

Attachment

GV Link - Strategic alignment

Policy	Project Alignment with Key Objectives/Actions
Local Government	
Shepparton & Mooroopna 2050: Regional City Growth Plan	<p>This Growth Plan sets a vision for the future of the Shepparton and Mooroopna for the next 30 years including the identification of key projects and guidance for future investment decisions. The following objectives and strategies of this plan are specifically relevant to this project.</p> <p><i>Objective 1 – To highlight Shepparton and Mooroopna’s unique attributes to attract people and investment to enhance strategic advantages</i></p> <p><i>Strategy 1.1 Facilitate the expansion of the freight and industrial sector</i></p> <ul style="list-style-type: none"> • <i>Action – Council to advocate for funding to deliver the Goulburn Valley Freight & Logistics Centre (GV Link site)</i> <p>The allocation of sufficient industrial land and investment in road and rail infrastructure will support the agricultural sector, the growth of existing, and the attraction of new, food processing and freight businesses.</p> <p>This project activates a large industrial site. This will support and attract industry particularly from the significant agricultural and manufacturing operations within the Goulburn Valley region and the broader Northern Victoria and Southern Riverina areas.</p>
Greater Shepparton Economic Development Tourism and Major Events Strategy (2017-2021)	<p>This strategy is aimed at identifying opportunities that will lead to building and diversifying the local economy,</p> <p>Section 1.3 - Economic Development includes a major focus area to identify opportunities to retain, diversify and grow existing businesses and jobs and to encourage new investment.</p> <p>Section 2.1.1 identifies as a key project the development of GV Link, an intermodal transport terminal to provide a key link in the supply chain for regional industries and exporters to the Port of Melbourne by both road and rail.</p>

<p>Greater Shepparton Freight and Land Use Study</p>	<p>A key strategic action of this study was to focus on unlocking the potential for the development of GV Link supported by the proposed Shepparton Bypass, which are both, located to the west of Shepparton CBD.</p> <p>The GV Link has already been rezoned for the development of a freight intermodal facility and will replace the existing antiquated intermodal at Mooroopna. It is viewed as an important opportunity to consolidate freight handling, freight modal interchange and distribution tasks for the region. The relocation of industrial, manufacturing and logistic businesses to GV Link would greatly alleviate congestion, improve safety and reduce ongoing land use and traffic conflicts between industrial and more sensitive land uses and road users in the Shepparton East area.</p> <p>This Study is referenced in the State Government's Victoria, The Freight State and has been an input into the Hume Regional Growth Plan.</p>
<p>Greater Shepparton Planning Scheme</p>	<p>The relevant strategic directions that specifically align with this project are included in the Greater Shepparton Planning Scheme are as follows;</p> <p><i>Clause 02.03-7 Transport: To accommodate and cater for growing industry</i></p> <p><i>The GV Link freight logistics centre has been established to the south of Mooroopna to serve as an intermodal terminal and general freight area that links to the Port of Melbourne by rail and road.</i></p> <p><i>Council is committed to:</i></p> <ul style="list-style-type: none"> • <i>Supporting an integrated transport network to facilitate the safe and efficient functioning of all modes of transport.</i> • <i>Facilitating the movement of freight through Shepparton and Mooroopna.</i> <p>This project will improve freight movements by providing access to a new industrial area thereby alleviating heavy vehicles movements within the urban areas</p>
<p>Regional</p>	
<p>Hume Strategy – Regional Growth Plan</p>	<p>The Hume Strategy provides a framework for long-term cooperation and investment within the region</p>

(Goulburn Valley Sub Regional Plan)	<p>identifying four sub regional areas including the Goulburn Valley – sub regional area.</p> <p>The Goulburn Valley sub regional plan identifies transport and logistic related opportunities as significant attributes that will be an important part of economic development of the Goulburn sub-region.</p> <p>Transport Theme - An Integrated Network of Efficient and High functioning Transportation Systems</p> <p>GV Link is identified in this plan as a freight and logistics precinct. Investment in transport logistics, through the development of the GV Link project, will contribute to the state's freight and logistics capacity.</p> <p>This project supports the intent of the strategy to drive the competitive potential of commercial and industrial development through new and enhanced infrastructure.</p> <p>The Goulburn Valley Sub Regional Plan also recognises the need to diversify the economy (such as facilitating research and innovation in tourism, manufacturing and industry to encourage new and evolving business) in order to continue to attract and support a capable workforce and adapt agricultural operations in an environment of change.</p> <p>This project demonstrates commitment to investing in strategic transportation projects that improve efficiency in the movement of goods and drive economic development and to maximise the sub region's competitive advantages in freight, logistics and distribution.</p>
Hume Region – Planning for Freight	<p>Key regional issues relating to freight identified in this strategy are;</p> <ul style="list-style-type: none"> - Encouraging multi-modalism <p>Attract mode share to rail and improve rail access to Victoria's commercial ports.</p> <p>This project has the potential to provide the foundation to support an increase in rail freight movements on the Shepparton line.</p> <p>Key action - Facilitation of freight places to secure investment and sequence development</p> <ul style="list-style-type: none"> - Reservation and protection of freight places

	<p>In planning, utilise the Regional Growth Plan and council MSS processes to consider the planning of preferred freight routes, intermodal hubs.</p> <p>This project aligns with the regional growth plan and Councils MSS both of which identify GV Link as a future freight hub.</p> <ul style="list-style-type: none"> - Use of coolstores and packing sheds for general logistics <p>This issue was the initial impetus for the Council becoming involved in the GV Link intermodal site, to provide an alternative site for logistics activity to the situation of fragmented sites currently available for industry.</p>
Northern Victoria Regional Transport Strategy	<p>The Northern Victoria Regional Transport Strategy forms part of the Hume Strategy for Sustainable Communities Project and aims to provide comprehensive transport planning for the defined region encompassing the shires of Campaspe, Moira, Gannawarra Loddon, Strathbogie and the City of Greater Shepparton.</p> <p>Within a broader context this strategy highlights the need to continue to provide and plan for additional industrial development and to take advantage of relevant road and rail linkages and the establishment of GV Link.</p> <p>Objective 4 - Transport infrastructure of appropriate standards for industry</p> <p>Objective 5 - An Improved regional heavy vehicle road network to facilitate the movement of goods</p> <p>Objective 7 - Improved network access and infrastructure to support the logistics chain</p> <p>This project has the capacity to accommodate HPV and improve connectivity to the regions rural producer and manufacturing logistics chain.</p> <p>Objective 6 - Improved infrastructure to support rail freight movement.</p> <p>This project has the potential to provide the foundation to support an increase in rail freight movements on the Shepparton line.</p>
Freight Directions in the Hume (RDA)	<p>This strategy explores the need to align industry outputs and general population growth with freight transport needs to provide efficient supply chains and support industry growth. It identifies a number of</p>

	<p>strategic directions and objectives with the follow the most relevant to this project</p> <p>Strategic Direction 3 - Supporting the development of regional freight</p> <p>3.1 Support further development of the Region's intermodal terminal networks</p> <p>GV Link is identified as an intermodal terminal likely to replace the site at Mooroopna with a key action to support its advancement.</p> <p>Strategic Direction 4: Supporting a policy and planning framework that takes account of the Hume Region</p> <p>4.1 Facilitate the development of integrated land use and freight planning (i.e. advocate for freight and logistics precincts in the region)</p> <p>A key action is to influence the development of logistic precincts (like GV Link) in order to consolidate industry and freight activity.</p>
<p>Goulburn Valley – Invest in Victorian agriculture and food.</p>	<p>Key focus to reposition Northern Victoria as a progressive and globally competitive food hub.</p> <p><i>Strategy 1 Attract Investment (To build scale and efficiency at every level of the supply chain)</i></p> <p><i>Key target - To attract new greenfield business to the region</i></p> <p>This project will by provide access that is appropriate for heavy vehicle movements thereby potentially attracting new business to the industrial land.</p> <p><i>Strategy 6 Ensure adequate infrastructure (To ensure transport, energy and communication infrastructure is available and cost effective)</i></p> <p><i>Key target - More efficient freight movement and reduced transport costs.</i></p> <p>This project will provide the infrastructure required to connect GV Link to National Key Freight routes making freight movements more efficient.</p>
<p>Regional Cities Victoria (RCV)</p>	<p>The RCV vision is about building a sustainable Victoria through regional growth.</p> <p>Relevant key objectives to this project being;</p> <ul style="list-style-type: none"> • <i>Improve the infrastructure and liveability of regional cities through development of quality services, amenities and transport networks in</i>

	<p><i>order to promote economic development in regional and rural communities</i></p> <ul style="list-style-type: none"> • <i>Encourage new industries and increase workforce capacity and employment opportunities in regional cities</i> <p>The establishment of new industries operations at GV Link will increase employment opportunities in the region.</p>
State Government	
Victorian Freight Plan – Delivering the Goods	<p>This project complements the broad objectives of this strategy to reduce the cost of doing business, improve the efficiency of freight, better connecting Victorian businesses with local, interstate and export markets and providing sufficient future freight capacity.</p> <p>In particular, this project supports the following key priorities and associated actions of this strategy.</p> <p><i>Priority - Manage existing and proposed freight corridors and places in conjunction with urban form changes;</i></p> <ul style="list-style-type: none"> - Action (short term): Review and update existing Principal Freight Network (PFN) to include significant freight places; and - Action (medium term): Support development of additional regional intermodal terminals. <p>The recent PFN update undertaken by Freight Victoria includes GV Link as planned logistic precinct.</p> <p>This project will provide a level of activation needed to stimulate future interest that complements the PFN map depiction as well as support development of GV “Link as a regional intermodal terminal.</p> <p><i>Priority - Better use of our rail freight assets;</i></p> <p>As indicated in the States Delivering the Goods, Freight plan “with a growing freight task and urban congestion, increasing the volume of freight carried on rail is more important than ever”.</p> <p>This project will provide the needed stimulus for private investment in the industrial lots within the GV Link site and thereby stimulate interest in the possible future commitment to the intermodal component. This is also consistent with the key points of the Ministerial Freight Reference Group as this project has the potential to facilitate a greater role for freight rail in</p>

	<p>Victoria through operational changes, regular maintenance and new investment.</p> <p><i>Action – (short-term) to complete a plan for the Shepparton Freight Rail Network sort to identify current and future freight rail requirements from Shepparton to Tocumwal and consider options to upgrade the rail line.</i></p> <p>It is understood the potential upgrades identified significantly exceed the allocated funding. This project is seeking the repurposing of residual funding from this study toward land transport infrastructure at the GV Link site. This is also consistent with the medium term action to actively facilitate new user access and related investments on the Shepparton corridor.</p>
<p>Moving More with Less 2021</p>	<p>This project is consistent with the focus of this strategy to support the more efficient use of High Productivity Freight Vehicles (HPFV). In particular, it complements the following action.</p> <p><i>Action 9: Boost access between intermodal hubs and key freight areas</i></p> <p>The design elements of this project provides HPFV access. Many existing intermodal terminals were designed without taking into account HPFV access requirements.</p> <p>This project will ensure HPFV access is provided initially to industrial lots within stage 1 of GV Link's development and thereby any future stages.</p>
<p>Victoria Infrastructure Strategy 2021-2051</p>	<p>This project aligns with the key focus of this strategy to prepare for the future through better use of existing infrastructure, manage demand on it, and help plan the timing and location of required and necessary new infrastructure.</p> <p>Relevant recommendations from this strategy relating to this project are as follows</p> <p><i>Recommendations Section 03 - Harness infrastructure for productivity and growth</i></p> <p><i>3.2 Improve freight efficiency for industry competitiveness</i></p> <p>Early protection and purchase of land for future freight terminals and transport corridors can reduce this risk, keeping more freight options affordable.</p>

