



# Central Victoria Livestock Exchange Ballarat Planning Scheme

**Expert Witness Statement  
Matthew Lee**

**12 June 2015**

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# Table of Contents

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<b>1.</b>	<b>Introduction .....</b>	<b>1</b>
1.1	Instructions .....	1
1.2	Expert witness details .....	2
<b>2.</b>	<b>Amendment details .....</b>	<b>4</b>
<b>3.</b>	<b>Justification for the proposal .....</b>	<b>6</b>
3.1	Analysis of facility upgrade and relocation possibility .....	6
3.2	Learmonth proposal .....	6
3.3	Expression of interest for Ballarat Saleyards .....	7
3.4	The need to relocate CVLX.....	7
<b>4.</b>	<b>Industry context .....</b>	<b>8</b>
4.1	Livestock industry context .....	8
4.2	CVLX livestock sales .....	10
4.3	Geographic regions served .....	10
4.4	Economic linkages.....	11
<b>5.</b>	<b>Economic outcomes.....</b>	<b>12</b>
5.1	Construction effects.....	12
5.2	Ongoing employment .....	13
5.3	Retail and other business effects.....	13
5.4	Reuse of existing land .....	15
5.5	Amenity effects.....	16
<b>6.</b>	<b>Net community benefit .....</b>	<b>18</b>

# 1. Introduction

## 1.1 Instructions

1. I have been instructed in this matter by Harwood Andrews lawyers to review the local and regional economic effects associated with the relocation of the CVLX and summarise these effects to provide input to an assessment of the net community benefit arising from the proposed amendment.
2. These instructions respond to a request from the Panel for information on economic issues related to the relocation.
3. My analysis and conclusions draw on the following reports and information sources:
  - The amendment documentation including consultant reports on planning, traffic, noise and odour
  - Panel report for Am C87
  - Previous reports prepared for the City of Ballarat including assessments by SKM in 2003 and 2005 of the need for and economic impacts associated with upgrading or relocating the livestock exchange
  - Information provided by RLX on the current and future operation of CVLX including
    - Location of vendors and buyers
    - Recent and forecast sales throughput by species
    - Current and anticipated future employment (including those employed by CVLX and other on-site workers)
    - Construction costs to build the proposed new CVLX
4. Other information sources are referenced in the text.
5. This statement is not intended as a detailed economic impact assessment, but a broad review of the likely future effects on the local and regional economy in order to provide information to the Panel on the order-of-magnitude of potential economic benefits and disbenefits to the local community, as input to a net community benefit assessment.
6. I note that my duty is to assist the Panel on matters relating to my expertise as a property economist with twenty years' experience on urban and regional economic issues.

## 1.2 Expert witness details

### **Name and address of expert**

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### **Expert's qualifications and experience**

- Bachelor Degree in Commerce from the University of Melbourne.
- Principal of Deep End Services since April 2012.
- Consultant with Essential Economics from 1997 to 2012.
- Practising urban and regional economist since 1995.

A CV is included at **Appendix 1**.

### **Expert's area of expertise**

- Urban and regional economics including preparation of economic development strategies and impact assessments for regional infrastructure.
- Input to environment impact assessments.

### **Expert's expertise to make report**

- Experienced in urban and regional economic analysis and assessment of property development proposals
- Substantial local experience in Ballarat.

### **Instructions that defined the scope of the report**

- My instructions were received from Harwood Andrews as detailed in Section 1.1 of this statement.

### **Facts, matters and assumptions upon which the report proceeds**

Stated in relevant sections of this statement.

### **Documents, materials and literature used in preparing this report**

Stated in relevant sections of this statement.

### **Identity of the person who carried out any tests or experiments relevant to this report**

None.

### **Summary of the opinions of the expert**

A summary of my opinions is presented in Section 6 of this statement.

**Provisional opinions not fully researched**

None.

**Questions outside the expert's expertise**

None.

