North East Link Project Presentation

Bulleen Industrial Precinct Economic Analysis

Expert Witness Statement of Brian Haratsis
for the North East Link Project
Environmental Effects Statement

Prepared for MANNINGHAM CITY COUNCIL

14 August 2019
Summary and recommendations

Seven hundred and seventy jobs will be directly be lost and up to a further 1,200 jobs will be put at risk. I have analysed the Environmental Performance Requirements and I have identified that

- there is a need for Environmental Performance Requirements in respect to the workforce – a transitional plan
- there is a need for an Environmental Performance Requirements in relation to managing the industrial zone issue and controlling the residual land at the BIP once construction is complete.
Summary and recommendations

The North East Link project poses major issues for Bulleen Industrial Precinct. First, in relation to the workforce, there is no program to investigate the effects on the workforce. The workforce are not stakeholders and should be stakeholders. There is an EPR but it is of limited adequacy.

I suggest a Very High/Major planned consequences risk rating for workforce disruption.
Business profile

For each of the North East Link precincts the division of businesses was stated as (EES, page 14-5):

- 81 businesses along the M80 Ring Road to northern portal precinct
- 118 businesses along the northern portal to southern portal precinct
- 61 businesses in the Eastern Freeway precinct
My focus is on the Bulleen Industrial Precinct

Demographics: Bulleen Industrial Precinct

- 45% of the workforce is older than 45 years.

Source: Expert Witness Statement, page 8
Demographics: Bulleen Industrial Precinct

- There are relatively low levels of education.

*Figure 8: Education Profile - BEP Workforce Survey*

Source: Expert Witness Statement, page 11
Sensitivity to unemployment

Figure 9: Job Classification Profile - BEP Workforce Survey

Source: Expert Witness Statement, page 12
REPLAN: Manningham City Council Surveys

The number of business surveys are inadequate given the severity of impacts. For example, in Question 6 from REPLAN only three businesses knew where they are moving to.

Source: REPLAN – Bulleen Industrial Precinct: Economic Impact Assessment, page 22
## Economic Impact Assessment

### Table 4. Economic Impact Summary – Potential Manningham

<table>
<thead>
<tr>
<th></th>
<th>(A) Direct Employment Impact</th>
<th>(B) First round effects</th>
<th>(C) Industrial support effects</th>
<th>(D) Production induced effects</th>
<th>(E) Consumption induced effects</th>
<th>(F) Total multipliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Impacts</td>
<td>770</td>
<td>229</td>
<td>218</td>
<td>447</td>
<td>764</td>
<td>1,981</td>
</tr>
<tr>
<td>Economic Output Impacts ($M)</td>
<td>$219.06</td>
<td>$74.19</td>
<td>$68.27</td>
<td>$142.46</td>
<td>$166.12</td>
<td>$527.64</td>
</tr>
</tbody>
</table>

Source: ABS National Accounts, Macroplan
Figure 24 indicates few or no business travel time benefits for Bulleen.
Figure 25 indicates that few, if any, household commuter travel time benefits for Bulleen.
Risk Assessment

We have noted Business Impacts (page 50 – 52 of the Expert Witness Statement) are understated:

- BU01 – Business support should be High, not Medium
- BU04 – Minimise disruption to business should be High, not Low
- BU05 – Minimise disruption to business should be Very High, not Medium
- BU07 – Full acquisition of land results in displacement should be Very High, not Medium
- BU11 – Increased travel time should be High, not Medium
The Technical Report F – Business (pages 102 and 103) states that

EPRs have been developed to manage the risks and mitigate impacts where possible. The EPRs for business cover risks of impacts to businesses associated with land acquisition, damage or impacts on third-party property and infrastructure, access and amenity during construction (and restoration) and impacts associated with the relocation of utility assets. The EPRs are generally sufficient for impacts associated with the project’s construction. Mitigating impacts to businesses from displacement and maintaining local employment is challenging due to limited availability of suitable and applicably zoned land within immediate proximity of the Bulleen Industrial Precinct. NELP is assessing industrial and commercial land and precinct opportunities within 5–10 kilometres of Bulleen to help inform businesses in their relocation considerations (EPR B1).

The recognition of the ‘challenging’ nature of the task does not cover the entire issue. There need to be plans and implementation.
Employment Lands Planning Study

• The study was commissioned by NELP and Manningham City Council
• Analysed all opportunities for additional industrial land
• Resulted in one option
Employment Lands Planning Study

Source: Expert Witness Statement, page 61
Doncaster East and Templestowe Precinct

Site 7 - Manningham City Council Depot, Doncaster East

Site Specifics

- **Site Area** - 4.68 hectares
- **Current Zone** - Public Use Zone (Schedule 6 – Local Government)
- **Current Use** - Depot

Source: Employment Lands Planning Study, page 38
Site 9 - Manningham General Garden Waste Centre, Templestowe

**Site Specifics**

- **Site Area** - 4.47 hectares
- **Current Zone** - Public Use Zone (Schedule 6 – Local Government)
- **Current Use** - Garden waste centre