	<p>This project contributes to the need to effectively future proof transport connectivity for freight operations into the future.</p> <p><i>4. Develop regional Victoria</i></p> <p><i>4.1 Enhance regional market access and economic growth</i></p> <p>This is consistent with this strategy to build on existing industry strengths and advantages of the Goulburn Valley region to drive economic growth and prosperity.</p>
Plan Melbourne 2017-2050	<p>This project is consistent with the key elements of this strategy for Regional Victoria to deliver choice and opportunity for all Victorians and help build effective networks to the global economy.</p> <p>The following outcomes and directions from this strategy as particularly relevant to this project</p> <p><i>Outcome 7 - Regional Victoria is productive, sustainable and supports jobs and economic growth</i></p> <p><i>Direction 7.1 Invest in regional Victoria to support housing and economic growth.</i></p> <ul style="list-style-type: none"> • work with the nine Regional Partnerships and local governments to support the growth of housing and employment in regional cities and towns <p>This project is consistent with both the Hume Regional Growth plan and the key objectives of Regional Cities Victoria (see below)</p> <ul style="list-style-type: none"> • ensure the right infrastructure and services are available to support the growth and competitiveness of regional and rural industries and their access to global markets. <p>This project will activate a large industrial area that will provide the capacity for private investors to grow and innovative their operations thereby creating the environment for positive competitiveness.</p> <p><i>Policy 7.1.1 - Stimulate employment and growth in regional cities</i></p> <ul style="list-style-type: none"> • The government will continue to make improvements to infrastructure and services to stimulate employment and growth in the state's 10 largest regional cities. <p>This project complements this policy intent as it has the potential to increase business operations and</p>

	<p>employment in Shepparton as one of the state's 10 largest regional cities.</p> <p><i>Direction 7.2 Improve connections between cities and regions</i></p> <p><i>Victoria's freight task is projected to triple by 2050—much of it is destined for Melbourne or export.</i></p> <p><i>Infrastructure that connects rural producers to state-significant corridors—as well as the Port of Melbourne, Melbourne Airport and other regional ports—must be improved to support the economies of regional cities and regional industries.</i></p> <p>GV Link provides connection to the National Key Freight Routes of the Midland Highway thereby improving connectivity for rural producers and manufactures within the region</p> <p><i>Policy 7.2.2- Strengthen transport links on national networks for the movement of commodities</i></p> <p><i>Transport network planning must ensure that industries such as Victoria's food and fibre industry remain viable and competitive. This should include identification of key freight corridors and interstate freight terminals.</i></p> <p>This project will support the growth of industry particularly the agricultural sector and thereby improve the productivity and competitiveness of the Goulburn Valley region into the future.</p>
<p>Federal Government</p>	
<p>National Freight and Supply Chain Strategy</p>	<p>This project aligns with the general intent of this strategy to position Australia to meet its freight future and specifically the following critical action areas.</p> <ul style="list-style-type: none"> • Targeted infrastructure investment <p>Action 1.2: Provide regional and remote Australia with infrastructure capable of connecting regions and communities to major gateways, through land links, regional airports or coastal shipping.</p> <p>This project will provide suitable land that will enable the connection of the agricultural sector, manufacturing and transport industries and regional communities in the Goulburn Valley, Northern Victoria and Southern Riverina with the National Key Freight routes and thereby domestic and international markets. This will reduce the costs of moving freight and boost the competitiveness of businesses and</p>

	<p>industries in the region, making them more attractive to national and international markets.</p> <ul style="list-style-type: none">• Better planning, coordination and regulation <p>Action 3.1: Ensure freight demand is integrated in transport and land use planning across and between jurisdiction boundaries and freight modes.</p> <p>This project provides enhanced access and gateway treatment to a significant area of industrial land that has been reserved for the development of an industrial freight precinct with the locational attributes to develop an intermodal into the future.</p>
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GV Link - chronology

(1997-2002) Initial concept studies and several reports were commissioned to assess feasibility of GV Link along with delegation to seek government support

- 1997 - Council commenced investigation of the feasibility of developing an intermodal terminal in the region.
- 2001 – Logistics Bureau contracted to assess the freight task of the region and to identify an appropriate site for the GV Link.
- 2001 – Report titled Shepparton Freight Hub /Inland Port completed by Logistics Bureau (funded by the then Victorian Department of Infrastructure)
- 2001 – Presentation titled “Greater Shepparton City Council Logistics Initiative - Communities and Logistics Living Together” completed.
- 2002 – Report titled Goulburn Valley Freight Logistics Study Phase 2 undertaken by the Logistics Bureau to study the commercial viability of the GV Link with respect specifically to SPC-Ardmona.

(2003-2011) Commencement of the planning/design process, land acquisition, and feasibility

- 2003 – (18 December) Planning Scheme Amendment C34 to facilitate the establishment GV Link (then known as Goulburn Valley Freight Logistics Centre) placed on exhibition
- 2004 - Delegation of local industry, Council and government officials visited Canberra to seek Federal support for GV Link
- 2004 – (15 – 17 & 24 June) Panel held.
- 2004 – (November) Panel report provided recommending that Planning Scheme Amendment C34 be adopted subject to several recommendations.
- 2004 – (7 December) Council adopted Amendment C34.
- 2005 - (5 May) Planning Scheme Amendment C34 approved
- 2005 - Council commenced an ‘Expression of Interest’ process aimed at securing a preferred developer for the site.
- 2007 - Economic review of the feasibility of developing the site was undertaken.
- 2008 – (12 December) Development plan and planning application in relation to the subdivision and development of the land issued.
- 2008 - Council undertook ‘Expression of Interest’ for the detailed design of the infrastructure/subdivision plan of the site.

2009 - Tender awarded to GHD for the design and engineering drawings for the site.

2009 - Landscape design report completed

2010 - Detailed design plans completed

2010 - Flood modelling updated

2011 - Council secured the site, finalised payment for the compulsory land acquisition

2013 - Economic feasibility review of the GV Link project undertaken by Essential Economics

(2014 to now) Further review, recent activity, and investor interest

2019 – Lease between GVCE Mooroopna Solar Pty Ltd and Council for the development of a solar farm executed.

2022 – (July 6) Planning permit issued by Minister for Planning for solar farm on GV Link land to the east of Toolamba Road

2023 - Previous Design review

2023 - Completed updated site layout

2023 – Works Package 1 – Design – Provision of Services Underway

2023 – Works Package 2 & 3 – Design – Access Enhancement and Stage 1 Underway

2023 - Undertake flood modelling of the proposed development plan for GV Link

2023 - GV Link Economic Evaluation (Economic Benefit of GV Link Stage 1)

2023 - GV Link Benefit/Cost Assessment

2023 - Report from Valuer to confirm the value of land at GV Link to ensure that land prices offered are competitive in the regional and state-wide industrial property market.

The following pending items have not yet commenced:

- Develop detailed site layout plan
- Using the above layout plan, acquire plan of subdivision
- Design full GV Link concept plan
- Construction of Works Package 1 – Provision of Services
- Detailed Design of Works Packages 4 and 5 – Stage 2 and Stage 3
- Construction of Works Packages 2 & 3 – Access Enhancement and Stage 1

Attachment

Property Land Assessment – GV Link stage 1

As required by Councils 'Sale and Acquisition of Land policy all Council Land is to be retained except where the Council meets all of the following principles

Section 1.3.2 – Retention of Land Principles

1. Does not or will not support, facilitate or contribute to current or future service delivery outcomes as identified in the Council Plan.
GV Link is not identified in the Council Plan for current or future service delivery.
2. Has a net realisable value for another purpose which is significantly greater than the cost of re-establishing the service on another site.
GV Link is a vacant site where any future development of the site will not necessitate the re-establishment of a service.
3. If sold will facilitate and/or promote investment and positive economic development outcomes.
Will facilitate substantial economic growth and prosperity by attracting further investment that supports overall development not just for Shepparton but also for Mooroopna, Tatura and broader Goulburn Valley region.
4. Does not contribute economic, environmental or community benefit to the municipality to justify its retention.
Positive benefits will be realised by the sale and establishment of businesses and employment opportunities at GV Link.
5. Has no strategic significance to Council on a long term basis.
The long term strategic significance of the site relates to the development of the site for commercial purposes consistent with policy directives of council and other government policy.
6. Is identified in a Council adopted strategy, budget, study, policy or planning scheme as being surplus to its requirements or not required to be owned by Council.
Greater Shepparton City Council Plan 2021-2025 identifies the need to "support the development of GV Link" as a key project/initiative under the Infrastructure and Technology theme.
7. The land is held for resale purposes.
No

Section 1.3.3 – Considerations Prior to the Sale of Land

Requires a property land assessment to be carried out to ascertain whether or not Council Land meets the principles for retention or may be suitable for sale. The assessment must consider the following:

- The seven retention principles outlined in section 1.3.2
See above.

- Service, economic and strategic needs and uses
There are no existing Council services on site.
There is a strong economic and strategic directive contained within Council's Plan and other policy documents at all government level to see the land developed for industrial purposes.
- No net loss of public open space
There will be no loss of public open space.
- Legal issues including title details, verifying ownership and how the land was purchased by council
The initial purchase of the GV Link site followed correct acquisition process.
- Survey issues including land boundaries
A planning permit has previously been issued for the subdivision of the site. Survey elements maybe adjusted to enable a more efficient lot lay out. There are no detrimental survey issues and/or land boundary matters that need to be addressed.
- Planning and zoning requirements
The site has been zoned to enable the development of an industrial/logistics hub with related planning elements adequately addressed.
- Environmental considerations including contamination
Any issue of contamination have been addressed during the rezoning process and as noted in the report by Douglas Partnership.
- Conservation values including historical, cultural, heritage and native title considerations
Previously considered and adequately addressed. A Cultural Heritage Management Plan has previously been approved.
- Site constraints and opportunities
All site constraints and opportunities are being fully considered in developing the final staging plan particularly in relation reducing the potential cost of site works whilst identifying the future development strategy options for the site.
- Building asset condition and maintenance considerations
No applicable as there is no buildings on site. Development of the site to enable sale will involve necessary upgrades to the existing local roads and service provisions.
- Risk considerations
A Business case has been undertaken to support further future development of the site. The business case suggests further exploration of a joint venture arrangement for future stages to reduce Council risks.
- Financial considerations
A Business case has been undertaken to support further future development of the site
- Preferred method of sale

Given the current interest and previous unsuccessful methods of sale of land at GV Link it is considered appropriate to sell land at GV Link by private treaty.

- Long term lease options.
Not supported by the Business Case at this stage

Attachment
GV Link – Staging Plan (current)



Attachment
GV Link – Staging plan (original)



GV Link – Economic Evaluation

Draft Report

Summarising Interim Reports

Assessing Regional Market Competition, Delivery
Pathways and Financing Issues

Submitted to: Greater Shepparton City Council



'Dagura Buumarri'
Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.

The river system illustrated in this visual image is bound in greens and golds to acknowledge the warmth often felt in a colder climate. The rich earth hues of green, reds and browns reflect the local landscapes of this state while the extensive use of rhythmical patterning captures the unique landscapes of flat and mountainous areas. The use of earth colours imparts a sense of strength and serenity while contrasting greens throughout the image reminds us of the lushness of the natural world, where animals and humans once lived in harmony – it reminds us of the importance to protect the lands, waterways and skies and care for our localised environment. Scattered throughout the image are bold colours of oranges – a source of energy that continues to be felt as a life-giving source. The orange hues also portray the varying sunsets in which many Victorians enjoy seeing earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Wurundjeri Woi Wurrung people, of the Kulin Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

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DRAFT

Introduction

This report (*GV Link Economic Evaluation*) is the third in a series prepared by Ethos Urban assessing specific issues concerning the potential development of the GV Link Project in Mooroopna.

The first Interim Report (*Assessing Exceptional Circumstances supporting Private Treaty Land Sales, 23 May 2023 – Updated November 2023*) provided preliminary advice in relation to initial land sales at the GV Link project. In particular, the report addressed whether or not, in our view, exceptional economic circumstances exist for Council to pursue early land sales at GV Link via private treaties instead of a public process, such as an Expression of Interest (EOI), public auction or public tender.

