

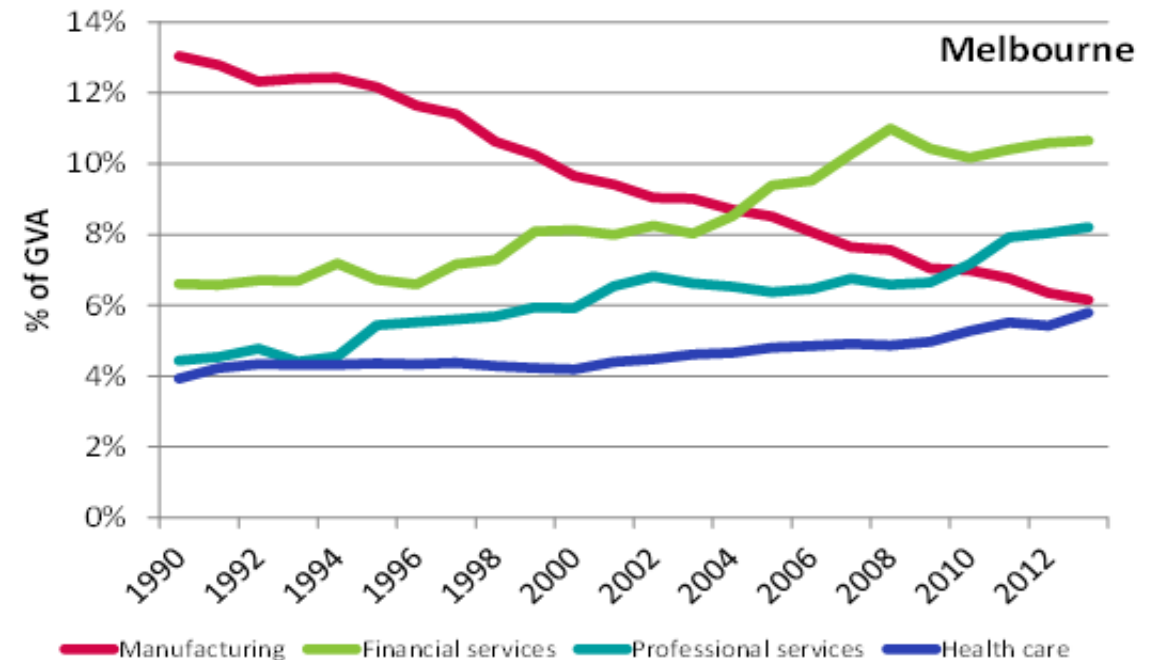
# Economic Expert Evidence of Julian Szafraniec

16/3/18

- **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

FIGURE 2 ECONOMIC STRUCTURAL CHANGE – MELBOURNE 1990 -2012



Reproduction of Figure 9 in FBEES

Source: SGS Economics and Planning drawing on a range of ABS data

# Fishermans Bend S-W-O-T Analysis

## Strengths

- A recognised manufacturing/ logistics base
- Road connectivity
- Proximity to CBD
- An established creative industries sector
- Connections to Port of Melbourne

## Weaknesses

- Limited active and public transport connectivity
- Land contamination, drainage and flooding issues
- Lack of fine grain street network and high amenity urban environment.

## Opportunities

- Become a higher order manufacturing/ research/ services precinct
- Increase housing supply in inner Melbourne
- Opportunity for rezoning to drive commercial activity around proposed transport nodes
- Provide important industrial land
- Provide tourism services

