

AGENDA

SECTION 86 URBAN GROWTH STRATEGY COMMITTEE MEETING

Wednesday 14 March, 2018
North Wing Room 2 & 3
Darley Civic and Community Hub,
182 Halletts Way, Darley
5.00pm

MEMBERS

Cr. Jarrod Bingham	Councillor – East Moorabool Ward
Cr. David Edwards	Councillor – East Moorabool Ward
Cr. Tonia Dudzik	Councillor – East Moorabool Ward
Cr. John Keogh	Councillor – East Moorabool Ward

OFFICERS

Mr. Rob Croxford	Chief Executive Officer
Mr. Satwinder Sandhu	General Manager, Growth & Development
Mr. Andrew Goodsell	Manager Strategic and Sustainable Development
Mrs. Jacquie Younger	Minute Taker

Item	Title	Responsibility	Page No.	Action
1.	Welcome, Present and Apologies	S. Sandhu		Noting
2.	Recording of Meeting	S. Sandhu		Noting
3.	Appointment of Chair	S. Sandhu		Resolution
4.	Meeting Minutes	Chair		Noting
4.1	Confirmation of previous minutes 26 April, 2018.			Resolution
5.	Conflict of Interest	Chair		Noting
6.	Growth & Development Reports			
6.1	Bacchus Marsh Urban Growth Framework Update	Andrew Goodsell	Page 3	Resolution
6.2	Parwan Employment Precinct Program Update	Alison Blacket	Page 6	Resolution
7.	Process Forward and Work Programme	A. Goodsell		Discussion
8.	Date of Next Meeting	Chair		Noting
8.1	TBC	Chair		
8.	Meeting Close	Chair		Noting

2. RECORDING OF MEETING

As well as the Council for its minute taking purposes, the following organisations have been granted permission to make an audio recording of this meeting of Council:

- The Moorabool News; and
- The Star Weekly.

3. APPOINTMENT OF CHAIR

4. CONFIRMATION OF PREVIOUS MINUTES

5. CONFLICT OF INTEREST

6. GROWTH & DEVELOPMENT REPORTS

6.1 Bacchus Marsh Urban Growth Framework Update

Introduction

Author: Andrew Goodsell
General Manager: Satwinder Sandhu

Executive Summary

The purpose of this Report is to brief Councillors on progress on the Bacchus Marsh Urban Growth Framework (UGF) and associated planning scheme Amendment C81. A full report responding to submissions to the UGF and Amendment C81 will be presented at the Special Meeting being held on 28 March, 2018.

55 submissions were received during the statutory exhibition process (including late submissions). It is expected that refinements to the UGF will be required. None of these are likely to be characterised as significant or transformational in nature.

Background

Council resolved at its Ordinary Meeting on 4 September 2017, to seek Ministerial authorisation to exhibit Amendment C81 and the draft UGF for 6 weeks.

On 14 September 2017, Council wrote to the Minister for Planning requesting authorisation to prepare and exhibit an amendment to the Moorabool Planning Scheme. On 22 September 2017 authorisation was issued under delegation without conditions.

Amendment C81 and the draft UGF was exhibited between 2 November 2017 and 15 December 2017, concurrent with Amendment C79 (Bacchus Marsh Housing Strategy). A series of drop in sessions were conducted and over 150 residents attended these for individual engagement and discussion on different aspects of the exhibited documents.

A total of 55 submissions were received in relation to Amendment C81, including four late submissions, two of which were from agencies (Southern Rural Water and DEDJTR).

Issues Raised

Submissions in response to the amendment cover a range of issues. The key issues include:

- Growth investigation areas – Merrimu, Parwan Station, Hopetoun Park, Parwan Employment Precinct;
- Traffic / transport network issues;
- Maddingley Brown Coal & surrounds relating to its role as a waste hub, buffer issues and sensitive uses;
- Protecting the Bacchus Marsh Recycled Water Plant;
- Irrigation district/green break related;
- Managing sand quarries and other stone resources;
- Hydraulic Infrastructure related – water, sewer, gas;
- Provision of education facilities;
- Environmental considerations, tracks and trails;
- Mitigating Bushfire risk;
- Bacchus Marsh Aerodrome Planning Issues; and
- Miscellaneous/site specific zone requests/other – not covered above.

With growth areas, submissions relate to timing of development (short, medium or longer term), density of development, boundaries of growth investigation areas and the links between precinct structure plans, lots being produced and key road infrastructure being delivered.

Integration of land use and transport planning was noted by agencies as well as individual submissions as warranting further discussion. The extent of allowable development in growth investigation areas prior to construction of an Eastern Link Road (such as a lot limit/cap), the role of bus, rail and other modes to enable communities to access services, facilities and jobs was also highlighted for attention. Parwan station is confirmed as being a feasible longer term goal by Transport for Victoria.

The manner in which buffers are shown on UGF maps to protect industry as well as future sensitive use was recognised in several agency submissions as warranting clarification. This was especially evident around State significant facilities such as the Darley sand quarries and the Maddingley Brown Coal/waste hub precinct.

Significant efforts have been made to work through improvements to UGF maps to address required buffers between sensitive uses and existing industry. The UGF is however a high level framework and it is appropriate that it identify further studies that will be required before any growth is facilitated within the study area.

Further technical work is likely to be needed, to assist Council and the Victorian Planning Authority (VPA) prior to the preparation of precinct structure plans for the growth investigation areas such as:

- Determining allowable uses inside buffer areas between industry and sensitive uses;
- An open space framework (including protection of landscape and environmental values); and
- An integrated infrastructure delivery framework (including integrated water management).

Notwithstanding this, the relatively low number of submissions (55) relative to the notification process (12,000 households) is considered significant. There are relatively few submissions which raise any fundamental issues with the UGF. The agency responses verify this perspective.

Next Steps

A full report on submissions, their merit, any changes or modifications or recommendations will be tabled at a Special Meeting of Council on 28 March, 2018.

Policy Implications

The Council Plan 2017 – 2021 provides as follows:

Strategic Objective 3: Stimulating Economic Development

Context 3A: Land Use Planning

The UGF is being prepared to implement the M2041 growth framework consistent with the Council Plan 2017 – 2021.

Financial Implications

Council has set aside a budget allocation to undertake a Panel hearing process, should Council resolve to forward unresolved submissions to the independent Panel.

Risk & Occupational Health & Safety Issues

There are no identified risks associated with the proposal.

Communications and Consultation Strategy

A community engagement plan has been prepared and implemented. Council spent over \$30,000 undertaking a comprehensive mail out to residents and affected stakeholders prior to the exhibition of C81 (also includes C79 mail out – these were combined together).

This was in addition to the consultation that occurred in early 2017.

Drop in sessions during the exhibition process were conducted on the following dates from 4.00 to 7.00pm:

- Tuesday 14 November, 2017;
- Tuesday 21 November, 2017;
- Tuesday 28 November, 2017; and
- Thursday 7 December, 2017.

Ongoing consultation opportunities will arise if Council determines to refer unresolved submissions to an independent Panel.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

General Manager – Satwinder Sandhu

In providing this advice to Council as the General Manager, I have no interests to disclose in this report.

Author – Andrew Goodsell

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

Council together with the Victorian Planning Authority (VPA) has undertaken a detailed review of submissions and will table these together with necessary responses at the Special Meeting of Council on 28 March, 2018.

Recommendation:

That the report be noted.

Report Authorisation

Authorised by:

Name:


Satwinder Sandhu

Title:

General Manager, Growth & Development

Date:

1 March, 2018

6.2 Parwan Employment Precinct Program Update

Introduction

Author: Alison Blacket
Manager: Andrew Goodsell
General Manager: Satwinder Sandhu

Purpose

The purpose of this report is to update Councillors on the progress of the Parwan Employment Precinct (PEP) program.

This report can be read in conjunction with the power point presentation that will be presented at the S86 Urban Growth Committee meeting. A copy of key background reports referred to in this report will be provided prior to the meeting.

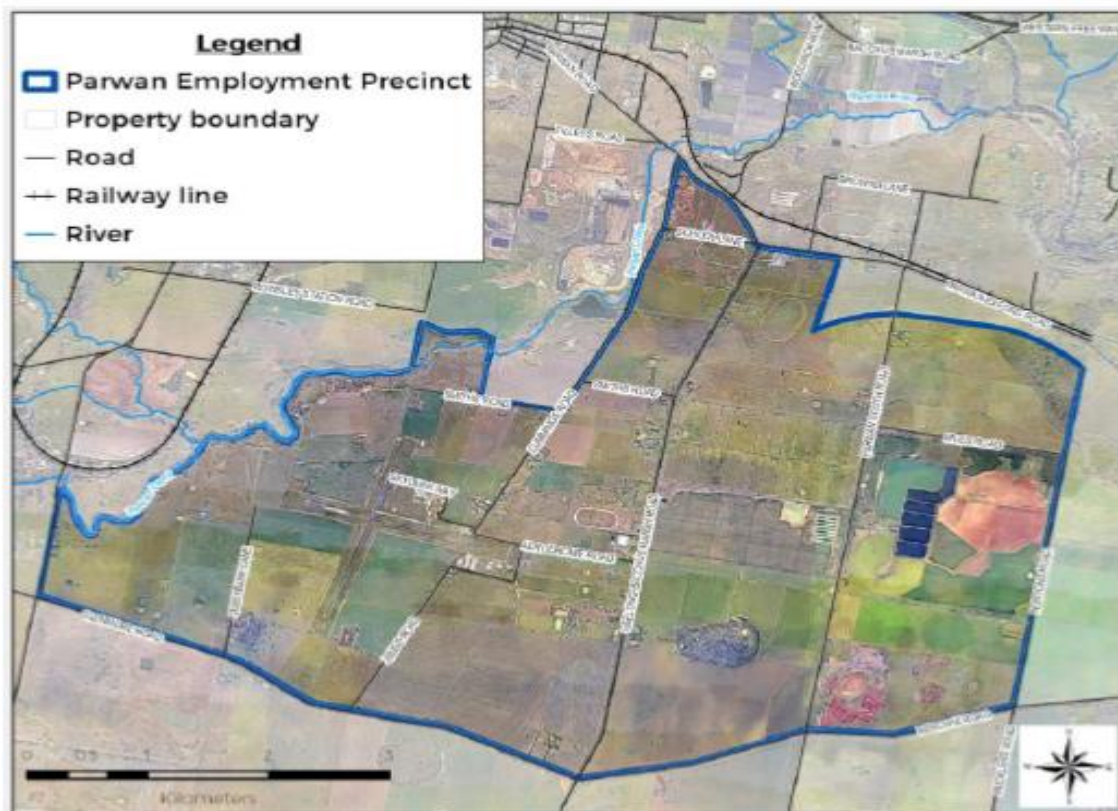


Figure 1 Parwan Employment Precinct

Background

State planning policies Plan Melbourne 2017-2050 and the Central Highlands Regional Growth Plan 2014 (*CHRG*P) identify Parwan as a priority future employment precinct for the region. Both policies also identify Bacchus Marsh as a peri urban regional centre with potential for significant growth and the opportunity to build the local economy. The *CHRG*P directs that Moorabool Shire Council will, “Undertake investigations for employment and agribusiness opportunities at the Bacchus Marsh Aerodrome and in Parwan”.

In the current financial year, Moorabool Shire Council (*MSC*), in conjunction with Regional Development Victoria (*RDV*) and the Victorian Planning Authority (*VPA*), have worked closely together to deliver a substantial suite of coordinated projects and research findings that support Parwan as the priority employment precinct for Melbourne’s peri urban west.

These projects strongly position the *MSC* to seek further funding from *RDV* and the *VPA* for infrastructure planning in the forthcoming financial year.

Figure 2 provides a summary of expenditures to date from the various stakeholders.

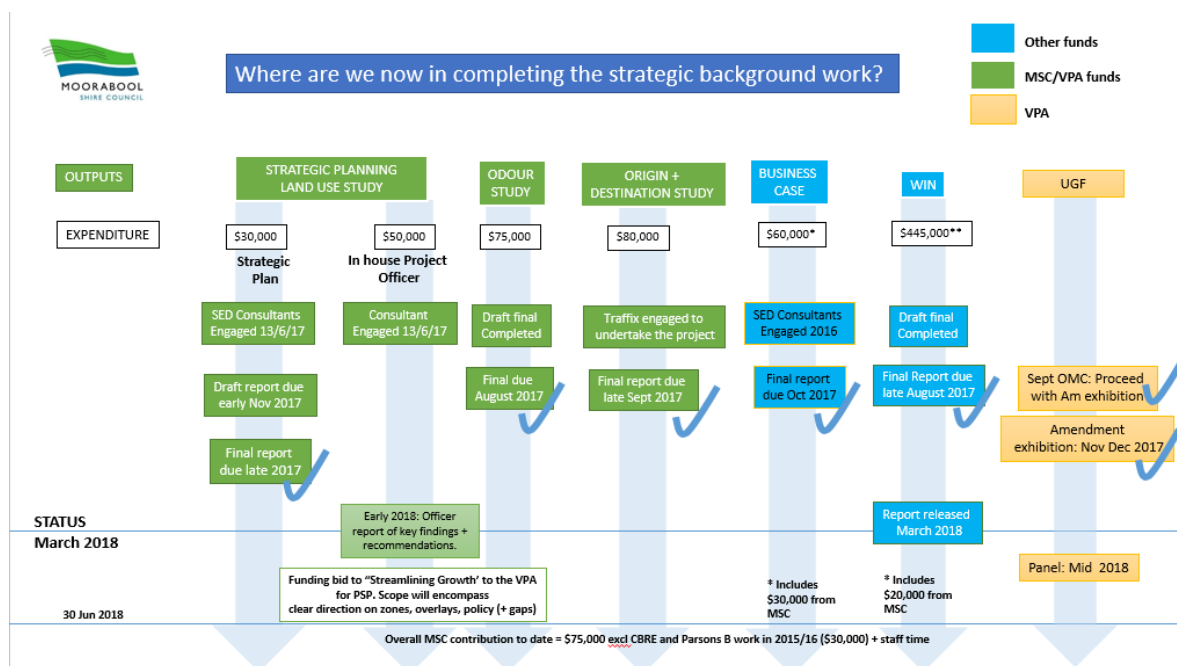


Figure 2 Expenditures Summary

Key Findings

The key findings from the projects listed in Figure 2, are outlined below:

Priority Project 1: Parwan Employment Precinct Business Case	
Background	<p>The business case (Attachment 1) reviews the infrastructure needs for the <i>PEP</i>. For the <i>PEP</i> to develop to its full potential, it must establish a competitive advantage compared with other employment precincts in the region. The business case:</p> <ul style="list-style-type: none">• Quantifies the costs and benefits of providing gas, water, electricity and other services;• Identifies a 'road map' to facilitate and attract potential business and investment;• Acknowledges key land uses in the area and is cognisant of their key drivers for continuing to invest; and• Identifies opportunities and constraints. <p>The report draws on infrastructure planning currently underway such as the Parwan Land Use Strategy provided by the <i>MSC</i> and other projects by Western Water (<i>WW</i>), VicRoads and the <i>VPA</i>. (These projects are outlined below)</p>
Project Control Group (PCG)	<i>VPA, RDV, WW, VicRoads, MSC.</i>
Funding	The study was jointly funded by <i>RDV</i> and <i>MSC</i> .
Consultations	<p><i>SPAusnet</i>, <i>Brookfield</i> and <i>APAGasnet</i> were consulted on the feasibility of providing gas which is a short term priority for the precinct.</p> <p>Key local businesses and residents were interviewed to ensure the advice was targeted and up to date.</p>
Key Findings	<p>The preferred option is a staged development approach realised over a decade. It has the potential to generate over 1560 FTE and potentially add \$16 million to the Central Highlands economy within five years increasing to \$189 million within 15 years. This option depends on:</p> <ul style="list-style-type: none">• Access to the Western Freeway being improved;• Full infrastructure and land use planning, cultural heritage and development controls completed within 3 years;• In 2 to 3 years, the provision of gas and electricity supplies;• In 3 to 4 years, the provision of local roads;• In 4 to 6 years the provision of potable water, sewerage and trade waste services; and• In 6 to 9 years the provision of Class A water, drainage and additional roads and power. <p>Gas is considered to be one of the key infrastructure enablers. The preferred means of providing gas to the <i>PEP</i> is through a 'virtual pipeline'. A 'Compressed natural gas' facility is flexible, has a lower cost capital 'set up' cost and can provide gas to a range of land owners without being restricted by a site's proximity to a pipeline.</p>
Cost Implications	<p>The above model is dependent on the following costs over time:</p> <ul style="list-style-type: none">• Immediate funds for infrastructure and land use planning: \$0.5million;• Between \$3.2million and \$5.6 million for gas, electricity infrastructure; and• \$1.65 million for local road upgrades.
Future Actions	<p>The business case will support <i>MSC</i> in its funding application for infrastructure through <i>RDV's</i> Regional Jobs and Infrastructure Fund intended this year.</p> <p>It is recommended that \$1million be set aside to plan for gas. <i>RDV</i> have expressed an interest in co-funding gas set up costs with the assumption that private sector contributions will also be forthcoming. (These will be sourced through the existing S173 agreements on recently rezoned land and identified through a developer contribution plan).</p>

Priority Project 2: Bacchus Marsh Urban Growth Framework

Background	<p>In October 2017, Council resolved to place the Bacchus Marsh Urban Growth Framework (<i>UGF</i>) on exhibition with the intention of ultimately incorporating it into the planning scheme by mid-2018.</p> <p>The <i>UGF</i> is viewed by the <i>VPA</i> as a 'first pass assessment: further structure planning will be needed for Parwan in the near future. The <i>UGF</i> sets an important context for more detailed planning for Parwan which has commenced'.</p>
PCG	<i>MSC, VPA, DELWP.</i>
Funding	Jointly funded by the <i>VPA</i> and <i>MSC</i> .
Consultations	The Bacchus Marsh community was consulted via direct mail, notification in local newspapers, a series of drop in information sessions held at the Lerderderg Library, hard copies of the draft <i>UGF</i> provided at Council offices and libraries and information made available on the <i>VPA</i> and <i>MSC</i> websites.
Key Outputs	<p>The <i>UGF</i> broadly defines the <i>PEP</i> boundaries. It:</p> <ul style="list-style-type: none">• Excludes the Western Water treatment plant, a public utility not intended to be expanded;• Takes into account required EPA buffers to the north which separate the <i>PEP</i> from the residential/ commercial precinct.• Notes key transport networks including the proposed Eastern Link Road and the longer term option to provide a railway station at Parwan;• Incorporates flora and fauna and biodiversity;• Notes natural resources, rivers and creek systems and maps agricultural land capability; and• Predicts housing demand for the Bacchus Marsh township which will ultimately support Parwan with potential employees and business owners.
Future actions	<p>The <i>UGF</i> will support <i>MSC</i> in its funding application to the <i>VPA</i> through the Streamlining for Growth Fund.</p> <p>The <i>UGF</i> sets an important context for a future Parwan Structure Plan.</p>

Priority Project 3: Parwan Employment Precinct Land Use Strategy

Background	Using recent detailed research and policies the land use strategy has been undertaken to identify land use types for the <i>PEP</i> . Individual land owners have been consulted to inform the project during the <i>UGF</i> consultations.
PCG	<i>MSC, VPA.</i>
Funding	<i>VPA</i> grant to <i>MSC</i> (Streamlining for Growth Fund).
Consultations	Key local businesses and residents were interviewed to ensure the advice was targeted and up to date.
Key Findings	The report recommends a suite of land use zones for the planning scheme. They will be activated through a proposed precinct structure plan and ultimately a planning scheme amendment which will include a table of uses.
Future Actions	The Parwan Land Use Strategy sets an important context for a future Parwan Structure Plan and will support <i>MSC</i> in its funding application to the <i>VPA</i> through the Streamlining for Growth Fund.