The second Interim Report (*Economic Benefits of GV Link Stage 1, 15 June 2023 – Updated November 2023*) estimated the economic benefits that would accrue if the 40ha Stage 1 of GV Link was successfully developed.

These two Interim Reports are summarised in the main part of this document and are included in full as Appendices.

This third report (*GV Link Economic Evaluation*) addresses:

- The population and demographic characteristics of Shepparton. In addition, the structure of the local economy is discussed, emphasising the connections between GV Link and food manufacturing and export oriented logistics (Section 4).
- Competition from regional industrial estates (Section 5).
- The broad potential future delivery pathways Greater Shepparton Council could pursue in developing GV Link (Section 6).
- Financing issues, in particular possible cash shortfalls Council could face due to differences in the timing of land sales income commitments to enabling infrastructure (Section 7).

Executive Summary

GV Link Project

1. GV Link is a 331ha Council owned site, located 2km south of the Midland Highway in Mooroopna. The purpose of GV Link is to provide future serviced industrial land to support expansion of existing industries, or facilitate new investment, in the Goulburn Valley area.
2. Before GV Link can successfully operate, a significant enabling infrastructure program needs to be undertaken. Works to prepare Stage 1 for future tenants include: extending core services (electricity, gas, water etc.) from Mooroopna; road access improvements; and site preparations.

Exceptional Circumstances Interim Report (1st Interim Report)

3. The first Interim Report (*Assessing Exceptional Circumstances supporting Private Treaty Land Sales, 23 May 2023 - Updated November 2023*) concluded that sufficient exceptional economic circumstances exist for Council to consider entering private treaty arrangements with purchasers of initial lots in GV Link.
4. Early land sales agreed by private treaty would be practically and symbolically important as a catalyst to unlock GV Link as a focus for investment and employment growth.
5. However key risks will need to be mitigated, including ensuring that development of vacant land proceeds in a timely manner (which will be contingent on competitive pricing), and that Council has the necessary capacity to deliver enabling infrastructure to an ambitious timetable.

Stage 1 Economic Benefits Report (2nd Interim Report)

6. The second Interim Report (*Economic Benefits of GV Link Stage 1, 15 June 2023 – Updated November 2023*) was prepared to support a Project Proposal Report (PPR) application to the Commonwealth seeking funding for enabling road infrastructure at GV Link. The application sought to have existing rail funding repurposed towards road infrastructure.
7. The report concluded that substantial economic benefits to the Greater Shepparton economy would accrue if GV Link Stage 1 was successfully developed and operated in line with industry norms. These benefits would derive from increases in economic activity and additional employment.
8. In discounted terms, the successful development of GV Link Stage 1 would result in cumulative value-added of \$1.4b to the Greater Shepparton economy over the 20-year period 2023 to 2042. The majority of this economic benefit would be generated by ongoing jobs in the businesses that first become operational in 2027.

Shepparton Population and Economy

9. The City of Greater Shepparton had an estimated resident population of approximately 68,870 persons in 2022, increasing at an annual average rate of +630 persons (or +1.0%) since 2016. The municipality is forecast to increase at a similar rate to 2036, growing at +670 persons pa, (+0.9% pa), reaching 78,220 by 2036.
10. Key demographic characteristics of Shepparton compared with regional Victoria include:
 - A greater ethnic diversity.
 - A higher proportion of the population identifying as Aboriginal or Torres Strait Islander.
 - A higher share of renters in the private housing market.
 - Lower average mortgage and rent payments.
11. The SEIFA index of Relative Socio-Economic Advantage and Disadvantage (IRSAD) in 2021 showed that Shepparton had a high level of disadvantage.
12. In terms of value-added, the four largest industries in Shepparton (Health Care and Social Assistance; Construction; Agriculture, Forestry and Fishing; Manufacturing) contributed 50.0% of the municipality's economy in 2021/22. The same four industries contributed 30.3% of the Victorian economy.
13. Within the Agriculture, Forestry and Fishing industry, Agriculture contributed 90.2% of value-added, while Food Product Manufacturing contributed 54.2% of the Manufacturing industry value-added.

14. The sub industry category of Agriculture exported around 34% of its product to other parts of Australia. In contrast, the sub industry category of Food Product Manufacturing exported approximately 86% of its output, with more than 1/3 of exports shipped to international destinations.
15. The export orientation of Food Product Manufacturing is consistent with the Goulburn Valley's key role as a major supplier of produce, particularly fruit.
16. The clear intended purpose and justification for GV Link is to support expansion of existing industries and to facilitate new investment in the region. In the short to medium term, a dedicated freight and logistics centre at GV Link will provide improved road access to markets. In the longer term the proposed road-rail freight interchange terminal will deliver significant efficiency improvements and enhance export competitiveness.

Regional Logistic Centre Competitors

17. A number of regional Victorian and NSW cities already have established warehousing and logistic centres. Accordingly, GV Link, in some instances, may face significant competition from other Victorian centres in efforts to secure anchor tenants with significant regional or national operations.
18. Ballarat West Employment Zone (BWEZ):
 - Has a broader purpose than logistics.
 - Is pitched as an “Employment Zone”.
 - Attracts a high degree of Government support.
19. Logic Wodonga:
 - Is owned and developed by the local Council.
 - Has a wider industrial focus than warehousing/logistics.
 - Can offer fully serviced lots in a relatively short timeframe.
 - Is not located in an intensive agricultural/horticultural area with a strong export focus.
20. NEXUS Albury:
 - Like BWEZ, is a large scale industrial estate permitting a range of businesses, not entirely dependent on logistics. Nevertheless, logistics is an important component of the industry mix.
 - As part of the Albury Regional Job Precinct is pitched as an employment hub.
 - Attracts a high degree of Government support.
21. Riverina Intermodal Freight and Logistics (RiFL) Hub (Wagga):
 - Is also a large scale industrial estate permitting a range of businesses, not entirely dependent on logistics.
 - Has an integrated intermodal connection.
 - Has successfully attracted significant public funding to initiate the project.
22. Bendigo Regional Employment Precinct (BREP):
 - Is a future industrial development to support growth and alleviate a shortage of industrial land in the Bendigo region.
 - Has attracted significant State Government support (including a \$6 million election commitment for enabling infrastructure).
23. Compared with these examples, GV Link is at a distinct disadvantage because it is unserved and unproven. Compounding a lack of private interest, lukewarm Government commitment to GV Link has meant that co-branding opportunities are few and far between.

Potential Future Delivery Pathways

24. From a market point of view, as has been emphasised throughout, the problems associated with the absence of basic services are critical. In our view, enabling infrastructure, including improvements to road access, is the #1 issue to be addressed – without basic services being made available, GV Link simply cannot advance.
25. We suggest Council undertake a market sounding exercise for later stages of GV Link among a range of industry participants to refresh and consolidate external views about GV Link, covering for example:
 - Barriers to investment.
 - Long term viability of GV Link with/without a freight intermodal.
 - Interest in Joint Venture arrangements.

26. In addition, we suggest Council revisit the current SUZ6 zoning and market positioning of GV Link, with a view to broadening its permitted uses and purpose. A change in the SUZ6 zoning may assist in easing industrial land supply constraints elsewhere in Shepparton, as well as reposition the site as an 'Employment Hub'.
27. The advantages and disadvantages of three broad development options were considered:
- Council retains and develops all of GV Link (the current model).
 - Councils sells all of GV Link to an industrial estate developer.
 - Council retains part of GV Link, enters Joint Venture with industrial estate developer.
28. Of the three models, the hybrid Council/developer JV option offers the best combination of advantages/disadvantages/risks. In particular, a private JV partner would bring proven financing, tenant procurement, estate development and ongoing management to the project.

Financial Issues

29. In general terms, a commercial feasibility assessment seeks to answer whether a project will satisfy the return on investment expectations of financiers providing capital funding. On the other hand, an economic benefits appraisal considers issues beyond whether a project will be profitable, such as value-added economic activity and local and regional employment.
30. At this juncture in GV Link's development, the driving force for seeking (public or private) investment is to provide core servicing infrastructure and to prepare Stage 1 lots for sale. In our view, given the lack of funding interest so far, the commercial feasibility of Stage 1 is less important than the economic benefits that would accrue.
31. In future years, whether land sales revenues cover the cost of providing infrastructure may become a more important consideration. However, the financial future of GV Link will be influenced by many factors, including market conditions. Achievable land sale prices, in particular, will be highly sensitive to prices offered by competing industrial and logistics centres.
32. There are so many unknowns at this point in time, it is simply too early to predict the long term future financial circumstances of GV Link with any degree of confidence. But in any event, the economic benefits generated by a successful GV Link will be strong and enduring.
33. Under the model whereby Council retains ownership, sells land in parcels, provides servicing infrastructure and road improvements, and prepares sites for occupiers, a funding combination of revenue from land sales, State and Commonwealth grants and Council reserves will be required.
34. Evidence of serviced industrial land sales collected by private valuers and extracted from commercial databases indicate that lots greater than 10ha fetch prices of around \$20 per m².
35. Three land sales models were constructed to test the implications for funding enabling infrastructure and early site preparations:
- Land Sale Scenario 1 assumes early sales in 2023/24 while enabling infrastructure and road access improvement works are undertaken. All sales completed by 2033.
 - Land Sale Scenario 2 assumes sales commence in 2025/26 after enabling infrastructure and road access improvement works are undertaken. All sales completed by 2038.
 - Land Sale Scenario 3 assumes sales commence in 2025/26 after enabling infrastructure and road access improvement works are undertaken. All sales completed by 2041.
36. Results from these scenarios include:
- Total revenues are:
 - o \$65.28 m under Scenario 1
 - o \$79.95 m under Scenario 2
 - o \$85.59 m under Scenario 3
 - Around 50% of revenue (including the lag between sale and settlement) is collected by:
 - o Middle of year 7 under Scenario 1
 - o Middle of year 11 under Scenario 2
 - o Middle of year 12 under Scenario 3
 - All revenue is collected by:
 - o Year 12 under Scenario 1

- Year 17 under Scenario 2
- Year 20 under Scenario 3

37. Government funding for GV Link currently totals \$11.50m, however, only \$2.0m of this funding is firmly committed.

38. To complete Stage 1 of GV Link, Council estimates capital costs of \$32.58m for enabling infrastructure and road improvements and site preparation. Necessary and additional expenditure by Council includes preparing business cases and funding applications and conducting negotiations with investors.

39. Land Sale Scenario 1 would partially fund Stage 1 GV Link works. At the end of two years, Council would need to commit \$17.33m of its own funds, assuming all Government funding was secured. After all Stage 1 sales are completed in 2025/26, Council would still need to commit \$10.77 million of its own funds.

40. By contrast, both Land Sales Scenarios 2 & 3 would not fund any of GV Link Stage 1 costs by the end of year three, again assuming all Government funding was secured. Council would need to commit \$21.08m of its own funds.

41. Several options may need to be considered, including minimising initial capital spend, seeking additional Government funding or bringing forward all or part of the market sounding exercise.

42. In any event, irrespective of whether early land sales can be transacted, Council must demonstrate tangible progress towards activating GV Link. This demonstration, of progress, which includes detailed design, costed work programs, legal expenses and funding applications, will, with a high probability, will require Council to commit some of its own funds.

1.0 GV Link Project

The GV Link site south of Mooroopna aims to provide future serviced industrial land to support expansion of existing industries, or facilitate new investment, in the Goulburn Valley area.

The 331ha site for the GV Link project is owned by Greater Shepparton Council. The site is located 2km south of the Midland Highway in Mooroopna. Situated adjacent to the Tocumwal rail line and conveniently located to what will be the first stage of the Shepparton Bypass, GV Link is planned to consist of a terminal for the transfer of freight between truck and rail, and general freight areas to provide direct rail access for the Goulburn Valley to the Port of Melbourne. The transport terminal would provide industries in the region with significant efficiency gains and strategic advantages to help maintain future export competitiveness.