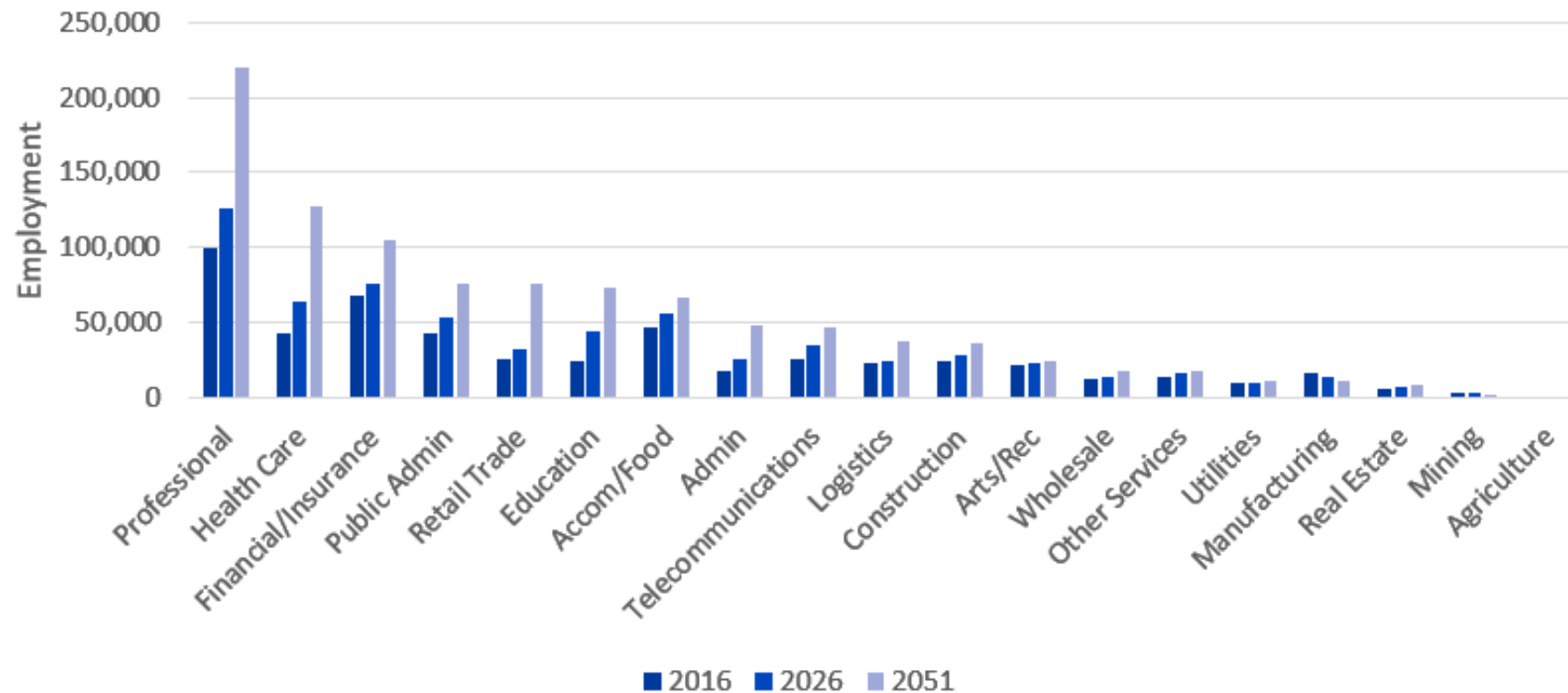
## Threats

- Private fragmented land ownership
- Contamination and drainage issues
- Pollution
- Early demand for residential development

# 80,000 jobs target

- Central Melbourne employment is projected to increase from 525,000 in 2016 to 1,000,000 jobs by 2051.

