Peninsula
- Forecasts of growth in retail and commercial floorspace on the Mornington
  Peninsula which need to be accommodated by relevant planning policies
- Detailed profiles of the role and function of individual activity centres
- An overarching policy framework and set of strategic directions for activity
  centre policy in Mornington Peninsula Shire.

Council considers that the Mornington Peninsula Activity Centres Strategy 2005
remains valid as an overarching strategic document. However, a review is required to
ensure that the strategy remains effective and relevant in the context of current State
and Local policy objectives, and reflects recent changes in land use and development
patterns and pressures.

1.7 State Policy Context

The objectives of the Planning System in Victoria are set out in Section 4(1) of the
Planning & Environment Act 1987. The overarching planning objectives contained in
the Act are broadly enshrined in the Victoria Planning Provisions (VPPs), the State
Planning Policy Framework (SPPF), Local Planning Policy Framework (LPPF) including
the Municipal Strategic Statement (MSS), local polices, and applicable zones and
overlays.

In the context of activity centre planning, a need exists to manage a wide mix of
activities, including:

- Retail — including everything from major shopping centres to small corner shops
- Commercial — office, showroom, general business activities etc.
• **Residential** – including high-density residential within centres and lower densities on the fringe

• **Community and administrative uses** – such as parks, community centres, cultural facilities, libraries etc.

Activity centres policy requires a balance which ensures that possible conflicts between these uses are minimised, and that the positive synergies which planning policy seeks to achieve are maximised. The solution in achieving this balance will often vary significantly between centres, based on factors that include the size, scale and locational attributes of individual activity centres.

**Plan Melbourne**

*Plan Melbourne* sets out the State’s vision for the metropolitan area to 2050. The Victorian Government has recently ‘refreshed’ Plan Melbourne to ensure that it reflects community priorities and expert advice.

Plan Melbourne includes a hierarchy of commercial classification, as follows:

• **Metropolitan Activity Centres** – the highest classification for centres other than the Melbourne CBD. These centres are major locations of commercial and community activity with metropolitan significance. Eleven ‘Metropolitan Activity Centres’ are nominated in Plan Melbourne as centres of particular strategic importance. Of high relevance to Mornington Peninsula is the Frankston metropolitan activity centre

• **Activity Centres** are centres identified in Plan Melbourne that are significant to the region which they serve, but have a lower-order role relative to metropolitan activity centres. Three ‘Activity Centres’ are identified in Mornington Peninsula Shire, namely Mornington, Rosebud and Hastings

• **Neighbourhood Centres** are other centres not identified specifically in Plan Melbourne but which are of significance to their local communities

Other activity centres not identified in Plan Melbourne (known in the metropolitan strategy as ‘Neighbourhood Centres’) provide neighbourhood access to local goods, services and employment opportunities, and will be designated, planned and coordinated by local governments. Plan Melbourne contains strategic directions relating to Activity Centres and Neighbourhood Centres, as follows:

**Activity Centres – Strategic Direction:**

 Enable 20-minute neighbourhoods by providing access to a wide range of goods and services in centres that are planned and coordinated by local governments. The centres will provide employment and vibrant local economies. Some will serve larger subregional catchments. Through the removal of retail
floorspace and office caps, activity centres may grow unrestricted. (p32)

**Neighbourhood Centres – Strategic Direction:**

To provide neighbourhood access to local goods, services and employment opportunities. Planning in these locations will help to deliver 20-minute neighbourhoods across Melbourne. (p32)

**20-minute Neighbourhoods**

One of the key underpinning strategic directions introduced as part of Plan Melbourne is the concept and principle of the ‘20-minute neighbourhood’. A diagram explaining the concept of the 20-minute neighbourhood is shown in Plan Melbourne and is reproduced in Figure 1.1.

**Figure 1.1: The 20-Minute Neighbourhood**

![Diagram of a 20-minute Neighbourhood](Image)

Source: Department of Transport, Planning and Local Infrastructure: *Plan Melbourne* (2013, p115)

Plan Melbourne defines the 20-minute neighbourhood concept as follows:

20-minute neighbourhoods are places where you have access to local shops, schools, parks, jobs and a range of community
services within a 20-minute trip from your front door. Creating a city of 20-minute neighbourhoods relies on creating the market size and concentration that can support a broad range of local services and facilities. (p11)

Overall, the concept of the 20-minute neighbourhood is about maximising the local provision of a wide range of land uses utilised regularly by the community, including those typically located in activity centres.

**Other Directions from Plan Melbourne**

Plan Melbourne identifies the three key ingredients which contribute to a vibrant centre as:

- Sufficient population to attract businesses and services,
- A good walking environment, and
- A centre to which people are attracted.

Plan Melbourne also includes changes to the Commercial and Industrial Zones that increase the potential for ‘out-of-centre’ development; in this regard, the implications for activity centres will need to be considered carefully in the Strategy.

**Mornington Peninsula Planning Statement**

The Mornington Peninsula Planning Statement provides specific State planning policy direction to the Shire, and is intended to:

“...protect and enhance the valued attributes of the distinctive area of the Mornington Peninsula” (Clause 11.14-1)

In relation to activity centres, the Mornington Peninsula Planning Statement identifies a number of strategies intended to protect the role and character of the region’s “settlements, towns and villages”. These strategies broadly include:

- Applying an activity centre hierarchy policy distinct from the balance of metropolitan Melbourne and which avoids out-of-centre development
- Providing housing growth in and adjacent to activity centres in a manner which has due regard for local character, or reflects a vision for preferred future character which is supported by the community
- An emphasis on protecting the existing valued character, role and function of a town or settlement in the consideration of development proposals
• No linear development between towns on the coast, or expansion into urban breaks between townships.

In relation to tourism-based development in rural (Green Wedge) areas, the Planning Statement indicates that development may be supported where it is consistent with the region’s recreational role, and where heritage and environmental protection is maintained.

**State Planning Policy Framework (SPPF)**

Planning policies relevant to the Activity Centres Strategy are described in Clause 17 (Economic Development) of the SPPF as:

“...meet(ing) the communities’ needs for retail, entertainment, office and other commercial services and provide net community benefit in relation to accessibility, efficient infrastructure use and the aggregation and sustainability of commercial facilities” (SPPF 17.01-1).

According to SPPF Clause 17, planning policies should also:

• Plan to build up activity centres as a focus for high-quality development
• Discourage single use retail or commercial facilities outside of activity centres, giving preference instead to locations in or on the border of an activity centre
• Ensure the supply of land is sufficient to meet the future residential, commercial, retail, industrial, recreational, institutional, and community needs of residents and visitors.

**1.8 Local Policy Context**

**Mornington Peninsula Planning Scheme**

The Municipal Strategic Statement (MSS) for Mornington Peninsula Shire specifically identifies the importance of commercial activity centres in contributing to the quality of life of residents and visitors. In particular:

• Economically - by providing commercial land to accommodate sustainable levels of commercial floor space, seeking to address gaps in the range of retail services, and coordinating public and private investment in the town centres.
• Functionally - through traffic management and parking provision and the integration of pedestrian ways and linkages, including the promotion of continuous retail streetscapes.
• Environmentally - through development design that recognises the importance of these areas to the community and that supports a distinct township identity;
and through the provision of appropriate infrastructure to service town centres. (Mornington Peninsula Planning Scheme, Clause 21.03-1)

Clause 21.07-3 of the Mornington Peninsula Planning Scheme provides additional policy guidance in relation to activity centres, including defining the hierarchy of activity centres (described in this report at Chapter 2). Policy direction in relation to commercial development (including retail) is also provided that:

- Encourages commercial development in activity centres
- Focuses new growth and development in the higher-order activity centres
- Discourages out-of-centre development, and supports restricted retail and trade supplies on the edge of the Mornington, Hastings and Rosebud activity centres
- Provides guidance on design and development considerations.

In combination, these policies broadly support the operation of the activity centres hierarchy and facilitate high-quality activity centre design.

**Planning Zones**

In July 2014, a number of reforms were introduced into the Victoria Planning Provisions, the state-wide planning scheme provisions. These changes have important implications for activity centres policy.

The original five Business Zones (B1Z, B2Z, B3Z, B4Z & B5Z) were consolidated into the new Commercial 1 and Commercial 2 Zones (C1Z and C2Z). In addition, modifications were made to the existing Mixed Use Zone and Industrial Zones to increase the range of allowable commercial activity, either ‘as of right’ or via Planning Permit.

The general purpose of the commercial zone reform is to increase the ‘flexibility’ in regard to where commercial development can locate. This is achieved through making more commercial uses (such as retail and office) ‘as of right’ in the planning scheme, and removing existing floorspace caps. Furthermore, the potential for small supermarket-based developments to be developed in a wider range of planning zones has been implemented.

Additional flexibility is also applied to allow large offices to locate outside activity centres and in industrial/business precincts.

A summary of the key aspects of the recent reforms to the commercial zones is as follows:

- The **Commercial 1 Zone** (C1Z) replaced the former Business 1, 2 and 5 Zones. Similar to the previous B1Z, the C1Z is the primary commercial/ business-focused zone and is most closely associated with activity centres. In the C1Z, shops and dwellings do not require a permit and are deemed ‘as of right’ uses.
• The Commercial 2 Zone (C2Z) replaced the Business 3 and 4 Zones. ‘As of right’ uses in the C2Z include:
  - bulky goods (restricted retail)
  - offices
  - some light industry
  - small supermarkets up to 1,800m² in size, with up to 500m² of specialty shops (provided the site adjoins or is within 30m of a road in a road zone and within the Urban Growth Boundary).

The Commercial 2 Zone also allows shops and supermarkets greater than 1,800m² to be established subject to approval of a planning permit.

• All previous floorspace caps for retail and office use have been removed and are not applicable in the C1Z and C2Z (within the Urban Growth Boundary).

• The Mixed Use Zone (MUZ) has been amended to allow small shop uses ‘as of right’ (up to 150m²), in addition to removing existing floorspace caps for larger shops and offices.

• The Industrial 3 Zone (IN3Z) has been amended to allow small supermarkets up 1,800m² with 500m² of specialty shops ‘as of right’ (provided the site adjoins or is within 30m of a road in a road zone and within the Urban Growth Boundary).

• The previous 500m² floorspace cap on office development in all Industrial Zones has been removed.

In the C2Z and IN3Z, the ‘use’ of a supermarket (no more than 1,800m²) with specialty shops (no more than 500m²) does not require planning approval. This means the primary matter of the use of the land for a supermarket with specialty shops cannot be brought into question in any consideration of a development application. However, the construction of any buildings and works is still subject to the planning permit process, and would also be potentially triggered for any applicable parking dispensation.

It is also possible to make planning applications for a supermarket and/or specialty shops in both the C2Z and IN3Z with a larger floor area than the standard set for ‘as of right’ use.

It is possible that applications for retail or commercial development in the C2Z or IN3Z could impact on the activity centres hierarchy. For this reason, careful consideration is required of possible retail and commercial development in the C2Z and IN3Z, and the implications of such use and development for the existing activity centres.
Local Policies

In preparing the Activity Centres Strategy Review, it is also necessary to have reference to other relevant local policies which either directly or indirectly influence planning and development outcomes in activity centres. Relevant examples include the Activity Centre Structure Plans, Economic Development Strategy (2016), Arts and Culture Strategy etc.

Industrial Strategy

During the preparation of the Mornington Peninsula Activity Centres Strategy Review, the Mornington Peninsula Industrial Areas Strategy has also been developed.

In the context of recent planning reforms, the linkages between activity centre and industrial land policy have been strengthened. For example, the Mornington Peninsula’s industrial areas contain numerous commercial and retail uses.

Subsequently, a consistent and integrated approach is required in relation to planning policies for activity centre and industrial land development.

1.9 Implications for Strategy

Key Implications for the Mornington Peninsula Activity Centres Strategy include the following:

- Activity centres are a key aspect of land use planning and development due to the significant influence centres have on a wide range of economic, social and environmental outcomes.

- In Mornington Peninsula Shire, activity centre policy needs to specifically respond to the unique settlement pattern of the Peninsula, the metropolitan fringe location of the Shire, and the high levels of holiday home ownership and tourist visitation.

- Activity centre policy in the Shire will need ongoing review to respond effectively to the dynamic nature of the economy and the continuing shifts in consumer tastes, business practices and property market trends.

- Recent planning reforms developed by the State Government, including changes to the planning zones applied in activity centres, and greater flexibility in the range of retail and commercial land uses allowed in non-activity centre locations, present new opportunities and challenges.
2 Activity Centres in the Mornington Peninsula

This Chapter provides an overview of the activity centres hierarchy currently serving the Mornington Peninsula Shire.

2.1 Application of Activity Centres Hierarchy

In planning policy, it is often useful to categorise centres according to their place in an activity centre hierarchy.

Historically, a hierarchy of larger and smaller centres often develops ‘organically’, with the larger centres at the top of the hierarchy and the smaller, local centres at the base. Typically, locations which are most accessible or have some other strategic advantage are able to draw support from a larger population catchment (compared with smaller centres) and this larger catchment, in turn, supports greater investment in the centre. Consequently, the centre becomes even more attractive, in a continuing cycle of growth, until some other limiting factor (often congestion) arises.

In general, the higher a centre is in the hierarchy the greater the range of goods and services available, the more opportunity for comparison shopping, the more community facilities and services are likely to be located in the centre, and so forth. Larger centres often have a greater capacity to accommodate additional growth, in part because they already have a higher level of public and private infrastructure. In this regard, the larger centres also represent a higher level of ‘embedded’ public and private investment.

While larger centres provide a greater range of shops and services, small centres are also significant, both in terms of being more accessible to the surrounding neighbourhood, providing for day-to-day needs, and as the focus for a local community.

In planning, an activity centre hierarchy is a policy tool which recognises that centres have differing capacities and roles in the provision of retailing and other forms of commercial activity and, in turn, require different levels of public investment to facilitate safe, functional and attractive centres. By identifying and supporting a hierarchy of centres and the expected scale and role of different centres, planning aims to provide greater certainty for public and private investment and to ensure a high overall level of service to the community, delivered through the network of large and small centres.

While the benefit to the community of increased competition must be considered, and this is a key argument for ‘out-of-centre’ development proposals, this must be weighed against the benefits of maintaining viable, attractive and diverse town centres.
At present, the hierarchy that applies to Mornington Peninsula Shire is defined by Clause 21.07-3 of the planning scheme. This hierarchy is described below.

**Major Activity Centres**

These are the higher-order activity centres serving the Mornington Peninsula, and which provide a wide-range of retail, commercial and community services to a broad geographic region, as well as visitors and non-permanent residents. These centres are a particular focus for public and private investment, and are vital in supporting economic activity and meeting the diverse needs of the community. Typically, these centres provide a selection of major national brand retailers, including supermarkets and discount department stores.

In combination, the Major Activity Centres ensure that all residents of the Mornington Peninsula do not need to travel outside the region in order to meet their normal retail, commercial and other day-to-day needs.

**Major Activity Centres:** Mornington, Rosebud and Hastings

**Large Township Activity Centres**

These are centres which are the focus for serving larger settlements on the Mornington Peninsula (10,000-plus people) and are intended to complement the role and function of the Major activity centres. Large township centres typically comprise around 10,000m² to 25,000m² of floorspace and include significant retail facilities, office-based commercial activity and some community infrastructure.

These centres will contain some higher-order infrastructure and services, although in general terms Large Township Centres have a focus on meeting the day-to-day needs of the local population.

**Large Township Centres:** Mt Eliza, Bentons Square, Dromana, Rye and Somerville

**Small Township Activity Centres**

This centre classification describes centres serving medium-sized settlements on the Mornington Peninsula (5,000-plus people) and which meet most of the basic retail, commercial and other needs of their surrounding population. Small township centres typically comprise around 3,000m² to 10,000 m² of floorspace and are often an important focus for community interaction and local identity.

**Small Township Centres:** Mt Martha, Martha Cove, Sorrento, Balnarring
Local Activity Centres

These are activity centres serving smaller settlements (less than 5,000 people) on the Mornington Peninsula with a basic range of retail and commercial services. These centres typically comprise around 1,000m$^2$ of floorspace and include a small supermarket or large general store, supported by a limited range of convenience-oriented shops and professional services. In some instances these centres will also integrate with community infrastructure, such as schools and recreational facilities.

<table>
<thead>
<tr>
<th>Local Activity Centres:</th>
</tr>
</thead>
<tbody>
<tr>
<td>McCrae, Capel Sound, Blairgowrie, Portsea, Baxter, Tyabb, Bittern, Crib Point, Red Hill South, Flinders</td>
</tr>
</tbody>
</table>

Convenience Centres

These are small localised nodes of convenience retail and other services meeting only the most basic needs of localised residents, and in some instances passing trade. They typically accommodate less than 1,000m$^2$ of floorspace, with traders focused only on the provision of convenience-oriented goods and services. Convenience centres are important in ensuring residents and visitors to relevant areas of the Mornington Peninsula have convenient access to the basic needs of day-to-day life.