Planning for GV Link commenced in the early 2000's, with the site acquired by Council in 2011. In the period since, numerous efforts have been made to initiate development of the site, without success.

The SUZ6 zone in the Greater Shepparton Planning Scheme applies to GV Link and reserves the land for, and for uses associated with, a freight logistics centre. In broad terms, GV Link will not be available for general industrial uses under current zoning.

The GV Link site is undeveloped and currently used as farmland. Accordingly, the site is not serviced by core water, sewerage, electricity, gas and telecommunication infrastructure and no internal road networks exist.

GV Link Stage 1 comprises 4 Lots ranging in size from 5ha to 15ha, and totalling 40ha. As shown in Figure 1, GV Link Stage 1 is situated in the north-west corner of the precinct, bounded by Simson Road in the north Toolamba Road in the west and planned internal roads.

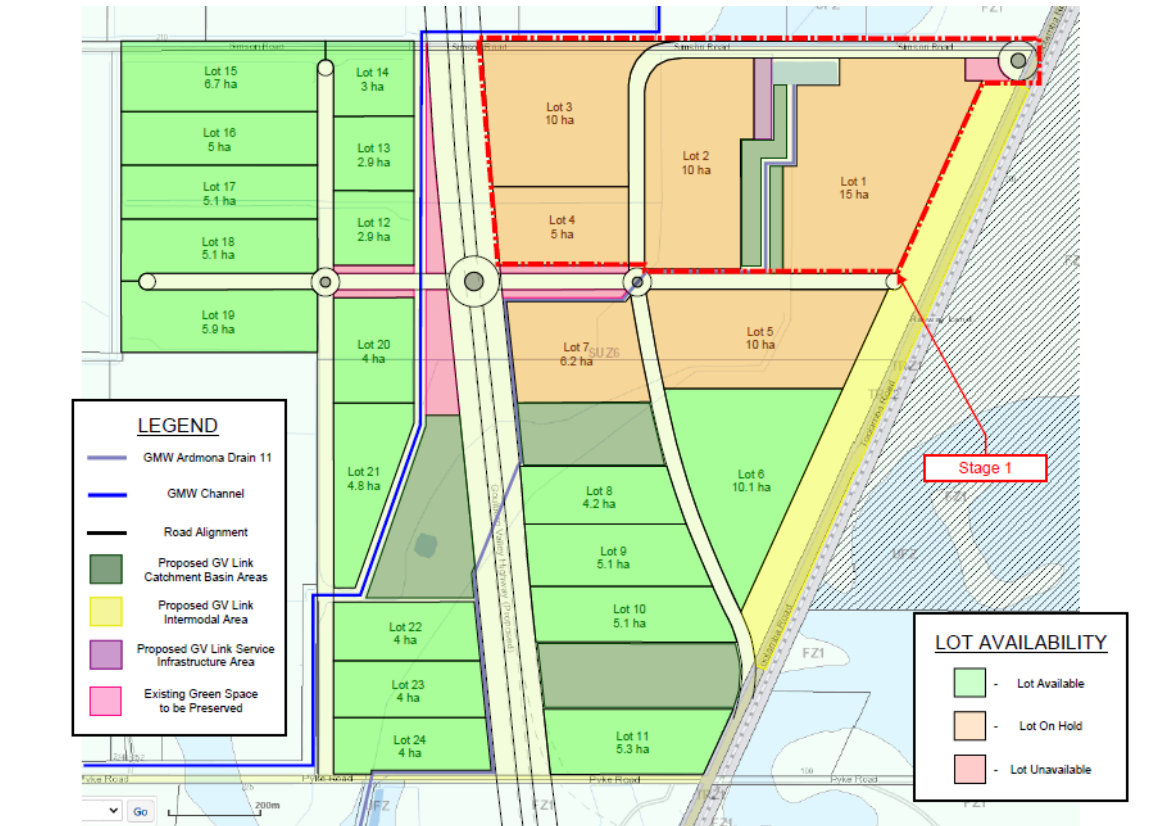
Before GV Link can successfully operate, a significant enabling infrastructure program needs to be undertaken. Works to prepare Stage 1 for future tenants include:

- Site clearing and earthworks.
- Extending core services from Mooroopna to Simson Road, the northern border of GV Link.
- Constructing the internal road network.
- Drainage and catchment basin works.
- Lot preparation, including fencing and landscaping.
- Allowing for early access

Greater Shepparton City Council plans to provide this enabling infrastructure, funded through a combination of Commonwealth, State and Council resources.

Individual lots in GV Link Stage 1 will be offered to prospective investors through private treaties. Investors will be responsible for providing internal lot infrastructure (e.g., connections to core services, roads, etc.), and construction of facilities, such as warehouses/logistics centres.

Figure 1 GV Link Concept Design



Source: GV Link – Concept Design – Revision 13; Greater Shepparton City Council

2.0 Summary of Exceptional Circumstances Interim Report

2.1 Purpose of Report

The first Interim Report (*Assessing Exceptional Circumstances supporting Private Treaty Land Sales, 23 May 2023*) was prepared to consider probity issues relating to land sales at GV Link. In particular, the report addressed whether exceptional circumstances exist that may justify a method of sale other than a public process for part, or all, of Stage 1 GV Link.

2.2 Key Findings

On balance, we concluded that sufficient exceptional economic circumstances do exist to for Council to consider entering private treaty arrangements with purchasers of initial lots in GV Link for the following reasons:

- Despite substantial efforts over more than a decade to initiate activity at GV Link, it has remained undeveloped and vacant.
- GV Link in its current state is at a competitive disadvantage to already developed industrial estates elsewhere.
- Commonwealth and State funding commitments have lapsed because of lack of development at GV Link.
- Investment opportunities have been lost, evidenced by GV Link failing to attract purchasers who initially expressed interest, but subsequently directed investment elsewhere.
- There is growing pressure on the industrial land and supply situation in Shepparton, partly due to population growth and economic expansion. While development of GV Link under the SUZ6 zoning would not create new supply for general industrial purposes, it would indirectly ease pressures by potentially diverting new freight and logistics development away from other general industry locations.
- Direct benefits would accrue through jobs associated with enabling infrastructure, construction activities and ongoing operations.
- Once initial developments are successful at GV Link, other investors in the freight and logistics industry are more likely to consider the area to be viable investment prospect.

Overall, while recognising that a private treaty sale may risk selling land at less than market value, so long as the business case supports an exceptional circumstance, then, we believe that, on balance, it is worth pursuing. This conclusion is reached because a catalyst investment is needed to secure the medium to longer term success of GV Link. Successful initial investments would be both practically and symbolically critical. Without such catalyst investment, the potential to 'unlock' GV Link as a focus for investment and employment growth remains problematic.

However, key risks will need to be carefully considered and mitigated. These risks include ensuring that development of all vacant land proceeds as agreed and in a timely manner, and that Council has the necessary capacity to deliver enabling infrastructure to an ambitious timetable.

Mitigation of these risk steps could include, but are not limited to, robust contractual arrangements between Council and developers.

3.0 Summary of Stage 1 Economic Benefits Interim Report

3.1 Purpose of Report

The second Interim Report (*Economic Benefits of GV Link Stage 1, 15 June 2023 – Updated November 2023*) was prepared to demonstrate the economic benefits that would accrue if a 40ha Stage 1 of GV Link was successfully developed. The report was specifically prepared to support a Project Proposal Report (PPR) application to the Commonwealth Department of Infrastructure, Transport, Regional Development and the Arts, seeking funding for enabling infrastructure at GV Link. The PPR application sought to repurpose an existing rail funding program.

The report used a generic modelling approach, and as such, adopted a number of key simplifying assumptions, noted throughout. In particular, the model did not consider specific offers to Council from potential investors proposing the scale, timing and purpose of facilities to be built on GV Link Stage 1. While there were some offers before Council, none of these proposals were sufficiently advanced to explicitly incorporate into the modelling.

3.2 Key Findings

The report concluded that substantial economic benefits to the Greater Shepparton economy would accrue if a 40ha GV Link Stage 1 was successfully developed and operated in line with industry norms. These benefits would derive from increases in economic activity and additional employment.

Main assumptions and conclusions of the report included:

- Measures of economic value used were:
 - Jobs by industry, both direct and indirect
 - Value-added by industry, both direct and indirect.
- Global parameters used were:
 - An appraisal period of 20 years from 2023.
 - Real growth in costs of 2% pa and a discount to PV rate of 7% pa.
- Stage 1 Enabling Infrastructure costs of \$32.6 million.
- Investment by Council in Enabling infrastructure would support 80 direct jobs in Greater Shepparton and a further 70 jobs in supply chain industries during the construction period.
- Uniform lot development rates of 5.0ha per year, although in practice, the pattern of development of GV Link is unlikely to be as ordered and uniform. Industrial land development tends to be 'lumpy' rather than 'smooth' because of fluctuations in demand; broad international and domestic economic trends; trends in specific markets; and other factors influencing investment and location decisions.
- A 10.0ha site would yield:
 - A developable area of 70,000m² (7ha).
 - Shed GFA of 35,000m².
 - \$56.9m in costs to provide internal lot infrastructure and build warehousing facilities.
 - Support for 175 ongoing operational jobs.
- In undiscounted terms, the successful development of GV Link Stage 1 would result in cumulative value-added of \$3.19b to the Greater Shepparton economy over the 20-year period 2023 to 2042. The majority of this economic benefit would be generated by ongoing jobs in the warehouses/logistics centres that first become operational in 2027. In the undiscounted value-added stream, ongoing jobs account for 93.9% of economic benefit to the Greater Shepparton economy.
- Overall, in discounted terms the successful development of GV Link Stage 1 would result in an additional Value-Added to the Greater Shepparton economy of \$1.40b over the 20-year period 2023 to 2042. Ongoing employment would contribute 90.1% of the total.

Further economic benefits would accumulate if development of future stages of GV Link were to follow a successful Stage 1 (or expanded Stage 1). A successful Stage 1 would, in our view, be absolutely essential to the long-term future of GV Link. As noted throughout the report, estimates of economic benefits are dependent on many assumptions. It needs to be acknowledged that modelled economic benefits of GV Link may be different from what actually happens in practice. For example, the complexity and scale of some manufacturing operations may require substantially larger investments in plant and equipment, which would result in higher economic benefits.

4.0 Greater Shepparton Population and Economy

The likely population growth that Shepparton is expected to experience, and the consequent need for new employment opportunities, is one element supporting the development of GV Link. In addition, GV Link will have an important role in supporting and expanding Shepparton's positioning as a major provider of fresh and processed food to local and international markets.

4.1 Population and Demographics

The City of Greater Shepparton had an estimated resident population of approximately 68,870 persons in 2022, having increased at an annual average rate of +630 persons (or +1.0%) since 2016 (Table 4.1). The municipality is forecast to increase at a similar rate to 2036, growing at +670 persons per annum (pa), or equivalently +0.9% pa, reaching a total resident population of 78,220 by 2036.

If Shepparton grows in line with these population projections, demand for labour will increase at a similar rate.