Priority Project 4: The Western Irrigation Network (WIN)	
Background	Western Water (WW) has led a Feasibility Study for a proposed grid of more than 50 km of pipelines and infrastructure to bring recycled water to agricultural precincts at Bacchus Marsh/ Parwan Employment Precinct, Melton and Toolern Vale. WW intend to submit the Feasibility Study to the National Water Infrastructure Development Fund in April, 2018. The study has also prepared an engineering (pipeline) assessment including potential storage locations, a financial and economic assessment to determine how the project might be funded and also a cultural heritage review. A final report is expected in March, 2018.
PCG	The Parwan Business Case Project Control Group.
Funding	WW, State and Federal Government with minor contribution from MSC and City of Melton.
Consultations	Throughout November 2017, WW engaged with the local community (its future potential customers), government agencies and its stakeholders to test potential demand for recycled water, prices and supply.
Key Findings	Using MSC's Agribusiness Study, WW assumed ¹ that 1000 mega litres of Class C recycled water will be required for the PEP. WW have confirmed that upgrading Class C water to Class A can be achieved. This would allow for a wider range of irrigation operations such as lettuces and strawberries. Such an upgrade depends on sufficient forward contracts being established at agreed market rate. Commercial commitment for Class C is more likely at present than Class A (though this may change over time).
Implications for Parwan	Should WW agree to provide Class C water infrastructure for Parwan infrastructure cost will be fully met by WW. MSC's preferred scenario is to provide Class A water to Parwan within a decade.
Priority Project 5: Heavy Vehicle Origin Destination Study at Bacchus Marsh	
Background	Traffic recently completed a study of heavy vehicles moving through the centre of Bacchus Marsh throughout the day and in the morning and evening peak. The study also drew comparisons with a 2012 report which also found that there were high proportions of through traffic that travelled through the centre of Bacchus Marsh along the Gisborne Street corridor due to the lack of other north south alternatives.
PCG	MSC, VPA.
Funding	VPA grant to MSC (Streamlining for Growth Fund).
Consultations	The Parwan Business Case Project Control Group.
Key Findings	There were more heavy vehicle movements in the middle of the day through the township impacting on Woolpack Road. There were more trucks heading north than south. The data and findings from this study will be used by VicRoads in the planning of the Eastern Link Road. VicRoads will be engaging consultants to undertake this work shortly.
Implications for Parwan	Heavy traffic coming from Geelong will continue to increase as the Bacchus Marsh township (and Parwan) grow. The establishment of Avalon as an international airport to handle fresh food and fibre air freight will also influence heavy vehicle traffic heading through Bacchus Marsh. The study has been provided to VicRoads in their planning for the proposed Eastern Link Road.

¹ CBRE "Agribusiness Analysis: Proposed Parwan Employment Precinct" 2016

Priority Project 6: Odour Study for Bacchus Marsh and Parwan

Background	Given the anticipated encroachment of future residential land uses around the future Parwan station precinct, a buffer assessment was undertaken by Pacific Environment to assess existing land uses in Parwan that may generate pollutants. These include Maddingley Brown Coal with associated non putrescible disposal site and composting facility, the Western Water treatment plant, two broiler farms, a mushroom farm, an abattoir and three sand quarries.
PCG	The Parwan Business Case Project Control Group.
Funding	VPA grant to MSC (Streamlining for Growth Fund).
Key Findings	In Parwan, the only existing operations with significant potential for odour impacts are the two broiler farms which currently operate at compliance levels. Any residential development to Parwan's north may prevent future broiler farms establishing in the north of the <i>PEP</i> , noting however that the northern broiler is considerably smaller than the operations to the south. In the future, significant transitional zones of up to 2km will need to be developed between Maddingley Brown Coal to sensitive uses to the west (due to existing composting technologies/practices) with a 1.4km buffer to the <i>WW</i> treatment plant.
Implications for Parwan	The future Parwan Structure Plan will apply these findings to ensure adequate buffers are established to ensure businesses can operate confidently into the future and there is no risk to residents.

Project Governance

The projects above have been overseen by a Project Control Group comprising of Moorabool Shire Council, the Victorian Planning Authority, Regional Development Victoria, Western Water and VicRoads.

The projects have been run with a strong emphasis on coordinating key infrastructure and planning imperatives underpinned by sound technical analysis.

Stakeholders

Throughout 2017, Council has completed substantial background work in planning for the *PEP* with various State Government departments and agencies. These are the Victorian Planning Authority, Regional Development Victoria, Western Water, VicRoads and the Environment Protection Authority.

Direct consultation has also been undertaken with the following businesses:

- Westside Meats;
- Parwan Valley Mushrooms;
- Two chicken broiler operations;
- Genetics Australia;
- Maddingley Brown Coal; and
- Graeme Spargo Transport.

The Bacchus Marsh Aerodrome, householders and various real estate agents were also consulted.

Next Steps

The findings of the Parwan Employment Precinct Business Case will need to be endorsed. This can occur via tabling at the April 2018 Ordinary Meeting of Council.

In the 2018-2019 financial year, Council will need to secure further funding from RDV and the VPA for infrastructure and structure planning (see Figure 3).

Council will also likely need to set aside budgets to continue with more detailed planning including a Precinct Structure Plan. This will be subject to the normal Council budget setting process.

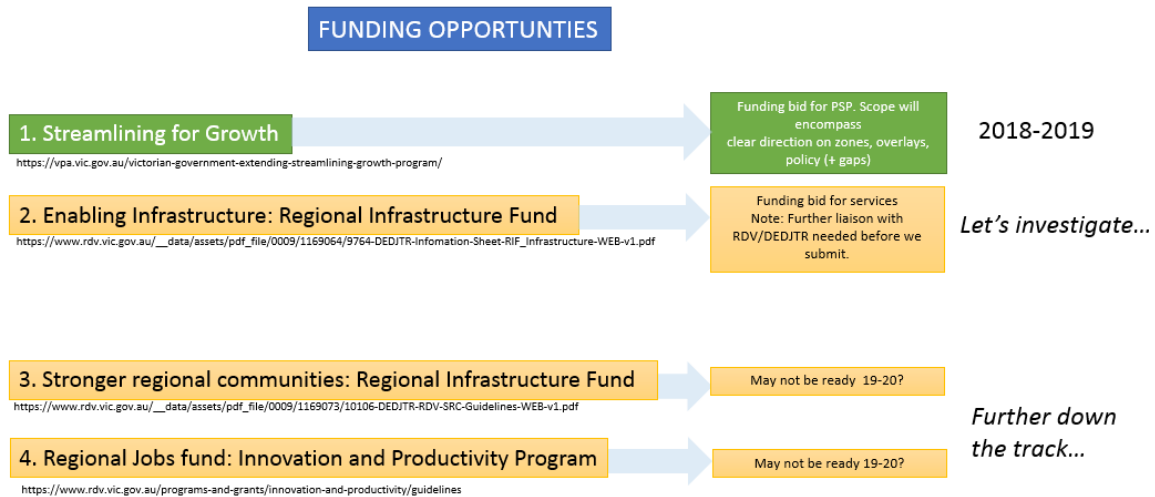


Figure 3 Funding Opportunities

Time frames

By proceeding with the above funding streams and continuing to work with our State Government partners, the following can be delivered by 2019/2020:

- Rezoning of land for the PEP;
- Structure planning for the PEP;
- A resolved Infrastructure Delivery Plan (including gas and water infrastructure planning) with implementation well underway;
- Resolved design for the Eastern Link Road;
- A Developer Contribution Plan in place; and
- A service provider allocated to deliver gas for the PEP.

Figure 4 demonstrates the interrelationships between key current and planned projects.

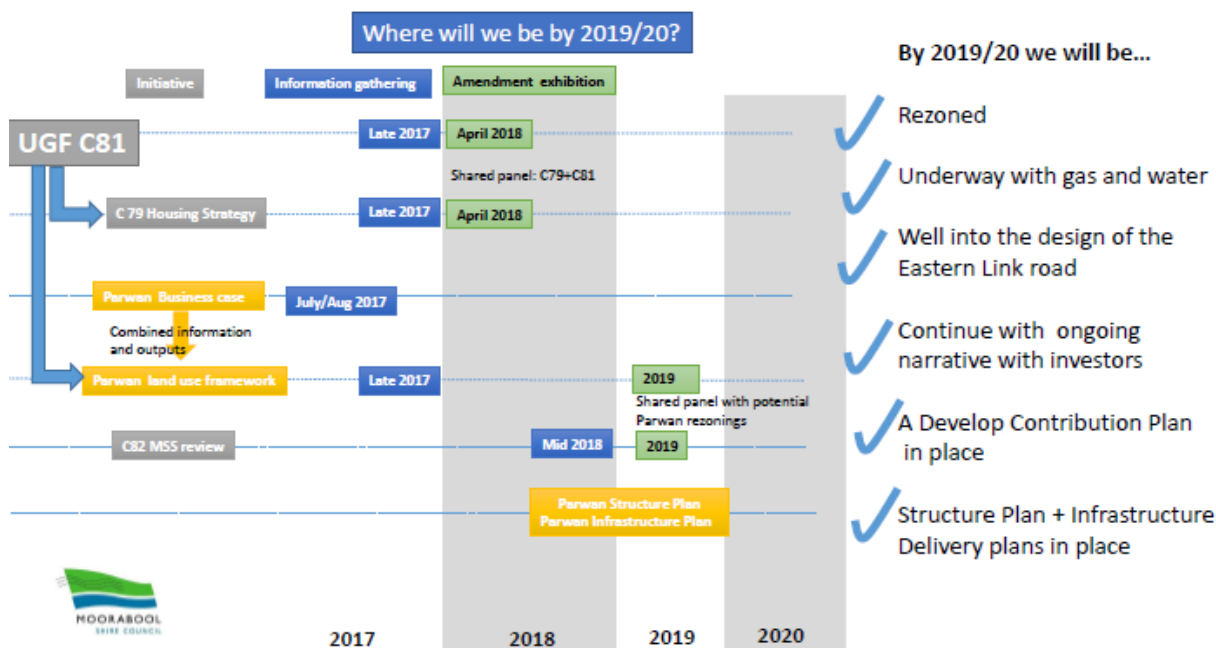


Figure 4 Progress and timelines

Policy Implications

The *Council Plan 2017 – 2021* identifies the importance of best practice planning for Bacchus Marsh and Parwan through its direction to “Facilitate Parwan Employment Precinct Planning and Marketing”.

Strategic Objective 3: Stimulating Economic Development

Context 3a: Land Use Planning

In partnership with the VPA and RDV, Council has shown leadership in best practice land use planning in the ongoing delivery of the PEP and associated Bacchus Marsh UGF.

Council Plan 2017-2021 also notes the importance to deliver “improved economic, social, and environmental outcomes” and “improved ability to access employment” across the Shire.

Strategic Objective 3: Stimulating Economic Development

Context 3b: Investment and Employment

In partnership with the VPA, RDV and other key stakeholders VicRoads and Western Water, Council has worked successfully to plan key infrastructure for Parwan. To date, this work has largely been funded by Council’s strategic partners.

Plan Melbourne 2017-2050

The Victorian Government has an ongoing commitment to invest in regional Victoria.

Outcome 7 of the Victorian Government's planning policy seeks to ensure that "Regional Victoria is productive, sustainable and supports jobs and economic growth." It notes Bacchus Marsh as a key regional centre within 100km of central Melbourne in relative close proximity to an airport and seaport interconnected to Victoria's major centres by rail and major road networks.

Policy 7.1.2, "Support planning for growing towns in peri-urban areas" identifies the opportunity for peri urban towns such as Bacchus Marsh and Ballan to have capacity for more housing and employment-generating development without impacting on the economic and environmental roles that surrounding non-urban areas serve. The policy directs that detailed strategic work and confirming the urban growth area boundary be undertaken to support growth whilst protecting the existing amenity, the environment and important agricultural land.

To deliver on these policies, Plan Melbourne's Implementation Plan prioritises planning for peri urban townships and improving freight and transport linkages across regional Victoria and to Melbourne. This has been enabled through funding from the Victorian Planning Authority, Regional Development Victoria and VicRoads who will be commencing a feasibility study on the Geelong Bacchus Marsh Road shortly.

Risk & Occupational Health & Safety Issues

Risk Identifier	Detail of Risk	Risk Rating	Control/s
Financial – Inadequate funds to finish project.	Inadequate financial management.	High	Detailed infrastructure delivery plan PSP.

Community Engagement Strategy

A Community Engagement Strategy for the *PEP* suite of projects has been prepared (Attachment 2).

In summary, the Strategy works in parallel with the Bacchus Marsh *UGF* and the Parwan Business case. The *VPA* were invited to comment on the Community engagement strategy before it was implemented.

Level of Engagement	Stakeholder	Activities	Location	Date	Outcome
Consultation	Community	Drop in information session at Lerderderg Library.	Various	November 2017	Community were updated and informed about planning for Parwan.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

General Manager – Satwinder Sandhu

In providing this advice to Council as the General Manager, I have no interests to disclose in this report.

Author – Alison Blacket

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

The Parwan Employment Precinct Business Case confirms the investment value in providing gas infrastructure to the *PEP*. Ultimately to attract investment, leadership will be required by Council to see key infrastructure being provided. *MSC* will continue to work with *RDV* and the *VPA* in developing a statement of terms that identifies the specific gas requirements for the *PEP*.

Council have worked with Western Water to facilitate additional water supply in Parwan and surrounds for an expanded agribusiness precinct. In coming years, that work will likely increase scope for agricultural investment and production.

Work on the Eastern Link Road Study, managed by VicRoads, will examine appropriate corridor options to facilitate access to Western Freeway.

The UGF identifies *PEP* as a key project for export employment opportunities. The business case confirms how and when this can be delivered. A project such as *PEP* requires ongoing commitment, close collaboration between agencies and clear prioritisation of investments to attract business. The work of the last 12 months and the proposal as set out, will position Council to now fast track the strategic work to date into the appropriate planning frameworks and on-ground works.

Recommendation:

That the Committee:

1. Notes the report;
2. Supports the way forward as proposed in this report; and
3. Requests a further report be presented to full Council which outlines Councils contribution towards the infrastructure for Stage 1 (i.e. gas) as per Councils adopted Advocacy Document, Parwan Employment Precinct.

Report Authorisation

Authorised by:

Name:

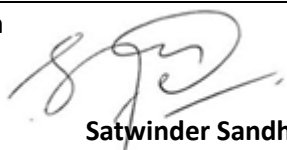
Satwinder Sandhu

Title:

General Manager, Growth & Development

Date:

1 March, 2018



The background image shows the interior of a vast, modern glass greenhouse. The structure is composed of a complex network of white metal beams and supports, creating a series of long, parallel aisles. The floor is covered with rows of low-lying green plants, some of which have small pink flowers. The glass panels of the roof and walls allow bright sunlight to stream in, creating a high-contrast, airy atmosphere. A semi-transparent green rectangular box is centered over the lower half of the image, containing the title and subtitle text.

Parwan Employment Precinct Business Case

Regional Development Victoria and
Moorabool Shire Council

November 2017



Report statement

The Parwan Employment Precinct Business Case has been prepared specifically for Regional Development Victoria and Moorabool Shire Council as the client. The Parwan Employment Precinct Business Case and its contents are not to be referred to, quoted, or used by any party in any statement or application, other than by Regional Development Victoria and Moorabool Shire Council without written approval from SED.

The information contained in this document has been gained from anecdotal evidence and research. It has been prepared in good faith and in conjunction with Regional Development Victoria and Moorabool Shire Council. Neither SED, nor its servants, consultants, agents, or staff shall be responsible in any way whatsoever to any person in respect to the report, including errors or omission therein, however caused.

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Executive Summary

This business case seeks to develop the economic argument for the development of the Parwan Employment Precinct (PEP). The business case uses the background materials previously undertaken as the starting point for the analysis, and in doing so provides a line of sight between work completed over a long period of time in relation to the precinct.

The PEP is approx. 2,880 hectares in extent and incorporates over 80 properties, including Western Water's Bacchus Marsh Purification Plant and Bacchus Marsh Aerodrome.

At present PEP is predominantly used for agriculture and rural residential (near the aerodrome), with limited commercial, recreational, and utility uses on isolated properties within the Precinct including the Bacchus Marsh Aerodrome, Parwan Valley Mushrooms, Genetics Australia, Graeme Spargo Transport, a broiler farm, Bacchus Marsh Purification Plant and Sir Jack Brabham Park motor sport complex.

At present the site is well located in terms of its proximity and access to Melbourne and Avalon Airports, and the Port of Melbourne and Geelong sea terminals. The PEP includes large un-fragmented tracts of land that are suitable for agribusiness and industrial employment uses and can accommodate uses requiring larger buffers. Transport access to the Western Freeway is a major site constraint that is likely to inhibit development until the delivery of the Eastern Link Road which will, if developed significantly improve freeway access. The site has advantageous access to raw materials, particularly grain and livestock from regional areas.

The PEP is currently serviced to varying degrees with utility and service infrastructure; the area has access to reticulated potable water, recycled water (Class C), telecommunications and power. Although both a gas transmission main and sewer main are located within the PEP, the area does not have access to these utilities, with augmentation of infrastructure required to support any significant increase in land use activity.

Without intervention primarily focussed on infrastructure upgrades, the site has some, but not compelling competitive advantages for industrial development over other precincts in Western Melbourne, Ballarat, Bendigo, and Geelong. Should access to services be improved, competitive advantages would be achieved for agribusiness and industrial development given the PEP's characteristics, thereby underpinning future activation. The recommended development option (scenario 3) provides the framework for this expansion and development of the PEP.

To complete the economic assessment three scenarios were developed based on the background materials previously prepared and extensive consultations held with current landholders, businesses, and infrastructure developers. The scenarios represent the following development options:

1. Scenario 1 (Base case) – assumes no infrastructure investment with an employment outcome of around 124 FTE's
2. Scenario 2 (Moderate) - development to a standard that will facilitate some investment but does not provide the PEP with a competitive advantage in the market. This scenario models mostly known expansions being contemplated by a number of proponents with an employment outcome of around 805 FTE's
3. Scenario 3 (High) - development that will maximise the potential development of the PEP through the inclusion of Class A water to the

precinct to maximise employment outcomes to a potential 1,564 FTE's

Each of these scenarios builds on the preceding one and therefore effectively increases the competitiveness of the precinct by leveraging its location and suitability for agricultural industry development (which will provide firms that locate in the precinct a competitive advantage) through infrastructure development. This will make the precinct more attractive for firms to invest and locate, increasing the employment outcomes and economic returns generated for the region.

The respective scenarios have been modelled from a land use, demand, capacity, and likely infrastructure development perspective allowing employment and economic outcomes to be determined.

Extensive consultation and engagement with infrastructure providers have enabled infrastructure costs to be established for each scenario, and the development risk to be identified. There are three exceptions:

1. Due to restrictions around the application process, only the power requirement for the full Moorabool Agribusiness Industrial Area scope of works (rendering plant, cold store and abattoir) have been modelled (scenario 2).
2. Drainage at the precinct has been identified as an issue that needs further attention. Preliminary drainage works has been costed and included in scenario 2, but further and larger scale works may be required, and as such a provision for these has been included in scenario 3.
3. Recent advice is that Latrobe Fertilisers have expressed an interest in locating a urea plant within the precinct. While it is too early to understand the full-service infrastructure requirements for the development, we note that such a plant has the capacity to be both a major user and/or producer of gas and electricity. As such, should the development go ahead, the final design of the plant could

significantly impact gas, electricity, and water availability (the plant does not need Class A water) within the PEP. The scale of net effect could significantly alter, perhaps positively the cost of service provision.

The development for each scenario, is as follows:

Company	Expansion plans	Project	Service infrastructure required	Likelihood of expansion	Scenario
Genetics Australia			Not infrastructure dependent		1
Graeme Spargo Transport			Not infrastructure dependent		1
Parwan Valley Mushrooms	Yes	Doubling current production	LPG & Potable water	Very High	1
Stankovic Broiler Farm	Yes	Doubling of production capacity	LPG & Potable water	Very High	1
Moorabool Agribusiness Industrial Area	Yes	Rendering Plant	Gas, electricity & water	High	2
		Cold Store Facility	Electricity	High	2
		Relocate abattoir & boning room	Gas, electricity, water, sewage & trade waste	High	2
Farm 88	Yes	Meat processing	Gas, electricity, water, sewage & trade waste	High	2
Latrobe Fertilisers	Yes	Urea Plant	Gas, electricity, water, sewage & trade waste	Moderate	2
New economic activity	Unknown	Glasshouse development	Class A water & gas	Untested	3

New economic activity	Unknown	Food processing	Gas, electricity, water, sewage & trade waste, Class A water & gas	Untested	3
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New economic activity represents industry development that is not yet qualified, but that can be accommodated on the site. It is expected that this development will come from multiple sources, and industries. The hydroponic industry has been identified as an industry that is likely to benefit from locating at the PEP.

The activity arises due to investments made by firms wishing to locate at PEP because of the competitive advantages afforded to them from the infrastructure investments on the site (primarily Class A water). The business case concludes that this investment is unlikely to arise to under scenario 1 or 2 but will occur under scenario 3.

The estimated cost (2017 \$, including 20% contingency) for scenario 1 is \$0.5m, scenario 2, \$15.9m and scenario 3 \$27.9m.

Economic outcomes will be driven from several sources including construction, industry development, improved productivity, and the relocation of families to the region to take up employment opportunities.