Note: In addition to convenience centres, a large number of stand-alone convenience shops and general stores are located throughout the municipality. These have an important role to play in meeting basic convenience shopping needs, but are not considered an ‘activity centre’ as such in the Mornington Peninsula Planning Scheme (see Clause 21.07-3).

<table>
<thead>
<tr>
<th>Convenience Activity Centres:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humphries Road – Mt Eliza, Mountain View Road – Mt Eliza, Beaurea Hill Road – Mornington, Robertson Drive – Mornington, Wilsons Road – Mornington, Dava Drive – Mornington, Walara Drive – Mt Martha, Boundary Road – Dromana, Beverley Road – McCrae, Old Cape Schanck Road – Rosebud, Illaroo Street – Capel Sound, Carmichael Street – Tootgarook, Dundas Street – Rye, Disney Street – Crib Point</td>
</tr>
</tbody>
</table>

Note on Homemaker/Mixed Business Areas

At present, the activity centre hierarchy applying to the Mornington Peninsula does not make specific reference to homemaker centres/precincts and mixed business areas, such as that located on the eastern side of the Nepean Highway at Mornington. Nonetheless, these areas remain an important policy consideration for the Activity Centres Strategy Review, particularly in the context of the planning reforms.
implemented since the development of the existing Strategy (see Chapter 1 this report).

Figure 2.1 shows the existing activity centre hierarchy in the Shire.

**Figure 2.1: Map of Current Activity Centre Hierarchy**

Source: Essential Economics using Mapinfo and Street Pro

**2.2 Existing Retail and Commercial Floorspace Provision**

Estimates of the current floorspace provision across the Mornington Peninsula Shire have been prepared for the purpose of this Strategy, and are based on information obtained from a land use survey undertaken by Council in 2015 and with minor adjustments made by the consultant, as required.
Retail, Shopfront and Dedicated Commercial Floorspace by Centre Type

At present, the Mornington Peninsula Shire accommodates a total of approximately 296,000m$^2$ of occupied retail floorspace, as summarised in Table 2.1.

When commercial uses occupying Shopfront tenancies are considered, a total of 335,400m$^2$ of Shopfront floorspace has been identified across the Council area.

In addition to Shopfront uses, a further 49,600m$^2$ of Other Commercial floorspace has also been identified in Mornington Peninsula’s activity centres. For this Strategy, Other Commercial floorspace includes non-shopfront commercial uses such as occupied first floor office tenancies and purpose-built office or commercial accommodation (refer Terms and Definitions, Introduction).

Major Activity Centres account for approximately 41% of the total Shopfront floorspace in the activity centres hierarchy and 61% of Other Commercial space. Other Commercial floorspace has a significantly lower provision in the activity centre hierarchy outside of the Major Activity Centres.

Table 2.1: Mornington Peninsula Floorspace Summary, 2015

<table>
<thead>
<tr>
<th>Centre Type</th>
<th>Retail Floorspace</th>
<th>Total Shopfront Floorspace</th>
<th>Other Commercial Floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Floorspace</td>
<td>Share</td>
</tr>
<tr>
<td>Major Activity Centre</td>
<td>118,900m$^2$</td>
<td>40%</td>
<td>138,900m$^2$</td>
</tr>
<tr>
<td>Large Township</td>
<td>63,900m$^2$</td>
<td>22%</td>
<td>75,600m$^2$</td>
</tr>
<tr>
<td>Small Township</td>
<td>18,200m$^2$</td>
<td>6%</td>
<td>20,700m$^2$</td>
</tr>
<tr>
<td>Local</td>
<td>18,900m$^2$</td>
<td>6%</td>
<td>22,800m$^2$</td>
</tr>
<tr>
<td>Convenience</td>
<td>8,400m$^2$</td>
<td>3%</td>
<td>9,700m$^2$</td>
</tr>
<tr>
<td><strong>Total Activity Centres</strong></td>
<td>228,300m$^2$</td>
<td>77%</td>
<td>267,800m$^2$</td>
</tr>
<tr>
<td>Mornington Homemaker Centre</td>
<td>13,900m$^2$</td>
<td>5%</td>
<td>13,900m$^2$</td>
</tr>
<tr>
<td>Other</td>
<td>53,800m$^2$</td>
<td>18%</td>
<td>53,800m$^2$</td>
</tr>
<tr>
<td><strong>Total Mornington Peninsula</strong></td>
<td>296,000m$^2$</td>
<td>100%</td>
<td>335,400m$^2$</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Total Shopfront includes Retail
Total Shopfront + Other Commercial = Total Commercial Floorspace

The Peninsula Homemaker Centre accounts for approximately 13,900m$^2$ or 5% of the total retail floorspace on the Mornington Peninsula.

The floorspace audit has identified that retail located outside the activity centres hierarchy and Peninsula Homemaker Centre, such as in various industrial areas, now accounts for approximately 53,800m$^2$ or 18% of the total retail floorspace located in the municipality.
**Vacancy Rate**

Table 2.2 shows the vacancy rates for centre types on the Mornington Peninsula.

In general, a 4% to 6% vacancy rate is considered acceptable for a healthy strip-type activity centre. In a free-standing mall under single ownership, the vacancy rate is typically closer to zero due to the more intensive management of the retail tenancy mix.

<table>
<thead>
<tr>
<th>Centre Type</th>
<th>Vacant Shopfront</th>
<th>Total Shopfront</th>
<th>Floorspace Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Activity Centres</td>
<td>5,300m²</td>
<td>138,900m²</td>
<td>4%</td>
</tr>
<tr>
<td>Large Township</td>
<td>2,080m²</td>
<td>75,600m²</td>
<td>3%</td>
</tr>
<tr>
<td>Small Township</td>
<td>220m²</td>
<td>20,700m²</td>
<td>1%</td>
</tr>
<tr>
<td>Local</td>
<td>1,690m²</td>
<td>22,800m²</td>
<td>7%</td>
</tr>
<tr>
<td>Convenience</td>
<td>520m²</td>
<td>9,700m²</td>
<td>5%</td>
</tr>
<tr>
<td>Mornington Homemaker Centre</td>
<td>N/A</td>
<td>13,900m²</td>
<td>N/A</td>
</tr>
<tr>
<td>Other</td>
<td>N/A</td>
<td>53,800m²</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total Mornington Peninsula</strong></td>
<td><strong>9,810m²</strong></td>
<td><strong>335,400m²</strong></td>
<td><strong>3%</strong></td>
</tr>
</tbody>
</table>

Source: Essential Economics; Council floorspace audit, September, 2015
Note: Total Shopfront Floorspace includes retail, non-retail and vacant shopfront tenancies. N/A = Not Assessed

Across the Mornington Peninsula, the overall vacancy rate for the activity centre hierarchy is approximately 3%. This is consistent with the functioning of a healthy activity centre hierarchy and potentially indicates the need for additional retail development in the future to meet the demands of an expanding resident and visitor population.

The vacancy rates in all three Major activity centres at Mornington (3%), Hastings (5%) and Rosebud (4%) are consistent with a strong overall trading performance.

When considered in isolation, the low vacancy rate in Hastings (5%) does not highlight the presence a cluster of vacant tenancies fronting High Street. These vacant shops provide a perception for centre visitors that the rate of vacant floorspace is higher than indicated by the total for the centre.

Vacancy rates are particularly low in the Small Township activity centres classification, with just 1% of shopfront floorspace currently vacant. Sorrento, Mt Martha and Balnarring activity centres are all effectively operating at capacity in terms of occupied tenancies.

In contrast, slightly higher vacancy levels are identified at the Local (7%) and Convenience (5%) levels of the activity centre hierarchy.
Vacancies are concentrated in a number of specific Local activity centres, although in most instances these are either redundant buildings, or tenancies undergoing a refit or refurbishment at the time of the floorspace survey.

Likewise, the vacancy rate in Convenience centres is considered not to be a systematic or significant issue requiring a specific policy response.

**Comparison with 2004 Floorspace Audit**

In 2004, a floorspace audit was undertaken by Council as input to the Mornington Peninsula Activity Centres Strategy 2005. As a result, a broad comparison of results is possible between the 2004 and 2015 surveys. Some definitional issues and changes in operational characteristics of businesses mean that detailed comparisons of data at the individual business or centre level need to be undertaken with caution, and the 2004 data has not been specifically analysed for the purposes of this Strategy Review. However, some broad trends are evident, as shown in Figure 2.2.

**Figure 2.2: Floorspace Per Capita (Permanent Residents) Mornington Peninsula, 2004 and 2015 (m²)**

![Bar chart showing floorspace per capita](image)

Source: Mornington Activity Centres Strategy 2005; ABS, Regional Population Growth, Cat No: 3218.0; Essential Economics

Note: “Commercial Floorspace” columns for 2004/2015 include retail and other commercial uses

Retail floorspace provision on the Mornington Peninsula has increased from 217,700m² in 2004 to 296,000m² in 2015. This represents average growth of approximately 7,000m² per annum, although in reality this development has occurred
in ‘lumps’ as specific developments have been completed and occupied during this time.

As a result of this development, the provision of retail floorspace per capita (for permanent residents) has increased from 1.59m² per person in 2004 to 1.90m² per capita in 2015.

In 2004, all shopfront floorspace and other non-retail commercial tenancies located in activity centres represented an average provision of 1.99m² per capita, which, by 2015, has increased to an average of 2.47m² per capita.

This increase reflects ongoing growth in both retail and non-retail commercial uses in activity centres in the Shire in response to the needs of a larger Shire population and recent substantial growth in visitors to the region. Approximately $250 million or 14% of total retail sales on the Mornington Peninsula are now attributed to temporary residents and tourists to the Shire.

In summary, the growth in per capita floorspace provided in Mornington Peninsula since 2004 has occurred in the context of the implementation of the principles and policies outlined in the Mornington Peninsula Activity Centres Strategy 2005.

In this context, the policy has been successful in accommodating ongoing growth and development of both retail and non-retail functions. This has been achieved in a manner that meets the needs of a growing number of permanent residents and visitors to the Shire, as well as enhancing the range and provision of functions serving existing residents.

2.3 Centre Descriptions

This section provides a summary of the key features and issues relevant to activity centres in the Shire, and has been derived from our analysis and consultation with key stakeholders.

Major Activity Centres

Mornington

Location and Description

The Mornington activity centre is located on Main Street, extending for approximately 1.5km north-west of the Nepean Highway in Mornington. As the largest activity centre in the Shire, Mornington includes a significant street-based component, as well as the Mornington Central and Mornington Village shopping centres. A mixed business area is located to the eastern end of Main Street and in proximity to the Highway. Major community, administrative, recreation and health services and infrastructure are also located
at the centre. Mornington contains a highly diverse and sophisticated retail and commercial sector which means that visitation and sales are drawn from across the Peninsula.

**Floorspace Survey**

A total of approximately 73,100m$^2$ of retail and commercial floorspace has been identified in the Mornington activity centre, including 57,000m$^2$ of shopfront floorspace.

Retail tenants in the centre comprise of 47,300m$^2$ or 84% of total shopfront floorspace. Vacancies account for just 3% of shopfront tenancies in the centre.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>47,300m$^2$</td>
</tr>
<tr>
<td>Shopfront</td>
<td>57,000m$^2$</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>73,100m$^2$</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded

**Main Issues**

Key issues for the Strategy Review to address for the Mornington activity centre include:

- Supporting ongoing growth and intensification of activity in a well-established urban environment
- Relationship with the homemaker retailing and mixed business areas located east of the Nepean Highway
- Very low vacancy rates and limited opportunities for new businesses to locate in the centre
- Continued demand for higher-density residential development
- Retaining the higher-order role of Mornington in the activity centres hierarchy.

**Rosebud**

**Location and Description**

Rosebud activity centre extends for 2km along the southern side of the Nepean Highway, opposite the Rosebud foreshore. As the higher-order centre serving the southern parts of the Mornington Peninsula, the centre includes the significant Rosebud Plaza shopping centre and a street-based precinct that includes a
cinema complex and supermarkets. Tenancies fronting the Nepean Highway tend to have an increased focus on serving tourists and other visitors, while the balance of the centre has a strong service role to surrounding residents.

**Floorspace Survey**

A total of approximately 62,700 m² of retail and commercial floorspace is located in the Rosebud activity centre, including 52,800 m² of shopfront floorspace.

Retail tenants in the centre comprise 46,700 m² of floorspace, equivalent to 89% of total shopfront floorspace. This share of retail tenancies is higher than for Mornington (81%) and reflects a relatively lower provision of personal and professional service tenants. Vacancies account for approximately 4% of shopfront floorspace and are concentrated in the street-based areas (i.e. outside Rosebud Plaza). This represents a reduction in vacant tenancies in the centre since 2004 when 7% of floorspace was vacant.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>46,700 m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>52,800 m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>62,700 m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015

Note: Shopfront includes Retail

Figures rounded

**Main Issues**

Key issues for the Strategy Review to address for the Rosebud activity centre include:

- Improving the amenity and attractiveness in selected parts of the centre (such as surrounding Wannaeue Place). Rosebud has more characteristics of an elongated strip centre, with commercial development on only one side of the main road, compared with the ‘main street’ form of the Mornington and Hastings centres. In this context, establishing a strong ‘heart’ or destination precinct, as outlined in the Rosebud Activity Centre Structure Plan, provides a clearer identity and focus for revitalisation.
M OR N I N G T O N  P E N I S U L A
A C T I V I T Y  C E N T R E S  S T R A T E G Y

- Maintaining the balance between a year-round service role for residents and the need to meet temporary resident and other visitor needs at peak times. The need for re-investment in buildings throughout the street-based component of the centre

- Improving the sense of integration across the centre

- Likelihood of future demand for higher density residential development.

**Hastings**

**Location and Description**

Hastings is the Major activity centre serving the eastern parts of the Mornington Peninsula. The activity centre has a compact form which extends east-west along High Street as the primary ‘spine’, and with Kmart/Woolworths located as the major retail anchors on the southern side and a Coles supermarket in the north. ALDI and Ritchies IGA supermarkets are also in the centre and highlight the strong role of Hastings in meeting the comprehensive grocery and day-to-day retail needs of residents in this part of the Shire.

**Floorspace Survey**

Approximately 33,600$\text{m}^2$ of retail and commercial floorspace is located in the Hastings activity centre, including 29,100$\text{m}^2$ of shopfront floorspace.

A total of 24,900$\text{m}^2$ of retail floorspace represents 86% of total shopfront floorspace. Vacancies are approximately 5% of shopfront floorspace in the centre, although this represents over 10% of individual tenancies due to the number vacant small specialty shops. These vacant shops are predominantly in tenancies fronting both sides of High Street, with a particular cluster located east of Salmon Street.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th>Floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>24,900$\text{m}^2$</td>
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<tr>
<td>Shopfront</td>
<td>29,100$\text{m}^2$</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>33,600$\text{m}^2$</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded
**Main Issues**

Key issues for the Strategy Review to address for the Hastings activity centre include:

- Encouraging ongoing development which is consistent with the current and future role and function of Hastings as a Major activity centre
- Improving the amenity and tenancy mix in the centre in order to increase the competitiveness with alternative destinations (such as Somerville and Mornington)
- Increasing the vibrancy and activity at the eastern end of the centre and along the entire High Street strip
- Supporting incremental growth in the range of non-retail tenants and community/administrative functions in the centre.

**Large Township Centres**

**Mt Eliza**

Mt Eliza is primarily a street-based centre which serves an important role in meeting the needs of residents in the north-west of Mornington Peninsula Shire. The centre includes a Woolworths supermarket, a Ritchies IGA, and a strong mix of shops with a number of ‘high-end’ traders serving the relatively strong income levels of surrounding residents. The overall amenity of the centre is relatively high, and the usability for customers is assisted by a compact centre layout.

A total of approximately 18,200m$^2$ of retail and commercial floorspace is located in the centre, including 13,900m$^2$ of shopfront floorspace (11,600m$^2$ of this comprises retail tenants). The vacancy rate is negligible at just 1%.

<table>
<thead>
<tr>
<th></th>
<th>Floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail</strong></td>
<td>11,600m$^2$</td>
</tr>
<tr>
<td><strong>Shopfront</strong></td>
<td>13,900m$^2$</td>
</tr>
<tr>
<td><strong>Total Commercial</strong></td>
<td>18,200m$^2$</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
      Figures rounded

**Bentons Square**

The Bentons Square Shopping Centre is located approximately 2km south-east of the Mornington activity centre. The centre is anchored by a large Woolworths supermarket and includes a Dan Murphy’s liquor store, and has an emphasis on
meeting most of the basic grocery and convenience needs of the surrounding resident population. Overall trading levels for the centre are understood to be very strong, and this is reflected in relatively high levels of customer traffic. Since the 2005 Strategy, an extension to the centre has been constructed which includes the Dan Murphy’s and additional shop tenancies.