Table 4.1 Greater Shepparton Resident Population 2016 to 2036

Category	2016	2022	2026	2031	2036	2022- 2036
Population	65,070	68,870	71,540	74,920	78,220	9,350
Annual Average Growth (no.)		+630	+670	+680	+660	+670
Annual Average Growth (%)		+1.0%	+1.0%	+0.9%	+0.9%	+0.9%

Source: ABS Estimated Resident Population; Ethos Urban; Victoria in Future (2019)

Key demographic characteristics of Shepparton, sourced from the 2021 Census (Table 4.2) include:

- The **median household income** in Greater Shepparton was \$72,990, compared with \$72,730 in regional Victoria, a difference of only +0.4%.
- Greater Shepparton had a **younger age profile** with a median resident age of 39.5 years, 3.3 years lower than in regional Victoria (42.8 years).
- **Shepparton had a greater ethnic diversity.** Residents born in non-English speaking countries comprised 15.5% of Greater Shepparton's population, compared with 6.9% in regional Victoria. The main countries of origin for overseas-born residents in Greater Shepparton were India (3.1%), Italy (1.2%) and Afghanistan (1.2%).
- The proportion of Shepparton's population who identified as **Aboriginal or Torres Strait Islander** was 4.2% compared with the regional Victorian average of 2.1%.
- **The household composition in Shepparton** was similar to the regional Victorian average. Couple families with children comprised 29.0% of households in Greater Shepparton, while 27.8% were lone person households.
- Most occupied private dwellings in Greater Shepparton were **detached dwellings**. Separate houses comprised 88.5% of occupied private dwellings, close to with the regional Victorian average of 90.2%.
- **Higher share of renters.** Approximately 28.2% of dwellings in Greater Shepparton were rented as reported in the Census, higher than the 23.6% observed for regional Victoria. In addition, 34.2% of dwellings in Greater Shepparton are owned with a mortgage, compared to 35.3% that are owned outright.
- **Monthly mortgage payments** were cheaper in Shepparton (\$1,326 vs \$1,443: -8.1%), while **weekly rents** were also cheaper (\$265 vs \$289; -8.4%)

Additionally in 2021, the SEIFA index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)¹ for Shepparton was 931, the 65th lowest of 81 Victorian LGAs. This ranking indicates that Shepparton had a relatively high level of disadvantage when a broad variety of measures of advantage and disadvantage were taken into consideration.

¹ The IRSAD areas level index contains indicators of disadvantage as well as additional indicators of advantage (e.g. professional occupations, high income, higher education levels, high rent, large dwellings). A higher score on the index means a lower level of disadvantage or (in the case of IRSAD only) a higher level of advantage. A lower score on the index means a higher level of disadvantage on both indexes, and a lack of advantage on the IRSAD.

Table 4.2 Greater Shepparton Key Demographic Characteristics, 2021

Category	Greater Shepparton	Regional Vic.
Income		
Median individual income (annual)	\$37,120	\$37,160
Variation from Regional Vic. median	-0.1%	n.a.
Median household income (annual)	\$72,990	\$72,730
Variation from Regional Vic. median	+0.4%	n.a.
Age Structure		
0-4 years	6.0%	5.4%
5-19 years	19.4%	17.8%
20-34 years	18.6%	16.9%
35-64 years	36.8%	37.7%
65-84 years	16.8%	19.6%
85 years and over	2.4%	2.7%
Median Age (years)	39.5	42.8
Country of Birth		
Australia	81.2%	88.2%
Other Major English Speaking Countries	3.3%	4.9%
Other Overseas Born	15.5%	6.9%
% speaking English only at home	80.8%	93.0%
Aboriginal/Torres Strait Islander Population	4.2%	2.1%
Household Composition		
Couple family with no children	27.0%	29.9%
Couple family with children	29.0%	26.3%
Couple family - Total	56.0%	56.2%
One parent family	12.0%	10.8%
Family households - Total	69.0%	67.7%
Lone person household	27.8%	29.4%
Group household	3.2%	2.9%
Dwelling Structure (Occupied Private Dwellings)		
Separate house	88.5%	90.2%
Semi-detached, row or terrace house, townhouse etc.	9.1%	7.2%
Flat, unit or apartment	0.3%	1.9%
Other dwelling	2.1%	0.7%
Occupancy rate	92.2%	86.0%
Average household size	2.5	2.4
Tenure Type (Occupied Private Dwellings)		
Owned outright	35.3%	40.3%
Owned with a mortgage	34.2%	34.1%
Rented	28.2%	23.6%
Other tenure type	2.3%	2.0%
Housing Costs		
Median monthly mortgage repayment	\$1,326	\$1,443
Variation from Regional Vic. median	-8.1%	n.a.
Median mortgage as a share of median household income	21.8%	23.8%
Median weekly rents	\$265	\$289
Variation from Regional Vic. median	-8.4%	n.a.
Median rent as a share of median household income	18.9%	20.7%

Source: 2021 Census; Ethos Urban

4.2. Economic Structure and Performance

Table 4.3 summarise the structure of Greater Shepparton's economy. In terms of value-added², the four largest industries (Health Care and Social Assistance; Construction; Agriculture, Forestry and Fishing; Manufacturing) contributed 50.0% of the municipality's economy in 2021/22. The same four industries contributed 30.3% of the Victorian economy.

The share of the economy generated by the Agriculture, Forestry and Fishing industry in Shepparton was 11.9% compared with the state share of 2.9%.

Each of these four industries in Greater Shepparton experienced substantial growth between 2020/21 and 2021/22. In aggregate, growth over the period was 35%, with construction experiencing 91% growth. However, the Agriculture, Forestry and Fishing industry only grew by 7%, lower than the overall Shepparton economy which grew by 10% over the same period.

The four industries that contributed the lowest value-added (Rental, Hiring and Real Estate Services; Information Media and Telecommunications; Arts and Recreation Services; Mining) contributed 3.7% to Shepparton's economy in 2021/22 compared with the State average of 8.6%.

Table 4.3 Greater Shepparton Gross Value Added, by Industry Sector, 2021/22

Industry	\$m	2021/22		Change 2016/17 - 2021/22 \$m
		Greater Shepparton %	Victoria %	
Health Care and Social Assistance	512.8	14.4	10.1	+140.7
Construction	422.5	11.9	9.4	+201.8
Agriculture, Forestry and Fishing	421.8	11.9	2.9	+28.7
Manufacturing	417.6	11.8	7.9	+89.6
Sub Total Top 4	1,774.7	50.0	30.3	+460.8
Electricity, Gas, Water and Waste Services	291.6	8.2	2.9	-100.6
Education and Training	215.7	6.1	6.2	+10.2
Retail Trade	187.2	5.3	5.9	-17.6
Public Administration and Safety	176.4	5.0	6.0	+30.2
Transport, Postal and Warehousing	131.8	3.7	5.3	-33.6
Professional, Scientific and Technical Services	129.9	3.7	10.0	-24.6
Wholesale Trade	122.5	3.4	5.6	-45.2
Administrative and Support Services	119.9	3.4	4.5	+34.1
Other Services	99.4	2.8	1.8	+17.7
Financial and Insurance Services	94.4	2.7	11.0	-24.6
Accommodation and Food Services	77.3	2.2	2.0	+21.9
Rental, Hiring and Real Estate Services	66.8	1.9	3.2	+0.8
Information Media and Telecommunications	32.6	0.9	3.3	-12.9
Arts and Recreation Services	16.9	0.5	1.2	+2.5
Mining	13.7	0.4	0.9	+9.5
Total industries	3,551.0	100.0	100.0	+328.6

Source: NIEIR economy.id; Ethos Urban

Further considering the Agriculture, Forestry and Fishing industry and Manufacturing industries, Table 4.4 shows the contribution of the main sub industry sectors.

² Value-added by industry is an indicator of business productivity and shows how productive each industry sector is at increasing the value of its inputs.

Table 4.4 Greater Shepparton Gross Value Added, by Industry/Sub Industry Sector, 2021/22
Agriculture and Manufacturing

Industry/Sub Industry	2021/22	
	\$m	%
Agriculture, Forestry and Fishing	421.8	100.0%
Agriculture	380.3	90.2%
Agriculture, Forestry and Fishing Support Services	39.8	9.4%
Other	1.7	0.4%
Manufacturing	417.6	100.0%
Food Product Manufacturing	226.3	54.2%
Fabricated Metal Product Manufacturing	72.0	17.2%
Basic Chemical and Chemical Product Manufacturing	39.8	9.5%
Other	79.5	19.0%

Source: NIEIR economy.id; Ethos Urban

Within the Agriculture, Forestry and Fishing industry, Agriculture contributed 90.2% of value-added, while Food Product Manufacturing contributed 54.2% of the Manufacturing industry value-added.

The agriculture and food manufacturing industries in Shepparton have a distinct export focus, as shown in Table 4.5

Table 4.5 Greater Shepparton Export Focus by Industry/Sub Industry Sector, 2021/22
Agriculture and Manufacturing

Industry/Sub Industry	Output (\$m)	International Exports (\$m)	Domestic Exports (\$m)	Total Exports (\$m)	Export Share (%)
Agriculture, Forestry and Fishing	1,148.7	29.2	380.1	409.3	36%
Agriculture	1,025.6	0.0	351.4	351.4	34%
Agriculture, Forestry and Fishing Support Services	116.1	29.1	27.1	56.2	48%
Other	7.0	0.1	1.6	1.7	24%
Manufacturing	1,579.3	306.6	815.3	1,121.9	71%
Food Product Manufacturing	984.3	303.1	539.3	842.4	86%
Fabricated Metal Product Manufacturing	206.3	2.2	131.8	134.0	65%
Basic Chemical and Chemical Product Manufacturing	116.8	0.2	70.5	70.7	61%
Other	271.9	1.1	73.7	74.8	28%

Source: NIEIR economy.id; Ethos Urban

The sub industry category of Agriculture exported around 34% of its product to other parts of Australia. In contrast, the sub industry category of Food Product Manufacturing exported approximately 86% of its output, with more than 1/3 of exports shipped to international destinations.

The export orientation of Food Product Manufacturing is consistent with the Goulburn Valley's key role as a major supplier of produce, particularly fruit. In 2020/21, according to Hort Innovation³:

- Victoria (Goulburn Valley & Yarra Valley/Mornington) accounted for 46% of national fresh apple production.
- The Goulburn Valley produced 28% of fresh cherries grown in Australia.
- Around 73% the national kiwifruit yield was grown in the Goulburn Valley.
- Nashi pear production was centred on the Goulburn Valley, accounting for 84% of the Australian crop in 2021/22. The Valley was the major source of all pear production.

³ Australian Horticultural Statistics Handbook 2021/22, Hort Innovation

- Apricots were predominantly grown in Victoria, with the Goulburn Valley and Swan Hill accounting for 56% of national production.
- Similarly, nectarine and peach crops were centred in Victoria, with 76% of national production from the Goulburn Valley and Sunraysia.
- 51% of plums were grown in the Goulburn Valley.
- The Goulburn Valley was, and continues to be, the centre of canned fruits production, accounting for 47% of national output.

4.3. Conclusions

As noted in this section, growing and processing food (particularly fruit) are vitally important industries to Shepparton. These industries are not only important to the local economy but are also important to the food production capability of Australia.

The majority of the output from these industries are exported to areas within Australia and internationally. An efficient warehousing and logistics sector in the municipality and beyond is critical to the ongoing success of local food production businesses. Delivering fresh produce to markets requires rapid transport links in climate controlled environments. Delivering processed food to international destinations requires efficient and cost-effective connections to export facilities, especially the Port of Melbourne.

The clear intention of GV Link is to support expansion of existing industries and to facilitate new investment in the region. In the short to medium term, a dedicated freight and logistics centre at GV Link will provide improved road access to markets. In the longer term the proposed road-rail freight interchange terminal will deliver significant efficiency improvements and enhance export competitiveness.

Finally, GV Link will provide new employment opportunities in the region, necessary to support expected population growth. More jobs and higher incomes will be central to improving the relatively high levels of social disadvantage currently experienced by Shepparton residents.

5.0 Regional Logistic Centre Competitors

A number of regional Victorian and NSW cities already have established warehousing and logistic centres. Accordingly, GV Link, in some instances, may face significant competition from other Victorian centres in efforts to secure anchor tenants with significant regional or national operations.

This section summarises the characteristics of key regional competitors.

5.1. Ballarat West Employment Zone

Overview

The 438ha Ballarat West Employment Zone (BWEZ) site is located in Mitchell Park on the western outskirts of Ballarat on surplus Crown land. Earmarked for industrial, wholesale, logistics, construction, commercial and residential uses, BWEZ is a key future driver of the local economy.