The results of the economic analysis are as follows:

	Scenario 1	Scenario 2	Scenario 3
Investment period	Yr 1	Yr 1 - 3	Yr 1 - 6
Fully Developed	Yr 5	Yr 9	Yr 13
Value added (\$m, 2017 once developed)	16.3	80.9	189.8
Growth in economy (% , 2017)	0.21%	1.02%	2.39%
Cost Benefit	32.7	5.3	4.6
NPV (\$m)	11.9	33.7	63.2
Capital cost / FTE (\$000's)	4.0	19.0	26.2

	Scenario 1	Scenario 2	Scenario 3
Additional cost / FTE (000's)		22.5	29.1
FTEs	124	805	1,564
Growth in employment (% , 2017)	0.16%	1.04%	2.02%
Additional jobs		680	883
Capital investment (\$m)	0.5	15,300	41,000
Additional investment (\$m)		15,300	25,701

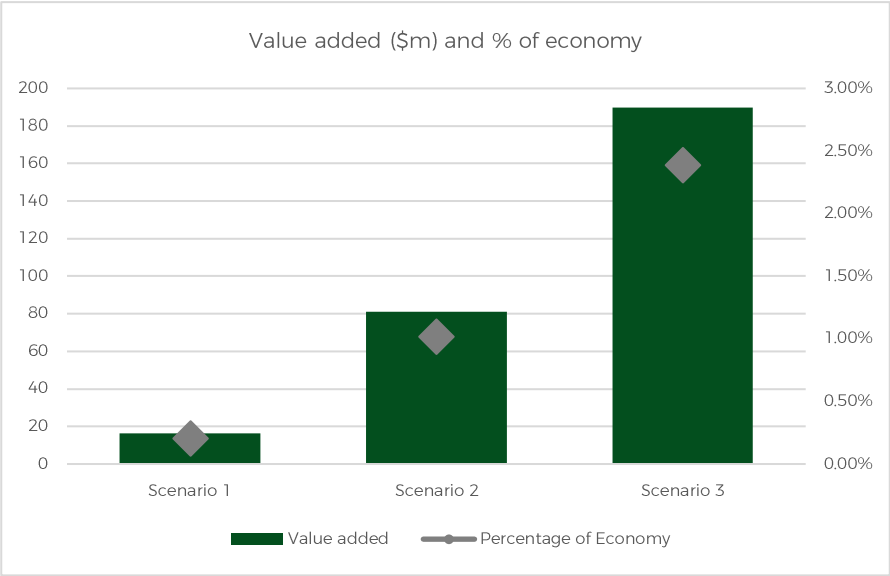
The recommendation of this business case is that for the PEP to develop to its full potential (scenario 3), it must provide firms who locate within the precinct with a competitive advantage. The competitiveness of this site will be enhanced through the provision of high quality infrastructure. The development of transport access, particularly Western Freeway access and Class A water will provide unique advantages for PEP and therefore support greater levels of industry attraction of firms to support the employment creation opportunities outlined in this business case.

Scenario 3 provides for the greatest employment growth (around 1,560 FTEs) and reduces the risk of the site remaining underdeveloped (at 805 FTEs) by creating a competitive advantage (through Class A water being installed) for the precinct. Moreover, this scenario presents the best case of leveraging future potential road developments, specifically the proposed Link Road.

The scenarios support a sequenced development pathway for the site that provides a roadmap for a long-term employment and economic development at PEP. Economic and employment outcomes are linked to the infrastructure investment made through a sequenced development approach.

Sensitivity analysis completed for each scenario shows that if only 25% of the hydroponics forecast to be established in PEP (under scenario 3) are activated, the project still has positive economic outcomes,

The economic value added (2017 \$) to the Central Highlands economy from developing the PEP is \$16m under the base case (within 5 years) and increases to \$189m under scenario 3 (within 15 years). This represents 2.4% per cent of the current value added of the Central Highlands economy.



Strong levels of demand for growth and relocation were identified during the consultations. Around 659 of the 805 FTES created under scenario 2 can be linked to specific business development opportunities identified through consultation undertaken and detailed in the business case. This is not to accept that all these opportunities will come to fruition, however it does point to an underlying demand for industry development in the precinct.

The vision for the site should remain as:

The promotion of natural site attributes, proximity to one of Australia’s largest residential areas, favourable access to sea, rail and air freight, and clear access to Australia’s major arterial road linkages, with the right support, will drive development demand. Over the long term, the proposed PEP should drive local Gross Domestic Product and could be a key contributor to the region’s economic prosperity.

The business case notes that development to scenario 3 level is unlikely to be fully realised until improved Western Freeway access is provided through the Eastern Link Road project. Investing the additional \$27.9m represented by scenario 3 should sequence with this road development.

The uncertainty pertaining to the development of the road therefore presents some timing risks to this business case. To manage this risk and align infrastructure development to expected demand, the following project sequence is recommended:

Stage	Timeframe	Infrastructure	\$m	Comment
1 - Basecase	1 - 3 years	Planning	0.5	Industry support critical activity
2A – Scenario 2	2 – 3 years	Gas, electricity	\$3.2m	Procurement may result in cost reductions +\$2m if Brookfield solution adopted
			\$5.6m	Supports immediate employment opportunities
2B – Scenario 2	Year 3 - 4	Roads	2.0	50% of internal roads developed to sequence to industry needs (after gas, power before full scenario 2 investment completed)
2C – Scenario 2	4 – 6 years	Potable water, sewage, trade waste	8.3	Remainder of scenario 2 development completed Platform for scenario 3 investment

Stage	Timeframe	Infrastructure	\$m	Comment
3 – Scenario 3	6 – 9 years, depending on link road development	Class A water, drainage, additional roads and power	27.9	<p>Assess demand needs at this time</p> <p>Uncertainty on drainage needs resolution</p> <p>Do not complete until link road situation finalised and agreed</p>

This model points to three immediate projects for commencement:

1. \$0.5m for short term and immediate planning needs on the site, including investigations on issues relating to drainage and cultural heritage;
2. Between \$3.2 - \$5.6m for gas, and electricity infrastructure. The cost difference relates to alternative gas solutions for the site
3. \$1.65m for internal road works needed to service the initial business development opportunities

This staging will support the initial demand identified by this business case and underpin significant employment creation.

Several risks are identified, and mitigation strategies are suggested. Two issues are particularly important over the short term:

1. Ensuring there is ongoing and continuing dialogue with existing businesses and those who have expansion plans
2. Maintaining appropriate governance practices and ensuring coordination of respective parties, particularly infrastructure providers.

There are ten implementation recommendations outlined to support the establishment of the PEP covering the following areas:

- Drainage, trade waste and sewerage investigations
- Internal roads development and sequencing
- Reduction in gas and power infrastructure costs
- Class A water supply

- Private sector co-investment
- Positioning
- Marketing
- Partnering
- Funding.

The business case concluded that the PEP should proceed using a staged development approach towards scenario 3.

This approach will produce the best economic outcomes with the highest NPV, greatest employment outcome, leverage future roads infrastructure, and deliver the most significant increase in economic growth for the Central Highlands region. The investment commitments that are required to deliver scenario are the most efficient in terms of matching investment to economic outcomes.

Funding options are considered including DCP, State and Federal Grant support, as well as the development of incentive packages for firms to invest within the PEP.

Adoption of the Bacchus Marsh District Urban Growth Framework into the Moorabool Planning Scheme via Amendment C81 (currently underway) will embed strategic policy direction for the PEP in the Planning Scheme and support future land use planning and infrastructure planning. Development and activation of the PEP will be guided by a growth framework plan and infrastructure contributions plan to be finalised though a Precinct Structure Plan process in the short term.

1. Introduction

The Parwan Employment Precinct (PEP) project has the potential to deliver employment and industry development opportunity within an integrated agribusiness and industrial precinct located in the Bacchus Marsh food bowl.

PEP has the potential for private agribusiness investment and a flexible range of industrial uses, supported through infrastructure provision, to add higher value export-oriented jobs to the Moorabool Shire Council area and broader region. This project will also help redress the large number of people leaving the Shire daily for employment, providing an increasing level of local employment.

The PEP can directly assist in the implementation of the *Central Highland Regional Growth Plan* and *Plan Melbourne*, through supporting export based employment in the regional economy via agribusiness and value adding enterprises that are vertically or horizontally integrated with the local agricultural sector.

The Bacchus Marsh District Urban Growth Framework (UGF) identifies the PEP as regionally significant employment hub of value-adding agribusiness and export-led business. Development of the PEP will be guided by a growth framework plan and infrastructure contributions plan to be finalised through a Precinct Structure Plan process in the short term. Adoption of the UGF into the Moorabool Planning Scheme via Amendment C81 (currently underway) will embed strategic policy direction for the PEP in the Planning Scheme.

The PEP's location, accessibility to the Western Freeway and the Melbourne-Ballarat rail corridor, available land, limited fragmentation, significant separation from sensitive uses and existing business investment provides significant opportunity for agribusiness development.

1.1 Business Case Methodology

This business case seeks to develop the economic argument for the development of the Parwan Employment Precinct. There has been extensive pre-feasibility works completed which has informed this business case. The principal works which are used to support this business case include:

- Agribusiness Analysis Proposed Parwan Employment Precinct, CBRE
- Bacchus Marsh Agricultural Assessment (draft), RMCC
- Bacchus Marsh Integrated Water Management Plan, Western Water
- Bacchus Marsh District Urban Growth Framework, Moorabool Shire Council & Victorian Planning Authority
- Central Highlands Regional Growth Plan, DELWP
- Moorabool Agribusiness Industrial Area - Servicing and Development Contributions Report for L & C Failli, Urban Design
- Moorabool Shire Economic Development Strategy, Geografia
- Parwan Employment Precinct Planning Study (draft), SED Regional Advisory
- Parwan Servicing Plan, Parsons Brinckerhoff.

This business case builds on this work to detail three potential development options and explore the relevant costs and benefits of each.

This has been achieved through conducting the following activities:

- Review of previous documentation
- Meetings with a Project Control Group which has been formed to guide the early stage development of the precinct and to make recommendations as to the preferred development and its sequencing

- Extensive consultation with existing landholders, businesses, and service providers
- Preparing potential development scenarios, including mapping of these options, and considering the land use planning implications of each
- Developing demand and supply models to assess capacity needs of the site under alternative development models
- Determining development costs and potential sequencing of infrastructure
- Undertaking economic modelling of the scenarios to assist in refining the recommendations of the business case.

A number of projects currently being undertaken in relation to the site are still in development, and the cost benefit analysis reflects the information available at the time of compilation.

The approach taken to this business case has been to reconcile the development of the precinct, to the fullest extent possible, to the previous background materials. Within this context:

- Establish what the base case in relation to the precinct is - what happens if there is no investment in the precinct's infrastructure over the next 20 years
- Using development scenarios, identify infrastructures that needs to be developed within the precinct to support the given level of activity estimated under the scenario
- Develop costing and sequence models for the activation of the precinct
- Where there is uncertainty as to the timing of a potential investment or infrastructure cost, the furthest date has been used in the modelling, for example if an investment has been identified as likely to occur in 3 - 5 years, the modelling assumes this occurs in year 5.

This approach removes some of the risks within the business case by assuming worst case situations

- Using input / output tables, complete economic and risk modelling of the scenarios.

1.2 Strategic Context

The following key state planning policy documents underpin the significance of Parwan as a priority employment precinct for the region:

- Plan Melbourne 2017-2050
- Central Highlands Regional Growth Plan, May 2014.

State planning policy identifies Bacchus Marsh as a peri urban regional centre with potential for significant growth. Unprecedented rates of residential growth are already occurring in the town and there is an opportunity to provide needed infrastructure and build the local economy.

The Central Highlands Regional Growth Plan (CHRGP) sets clear directions for growth in Bacchus Marsh (with Parwan implied). It notes that the township has strong links to Melbourne and can attract residential and employment growth from the metropolitan region. The CHRGP sets the following directions for Bacchus Marsh:

- Support Bacchus Marsh as a regional centre and key growth location.
- Support the development of new north south links.
- Provide a balanced approach to growth by promoting a range of local employment opportunities as an alternative to Bacchus Marsh's role as a commuter centre.
- Undertake investigations for employment and agribusiness opportunities at the Bacchus Marsh Aerodrome and in Parwan
- Identify the need for and encourage the provision of social, service and transport infrastructure to support significant

growth and investigate implementation opportunities including development contribution plans

The PEP's strategic location in terms of key transport connections are identified in Figure 1.



Figure 1 - Bacchus Marsh strategic location in terms of transport connections (source: DELWP)

In summary, Bacchus Marsh is close to:

- Avalon and Tullamarine airports.
- The ports of Geelong and Melbourne and the future Melbourne seaport at Bay West.
- Commuter Rail between Ballarat and Melbourne.
- The Western Freeway and the future Outer Metropolitan Ring Road

1.2.1 Bacchus Marsh District Urban Growth Framework

In response to the above State policy directions, the Moorabool Shire Council and the Victorian Planning Authority have developed the Bacchus Marsh Urban Growth Framework (UGF). The UGF is currently in draft form and formally on exhibition as Amendment C81 to the Moorabool Planning Scheme¹. One of the four key elements of the UGF is employment. It directs:

Bacchus Marsh will support a variety of new jobs, services and industries. The diversity of its economy, from agriculture through to professional services, will underpin its economic resilience. Its interdependence with the Melbourne and Ballarat economies will be embraced while sustaining the unique local lifestyle.

The UGF defines the boundaries of a potential employment growth precinct at Parwan and identifies the following key employment strategies for the PEP:

- Designate, develop, and promote the PEP as a regionally significant employment hub.

¹ As at November 2017

- Prioritise gas and water supply (including recycled water) and actively seek appropriate public funding for infrastructure.
- Work with the relevant state agencies to facilitate and attract potential business and investment to the precinct.
- Provide appropriate buffers to protect key industries developing and investing within the PEP.

Accordingly, this business case seeks to:

- Quantify the costs and benefits of providing gas, water, electricity and other services;
- Identify a 'roadmap' to facilitate and attract potential business and investment;
- Acknowledge key land uses in the area and understand their key drivers for continuing to invest;
- Identify opportunities and constraints.

1.2.2 National Freight Network

The following infrastructure projects are significant to the nation's freight and logistics network. They augment the importance of the PEP as an affordable and accessible location to grow a business and invest in the west:

Table 1 - National freight and logistics network projects

Project	Status	Comment
Bay West	Planned	Bay West ² is the Victorian government's preferred location for Melbourne's second container port. To deliver on the future port's connectivity to the interstate freight network, a suite of infrastructure upgrades are planned including the Outer Metropolitan Ring Road and the WIFT
Outer Metropolitan Ring Road	Fully scoped seriously entertained project.	Land acquisitions underway. ³ Corridor defined. Delivery planned for between 15 and 30 years. This project will provide a vital direct link between the Western Freeway and the M1 interstate road network
Western Intermodal Freight Terminal @ Truganina (WIFT)	Planned. \$5m dedicated for a pre-feasibility study	Interstate freight and road terminal at Truganina linking BayWest to the interstate freight network. Parwan will have direct access to the WIFT via the Western Freeway. Goods produced in Parwan would be sent to a distribution centre (potentially 35 minutes by road to Truganina) for packing and then export or intrastate by rail or road.

Figure 2 below identifies the strategic location of the PEP in terms of these infrastructure projects.

² <http://www.infrastructurevictoria.com.au/node/94>, Accessed November 2017

³ <https://www.vicroads.vic.gov.au/planning-and-projects/melbourne-road-projects/outer-metropolitan-ring-e6-transport-corridor>, Accessed November 2017

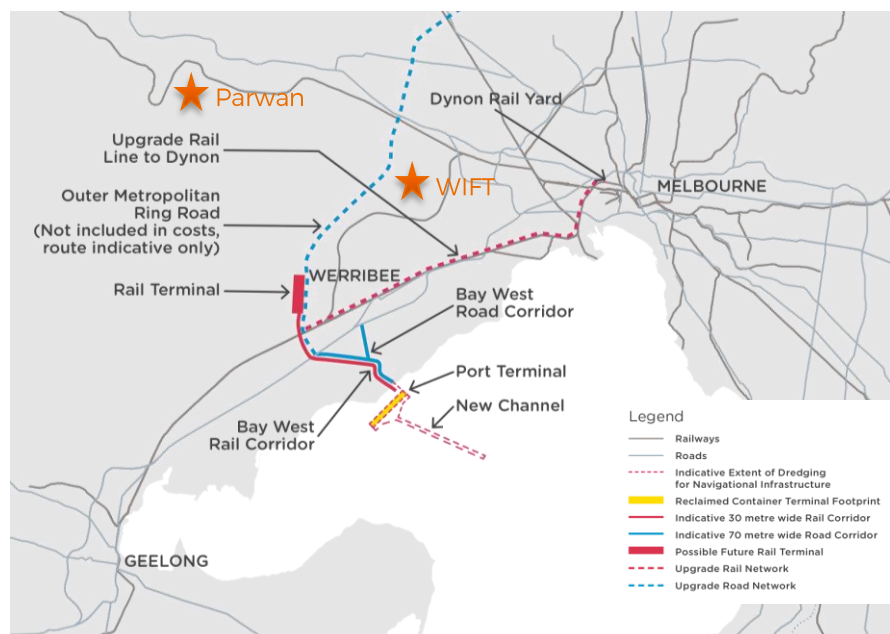


Figure 2 - National freight network upgrade projects (source: Infrastructure Victoria)

1.2.3 Regional Transport Network

The following projects play a regionally significant transport role. They also augment the importance of the Parwan employment precinct as a preferred location to grow a business and invest:

Table 2 - Regional transport network projects

Project	Status	Comment
Geelong Bacchus Marsh Road safety improvements ⁴	Under construction	Improves road safety between Lara and Maddingley . Noted as a priority freight route between the Port of Geelong and western Victoria, includes: <ul style="list-style-type: none"> New entry and exit ramps on Hallett's way Upgrade of the Holts Lane intersection and Melbourne bound on ramp (Construction will end Jun 2018) A new bridge over the Western Freeway
Bacchus Marsh bypass planning study	Preliminary feasibility	VicRoads are due to commence a \$3million planning study for a bypass around Bacchus Marsh. The bypass will reduce congestion for trucks travelling from Geelong heading north.

1.2.4 Agricultural production / Food and fibre industries

Agriculture is an industry of national significance. The Federal Government has committed \$4b to actively support the sector through the Agricultural Competitiveness White Paper.

Victoria's food and fibre industries are of strategic importance at a national level. As Australia's largest food and fibre exporter, Victoria accounts for 25 per cent of Australian food and fibre exports, while accounting for just 3 per cent of the total landmass.

In 2016-17, Victoria accounted for 79 per cent of Australia's dairy exports, 55 per cent of wool exports, 46 per cent of horticultural exports and 38 per cent of prepared food exports.

The Victoria Government's Food and Fibre Sector Strategy, released in March 2016, is a long-term plan for investment and jobs growth in this

⁴ <https://www.vicroads.vic.gov.au/planning-and-projects/regional-road-projects/bacchus-marsh-traffic-improvements> Accessed November 2017

industry. The strategy includes a number of actions to increase exports, build capacity, strengthen connections with customers, and grow market access.

PEP sits comfortably within these policy frameworks, with a vision of agricultural industry development building on the regions natural assets such as soil and climate and taking advantage of its locational advantages. The business case develops the case for infrastructure to leverage these attributes into employment and economic outcomes.

1.2.5 Project Governance

Moorabool Shire Council in collaboration with Regional Development Victoria have jointly funded the Parwan Employment Precinct business case. The Project Control Group is being chaired by Regional Development Victoria with the following key stakeholders: Moorabool Shire Council, Western Water, Invest Victoria, VicRoads, and Victorian Planning Authority.

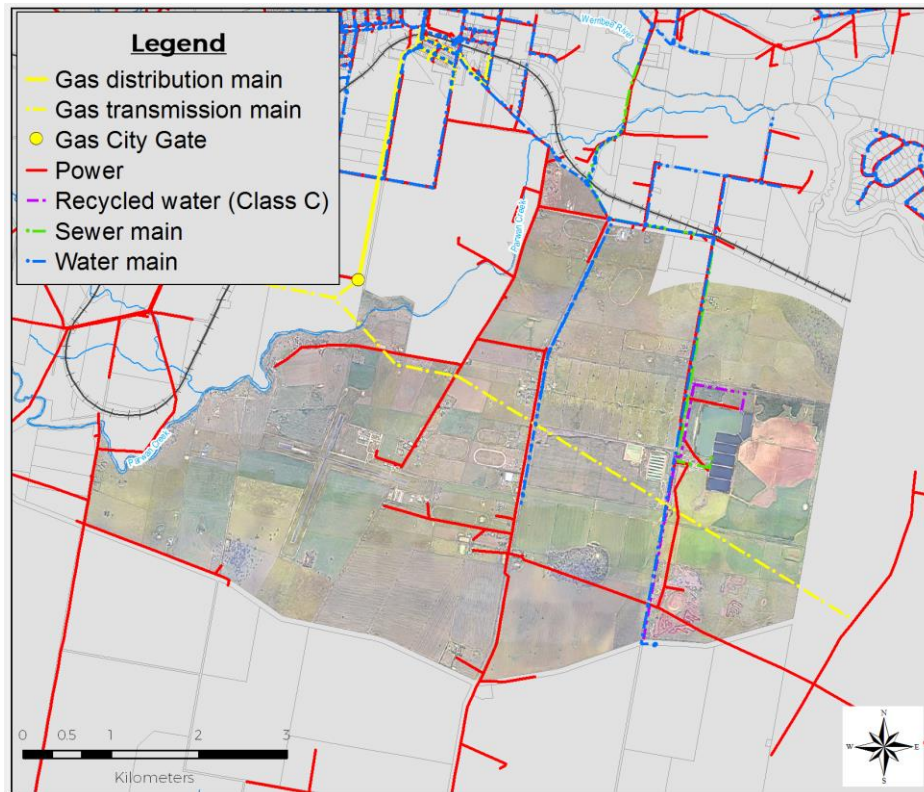


Figure 4 Utility and service infrastructure within the PEP

The main road access to the PEP is via Geelong-Bacchus Marsh Road, which forms a north-south spine through the centre of the PEP. This road provides access to Bacchus Marsh to the north and Geelong to the south. The Geelong-Bacchus Marsh is within a Road Zone (RDZ1) and is under the control of VicRoads. Upgrades to this road are underway as part of the Victorian Government's Towards Zero program, which will include a new round-about at Parwan-Exford Road. All land with direct frontage to Geelong-Bacchus Marsh Road have an advantage of exposure to this key route. Woolpack Road provides access to the north and is within a Road Zone (RDZ2) under the control of Moorabool Shire Council. Similarly,

Nerowie Road and Glenmore Road which forms the southern boundary of the PEP are also RDZ2.