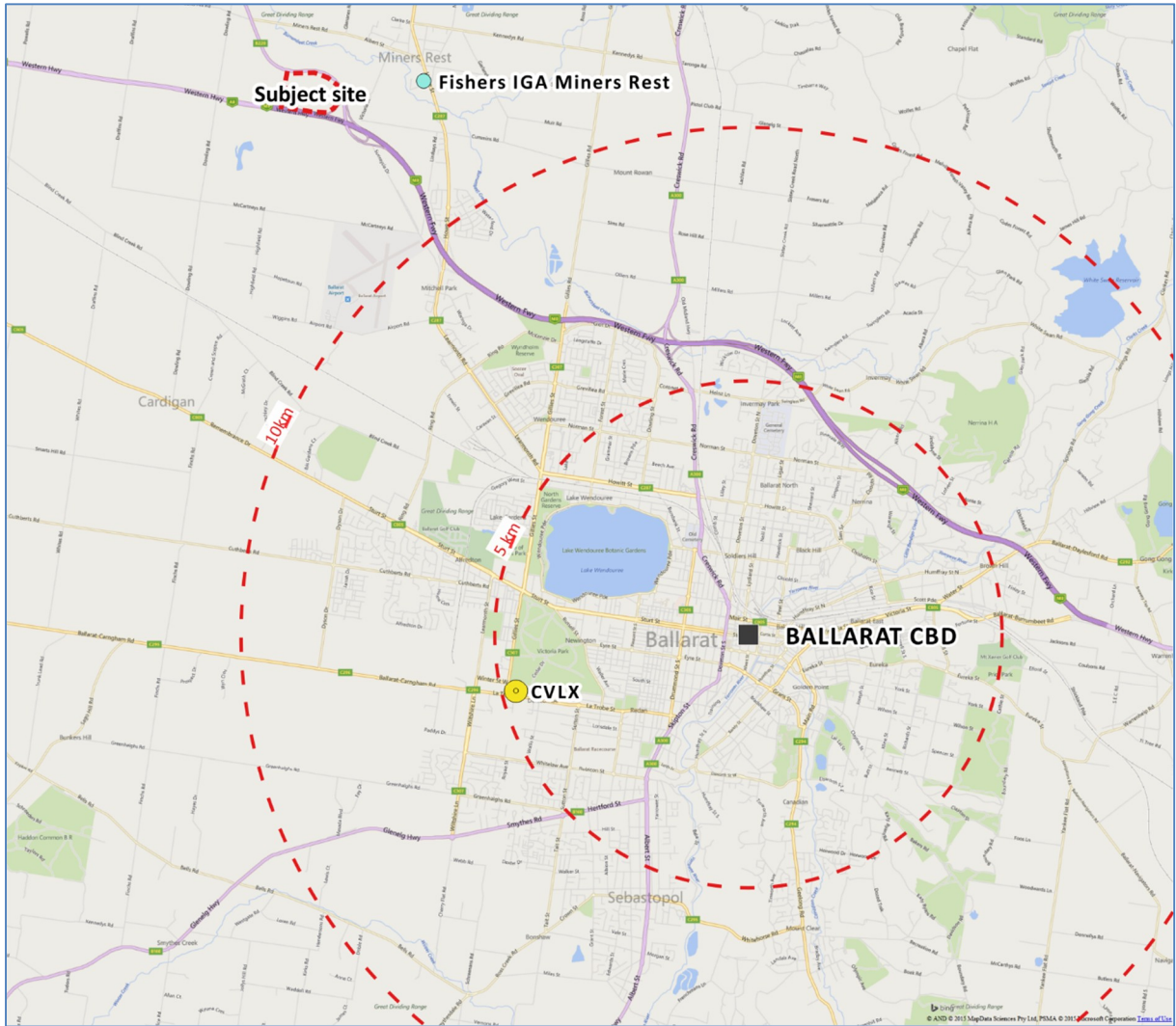
**Report incompleteness or inaccuracies**

None.

## 2. Amendment details

7. Am C185 facilitates the relocation of the CVLX by rezoning the subject site from the Farming Zone to Special Use Zone (Schedule 15) and applying a new Incorporated Document at Clauses 53.02 and 81.01.
8. The subject site has a total area of approximately 45.6ha and is located on the north-west corner of the intersection of the Western Highway and Sunraysia Highway. The site is approximately 12.5km driving distance from Ballarat CBD, 11.6km from the existing CVLX, and 2.3km from the Fishers IGA which marks the central point of the Miners Rest township (refer *Figure 1*).
9. A new livestock sales facility will be constructed on the subject site to serve as a regional exchange for Ballarat and the surrounding region. The design specifications enable the exchange to facilitate forecast sales of 78,000 cattle and 1.5m sheep and lamb annually. Sales of pigs and horses would cease once the new facility was operational.
10. The new facility would be a modern, purpose-built exchange which meets relevant animal welfare and workplace health and safety standards and would provide efficiency gains for product vendors and buyers. Features include:
  - An efficient layout which improves the system of livestock penning, scanning, identification and classification, includes raised walkways for buyers, and provides for appropriate livestock and human separation and therefore increased workplace health and safety
  - Modern infrastructure which reduces bruising and injury to animals and optimises animal comfort, including soft flooring, low-bruise panelling, and undercover cattle and sheep yards
  - Environmental improvements including rain water harvesting, effluent recycling and low energy lighting
  - Better security systems to enhance livestock and human safety and security
  - Advanced processing and tracking infrastructure to enhance food security
  - Inclusion of feeding facilities not currently present at the existing site
  - High quality infrastructure for users and patrons including advanced IT infrastructure, stock agents' offices, hygiene services, on-site amenities and cafeteria, dedicated on-site parking for different vehicle types, vehicle wash facilities, and efficient loading bays
  - Appropriate water management and effluent management systems.
11. At completion, the facility would host 51 sheep sales, 48 prime cattle sales and 13 stock cattle sales each year. The sales format would be identical to existing arrangements in terms of the number of sale days for these species and the day of the week on which sales take place.
12. Overall, the proposal aims to deliver an attractive and competitive livestock exchange that would consolidate Ballarat's position as a regionally-important destination for cattle sales and as the pre-eminent location for sheep sales in Victoria, while meeting relevant codes of practise for animal welfare and worker health and safety.

Figure 1: Site location context





### 3. Justification for the proposal

13. Livestock sales have been taking place at the existing site on Latrobe Street since the 1860s, and Ballarat has since gained a reputation of one of the best known saleyards in Victoria with a particular importance as a location for sheep sales. It is in this context of securing an important asset for the region's agricultural sector that the ongoing role of the existing saleyards has been under consideration.