Access to the nearby Western Freeway and Ballarat Link Road facilitates strong road transport links. BWEZ is also adjacent to Ballarat Aerodrome, presenting opportunities to establish logistics or other businesses with aviation industry synergies.

Located next to the broad gauge Ballarat-Ararat rail line, a new \$23.5 million Intermodal Freight Hub is under construction. Once completed the Hub will have the capacity to handle 24,000 TEU per year to be rail transported to port.

BWEZ is planned to be developed in Stages:

- Stage 1 - 35.3ha
- Stage 1B – 37.8ha
- Stage 2 – 45.1 ha
- Stage 3 – 38.4ha
- Stage 4 – 29.3ha
- Freight Hub – 28.1ha.

Currently, 12 lots in Stage 1, 11 lots in Stage 1B and 2 lots in Stage 2 have been sold. As noted, the Intermodal Freight Hub is under construction.

Major tenants in Stage 1 of BWEZ include Luv-a-duck, laboratory equipment manufacturer Westlab, Findlay Engineering, Sovereign Civil and Kane Transport. Two major business have been secured for Stage 2 – McCallam Disability Services and independent hardware retailer Dahlsens Ballarat.

BWEZ is a partnership between Regional Development Victoria (RDV) and the City of Ballarat. The 2014/15 State Budget provided funding of \$25.2 million for Stage 1 subdivision works, complemented by a \$5 million contribution from the City of Ballarat. Funding for the Intermodal Freight Hub is from the Victorian Government (\$14.4 million) and the Commonwealth (\$9.1 million).

Implications for GV Link

While GV Link and BWEZ have some common characteristics, there are some key differences:

- BWEZ has a broader purpose than logistics. This purpose is reflected in planning controls that permit general industrial and commercial uses and, potentially, residential developments. Its overarching pitch is as an “Employment Zone”.
- The logistics focus of BWEZ is the east-west connections between Western Victoria and Melbourne. BWEZ is intended to minimise freight costs, centralise/co-locate freight services and provide direct access to the Port of Melbourne.
- In contrast, the GV Link focus is on warehousing and logistics, in particular to facilitate growth of Goulburn Valley food production industries.
- Maximising freight efficiencies are similar goals of both GV Link and BWEZ. However, the geographical focus of GV Link is north-south transport connections - servicing transport routes south to Melbourne, and north into NSW and Queensland.

In view of these differences, the degree of competition between BWEZ and GV Link for key tenants is likely to be reasonably low, except for example, if both developments are seeking commitments from freight operators with a national footprint.

Another key difference between BWEZ and GV Link is the level of Victorian Government funding. BWEZ has managed to attract \$25 million in enabling infrastructure funds plus \$14.4 million towards the Intermodal Freight Hub. This level of funding can be partly explained by an expected direct financial return to Government through land sales of surplus Crown Land.

Most importantly, the main difference between the two developments is that BWEZ is established and operating and has strong Government backing. From the perspective of a business seeking land for new facilities, BWEZ offers a higher level of certainty, a lower level of risk, and faster time to operations compared with GV Link.

A likely significant land price differential between BWEZ and GV Link is one issue prospective investors would need to factor into decision criteria.

5.2. Logic Wodonga

Overview

Logic Wodonga is a 567ha industrial estate located on the Murray Valley Highway, 14km west of Wodonga. Around 300km from Melbourne and 560km from Sydney, one of Logic Wodonga's main selling points is that 75% of Australia's population is reachable by a next-day transport shift. All major centres from Adelaide to Brisbane can be reached the same day by road and rail.

The estate is alongside the Hume Freeway and directly adjoins the main Melbourne-Sydney rail corridor. It has a full interchange capable of dealing with B-doubles and future next-gen high productivity vehicles.

Wodonga Logic also accommodates an \$18 million SCT Logistics Intermodal Terminal, with the backing of the Victorian Regional Jobs and Infrastructure Fund. The 23ha intermodal terminal site has a 6,000m² cross dock terminal, a 5,000m² container handling area and more than 5km of internal rail track.

Zoned Industrial 1, the hub allows for a wide range of industrial tenants. It also accommodates a 60,000m² Woolworths distribution centre, which employs more than 400 people, generates 450 truck movements per day and services 58 outlets in the region. In addition, a cross-laminated timber manufacturing plant, various freight companies and a service centre, fatigue management centre and trailer interchange are current tenants at the Logic logistics hub. A \$140 million Opal fibre packaging facility is on track to be operational by October 2023.

At present, Logic Wodonga comprises:

- 10 serviced and sold lots.
- 6 serviced and available lots.
- 11 unserviced and available lots.
- 2 unserviced and leased lots.

Unsold land is owned by Wodonga Council, which also manages land sales in conjunction with commercial real estate agents. The latest EOI brochure issued by Council (November 2019) noted that approximately 90ha of fully serviced vacant land was available.

The Woolworths distribution centre was secured as a major tenant in 2005. At the time, securing the Woolworths facility was expected to lead to strong demand from logistics and other industrial businesses. However, demand and development has been relatively slow compared with initial expectations.

Implications for GV Link

As is the case with BWEZ, Logic Wodonga has a wider focus than pure warehousing and logistics. In common with GV Link, the project is currently managed by Local Government.

The main advantage of Logic Wodonga is its location on major road and rail links. However, unlike GV Link, the surrounding region does not have an intensive agricultural/horticultural base that generates and supports fresh produce logistics and food production.

However, the region (including Albury) has a relatively strong manufacturing base. Logic Wodonga has opportunities to draw upon this manufacturing base, but it will face strong future competition from NEXUS Albury, discussed next.

Logic Wodonga is a competitor with GV Link for major logistics companies serving north-south transport routes. And in common with BWEZ, its major competitive advantage over GV Link is the fact that it can offer fully serviced sites in a relatively short timeframe.

5.3. NEXUS Albury

Overview

NEXUS industrial Estate is located 10km north of Albury. A 450ha site available for large scale heavy industry and logistics, NEXUS is 35km by road from Logic Wodonga. NEXUS Albury and Logic Wodonga are direct competitors in the same region. The land sales brochure for NEXUS highlights the same reach capability as Wodonga Logic - namely that 75% of the Australian population can be serviced by next day delivery from NEXUS.

NEXUS is in one of four NSW Government Regional Job Precincts and has strong State support. NSW Government funding to date has included \$9.9 million for initial infrastructure and \$2.5 million for utilities services. The State has also contributed to the Ettamogah Rail Hub.

NEXUS features include:

- Ettamogah Rail hub, currently capable of handling 30,000 TEU per year, with expansion capability. The \$15.8 million hub was built with support from the NSW and Australian Governments.
- Direct access to the Hume Freeway through a full diamond interchange.
- Air support from Albury Airport located 12km south, which has a throughput of 260,000 passengers.
- 24/7 operations.

The NEXUS estate is located next to an existing VISY paper factory, facility acquired from a Norwegian newsprint mill operator in 2018.

The largest PET plastics recycling plant in Australia, a \$45 million investment, recently opened as one of the first businesses in NEXUS. A JV between Pact Group, Cleanaway Waste Management, Asahi Beverages and Coca-Cola, the plant has capacity to recycle around 30,000 tonnes of PET plastic.

NEXUS Albury Stage 1 is currently selling. The status of lots and asking prices of Stage 1 are summarised in Table 5.1. Advertised price per m² for lots yet to be sold average \$36.07.

Table 5.1 NEXUS Albury Stage 1 Sales Status (03 August 2023)

Status	Lots	ha	m ²	Price (ex GST)	Unit Price
Sold	3	12.3	122,980	n.a.	n.a.
On Hold	7	24.2	242,000	\$9,191,250	\$37.98
Available	2	9.3	93,120	\$2,898,000	\$31.12
Total	12	45.8	458,100	\$12,089,250	
On Hold/Available	9	33.5	335,120	\$12,089,250	\$36.07

Source: <https://nexusalbury.com.au>; Ethos Urban

Implications for GV Link

NEXUS Albury and BWEZ have some similar characteristics:

- Both are large scale industrial estate permitting a range of businesses, not entirely dependent on logistics.
- Nevertheless, logistics is an important component of the industry mix.
- A common theme is support for jobs – Albury Regional Job Precinct and Ballarat West Employment Zone.
- The estates are serviced and established, have a track record thereby providing reasonable certainty to prospective businesses.

Importantly, both developments have strong State Government backing. The advantages of strong State Government support are clear – higher certainty of funding and opportunities for co-branding.

To date, GV Link has been unable to attract the same level of Government support, which has significantly impeded development.

5.4. Riverina Intermodal Freight and Logistics Hub (RiFL)

Overview

In December 2022, the multimillion dollar Riverina Intermodal Freight and Logistics (RiFL) Hub was officially opened. RiFL is a core feature of the Wagga Wagga Special Activation Precinct and is expected to increase freight capacity and generate significant regional economic growth.

The 66.3ha site over 25 serviced lots features a 4.6km rail master siding connected to the main southern railway able to service 1,800m+ trains. Large lot sizes are available (10ha+), and in the adjacent Bomen Business Park industrial area.

The Federal Government, NSW Government, Wagga Wagga City Council and Visy Logistics have funded the project:

Stage 1 funding: \$35.3 million Enabling Roads Project

- Federal Government – \$14.5 million
- Wagga Wagga City Council – \$12.5 million
- NSW Government – \$8.3 million

Stage 2 funding: \$14.4 million – NSW Government Fixing Country Rail program.

Stage 3 funding: \$29.2 million – NSW Government Growing Local Economies fund.

Commercial real estate firm Colliers are the exclusive listing agents and have issued EOI invitations.

Implications for GV Link

RiFL is yet another example of a newly operating freight and logistics centre that has received strong Federal and State Government backing.

5.5. Bendigo Regional Employment Precinct

The Bendigo Regional Employment Precinct (BREP) is a 294ha site immediately south of the Marong township. The City of Greater Bendigo has purchased 155ha of land in BREP and is progressing plans to establish the area to support new and expanded business in Bendigo. In part, BREP is in response to a shortage of industrial land in the municipality identified in the *Greater Bendigo Industrial Land Development Strategy*, adopted by Council in June 2020.

In February 2022, the Minister for Planning agreed to appoint the Victorian Planning Authority (VPA) as the body to manage the technical assessment and rezoning of BREP. To date, the VPA has been working with Council to prepare a plan and planning scheme amendment to deliver BREP, including phase 1 technical assessments and seeking community feedback. The 23/24 State Budget allocated funds for transport investigation work, while an election commitment (2022 Victorian election) of \$6 million was made towards enabling infrastructure.

Although BREP is in its early stages, it will provide further industrial land competition to GV Link in an important regional Victorian city and the precinct is considered likely to attract further government investment.

5.6. Conclusions

Compared with already established industrial areas in nearby regional locations, GV Link is at a distinct disadvantage:

- The land is unserviced, and there is considerable uncertainty about when (even if) basic enabling infrastructure will be delivered. In these circumstances, the market will view an investment in GV Link as being too risky.
- Without strong Government backing, GV Link struggles to fund the enabling infrastructure necessary to attract investment from prospective tenants. Further, lukewarm Government commitment means that co-branding opportunities are few and far between.

6.0 Potential Future Delivery Pathways

There will be a number of different pathways Council could pursue to deliver GV Link. This section considers broad delivery pathway options, highlighting advantages and potential risks.

6.1 Enabling Infrastructure

From a market point of view, as has been emphasised throughout, the problems associated with the absence of basic services are critical. In our view, enabling infrastructure, including improvements to road access, is the #1 issue to be addressed – without basic services being made available, GV Link simply cannot advance.

Not only is providing services needed from a practical viewpoint, but it would also send a strong signal to the market– Council has commitment to the project and GV Link is open for business.

6.2 Market Sounding

This consultancy has documented various strategies and efforts to attract private and Government investment in GV Link over a long period. However, given the lack of development momentum so far, we believe it would be prudent to refresh and consolidate external views about GV Link, ideally after a successful Stage 1 development.