Woolpack Road provides the most direct route to the Western Freeway and the future alignment of this key link to the PEP will be an important element to future planning for the precinct. Key local roads are Cummins Road and Parwan South Road, which provides north-south access to large areas of the PEP.

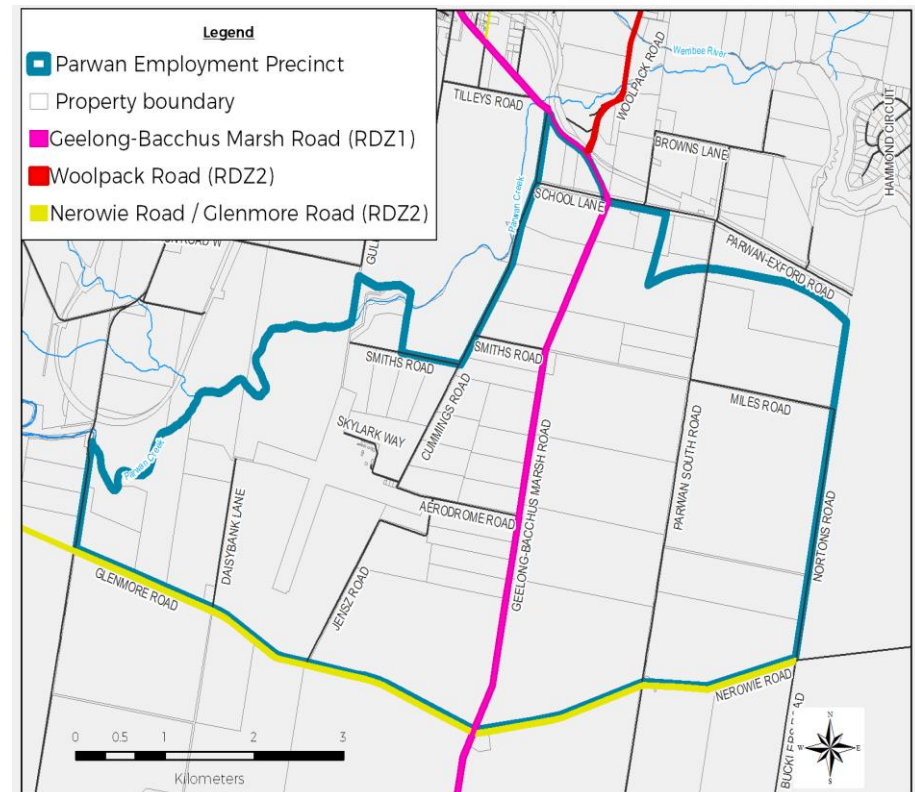


Figure 5 - Existing road network within the PEP

3. Determining demand scenarios

This section develops the three activation scenarios used in the business case. Existing planning provisions, existing and proposed key land uses and employment generators, proximity to services and utilities, and buffer/interface requirements inform the development scenarios.

3.1 Existing land uses and businesses

Current incumbents are important in determining future demand as they may, or may not have expansion plans based on the ability to access infrastructures that support their development. There are five current landowners within the PEP that are significant employers. The location of key existing land uses, and employers are indicated in

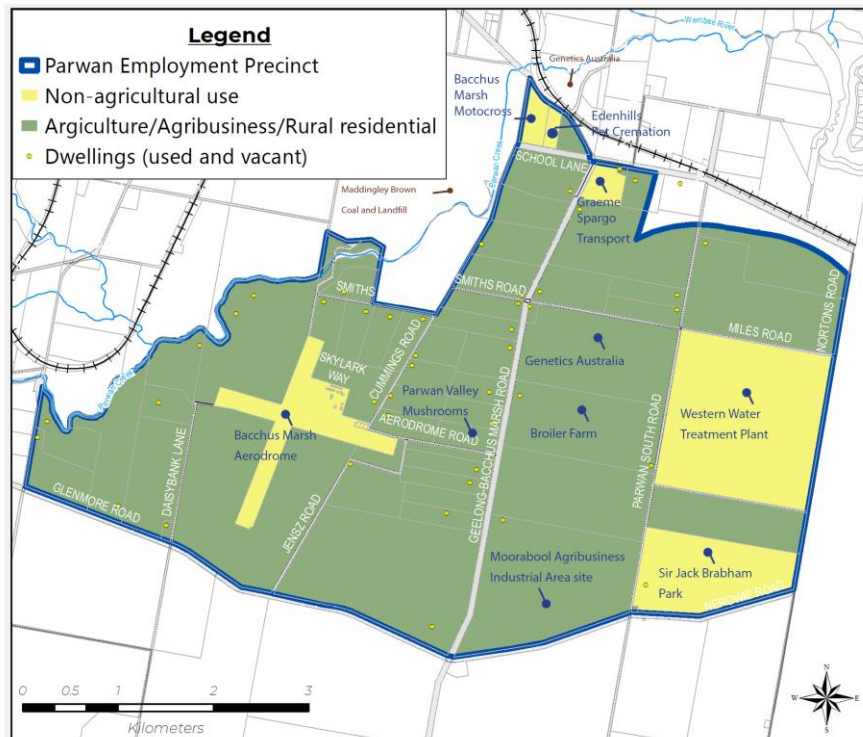


Figure 6.

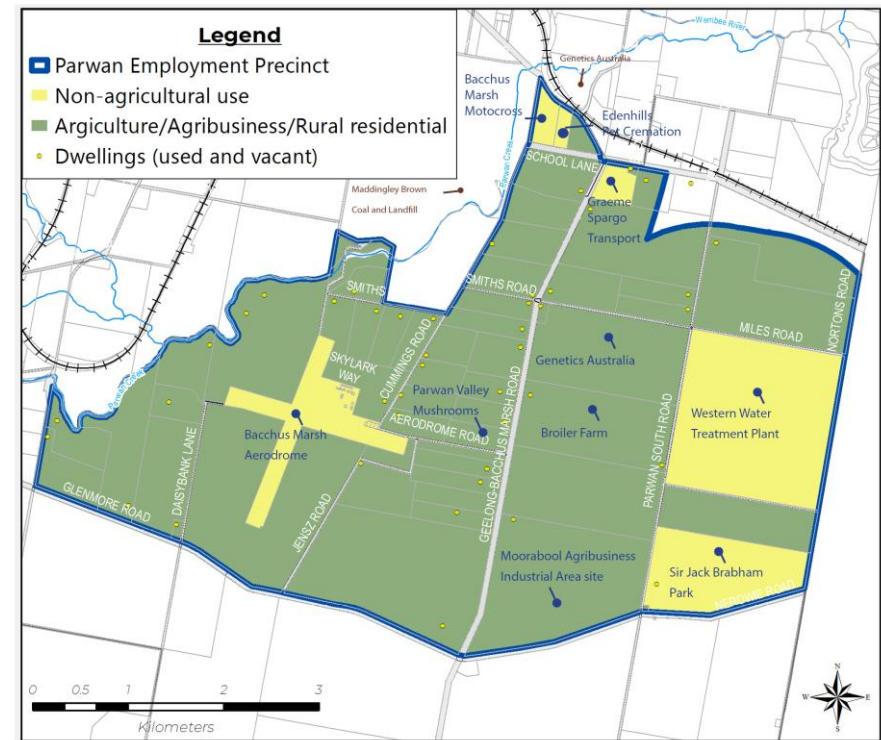


Figure 6- Key existing land uses in the PEP

Extensive consultation was conducted with the existing businesses to ascertain their expansion plans, and the infrastructure requirements that would support and enable such expansion. A description of the land owners' operations, business intentions and requirements for future infrastructure upgrades to enable further expansion of their business activity are summarised in Table 3.

Table 3 – Existing users and potential future requirements

Description	Current Service Provision	Expansion plans	Expansion Timeframe
Genetics Australia			
Have their head office, administration, and EU accredited collection facility in the very North of the precinct on the Geelong-Bacchus Marsh Road and another quarantine holding and OAE status collection facilities on a block further South between the Geelong-Bacchus Marsh and Parwan South Roads also opposite the WRP. They employ 23 local staff.	Is generally adequate as they have relatively low requirements. They use tanks and pressure pumps for their stock requirements and would look at Class C water for the Southern block if it were at the right price.	Currently into their second year into a business strategy to reach the sale of 1m. units annually (previously 540K) including an increase in exports. Would possibly employ an extra 7 - 10 staff if successful. No increased service infrastructure required.	N/A
Graeme Spargo Transport			
Is a general freight transport company that has a depot situated in the North of the PEP on the corner of the Geelong-Bacchus Marsh and Parwan-Exford Roads. Owns and maintains a fleet of 25 interstate trucks	View better highway access as a priority. Other service infrastructure is adequate with only relatively modest requirements. Cold storage related services are not provided.	are constructing a new shed and may consider providing a future storage GST and logistics service to customers.	N/A
Parwan Mushrooms			
Are a joint venture between Mecrus Pty Ltd and Perfection Fresh. They currently produce around 50 t. of mushrooms a week and supply to major supermarket DC's on the East Coast. They employ around 70 staff.	<p><i>Gas:</i> Is through the use of LPG from bullets. The LPG tariff is currently competitive with Natural Gas (NG). and may provide a long-term alternative.</p> <p><i>Electricity:</i> Is from Powercor through the existing grid.</p> <p><i>Water:</i> Is from the Western Water potable supply network. Line pressure/capacity is insufficient for their requirements, so augmentation capacity is required through reticulation into tank storage as a buffer. They have indicated an interest in Class A water should it become available.</p>	<p>Parwan have renegotiated their supply arrangements and will not be proceeding with the previous muted composting opportunity within the precinct.</p> <p>Parwan are committed to doubling their production, to 100 t. per week, a scale they consider to be critical mass for industry survival, using existing service infrastructure. The expansion is in their capex plan for 2019 waiting Board approval. Post expansion workforce would increase by around 50 FTE's.</p>	2 years
Stankovic Broiler Farm			
The current broiler farm is situated opposite the Bacchus Marsh Purification Plant (BMPP) on Parwan South Road and has a capacity of 400,000 birds and employs around 6 staff.	<p><i>Gas:</i> Is through the use of LPG from bullets.</p> <p><i>Electricity:</i> Is from Powercor through the existing grid.</p> <p><i>Water:</i> Is Class C supplied from the BMPP. He currently treats the water onsite to Class A and his preference would be to receive potable or Class A water.</p>	<p>Are to double the production capacity to 800,000 birds when their processor advises they have the necessary processing capacity available.</p> <p>The expansion would increase employment by around 4 FTE's</p>	1 - 3 years

Description	Current Service Provision	Expansion plans	Expansion Timeframe
Westside Meats / Moorabool Agribusiness Industrial Area (Failli)			
Owner/operator of Westside Meats with their current operation situated on the corner of Woolpack and the Geelong - Bacchus Marsh Roads adjacent to the PEP.	Owens the Moorabool Agribusiness Industrial Area, however doesn't presently have any production facilities within the PEP.	Westside meats have expressed their interest to initially build a rendering plant for processing their own by-product (50t.) as well as outside suppliers on the C76 land they own. The second stage of their scope of works entails construction of a cold store facility for storing their own product. The third stage of the development would be the eventual relocation, upgrading and expansion of the abattoir.	Rendering Plant; 1 - 2 Years
Currently employs around 110 and kills around 11-12,000 cattle and 7,000 lambs/sheep a week at their domestic abattoir situated just North of the PEP.		With regard to the probability of the expansion, occurring, we view their actions in pursuing the C76 rezoning and the fact that the rendering plant and the cold store facility complement current operations sufficient to indicate the prospects of development are real.	Cold Store Plant; 2 - 3 Years
Owner of the Moorabool Agribusiness Industrial Area located within the PEP (Amendment C76 land).		While the cost and commercial risk associated with relocating the abattoir and boning room operations are significant in an industry where operating conditions are cyclical and volatile, it is again our view that there is real incentive for Westside Meats to do so in order to be able to expand the scale of their operation to 400 cattle and 4,000 smalls a day and upgrade the facility to meet EU and USDA accreditation standards required to allow them to enter the export market, something not easily achievable at their current facility. The timing of the relocation however may be less certain.	Abattoir relocation; 5 - 10 Years
		<i>Required service provision;</i> <i>Gas;</i> Is currently unavailable to the expansion site. They believe that 'gas is required for all food processing' and the expansion won't happen without it. <i>Electricity;</i> Will similarly be required. <i>Water:</i> A mix of potable, Class A and Class C water is preferred should it become available.	

3.2 New (known) potential economic activity

There has been relatively recent interest expressed by parties with no current exposure to the precinct in infrastructure development within the PEP.

Table 4 – New potential economic activity

Description	Current Service Provision	Expansion plans	Expansion Timeframe
Farm 88 (Commercial-in-confidence)			
Currently operate from facilities in Footscray. They are looking to expand their operations within the industrial zone within the precinct.	They do not currently have a footprint within PEP.	They are looking to invest around \$15 - 20m. to establish a meat processing facility of around 6,500 sq. metres on a 2 -3 hectare site within the industrial zone. While little is known of their infrastructure requirements, it could be assumed, as the operation is smaller than Failli's abattoir, their requirements would initially be met under their capacity requirement. Proposed employment outcome; 50 FTE's	TBA
Latrobe Fertilisers (Commercial-in-confidence)			
Latrobe Fertilisers are looking to establishing a production facility to produce urea and associated products using coal from the Maddingly mine as feedstock. Importantly, the process has zero emissions	The coal mine is outside the PEP and they have no current association within the precinct. Calleja do own land within the precinct and Latrobe Fertilisers have expresses a desire to locate within the precinct, near the mine.	While significant capital has been raised to date, final funding is yet to be secured. The project cost is circa \$A800m. While also being a consumer, the scale and intended technology provide options for the project to potentially supply gas and electricity supply options to the PEP, however it is too early to understand how these will develop. They could be a significant user of recycled water needed to produce steam as part of the production process. The development of this project remains at feasibility, so more specific information as to class of recycled water is not yet available. They will also produce and capture CO ₂ as a by-product that could assist with the allied glasshouse developments as identified in the CBR report and included in development scenario 3 in this business case	TBA

3.3 New (unknown) economic activity - competitive advantage

Why would any business, preferably agriculturally related, want to establish a presence in the PEP?

While existing businesses will provide the initial impetus for the project, the success of the precinct depends on new businesses being attracted. In this respect, service provision in relation to any other potential development site, business park or precinct is critical to understanding the competitive environment and specifically being able to reflect on 'why would any business, preferably agriculturally related, want to establish a presence in the PEP?'

While planning (including land use provisions, good buffers, lack of land fragmentation and appropriate buffers) is critical to reducing potential land use conflict and ensuring sustainable development, it is only one of several commercial aspects that potential outside tenant companies will consider when determining where to establish a facility. There are several reasons a company or other entity may wish to establish, expand, or relocate to a specific location over another (refer Table 5). Each goes to providing a competitive advantage to the firm choosing to locate in a specific location.

The relative significance of each type of advantage or benefit differs between firms and industry and over time. For example, a firm competing in a cost sensitive market will prefer advantages that deliver costs benefits, whereas a firm that competes based on technical know-how would place greater stock on innovation and skills related benefits.

While this analysis framework does not intend to be exhaustive, it does provide a model for considering what PEPs competitive advantages are, and what they may be developed through a tailored and considered development approach and considered infrastructure investment program.

Table 5 – Competitiveness Framework

Competitive advantage element	Cost		Risk		Rev	Current PEP situation	Comment	
	Transport, storage & logistics	Input cost	Low cost capital requirements	Security of supply	Innovation	Market access		
Proximity to raw materials	✓	✓	✓	✓		+	For some firms related to agriculture and Melbourne sourced supply	
Proximity to end markets	✓	✓	✓			✓	++	Good access to major markets, Air and Sea Ports
Access to new technologies and / or skill	✓	✓	✓	✓	✓	✓		No advantage
Current supply and future security or surety of vital services		✓		✓			+	Precinct has buffer capacity and varied land holding sizes
Comparative service delivery cost and/or tariff		✓						No advantage
Primary production inputs		✓	✓	✓			++	Advantages with soil and water accessible

While previous reports have indicated potential industries that may wish to relocate to the precinct, the competitive incentive for them to do so remains unclear. Identifying any competitive advantage within the precinct that may be leveraged to attract interest from any business in the market for a new operational base is an important consideration in the strategy to activate the site.

Development of appropriate infrastructure can provide a competitive advantage to both the site and in doing so the firms that locate there.

Consideration of when and what types of infrastructure are important in the sites activation and the likely rate of that activation. The provision of gas, electricity, water etc., while essential, will only make the PEP comparable to other development locations with similar resource origins and service provision. If this is the case, then the competitive advantage can be generated by:

- The location of the precinct itself (market and / or supplier access and lowering of input costs such as transport and storage as well as workforce)
- Reducing input costs of essential utility expenditures (gas, water, power) through lower input (tariff) costs
- Increased security of supply (raw materials, utilities, workforce) through either alternative or augmented sources of service provision (risk reduction)
- Being able to access inputs not available at alternative locations, or being able to access these inputs at lower cost than alternative locations for instance, class A water and skilled workforce

Within this context, the various supply alternatives are assessed to determine the extent to which they may deliver competitive advantages to firms that locate within the precinct.

In this regard, we note that the PEP does offer some locational advantages in and of itself being equidistant to air and sea ports, in proximity to agricultural supply and providing access to Melbourne markets, in addition, for a precinct seeking to attract agricultural and food related industries, water and soil access provides some competitive advantages.

The poor access the site has to the Western Freeway somewhat erodes these advantages. This will be a constraint to the site's development, particularly for firms requiring high volume haulage access to the Western Freeway. This said, the contrary also applies; development of suitable linkages from PEP to the highway via the Eastern Link Road project will eliminate this constraint and allow the site to make full use of its locational advantages.

The analysis in Table 6 identifies that the introduction of Class A water to the site will provide a competitive advantage over other precincts and therefore is likely to be an attractor for firms to locate within the precinct for this reason.

Without this infrastructure the precinct will provide some level of advantage to firms operating within it (market access, location to raw materials, workforce), but it will not stand out from other and competing industrial sites as delivering a specific and unique advantage, therefore activation is likely to occur, but be curtailed,

Table 6 – Competitive analysis

Required Services	Responsible entity / provider		Availability	Competitive Environment				Notes
	Lead	Sign-off		Prerequisite	Security	Impact	Tariff	
LAND	Freehold	MSC	Sufficient	Essential	Positive	Positive	Significant	The rating provided is based on the locality, amount of supply and assumes no speculation activity.
PLANNING								
Land use approvals	MSC	VPA	Sufficient	Essential	Neutral	Neutral	Significant	Assumes sufficient development approvals will be available
COSTED SERVICE INFRASTRUCTURE								
Gas								
Natural gas	AusNet	RDV	Nil	Essential	Neutral	Neutral	Significant	180mm polyethylene pipe 8.4kms from current city gate; capacity.
	APA GasNet	RDV	Nil					Capacity < 1,000m ³ / hour insufficient for a new city gate.
Compressed Natural Gas	Brookfield	RDV/WW	Nil	Essential	Positive	Positive	Neutral	Are offering a 'virtual pipeline' supply to meet demand
Electricity	Powercor	RDV	Upgrade required	Essential	Neutral	Neutral	Significant	Supplied based on Westside Meats / MAIA requirements
	Brookfield	RDV	Nil	Essential	Positive	Positive	Neutral	Only an advantage if sufficient, reliable & comparable tariff.
Water								
Potable water	WW		Poor	Essential	Neutral	Neutral	Significant	
Class 'C' water	WW		Oversupply	Useful	Positive	Positive	Neutral	
Class 'A' water	WW		Nil	Important	Positive	Significant	Neutral	Western Water have no plans to provide Class A water to the PEP however the opportunity to utilise the recycled water resource can benefit
	Flow/Brookfield	WW		Important	Positive	Significant	Neutral	Only an advantage if sufficient, reliable & comparable tariff.
Storm / waste water								
Sewer:	WW		Nil	Essential	Neutral	Neutral	Significant	
Trade Waste			Nil	Essential	Neutral	Neutral	Significant	
Drainage	MSC		Nil	Unknown	Negative	Negative	Significant	
UNCOSTED SERVICE INFRASTRUCTURE								

Road / transport access:								
Eastern Link Road	Vicroads	MSC	Poor	Essential	Unknown	Significant	NA	Planning commenced: 3yr. process
Geelong - B Marsh Rd.	Vicroads		Poor	Essential	Positive	Positive	NA	While both these projects will significantly impact development of the PEP their funding is viewed as been dependent on external factors, hence have not been included in the funding task for the PEP.
Optic fibre network	NBN		Nil	Required	Unknown	Negative	Neutral	Will be rolled out according to the NBN schedule.