#### 3.1 Analysis of facility upgrade and relocation possibility

14. The City of Ballarat, as the owner and operator of the existing facility over most of its life, has previously recognised the limitations associated with the location of the current site within the Ballarat urban area and its deteriorating infrastructure. In 2003 Ballarat City Council commissioned SKM to investigate future options including upgrading the current facility or relocating it to another site. The SKM analysis concluded that:
- Substantial investment in infrastructure upgrades would be required to enable continued operation at the current site
  - The most cost-effective option (generating the greatest benefit-cost ratio for the municipality, the wider region and the State of Victoria) would be to relocate the livestock exchange to a new greenfield site.
15. As part of this analysis, SKM conducted an assessment of the economic benefits associated with the continuing operation of the exchange. The study found that the facility:
- Supports approximately 100 full-time equivalent ('FTE') jobs directly and indirectly
  - Generates a benefit of approximately \$195m for the City of Ballarat in net present value terms (2003 dollars)
  - Generates a benefit of approximately \$210m for the wider region (net present value, 2003 dollars)
  - Supports ongoing regional income of approximately \$14m per annum (2003 dollars) for the municipality and \$15m for the regional economy.
16. Although I have not undertaken a detailed analysis of the SKM work (and noting that it was prepared more than ten years ago) I agree with the broad conclusion that the livestock exchange generates a significant economic benefit to the local and regional economy, and this supports a substantial number of jobs and regional income for vendors, buyers and intermediary businesses.
17. On reviewing the analysis I agree that the most effective way to secure this economic asset is to identify a new greenfield site on which a modern facility can be constructed.

#### 3.2 Learmonth proposal

18. As a result of the SKM report Council resolved to relocate the facility to a greenfield site, culminating in a proposal to establish the new exchange and an associated abattoir at a site in Learmonth to the west of Ballarat.
19. The Panel constituted to consider the planning scheme amendment (Am C87) recommended to abandon the proposal, with the Panel identifying a range of issues including traffic impacts, environmental impacts,

and water supply issues. Many of the issues identified by the Panel related at least partly to the inclusion of an abattoir as part of the proposal.

20. On economic matters the Panel formed the view that the local employment benefits to Learmonth residents would be marginal and would not outweigh adverse local amenity impacts, and that the economic case for relocation to the particular Learmonth site was less than convincing. I reiterate that the comparisons with Am C185 are only partially relevant because an abattoir is not proposed to be developed at the subject site.

### 3.3 Expression of interest for Ballarat Saleyards

21. In October 2007 the City of Ballarat issued a Request for Expressions of Interest for the provision of a new livestock exchange complex that meets or exceeds best practise expectations, and/or ongoing operation and management of the existing facility.
22. In the EOI document Council refer to work already progressed to assess a number of potentially suitable sites for the relocated facility, including the subject site at the northwest intersection of Sunraysia Highway and Western Freeway.
23. In relation to the state of the existing Latrobe Street saleyards, the EOI document noted that the Latrobe Street saleyards were *“economically and physically obsolete, presenting a range of severe limitations on the acceptable conduct of the use”*. In particular, the existing facility did not meet the modern requirements relating to animal welfare, health and safety regulations, environmental standards, food security and sustainability.
24. RLX was contracted to take over management of the saleyards and rebranded the facility as the Central Victoria Livestock Exchange (CVLX) in 2010.

### 3.4 The need to relocate CVLX

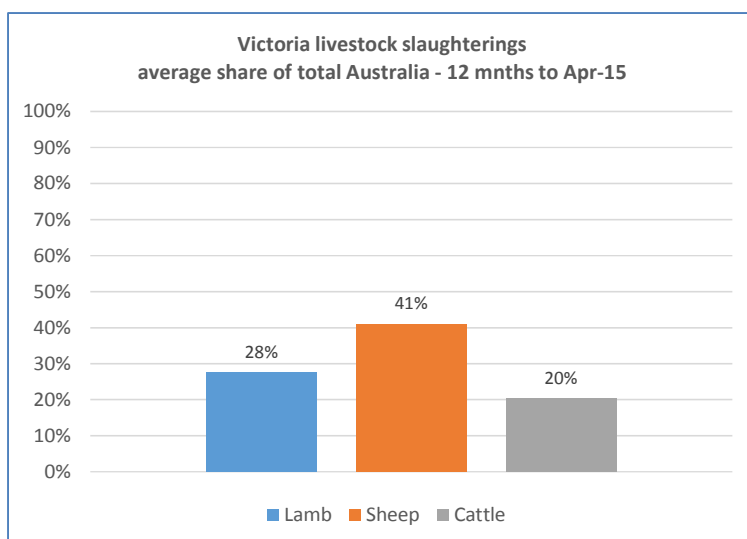
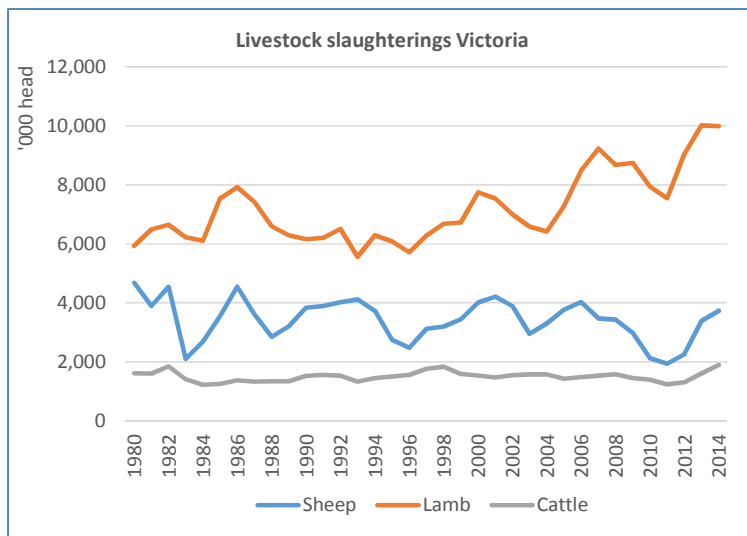
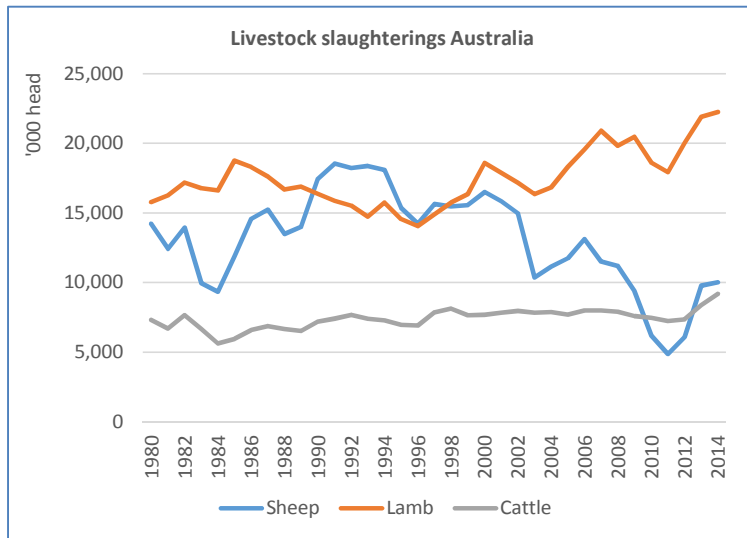
25. In summary, the relocation of the Ballarat livestock exchange to a new greenfield site has been under consideration for at least the last 10-15 years. The underlying reasons are clear:
  - The existing site is old, badly-positioned in the heart of urban Ballarat, poorly appointed, does not meet the expectations of users, and is sub-standard with regard to animal welfare, workplace health and safety and environmental considerations.
  - A modern facility on a greenfield site has potential to cement the Ballarat exchange’s position as a premier mixed-species livestock sales facility, support ongoing jobs and incomes, promote premium product sales, lead to some growth in sales throughout, protect animal and human welfare, remove truck movements from the Ballarat urban area, and enable redevelopment of the existing site in urban Ballarat.