Total shopfront floorspace is estimated at approximately 9,400 m², with retail uses accounting for a very high 95% of floorspace. Only one vacancy is present in the Bentons Square, reflecting the centre’s strong overall performance, trading near, or at effective capacity.

<table>
<thead>
<tr>
<th>Floorspace</th>
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</thead>
<tbody>
<tr>
<td>Retail</td>
<td>8,900 m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>9,400 m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>9,400 m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded

**Dromana**

Dromana activity centre operates along the southern side of Port Nepean Road for a distance of over 600 metres. A Ritchies IGA, which recently underwent a substantial refurbishment and expansion, is situated between Odonohue Street and Pier Street, and anchors a precinct with a primary emphasis on meeting the basic convenience needs of surrounding residents. Although this area of the centre functions effectively, the overall level of presentation, design and amenity are not consistent with contemporary expectations for a street-based activity precinct (with the exception of the recently refurbished Ritchies IGA).

The balance of the centre, primarily fronting Point Nepean Road, includes a large number of food and other traders with a greater emphasis on serving passing trade and the tourist/visitor market.

Total retail and commercial floorspace in the Dromana activity centre is estimated at approximately 15,300 m². This includes 13,100 m² of shopfront floorspace, of which 10,000 m² or 75% comprises retail traders. Approximately 17% of shopfront floorspace is non-retail and includes banks, personal services, a medical centre and real estate agents.

Vacancies are relatively high at 7% of total shopfront floorspace, although this primarily reflects a cluster of vacancies in a single development.

<table>
<thead>
<tr>
<th>Floorspace</th>
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<tbody>
<tr>
<td>Retail</td>
<td>10,000 m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>13,100 m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>15,300 m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded
Ritchies IGA expanded by approximately 600 m² in 2016
Rye

The Rye activity centre functions as a street-based centre following the south side of Point Nepean Road for approximately 1km. The Rye Woolworths store is located at the eastern end of the centre and it is understood to trade extremely strongly, with visitation effectively exceeding capacity for much of the busy summer visitor season. The balance of the centre includes a mix of traders meeting the needs of local residents, as well as businesses such as restaurants/bars which have a focus on the visitor market.

The extended and non-continuous nature of development in the centre limits the degree of integration between uses, although the adverse implications of this are limited by the high degree of exposure to Point Nepean Road for all tenants.

Total retail and commercial floorspace is approximately 15,800m², including 13,900m² in shopfront floorspace. Retail uses account for 10,800m² of floorspace, or 78% of total shopfront floorspace. A very high share of non-retail shopfront tenancies are occupied by real estate-related firms, reflecting the high share of holiday homes in this part of the Mornington Peninsula. The centre has a vacancy rate of 4%.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th>m²</th>
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<tr>
<td>Retail</td>
<td>10,800</td>
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<tr>
<td>Shopfront</td>
<td>13,900</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>15,800</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded

Somerville

Somerville activity centre features both street based (east side) and mall-based (west side) commercial development. The centre contains a total of four supermarkets (Coles, Woolworths, ALDI, IGA) and a discount department store (Target). However, the Somerville centre is physically divided by the Stony Point train line, and is characterised by relatively poor integration between the various components of the centre.

The Somerville Central shopping centre is located on the west side, fronting Eramosa Road West and has been developed since the Mornington Peninsula Activity Centres Strategy 2005. Development of Somerville Central has meant that both Hastings and Somerville compete more directly in terms of meeting the comprehensive day-to-day needs of residents in the eastern parts of the Shire.

A total of approximately 27,000m² of retail and commercial floorspace has been identified in the Somerville activity centre. This is equivalent to 80% of the size of the nearby Hastings Major activity centre and reflects the strong competition between these centres.
Retail uses account for approximately 22,600m² or 89% of the 25,300m² of shopfront floorspace in the centre. While only 1% of tenancies in the centre are vacant, overall sales levels are considered only moderate.

<table>
<thead>
<tr>
<th>Floorspace</th>
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</thead>
<tbody>
<tr>
<td>Retail</td>
<td>22,600m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>25,300m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>27,000m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded

**Small Township Centres**

**Sorrento**

Sorrento is a street-based activity centre located on both sides of Ocean Beach Road between Point Nepean Road and Melbourne Road. Many buildings of heritage value remain in the centre, which attracts significant tourist/visitor trade throughout the year. This is reflected in the large number of high-end fashion retail tenants and the considerable café and restaurant offering along the strip.

Approximately 15,000m² of retail and commercial floorspace is located in the Sorrento activity centre, including 12,000m² of shopfront floorspace. An IGA supermarket operates from a relatively new development at the southern end of the centre, in a tenancy formerly occupied by Coles for a brief period. Vacant floorspace accounts for just 2% of shopfront floorspace in the centre.

<table>
<thead>
<tr>
<th>Floorspace</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>11,000m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>12,000m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>15,000m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015
Note: Shopfront includes Retail
Figures rounded

**Mt Martha**

Mt Martha Village is located on the eastern side of Lochiel Avenue, a service road which runs parallel to The Esplanade between Watson Road and Bay Road. The centre has a strong local convenience role supported by a busy IGA supermarket, as well as a total of ten cafes, restaurants and takeaway stores. A high level of visual amenity is provided by the centre, and reflects a relatively affluent residential catchment surrounding the centre. During the peak summer season, this centre experiences a significant increase in trade due to the influx of day visitors.
Total retail and commercial floor space of approximately **4,300m²** has been identified in Mt Martha, of which **3,800m²** is shopfront floor space. No vacancies are present in the centre.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>3,300m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>3,800m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>4,300m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015  
Note: Shopfront includes Retail  
Figures rounded

**Balnarring**

Balnarring activity centre is nestled between Balnarring Road and Frankston-Flinders Road, along both sides of Russell Street. The centre serves the Balnarring township and surrounding semi-rural community, and is anchored by a Ritchies Supa IGA supermarket. A recent development incorporating a mix of commercial uses is located to the west of Russell Street. Retail tenants predominantly locate in Balnarring Village Shopping Centre, east of Russell Street.

Total retail and commercial floor space in the centre is **6,700m²**, including **4,900m²** of shopfront floor space. Retail floor space accounts for **3,900m²** or 80% of total shopfront floor space. The shopfront vacancy rate in the Balnarring activity centre is just **1%**.

<table>
<thead>
<tr>
<th>Floorspace</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>3,900m²</td>
</tr>
<tr>
<td>Shopfront</td>
<td>4,900m²</td>
</tr>
<tr>
<td>Total Commercial</td>
<td>6,700m²</td>
</tr>
</tbody>
</table>

Source: Council floorspace audit and Essential Economics, 2015  
Note: Shopfront includes Retail  
Figures rounded  
Floorspace figure prior to re-development of 2-8 Russell Street and 3054 Frankston-Flinders Road

**Martha Cove**

Martha Cove is currently undeveloped, with no retail or commercial floor space. However, the site is approved to accommodate **2,000m²** of commercial floor space to service the expanding Martha Cove Marina community. A development application of **2,000m²** of proposed commercial floor space, including **1,000m²** of food and grocery retail, is currently being assessed by Council.

**Local Centres**

A total of ten Local activity centres are identified in the Mornington Peninsula Shire hierarchy. In total, these centres account for **25,200m²** of total retail and commercial floor space, including **22,800m²** of shopfront floor space.
Three Local activity centres located at McCrae, Baxter and Red Hill South make up approximately 44% of total shopfront floorspace. The McCrae centre includes a small Coles supermarket, Baxter contains a small Woolworths supermarket, and Red Hill South comprises retail outlets focused on the tourist market including restaurants and shops associated with wineries.

The balance of Local activity centres in Mornington Peninsula Shire operate as convenience retail and service nodes of less than 2,000m² in floorspace.

**Convenience Centres**

The 14 Convenience Centres in the Mornington Peninsula Shire account for 11,000m² of total retail and commercial floorspace, including 9,700m² of shopfront floorspace.

With the exception of Humphries Road – Mt Eliza, Dava Drive – Mornington, Disney Street – Crib Point and Carmichael Street – Tootgarook, all Convenience activity centres completely comprise shopfront tenancies.

**Other**

In addition to the floorspace identified as part of the Mornington Peninsula Shire activity centres hierarchy, it is important to note that activity centres policy needs to recognise the significant provision of retail and other activities located outside the hierarchy.

According to the 2015 floorspace audit, approximately 13,900m² of retail floorspace is located in the Peninsula Homemaker Centre, Mornington. This primarily includes bulky goods retailing which is consistent with the land use classification ‘restricted retail’ in the VPPs – see also Terms and Definitions in the Introduction to this report.

Approximately 53,800m² of retail floorspace (13% of the Shire total floorspace), in addition to the Peninsula Homemaker Centre, is currently located outside of the activity centres hierarchy. This retail floorspace is predominantly located in light industrial areas in Mornington, Rosebud, and Hastings.

In broad terms, the distribution of this floorspace across the Shire is as follows:

- **Mornington (41,500m²):** including the Peninsula Homemaker Centre, Bunnings Mornington, Masters Mornington (former) and retailing located in the light industrial areas east of the Nepean Highway (primarily fronting Mornington-Tyabb Road).
- **Hastings (7,400m²):** including Bunnings and some limited food retailing.
- **Capel Sound (14,200m²):** including Bunnings and other homemaker retailers located in the industrial area fronting Boneo Road.
• **Other (4,700m²):** limited amounts of retailing in the balance of the Shire, including individual bulky goods retailers in industrial zoned land and food or convenience retailing in residential, industrial and other non-commercial zoned land.

In some instances, non-retail commercial uses which might otherwise have located in an activity centre context, are operating successfully in industrial or other areas in a non-commercial zone. However, this is not considered to be at a level (at this point in time) that is either directly undermining activity centre policy, or undermining the objectives of the relevant zones.

### 2.4 Recent and Proposed Developments

Recent and proposed developments identified as of relevance to the Activity Centres Strategy Review include:

• **Peninsula Homemaker Centre** – an ALDI store has recently been constructed, at the Peninsula Homemaker Centre. Some additional food retailing has also been constructed on a car park pad site.

• **Dromana** – an ALDI store has been developed at 120 Nepean Highway, Dromana. The site is located in a light industrial area adjacent to the Mornington Peninsula Freeway interchange.

• **Martha Cove** – approximately 2,000m² of commercial floorspace has been approved for the Martha Cove small township centre, including 1000m² of dedicated food and grocery retail floorspace and approximately 570m² of restaurant and bar floorspace. A proportion of the centre is proposed for other commercial uses.

• **Balnarring** – redevelopment of commercial zoned land west of Russell Street has been implemented. The development includes a medical centre, pharmacy and a range of cafes, takeaway food and restaurants. Total approved floorspace is approximately 2,630m², although a staged development program is anticipated.

• **Mount Eliza** – approved refurbishment and minor expansion of the Eliza Square retail centre including Woolworths.

• **Mornington** – approved development of a supermarket and specialty shops on the former Masters site on Mornington-Tyabb Road in Mornington.
2.5 Implications for the Strategy

Key Implications for the Mornington Peninsula Activity Centres Strategy Review include the following:

- An activity centre hierarchy is an important policy tool in identifying and confirming the higher-order role of Mornington, Rosebud, and Hastings activity centres, while sustaining the supporting role of other activity centres.

- According to a 2015 floorspace survey, the Mornington Peninsula Shire accommodates a total of approximately 335,400m² of Shopfront floorspace, including 296,000m² of occupied retail floorspace, in addition to 49,600m² of Other Commercial uses. The three Major Activity Centres comprise 41% of the Shire’s total shopfront floorspace.

- Approximately 67,700m² of retail floorspace in Mornington Peninsula Shire is currently located outside of designated activity centres. These areas are an important policy consideration for the Activity Centres Strategy Review, particularly in the context of the planning reforms implemented since the development of the current Strategy in 2005.
3 POPULATION AND SOCIO-ECONOMIC TRENDS

This Chapter provides a summary the demographic and socio-economic profile of the Mornington Peninsula Shire. The analysis provides the backdrop to future planning and development of the Shire’s activity centres.

3.1 Study Area Regions

For the purpose of background analysis to the Activity Centres Strategy Review, three broad regions of analysis in Mornington Peninsula Shire have been identified, as shown in Figure 3.1.

These regions represent a combination of sub-regions analysed by i.d Consulting on behalf of Council for the purposes of official population forecasts, and are described as follows:

- **West Region** – is generally bounded by the Port Phillip Bay coastline; Humphries Road in the north; Moorooduc Highway in the east; and Bruce Road in the south. The region comprises a high share of permanent residents and has a higher socio-economic profile relative to other parts of the Peninsula. Urban development in this region is relatively compact and integrated relative to other parts of the Shire.
  
  *(i.d Consulting Regions: Mornington, Mt Eliza, Mt Martha).*

- **South Region** – is largely bounded by the Mornington Peninsula coastline. The South region contains the majority of the Peninsula’s environmental assets, and has the most significant influx of tourists and other visitors during the holiday season. This part of the Mornington Peninsula contains a diverse mix of established urban areas, national parks, and dedicated agriculture and viticulture land.
  
  *(i.d Consulting Regions: Portsea - Sorrento – Blairgowrie, Red Hill - Red Hill South - Merricks North - Main Ridge - Arthurs Seat, Rosebud - Rosebud West - McCrae - Boneo- Fingal - Cape Schanck, Rye - Tootgarook - St Andrews Beach, Dromana - Safety Beach, Flinders - Shoreham - Point Leo).*

- **East Region** – includes the large centres of Hastings, Somerville and Balnarring that are relatively self-contained and ringed by semi-rural land. The region is bounded by the Moorooduc Highway in the west; the Western Port Bay coastline in the east and south; and the Shire boundary to the North.
  
The subsequent high-level economic analysis in this Chapter is based on these defined regions and provides an understanding of the factors in the Mornington Peninsula that are influencing activity centre performance and development.

**Figure 3.1: Study Area**

![Map of the Mornington Peninsula showing West, South, and East Regions.](image)

Source: Essential Economics using Melways and Mapinfo

### 3.2 Population Levels

In 2015 the Mornington Peninsula is estimated to have a total population of 155,860 persons, including 60,940 persons in the West Region, 53,630 persons in the South Region, and 41,290 persons in the East Region.

The total population of the municipality has increased from 131,570 persons since 2001, representing an increase of approximately +24,290 persons between 2001 and 2015. Approximately 50% of the population growth since 2001 has occurred in the...
West Region, and this is primarily attributable to new residential estates in Mornington East and Mt Martha.

In recent years, population growth in the South Region has accelerated due to development at locations including Safety Beach, Dromana, St Andrews Beach/Fingal and Rosebud. Between 2011 and 2015 the South Region has experienced population growth of 610 persons per annum, and this is higher than growth in the West Region (550 persons per annum) and East Region (490 persons per annum).

Table 3.1: Population of Mornington Peninsula Regions, 2001 to 2015

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2015</th>
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<tbody>
<tr>
<td>West Region</td>
<td>48,670</td>
<td>53,840</td>
<td>58,750</td>
<td>60,940</td>
</tr>
<tr>
<td>South Region</td>
<td>48,080</td>
<td>48,920</td>
<td>51,210</td>
<td>53,630</td>
</tr>
<tr>
<td>East Region</td>
<td>34,820</td>
<td>36,560</td>
<td>39,320</td>
<td>41,290</td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>131,570</td>
<td>139,320</td>
<td>149,280</td>
<td>155,860</td>
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Average Annual Growth (No.)

<table>
<thead>
<tr>
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<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2015</th>
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<tr>
<td>West Region</td>
<td>1,030</td>
<td>980</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td>South Region</td>
<td>170</td>
<td>460</td>
<td>610</td>
<td></td>
</tr>
<tr>
<td>East Region</td>
<td>350</td>
<td>550</td>
<td>490</td>
<td></td>
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<tr>
<td>Total Mornington Peninsula</td>
<td>1,550</td>
<td>1,990</td>
<td>1,650</td>
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</table>

Average Annual Growth (%)

<table>
<thead>
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<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2015</th>
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<tbody>
<tr>
<td>West Region</td>
<td>2.0%</td>
<td>1.8%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>South Region</td>
<td>0.3%</td>
<td>0.9%</td>
<td>1.2%</td>
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<tr>
<td>East Region</td>
<td>1.0%</td>
<td>1.5%</td>
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</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.1%</td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS, Regional Population Growth, Cat No: 3218.0; Essential Economics
Note: Totals Subject to Rounding

The data presented in the following three maps (Figure 3.2, 3.3, 3.4) shows the geographical distribution of population growth in the Mornington Peninsula three regions for the ten-year period, 2004 to 2014.