3.4 Estimated demand

A conceptual land use framework for the PEP is detailed in

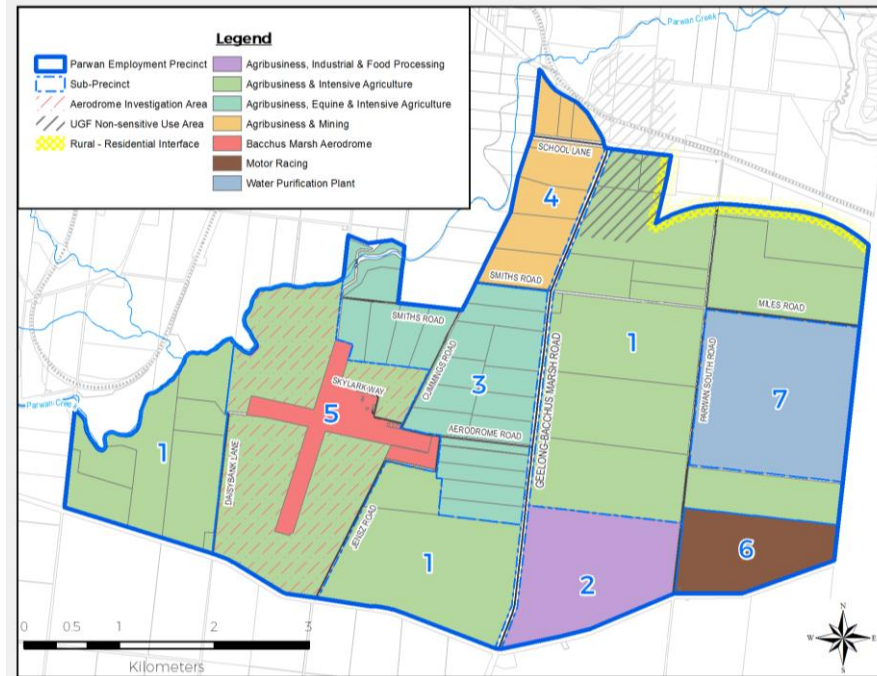


Figure 7. The framework acknowledges both current land uses and the future land use aspirations of the precinct, allowing for the specific tailoring of the use and development provisions for each sub-precinct to achieve the desired employment outcome and land use mix.

The concept considers the current zoning and overlays, strategic framework plans, existing and proposed key land uses and employment generators, proximity to services and utilities, buffer requirements, and land use interface requirements. The concept provides a basis from which more detailed land use and infrastructure planning and contributions plan can be completed as part of the Precinct Structure Plan process.

Demand scenarios have been developed that identify potential activation and intensification of land uses in the precinct, guided by key land use activities envisaged for the PEP such as hydroponics, food processing, industry, and agribusiness.

The various activation and intensification of land uses form the basis of the scenario modelling.

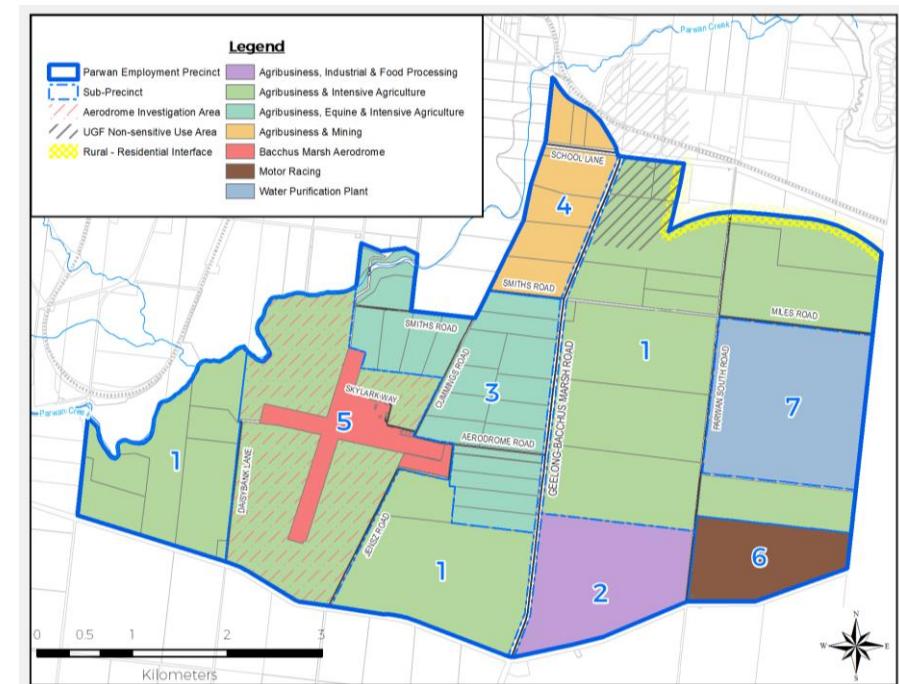


Figure 7 - Land use concept (draft) for the Parwan Employment Precinct

3.5 Base case (Scenario 1)

Development that is expected to occur that is not dependent on investment in new or improved infrastructure:

- Parwan Valley Mushrooms (PVM) and the Stankovic Broiler Farm are contemplating expansions regardless of any service infrastructure upgrades.
- LPG will be used in lieu of natural gas if unavailable.
- Contract directly with Powercor for electricity and PVM will continue to use tanks as a buffer for their potable water supply.
- Stankovic Broiler Farm will continue out of necessity to treat Class C water for use within their sheds.

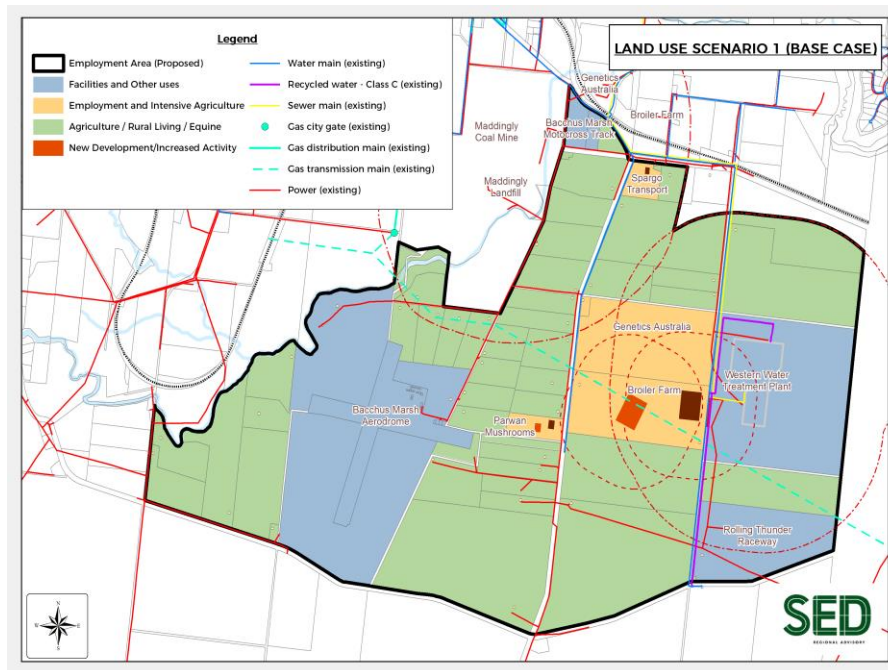


Figure 8 - Land use concept Scenario 1 (Base case)

3.6 Scenario 2 (Expansion of existing business))

Consistent with the CBRE recommendations and information provided through the consultation process, Scenario 2 models the known business expansions that are dependent on increased service provision to the precinct:

- Westside Meats rendering plant, cold store and the eventual relocation of the abattoir into the MAIA. While the commercial industry and environment that Westside Meats operate in is known for its volatility, there is a relatively high likelihood that the expansion will take place, although the timeframe remains unclear.
- The PVM and Stankovic Broiler Farm demand have been included as they will likely choose to avail themselves of any alternate sources of supply.
- Limited food processing also begins to emerge such as Farm 88 and Latrobe Fertilisers, but as there remain infrastructure constraints (Class A water), development is limited.
- Scenario 2 emerges as a likely scenario over the medium term based on the consultations and market sounding undertaken as part of this business case. The business case has identified support amongst industry to locate and develop within the precinct over the medium term.

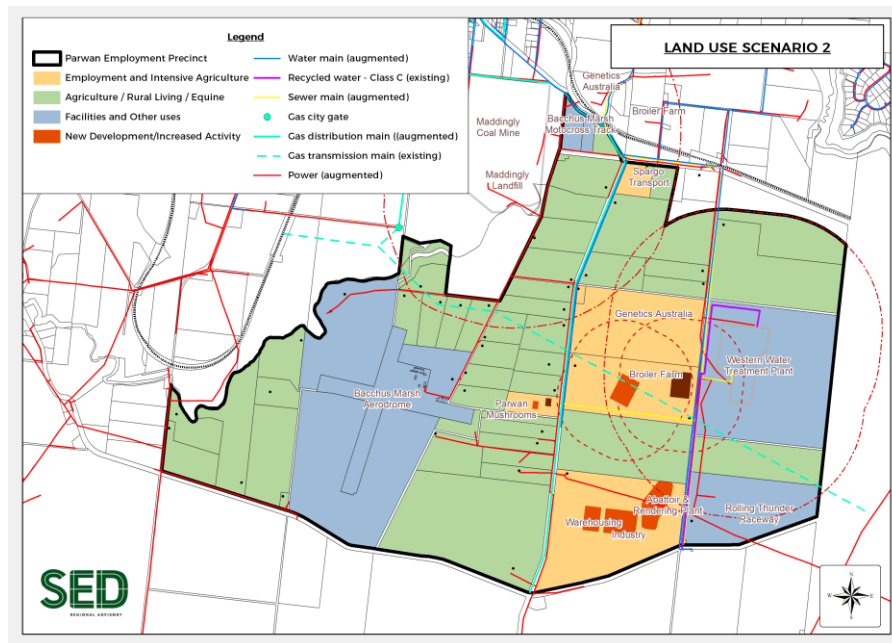


Figure 9 - Land use concept Scenario 2

3.7 Scenario 3 – Competitively positioned for new business

This represents the optimum development scenario, with competitive advantages underpinned through infrastructure provision: should the precinct be equipped with all infrastructure options:

- While following the CBRE recommendations, bulk distribution hasn't been included in new economic activity in scenario as it isn't deemed to be dependent on infrastructure upgrades, however some freight and logistics activities occur to support demand created through precinct activation.
- While feedlots / saleyards, alternative energy and transport and other co-located industries are mentioned elsewhere in the CBRE report,

these have also been left out for the same reason, which leaves the service infrastructure requirements for 50 hectares of hydroponics to be modelled.

- Food processing / manufacturing also continues to develop on the site with access to Class A water providing access to the site of a new market segment within this industry.

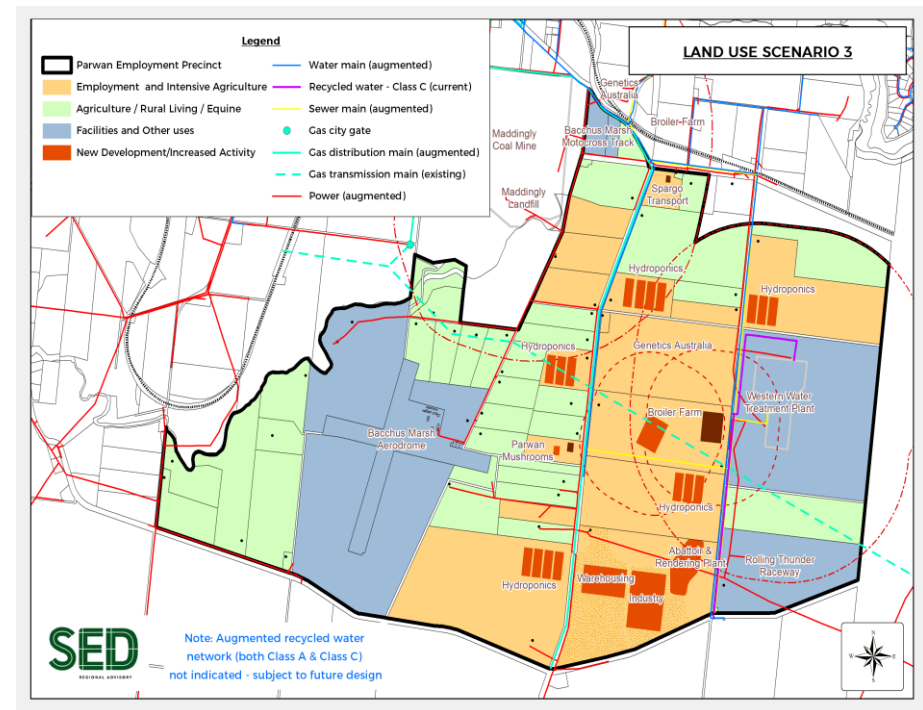


Figure 10 - Land use concept Scenario 3

3.8 Scenario summary

Summarising the economic intentions of the current precinct land users and businesses and the leveraging the enabling infrastructure to attract new economic activity as outlined above, provide the logic behind the

scenarios used as a basis for modelling the business case as shown in Table 7.

Table 7 – Basis of scenarios

Company	Expansion plans	Project	Service infrastructure required	Likelihood of expansion	Scenario
Genetics Australia		Not infrastructure dependent			1
Graeme Spargo Transport		Not infrastructure dependent			1
Parwan Valley Mushrooms	Yes	Doubling current production	LPG & Potable water	Very High	1
Stankovic Broiler Farm	Yes	Doubling of production capacity	LPG & Potable water	Very High	1
Westside Meats	Yes	Rendering Plant	Gas, electricity & water	High	2
		Cold Store Facility	Electricity	High	2
		Relocate abattoir & boning room	Gas, electricity, water, sewage & trade waste	High	2
Farm 88	Yes	Meat processing	Gas, electricity, water, sewage & trade waste	High	2
Latrobe Fertilisers	Yes	Urea plant	Gas, electricity, water, sewage.	Moderate	2
New economic activity	Unknown	Glasshouse development	Class A water & gas	Untested	3
		Food processing	Gas, electricity, water, sewage & trade waste, Class A water & gas	Untested	3

- Parwan Valley Mushrooms have indicated their intention to proceed with their expansion regardless of any infrastructure upgrades. Similarly, Stankovic Broiler farm has committed to undertake their expansion once they are notified by their processor that they can

accept the increased production capacity. In recognition of their intentions, we have included them in the base case scenario, i.e.: what happens if no investment in service infrastructure occurs.

- New economic activity has been based on the recommendations contained in the CBRE report. New economic activity represents industry development that is not yet qualified, but that can be accommodated on the site. It is expected that this development will come from multiple sources / firms, and industries. The hydroponic industry has been identified as an industry that is likely to benefit from locating at the PEP. The activity arises due to investments made by firms wishing to locate at PEP because of the competitive advantages afforded to them from the infrastructure investments on the site (primarily Class A water). This investment is unlikely to arise to under scenario 1 or 2, but will occur under scenario 3.
- Food processing manufacturing has been included in the scenario modelling. Scenario 2 provides for some new firm attraction and development based on the infrastructures in place under this scenario (such as Farm 88 and potentially Latrobe Fertilisers). Scenario 3 allows for higher levels of development as water quality would no longer be constraint to industry development.
- For the sake of the modelling we have assumed that Class A water would be an advantage to glasshouse hydroponic businesses being established in the PEP. In fact, this remains an open question. All water, including potable, is treated prior to use in glasshouse production and, while a high nutrient level may be beneficial, whether it is economically beneficial will only be determined when the relative differential treatment costs have been understood.

The scenarios provide a sequenced development pathway for the site that provides a roadmap for a long-term employment and economic development at PEP. Economic and employment outcomes are linked

to the infrastructure investment made through a sequenced development approach.

3.9 Service infrastructure demand

Using the scenarios summarised in Table 7, the capacity requirements of the infrastructures have been determined and are detailed in Table 8.

Note, that although scenario 2 does not include the provision of Class A water, once established under scenario 3, some firms would benefit from being able to access it, so figures have been included to reflect the potential demand from these firms.

Table 8 – Service Infrastructure demand – direct industry use

Order of development	No. New Jobs	Estimated Timeframe	Electricity		Gas Requirement				Water				Sewage	Trade Waste					
			Annual	Peak	Annual	Flow Rate	Potable	Class 'A'											
SCENARIO 1: BASE CASE																			
1.	Parwan Valley ⁵ Mushrooms	50	2019	884	KWh			188	TJ/yr.	23	m3/hr.	41	MI/yr.						
2.	Stankovic Broiler Farm ⁶	4	1 - 3 Years	270,000	KWh			153	TJ/yr.	23	m3/hr.		MI/yr.						
Total:		54		270,884	KWh			34.1	TJ/yr.	45	m3/hr.	41	MI/yr.						
SCENARIO 2: Gas, Electricity, Potable water & Sewage																			
1.	Parwan Valley Mushrooms	-	2019	884	KWh			19	TJ/yr.	55	m3/hr.	41	MI/yr.	41	MI/yr.				
2.	Stankovic Broiler Farm	-	1 - 3 Years	270,000	KWh			15	TJ/yr.	23	m3/hr.	80	MI/yr.	80	MI/yr.				
3.	Westside Meats - Rendering ⁷ Plant	8	1 - 2 Years	5,000,000	KWh	400	KVA	150	TJ/yr.	441	m3/hr.	60	MI/yr.	12	MI/yr.	0.4	MI/yr.	55	MI/yr.
4.	Westside Meats - Cold Store	15	2 - 3 years	5,000,000	KWh	400	KVA					5	MI/yr.			0.5	MI/yr.		
5.	Westside Meats - Abattoir & Boning room relocation	350	5 - 10 years	35,000,000	KWh	1,600	KVA	30	TJ/yr.	88	m3/hr.	600	MI/yr.	120	MI/yr.	7.0	MI/yr.	500	MI/yr.
6.	Farm 88	50	TBA																
7.	Latrobe Fertilisers	160	TBA																
Scenario 2 Total:		583		45,270,884	KWh	2,400	KVA	214	TJ/yr.	607	m3/hr.	786	MI/yr.	253	MI/yr.	8.0	MI/yr.	555	MI/yr.
SCENARIO 3 ⁸ : Gas, Electricity, Potable water, Class A water, Sewage, and Biogas																			
8.	50 Has Glasshouse ⁹	600	Unknown	5,000,000	KWh	1,875	KVA	553.0	TJ/yr.	1,627	m3/hr.	930	MI/yr.	930	MI/yr.				
9.	Food Processing / Manufacturing,	236	Unknown	16,700,000	KWh			65.0	TJ/yr.	192	m³/hr.	540	MI/yr.	81	MI/yr.				
Scenario 3 Total:		836		21,700,000	KWh			618.0	TJ/yr.	1,818	m³/hr.	1,470	MI/yr.	1,011	MI/yr.				
Scenario 2 & 3 Totals:		1,473		66,970,884	KWh		KVA	832.0	TJ/yr.	2,448	m³/hr.	2,256	MI/yr.	1,231	MI/yr.				

⁵ Likely demand for Parwan Valley Mushrooms were supplied by them

⁶ Likely demand for the Stankovic Broiler Farm was supplied by Bobby Stankovic

⁷ Estimated demand values for the various Westside Meats (Failli) developments has been provided by their consulting engineers based on known values of recent similar developments

⁸ Class A water demand modelled in Scenario 3 includes probable demand from incumbents included in Scenario 2, that includes an estimated 20% of the Westside Meats rendering plant and abattoir potable requirement

⁹ Glasshouse demand estimates scaled up from a 10 Ha development provided by Graeme Smith (Graeme Smith Consulting) based on the delta temperatures likely to be experienced at Parwan.

4. Service infrastructure provision

The PEP is currently serviced to varying degrees with utility and service infrastructure as identified in Figure 4.