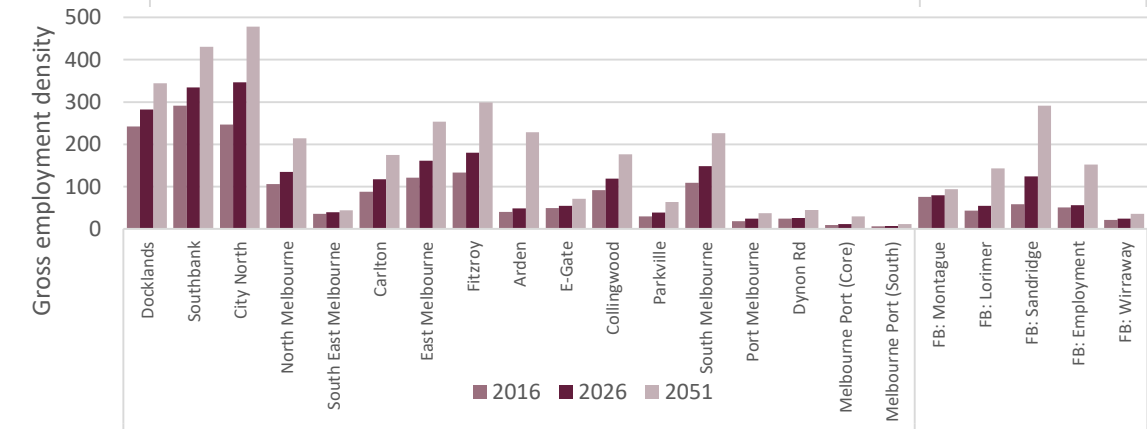
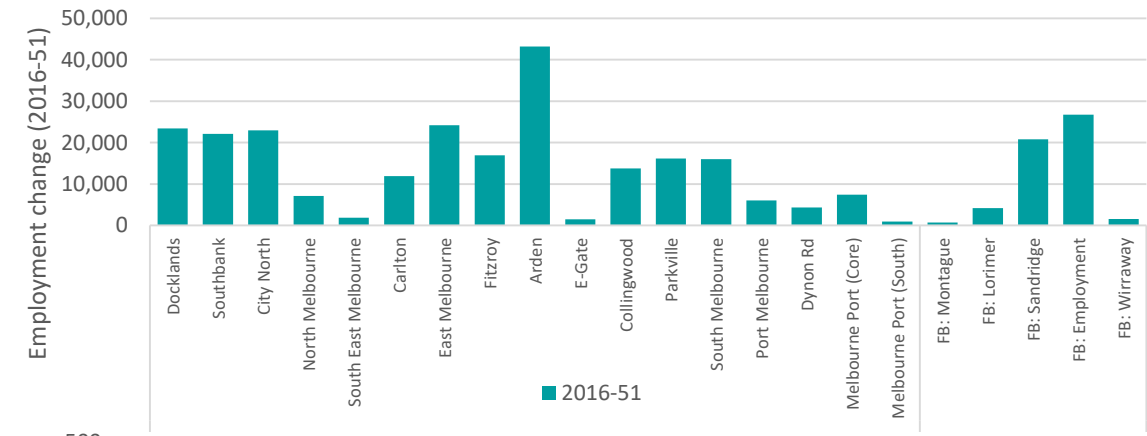
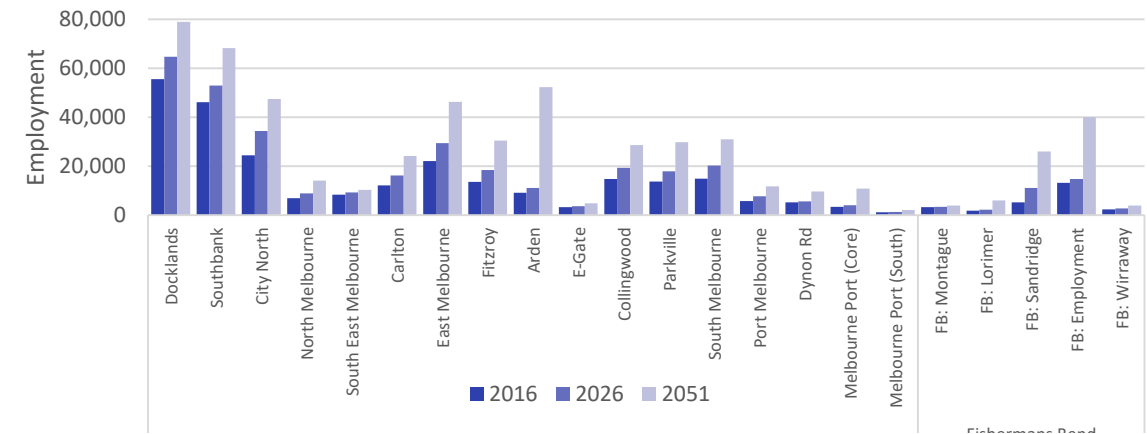
FIGURE 4: CENTRAL CITY FORECAST EMPLOYMENT GROWTH