For the three Major activity centres, a radius of 5km has been drawn to reflect the localised area. These radii are not to be interpreted as an accurate reflection of the trading patterns of these centres. Population growth has been highest in proximity to Mornington Major Activity Centre (+7,070 persons), although significant population growth has also occurred in proximity to Rosebud (+2,560) and Hastings (+3,620).

A 3km radius has been drawn around Large Township Centres and indicates high rates of population growth in proximity to Bentons Square (+6,310 persons) during the ten year period to 2014. More moderate population growth has occurred in proximity to Mt Eliza (+1,400), Dromana (+790), Rye (+290) and Somerville (+210) Large Township Centres.
Figure 3.2: Population Change, West Region, 2004-2014

Source: Estimated Regional Population, ABS Cat: 3218.0; MapInfo Pro
Figure 3.3: Population Change, South Region, 2004-2014

Source: Estimated Regional Population, ABS Cat: 3218.0; MapInfo
Figure 3.4: Population Change, East Region, 2004-2014

Source: Estimated Regional Population, ABS Cat: 3218.0; MapInfo
3.3 Population Forecasts

Population Projections

According to population projections prepared by id Consulting, Mornington Peninsula is estimated to have a total population of 165,220 persons in 2021, including 63,440 persons in the West Region, 57,830 persons in the South Region and 44,830 persons in the East Region. This represents an increase of +9,360 persons over the 6-year period from 2015. During the subsequent 15-year period from 2021 to 2036, the population of the Mornington Peninsula is estimated to increase by +12,920 persons to a total resident population of 178,140 people.

In total, between 2015 and 2036 each region is expected to experience the following population growth:

- **West Region**: Total population increase of +7,190 persons or 32% of total growth in the Shire.
- **South Region**: Total population increase of +9,610 persons or 43% of total growth in the Shire.
- **East Region**: Total population increase of +5,480 persons or 25% of total growth in the Shire.

The detailed population projections prepared by id Consulting are summarised in Table 3.2.

**Table 3.2: Population Forecasts of Mornington Peninsula Regions, 2015 to 2036**

<table>
<thead>
<tr>
<th>Population (No.)</th>
<th>2015</th>
<th>2021</th>
<th>2026</th>
<th>2036</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Region</td>
<td>60,940</td>
<td>63,440</td>
<td>64,560</td>
<td>68,130</td>
</tr>
<tr>
<td>South Region</td>
<td>53,630</td>
<td>57,830</td>
<td>59,750</td>
<td>63,240</td>
</tr>
<tr>
<td>East Region</td>
<td>41,290</td>
<td>43,950</td>
<td>44,830</td>
<td>46,770</td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>155,860</td>
<td>165,220</td>
<td>169,140</td>
<td>178,140</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Annual Growth (No.)</th>
<th>2015</th>
<th>2016</th>
<th>2026</th>
<th>2036</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Region</td>
<td>420</td>
<td>220</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>South Region</td>
<td>700</td>
<td>380</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>East Region</td>
<td>440</td>
<td>180</td>
<td>190</td>
<td></td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>1,560</td>
<td>780</td>
<td>900</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Annual Growth (%)</th>
<th>2015</th>
<th>2016</th>
<th>2026</th>
<th>2036</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Region</td>
<td>0.7%</td>
<td>0.4%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>South Region</td>
<td>1.3%</td>
<td>0.7%</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>East Region</td>
<td>1.0%</td>
<td>0.4%</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.5%</td>
<td></td>
</tr>
</tbody>
</table>

Source: forecast id, 2015
Note: Totals Subject to Rounding
Population Growth Patterns

Over coming years, population growth on the Mornington Peninsula is expected to be generated from a number of sources, but predominantly from in-fill residential development as noted below. It is important for the Strategy to have regard for the nature of this potential growth and the implications for activity centres on the Mornington Peninsula.

Mornington Peninsula Growth Areas

The Mornington Peninsula does not contain land located within metropolitan Melbourne’s three major growth corridors and, as a result, will not experience the high rates of population growth in greenfield locations identified for other metropolitan fringe Councils.

Mornington East contains a residential growth area which has accommodated a considerable share of the Mornington Peninsula’s total population growth in the past 10 years. However, residential capacity in this growth area now largely exhausted.

According to forecast id, the steady population growth expected to occur in the Peninsula’s South Region will primarily occur in the Dromana – Safety Beach, and Rosebud – Rosebud West – McCrae – Boneo – Fingal sub-regions.

The Dromana – Safety Beach sub-region, which contains the Martha Cove marina residential estate, is expected to experience population growth of +1,880 persons between 2015 and 2021. The Rosebud sub-region, which contains the Peninsula Sands residential estate and both the Moonah Links and Cape Schanck Resort Golf Course areas, is expected to expand by +2,040 persons during the same period.

Infill Residential Development

According to forecast id, infill residential development on the Mornington Peninsula is expected to predominantly occur across each of the South, East and West Regions in proximity to the Shire’s three Major Activity Centres – Mornington, Rosebud and Hastings.

The Mornington (27-55 dwellings per annum) and Rosebud (30-57 dwellings per annum) id sub-regions are forecast to accommodate a significant share of Mornington Peninsula’s infill residential development to 2036.

The Hastings id sub-region (10-35 dwellings per annum) is forecast to experience more moderate infill population growth over the period to 2036.

3.4 Socio-Economic and Demographic Characteristics

A summary of socio-economic and demographic characteristics for regions comprising the Mornington Peninsula is shown in Table 3.3 and is based on data available from the ABS 2011 Census of Population and Housing. Comparisons are also made with the Greater Melbourne benchmark.
### Table 3.3: Socio-Economic Characteristics, Mornington Peninsula, 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>West Region</th>
<th>South Region</th>
<th>East Region</th>
<th>Mornington Peninsula</th>
<th>Greater Melbourne</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median individual income (annual)</td>
<td>$31,170</td>
<td>$24,710</td>
<td>$29,040</td>
<td>$28,100</td>
<td>$30,810</td>
</tr>
<tr>
<td>Variation from Greater Melbourne median</td>
<td>1.2%</td>
<td>-19.8%</td>
<td>-5.7%</td>
<td>-8.8%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Median Age (years)</td>
<td>42</td>
<td>49</td>
<td>38</td>
<td>43</td>
<td>36</td>
</tr>
<tr>
<td><strong>Country of Birth</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>76.8%</td>
<td>82.7%</td>
<td>84.2%</td>
<td>80.7%</td>
<td>66.8%</td>
</tr>
<tr>
<td>Other Major English Speaking Countries</td>
<td>16.7%</td>
<td>9.9%</td>
<td>11.4%</td>
<td>13.0%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Other Overseas Born</td>
<td>6.5%</td>
<td>7.4%</td>
<td>4.4%</td>
<td>6.3%</td>
<td>25.6%</td>
</tr>
<tr>
<td><strong>Family Composition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple family with no children</td>
<td>40.2%</td>
<td>50.0%</td>
<td>36.8%</td>
<td>42.6%</td>
<td>34.8%</td>
</tr>
<tr>
<td>One parent family with children under 15 years</td>
<td>7.0%</td>
<td>8.2%</td>
<td>10.2%</td>
<td>8.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Dwelling Structure (Occupied Private Dwellings)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separate house</td>
<td>82.4%</td>
<td>87.3%</td>
<td>86.0%</td>
<td>85.1%</td>
<td>72.7%</td>
</tr>
<tr>
<td>Semi-detached, row or terrace house, townhouse etc.</td>
<td>11.6%</td>
<td>7.2%</td>
<td>8.0%</td>
<td>9.1%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Flat, unit or apartment</td>
<td>5.4%</td>
<td>4.6%</td>
<td>4.1%</td>
<td>4.8%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Occupancy rate</td>
<td>86.0%</td>
<td>48.2%</td>
<td>86.7%</td>
<td>66.7%</td>
<td>91.0%</td>
</tr>
<tr>
<td><strong>Average household size</strong></td>
<td>2.5</td>
<td>2.2</td>
<td>2.6</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Tenure Type (Occupied Private Dwellings)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned outright</td>
<td>40.2%</td>
<td>45.1%</td>
<td>31.6%</td>
<td>39.9%</td>
<td>33.5%</td>
</tr>
<tr>
<td>Owned with a mortgage</td>
<td>41.6%</td>
<td>29.0%</td>
<td>44.6%</td>
<td>37.7%</td>
<td>37.7%</td>
</tr>
<tr>
<td>Rented</td>
<td>17.6%</td>
<td>24.3%</td>
<td>22.7%</td>
<td>21.3%</td>
<td>28.0%</td>
</tr>
<tr>
<td><strong>Housing Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median monthly mortgage repayment</td>
<td>$1,910</td>
<td>$1,550</td>
<td>$1,580</td>
<td>$1,690</td>
<td>$1,840</td>
</tr>
<tr>
<td>Variation from Greater Melbourne median</td>
<td>3.8%</td>
<td>-15.8%</td>
<td>-14.1%</td>
<td>-8.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Median weekly rents</td>
<td>$300</td>
<td>$250</td>
<td>$250</td>
<td>$260</td>
<td>$310</td>
</tr>
<tr>
<td>Variation from Greater Melbourne median</td>
<td>-3.2%</td>
<td>-19.4%</td>
<td>-19.4%</td>
<td>-16.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Car Ownership per Dwelling</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>4.4%</td>
<td>6.2%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>9.4%</td>
</tr>
<tr>
<td>One</td>
<td>32.4%</td>
<td>39.8%</td>
<td>31.6%</td>
<td>34.9%</td>
<td>36.1%</td>
</tr>
<tr>
<td>Two</td>
<td>45.4%</td>
<td>39.6%</td>
<td>40.6%</td>
<td>42.1%</td>
<td>38.0%</td>
</tr>
<tr>
<td>Three of more</td>
<td>17.8%</td>
<td>14.4%</td>
<td>22.8%</td>
<td>17.8%</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>Labour Force</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not in the labour force</td>
<td>37.7%</td>
<td>48.3%</td>
<td>33.2%</td>
<td>40.3%</td>
<td>34.0%</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers &amp; professionals</td>
<td>39.0%</td>
<td>29.9%</td>
<td>24.8%</td>
<td>32.1%</td>
<td>37.4%</td>
</tr>
<tr>
<td>Clerical &amp; sales workers</td>
<td>35.4%</td>
<td>34.5%</td>
<td>34.4%</td>
<td>34.8%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Technicians &amp; trades workers</td>
<td>15.5%</td>
<td>20.1%</td>
<td>22.5%</td>
<td>19.0%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Machinery operators &amp; drivers</td>
<td>3.2%</td>
<td>4.8%</td>
<td>6.9%</td>
<td>4.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Labourers &amp; related workers</td>
<td>6.9%</td>
<td>10.6%</td>
<td>11.5%</td>
<td>9.3%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Source: ABS, Census of Population and Housing, 2011

The main features from Table 3.3 which are relevant to the Strategy include the following:

- The median individual income level for the Mornington Peninsula ($28,100) is marginally below the Greater Melbourne median ($30,810). This is a reflection of lower income levels in the East ($29,040) and South ($24,710) regions, with income levels in the West region ($31,170) marginally higher than the Greater Melbourne average.
• The age profile of people living on the Mornington Peninsula (median age of 43 years) is considerably older than the Greater Melbourne average (36 years) for all three identified regions.

• The Mornington Peninsula has a high proportion of retirees compared with metropolitan Melbourne, particularly in the South Region, and this is reflected in the higher proportion of residents in terms of median age, family composition (couple with no children), not in labour force, and lower median income level.

• A relatively high share of households in the East Region (63.4%) and West Region (63.2%) own two cars or more, which is a reflection of the significantly road-based transport system on the Mornington Peninsula. The metropolitan share is lower (54.5%).

3.5 Non-Permanent Residents and Tourist Visitation

Non-Permanent Residents

Non-permanent residents are persons who own a holiday home or regularly occupy another fixed address (such as a caravan site) on the Mornington Peninsula.

These residents maintain a permanent link to the Mornington Peninsula through regular visitation, but for the purposes of ABS statistics and the economic analysis, are not considered to be permanent residents.

Non-permanent residents are an important customer base for many activity centres on the Mornington Peninsula. In general, non-permanent residents are more likely to have spending patterns relatively similar to permanent residents than tourists, given the permanent connection to the Mornington Peninsula and that the average length of stay is considerably longer than for most tourists.

According to the Mornington Peninsula Holiday Home Research Report (2013), approximately 24,000-plus dwellings on the Mornington Peninsula are estimated to be holiday homes, accommodating in excess of 60,000 non-permanent residents during peak periods. The holiday home figure is confirmed in the State Government’s publication *Victoria in Future 2016* (DELWP).

Tourist Visitation

Tourists and other visitors comprise day-trip visitors and overnight visitors to the Mornington Peninsula who do not own a holiday home or fixed address in the municipality, but stay overnight at campgrounds, caravan parks, hotels, airbnb, short-term rental accommodation etc.

In 2013-14, tourism on the Mornington Peninsula accounted for $979 million (10.2%) of the municipality’s gross regional product. During the same period, the tourism industry employed approximately 9,800 persons and equivalent to 9.4% of employment.
Tourism currently occupies a large share of the region’s economy and the sector has experienced considerable growth during the past five years. In the period 2010 to 2014, total annual domestic overnight visitors to the Mornington Peninsula increased from 906,000 visitors to 1,336,000 visitors. This represents an average annual increase of 10.2% and compares very favourably to the remainder of regional Victoria at 5.9%.

Tourism’s large share of Mornington Peninsula’s economy, both in terms of its composition and total growth, means increased pressure can be expected on activity centres in efforts to meet the needs and expectations of those visiting the Shire.

In catering to a large tourism market, businesses in many activity centres on the Mornington Peninsula face challenges relating to seasonal fluctuation in trade and activity. This is particularly the case in centres such as Rosebud, Rye, Dromana, Sorrento, Mt Martha, Blairgowrie and Portsea.

### 3.6 Implications for Strategy

Key Implications for the Mornington Peninsula Activity Centres Strategy Review include the following:

- **The Mornington Peninsula was estimated to have a total population of 155,860 persons in 2015**, including 60,940 persons in the West Region, 53,630 persons in the South Region and 41,290 persons in the East Region. These three regions are generally served by the three Major Activity Centres, Mornington, Rosebud, and Hastings respectively. Over the past 15 years, approximately 50% of population growth on the Mornington Peninsula has occurred in the West Region.

- **Moderate population growth is forecast to occur in the Mornington Peninsula over the period to 2036**. In contrast to recent years, 43% of population growth is forecast for the South Region, with 32% of growth expected in the West Region. Specific population change in areas served by individual centres will have a significant influence on future activity centre development.

- **The Mornington Peninsula has a diverse socio-economic profile**. Residents on average have a lower income level, an older age profile, and higher levels of car ownership than the Greater Melbourne average. A high proportion of residents, especially in the South Region, are retirees and this assists in explaining a number of these variables.

- **The Activity Centres Strategy Review should consider the substantial share of Mornington Peninsula’s economy attributable to tourism**, and the corresponding pressure on activity centres to meet the needs and expectations of those visiting from beyond the Shire.
4 ECONOMIC ANALYSIS

This Chapter presents an economic analysis identifying factors relevant to the future development and evolution of activity centres in Mornington Peninsula Shire. In essence, this Chapter presents a demand and supply assessment for retail activity in the Shire: it describes the Demand side (retail spending by residents and visitors) and the Supply side (retail floorspace converted to retail sales), thus enabling a comparison of Demand (in spending dollars) and Supply (in sales dollars) over the forecast period.

4.1 Existing and Forecast Retail Spending

*Per Capita Spending*

Estimates of average per capita retail spending by residents in the Mornington Peninsula have been prepared with reference to the MarketInfo micro-simulation model; this model uses data from the ABS Household Expenditure Survey, ABS Population and Housing Census, and a range of other socio-economic indicators, and provides estimates of retail spending for small areas.

As shown in Table 4.1, average per capita retail spending by residents of the Mornington Peninsula is approximately 3.6% below the Greater Melbourne average.

Retail spending by residents in the West Region is 3.1% above the Greater Melbourne average, with significantly less retail spending per capita by residents in the South Region and East Region (and reflecting, to some extent, the presence of a large proportion of retirees in the population).