## 4. Industry context

26. This section of my statement provides some background information on the position of CVLX in the livestock industry, including trends and forecasts of sales activity, the geographic region served (ie locations of vendors and buyers) and the economic linkages with other sectors. The discussion is provided as context to subsequent analysis of the potential effects associated with the proposed relocation of the facility.

### 4.1 Livestock industry context

27. The livestock sales sector is an intermediary industry which enables transactions for producers, breeders and processors of livestock such as cattle, sheep, lamb, pigs and poultry, and is part of the 'livestock slaughterings and other disposals' sector in Australian National Accounts data.
28. The total value of livestock slaughterings and other disposals in Victoria is estimated at \$3.25bn in 2013-14 according to the most recent data from the ABS, representing 21% of all Australian output in this sector. The sector as a whole is an important one in Victoria and especially in regional communities for its contribution to farm incomes, downstream processing and other associated activities.
29. Victoria is a major location for sheep and lamb slaughterings, representing 41% and 28% of the national markets, respectively. The state also accounts for 20% of the total number of cattle slaughtered. The slaughter of livestock, while not the only end-use for all livestock sales, underpins activity in the sector.
30. Sales of livestock can occur over a number of different formats or venues with the most important being:
- Saleyard auctions at livestock exchanges such as CVLX
  - Paddock sales where a buyer or agent inspects and buys product on the vendors property
  - Over the hooks where product is delivered directly to abattoirs for weighing and change of ownership
  - On-line auctions.
31. Based on analysis by *Meat & Livestock Australia* ('MLA'), I understand that saleyards are still the preferred means of sale for cattle, sheep and lamb in Victoria, accounting for around 60-70% of total transactions (although this varies year by year). This is expected to continue to be the case for these species, but I understand that the large majority (95%) of pig sales is undertaken through direct contracts with processors (ie from paddock or over the hooks) and the share of pig sales transacted at exchanges is forecast to continue to decline.
32. MLA prepare annual forecasts of activity in the livestock sector, examining flock/herd numbers, slaughterings, export opportunities and restocking rates. The most recent industry projections for the cattle and sheep/lamb sectors indicate some decline in the size of flocks/herds and slaughterings in the near term due mainly to recent high turn-offs (decline in numbers from slaughterings and export sales) but with medium to long term growth building after 2016-17.



## 4.2 CVLX livestock sales

33. CVLX occupies a strong position in the Victorian context. According to data from RLX and from the Victorian Saleyard Survey 2012:
- CVLX sold 1.35 million sheep and lambs, and around 54,000 cattle.
  - CVLX was the dominant sheep exchange accounting for 25% of all exchange sales, with the next busiest exchanges being Bendigo (1.0 million) and Horsham (0.5 million)
  - CVLX was ranked 6<sup>th</sup> in terms of total cattle throughout, with the busiest exchanges being NVLX at Wodonga (180,000 head), VLE at Pakenham (estimated 110,000) and Leongatha (estimated 100,000), Shepparton (87,000) and Warrnambool (86,000)
  - In terms of total units (where 10 sheep are counted as one unit and 1 head of cattle is equivalent to one unit), Ballarat is the number one ranked exchange in Victoria.
34. According to information from RLX, sales of sheep and lamb at CVLX reached approximately 1.38m in 2014 and are projected to be 1.48m for 2015. Consistent with MLA projections, sales activity is forecast to peak over the next two years (ie 2015 and 2016) before declining as farms restock. Over the medium to long term, total sheep/lamb sales are forecast to stabilise at around 1.5m per year.
35. Sales of cattle at CVLX have also been on an upward trend, with recorded sales of approximately 56,000 head in 2014 and forecast sales of 66,000 in 2015. The longer term projection is for total cattle sales to gradually increase before stabilising at around 78,000 sales per year.
36. These forecasts incorporate gains from other exchanges as CVLX improves its market position. In particular, consistent with recent advice to the City of Greater Geelong, the existing exchange in North Geelong is expected to cease sales activity, with a large share of transactions (mainly of sheep) moving to Ballarat.
37. Pig sales were historically an important component of sales activity at Ballarat, which was the dominant location for pig auctions in Victoria. However, in recent years the number of pig sales has declined dramatically, from around 20,000 per year in 2008 to just 5,773 sales in the financial year to May 2015. This decline in sales activity is projected to continue as breeders prefer direct sale to processors.
38. In response to this trend, CVLX are planning to cease the sales of pigs at the new facility. I understand that this has the support of the major pig sales agent operating in Ballarat. Local breeders are expected to continue with contract sales or move their sales to the Bendigo exchange where pig auctions will continue to occur.