Source: SGS Economics and Planning

# 80,000 jobs target

- 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



# Fishermans Bend precinct distribution

- Employment reallocated to Sandridge
- Realignment is consistent with proposed changes to infrastructure investment

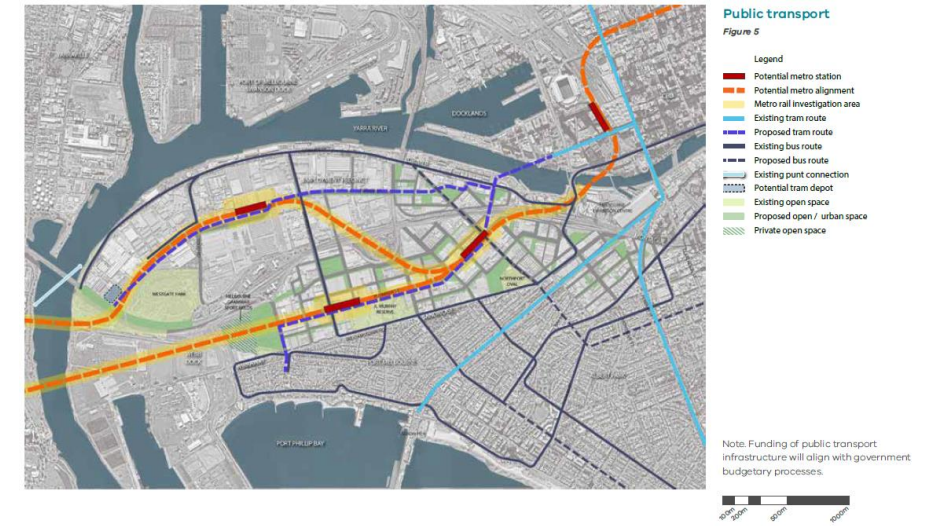
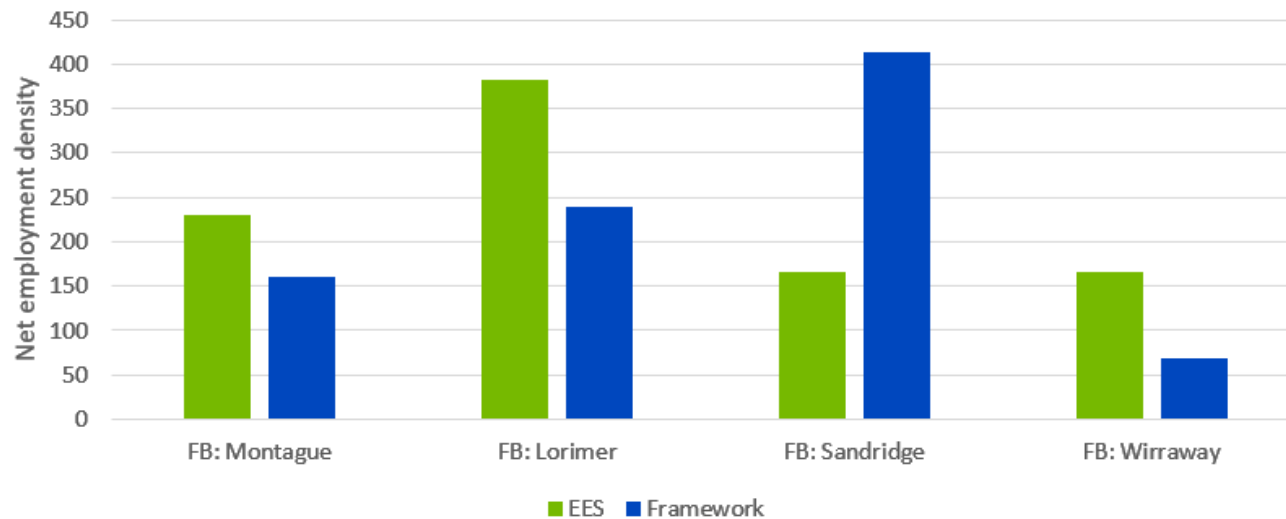
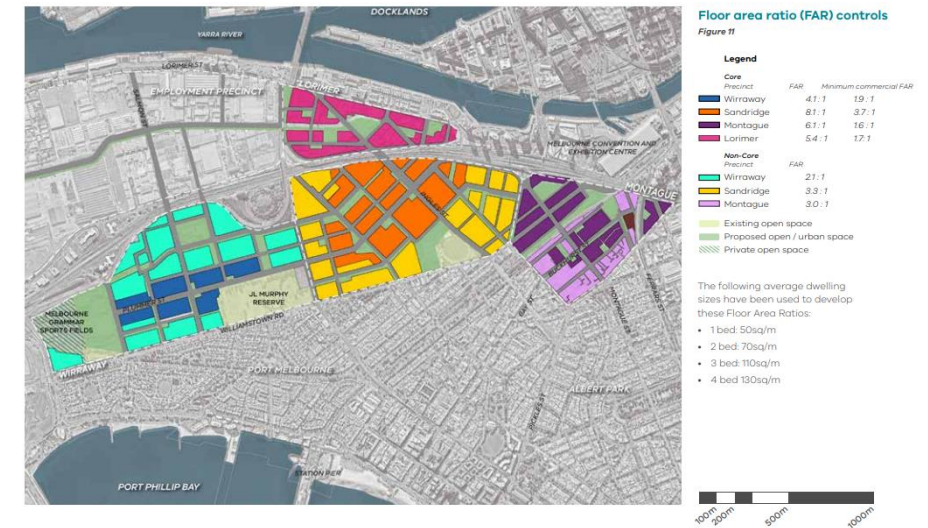