<table>
<thead>
<tr>
<th>Area</th>
<th>Food</th>
<th>Non-Food</th>
<th>Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per Capita Retail Spending, 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Region</td>
<td>$7,370</td>
<td>$6,550</td>
<td>$570</td>
<td>$14,480</td>
</tr>
<tr>
<td>South Region</td>
<td>$6,860</td>
<td>$5,610</td>
<td>$490</td>
<td>$12,960</td>
</tr>
<tr>
<td>East Region</td>
<td>$6,820</td>
<td>$5,620</td>
<td>$460</td>
<td>$12,910</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>$7,270</td>
<td>$6,220</td>
<td>$550</td>
<td>$14,050</td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>$7,050</td>
<td>$5,980</td>
<td>$510</td>
<td>$13,540</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area</th>
<th>Food</th>
<th>Non-Food</th>
<th>Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Variation from Greater Melbourne</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Region</td>
<td>1.4%</td>
<td>5.3%</td>
<td>3.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>South Region</td>
<td>-5.6%</td>
<td>-9.8%</td>
<td>-10.9%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>East Region</td>
<td>-6.2%</td>
<td>-9.6%</td>
<td>-16.4%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>-3.0%</td>
<td>-3.9%</td>
<td>-7.3%</td>
<td>-3.6%</td>
</tr>
</tbody>
</table>

Source: Essential Economics with MarketInfo
For 2015 the average per capita retail spending in the Mornington Peninsula as a whole is estimated to be approximately $13,540 and comprises:

- Approximately $7,050 on food merchandise;
- Approximately $5,980 on non-food merchandise; and
- Approximately $510 on retail services.

In comparison, the average per capita spending in Greater Melbourne is estimated at $14,050.

**Total Spending**

**Current Spending**

Estimates of total spending by residents of the Mornington Peninsula have been prepared by combining current estimates of population (Table 3.1) with per capita retail spending (Table 4.1).

Residents of the Mornington Peninsula are estimated to have spent (in round terms) $2,110 million on retail merchandise in 2015 (expressed in constant 2015 dollars) and this includes $1,098 million on food merchandise, $932 million on non-food merchandise, and $80 million on retail services.

The West Region accounts for $883 million or 42% of total retail spending by Mornington Peninsula residents and this reflects the region’s higher median income and higher per capita spending in 2015.

**Table 4.2: Total Retail Spending, 2015 ($2015)**

<table>
<thead>
<tr>
<th>Area</th>
<th>Food</th>
<th>Non-Food</th>
<th>Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail Spending by Region, 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Region</td>
<td>$449m</td>
<td>$399m</td>
<td>$35m</td>
<td>$883m</td>
</tr>
<tr>
<td>South Region</td>
<td>$368m</td>
<td>$301m</td>
<td>$26m</td>
<td>$695m</td>
</tr>
<tr>
<td>East Region</td>
<td>$282m</td>
<td>$232m</td>
<td>$19m</td>
<td>$533m</td>
</tr>
<tr>
<td>Total Mornington Peninsula</td>
<td>$1,098m</td>
<td>$932m</td>
<td>$80m</td>
<td>$2,110m</td>
</tr>
</tbody>
</table>

Source: Essential Economics with MarketInfo

**Forecast Spending**

Total annual retail spending by residents of the Mornington Peninsula is forecast to increase over the period 2015 to 2036, due to the combination of population growth and ongoing real growth in average per capita retail spending.

By 2021, total available retail spending is forecast to be in the order of $2,382 million per annum, and this is forecast to increase to $3,041 million per annum by 2036 (in constant 2015 dollars).
Forecast growth in total retail spending by residents in the Mornington Peninsula will support an increase in turnover performance for existing traders who continue to meet market demand, as well as providing opportunities for new retail development within the municipality.

Table 4.3 summarises this forecast growth to 2036, taking into account the population projections presented in Table 3.2 and average per capita retail spending estimates as shown in Table 4.1. An allowance has been made for real growth in per capita spending that reflects long-term historical trends in Australia and current economic conditions.

Table 4.3:  Total Retail Spending, 2015 to 2036 ($2015)

<table>
<thead>
<tr>
<th>Area</th>
<th>2015</th>
<th>2021</th>
<th>2026</th>
<th>2036</th>
<th>Total Growth 2015-2036</th>
<th>Av. Growth 2015-2036</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Retail Spending</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Region</td>
<td>$883m</td>
<td>$980m</td>
<td>$1,055m</td>
<td>$1,250m</td>
<td>$368m</td>
<td>+1.7%</td>
</tr>
<tr>
<td>South Region</td>
<td>$695m</td>
<td>$798m</td>
<td>$870m</td>
<td>$1,031m</td>
<td>$336m</td>
<td>+1.9%</td>
</tr>
<tr>
<td>East Region</td>
<td>$533m</td>
<td>$604m</td>
<td>$650m</td>
<td>$760m</td>
<td>$227m</td>
<td>+1.7%</td>
</tr>
<tr>
<td><strong>Total Mornington Peninsula</strong></td>
<td>$2,110m</td>
<td>$2,382m</td>
<td>$2,576m</td>
<td>$3,041m</td>
<td>$931m</td>
<td>+1.8%</td>
</tr>
</tbody>
</table>

Source: Essential Economics with MarketInfo

4.2 Retail Performance

Sales

In 2015, retail facilities in the Mornington Peninsula were estimated to achieve total sales in the order of $1,830 million, as shown in Table 4.4. This (rounded) figure comprises:

- $807m of retail sales in Mornington Peninsula’s Major Activity Centres
- $595m of retail sales in Mornington Peninsula’s Small and Large township centres
- $173m of retail sales in Mornington Peninsula’s Local and Convenience centres
- $255m of retail sales in other locations outside of the activity centres hierarchy.

In this context, total retail turnover comprises sales that are attributable to residents of the Mornington Peninsula, and to non-residents, including tourists.

These estimates have been prepared by applying appropriate estimates of average turnover productivity (i.e. dollar sales per sq. metre) to the retail floorspace estimates.

The turnover estimates are based on published sales data from the Property Council of Australia and other industry media sources, including Shopping Centre News and Inside Retailing magazines, and from an assessment of turnover performance gathered from floorspace surveys conducted by the consultant.
The figures presented in Table 4.4 are regarded as a fair and reasonable approximation of existing trading conditions in the Mornington Peninsula.

**Table 4.4: Mornington Peninsula Retail Turnover by Centre, 2015 ($2015)**

<table>
<thead>
<tr>
<th>Centre</th>
<th>Retail Floorspace</th>
<th>Average Trading Level</th>
<th>Total Retail Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Activity Centres</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mornington</td>
<td>47,300m²</td>
<td>$7,200/m²</td>
<td>$341.7m</td>
</tr>
<tr>
<td>Rosebud</td>
<td>46,730m²</td>
<td>$6,800/m²</td>
<td>$317.2m</td>
</tr>
<tr>
<td>Hastings</td>
<td>24,930m²</td>
<td>$5,900/m²</td>
<td>$147.8m</td>
</tr>
<tr>
<td><strong>Large Township</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somerville</td>
<td>22,610m²</td>
<td>$5,600/m²</td>
<td>$126.4m</td>
</tr>
<tr>
<td>Bentons Square</td>
<td>8,860m²</td>
<td>$11,400/m²</td>
<td>$101.0m</td>
</tr>
<tr>
<td>Rye</td>
<td>10,780m²</td>
<td>$7,900/m²</td>
<td>$85.8m</td>
</tr>
<tr>
<td>Mt Eliza</td>
<td>11,640m²</td>
<td>$7,600/m²</td>
<td>$88.5m</td>
</tr>
<tr>
<td>Dromana</td>
<td>9,970m²</td>
<td>$6,400/m²</td>
<td>$63.7m</td>
</tr>
<tr>
<td><strong>Small Township</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sorrento</td>
<td>11,010m²</td>
<td>$6,200/m²</td>
<td>$68.4m</td>
</tr>
<tr>
<td>Balnarring</td>
<td>3,910m²</td>
<td>$8,300/m²</td>
<td>$32.5m</td>
</tr>
<tr>
<td>Mt Martha</td>
<td>3,250m²</td>
<td>$8,900/m²</td>
<td>$29.1m</td>
</tr>
<tr>
<td>Martha Cove</td>
<td>0m²</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Local Centres</strong></td>
<td>18,600m²</td>
<td>$6,700/m²</td>
<td>$124.3m</td>
</tr>
<tr>
<td><strong>Convenience Centres</strong></td>
<td>8,430m²</td>
<td>$5,800/m²</td>
<td>$49.2m</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>67,800m²</td>
<td>$3,800/m²</td>
<td>$254.8m</td>
</tr>
<tr>
<td><strong>Total Mornington Peninsula</strong></td>
<td>295,830m²</td>
<td>$6,200/m²</td>
<td>$1,830.4m</td>
</tr>
</tbody>
</table>

Source: Essential Economics estimates with reference to published sources and industry benchmarks

**Escape Spending**

‘Escape spending’ refers to the extent to which retail spending by residents within a particular region is directed to retail locations outside that region. A high level of escape spending may indicate a lack of conveniently-located retail facilities in an area, and latent demand for additional retail development. It may also indicate that the range and type of retail facilities in a region, and/or opportunities for comparison shopping, are not fully meeting the needs of local residents, and that residents are therefore shopping outside the region.

An important point is that by reducing escape spending (by increasing local retail sales activity), opportunities are created to increase locally-generated jobs, particularly for young people (who make up the majority of retail staff), leading to increased wages and salaries and a stimulus to the local economy.
The broad analysis of escape spending presented here is based on estimates of available spending by Mornington Peninsula residents (refer Table 4.3), and estimates of existing retail sales at shops in the Mornington Peninsula (refer Table 4.4).

The escape spending analysis is presented in Table 4.5, and shows that in 2015 an estimated total of approximately $528 million in retail spending by residents in the Mornington Peninsula ‘escapes’ to retail facilities located outside the municipality. This represents approximately 25% of total available retail spending by Mornington Peninsula residents.

Table 4.5: Escape Spending in the Mornington Peninsula, 2015 ($2015m)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail Sales in Mornington Peninsula (Table 4.4)</td>
<td>$1,830m</td>
</tr>
<tr>
<td>Sales to Mornington Peninsula Residents (Section 4.3)</td>
<td>$1,582m</td>
</tr>
<tr>
<td>Available Spending by Residents (Table 4.3)</td>
<td>$2,110m</td>
</tr>
<tr>
<td>Escape Spending</td>
<td>$528m</td>
</tr>
<tr>
<td><strong>Escape Spending as % of Available Spending</strong></td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Essential Economics

The analysis indicates that a moderate degree of escape spending from the Mornington Peninsula exists. Escape spending from residents is likely to be directed to a range of higher-order centres outside the Shire, including Frankston and regional shopping centres such as Southland, Cranbourne and Narre Warren (Fountain Gate). Some spending will also be directed to the Melbourne CBD and inner Melbourne, associated with local residents working in these areas.

Furthermore, internet sales that do not have a local ‘bricks and mortar’ component, such as books purchased from an overseas website, will also comprise part of this escape spending.

Overall, escape spending is at the upper end of normal expectations, although this does not represent a significant foregone economic opportunity for the Mornington Peninsula. In the future, escape spending levels marginally below the current level of 25% should be considered a successful policy outcome.

### 4.3 Expenditure by Non-Permanent Residents and Tourists

Approximately $250 million or 14% of total retail sales on the Mornington Peninsula are attributed to temporary residents and tourists to the Shire.

Estimates of spending by non-permanent residents and tourists have been informed by expected centre trading patterns based on consultation with local traders, a review of the previous activity centre strategy’s visitor survey, and on-site visits to individual centres.

Estimates of non-permanent resident spending have been cross-checked with ABS census records of unoccupied dwelling numbers in the Mornington Peninsula, spending per-capita generated by the MarketInfo micro-simulation model, and estimated total annual temporary
residential catchments. Tourist spending estimates have been cross-checked with Tourism Victoria Market Profile visitation and spending data.

**Non-Permanent Resident Spending**

Retail spending by temporary residents is estimated to comprise approximately $145 million or 8% of total retail spending in the Mornington Peninsula for 2015.

**Tourist Spending**

Spending by tourists is estimated to comprise approximately $105 million or 6% of total retail spending in the Mornington Peninsula for 2015.

### 4.4 Potential for Additional Activity Centre Development

Opportunities for new development in the activity centre hierarchy serving the Mornington Peninsula will occur as a result of the following factors:

- Population growth, which generates additional demand for retail goods and services
- Real growth in per capita retail spending, which is ongoing in an environment of economic growth, and which generates additional demand by existing and future residents
- Opportunities for additional ‘market share’ of the available spending by residents of the Mornington Peninsula, and from tourists and other visitors
- Opportunities to increase the share of resident spending that is captured by retail facilities in the region (i.e. a reduction in escape spending).

These factors form the basis for this assessment of opportunities for new development in the Mornington Peninsula Shire over the period 2015 to 2036.

**Retail Development**

A key objective of activity centres policy is to ensure that the share of retail spending retained on the Peninsula is maximised through provision for retail and commercial development that continues to meet the needs of residents and visitors at appropriate locations. However, it is unrealistic to assume that 100% of potential expenditure by residents can be retained in the Shire in view of the Shire’s fringe location and settlement pattern, with relatively small residential catchments.

Assuming that the current level of escape spending of 25% is maintained into the future, this effectively means that 75% of future retail spending growth by residents of Mornington Peninsula will be spent at retail facilities in the Shire.

This represents an increase in total spending by Mornington Peninsula residents directed to activity centres in the Shire of approximately $698 million over the period 2016 to 2036, or 75% of the $931 million of spending growth identified earlier in Table 4.3.
An opportunity to support additional retail facilities will also arise from ‘captured’ spending by visitors and tourists to Mornington Peninsula Shire. Approximately 14% of current retail turnover in the Shire is captured spending from people living outside the Council area (ie, people who are visiting the Shire for a day trip or staying over weekends and holidays).

Based on the continuation of this level of captured spending, the increase in total retail sales to non-residents in the Shire of Mornington over the period 2015 to 2036 is estimated to increase by approximately $110 million.

In combination, an opportunity exists for activity centre policy to support an additional $808 million of retail spending in the Shire of Mornington by 2036 (expressed in constant 2015 prices). This total comprises:

- $698 million of spending by permanent residents, and
- $110 million of visitor spending.

In view of the forecast growth in retail, as summarised in Table 4.6, the opportunity for new retail floorspace has been calculated by applying average sales levels that reflect the requirement for new retail development – typically, these sales levels are higher than that achieved by established retailers, which recognises the additional costs borne by new retail shops (in building costs, fit-out, stock, etc).

Importantly, not all new retail sales will necessarily be reflected in new retail development. Existing retailers can also expect to experience ongoing sales growth associated with increased population and available retail spending.

| Table 4.6: Forecast Retail Floorspace Growth - Mornington Peninsula, 2015 to 2036 ($2015) |
|-----------------------------------|------|
| Factor                           | Value |
| Mornington Peninsula Resident Spending Growth, 2015 to 2036 | $931m |
| Share of Resident Spending to Retailers in Mornington Peninsula (@75%) | $698m |
| Share of new Spending to Visitors (@14%) | $110m |
| **Total Growth in Retail Spending in Mornington Peninsula, 2015 to 2031** | $808m |
| Share of Additional Spending to New Retail Floorspace (@65%) | $525m |
| **Average sales threshold for new retail floorspace** | $6,750/m² |
| **Additional Retail Floorspace, 2015 to 2036** | 77,730m² |

Source: Essential Economics

With approximately one-third of additional retail sales to be directed to existing retailers, the potential exists for approximately +78,000m² of additional retail floorspace in the Mornington Peninsula Shire over the period 2015 to 2036. This is summarised in Table 4.6 above.

Allowing for approximately 15% of total shopfront floorspace to be associated with non-retail uses such as offices, personal services equivalent, it is appropriate for the Activity Centres Strategy Review to consider the potential for total growth in shopfront floorspace of approximately +90,000m² over the next 20-years.
This forecast should not be used as a prescriptive policy tool in making planning decisions about new retail/shopfront facilities, as the forecast is presented as a scenario for future retail development and, as such, it is dependent on the underlying available data and the assumptions which have been described.

Importantly, the potential to accommodate new retail facilities may change if general shifts occur in the retail environment, or if changes are made to the stated assumptions.

In reality, activity centres policy should be aiming to support the development of the hierarchy of activity centres in such a way as to:

- Maximise the captured spending from tourists and other visitors (currently 14% of total sales); and
- Minimise the escape spending of residents from Mornington Peninsula (currently 25% of resident spending).

On this basis, the forecast increase in retail and shopfront floorspace described above is a baseline level only. It is appropriate for the Activity Centres Strategy Review to identify a policy framework which as a minimum supports 90,000m² of additional shopfront floorspace by 2036.