The relative location of land to existing utility and service infrastructure provides a general indication of the ease and cost effectiveness with which infrastructure networks can be augmented to activate or intensify land use in specific areas of the PEP. It is acknowledged that existing capacity and specific route/site characteristics can have an impact on ease and cost of augmentation. Land with frontage to Parwan South Road and Geelong-Bacchus Marsh Road is well-positioned to obtain access to existing utilities and services through augmentation of the existing network up to 1km from the current location.

The *Parwan Servicing Plan* dated 15 June 2015 prepared by Parsons Brinckerhoff identified the following key infrastructure upgrades that will further inform the most optimal location for intensification of land uses reliant on utility and service infrastructure:

- A proposed gas main from South Maddingley Road to Tilleys Road, then along Geelong-Bacchus Marsh Road.
- The existing sewer on Parwan South Rd is unavailable for gravity connections as it is a pressurised rising main from Avenue of Honour SPS. A gravity sewer system for Parwan South would need to be a separate system taking flows into the plant

When the conceptual augmentation of infrastructure listed above are included in the proximity analysis to utility and service infrastructure, the

area identified as having a high level of service significantly increases (refer

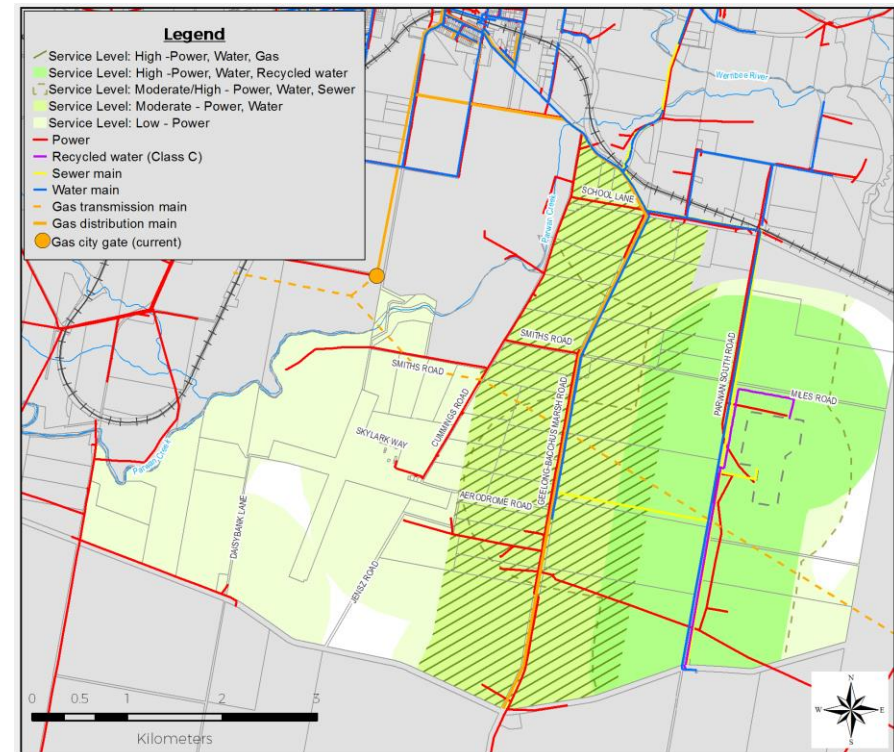


Figure 11 below).

The analysis indicates that land located between and proximate to Geelong-Bacchus Marsh Road and Parwan South Road have a high potential for land use intensification and employment generation.

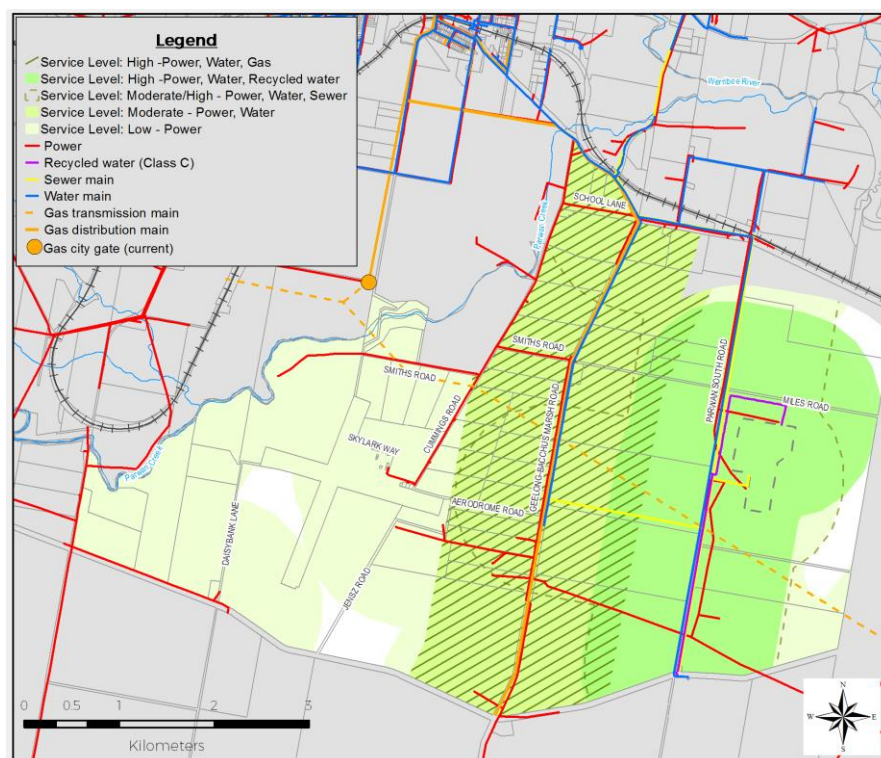


Figure 11 - Comparison of proximity (1km) to conceptually augmented utility and service infrastructure

4.1 Gas

Currently there is a natural gas transmission pipeline owned by APA GasNet that transects the precinct in an East-West direction. The nearest city gate is located at Tilleys Road controlled by AusNet that provides distribution network to the Bacchus Marsh township. There are three possible scenarios for supplying natural gas to the PEP;

1. AusNet¹⁰ provide an 8.4km 180mm polyethylene pipeline from Tilleys Road and down the Geelong-Bacchus Marsh Road as far as the C76 zoned industrial land North of Nerowie Road, serviced by the existing city gate. This could provide a maximum of 1,000 cubic metres of gas per hour prior to adversely affecting the current distribution network.
2. Construct a new city gate within the PEP. Advice from APA GasNet¹¹ is that they would not construct a new city gate within the precinct unless established demand were in excess of what the AusNet alternative could provide (1,000 m³/hr.). They indicated that they had provided a similar amount of gas to Iluka in the past.
3. Brookfield¹² have expressed an interest in supplying the PEP through the use of their 'virtual pipeline' technology. Their Compressed Natural Gas (CNG) 'Virtual Pipeline' option provides a competitive alternative and flexibility of supply arrangements, particularly in situations where conventional gas supply infrastructure is not available.

The 'Virtual Pipeline' refers to the technology and methodology used to supply stand-alone local area networks with gas collected from a distant high-pressure transmission pipeline that is compressed into a series of carbon fibre gas tanks on a purpose-built B-Double transport then transported and connected to the local area network that act as a supply reservoir. The frequency of deliveries can be altered to match changes in demand requirements.

The advantage of the system is that once the local area network is established, it is a relatively easy to scale up supply to meet increased demand compared with conventional pipeline options that may allow the precinct to be marketed as 'gas ready' at a lower capital cost in the short to medium term.

¹⁰ Mark Baker, AusNet: 15 September 2017

¹¹ Daniel Tucci, APA GasNet: 16 October 2017

¹² Sean Blythe, NGV/Brookfield: 18 September 2017

While this is an advantage, there is still significant expenditure required on the key capital items, including CNG cylinders, trailers, storage, pressure reduction station local area distribution network.

Similarly, while this option will result in a lesser capital establishment cost, however, given where they source their gas will likely result in a higher commodity charge or tariff for users, potentially eroding some of the cost advantage for firms locating in the precinct. Pursuing this option would require a reasonably long-term contract for the supplier to recoup their network costs and creates a single supplier system.

Only the infrastructure costs have been modelled and no provision has been made for either the relative costs associated with the reservation of gas supplies and/or tariff.

4.2 Electricity

Powercor have a number of powerlines and capacities that currently service the precinct. We have engaged with Powercor through their application process using estimated peak demand provided by Westside Meats consulting engineers as the only current verifiable source available for such an estimate, which covers scenario 2. An estimated additional cost for electricity infrastructure has been included in the scenario 3 costing, however this will need verification closer to this stage proceeding.

The Powercor¹³ estimate is based on works involving approx. 5km of powerline upgrade and an extension of the overhead powerline along Parwan South Road to a kiosk substation to be located in the north-west corner of the property at the Parwan South Road frontage. The costs associated with this work would be in the order of \$700,000.

Brookfield have expressed an interest in providing electricity solutions to the site but will only provide a solution and costing based on those provided by an alternative supplier, in this case Powercor.

Working with Brookfield to provide such a solution may result in further lowering the infrastructure service costs.

4.3 Potable water

Western Water currently supply potable water to the precinct via the Maddingley tank. The tank holds 7 megalitres that is determined as sufficient, having in excess of an 8 - 16-hour capacity at peak demand without needing replenishing. A previous report indicates that; *'there is an existing 100mm diameter PVC watermain on the eastern side of Geelong-Bacchus Marsh Rd which terminates just south of Aerodrome Rd and a 150mm diameter PVC watermain along the Western side of Parwan South Rd'*. We understand that the existing mains are insufficient to service both current commercial and residential demand and cannot support industrial/ commercial expansion plans without an upgrade.

The previous Parsons Brinckerhoff (PB) report suggests, based on estimated future demand, that the Geelong-Bacchus Marsh Road supply be augmented by a 300mm main and the 150mm main be extended down Parwan South Road for a cost of around \$5.8m. Western Water, the responsible provider, are of the opinion that such a capacity requirement is unlikely and have concerns around chlorine levels in underutilised distribution systems. Their current plan only has a 250mm extension to the corner of Woolpack and the Geelong-Bacchus Marsh Roads.

Accordingly, Western Water¹⁴ have provided the following estimate to extend the 250mm pipe down the Geelong-Bacchus Marsh Road to the MAIA site.

¹³ Richard Scholten, Powercor; 28 November 2017

¹⁴ Heath Miles, Network Planner, Western Water; 19 September 2017.

Table 9 – Potable water costs

Diameter (mm)	Unit rate (\$/m)	Required Extension (Km.)	Cost (\$'s)	Flow Rate (Lt./sec)	Capacity (Ml/annum)
150	\$ 425	-	-	15	
225	\$ 550	5.5	1,350,000	40	1,261
300	\$ 675	2.0	3,025,000	80	
375	\$ 950	-	-	150	
			\$4,375,000		

It is worth noting that while the pipe dimensions indicated above are less than those indicated in the PB report, the rates (\$'s/m) used by Western Water are significantly higher.

It is understood that Western Water are currently undertaking their own assessment of demand at Parwan.

4.4 Sewage / Trade waste

We have used the cost as indicated in the PB report for construction of a sewage main from the MAIA development site back to the BMPP.

4.5 Drainage

A previous report¹⁵ identified drainage as an issue for the proposed rezoned C76 industrial site;

"One of the primary constraints limiting the development of the Area, has been the inability to identify a suitable and feasible drainage strategy. During rainfall events water ponds within a depression to the north of the area, remaining there due to there being no drainage

outfall. As a result, the proposed development requires a sustainable water management solution."

The report provides a scope of works to address the issue in five stages of construction from 2016 through to 2026. The report has also costed Stage 1 at around \$2.2m.

While we have not been provided with direction from Council on this matter, the risk of not addressing drainage issues in PEP is high, therefore it is likely that investments will need to be made to address this issue in the future. Therefore, we have made a provision of \$5m to cover this eventuality.

4.6 Roads

While the costs associated with major road upgrades (Western Freeway, Link Road) have been excluded from this business case, a functional road network will be critical to the success of PEP. A previous report¹⁶ provided a cost estimate of internal roads and roundabouts for the rezoned MAIA site at around \$3.3m (including 'exterior works'). This figure has been included in the analysis as the cost associated with the development of the internal roads network, with 50% allocated to scenario 2 and 50% to scenario 3.

This provision does not relate to and is in addition to roads that will be fully funded by the proponent under C76 s173 agreements.

4.7 Class A water

Currently Western Water have no plans to provide Class A water from the Bacchus Marsh Purification Plant. As is the case with most utilities, unless there is provision for network upgrade in the network plan, no costing of

¹⁵ Alluvium, March 2014 (Updated Technical Memo, September 2016), "Water Balance Modelling"

¹⁶ Urban Design and Management, 14 September 2017, "Servicing and Development Contributions Report - for L & G Failli"

the upgrade has been undertaken. Western Water is undertaking a feasibility assessment of supplementing current demands for the mushroom and broiler farm with Class A to maximise the efficiency of the potable network and demand. They are currently focussed on the potential increased uses for their Class C water.

There has been some interest from Flow/Brookfield in some form of joint-venture between them and Western Water to provide Class A water, however discussions are at early stages.

In lieu of any better information at this time, we have based our cost estimate on the 5 megalitre per day plant that Western Water commissioned in 2006 for \$7m. and their advice to double the cost to \$14m in today's money. A further indicative cost of \$2.2m was suggested by Western Water for 4 kilometres of 225mm pipe at \$550 per metre for reticulation to site.

4.8 Biogas

Biogas remains an opportunity to augment gas supply and possibly ameliorate gas tariffs within the precinct. In this respect, we view biogas like Class A water, in that, under Scenario 3, its availability could provide an incentive for businesses to relocate to the PEP. For this to be beneficial the cost would need to be lower than conventionally sourced gas and the amount produced sufficient to warrant development.

While Western Water have an anaerobic digester at their Melton RWP, again they have no plans to install one at their Bacchus Marsh Purification Plant, instead opting to maintain their lagoon based system. An anaerobic digester may be considered if the organic wastes produced in the PEP can be quantified as a sufficient feed source.

There may be some interest, from Brookfield in the possibility of biogas as part of their energy/gas supply mix, however it is only currently a possibility.

Alternative energy was mentioned as one of the possible potential development industries in the previous CBRE report. A waste to energy facility was proposed for the Ballarat West Employment Zone (BWEZ) for a cost of around \$18.7m. with a view to divert 40% of Council waste into a productive resource, however further work would be required to identify likely feedstocks and understand the related productive values.

Given the uncertainties around type, cost, and capacity, we have omitted biogas from current modelling. This does not preclude future site-specific developments.

4.9 Capacity

Based on the summaries above and matching estimated consumption to stated infrastructure Table 10 provides an analysis of the delivery capacity and estimated demand arising under the scenarios.

Table 10 – Estimated capacity

Service	Provider	Delivery format	Delivery Capacity	Estimated Demand			
					Scenario 2	Scenarios 3	
Natural Gas	Ausnet	180mm polyethylene	< 340 TJ/Yr.		214 TJ/Yr.	✓	832 TJ/Yr. *
	APA GasNet	Main Transmission Line	> 340 TJ/Yr.		214 TJ/Yr.	*	832 TJ/Yr. ✓
	Brookfield	'Virtual pipeline'	< 250 TJ/Yr.		214 TJ/Yr.	✓	832 TJ/Yr. *
Potable Water	Western Water	250mm PVC pipe	1,261 MI/Yr.	A	786 MI/Yr.	✓	1,326 MI/Yr. ?
				B	786 MI/Yr.	✓	2,256 MI/Yr. *
Class A Water	Unknown	Treatment plant capacity	1,800 MI/Yr.		220 MI/Yr.	✓	1,231 MI/Yr. ✓

Notes to the above table:

- Potable water (A) may be sufficient for Scenario 2 & 3 if Class A water can be substituted for potable water in greenhouse developments.
- Potable water (B) is insufficient for Scenario 2 & 3 if Class A water is unable to be substituted for potable water in greenhouse developments.
- Comparisons are based on meeting annual consumption as opposed to peak demand. As such, the suitability of some delivery formats for both gas and water may be subject to change once peak demand is known.
- There could also be increases in stock and domestic demand for potable water from currently unserved landowners along the Geelong-Bacchus Marsh Road.

4.10 Cost estimates

Based on capacity levels identified, the costs outlined in Table 11 have been determined for use in the economic modelling. All costs have been sourced from the provider or suitable alternative. All infrastructure provision estimates have been provided to a point adjacent to the MAIA. There is no allowance for other further local network distribution costs.

Table 11 – Cost estimates

Service	Responsible Entity	Est. Capital Cost	Cost Reference	Scenario
Gas				
Natural gas	AusNet	\$4.0m	AusNet / PB report	Scenario 2
	APA GasNet	\$5.0m+	APA GasNet	Scenario 2
	Brookfield	\$2.0m	Brookfield	Scenario 2
Electricity				
Electricity	Powercor	\$0.7m	Powercor	Scenario 2
	Brookfield	TBA	Potential provider	Scenario 2
Water				
Potable water	Western Water	\$4.4m	Western Water	Scenario 2
Class 'C' water	Western Water	Available		
Class 'A' water	Western Water	\$16.2m	Western Water	Scenario 3
	Flow/Brookfield	TBA		
Storm / waste water				
Sewer / Trade Waste:	Western Water	\$2.5m	PB Report	Scenario 2
Drainage	MSC / Developer	\$5.0m	Alluvium Report / Memo	Scenario 3
Roads				
Internal roads	MSC / Developer	\$3.3m	Urban Design Report, estimated provision	Scenario 2 and 3

Table 12 – Staged infrastructure cost estimates

Scenario	Infrastructure Required	Provider/s	Est. Capital Cost including 20% contingency	
1	Additional planning works	MSC	\$0.5m	
2	Gas, electricity & potable water, sewage & trade waste, roads (50%)	Ausnet ¹⁷ / Powercor / Western Water / MSC / Developer	(\$4.0m + \$0.7m + \$4.4m + \$2.5m + \$1.65m) + 20%	\$15.9m.
3	Class A water, stage 2 drainage, roads (50%)	TBC, MSC/Developer	(\$16.6m + \$5m + \$1.65m) + 20%	\$27.9m

4.11 Scenario infrastructure costs

Based on the summary infrastructure costings above, the associated costs required to activate precinct according to the scenarios outlined are as follows:

¹⁷ Note, Although Brookfield has provided advice that their virtual pipeline solution could be provided for \$2m, the business case has used the conservative \$4m figure in the economic analysis

5. Critical Success Factors

While many aspects contribute to the successful development of large industrial/ commercial business parks, there are several critical success factors that are of relevance to the success or otherwise of the precinct's development and agribusiness employment area.

5.1 Competitive positioning

The basis of this business case is that for the PEP to develop to its full potential (scenario 3), it must provide firms who locate within the precinct with a competitive advantage. The competitiveness of this site will be enhanced through the provision of high quality infrastructure, moreover, the development of transport access, particularly Western Freeway access and Class A water will provide unique advantages for PEP and therefore support greater levels of industry attraction of firms of a scale to support the employment creation opportunities outlined in this business case.

5.2 Governance

A Project Control Group and Steering Group currently exist to oversee the development of the project. The role and importance of these groups in ensuring the precinct is activated cannot be underestimated. Ensuring coordination of the preliminary planning, infrastructure and industry needs will be important to delivering the overall outcomes for the project.

5.3 Proactive marketing and branding

The market needs to be aware of the opportunity afforded at PEP, therefore the creation of a strong brand and targeted marketing of investment opportunities will be fundamental to the successful development of the site.

5.4 Securing Government support and investment

This is especially important in view of the aspirational focus regarding some development features. For example, funding support will be required to deliver key infrastructure components necessary to ensure the site becomes both 'investment ready' and competitively priced; while policy support will be necessary to enable Parwan can attract key agribusiness and potentially a R&D centre to the site and so on.

5.5 Developing the site in line with market needs

This business case contemplates a 13-year development horizon. There are inherent risks associated with size and long-term nature of the developments over this time period. Changes in market conditions, government policy positions, the local competitive landscape, technologies, and global economic conditions can all potentially impact on the site and its activation.

These factors will need to be assessed on an ongoing basis and if necessary, the development model, marketing and positioning of the precinct adjusted accordingly.

In the short term, current planning activities need to reflect the long-term nature of the development and provide the land use conditions that will enable large scale, longer term industry development to occur. The Precinct Structure Plan to be prepared for the PEP will provide a long-term development vision, land use plan and associated infrastructure delivery plan; the PSP should be cognisant of both current and projected future industry development needs.

5.6 Attracting anchor and large-scale investment

The attraction of a large anchor tenant such as a food manufacturer or hydroponics firm will provide impetus for the development as catalyst project for the attraction of supporting industry to a location.

This business case recognises that support industries and other like firms are attracted to a precinct when other firms locate or expand. Securing a major tenant or enabling major expansion (as reflected in this business case) are likely to provide a 'step' in the activation of the site.