FIGURE 8 NET EMPLOYMENT DENSITY AT 2050 BY PRECINCT



Source: FBEEES 2016 - SGS Economics and Planning and draft Framework.  
Note Density based on precinct net land area



# Floorspace provision

- 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

TABLE 3: WORK SPACE RATIOS BY INDUSTRY, 2015 (SQM PER EMPLOYEE)

	Melbourne (CBD)	Southbank	Docklands	Average of 3 precincts	City of Melbourne
Accommodation	145	91	228	130	145
Admin and Support Services	18	58	14	21	22
Agriculture and Mining	32	24	13	24	32
Arts and Recreation Services	51	26	110	41	301
Business Services	19	18	17	18	19
Construction	21	27	47	26	32
Education and Training	39	69	193	43	56
Electricity, Gas, Water and Waste Services	14	23		14	20
Finance and Insurance	18	15	13	16	16
Food and Beverage Services	19	16	29	20	19
Health Care and Social Assistance	26	29	30	27	22
Information Media and Telecommunications	22	25	17	21	26
Manufacturing	24	13	90	20	64
Other Services	156	814	868	261	243
Public Administration and Safety	24	25	13	23	25
Real Estate Services	22	27	27	23	26
Rental and Hiring Services	89	139	37	94	95
Retail Trade	34	50	36	36	39
Transport, Postal and Storage	20	23	74	34	271
Wholesale Trade	28	14	22	20	39
<b>All employment</b>	<b>29</b>	<b>40</b>	<b>32</b>	<b>31</b>	<b>57</b>

Source: 2015 CLUE – City of Melbourne



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

- 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

- 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

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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

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