Other Commercial Land Uses

The growth in demand for other commercial land uses which locate in activity centres is difficult to accurately forecast. This is due to the diversity of uses and development formats in this category (dedicated office buildings, gyms, medical centres, commercial accommodation, pub breweries etc.) and the subsequent wide range of factors that influence demand for these uses.

In particular, the locational decisions made by individual businesses are subject to a wide range of factors which cannot be accurately forecasted.

Nonetheless, it is important that the Activity Centres Strategy Review has regard to the apparent demand for these uses. In particular, the Major Activity Centres at Mornington, Hastings and Rosebud are expected to be a particular focus for development of a wide range of non-retail commercial land uses.

It is reasonable to assume that, as a minimum, the provision of non-shopfront commercial activities in the Mornington Peninsula Shire will remain at existing levels in per capita terms. On this basis, the Other Commercial floorspace category in activity centres within the Mornington Peninsula would increase from 48,500m² currently to approximately 56,000m² in 2036; this is an increase of +7,500m².

In reality, it is considered that policy should aim to accommodate non-shopfront commercial development in activity centres well-above this figure, having regard for growth trends in non-retail commercial activities in centres. In indicative terms, this could involve +15,000m² of additional commercial floorspace.
While the existing activity centres remain the preferred location for higher-order retail and commercial activity, the implications of policy not accommodating sufficient growth of commercial uses include:

- Increased pressure for commercial development outside of the activity centres hierarchy, including development in industrial areas and other non-preferred locations
- Foregone economic opportunities and investment
- Higher rents and development costs which ‘crowd out’ the development of new businesses and undermine existing businesses that rely on competitive land costs
- Reduced activity and visitation to activity centres
- An over-reliance on retail as a land use in activity centres.

For these reasons, the Activity Centres Strategy Review advocates that Council policies should aim to maximise development of a wide range of commercial development formats in activity centres.

**Other Development**

Other opportunities for development in activity centres over the next 20 years include:

- Higher-densities of residential development in selected centres
- Enhanced cultural and recreational infrastructure
- Improved community and administrative services.

Appropriate consideration of these non-commercial activities is also important in achieving the desired mix and diversity of uses sought for activity centres, as indicated by both State and Local planning policies.

### 4.5 Implications for Strategy

Key Implications for the Mornington Peninsula Activity Centres Strategy Review include the following:

- Per capita retail spending by residents of the Mornington Peninsula is -3.6% below the metropolitan Melbourne average. Per capita spending is highest in the West Region which is characterised by higher income levels.
- Total retail sales generated in the Mornington Peninsula are estimated at approximately $1,830 million in 2015, including $1,582 million in sales to Mornington Peninsula residents.
- Escape spending from the Mornington Peninsula is estimated at 25% of spending by residents, and includes expenditure in locations in metropolitan Melbourne such as
Frankston, Southland and Melbourne CBD, as well as internet sales without a local ‘bricks and mortar’ component. This escape spending is at the upper end of normal expectations, in part reflecting some of the limitations of the Peninsula’s settlement pattern, for example, the relatively small catchment populations.

- Non-permanent residents, tourists and other visitors to Mornington Peninsula generate approximately 14% of total retail sales in the Shire. This share is particularly high in centres such as Sorrento, Rosebud, Rye and Mt Martha which are located in areas where strong levels of seasonal visitation occur. Other centres, such as Bentons Square and Hastings, have a very low share of sales from non-residents of the Shire.

- Future development opportunities for activity centres on the Mornington Peninsula are associated with growth in retail and shopfront floorspace and other commercial activities. Policy should seek to support and facilitate appropriate development in activity centres which can accommodate an additional 90,000m²-plus of new shopfront floorspace (including retail and non-retail uses) and 15,000m²-plus of other commercial activity by 2036.
5 SUMMARY OF ISSUES FOR THE STRATEGY TO ADDRESS

This Chapter identifies the issues for activity centres in the Mornington Peninsula Shire that are identified through the preceding economic analysis and consultation with stakeholders.

**Issue 1:** The planning system in Victoria has undergone a significant process of reform. It is important that a policy framework is implemented in the Mornington Peninsula that reflects these changes.

*Response:* The Activity Centres Strategy Review needs to provide an up-to-date policy framework that reflects recent changes in planning zones and a renewed policy focus on activity centres as a driver for employment and investment.

**Issue 2:** Activity centre policy needs to specifically respond to the unique settlement patterns of the area, the metropolitan fringe location of the Shire, and the high levels of holiday home ownership and tourist visitation.

*Response:* A specific set of recommendations must be provided for centres across the hierarchy to ensure that policies and future development outcomes reflect the significant variation in circumstances and needs that exist across the Shire.

**Issue 3:** The activity centre hierarchy is an important policy tool in identifying and sustaining the higher-order role of Mornington, Rosebud, and Hastings activity centres, while supporting the appropriate role and function of other centres.

*Response:* A review of the current activity centres hierarchy is required in the Strategy which will ensure that it continues to meet current and future needs. Implementation of an appropriate activity centres hierarchy remains a vital land use planning and development tool.

**Issue 4:** Approximately 53,800m$^2$ or 18% of retail floorspace in the Shire is located outside the existing activity centres hierarchy and Peninsula Homemaker Centre. Recent planning reform in Victoria means out-of-centre retail development can now include small supermarket and shop-based developments.

*Response:* A more robust policy is required in relation to the role and function of out-of-centre retail development, and the relationship with activity centres. Guidance in relation to future out-of-centre development outcomes on the Shire is necessary to assist in the future Council decision-making.
**Issue 5:** The Mornington Peninsula is continuing to experience moderate population growth. Over the next 20 years the resident population of the Shire is forecast to increase by approximately +20,000 people.

**Response:** In an environment of ongoing population growth, activity centres have a critical role to play in meeting the needs of current and future residents in terms of the provision of appropriate retail, commercial and community functions. Likewise, from an economics perspective, activity centres must provide opportunities to generate investment, employment and business development opportunities with significant benefits for the community.

**Issue 6:** Tourism is an important part of the region’s economy and has experienced considerable growth during the past five years. In this context, increased pressure can be expected on activity centres in efforts to meet the daily needs of those visiting the Shire.

**Response:** Activity centres located in Mornington Peninsula’s tourism regions need to grow and evolve in a manner that meets the needs of an increasing number of non-permanent residents and visitors. Flexibility and adaptability is required in activity centres that experience fluctuating seasonal trading patterns.

**Issue 7:** Escape spending from the Mornington Peninsula is estimated at 24% of spending by residents, with spending directed to locations in metropolitan Melbourne such as Frankston, Southland and Melbourne CBD. This escape spending is at the upper end of normal expectations.

**Response:** The hierarchy of activity centres on the Mornington Peninsula needs to evolve in a manner that continues to meet the needs of the community, and where possible provides higher-order functions which reduce the need of residents to leave the Shire to make purchases. Likewise, activity centre policy should aim to increase the share of sales to non-residents.

**Issue 8:** Future development opportunities for activity centres on the Mornington Peninsula are associated with growth in retail and shopfront floorspace and other commercial activities. Economic analysis indicates that policy should deliver appropriate development in activity centres which can accommodate an additional 90,000m²—plus of new shopfront floorspace (including retail and non-retail uses) and 15,000m²—plus of other commercial activity. These floorspace figures are indicative and should be reviewed over time.

**Response:** Continued development of retail, commercial, residential and community functions are required across the activity centres hierarchy in Mornington Peninsula Shire over the next 20 years. Ensuring that an appropriate policy framework is in place to support this development is a key objective of the Activity Centres Strategy Review.
PART B: ACTIVITY CENTRES STRATEGY
6 VISION

A Vision Statement has been prepared to guide the ongoing planning and development of activity centres in the Mornington Peninsula. The statement is intended to be the overarching basis for the subsequent recommendations in the Strategy.

The Vision Statement is as follows:

‘The Mornington Peninsula’s existing activity centres will continue to be the focus for new retail development and key locations for business, community activity and social interaction in the Shire.

Council will work with stakeholders and the community to maintain and enhance the existing hierarchy of activity centres to meet the needs of both the local community and visitors to the Peninsula.

The activity centres will be highly accessible, support positive environmental, social and economic outcomes, and provide safe, attractive and diverse places for local residents and visitors to enjoy. Future development will be appropriate to the character, role and function of each centre.’
7 ACTIVITY CENTRE POLICY FRAMEWORK

7.1 Objectives and Actions for Activity Centres

The following strategic objectives and actions are intended to guide the application of activity centres policy on the Mornington Peninsula.

**Objective 1: Continue to support the activity centres hierarchy**

The activity centre hierarchy on the Mornington Peninsula will continue to be supported by policy, with the appropriate roles, functions, scale and themes of centres at each level of the hierarchy easily identifiable.

An activity centres hierarchy (see Background Report Chapter 2) is a particularly important tool in defining the appropriate role and function of activity centres on the Mornington Peninsula. Application of an activity centres hierarchy provides a sense of certainty for all stakeholders and assists in creating a coherent and effective policy framework.

The hierarchy is an important reference point in assessing applications for retail, commercial and other development in activity centres.

**Actions:**

Continue to support and apply the activity centre hierarchy as a beneficial planning tool to guide the location, type and volume of new and/or expanded retail, commercial and other development. Ensure this hierarchy is referenced when considering development applications, proposals for out-of-centre development, planning scheme amendment proposals, and in determining Council land use policies.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>Council: Planning</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1.1 Incorporate the (minor) changes to the revised hierarchy identified in this Strategy in the Mornington Peninsula Planning Scheme, and subsequently update as required.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>Council: Planning</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Objective 2: To provide an effective and efficient activity centre hierarchy that provides high levels of service to residents, visitors and tourists.

Council will work with stakeholders to both retain the spending of local residents on the Mornington Peninsula and to promote the continued role of the Mornington Peninsula in attracting visitors from across metropolitan Melbourne and Victoria.

This will be achieved by creating and supporting a hierarchy of activity centres that meets the needs of residents and visitors alike and which is a focus for private and public investment.

An appropriate provision of retail, commercial and community infrastructure supports the quality of life of the Peninsula for residents, attracts customers from outside of the Peninsula, supports tourism development, contributes to growing small businesses located in Mornington Peninsula’s activity centres, and creates economic benefits in the form of jobs, incomes and ongoing investment.

Actions:

2.1 Reflect the needs of residents and visitors in Council decision-making for development of new retail, commercial and other facilities. Support development where these needs are addressed, and that is consistent with the activity centre hierarchy and other relevant strategic policy objectives.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing</td>
<td>Council: Planning</td>
<td>n/a</td>
</tr>
</tbody>
</table>

2.2 Continue to implement a pro-active and whole-of-Council approach to ensure that activity centres provide a range and scale of facilities that support Mornington Peninsula’s role as a significant destination for tourists and none-permanent residents. Implement all relevant Council policies and allocate resources in a manner that ensures the tourism role of the Mornington Peninsula is recognised and enhanced.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing</td>
<td>Council: Economic Development and Planning</td>
<td>n/a</td>
</tr>
</tbody>
</table>

2.3 Provide civic and community facilities in locations consistent with the operation of the activity centre hierarchy. Where appropriate, Council will direct key public infrastructure to the relevant activity centres in the Mornington Peninsula.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing</td>
<td>Council</td>
<td>n/a</td>
</tr>
</tbody>
</table>
**Objective 3: To consolidate a diverse range of activities in activity centres**

*The Mornington Peninsula has a well-established hierarchy of activity centres that are the focus for the development of local businesses, and these are the locations where ongoing private and public investment will continue to be directed.*

Consolidation of retail and other business activities, and provision of community and leisure facilities and additional housing at activity centres, will provide an important contribution to the achievement of attractive and vibrant centres with relatively lower levels of car dependency.

Support from Council for the consolidation and intensification of activity centres (particularly at higher levels of the hierarchy) will ensure the efficient use of infrastructure, and contribute to the sense of these centres as ‘destinations’ for a wide range of activities. Substantial economic, social and environmental benefits (see Section 1.3) result from planning that promotes a diverse range of land uses in activity centres.

**Actions:**

3.1 Consolidate retail and other business development at activity centres in accordance with the hierarchy of activity centres contained in this Strategy. Ensure all relevant Council polices reflect the activity centres hierarchy. Discourage out-of-centre development (see also Objective 6).

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing</td>
<td>Council: Planning</td>
<td>n/a</td>
</tr>
</tbody>
</table>

3.2 Establish a wide variety of non-retail uses in identified activity centres, including increased residential development, where this is consistent with other Council policies and adopted Structure Plans. Residential development may be supported where appropriate levels of access, infrastructure capacity, provision of open space and other community facilities, and access to employment are provided.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing</td>
<td>Council, private sector</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Objective 4: To confirm the primacy of Mornington Peninsula’s Major Activity Centres**

*Support and enhance the role of the Mornington, Rosebud and Hastings Major Activity Centres as key service centres for the Mornington Peninsula. In combination, the Mornington Peninsula’s three Major Activity Centres will ensure that all residents and visitors have access to a comprehensive range of retail, commercial and other facilities and services. Ensure that the Major Activity Centres are a*
Focus for higher-order activities, while retaining their own unique character.

Major Activity Centres are a significant focus of this strategy. The unique settlement pattern of the Mornington Peninsula means that Major Activity Centres play a vital role in providing extensive residential, semi-rural and rural catchment areas with shopping, business, tourism, entertainment, community, civic and other facilities and services. This strong service role generates significant benefits to the local economy, the liveability of the Peninsula for residents, and the amenity of tourists and other visitors.

It is vital that Mornington Peninsula’s three Major Activity Centres all have robust and up-to-date strategic land use planning. Given the unique challenges faced by Mornington, Rosebud, and Hastings, these policies need to be tailored to the individual centres through the application of appropriate local policies.

The Mornington Peninsula Shire Council has recently completed a program of planning for the development of the Major Activity Centres, with Structure Plans and Design Frameworks for Mornington (2007), Rosebud (2015) and Hastings (2016). These plans provide a strong basis for future use and development of the centres. Council, State government agencies and the private sector will work in partnership to deliver the intended outcomes of these plans, and any subsequent local policies.

Actions:

4.1 Re-affirm the primacy of Mornington Peninsula’s Major Activity Centres in the activity centres hierarchy and as the regional focus for a wide range of activities, including retail, commercial, community, cultural, residential and other facilities and services. Reflect this direction when developing future policies and actions which are relevant to activity centres, and encourage development that consolidates the primacy of these centres.

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<tr>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
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<tbody>
<tr>
<td>Ongoing</td>
<td>Council (All)</td>
<td>n/a</td>
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</table>

4.2 Ensure the continued role of Major Activity Centres in providing higher-order retailing including discount department stores, supermarkets, major retail-anchors and a wide range of supporting shops in an attractive and convenient shopping environment. Major Activity Centres will also be a focus for a range of other higher-order uses including offices, cultural facilities and Government administration.

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<th>Timeframe</th>
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<tr>
<td>Ongoing</td>
<td>Council: Planning</td>
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4.3 The three major activity centres serve as the symbolic ‘face’ of the Mornington Peninsula to many local residents and visitors. It is important to ensure that major activity centres are held to a particularly high standard of amenity and presentation. Encourage the redevelopment of poor-quality building stock, actively enforce
appropriate minimum standards of presentation for tenancies and buildings, and provide support for and investment in improvement initiatives.

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<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
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<tr>
<td>Ongoing</td>
<td>Council and Property Owners</td>
<td>n/a</td>
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4.4 Create a policy framework that supports the potential for future intensification of residential living in Mornington Peninsula’s Major Activity Centres. It is expected that over coming years an increasing number of people will seek to live within or in proximity to Major Activity Centres, and closer to the associated community, recreational, and commercial facilities. Residential development which consolidates a higher intensity of activity, and delivers an appropriate scale of development in and around Major Activity Centres, is strongly supported.

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<th>Timeframe</th>
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<th>Indicative Cost</th>
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<tr>
<td>Short-term</td>
<td>Council: Planning</td>
<td>n/a</td>
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**Objective 5: To support the growth of existing centres to meet increased demand**

*Growth in demand for retail and commercial facilities and services is anticipated in the Mornington Peninsula over coming years, and has been identified in Chapter 4 of this Strategy.*

*It is expected that the future retail and commercial needs of Mornington Peninsula residents and visitors will be primarily met by further development in existing activity centres hierarchy.*

As population growth occurs on the Mornington Peninsula and increased spending is generated by tourists and other visitors, demand will be generated for a wide range of retail, commercial and community activities. In most instances, these additional needs can be adequately accommodated by the existing hierarchy of activity centres on the Mornington Peninsula, generally through re-development and the intensification of activity within existing centre boundaries.

Where there is a demonstrated service gap that cannot be effectively met within the existing activity centre serving that catchment, the option of expanding the boundaries of an existing centre through commercial rezoning may be considered, provided this is strategically justified and consistent with the achievement of a net community benefit.