6. Economic analysis

Given the scale of the precinct, its location, and the supply chains of its potential industries the economic model developed considered the Central Highlands Region, not just the Moorabool LGA. This approach provides for a wider assessment of the potential benefits than just the Moorabool Shire region and is more suitable given the regional nature of the precinct and where its impacts are most likely to be generated.

The precinct will deliver economic benefits in several important ways, as depicted in Figure 12.

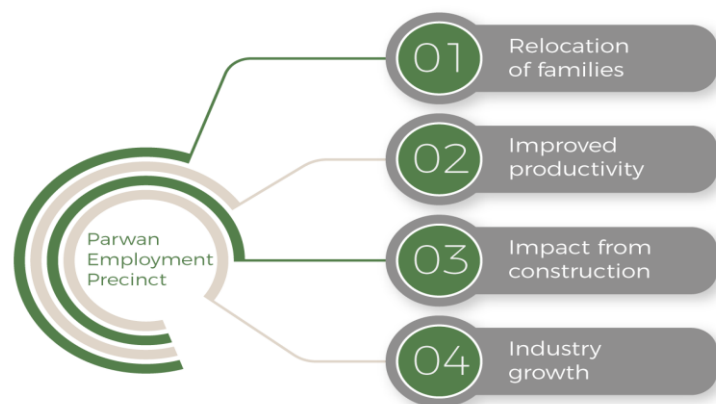


Figure 12 - Economic benefits

- The development of industries, agribusiness and the construction of the precinct will provide employment and investment opportunities for residents.
- The level of competitive advantage that accrues to firms that operate from the precinct will depend (in large parts) on the infrastructure provided. These competitiveness advantages are likely to include proximity to markets and suppliers, lowest cost and quality inputs from power, coordination, and water.

- As the precinct develops over time, other externalities such as access to qualified and experienced staff, support industries and technologies should accrue to firms located at the precinct
- The ongoing operations of the precinct contribute significantly to local economic activity.
- Continuing investment in the precinct's infrastructure and capital assets will improve local infrastructure and support the local construction industry.
- For firms operating from the precinct, its ability to draw staff to the region, is also a feature that creates economic benefit. As such the precinct will support and encourage population growth of the region some of whom are likely to be 'knowledge workers'
- The precinct will also play an essential role within the region – adding to the population base, producing output, and providing jobs and income for many members of the community.
- The precinct will provide access to high level and industry specific benefits of technical training for residents, and those from regional, rural, and more disadvantaged areas.

Many of these benefits will wash through into the local, regional, and national economies in the form of higher productivity, participation, and growth.

6.1 Model inputs

The following inputs were modelled:

1. Infrastructure costs based on information source from infrastructure providers.
2. Potential development and activation driven by consultation from existing businesses, reference from previous reports and consultation with the PCG.

3. Sequence of infrastructure development to meet the activation requirements of the precinct.
4. Value added per employee was calculated based on REMplan input / output software for the Central Highlands spatial region.
5. The long-term activation of the precinct (>15 years) was not modelled. The area set aside for the precinct is sufficiently large to accommodate greater levels of industry than have been modelled, however there remain risks as to the degree and timing of this occurring.

6.2 Results

The economic modelling under the three scenarios has been undertaken to determine the economic impact, whether the investment is warranted and the job creation outcomes from the development.

6.2.1 Value added

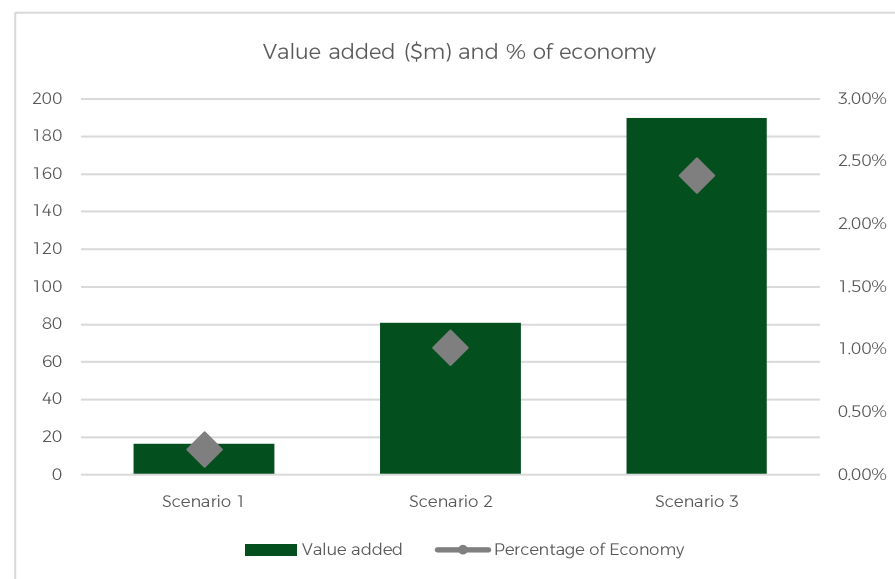


Figure 13 shows the annual economic value being generated once the precinct is fully developed under the scenarios (2017 \$). Scenario 1 will take around 3 years to be completed, scenario 2, 9 years and scenario 3 has been modelled to take 13 years to be completed.

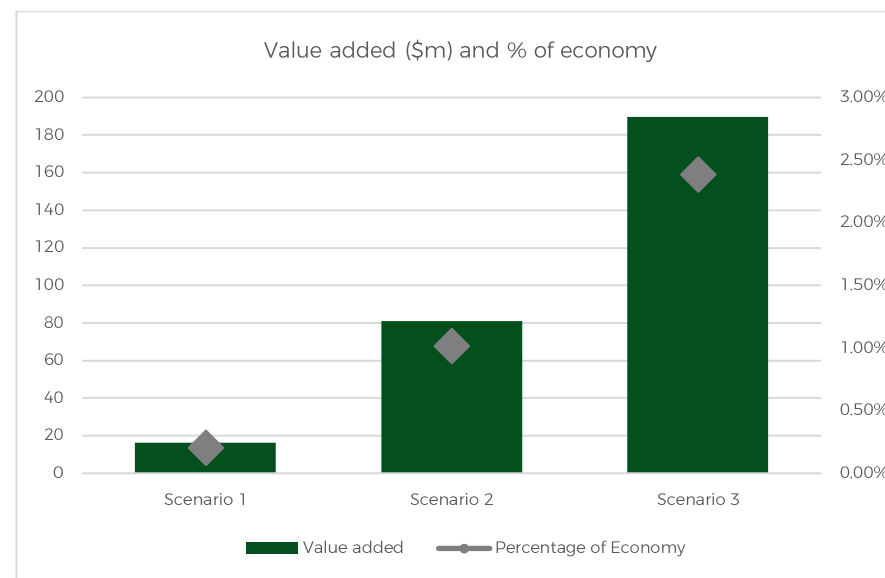


Figure 13 – Economic Value added

- The economic value added to the Central Highlands economy from the precinct being developed is \$16m under the base case and increases to \$189m, under scenario 3.
- When fully developed scenario 2 (year 9) represents a 1% increase in the size of the Central Highlands economy, while option 3 (year 13) a 2.4% increase.

6.2.2 Investment analysis

Investment analysis relates to the prudence of the investment decision, will the investment deliver sufficient economic returns to warrant the

investment.

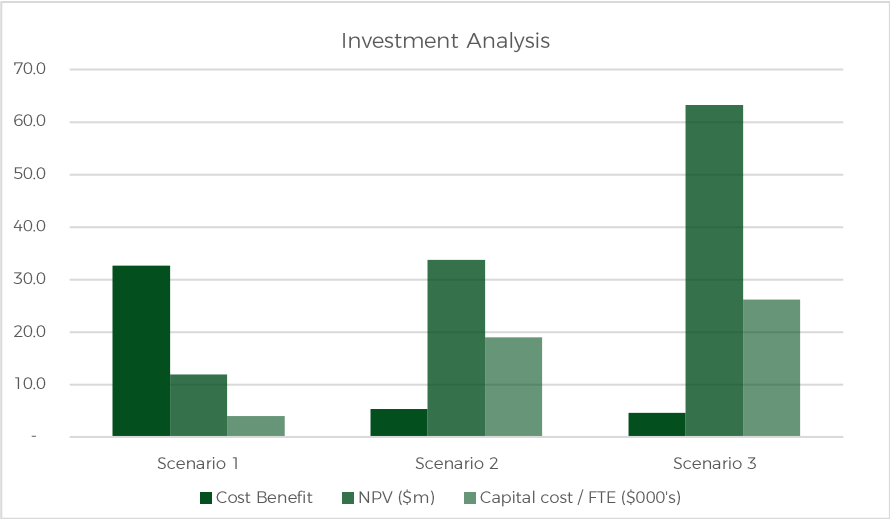


Figure 14 details the high-level investment analysis (using a 7.5% discount rate) outcomes from developing the precinct.

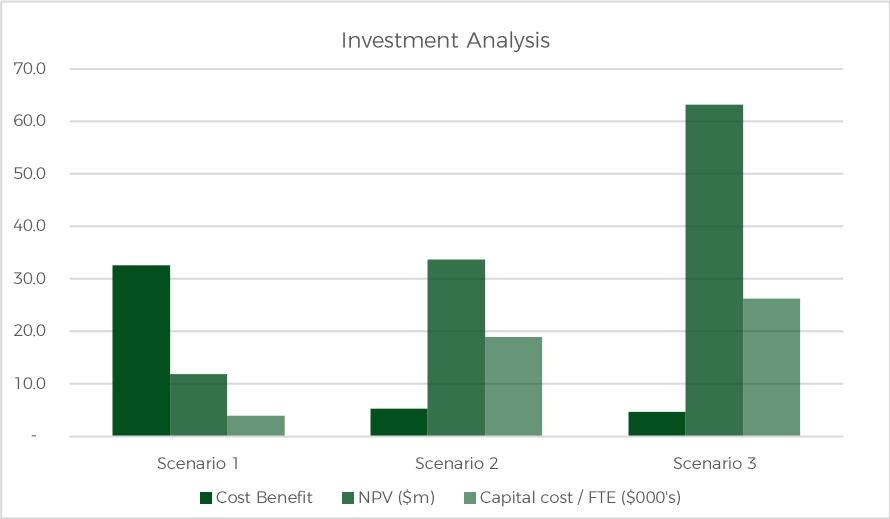


Figure 14 - Investment analysis

- Because scenario 1 involves little additional cost and the certainty (low risk) of the industry activation identified is considered high, the economic outcomes under a base case are generated off a low-cost base.
- Both scenario 2 and scenario 3 also provide positive economic returns, with BCR of 5.3 and 4.6 respectively.
- The NPV is highest under scenario 3 at \$63.2m, nearly double that of the scenario 2 NPV of \$33.7m.
- The investment cost in terms of job creation is \$19,000 under scenarios 2 and \$26,200 under scenario 3.

6.2.3 Employment outcomes

The direct employment outcomes from the precincts development are detailed in Table 13.

Table 13 – New FTE by Industry

Employees	Scenario 1	Scenario 2	Scenario 3
Intensive ag – Parwan*	70	70	70
Intensive ag – Broiler*	6	6	6
Abattoir*	-	350	350
Rendering plant*	15	15	15
Urea Plant*	-	160	160
Meat Processing*	-	50	50
Cold store*	8	8	8
Food processing	17	77	186
Utility installation	-	15	15
Hydroponics	-	-	600
Transport & freight	6	41	80
Bulk Goods & warehousing	2	12	23

Employees	Scenario 1	Scenario 2	Scenario 3
Total FTEs	124	805	1,564
% growth across region	0.16%	1.04%	2.02%

* FTE linked to specific business development opportunity.

The employment outcomes do vary considerably between options. In essence, option 3 a more compelling case for locating at PEP with improved roads, less flood risk and access to Class A water. The latter is a major contributor to the precinct being able to support hydroponics and a higher standard of food processing which represents 60% of the employment on the site under scenario 3.

Scenario 3 creates 1,564 FTE positions by year 13, or around 2% of the current Central Highlands workforce.

We would note the strong levels of demand for growth and relocation identified during the consultations. Around 659 of the 805 FTES created under scenario 2 can be linked to specific business development opportunities (Table 13). This is not to accept that all these opportunities will come to fruition, however it does point to underlying demand for industry development in the precinct.

6.2.4 Demand analysis and risk

The scenarios do contain some demand risks, particularly scenario 3 which is not expected to be fully activated until year 13 and is dependent on growth in the hydroponic industries. To determine the potential impact these risks, have on scenario 3, the activation arising from the hydroponics industry demand has been modelled at 25% and 50% of the basecase. The results are as follows:

Table 14 Demand risk analysis

	Basecase	50%	25%
Value added (\$m, 2017 once developed)	189.8	144.3	121.5

	Basecase	50%	25%
Growth in economy (% 2017)	2.39%	1.82%	1.53%
Cost Benefit	4.63	3.52	2.96
NPV (\$m)	63.2	42.5	32.2
Capital cost / FTE (\$000's)	26.2	33.0	37.9
Additional cost / FTE (000's)	29.1	45.7	64.0
FTEs	1,564	1,242	1,082
Growth in employment (% 2017)	2.0%	1.6%	1.4%
Additional jobs	883	562	402

While the economic outcomes are not as strong as under the basecase, even if hydroponic industry demand is 25% of this level, the economic outcomes remain positive with BCR falling to 2.96 and NPV \$32m at 25% of forecast demand.

6.2.5 Summary

The economic data from each scenario is summarised in Table 15.

Table 15 – Scenario analysis summary

	Scenario 1	Scenario 2	Scenario 3
Investment period	Yr 1	Yr 1 - 3	Yr 1 - 6
Fully Developed	Yr 3	Yr 9	Yr 13
Value added (\$m, 2017 once developed)	16.3	80.9	189.8
Growth in economy (% 2017)	0.21%	1.02%	2.39%
Cost Benefit	32.7	5.3	4.6
NPV (\$m)	11.93	33.73	63.20
Capital cost / FTE (\$000's)	4.0	19.0	26.2
Additional cost / FTE (000's)		22.5	29.1
FTEs	124	805	1,564
Growth in employment (% 2017)	0.16%	1.04%	2.02%

	Scenario 1	Scenario 2	Scenario 3
Additional jobs		680	883
Capital investment (\$m)	0.5	15,300	41,000
Additional investment (\$m)		15,300	25,701

6.2.6 Other economic benefits

There are a range of broader economic benefits that would deliver positive economic benefits to the region that would stem from the precinct but have not been included in the economic model. These benefits are sufficiently well recognised in the economic literature as to warrant noting:

- Increased economic mass or density arising from the concentration of economic activities leads to wider economic benefits such as increased innovation within an economy, and from this can lead to increased productivity, which ultimately increases the standard of living of residents within the region.
- Act to attract people to the region, which lifts economic growth as well as increasing the stock of local and regional knowledge, particularly if those attracted to the region are knowledge-based workers, which also acts to increase levels of economic growth.
- Increasing the efficiency of existing infrastructure use (which lowers per use costs) as greater numbers of people use existing infrastructures.
- Increasing the density of networks tends to increase their effectiveness and efficiency which leads to improved economic outcomes.
- Likely increases in land values arising from increased demand for housing driven by employment needs on the precinct.

6.2.7 Long term economic outcomes, wider economic benefits

Attempting to predict the long term and wider economic outcomes from a project of this nature is difficult and outside the scope of this report. However, it is worth noting that the modelling is positive, it is conservative. The modelling does not build out the precinct above what has been developed in the background reports and prior works, yet the precinct is of sufficient size that additional economic activities could be accommodated on the site. The proposed infrastructure investment will accommodate the needs of firms identified under the scenarios but could be leveraged to support other users.

6.3 Conclusion – economic analysis

While there are some risks associated with scenario 3, which are considered in further detail, the economic results indicate that the precinct should proceed and that scenario 3 is the option that will produce the best outcomes with the highest NPV and greatest employment outcome, and therefore the most significant increase in economic growth for the Central Highlands region.

Even under a 25% activation level, this scenario represents the strongest economic outcomes.

7. Risk analysis

The following risk analysis has been undertaken in relation to this project:

Table 16 – Risk Analysis

Nature of risk	Inherent risk status	Mitigation techniques & strategy	Residual risk status
Change in key personnel at stakeholders	Med	<ul style="list-style-type: none"> Governance model provides for multiple party interest at advisory level to reduce these risks 	Med
Securing commercial tenants / identified opportunities in expected timeframes	Med - High	<ul style="list-style-type: none"> Series of near-term opportunities have been identified and assessed and included in scenarios Communication and discussions have commenced with some stakeholders Commence marketing and activation activities immediately Develop prospectus and associated marketing materials Introduction of Class A water provides competitiveness benefits for the precinct Long term risks reduced as Melbourne developing with land likely to become increasingly constrained Natural gas identified as priority and supports hydroponics businesses Western Highway access options under consideration – completion of this will reduce activation risks as removes major constraint 	Med- Low

Nature of risk	Inherent risk status	Mitigation techniques & strategy	Residual risk status
Construction and project time delays arising due to issues pertaining to development	Med - High	<ul style="list-style-type: none"> Major risks identified include flood overlays and potential cultural heritage Expectations that resolving issues should occur while construction is further planned Accepted processes to manage these risks - but potential time exposures Manage through governance group and MSC as priority Budget allocation of \$0.5m provided to facilitate 	Med
Construction costs exceed budget / funding envelope and timeframes, adding financial risks to the project	Med - High	<ul style="list-style-type: none"> Included 20% contingency with all costs Managed through procurement processes, such as working with Brookfield to develop solutions covering multiple utilities Costing completed to perimeter of private land Concentration of firms in specific areas of the precinct will reduce costs Much of the infrastructure needs to be developed by 3rd parties who MSC cannot directly control Providers generally engaged with the project Funding envelope less likely to be exceeded, but allocations within the envelope may need reallocation 	Med - Low
No or limited co-investment from land owners	Med	<ul style="list-style-type: none"> Governance role includes consultation and engagement to ensure communication and transparency General understanding that investment will be required amongst landowners Costing up until perimeter of land (private component from nearest entry to facility) Concentration of firms in specific areas of the precinct will reduce costs If infrastructure delivers competitive advantages, market will invest 	Med - Low

Nature of risk	Inherent risk status	Mitigation techniques & strategy	Residual risk status
Governance risks	Med - High	<ul style="list-style-type: none"> • Some governance and activation concerns with multiple parties and relative inexperience of MSC working with developments of this scale and complexity • Recruitment of skilled personnel necessary • Project plan developed, and infrastructure requirements are clearly identified 	Med

8. Implementation and recommendations

This section considers the actions that will be needed to successfully establish PEP.

8.1 Drainage, trade waste and sewerage investigations

The business case has identified that the uncertainty as to the sites drainage has not been resolved. This should be addressed as a priority. At present the business case has a stage 1 cost for this of \$2.5m (plus 20% contingency), and a provision for an additional \$5m (plus 20% contingency) for this work to be completed. The extent and costs to address this issue remains uncertain. A resolution is needed to clarify this issue and add greater certainty to the business case. The future planning for the PEP, likely through a Precinct Structure Plan process, should include these elements in infrastructure planning and costing for the precinct.

8.2 Roads improvement

The internal road improvement and development planning has not been undertaken, other than at a high level. This business case has developed spatial models to represent where industry can be located within the precinct. These locations are consistent with planning work that is concurrently being undertaken on the site.

The spatial representations of firm location provide the basis for:

- More detailed analysis to be undertaken on the internal roads network and for this to be more formally costed, adding further certainty to the business case.
- Consideration of sequencing of roads development, which may allow for some of the current cost allocation (\$3.3m plus 20% contingency) to be deferred.

- The future planning for the PEP, likely through a Precinct Structure Plan process, should include these elements in infrastructure planning and costing for the precinct. Reduction in gas and power infrastructure

These provisions are in addition to the roads that will be paid for by proponents under C73, s176 agreements.

8.3 Savings through procurement

The business case has identified alternative solutions for gas, and potentially electricity to the site. For example, gas costs range from \$2m to \$5m, with a \$4m (plus 20% contingencies) cost being allocated in the business case for gas works and infrastructures.

Working closely with Brookfield, who have provided an indicative \$2m for gas works may result in a reduction of scenario 2 costs by \$2m.

In addition, there remains uncertainty as to the final electricity infrastructure costs, which we have provided for at \$700k (plus 20% contingency). It is difficult to provide the necessary detail Powercor require for equipment installations not yet designed or specified. To overcome this uncertainty, Powercor should be engaged as a precinct partner.

Brookfield have advised they are prepared to provide quotations on a power solution once in receipt of Powercor's estimated infrastructure costs. We would recommend that this is pursued and the option of bundling gas and power infrastructures to one provider is considered as a procurement alternative.

Similarly, should the Latrobe Fertiliser project become a reality, further precinct power and gas options may become available through the use of renewable sources.