Accordingly, we strongly suggest a market sounding exercise that would canvas the views of:

- Industrial property developers, which may include tier-1 companies (e.g., Charter Hall, Goodman, etc) but more likely focus on tier-2 developers with a regional presence.
- Prospective local and regional freight companies.
- Commercial intermodal operators.
- Commercial real estate agents.
- Local manufacturers, particularly those involved in food production.
- All levels of Government.

Issues to cover would include:

- Current barriers to investment.
- Views on long term viability of GV Link:
 - As a logistics centre without an intermodal.
 - As a logistics centre with an intermodal.
- Changes in market conditions that would encourage or initiate investment.
- Changes at GV Link, under Council control, that would encourage or initiate investment.
- Interest in joint development and other commercial arrangements.

A market sounding study would inform and shape development options. The need for further studies may emerge from a market sounding, for example: updating freight task trends that would underpin the feasibility of an intermodal; and a detailed development feasibility.

This formal market sounding exercise would best be undertaken by an external consultant who has a close working relationship with the industrial property development sector. The selected consultant needs to be abreast of market sentiment, have a commercial focus, and be able to leverage industry contacts.

To demonstrate Council commitment to GV Link, a market sounding study would ideally be commissioned *after* Council had provided services infrastructure and, potentially, a successful Stage 1 was operating. By then, these developments would have already been funded through a combination of State and Commonwealth grants, early land sales and Council reserves.

While this sequencing of development would be ideal and would contribute to positive market sentiment, it does expose Council to financial risk if, in particular, land sales revenues fall short of expectations and requirements.

6.3. Zoning and Market Positioning

A Planning Scheme Amendment that zoned GV Link as SUZ6 was gazetted in 2008. The purpose of SUZ6 (Greater Shepparton Planning Scheme, Schedule 6 to the Special Use Zone) is:

“To facilitate the development of the GV Link freight logistics centre.

To provide for warehousing, packaging, storage and distribution of goods and associated uses consistent with GV Link.

To provide for manufacturing activity only in association with GV Link.

To provide that the development of GV Link enhances the visual quality of the surrounding area and is staged in an orderly manner, having regard to essential services, transport facilities, environmental and flooding considerations.

To ensure that access to the site is for operators at a range of scales. “

Further, ‘Section 1 - Permit not required’ of SUZ6 basically allows shipping container storage, transport terminals, and warehouse uses. All other uses, including “*manufacturing activity only in association with GV Link*” (Ethos Urban emphasis) require a permit. These conditions, while clear in their intention, are restrictive and are likely to narrow the prospective pool of investors or tenants.

If zoning is an issue raised during the market sounding, one option Council should consider is to initiate a planning process that would permit some of GV Link to accommodate other industrial uses, such as those allowed under “Section 1 – Permit not required” of land zoned IN1Z. This change would ease restrictions on manufacturing uses and potentially allow for lower scale developments such as showroom/offices typically built on 1,000m² or smaller lots.

A key advantage of this initiative could be to ease pressures on zoned industrial land supply in Shepparton more generally. As noted in the recently updated Spatial Economics report:

- There is a total of approximately 71 net developable hectares of zoned industrial land stocks across Greater Shepparton in June 2023, excluding GV Link.
- The development of GV Link under SUZ6 zoning would not add to general industrial land supply.
- Identified but unzoned industrial land stock totals approximately 78 net developable hectares.
- Zoned industrial land is likely to be exhausted in 5-7 years.
- Unzoned industrial land would provide an additional 6-7 years of supply, however, there are considerable lead times required to zone and service these land parcels.

Revisiting the SUZ6 zoning of GV Link could potentially be a significant initiative in the addressing more general industrial land supply issues in the municipality. The initiative could also see GV Link more quickly reach a critical mass of activity and provide cash flow to fund future infrastructure.

The discussion in Section 5 highlighted Government support for BWEZ, NEXUS and BREP. These developments are positioned as “Employment” or “Jobs” precincts supporting broad industrial uses even though a significant proportion of the estates are warehousing/logistics facilities. We believe that this broader “Jobs” positioning is likely to be more attractive to Government from a messaging perspective and may increase the chances of financial support.

The suggestion to diversify uses permitted at GV Link is not intended to diminish its original central purpose as a freight and logistics centre. Warehousing/logistics would continue to be the most substantial component of GV Link, however, allowing other uses would likely broaden the investor pool.

Various planning mechanisms to implement changes are available, but investigating these options is beyond the scope this report.

6.4. Development Options

Council owns all of GV Link, having bought the 331ha site in 2011. However, retaining and developing the site in its entirety may not be the most efficient or practical way to progress the demonstrated economic benefits that would accrue. Several development options are considered below.

6.4.1. Council retains and develops all of GV Link

Council could continue on the current development path, discussed below.

Development Model

The current development model being pursued by Council is as follows:

- Council will extend water, gas, and electricity services from Mooroopna to Simson Road, the northern boundary of GV Link.
- Improvements to road access, including Simson Road and upgrading the intersection with Toolamba Road.
- This enabling infrastructure will be funded by a combination of State and Commonwealth funds, and proceeds from land sales. Funding efforts to date includes commitments from the Local Roads and Community Infrastructure (LRCI) Program and an application to the Commonwealth Department of Infrastructure, Transport, Regional Development and the Arts.
- Council will also be responsible for providing infrastructure with GV Link (internal roads, services to lot boundaries, etc)
- Initial land sales will be offered at a discount to market value so as to initiate development momentum.
- Once land is sold, investors or prospective tenants will be responsible for site works within lots and construction of facilities.
- After successful establishment of initial businesses in GV Link, future land sales will revert to market values.
- Council would assume ongoing responsibility for operations of GV Link, such as shared infrastructure maintenance, safety, flood mitigation and damage repair, etc.
- Proceeds from land sales will fund further infrastructure and operations management, and any surplus funds would be diverted to other Council programs.

Effectively, the current model has Council as initial sole landowner and principal developer.

Advantages

The key advantage of this model is that all lands sales revenue goes to Council, with the potential to not only recoup infrastructure costs, but to provide funding for other projects.

In addition, Council has ultimate and flexible control of development pace and infrastructure spending and significant influence over the types of and number of businesses operating from GV Link.

Disadvantages and Risks

The advantage of Council remaining sole landowner and principal developer also comes with several disadvantages and risks:

- Council has a reliance on Government grants to realise the development potential of GV Link. So far, Government support has been spasmodic.
- Council could provide services to GV Link (with or without Government support) yet be unable to finalise substantive land sales and attract warehouse/logistics businesses. GV Link could become a stranded asset.
- Council may lack the necessary skill base and resources to successfully develop and operate an industrial estate without substantial external assistance.

Overall, our view is that Council faces significant downside risk if it remains the sole developer of GV Link.

6.4.2. Council sells all of GV Link to an industrial estate developer

Subject to findings of a market sounding exercise, an option Council could consider is to sell the entire site to an industrial property developer.

Development Model

In this scenario:

- Council would fund and deliver services from Mooroopna to Simsons Road, the northern boundary of GV Link, and improve road access.
- Council would sell the entire site to an industrial estate developer, based on negotiated commercial terms and development expectations.

- The developer would assume all responsibility for financing and supply of infrastructure, attracting businesses to operate in GV Link, negotiating sale/lease terms and the providing ongoing management of the estate.

Advantages

The main advantages that would result from this development model include:

- Council would receive upfront cash through sale of the site.
- All the development risks, including financing issues, would be transferred to the new owners.
- If successful, economic benefits previously evaluated would be generated, however, these benefits would be attributable to the developer, not Council. Even so, substantial economic benefits would still accrue to the municipality and broader region.

Disadvantages and Risks

Disadvantages and risks associated with this model include:

- Insufficient interest from developers.
- Unable to negotiate favourable commercial terms.
- Council would lose control of the development of GV Link.
- Council may face negative community and political consequences.

Overall, we would not expect this option to be a realistic prospect, however, it should be considered under the right commercial terms.

6.4.3. Council retains part of GV Link, enters Joint Venture with industrial estate developer

Again, subject to market interest, Council could adopt a hybrid Council/private developer model.

Development Model

A hybrid Council/private developer model, may feature:

- Council retaining ownership of a portion of the GV Link site and selling the other portion to a developer.
- Council and the developer entering into a development JV based on negotiated commercial terms and development expectations.
- Shared JV responsibility for costs and ongoing management and agreed share of future revenue/profits.

Alternatively, a hybrid model may feature:

- Council retaining ownership of all the land.
- A private partner funding development through a profit share arrangement.

Numerous other JV models are possible.

Advantages

This JV hybrid option is attractive for a number of reasons:

- A JV would spread development risks between various parties.
- Accrued economic benefits would be partly attributable to Council.
- Council could continue to apply for, but be far less reliant on Government funding and support,
- A private developer would have access to a wider range of financing options, including cash flow from other developments, private investors, debt or capital raisings.
- Similarly, a developer would have:
 - Expertise in development masterplanning, staging and construction.
 - A marketing arm with strong links to investors and prospective tenants.
 - Experience in balancing the tenant mix.
 - Knowledge of appropriate commercial arrangements with tenants (e.g., outright land sale, build to tenant specification, build on speculation, etc.)
 - A successful track record.

Disadvantages and Risks

Disadvantages and risks associated with a hybrid model include:

- Insufficient interest from developers.
- Unable to negotiate favourable commercial terms.
- In the longer term, maintaining stable and productive JV relationship.

Overall, we believe that a hybrid Council/developer model is probably the best model to pursue, if possible.

6.5. Summary

In summary:

- Providing enabling infrastructure to GV link, including road access improvements, is the #1 priority and should be progressed as soon as possible, despite Council facing some financial risk.
- Servicing infrastructure is not only required in a practical sense to advance GV Link, but it also sends a strong and positive signal to the market.
- Conducting a market sounding exercise, ideally after servicing infrastructure is in place, will inform and shape development options.
- Council should consider relaxing planning controls on GV Link to diversify the tenant base.
- In our view, the hybrid Council/private developer model offers the best combination of advantages/disadvantages/risks.

7.0 Financial Issues

As discussed in the previous Section, the current GV Link development strategy adopted by Council is to retain ownership, sell land in parcels, provide servicing infrastructure and road improvements, and prepare sites for occupiers. While this model is one of a number of approaches that could eventually be adopted, it is likely to be in place for Stage 1 of the development.

The most recent masterplan for GV Link Stage 1 comprises 4 Lots ranging in size from 5ha to 15ha, totalling 40ha. The latest cost estimate to develop Stage 1 is \$32.6m over 2023/24 and 2024/25, including an allowance for project contingency and escalation.

To fund this initial development, a combination of revenue from land sales, State and Commonwealth grants and Council reserves will be required.

This Section models three scenarios of potential annual land sales income over the entire GV Link site based on evidence from comparable industrial estates. Comparing land sales income with projected Stage 1 costs shows the funding gap needed to be filled by Government and Council sources. Finally, after accounting for known and expected Government grants, the potential funding shortfall faced by Council is estimated.

There are significant uncertainties surrounding the volume and timing land sales income, approval of Government funding and finalised development costs. Accordingly, modelled results in this section are indicative only.

First, a brief discussion of the main differences between commercial feasibility and an economic benefits appraisal.

7.1. Commercial Feasibility vs Economic Benefits

7.1.1. Commercial Feasibility

In general terms, a commercial feasibility assessment seeks to answer to whether a project will satisfy the return on investment expectations of financiers providing capital funding. Financiers use commercial feasibility analysis as a means to determine where they will invest capital, and most often will decide to invest in projects that maximise returns, subject to risk appetite, risk spread and portfolio allocations.

A commercial feasibility is conducted from the narrow point of view of project proponents and funders, and considers factors including:

- Investment outlay and cost of projects.
- Sales and income patterns.
- Means of financing.
- Projected profitability.
- Break- even point.
- Cash flows of the project.
- Investment worthiness judged in terms of various criteria of merit.
- Projected financial positions.