In some exceptional circumstances, such as new integrated green field residential development, the establishment of a new centre (such as a new convenience centre) may be considered in order to ensure that new and existing residents have access to an appropriate range of local facilities and services.
**Actions**

5.1 Existing activity centres will be the primary focus for new development of retail and commercial uses. Council will ensure that planning policies encourage appropriate new growth and development in existing activity centres in a manner consistent with the operation of the hierarchy.

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<th>Timeframe</th>
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<th>Indicative Cost</th>
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<tr>
<td>Ongoing</td>
<td>Council (Planning) and Developers</td>
<td>n/a</td>
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</table>

Council will only consider the creation of significant out-of-centre retail development where there is a demonstrated service gap which cannot be met by existing centres and/or where it is part of a new integrated neighbourhood development.

Proposals for new centres must demonstrate that they will not undermine the balance of the activity centres hierarchy and will provide clear net community benefit.

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<th>Timeframe</th>
<th>Responsibility</th>
<th>Indicative Cost</th>
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<tbody>
<tr>
<td>Ongoing</td>
<td>Council (Planning) and Developers</td>
<td>n/a</td>
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**Objective 6: To accommodate large-format homemaker retailing and mixed-business uses at ‘Enterprise Area’ locations**

*It is appropriate for the activity centre policy to recognise the operation of homemaker retailing, in association with a variety of other large format retail and commercial uses, trading in what may be termed ‘enterprise areas’.*

*These are areas located outside traditional activity centres which typically comprise a broad mix of businesses including homemaker retail, showrooms, trade supplies, light industry, and other businesses and community facilities (such as churches).*

Over time, the rise in popularity of large-format homemaker retailing (typically, but not always, operating under the planning land use term ‘restricted retail’) has been reflected in development patterns at the Mornington and Rosebud industrial areas. The Peninsula Homemaker Centre (Mornington) and the development of Bunnings and other associated homemaker retailers at Rosebud (Capel Sound) reflect this evolving land use trend.

Additionally, land zoned for industrial activity can sometimes evolve into mixed enterprise areas. These areas include a high share of non-industrial commercial uses including homemaker retailing, gyms, indoor sports facilities, and office suites.
More recently, this range of uses has tended to expand into more ‘customer intensive’ activities, such as art galleries, cafes and takeaway food outlets, and brewery bars, attracting additional traffic movement into some industrial areas.

Typically, these mixed enterprise areas occupy locations with high exposure to passing trade and accessibility for potential customers. However, the increasing level of such uses in particular areas is arguably displacing more ‘traditional’ industrial and service industrial uses. This form of development can create demands, such as for car parking, that are different from previous industrial development standards, as well as potentially creating land use conflicts with previously-established industrial uses.

In some industrially-zoned areas a degree of incremental conversion to commercial use has taken place, often in clusters. The decision of the State Government to include additional flexibility for small supermarket and shop developments to establish as of right in the Commercial 2 and Industrial 3 Zone, in order increase competition in the supermarket sector, may exacerbate this pressure.

Despite the concerns regarding unplanned, incremental growth in this form of activity, economic and other benefits are associated with the emergence of ‘enterprise areas’.

These areas provide an opportunity to accommodate large format buildings and service areas that are difficult to establish in established town centre locations, and also avoid increasing congestion and parking demand in established centres which may already have limited capacity. Such developments may also be more appropriate in highly-exposed locations, with a higher standard of building design, landscaping and presentation that may be associated with some forms of industrial/service industrial development.

In addition, enterprise areas provide opportunities for uses to establish which may not otherwise afford rents in town centres due to large floor area requirements (such as gyms and dance studios), and which otherwise will not establish in an area and thereby reduce the level of service to the local community.

Accordingly, it is appropriate for activity centres policy to recognise the role of enterprise areas and to provide policy guidance. This will ensure that:

- The benefits to consumers and business associated with enterprise areas are retained
- This is not done at the expense of activity centres policy and the operation of the activity centres hierarchy
- A structured and balanced approach is adopted to ensure that industrial activity on the Mornington Peninsula is not ‘crowded out’ by inappropriate retail and commercial uses, or retail and commercial uses which might otherwise be preferred within activity centres.

Intensive retail and commercial development, or residential development, is discouraged in industrial and out-of-centre commercial locations. In a strict policy context, enterprise areas are not formally considered to be activity centres, although their role and function should be recognised and defined in the activity centres policy.
Subject to more detailed future analysis (and at Council’s own discretion), it may be appropriate for some land within the Enterprise Area at Mornington to re-allocate land between the IN3Z and C2Z planning zones. This would potentially better reflect existing and desired land use patterns – although no specific recommendation in relation to rezoning is made by this Strategy (and the Industrial Land Strategy).

Any change to zones at the Mornington Enterprise Area (if implemented by Council) will need to ensure that the urban design controls protecting a key ‘gateway’ point to Mornington are retained – specifically DPO2. This may also include developing new urban design provisions for areas not currently covered by the DPO2, such as the area currently in the INZ3 near the corner of Wilson Road and Nepean Highway.

**Actions:**

6.1 Incorporate into the activity centre policy appropriate reference to large format and mixed business/commercial uses operating outside of the township activity centres. Indicate that these activities and locations are supported to the extent that they complement the activity centres and the broader objectives of the activity centre strategy.

6.2 Council will recognise the role and function of Enterprise Areas in relation to the activity centre hierarchy and ensure that parking, loading, amenity and other land use and development issues particular to the diverse businesses in these areas are given due consideration.

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<th>Timeframe</th>
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<td>Ongoing</td>
<td>Council: Planning</td>
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**Objective 7: To closely monitor out-of-centre development**

*Ensure that commercial development occurring away from activity centres identified in the hierarchy contributes to the achievement of a net community benefit and does not undermine activity centre policy.*

While the activity centre hierarchy is the primary focus for developing retail, commercial and other functions on the Mornington Peninsula, in some individual circumstances it may be appropriate for a limited range of these uses to establish outside of the defined activity centres for a particular purpose.

For example, the large numbers of tourists and visitors to the Mornington Peninsula means that specific businesses and services catering primarily to this market may be appropriate at out-of-centre locations. For example, food retailing associated with primary production, or convenience retailing serving a tourist node with high-levels of visitation.

It is important for Council to ensure that the integrity of the activity centre hierarchy is maintained, while nonetheless accommodating out-of-centre development of an appropriate scale and nature.
**Actions:**

7.1 Assess any proposals for out-of-centre development carefully to ensure that such development occurs is consistent with the achievement of a net community benefit without undermining the activity centres hierarchy. This should include consideration of the following:

- **Location** – Why the proposed out-of-centre location is being considered for commercial development.
- **Accessibility** – Ensure appropriate levels of access, including car parking and ability to use non-motorised transport.
- **Urban Design** – Demonstrate high-quality urban design and an interface that is attractive.
- **Economic** – Justification for, and implications of, approval of the out-of-centre development.
- **Net Community Benefit** – The planning application must provide a full analysis of the development proposal’s contribution to Net Community Benefit, including the impact on existing activity centres.

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<th>Indicative Cost</th>
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<tr>
<td>Ongoing</td>
<td>Council (Planning) and Developers</td>
<td>Cost of supporting information borne by proponent</td>
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### 7.2 Revised Activity Centre Hierarchy

This Section provides an overview of the activity centres hierarchy that serves the Mornington Peninsula Shire.

This hierarchy is an update or revision of that outlined in the Mornington Peninsula Planning Scheme Local Policy 21.07 -3 Table 1, with Baxter and McCrae Local Activity Centres proposed to be reclassified as Small Township Centres (currently classified as Local Centres) on the basis of the following assessment.

**Baxter**

The Baxter activity centre is situated on the northern side of Baxter-Tooradin Road, west of the rail line. The centre consists of a traditional strip centre either side of Thomas Street and a relatively new development adjacent to Baxter railway station, anchored by a medium-sized Woolworths supermarket which supports approximately 15 specialty retail tenants.

The Woolworths was constructed in the period since the Mornington Peninsula Activity Centres Strategy (2005) was adopted. This addition has enhanced the centre’s role and
function to now comprise approximately 4,500m² in total retail and commercial floorspace, and serves an important role in meeting the basic grocery shopping and convenience needs of residents in the township and surrounding areas.

*It is considered that Baxter activity centre’s current role and function is more accurately described as a Small Township Centre*

**McCrae**

The McCrae activity centre is located on the corner of Point Nepean Road and Lonsdale Street, approximately 1km east of Rosebud activity centre, and is distinct from the McCrae Village convenience centre which is located approximately 500m east along Point Nepean Road, near Beverley Road.

The activity centre comprises approximately 3,500m² of retail and commercial floorspace, including a medium-sized Coles supermarket and approximately 10 specialty retailers. The Coles development was constructed in the period since the Mornington Peninsula Activity Centres Strategy (2005) but remains functionally separate from the McCrae convenience centre.

The McCrae activity centre serves an increasing number of visitors and non-permanent residents in peak-holiday season in addition to a local resident catchment. The centre is also exposed to significant passing traffic in view of its proximity to major road transport links, including Mornington Peninsula Freeway, Lonsdale Street and Point Nepean Road.

*It is considered that the McCrae activity centre’s current role and function is more accurately described as a Small Township Centre.*

For both Baxter and McCrae, the reclassification as small township centres in no way implies a future intention to upgrade the role and function of these centres. Rather, the revised hierarchy is simply a more accurate reflection of the existing role and function of these centres, and the appropriate policy settings to guide their future evolution.

A summary of the Activity Centre Hierarchy is outlined in Table 7.1. below.
Table 7.1: Revised Hierarchy for Mornington Peninsula Activity Centres

<table>
<thead>
<tr>
<th>Centre Hierarchy/Centre</th>
<th>Role/Description</th>
<th>Examples of Centre Features</th>
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</thead>
</table>
| Major Activity Centre (Mornington, Rosebud, Hastings) | Major Activity Centres (MACs) are the primary location of employment and commercial activity on the Mornington Peninsula, and include a large, diverse and intensive mix of retail, commercial, entertainment, cultural, education, health, community, residential and other uses. Typical retail floorspace provision is in the order of 25,000 m² to 75,000 m². These centres will serve a regional-sized catchment, and are priority locations for future private and public sector development. Catchment populations are typically in the range 40,000 to 70,000 persons. Intensification/diversification of residential development is also encouraged in appropriate locations and in accordance with adopted Activity Centre Structure Plans. | Examples of services and facilities in MACs include the following:  
- **Retail**: Including one or more Department Stores, a number of full-line supermarkets, and a variety of comparison and convenience-based specialty retailing.  
- **Cultural, recreation and entertainment facilities**: Including restaurants/cafes, performing arts centres, museums, galleries, sporting facilities, gymnasiums, aquatic centres, hotels, cinemas, etc.  
- **Health**: Including hospitals, medical centres and allied health services (ie. dental, physiotherapy, podiatry, etc.).  
- **Education**: Including pre-school, primary and secondary schools, university, TAFE courses and adult training and education.  
- **Community facilities**: Including libraries, child-care, community and youth centres, public halls, religious buildings, etc.  
- **Civic and administrative services**: Including Council offices and public services, such as Centrelink and training services, etc.  
- **Visitor facilities**: Potential for tourism infrastructure may exist for those centres with a tourism focus.  
- **Residential**: Including higher density residential development. |
| Large Township Centre (Somerville, Rye, Dromana, Mt Eliza, Bentons Square) | Large Township Centres (LTCs) serve a large locality catchment, generally in excess of 10,000 persons, and comprise a broad range of retail and commercial functions. A number of national brand retailers locate in Large Township Centres. As a guide, retail and commercial floorspace is typically in the range 10,000 m² to 30,000 m². In many cases, these centres also perform a significant role in the provision of community and civic services to the surrounding community, and often provide a range of visitor activities and services. | Examples of services and facilities provided in LTCs include the following:  
- **Retail**: Including one or more Department Stores, a number of full-line supermarkets, and a variety of comparison and convenience-based specialty retailing.  
- **Cultural, recreation and entertainment facilities**: Including restaurants/cafes, small scale arts centres/galleries, museums, local sporting facilities, gymnasiums, etc  
- **Health**: Including medical centres and allied health services (ie. dental, physiotherapy, podiatry, etc.).  
- **Education**: Including pre-school, primary and secondary schools and potentially adult training and education.  
- **Community facilities**: Including libraries, child-care, community and youth centres, public halls, religious buildings, etc.  
- **Visitor facilities**: Potential for tourism infrastructure may exist for those centres with a tourism focus.  
- **Residential**: Including some intensification/diversification of residential development in accordance with adopted structure plans. |
### Table 7.1 (Continued): Revised Hierarchy for Mornington Peninsula Activity Centres

<table>
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<tr>
<th>Centre Hierarchy/Centre</th>
<th>Role/Description</th>
<th>Examples of Centre Features</th>
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</table>
| **Small Township Centre**<sup>1</sup> (Sorrento, Balnarring, Mt Martha, Martha Cove, Baxter, McCrae) | Small Township Centres (STCs) serve a small locality catchment of 5,000 persons and above, and have a retail mix that is focused on convenience and grocery shopping (although often with a limited range of non-food traders); in some cases they also provide a range of community services to the surrounding communities. Usually, these centres have one small to medium-sized supermarket as the main anchor tenant. Total floorspace is typically in the order of 2,000m² to 15,000m². The higher-end in floorspace provision would likely prevail in centres that are also popular with temporary visitors. Examples of services and facilities provided in STCs include the following:  
* Retail: Range of convenience based retailing, often with one small supermarket and a variety of convenience-based speciality retailing. Opportunities for tourism-focused retail also exist in some instances.  
* Cultural, recreation and entertainment facilities: Including restaurants/cafes, small scale arts centres/galleries, museums, local sporting facilities, gymnasiuums, etc.  
* Health: Including medical centres and allied health services (eg. dental, physiotherapy, podiatry, etc).  
* Education: Including pre-school, primary and secondary schools.  
* Community facilities: Including libraries, child-care, community and youth centres, public halls, religious buildings, etc.  
* Visitor facilities: Potential for tourism infrastructure may exist for those centres with a tourism focus. | |
| **Local Centre**<sup>2</sup> (Capel Sound, Blairgowrie, Portsea, Tyabb, Bittern, Crib Point, Red Hill South, Flinders) | Local Centres have a more limited role in providing essential retailing and community facilities for an urban or semi-rural surrounding catchment of less than 5,000 persons. In some cases these centres comprise a built form of heritage value and distinctive character, and also serve a tourist market. Typical floorspace is in the order of 1,000m² to 3,000m². Examples of services and facilities provided in Local Centres:  
* Retail: Limited range of convenience based retailing. Opportunities for tourism focus retail also exists in some instances.  
* Health: May include medical centres and allied health services (eg. dental, physiotherapy, podiatry, etc).  
* Education: May include pre-school, primary and secondary schools.  
* Community facilities: May include a library, child-care, community and youth centres, public halls, religious buildings, etc.  
* Visitor facilities: May include tourism infrastructure in for those centres with a tourism focus. This may involve small-scale visitor accommodation. | |
| **Convenience Centre**<sup>3</sup> (Humphries Road, Mountain View Road, Beloura Hill Road, Robertson Drive, Wilsons Road, Dava Drive, Walara Drive, Boundary Road, McCrae, Waterfall Gully Road, Tootgarook, Dundas Street, Disney Street) | Convenience Centres consist of a small group of shops that typically serve a local walk-in catchment, and provide for the daily convenience and ‘top up’ needs of local residents and passing motorists. Typical floorspace provision is less than 1,000m². Some of these small centres contain a limited number of community facilities and other uses. Numerous Local Centres are located throughout the Mornington Peninsula. Examples of services and facilities provided in Local Centres:  
* Retail: Limited range of convenience based retailing, may include general store, takeaway food, café, bakery, hairdresser, etc.  
* Health: May include local doctors and/or allied health services (eg. dental, physiotherapy, podiatry, etc).  
* Education: May include pre-school, primary and secondary schools. | |

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1. Mornington Peninsula Planning Scheme; Essential Economics


3. Essential Economics Pty Ltd
8 IMPLEMENTATION PLAN

This Chapter provides specific direction, where required, in relation to specific activity centres and outlines guidance for Council in assessing relevant planning applications.

The following specific actions have been identified for activity centres on the Mornington Peninsula. In some instances, these actions are intended to provide additional strategic support and justification for outcomes already advocated by other local policies.

8.1 Major Activity Centres

A set of specific actions have been prepared for the Major Activity Centres, including discussion of the supporting rationale.

