Economic Expert Evidence of Julian Szafraniec

16/3/18
Introduction

- Julian Szafraniec

- Principal, Partner and Director at SGS Economics and Planning

- Over 10 years experience applying economic theories and models to urban and regional issues across Australia. Including many projects looking at the economic and employment trends of inner city Melbourne.

- Fishermans Bend Economic and Employment Study (August 2016)
- Fishermans Bend employment opportunities and challenges are integrally linked with the broader economy.

- New knowledge-based employment is attracted to well-connected, diverse and high amenity environments.

Reproduction of Figure 9 in FEEES
Source: SGS Economics and Planning drawing on a range of ABS data
## Fishermans Bend S-W-O-T Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• A recognised manufacturing/logistics base</td>
<td>• Limited active and public transport connectivity</td>
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<tr>
<td>• Road connectivity</td>
<td>• Land contamination, drainage and flooding issues</td>
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<tr>
<td>• Proximity to CBD</td>
<td>• Lack of fine grain street network and high amenity urban environment.</td>
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<td>• An established creative industries sector</td>
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<td>• Connections to Port of Melbourne</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>• Become a higher order manufacturing/research/services precinct</td>
<td>• Private fragmented land ownership</td>
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<td>• Increase housing supply in inner Melbourne</td>
<td>• Contamination and drainage issues</td>
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<td>• Opportunity for rezoning to drive commercial activity around proposed transport nodes</td>
<td>• Pollution</td>
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<tr>
<td>• Provide important industrial land</td>
<td>• Early demand for residential development</td>
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<tr>
<td>• Provide tourism services</td>
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</table>
Central Melbourne employment is projected to increase from 525,000 in 2016 to 1,000,000 jobs by 2051.

Source: SGS Economics and Planning
Significant growth will continue to be located in the CBD

Several inner city precincts are also seeing strong employment growth, while some are reaching capacity (i.e. Docklands, Southbank)

The employment target for Fishermans Bend is consistent with employment projected in other inner city precincts
- Employment reallocated to Sandridge
- Realignment is consistent with proposed changes to infrastructure investment
A key link between the employment target and the planning scheme policy is an assumed 31 square metres per job.

Job to floorspace ratios vary significantly between location, sector and firm.
- Office worker: 15-25 sqm
- Retail worker: 20-40 sqm
- Accommodation: 90-230 sqm

Once considering all types of employment uses 31 sqm as an average is appropriate.
Review of employment policy

- Capital City Zone - Clause 37.04
  - Identifies need to prioritise employment in core areas
  - It excludes Dwelling as Section 1 use in core areas to trigger consideration of policies related to employment uses
  - Decision guidelines provide some flexibility
Review of employment policy

- Local Policy - Clauses 22.27-2/22.15-2
  - Paragraphs two and three of the objective address employment directly and support diverse employment opportunities aligned with economic trends
    - Worth noting health is also likely to be a key employment use, despite no current plans for a hospital

- Other objectives also contribute to employment outcomes:
  - Vibrant, diverse and high amenity urban environments
  - Provision of community infrastructure
Review of employment policy

- Local Policy - Clauses 22.27-3/22.15-3
  - Alignment of employment and transport
  - Minimum floor area ratios
    - Aligns with employment targets
    - Manages competition from residential development
    - Provides some flexibility by:
      - Being located in the policy, not CCZ
      - Specifying ‘other than dwelling’ rather than specific employment uses

I have reviewed Ms Hodyl’s statement of evidence, in particular Section 3.1.
- I agree with Recommendation 1 regarding rewording of Clause 22.15.3.
- I agree with Recommendation 2 regarding monitoring the provision of commercial floor area
Review of employment policy

- Local Policy - Clauses 22.27-3/22.15-3
  - Other policies also indirectly support employment creation
    - Active street frontage
    - Sustainable transport
    - Floor Area Uplift