## 4.3 Geographic regions served

39. I have been provided with information on the geographic location of the majority of vendor activity (ie farms) and buyers such as meat processors and stock breeders. This information is consistent with the traffic movement data used to determine truck movement forecasts prepared by Traffix Group.
40. According to this information, in terms of sheep and lamb sales CVLX serves a region which generally extends from Geelong in the south to Bacchus Marsh and the western outskirts of metropolitan Melbourne, Castlemaine and St Arnaud to the north-east, Stawell in the west and Cressy in the south-west. A substantial share of sales (vendors and buyers) are also from beyond this region.
41. Other major exchange 'catchments' are served by Bendigo, Horsham and Hamilton, with some overlaps between each of these catchments and Ballarat's region of influence.

42. In terms of cattle sales, Ballarat serves a slightly wider region which incorporates Horsham to the west and Geelong in the south. The extent of this catchment is affected by the roles of major exchanges at Wodonga (NVLX), Gippsland (VLE at Pakenham and Leongatha) and Warrnambool.
43. It is expected that the relocation of CVLX to a new site with modern infrastructure would lead to better competitive positioning by CVLX in each of these livestock markets, with the likelihood that this would lead to improved market share with existing catchments and a widening of these geographic regions of influence. For example, I have been provided with information from RLX that suggests some vendors in western Melbourne are currently preferring to transport product for sale at Pakenham due to the better infrastructure at that exchange. Moreover, as noted above there is a general expectation that the Geelong exchange would close and current sales activity mainly shift to Ballarat.

#### 4.4 Economic linkages

44. Livestock exchanges operate as *transactional* venues which facilitate product sales between vendors and buyers. Hence the activity at such facilities has strong linkages with a wide variety of associated activities. Some of these activities include:
- Farms, which are the main vendor source
  - Buyers, including abattoirs, meat processing plants, farms for restocking, feedlots, and a range of companies using animal products or animal waste
  - Other intermediary agents including stock agents, buyer agents, etc
  - Transport firms
  - Feed providers
  - Drivers and other staff that are engaged in directing stock through the exchange during sale
  - Businesses involved in the provision of maintenance, security and cleaning services
  - A range of other businesses involved in activities such as paint branding, scanning and so on.
45. In addition, other economic activity takes place as a result of the transactions at livestock exchanges and the influx of people attending these sales. For example, sale days generate activity during loading and unloading as well as on the sale day itself, and this provides an opportunity for nearby businesses to gain income through sales of food and drink, fuel and other goods and services to workers, vendors and buyers, and general public attendees.
46. The economic importance of exchanges is particularly significant for smaller farms as (at least in the sheep and cattle markets) exchanges provide a location where potential returns can be maximised through open and transparent competition.
47. As shown by the list above, these activities occur on-site at the exchange, as well as involving activities conducted at farms, in industrial processing (abattoirs and meat processors) and in delivering stock between each of these locations (transporting), and feedlotter.

## 5. Economic outcomes

48. The relocation of CVLX from the current site will give rise to a number of potential changes in economic activity which could represent gains (benefits) or losses (disbenefits) for the local community.
49. These economic outcomes can be assessed at different geographic scales – for example, benefits may accrue in net terms at the municipal or regional level, but may involve a mix of positive and negative effects for different parts of the community.
50. In the assessments conducted below, I have attempted to identify the main economic outcomes that could occur at the geographic scale of most relevance. In some instances this means assessing the potential impact on the immediate community around the site (ie Miners Rest) while for other effects my analysis is conducted solely from the viewpoint of the City of Ballarat as a whole.
51. The intention behind this assessment is to identify and assess what the *net effect* is likely to be for the City of Ballarat as a whole, when accounting for the range of benefits and disbenefits that may accrue to different parts of the community and/or different geographic regions.

### 5.1 Construction effects

52. Development of the new exchange will involve economic activity over the period during which construction activity takes place.
53. I have been advised by RLX that the total cost of construction has been estimated at \$25 million. This excludes land purchase cost and a variety of costs associated with preparing and obtaining development approval. Some of these costs generate employment and therefore would be in addition to my calculations below.
54. On the basis of work I have conducted previously, and investigations with major non-residential developers, the labour component of the construction program normally accounts for around 40% of the total cost of construction, and I believe that would be the case in this instance.
55. On this basis, the total wage 'bill' during construction would be \$10m
56. The latest ABS data (Average Weekly Earnings, Cat No 6302, May 2014) shows that the average annual wage in the construction industry is approximately \$86,000.
57. On this basis, construction of the CVLX would generate a total of 115 jobs over one year at the subject site.
58. Indirect employment would be created during the manufacture of inputs, provision of construction services and expenditure of earnings by people employed during construction. Applying the ABS employment multiplier of 1.752, I estimate that a further 200 jobs would be created (over one year) in the wider economy. Some of these jobs may be created locally, but many would accrue to firms elsewhere in Victoria or interstate.