8.4 Class A water supply

Access to Class A water is considered a major contributor to the precinct being able to support hydroponics and a higher standard of food processing, which represent 60% of the employment on the site under scenario 3. We would recommend that the option to provide Class A water as alternative to Class C water be further investigated to support the activation of the precinct with higher employment outcomes over the medium to long term.

8.5 Sequenced development

This business case identifies 3 development scenarios and matches the economic and employment outcomes that arise from them to specific infrastructure requirements. The 3 scenarios should not be read as being mutually exclusive. A holistic and longer-term approach to the sites activation and development should be adopted which sees sequenced development following the scenarios developed in the business case.

There is a clear sequence of projects that should be pursued to develop the site that broadly follow the scenarios. The following project sequence is recommended

Table 17 – Sequenced development model

Stage	Timeframe	Infrastructure	\$m	Comment
1 - Basecase	1 – 3 years	Planning	0.5	Industry support critical activity
2A – Scenario 2	2 – 3 years	Gas, electricity	\$3.2m	Procurement may result in cost reductions +\$2m if Brookfield solution adopted
			\$5.6m	Supports immediate employment opportunities

Stage	Timeframe	Infrastructure	\$m	Comment
2B – Scenario 2	Year 3 - 4	Roads	2.0	50% of internal roads developed to sequence to industry needs (after gas, power before full scenario 2 investment completed)
2C – Scenario 2	4 – 6 years	Potable water, sewage, trade waste	8.3	Remainder of scenario 2 development completed Platform for scenario 3 investment
3 – Scenario 3	6 – 9 years, depending on link road development	Class A water, drainage, additional roads and power	28.7	Assess demand needs at this time Uncertainty on drainage needs resolution Do not complete until link road situation finalised and agreed

This approach better matches infrastructure costs to likely development and associated economic and employment outcomes. Moreover, it allows a reassessment, in around 5 years of the need for Class A water and the likely activation effects this will have.

8.6 Private sector co-investment

Ideally there would be commitments from private sector operators to directly co-fund some of the infrastructure expenditures. While the commitment from existing operators to make direct commitments along these lines is not guaranteed, there is a general understanding that funding of the infrastructure from the ‘mainline or trunk’, to the specific factory / use location is a private sector investment.

The challenge with all infrastructure investment of this sort is that the returns are generated over long periods of time and capital costs needed to be invested to deliver these long-term returns needs to be financed. Moreover, if private firms make contributions to ‘trunk or mainline’

infrastructures they are effectively financing later market entrants who can access the infrastructure without having to make this contribution. This reduces the returns to the initial investors and can jeopardise the investments being made.

To encourage private sector investment, a program of incentives for private investment should be considered.

An alternative solution would be financing through Government and to endeavour to recoup some of the investment, over time, through some form of development contribution which could be confirmed at the Precinct Structure Plan stage. The 'zones' identified in the Land Use Framework (

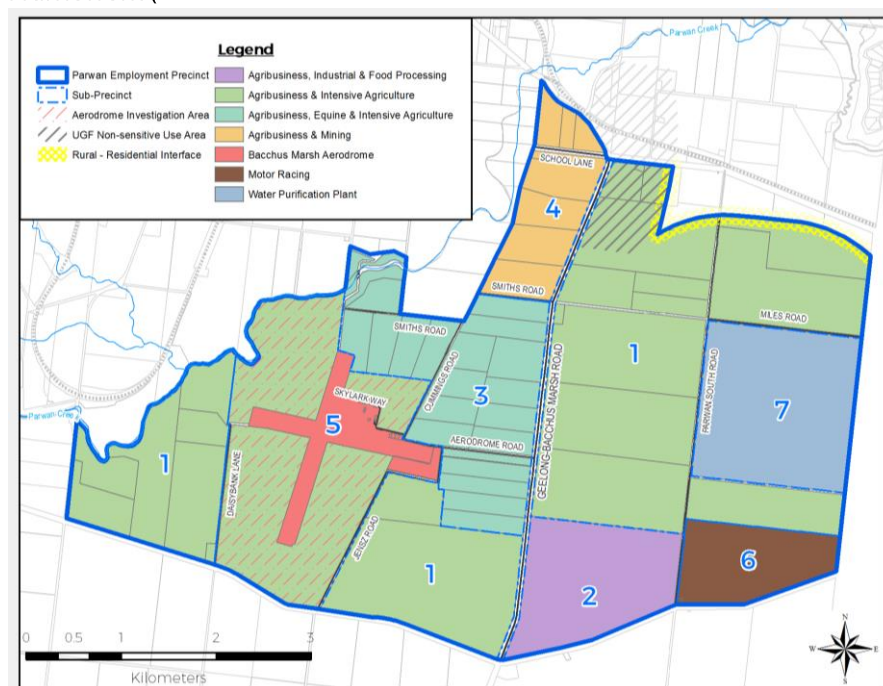


Figure 7) provides a basis for the development of such a scheme that would allow alternative contributions to be sought from firms located

within the precinct based on the expected benefit they receive from use of the infrastructure, ie: different rates of contribution could be applied to different zones.

There is likely to be an increase in the underlying land value arising from the proximity of the land to increased population, improved road access and the establishment of the infrastructure which will, over time, increase land taxes and rates. Increased employment, of the scale contemplated by this business case will increase payroll taxes.

It would be a worthwhile analysis of the likely impacts of the increased revenues that would arise from the activation of the precinct so that both the investment and direct revenues associated with the project can be ascertained.

8.7 Positioning

The business case has identified the importance of providing a competitive basis for the site which acts as the attractor to firms to locate at the site. The success of the precinct will be defined by its attractiveness to firms wishing to invest. The business case, and preliminary materials identified the site as being best positioned as an agricultural precinct, supporting agricultural and food related industries. This provides for a clear positioning and basis for attracting firms operating in these industries. The sites wide ranging potential from larger to smaller investors and its focus on agricultural industry should be emphasised.

It is recommended that the following are undertaken to support the positioning of the precinct:

- **Visioning** – Create a strong vision for the precinct, aligned to the positioning of the precinct (agricultural industries), which encapsulates the importance of its role in supporting the regions long-term economic development, industry transition, employment growth and sustainability.

- **Uniqueness of the precinct** – Highlight to investors what makes the precinct site unique from other local and regional sites, including assets such as the airport, its road connections to Adelaide, Melbourne, Air, and Sea Ports, Geelong, and the surrounding agricultural land.
- **Branding** - Develop a brand that captures the essence of what the PEP site aims to be, and promote this in terminology/slogan, design, symbol, and other feature that distinguishes the site from competitors.

8.8 Marketing

Once the precinct is fully planned it will be important for the site to be aggressively marketed to capture investment opportunities. This is especially important in an environment where competition is strong for industrial investment. The main competing industrial regions are western Melbourne and other regional Victorian locations such as Ballarat, with the new BWEZ site offering similar competitive advantages as PEP, Geelong, and Bendigo.

Marketing must be clearly focused on:

- The specific advantages of the precinct as an investment opportunity (road transport links, cost competitiveness, land characteristics, access to suppliers).
- The competitive advantages of Bacchus Marsh as a business location (proximity to Melbourne, transport linkages, manufacturing base, diverse workforce, liveability).
- Long term land values.
- Future development prospects with access to the Western Freeway being of critical importance (and economic value).

A well-considered marketing and activation strategy should be developed to support these efforts.

In terms of activation, this business case has identified that a significant investment is likely to occur on the site in the short term, and with appropriate supported infrastructure development, additional expansion could also occur. These activations provide an opportunity to market the precinct and its development to potential investors.

8.9 Partnering

It will be critical for the Moorabool Shire Council to consolidate existing partnerships and develop new partnerships to leverage required infrastructure, funding, research capacity and private sector investment. The following relationships will be important, but this list is by no means exhaustive:

- Regional Development Victoria
- Regional Development Australia
- Industry representation such as AIG, VECCI
- Property Industry
- Local training and skills providers such as Federation University
- Existing landholders
- Victorian Planning Authority
- Major infrastructure providers, such as Powercor, Western Water, VicRoads, AusNet, APA GasNet and Brookfield

8.10 Funding

The development of the precinct will require a significant amount of external funding to make the site 'investment ready' for potential tenants. Funding assistance is likely to be required for the following:

- Road infrastructure
- Drainage / trade waste / sewage
- Renewable energy/green technologies (bioenergy, solar energy, recycled water etc)
- Skills training
- Class A water.

Key funding sources are likely to be from:

- Regional Development Victoria
- Building Stronger Regions Fund (Federal)
- AusIndustry - Precincts funding
- Private sector and existing land owners
- Development contributions.

9. Reference Documents

Agribusiness Analysis Proposed Parwan Employment Precinct, CBRE

Bacchus Marsh Agricultural Assessment (draft), RMCC

Bacchus Marsh Integrated Water Management Plan, Western Water

Bacchus Marsh District Urban Growth Framework, VPA

Central Highlands Regional Growth Plan, DELWP

Panel Report - Moorabool Planning Scheme Amendment C76, DELWP

Parwan Servicing Plan, Parsons Brinckerhoff

Moorabool Agribusiness Industrial Area - Servicing and Development
Contributions Report for L & G Failli, Urban Design

Moorabool Shire Economic Development Strategy, Geografia.

APPENDIX A – CONSULTATION LIST

Key Stakeholder	Site address	Connection with PEP
Graeme Spargo Transport	4300 Geelong – Bacchus Marsh Road	Existing PEP business
Parwan Valley Mushrooms	535 Aerodrome Road	Existing PEP business
Westside Meats	Geelong – Bacchus Marsh Road	Land owner, Existing business
Genetics Australia	4104 Geelong – Bacchus Marsh Road	Existing PEP business
B. Stankovic	South Parwan Road	Existing PEP business
Calleja Group	Cummings Road	Land owner
J. & H. Sutton	90 Parwan – Exford Road	Land owner
Wong Pty Ltd & Wim Corporation Pty Ltd	199 Glenmore Road	Land owner
L. & G. Holloway	5 Smiths Road	Land owner
G. & J. Smith	229 Smiths Road	Land owner
F. Cauchi	365 Cummins Road	Land owner
Don Watson Transport	1 Vallence Road	Transport business in close proximity
Farm 88		Interested business
Latrobe Fertilizers		Interested business
Western Water		Service provider
Powercor		Service provider
AusNet		Service provider
Brookfield		Service provider
APA GasNet		Service provider
VicRoads		Service provider



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PARWAN EMPLOYMENT PRECINCT PLANNING STUDY 2017

Community Engagement Strategy

1. CONTEXT

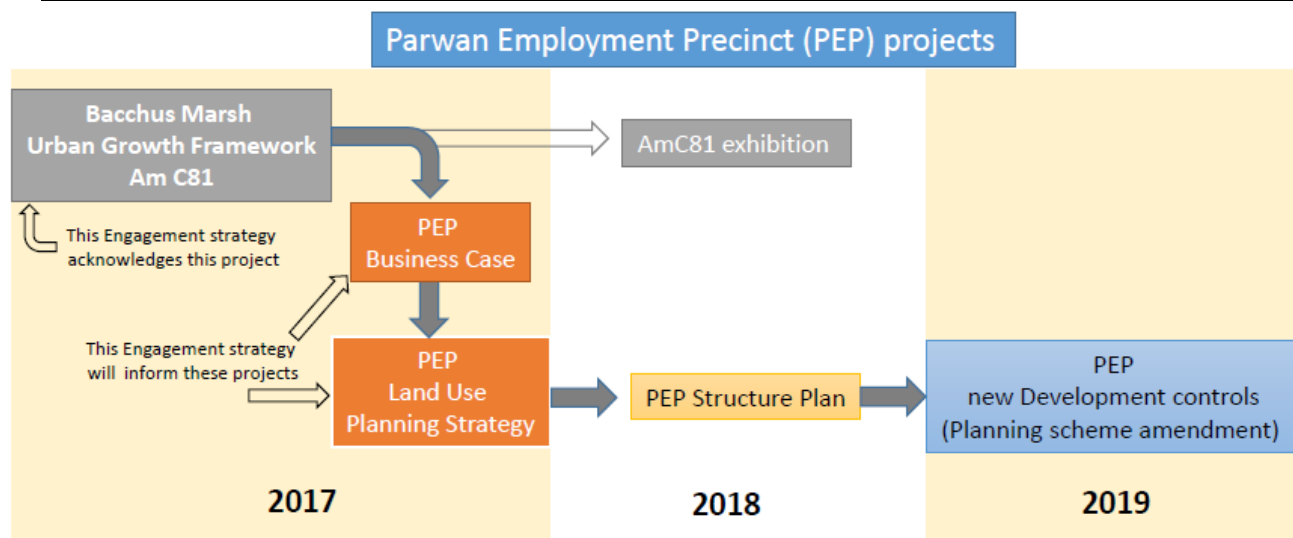
Moorabool Shire Council (MSC) is working closely with the Victorian Planning Authority (VPA) and Regional Development Victoria (RDV) on the planning and delivery of The Parwan Employment Precinct Structure Plan.

A substantial amount of pre planning has been undertaken by MSC to ensure that the initiative is economically and technically sound. Community engagements undertaken for these projects will inform the Parwan employment Precinct Structure Plan.

1.1 PARWAN INTERRELATED PROJECTS

A summary of projects, timeframes and community engagement outputs are summarised below.

Timing	Project led by	Project Name	Outputs of Stakeholder Engagement Process
	MSC		
August 2017 (Panel report received)	Land owner and MSC	Amendment C178: rezoning of land in Parwan to Industrial and farming	
July/ August 2017	RDV with MSC	Parwan Business Case	Targeted feedback from land and business owners about what they need to further invest in the area as it transitions into an employment precinct. Feedback emphasised the priority for gas, water and power infrastructure.
November 2017	VPA with MSC	Bacchus Marsh UGF	Purpose: To consult the community on the Bacchus Marsh District Urban Growth Framework Plan. (The community can also enquire about the Parwan employment precinct land use study). This will ensure that the community are clear on the two different outputs and also that they are not over consulted.



2. COMMUNITY ENGAGEMENT STRATEGY

Moorabool's Engagement Strategy 2041 reflects 6 key principles for public participation¹ which will be embraced in the Parwan Employment Precinct Structure Plan. They are:

Public Participation Principle	Moorabool Engagement Approach
Responsiveness	Being open and honest with the community to support constructive conversations.
Transparency and Integrity	Provide accessible information about the review and how it will impact on the community.
Openness	Give the community time to digest information, understand the project and make informed decisions.
Accountability	Involve stakeholders so they have the opportunity to play a part in decisions that affect them.
Inclusiveness	Maximise benefits and minimise adverse effects by listening to stakeholders and incorporating their needs where possible into project planning.
Awareness	Provide opportunities for ongoing two way dialogue that allows for detailed timely discussions and provides a continuous feedback loop.

2.1 Purpose statement

The purpose of the community engagement process is to:

- To ensure clarity in understanding the suite of projects in the Parwan Bacchus Marsh area currently underway and project time frames for moving forward;
- Explain alignment with Plan Melbourne and the important role Parwan plays in the delivery of the Metropolitan Planning Strategy;
- Focus community and stakeholder discussion towards areas they can have the most impact such as the 'must haves', the 'nice to haves' and 'not a priority';
- Inform residents, property and business owners that the Moorabool Shire Council (with final endorsement from the DELWP), is responsible for reviewing the Structure Plan and that the views of the community are important and an integral part of the structure planning process;
- Inform local business owners about the scale of change that will result in the structure plan and how they will be affected; and
- Involve existing stakeholder groups that Council and the Victorian Planning Authority have already engaged with in previous planning matters to ensure consistency and to also seek out any other stakeholder not previously engaged.

¹ The Victorian Auditor General's Office. "Public participation and community engagement Local Government Sector". May 2017.

2.2 Scope of the engagement process

The Consultation Program relies heavily on internal workshops within Council with targeted external consultation. This is due to:

- The very detailed and recent consultation processes undertaken in the last 18 months by Council and its consultants;
- The recent timing of State government led projects, namely the Bacchus Marsh Urban Growth Framework;
- The need to ensure that consultation for this project is specific and targeted so as not to 'over consult' in the planning process creating confusion; and
- The major issues such as the need to attract investment into Parwan and at the same time support existing land owners.

Accordingly, all recent stakeholder feedback will be collated for use in this project.

2.3 Engagement Objectives

That stakeholders:

- Understand the purpose, context and intentions of the Precinct Structure Plan process and alignment with Plan Melbourne;
- Recognise the process of gaining their feedback has been inclusive, transparent and thorough; and
- Understand the intent of the Parwan Business Case and Planning Study on how it will influence land use planning and future development control outcomes in the form of a Structure Plan and Developer Contribution Plan.

That Council understands the views of the community in relation to this project.

2.4 Managing public impact

Consistent with Moorabool's Engagement Strategy 2041 and other State government led engagement programmes currently underway, the key principles of public impact are provided below²:

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Public Participation Goal				
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Promise to the Public				
We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
How we will do this				
A community engagement process in late 2017 communicated through:				
<ul style="list-style-type: none"> Information sheets provided at an information session explaining the suite of projects Council is undertaking in partnership with the State Government and alignment of the project with Plan Melbourne. The information will be in plain English and will have easy to read illustrations encouraging feedback and the right people within Council to contact. Moorabool's Libraries (Lerderderg, Ballan and mobile library service): hard copies of the Issues Paper and the Fact sheets. 				

Table 2: Detailed consultation programme

² IAP2 model (for managing public impact)

PARWAN EMPLOYMENT PRECINCT PLANNING STUDY 2017 ENGAGEMENT STRATEGY

TIMING	ACTIVITY	RATIONALE
2017	COLLATION OF DATA FOR THE INFORMATION SHEETS	Before seeking feedback from the community in November, an issues paper will be produced which will be a key reference point
October 2017	<i>Workshop 1: Strategic and Sustainable Development (Justin, Rod, Andrew)</i>	Purpose: To encapsulate and confirm all of the current issues and earlier consultation programmes undertaken.
	<i>Workshop 2: Statutory Planning</i>	Purpose: To review recent VCAT decisions and key Council decisions in the Parwan/ Bacchus Marsh area.
	<i>Workshop 3: Transport and Parking</i>	Purpose: To review the performance of the Integrated Transport Strategy and key pressures facing the private and public transport network. Include discussions on the Geelong/Bacchus Marsh Road upgrade.
	<i>Workshop 4: community development</i>	Purpose: To ensure that the consultation process is aligned with other engagement strategies across Council.
	<i>Workshop 5: Economic development (November 2017)</i>	Purpose: To summarise key opportunities and challenges in attracting business and investment into the Shire.
STAKEHOLDER ENGAGEMENT		
November 2017	<i>Engagement 1: Bacchus Marsh</i>	<p>Purpose: To brief the community on the Parwan Employment Precinct Land Use Study. The briefing will be done in conjunction with the Bacchus Marsh District Urban Growth Framework Plan and the Housing Strategy.</p> <p>A joint meeting will ensure that the community are clear on the two different outputs and also that they are not over consulted.</p> <p>The discussion will focus on “This is what we have found”.</p>
October/November 2017	GOVERNMENT AGENCIES + DEPARTMENTS	
	<i>Engagement 2: Vic Roads Ballarat</i>	Purpose: To review Vic Roads projects (Bacchus Marsh Eastern Link Project) and ensure Council’s Engagement Strategy and issues are aligned with Vic Roads’.
	<i>Engagement 3: Southern Rural Water</i>	Purpose: To ensure SRW is aligned with the project and to present draft final findings.
	<i>Engagement 4: Western Water</i>	Purpose: To ensure WW is aligned with the project and to present draft final findings.
	<i>Engagement 5: SP Ausnet</i>	Purpose: To ensure SPAusnet (electricity and gas) is aligned with the project and to present draft final findings.
	<i>Meeting 3: Victorian Planning Authority</i>	Purpose: To ensure alignment of the project with the VPA.

2.5 Risks

RISK	LIKELIHOOD	STRATEGY
Community is concerned that their development controls will dramatically change and that the area will quickly change.	Possible	Clear information sheets in plain English distributed in libraries. Newspaper advertisements in the Leader prior to workshops.
Community is 'over consulted' on a range of development controls issues underway.	Possible	Consult with existing stakeholder groups.
Council needs to undertake further work on the Land Use Plan which will ultimately develop into a Structure Plan in 2018. The community may get confused as to what the real outputs of the plan are compared with other projects currently underway.	High	Clear information sheets in plain English. Clarification in the Community Engagement Workshops.
Engaging the community on a fairly 'conceptual' topic can cause confusion and mistrust of Council.	High	In our community engagements, it is not ideal to respond with 'we can't fix that' but to clearly communicate what the objectives are, capture all feedback and make sure that those involved are then sent further notification of how their feedback is being used – closing the loop.

TERMINOLOGY

TERM	MEANING
MSC	Moorabool Shire Council
DELWP	Department of Environment, Land, Water, Population and Communities
VPA	Victorian Planning Authority
IAP2	International Association for Public Participation
BMDUGF	Bacchus Marsh District UGF
PEP	Parwan Employment Precinct

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