Source: Employment Lands Planning Study, page 42
<table>
<thead>
<tr>
<th>Site Name</th>
<th>Area</th>
<th>Current Zone</th>
<th>Current Use</th>
<th>Commentary</th>
<th>Overall Score</th>
</tr>
</thead>
</table>
| Manningham City Council Depot, Doncaster East  | 46,850sqm (4.68 hectares) | Public Use Zone (Schedule 6 – Local Government) | Depot       | • Council owned land  
• Adjacent to the existing Templestowe Industrial Precinct;  
• Would require a rezoning of the land; and  
• Relocation of the depot.  
• Does not have direct abuttal to residential zoning                                      | Y            |
| Council owned quarry, Doncaster East          | 79,610sqm (7.96 hectares) | Public Use Zone (Schedule 6 – Local Government) | Quarry      | • Council owned land  
• Adjacent to the existing Templestowe Industrial Precinct;  
• Does not have direct abuttal to residential zoning  
• Potential contamination;  
• Quarry voids will need to be filled;  
• Site rehabilitation required;  
• Site preparation to be suitable for use; and  
• Would require a rezoning of the land.                                                     | N – Pending further consideration by Council |
| Manningham Garden Waste Centre, Templestowe    | 44,790sqm (4.47 hectares) | Public Use Zone (Schedule 6 – Local Government) | Garden waste centre | • Council owned land  
• Adjacent to the existing Templestowe Industrial Precinct;  
• Does not have direct abuttal to residential zoning  
• Outside the Urban Growth Boundary;  
• Would require a rezoning of the land;  
• Relocation of the waste centre;  
• The site is covered by the Environmental Significance Overlay (Schedule 3 – Buffer Conservation Areas Supporting Sites of Biological Significance) | Y            |

Source: Expert Witness Statement, page 62
Bulleen Industrial Precinct: Economic and Social Opportunities: Residual Land

- NELP intend to retain the underlying zoning on the land as INZ1.

- Appendix F to the Business Case Value Creation and Capture to the business case states that 33,000-54,000 sq.m of commercial or mixed use residential land located at Bridge Street and bounded by Bulleen Road may be suitable for consolidation into parcels and available for divestment to private sector (Section 2.2.2)*. The report notes this land assuming the land assets are sold by public agency, the state would capture 100% of the value including any volume uplift from ‘upzoning’. The value capture potential is ‘redacted-commercial in confidence’.

* (No page numbers)
Another Study: City of Manningham Highest and Best Use Study: Residual Land (Commissioned by Manningham City Council)

The development could involve the following uses:

- **Office**: up to 20,000 sqm office park, coworking space and some incubator space;
- **Residential, affordable housing and retirement living**: approximately 1,000-1,500 dwellings;
- **Retail** two potential options:
  - **Option 1** – a small shopping centre with a small range of shops such as a small supermarket (approximately 1,000 sqm), convenience stores, bottle shops, specialty shops and food and beverage (F&B) totalling approximately 2,500 sqm, or
  - **Option 2** – a sub-regional shopping centre of up to 15,000 sqm which is considered opportunistically depending on whether Kmart (approximately 5,000-7,000 sqm) locates to the site and the ability to attract a major full-line supermarket (approximately 3,000-5,000 sqm) operator as a co-anchor.
City of Manningham Highest and Best Use Study: Residual Land

Based on assumptions for average employment density for various uses, the total direct on-site employment potentially generated upon completion is estimated at approximately 1,114 FTE jobs (with retail option 1) up to 1,530 FTE jobs (with retail option 2).
The indicative uses are based on the notional egress/ingress noted in the plan.

Indicative Ingress / Egress – Option 1

It may be possible to accommodate industry along the Bridge Street corridor but these uses have 4 to 5 years to wait and suffer the cost of interim move.
I suggest an EPR that focuses on the ongoing future employment welfare of the workforce:

- job skills training
- retraining
- outplacement services
- transitional package (for say 2 years) with financial assistance
- a co-ordination from a central location such as the Bulleen Hub.

I suggest an EPR to facilitate a new industrial precinct, including:

- The Depot and the Garden Waste Centre
- NELP funding the project, including planning, the subdivisional works and buildings required
- The IAC would recommend a fast track rezoning.
Conclusion

We also suggest an EPR based on Manningham owning and controlling the residual land because it is planned major impact, including:

- the impacts on the BIP and the secondary economic impacts
- the time taken for the project
- the fact that only small percentage of the impacts will be absorbed, noting that 770 direct people will be displaced from their jobs and up to 1,200 people could be displaced. This impact on output is $219 million in respect of the 770 jobs and $310 million in respect of the 1,200 jobs in Manningham.

This could take the form of:

- work on an amendment seeking ‘best fit’ with the Yarra River Bulleen Precinct Land Use Framework Plan (Draft) 2019 and the proposed new planning and urban design framework for Manningham
- Working with organisations (e.g. Bulleen Art and Garden) to determine their appetite to return to Bulleen Industrial Precinct
- Working through land use options in the best interests of the community, not necessarily INZ1.