## 5.2 Ongoing employment

59. I have obtained information from RLX on the number of staff directly employed at CVLX at the current site, and have also been provided with estimates of probable changes in staffing once the new facility is operational. These staffing numbers represent those on the payroll at CVLX.
60. According to this data, 11 staff members are currently directly employed at CVLX. Some of these positions involve part-time hours, and I am advised that the full-time equivalent (FTE) number of employees is approximately 6.3 persons.
61. The relocation would involve minor changes to employment numbers, including a reduction in the need for 'washout' staff, and an increase in the demand for cleaning and security staff. The overall effect is for total employment to reduce from 6.3 FTE to 5.4 FTE, representing a loss of 0.9 FTE jobs.
62. As I have noted, a substantial amount of the activity and employment occurs on sale days as vendors, buyers, agents and other personnel are involved in moving, branding, classifying and transporting product and maintaining soft flooring.
63. Information provided to me by RLX indicates that up to approximately 140 people can be involved in sale day activities, including:
- 6 contractors associated with computer systems, scanning, and paint branding
  - Up to 50 associated with agents and their personnel
  - Up to 30 buyers representing meat processors
  - Up to 60 people associated with transporting stock.
64. I have not attempted to derive an estimate of the full-time equivalent figure of employment associated with these functions.
65. On moving to the subject site I have been advised that much of this activity associated with sale days would simply be shifted from the current site to the new facility. Some additional activities would also be conducted, mainly associated with additional scanning and classifying, paint branding, the use of horsemen as cattle drovers, and the provision of a café/canteen. The total additional employment associated with these new activities is estimated at approximately 2.1 FTE.
66. The overall conclusion from this analysis of ongoing employment effects is that the relocation would lead to a small increase of 1.2 FTE jobs located on the site. This effect is of marginal consequence in the municipal context.

## 5.3 Retail and other business effects

67. Relocation of CVLX from Latrobe Street to the subject site would have potential to reduce the amount of expenditure on retail merchandise and other goods and services that is currently directed to businesses located close to the existing facility. Particular examples include spending on food and drink at the existing bakery opposite the current site, spending on fuel at nearby petrol stations, and opportunities for other businesses in that part of Ballarat to induce spending as farmers and other people travel into urban Ballarat.
68. Some businesses that are heavily involved in the livestock sales industry may also choose to relocate their place of business to a location closer to the exchange. Potential locations may include the Ballarat West industrial area which is being promoted by Council, or (in some cases, where permitted) within the farming zone adjacent to the site.



69. Against this potential decline in spending in Latrobe Street, I note that for most of the current patrons at the exchange, their spending on food and drink would simply be shifted to the new café/canteen facility, and spending on fuel and other items would also simply be transferred to another outlet that is convenient with respect to their travel route.
70. The majority of the existing expenditure flows are assumed to be generated by people not otherwise residing or working in Ballarat. These include:
- Incoming farmers as vendors or buyers of breeding stock (ie rather than their buyer agents)
  - Employees from meat processing firms and other non-agent buyers located outside Ballarat
  - Transport firm employees where they are not based locally in Ballarat
  - Agents not based in Ballarat.
71. On the other hand, agents based on Ballarat close to the existing facility are likely to continue to operate these offices, generating similar levels of expenditure to local businesses in Delacombe.
72. According to the planning assessment that accompanies the amendment, sale days attract as many as 183 patrons including CVLX staff, agents, other contractors and patrons (ie mainly farmers as vendors or buyers and some general public). It is understood that these peak attendances occur for the monthly cattle sales, and attendance is lower for weekly sheep sales.
73. In order to derive an estimate of spending flows, I have assumed that the *average* number of patrons who might shift their spending away from Delacombe is approximately 100 per sale day.
74. A total of 112 sale days take place per year. Therefore the total number of patrons with changed expenditure patterns would be 11,200 per annum.
75. Assuming total daily spending of \$25 per visitor for local purchases on food and drink (directed mainly at the existing bakery, for example), this implies a loss of sales in the order of approximately \$280,000 per year.
76. The loss of expenditure at other local businesses such as petrol stations, local mechanics, etc would be of a similar order of magnitude. These effects taken on their own may be important for the individual businesses concerned, but are of very minor consequence in terms of total economic activity in the City of Ballarat.
77. Importantly, as I note below, the remediation and redevelopment of the existing land on Latrobe Street would generate new jobs and activity that would help to ameliorate these adverse effects on local businesses.
78. I also emphasise that the impacts I am describing here are local effects on individual businesses rather than representing a measure of the net effect on business activity in the local or regional economy. For example, the loss of food and drink spending in Delacombe would be expected to be balanced by the generation of new spending on the same goods and services at the subject site. Individual business effects and transfers within the region are not usually considered a significant matter on which to base planning decisions.