Mornington

The Mornington Major Activity Centre will continue to be the largest centre in the Shire, offering a highly diverse mix of uses. For both residents and visitors, the amenity offered by the Mornington activity centre will continue to be of a very high standard, including a vibrant and successful street-based shopping environment.

Specific actions for the Mornington activity centre are as follows:

**Action 1:** Undertake a review of the Mornington Major Activity Centre Structure Plan, including the barriers to further implementation (in regard to both commercial and residential activity) which may consider options including the application of an Activity Centre Zone (ACZ).

*Rationale:* The Mornington Major Activity Centre Structure Plan (2007) is a high-quality document outlining a detailed vision for the centre. Implementation of that vision across a large and complex activity centre requires a framework of appropriate planning and policy controls and a range of other actions to promote investment by both the public and private sectors.

A review of the Mornington Activity Centre Structure Plan is appropriate in view of the time which has passed since its introduction. Further options to assist implementation, such as the application of the Activity Centre Zone may be considered and assessed through such a review.

**Action 2:** Continue to encourage and support appropriate intensification of residential activity within and on the fringe of the activity centre, subject to local planning controls including Design and Development Overlay 24 (Beleura Hill). Further, support implementation of recommendations of the Mornington Activity Centre Structure Plan related to the future...
development of land in the SUZ1 and INZ3 at 69-71 Barkly Street to accommodate residential use.

_Rationale:_ Increased numbers of permanent residents living within a walkable catchment of the Mornington Activity Centre will support viability and enhance the range of activities within the centre. Some higher density housing in the Mornington Activity Centre (consistent with built form requirements of the Planning Scheme) is also critical in improving the diversity of local housing choice.

**Action 3:** Ensure that future planning accommodates forecast strong demand for additional development of retail, commercial, residential and community, including through appropriate development and redevelopment of currently under-utilised sites. This includes land on Main Street located south of Cromwell Street, as well as land on the fringe of the existing ‘retail core’.

_Rationale:_ The Mornington Activity Centre is anticipated to experience strong pressure for development over coming years which must be accommodated in a highly established township environment. For this reason it is vital that all opportunities for appropriate growth and re-development within the centre are accommodated by strategic policy and Council decision-making.

**Action 4:** Continue to invest in urban design and other initiatives which maintain Main Street’s high amenity values, and deliver a strong street-based economy throughout the centre.

_Rationale:_ A key to Mornington Activity Centre’s overall success has been the continued popularity of Main Street and the street-based economy. Café and restaurant dining has become an increasingly important part of the tenancy mix and a strong role exists for Council to work with other stakeholders to maintain the reputation of the Mornington Activity Centre as a clean, safe and friendly street-based activity centre.

**Rosebud**

Rosebud will continue to be the major centre serving both residents and visitors in the southern parts of the Mornington Peninsula. Rosebud Plaza and the street-based components of the centre will continue to grow and evolve to meet changing community need, including the potential to accommodate some higher density housing formats. The Rosebud Activity Centre Structure Plan is endorsed as a strong local policy framework for the future development of the centre.

Specific actions for the Rosebud activity centre are as follows:

**Action 5:** Support the ongoing redevelopment and improvement to the building stock in the street-based elements of the Rosebud activity centre, including intensification of activity and mixed-use development outcomes.
Rationale: Opportunities are apparent throughout much the street-based areas of the Rosebud activity centre (i.e. excluding Rosebud Plaza) for redevelopment of existing buildings. Encouraging this redevelopment over time (subject to the principles and actions contained in the Rosebud Activity Centre Structure Plan, 2015) is very strongly supported by this Strategy.

Action 6: Implement the Rosebud Activity Centre Structure Plan as the basis for guiding land use planning and development.

Rationale: Detailed local policy for the Rosebud Activity Centre is contained in the Structure Plan. As a major activity centre, Council has a responsibility to pursue, as appropriate, the vision and outcomes identified in the Plan. In addition to its service role, the Rosebud activity centre is an important economic asset for the region and thus the implementation of the Structure Plan represents a strong economic development initiative as well as an important land use planning policy.

Hastings

The Hastings major activity centre will continue to evolve and grow in a manner that consolidates, and ultimately enhances, its role as the higher-order service centre for the eastern parts of Mornington Peninsula Shire.

A strong street-based environment and proximity to Western Port Bay means that the centre has significant opportunities to increase its reputation as a functional and attractive location for shopping and other activities.

Specific actions for the Hastings activity centre are as follows:

Action 7: Implement the Hastings Town Centre Structure Plan and High Street Hastings Streetscape Design Framework as the basis for guiding land use planning and development.

The High Street corridor is the central spine linking the Hastings Centre through to the Civic Precinct and the Hastings Foreshore area, and is supported as the focus for future development. Streetscape improvements, “way-finding” signage, street art etc will encourage movement between the commercial centre and the foreshore area.

Rationale: Detailed local policy for the Hastings Activity Centre is contained in the Hastings Town Centre Structure Plan and Design Framework. This includes emphasis on the importance of High Street as the functional and symbolic heart of the Hastings Activity Centre.

The Hastings Activity Centre requires support as a continued focus for future development while also ensuring improvements to visual appeal and amenity. Thus, it is important that Council implements the vision and outcomes identified in Structure Plan related to the Hastings Activity Centre.
**Action 8:** Redevelopment of the building stock in the centre is expected over time, and is supported where this results in a high quality design outcome and/or mixed use development opportunities.

**Rationale:** Although Hastings trades successfully with a strong selection of major chain retailers and a relatively strong main street shopping environment, ongoing re-investment in the centre to improve the quality of the built environment is required of both Council and the private sector. Opportunities for mixed-use development including upper floor commercial or residential uses are considered appropriate given the status of Hastings as a major activity centre.

### 8.2 Large Township Centres

A general outlook for each of the large township centres is described as below.

**Mt Eliza**

The Mt Eliza activity centre will continue to serve surrounding residents as a high amenity street-based centre. No significant change in floor space is anticipated over the life of this Strategy (i.e. approx 10 years), although some redevelopment and renewal of building stock is expected to occur over time. Traffic management and carparking availability would need to be addressed and resolved (possibly through a Parking Overlay/development contribution scheme) to support any significant increase in floorspace within this centre.

**Bentons Square**

Bentons Square is an extremely successful shopping centre with high trading levels and facilities which are at capacity during peak periods, despite the absence of a significant tourist/visitor customer base.

In this context, it is appropriate for Council and the centre owner/operators to consider whether an opportunity exists for additional supermarket and convenience-oriented facilities to serve residents of Mornington East and Mt Martha at the Bentons Square site.

The Large Township classification of Bentons Square reflects the economic status of the centre based on the range and scale of floorspace, and the provision of goods and services to the community. This is also consistent with the Activity Centres Hierarchy defined in Section 2.1. The term ‘Large Township Centre’ for Bentons Square does not indicate that the centre and immediate surrounds is a distinct township, as is defined for selected other localities in the Mornington Peninsula Shire. The trading strength of Bentons Square indicates that any future growth of the centre will need to be designed appropriately having regard to all planning considerations including the hierarchy.
Dromana

Ongoing infill residential development within the centre and in surrounding areas means that the overall Dromana activity centre is expected to become a more vibrant environment for shoppers, businesses, and the community – particularly during the traditionally quieter winter period. This is likely to include cafés and restaurants capitalising on the waterfront amenity and view-lines. Council is already committed to the preparation of a Dromana Town Centre Plan, and this project should enable more detailed consideration of the design aspects of the centre and opportunities for improvement.

Rye

Rye is a significant activity centre on the southern Peninsula and enjoys the amenity benefits of a coastal location and a strong connection with the adjacent foreshore areas. However, it is impacted by poor integration due to its elongated form, limited walkability and the lack of a clearly defined core area.

The extended layout of the centre, stretching along approximately 1km of Point Nepean Road, means that managing rather than remediating this as an issue is the appropriate policy objective, comparable to some extent with the challenge faced with the Rosebud centre. Redevelopment of vacant and under-utilised sites to include ground floor retail/commercial and above ground residential or tourist accommodation should help to improve the physical continuity of the centre over time. Council is already committed to the preparation of a Rye Town Centre Plan, and this project should enable more detailed consideration of the design aspects of the centre and opportunities for improvement.

The highly seasonal nature of overall visitation to the centre will continue to be an issue for Rye for the foreseeable future.

Proposals to support commercial activity in the Rye centre could include strengthened street based activity (with widened footpaths and streetscape improvements), and other actions to support pedestrian movement, and to reduce the dominance of vehicular traffic movement and the “barrier” created by Point Nepean Road to the foreshore.

Somerville

The Somerville activity centre is characterised by a highly fragmented layout, with the original centre on the east side of the Somerville rail line providing a traditional street based shopping area, including a small IGA supermarket, while a larger scale ‘big box’ centre has developed (since the early 1980s) on the west side of the rail line. In addition, the development on the west side is further divided by a substantial drainage channel, limiting the level of interaction between different parts of the “centre” and further dispersing activity.

These are all significant design challenges; however, opportunities exist for improving connectivity and enhancing the experience of shoppers and other visitors in moving between different parts of the Somerville town centre. The need to re-develop the Somerville Leisure Centre (following a recent fire) provides one opportunity to consider how to support such improvements in connectivity and amenity.
Over time, it is expected that the level of activity in the areas between the eastern and western sides of the centre will improve, although the presence of the railway line means that a fully integrated town centre at Somerville is not possible. Nonetheless, as the surrounding area experiences moderate population growth in coming years, the overall performance of the centre is expected to improve.

8.3 Small Township Centres

A general outlook for each of the small township centres is provided below.

Sorrento

Sorrento has a high-quality street-based shopping environment which is expected to continue to perform strongly over coming years. The level of activity is strongly seasonal, reflecting Sorrento’s attraction for visitors, and which is supported by the location of the Sorrento/Queenscliffe ferry terminal. Although residential growth in the Sorrento catchment is expected to be relatively limited, and no additional commercial land is considered necessary, current development proposals demonstrate that there is still scope for infill/re-development based particularly on mixed use and visitor oriented development.

The primary challenge in this context is to ensure that new development is appropriate to the historic and coastal character of Sorrento, which is its greatest competitive advantage. The Ocean Beach Road Commercial Precinct Sorrento Heritage Policy - September 2015, provides appropriate guidance in this regard.

Mt Martha

The Mt Martha Village activity centre serves a well-established urban area and has limited opportunities for redevelopment and expansion.

Mt Martha effectively operates at, or above, capacity at peak periods and is well-utilised throughout the year by local residents. No significant growth is anticipated at this centre.

Balnarring

Balnarring is an important service centre for the smaller coastal townships on Western Port as well as providing for tourists to the eastern and south-eastern areas of the Shire. The Balnarring centre is located along Russell Street, with the core retail area on the east side and office, consulting and other commercial activities on the west side.

It is important that any future development of the Balnarring activity centre has due regard for semi-rural atmosphere of the centre, and is consistent with retaining that environment. Incremental growth of activity is anticipated at the centre, in response to the requirements of residents and visitors.
Martha Cove

At present, the Martha Cove centre is only identified in the hierarchy and has not been developed. A planning permit application for 2,000m² of floorspace is currently being considered by Council and is consistent with the role and function of the centre anticipated by the activity centres hierarchy. While a “tight” floorspace limit has always formed part of the approval of Martha Cove as an integrated (canal-based) development, it may be appropriate to increase the floorspace cap by 25% to ensure the design outcomes suitable for this major development are achieved.

Baxter

The Baxter small township centre has opportunities for improved integration with the adjacent train station. However, no significant growth in retail and commercial floorspace is anticipated over the life of this Strategy. Council is already committed to the preparation of a Baxter Township/Town Centre Plan, and this project should enable more detailed consideration of the design aspects of the centre and opportunities for improvement.

McCrae

The McCrae activity centre is a simple primarily enclosed shopping centre which is functional but of limited overall visual quality or amenity. Future improvements to the presentation of the centre should be encouraged by Council, potentially in association with some redevelopment of the existing buildings. The McCrae village centre, located further to the east, is a smaller convenience and visitor services-based centre and no expansion is anticipated. The key issue is to ensure that any proposed re-development is well-designed and supports the strong bayside character of this small centre.

8.4 Local Centres

In general, the local activity centres on the Mornington Peninsula are expected to continue meeting the basic convenience needs of residents and visitors with only limited opportunity for redevelopment and improvement over time. An objective of policy is to ensure that the heritage and character of relevant centres such as Red Hill, Portsea and Flinders is carefully maintained.

8.5 Convenience Centres

All convenience centres in the Mornington Peninsula Shire are trading relatively successfully and their continued role and function is justified. This is in contrast to other parts of metropolitan Melbourne where convenience centres have often lost their commercial viability and are more appropriate for transition to a residential zone.

Some moderate re-investment will be needed in these centres over-time, with the Robertson Drive (Mornington) and Disney Street (Crib Point) centres a particular focus for attention.
9 MONITORING AND REVIEW

An important part of the implementation process for Mornington Peninsula Activity Centres Strategy is to ensure that the Strategy remains relevant as circumstances change and as new opportunities arise.

Monitoring of progress in the implementation of the Strategy will be important, and this will allow proper assessment as to how the Strategy is performing and whether or not changes are necessary and warranted as a result of new and emerging trends.

Monitoring also enables the Council and the community to judge how well and how efficiently the Strategy is being implemented. It is important, however, that speed of implementation should not be the sole criterion for success. Most communities seek good quality outcomes and will be pleased to see on-the-ground results which ensure viable businesses, increased employment opportunities and attractive, competitive activity centres.

Council must ensure, therefore, that the Strategy is monitored and reviewed on a regular basis.

Some indicators of progress, such as vacancy rates, can be readily assessed on a regular basis (say, annually), while other indicators can be assessed over a longer period, or sooner if important changes are identified in the marketplace and other conditions.

Indicators for monitoring and review purposes are listed in Table 9.1. These indicators are based on readily available and relatively inexpensive data, including official data, Council planning approvals and commencements data, land use and floorspace surveys, and reference to consultant reports.
### Table 9.1: Indicators for Monitoring Process

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Activity Centre Floorspace</td>
<td>Commercial Activity Centres Strategy, floorspace surveys, Council data for planning and building approvals.</td>
<td>Implement retail/commercialfloorspace survey in order to allow an up-to-date estimate of total floorspace and the mix of retail/office activities. The floorspace survey presented in this Strategy will serve as the base-year survey. Alternatively, Council planning and approvals data could be added to the floorspace data presented in this Strategy.</td>
</tr>
<tr>
<td>2. In-centre surveys</td>
<td>In-centre surveys</td>
<td>Undertake a series of short in-centre surveys in the Mornington Peninsula activity centres of businesses and customers on a regular basis (e.g., every one or two years). The survey could cover issues such as the local community’s views on the centre, changes in people’s perception of the centre as a place to visit, views on competing centres, issues they identify and actions that need doing, trends in employment levels, etc. The surveys would be a helpful reference point in assessing potential impacts of the initiatives contained in the Strategy.</td>
</tr>
<tr>
<td>3. Property development proposals and projects</td>
<td>Council records</td>
<td>Track development applications, proposals, and completions through Council data.</td>
</tr>
<tr>
<td>4. Retail trading performance</td>
<td>Consultant reports; Property Council; industry liaison</td>
<td>Especially track official sources of data. Note numbers of new or expanded businesses and estimate of new jobs on an annual basis.</td>
</tr>
<tr>
<td>5. Increased floorspace provision for shops and services, as well as increased value of buildings and works</td>
<td>Council data for planning and building approvals, and building completions</td>
<td>This measure uses regular and up-to-date data, and is therefore very useful. Can indicate change in use from shop to other use and vice-versa.</td>
</tr>
<tr>
<td>6. Vacancy rates for retail and commercial floorspace (vacant m² expressed as a % of total m²)</td>
<td>Land use and floorspace surveys</td>
<td>Can be undertaken at any time. As a guideline, the acceptable retail floorspace vacancy rates average around 4-6% of total retail floorspace for street-based centres. Planned under-cover modern shopping centres usually have near zero vacancies due to centre management of tenant mix. These measures provide a useful indication of general health of a centre.</td>
</tr>
<tr>
<td>7. Changes in property values and rates</td>
<td>Council rate records; data from Victorian Valuer-General</td>
<td>Useful indicator, especially as a relative indicator (e.g., different rate valuations for different centres).</td>
</tr>
<tr>
<td>8. Viewpoints on health of centres as expressed by those in property, real estate, retailing, and in other relevant industry sectors</td>
<td>Regular contact with real estate agents, property owners, developers, retail industry, other businesses, business associations, and the wider community.</td>
<td>Possible annual forum organised by Council at a venue for information exchange between property and retail industry, local traders, other businesses and stakeholders, Council and other community representatives.</td>
</tr>
</tbody>
</table>

Source: Essential Economics Pty Ltd