## 5.4 Reuse of existing land

79. Relocation of CVLX to the subject site will enable the existing land on Latrobe Street (covering 12.3ha) to be redeveloped for other uses, thereby generating economic activity.
80. According to the City of Ballarat, one of the potential uses could involve the relocation of the Ballarat Showgrounds from its current site which is planned to be developed for a range of recreational and sporting uses. My advice is that a part of the existing saleyards site would potentially accommodate the 'hard infrastructure' associated with the showgrounds activities, such as buildings and car parking, with a small part of the south-western corner of Victoria Park used on show days for more temporary uses.
81. I have based subsequent analysis on an assumption that 25% of the current saleyards site would be used for the relocated showgrounds, with the remainder (9.2ha) available for other types of development. I have further assumed that the existing Public Use Zone component would be removed subject to negotiation with VicTrack.
82. The effect on land use on the remaining 9.2ha of the site is likely to be different when view over the short, medium and long term:
- Over the short term the economic activity will be associated with the demolition of existing structures and the remediation of the site.
  - Over the medium term the land is likely to be redeveloped for activities which are allowed within the existing zone. I base this conclusion on advice I have been given from Council officers that existing buffers associated with industrial activity to the south would preclude development of more intensive uses such as residential or mixed use.
  - Over the long term the land has potential to accommodate a higher intensity of use, supported by the location of the property close to central Ballarat and adjacent to Victoria Park. I understand that Council envisages that the land could, in part, accommodate some residential, retail and other more intensive urban uses.
83. I have not been provided with estimates of the costs associated with demolition and remediation of the site and so have not measured the investment or employment outcome generated during this stage.
84. Over the medium term the types of uses accommodated on the land would be similar to those already occurring in the surrounding area, involving a mix of restricted retailing, warehousing, industrial services, and other commercial activities which fall within the allowed uses within the Industrial 1 Zone.
85. The development of 9.2ha of land for a mix of these uses would generate approximately 100 ongoing jobs on the site.
86. I have made this estimate by examining ABS Census (Place of Work) data on local employment within similar precincts in regional Victorian locations such as the existing area to the south of Latrobe Street, the Howitt Street precinct in Ballarat, and parts of northern Geelong where a mix of commercial and industrial activities has established in similar zones. My analysis suggests that this mix of uses generates employment at a ratio of approximately 11 jobs per gross hectare of land.
87. The 100 jobs will generate local opportunities for additional sales at retail and other service businesses. Indeed, the aggregate spending by these workers on simple items such as food and drink (and potentially fuel purchases) would be well in excess of the loss of such activity associated with the removal of the livestock exchange. For example, assuming an average of \$5 expenditure per day per worker on food and drink items, these workers would generate a total of \$1.25 million in annual food and drink expenditure.
88. Expenditure effects associated with the reuse of the land should not be considered a net increase in economic activity as a result of the relocation of the exchange, as these uses would otherwise be likely to establish in other industrial precincts in the municipality, assuming an ongoing supply of industrial land.

89. Over the longer term, development of the land for housing and other more intensive uses would generate more significant economic opportunities associated with:
- Housing construction activity
  - Additional spending by residents on retail, business and personal services, a large share of which would be retained within Ballarat
  - A greater number of local jobs (assuming the introduction of new businesses in retail, office or personal services).
90. Importantly, at least some part of this activity over the longer term should be considered as a net positive effect at the municipal level, due to the fact that land for housing situated close to central Ballarat and adjacent to a park is a scarce resource that cannot be replicated elsewhere.
91. In summary, the redevelopment of the existing site will, over the medium term, generate an increase in local employment in that part of Ballarat, thereby supporting local businesses and outweighing the effect of the loss of saleyard activity. Over the longer term these benefits would increase if more intensive uses were established, but this would require removal of existing buffers and the rezoning of the land.

## 5.5 Amenity effects

92. Relocation of CVLX will generate a number of effects on the amenity of people living or working in different parts of Ballarat.
93. The removal of livestock delivery trucks from Latrobe Street will improve the local amenity for people living along those truck routes or working in the vicinity.
94. My opinion is that this represents a marginal improvement in the quality of life for these people, but is not easily measured in economic terms, for example with reference to (upward) changes in property values for affected properties. Nonetheless, based on the traffic analysis conducted by Traffix Group, the removal of truck movements in urban Ballarat represents a positive impact on affected properties.
95. I have read submissions from local residents which state that the development of a livestock exchange on the subject site would represent a loss of amenity for people living in Miners Rest, and that this would have the effect of depressing property values and sales rates within that township.
96. This would be a reasonable statement of the potential effect of the proposal if it were the case that residents in Miners Rest were adversely affected in terms of additional truck movements, noise impacts, odour impacts or reductions in visual amenity.
97. My understanding, having reviewed the expert reports that accompanied the amendment, is that these effects are absent, minor or can be managed through traffic diversion or other means.
98. Leaving aside any measurable impacts (traffic, noise, odour and visual), another potential effect could arise simply as a result of a general *perception* that Miners Rest is a less desirable location to live because a livestock exchange is located close by.
99. Miners Rest certainly commands a price premium compared with other nearby locations in Ballarat such as Mitchell Park or Wendouree, with prices at around \$320-360,000 in Miners Rest even for newly-built houses on recent subdivisions, rather than around \$280-320,000 for similar properties in other northern suburbs of Ballarat such as Wendouree, Invermay Park and Mitchell Park. This premium is likely to be associated with a more rural outlook and larger lot size.

100. However, I find the argument that the introduction of CVLX would significantly and measurably affect these property values in a negative direction to be unpersuasive. Property in Miners Rest will continue to have characteristics not shared by other properties located within 'urban' Ballarat, and the nature of the property market is such that these scarce characteristics will be reflected in continued interest in local housing, with premiums continuing to be attached to this market.
101. In summary, the relocation would lead to a small improvement in the *net* amenity enjoyed by residents and workers in the City of Ballarat, and this is due to a reduction in truck movements close to residential properties or places of employment.

## 6. Net community benefit

### Summary of effects

102. A summary of my findings in relation to the economic contribution of Am C185 to net community benefit is presented in the table below.

Item	Summary of effect
Construction period effects	<p>Employment generated on the subject site during construction period estimated at 115 jobs.</p> <p>Indirect employment of another 200 jobs distributed locally and elsewhere in Victoria and interstate.</p>
Ongoing employment	<p>Small reduction in staff employed by CVLX estimated at -0.9 FTE jobs.</p> <p>Small increase in non-CVLX staff employed on the site, estimated at +2.1 FTE jobs.</p> <p>Overall, a marginal increase in ongoing (direct) employment.</p>
Local business effects	<p>Potential reduction in spending at local businesses on Latrobe Street due to reduction in patronage.</p> <p>Effect on local food and drink sales broadly estimated at -\$280,000 pa.</p> <p>Overall economic activity (including employment) not impacted as much of this spending will relocate to other locations including a café/canteen at the subject site.</p> <p>Potential increase in spending at local businesses on Latrobe Street associated with the re-development of the existing saleyards site (refer below).</p> <p>Overall, net effect on business activity within the City of Ballarat would be positive (due to marginal increase in sales patronage) but small.</p>
Redevelopment of existing site	<p>Short-term positive effect on economic activity and employment due to demolition of existing buildings and site remediation.</p> <p>Medium-term positive effect due to construction of new uses.</p> <p>Medium-term positive effect on local employment estimated at +100 jobs at the existing saleyards site.</p> <p>Indirect positive effect on local businesses associated with purchases by new workers – estimated at +\$1.25 million pa on food and drink purchases.</p> <p>No significant medium term net effect for City of Ballarat as a whole.</p> <p>Long-term effects would be more significant due to more intensive uses, and would involve positive net effects for the municipality.</p>
Amenity effects	<p>Removal of livestock transport traffic would improve amenity for people whose properties adjoin travel routes, and for workers affected by such traffic.</p> <p>Theoretically this would have a positive effect on property values, but this effect would be difficult to ascertain and probably very minor.</p> <p>Adverse impacts on the amenity of local residents in Miners Rest would not occur to the extent that effects on truck traffic, noise, odour and visual amenity are absent or minor.</p> <p>Adverse effects on property values would be unlikely, given the lack of actual adverse effect and the characteristics of Miners Rest and price premiums currently enjoyed.</p>

103. My conclusion is that the proposed relocation of the livestock exchange to the subject site would generate a positive economic contribution to net community benefit, in addition to other effects not considered, such as meeting modern animal welfare and workplace health and safety standards and improving environmental performance.

I have made all the enquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel.



**MATTHEW LEE**  
**Principal, Deep End Services**  
**12 June 2015**

## Appendix 1 Curriculum vitae for Matthew Lee



## Curriculum Vitae

## Matthew Lee Principal

### Current Position:

Principal, Deep End Services Pty Ltd  
April 2012 - current

### Previous Positions:

Director, Essential Economics Pty Ltd  
March 2011 - March 2012

Senior Associate, Essential Economics Pty Ltd  
January 2004 - March 2011

Senior Economist, Essential Economics Pty Ltd  
September 1997 - January 2004

Economist, Henshall Hansen Associates  
May 1995 - September 1997

### Academic Qualifications:

Bachelor of Commence (Economics)  
University of Melbourne (1994)

### Professional Affiliations

Board Member, Victorian Planning and Environmental Law Association

### Skills / Attributes:

Extensive experience in urban and regional economic assessment, industry sector analysis and property market evaluation throughout Australia. Range of experience includes:

- Market assessments for retail, commercial, industrial and residential property development
- Retirement village demand evaluation
- Economic impact assessments to accompany planning applications
- Expert witness representation
- Retail studies and demand evaluation
- Economic input to master plans, structure plans
- Economic analysis for growth area planning and structure plan preparation
- Local and regional economic effects for environmental impact assessments
- Economic assessments for major infrastructure projects.





## Professional Experience

### Principal, Deep End Services (April 2012 - current)

- Matthew joined Deep End Services in April 2012 to assist clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. "DEEP" represents three core service areas:
  - Demand Evaluation
  - Economics
  - Planning
- Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered included:
  - ♦ Store network planning and sales forecasting
  - ♦ Acquisition due diligence
  - ♦ Feasibility analysis
  - ♦ Economic impact assessment
- Deeps' property clients include:
  - ♦ Amcor, AMP, Australand, Brookfield Multiplex, Cbus Property, Charter Hall Retail REIT, Centro Australia, Harvey Norman, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Northern Territory Airports, Orica, Places Victoria, Stockland and Walker Corporation
- Deep's retail clients include:
  - ♦ ALDI, Anaconda, Baby Bunting, Beacon Lighting, Clark Rubber, Coles, Harris Scarfe, KFC, Masters, Pacific Brands, Spotlight, The Good Guys, Trade Secret and Woolworths
- Deep's other clients include:  
ANZ, Bulky Goods Retailers Association, Crescendo Partners, InterContinental Hotels Group, KPMG, Melbourne Racing Club, Newcastle Permanent Building Society and Reading Entertainment.



## Professional Experience continued

### Essential Economics (September 1997 - March 2012)

- Matt was employed with Essential Economics from its formation in 1997 until March 2012, where he held senior management roles. During that time, he undertook a wide range of projects across all property types, but with a strong focus on the retail sector.
- Matt's project experience includes:
  - site feasibility analysis and development evaluation
  - market demand analysis
  - economic impact studies
  - market research
  - highest and best use analysis
  - input to masterplans and other planning-related studies
  - economic impact assessments for major infrastructure projects and environmental impact assessments
  - policy advice for state and local governments.
- Private sector clients have included property developers and owners such as MAB, Mirvac, Stockland and AMP; and retailers such as Costco, Bunnings and ALDI.
- Matt's policy work has been undertaken for a wide range of clients in local government and state government agencies and government authorities. Examples include the Department of Planning and Community Development (VIC), Department of Business and Innovation (VIC), Growth Areas Authority (VIC), Department of Planning and Local Government (SA), VicRoads and Places Victoria. Project experience has included:
  - activity centre strategies
  - input to growth area structure plans
  - input to urban framework plans, masterplans, etc
  - economic development strategies
  - tourism studies
  - economic profiles.