Commercial feasibilities will cover a time frame that reflects the income and expenditure flows over the life of the project and will typically be expressed in Net Present Value (NPV) terms.

The strictly narrow focus of commercial feasibility analysis on the finances of a project generally ignores wider issues. Factors such as employment generation, environmental implications, and wider economic benefits are not explicitly considered unless these factors have a material financial impact.

Commercial feasibility is squarely in the domain private sector investment decision making.

7.1.2. Economic Benefits Appraisal

On the other hand, an economic benefits appraisal considers issues beyond whether a project will be profitable. An economic benefit appraisal has a much broader scope, and will consider and quantify:

- Economic activity generated by a project investment, including:
 - Direct economic activity, measured by investment in the principal industry and economic value-added.

- Indirect economic activity in upstream and downstream industries.
- Employment outcomes, such as:
 - Direct project jobs.
 - Indirect jobs in upstream and downstream industries.

Economic benefits are usually assessed over a long time period and will also be expressed in NPV terms.

Enduring economic benefits, such as secure and well-paid employment, have significant impacts on economic and social wellbeing. These benefits are not typically captured by a commercial feasibility assessment.

7.1.3. Implications for Council

Whether Council pursues a 'commercial feasibility' approach, or an 'economic benefits' approach to GV Link will be based on a series of trade-offs, including:

- Is commercial feasibility (i.e., profit to Council) the main reason for progressing GV Link?
- If so, at what point does Council abandon development of GV Link?
- If so, what is the 'uneconomical point' at which Council would abandon development of GV Link?
- If not, do the estimated economic benefits to the Shepparton community outweigh potential commercial losses?

Another factor to consider is the source of capital funding. Government of funding sources will generally place less emphasis on profitability and place higher emphasis on economic benefits. The opposite position would be taken by private investors.

Ultimately, the answer to these questions will need to be determined by Council, taking into account the direct financial impacts and community based implications.

At this stage of the GV Link project, the driving force for seeking (public or private) investment is to provide core servicing infrastructure and to prepare Stage 1 lots for sale. In our view, given the lack of funding interest so far, the commercial feasibility of Stage 1 is less important than the economic benefits that would accrue. There is therefore a strong case to proceed with Stage 1 to activate the site. In this regard, Council initial investment is considered appropriate due to the broad economic benefits generated by the project.

In future years, whether land sales revenues cover the cost of providing infrastructure may become a more important consideration. However, the financial future of GV Link will not only be influenced by Council policy and actions, but will be subject to market conditions – demand, supply, and competition. Achievable land sale prices, in particular, will be highly sensitive to prices offered by competing and emerging industrial and logistics centres. This will need to be evaluated at the relevant time, and consider the options outlined earlier in this report.

There are so many unknowns at this point in time, it is simply too early to predict the long term future financial circumstances of GV Link with any degree of confidence.

But in any event, the economic benefits generated by a successful GV Link will be strong and enduring, and advancing Stage 1 is considered critical to the Goulburn Valley economy.

7.2. Land Sales Evidence

Opteon Solutions, a local Shepparton valuation firm, prepared valuation reports for various lots in GV Link Stage 1. The reports summarised comparable land sales evidence, shown in Table 7.1:

- In BWEZ, unit prices averaged \$50.66 per m², however, the examples included small lot sizes.
- Wodonga sales averaged \$27.28 per m² amongst a mixture of small/larger and serviced/unserviced lots.
- Other evidence achieved land sales of between \$6.65 to \$137.00, averaging \$50.34 per m².

These examples are difficult to apply directly to GV Link over a long time period, given the different maturities of different estates and variations in lots sizes. In addition, local factors, such as the scarcity of available industrial land can significantly influence unit prices.

Nevertheless, based on this evidence, unit sale prices of more than \$60 per m² are rare, and only apply to very small lots. These examples also indicate that lots larger than 10ha achieve prices of around \$21 per m².

Table 7.1 Industrial Land Sales Evidence (Opteon)

Address	Estate	Zoning	Notes	Sale Price (\$m)	Sale Date	Land Area (ha)	Unit Price per m ²
61 Airport Road, Mitchell Park	BWEZ	Special Use Sched 14	Serviced	\$2.14	Sep-21	3.28	\$65.00
Lot 1, 2 Liberator Drive, Mitchell Park	BWEZ	Special Use Sched 14	Serviced	\$7.50	Jun-21	14.80	\$50.68
21 Airport Road, Mitchell Park	BWEZ	Special Use Sched 14	Serviced	\$1.52	Dec-20	2.80	\$54.39
12 Nettles Road, Mitchell Park	BWEZ	Special Use Sched 14	Serviced	\$3.16	Nov-20	9.72	\$32.58
Average BWEZ				\$3.58		7.65	\$50.66
Lot 251 Albertson Road, Barnawartha North	Wodonga Logic	Industrial 1	Serviced, culturally sensitive	\$1.20	Jun-22	3.70	\$32.00
Lot 1 Roche Drive, Barnawartha North	Wodonga Logic	Industrial 1	Serviced	\$3.00	Jan-22	11.80	\$25.00
121 Whytes Road, Bandiana	Wodonga Saleyards	Industrial 1	Serviced	\$1.82	Dec-21	5.00	\$36.40
17 Plunketts Road, West Wodonga		Industrial 1	Unserviced	\$4.50	Sep-21	28.67	\$15.70
Average Wodonga				\$2.63		12.29	\$27.28
Lot S4 Industrial Road, Shepparton	Industrial Road Estate	Industrial 1	Final release	\$3.70	Jul-22	2.69	\$137.00
65-91 Denmark Road, Echuca	Denmark Road Estate	Industrial 1	Serviced	\$0.82	Dec-21	10.31	\$7.90
66-84 Old Aerodrome Road, Echuca		Industrial 1	Unserviced	\$1.83	Apr-21	7.86	\$23.21
110-128 Strickland Road, East Bendigo		Industrial 1	Infill, serviced	\$5.65	Jun-21	6.60	\$113.00
255-269 Tone Road, Wangaratta		Mixed Use	Serviced	\$1.85	Jan-21	6.92	\$26.71
226 Murray Road, Benalla	Outskirts Benalla	Industrial 1	Unserviced	\$4.00	Sep-22	60.15	\$6.65
4 Travelstop Way, Lavington NSW	Truck stop	IN1 (General Industrial)	Serviced	\$1.55	Sep-21	2.38	\$65.00
162 Kaitlers Road, Springdale Heights NSW		IN1 (Light Industrial)	Transmission lines	\$1.25	Jan-21	5.37	\$23.26
Average Other				\$2.58		12.79	\$50.34

Source: 250 Toolamba Road, Mooroopna, Victoria Valuation Report, April 2023, Opteon Solutions; Ethos Urban

PriceFinder is a commercial database of property transactions. Focusing on BWEZ land sales, Table 7.2 shows details of 22 land sales at BWEZ between 2017 and 2022, while Table 7.3 summarizes results by lot size.

Table 7.2 BWEZ Land Sales (PriceFinder)

Address	Sale Price (\$m)	Sale Date	Land Area (ha)	Unit Price per m ²
2/349 LEARMONTH RD	\$0.45	Jul-17	0.06	\$794.17
1/349 LEARMONTH RD	\$0.50	Jun-17	0.06	\$773.36
3 LIBERATOR DR	\$0.29	Mar-17	0.30	\$96.12
10 MENTAY WAY	\$1.85	Mar-23	0.34	\$543.16
450 LEARMONTH RD	\$0.37	Jul-17	0.36	\$102.93
12 NEERIM CRES	\$0.65	Aug-20	0.37	\$177.98
241 RING RD	\$1.25	Dec-17	0.40	\$308.95
8 LIBERATOR DR	\$0.98	Jul-17	0.54	\$181.74
8 LIBERATOR DR	\$1.18	Jan-21	0.54	\$219.02
4 CARGO WAY	\$0.43	Jul-17	0.54	\$80.33
12 LIBERATOR DR	\$1.50	Aug-21	1.66	\$90.12
1 LIBERATOR DR	\$1.11	Apr-17	1.84	\$60.47
361 LEARMONTH RD	\$2.00	Feb-18	2.21	\$90.58
13 NETTLES RD	\$1.10	Sep-18	2.70	\$40.76
21 AIRPORT RD	\$1.52	Dec-20	2.80	\$54.47
3 NETTLES RD	\$2.03	Aug-21	3.15	\$64.35
61 AIRPORT RD	\$2.35	Sep-21	3.29	\$71.52
3 SOHO RD	\$3.36	Apr-22	4.67	\$71.94
16 NETTLES RD	\$1.60	Aug-18	5.00	\$31.97
12 NETTLES RD	\$3.48	Nov-20	9.72	\$35.75
2 LIBERATOR DR	\$2.16	Nov-22	14.83	\$14.58
2 LIBERATOR DR	\$2.16	May-17	14.83	\$14.58

Source: PriceFinder; Ethos Urban

As Table 7.2 shows, unit prices vary substantially, ranging between \$14.59 to \$795 per m². The two sites with sale prices >\$700 per m² are outliers – very small lots, located on a main road and visible to high volumes of passing traffic.

After recasting the data by lot size, Table 7.3 shows that the high unit prices achieved were for lots smaller than 1ha. At the other end of the scale, lots larger than 5ha fetched average prices of less than \$20 per m² but based on only 3 cases.

Table 7.3 BWEZ Land Sales by Lot Size (PriceFinder)

Lot Size	Transactions	Land Area (ha)	Sale Price (\$m)	Unit Price per m ²
< 1ha	10	3.51	\$7.96	\$226.62
1-5ha	9	27.31	\$16.57	\$60.66
>5ha	3	39.38	\$7.80	\$19.80
Total	22	70.20	\$32.32	\$46.04

Source: PriceFinder; Ethos Urban

7.3. Land Sales Model

To test the range and timing of GV Link land sales revenue under the 'Council retains ownership' model, three scenarios have been constructed. Global assumptions in all three scenarios include:

- Price year is 2023.
- Land sales price growth of 5% per year (in nominal terms).
- Initial sales at \$25 per m² as per Opteon valuations.
- One year lag between sale and settlement.

The three scenarios constructed are:

- **Land Sale Scenario 1**
 - Land sales commence in 2023/24 while enabling infrastructure and road access improvement works are undertaken.
 - Sales continue for 10 years, at an average sale rate of 2.4 lots (13.5ha) per year. Last sale is in 2033.
 - By the time of final sale, unit land prices have increased to \$85.59 per m².
- **Land Sale Scenario 2**
 - Land sales commence in 2025/26 after enabling infrastructure and road access improvement works are undertaken.
 - Sales continue for 12 years, at an average sale rate of 2.0 lots (11.4ha) per year. Last sale is in 2038.
 - By the time of final sale, unit land prices have increased to \$114.34 per m².
- **Land Sale Scenario 3**
 - Land sales commence in 2025/26 after enabling infrastructure and road access improvement works are undertaken.
 - Sales continue for 15 years, at an average sale rate of 1.6 lots (9.3ha) per year. Last sale is in 2041.
 - By the time of final sale, unit land prices have increased to \$132.36 per m².

Summarising, Table 7.4 shows the patterns of land sales and unit prices at GV Link under the three scenarios. Table 7.5 shows annual land sales revenues, including the assumed one year lag between sale and settlement.

From Table 7.4:

- Around 50% of land is sold by:
 - Year 3 under Scenario 1.
 - Year 7 under Scenario 2.
 - Year 8 under Scenario 3.
- All land is sold by:
 - Year 11 under Scenario 1.
 - Year 16 under Scenario 2.
 - Year 19 under Scenario 3.
- Weighted average unit prices are:
 - \$45.56 per m² under Scenario 1
 - \$55.85 per m² under Scenario 2
 - \$59.78 per m² under Scenario 3

The rate of land sales under Scenario 1 looks to be highly optimistic, especially the projection of around half the land being sold by 2025/26. Underlying the Scenario 1 projection, land would be sold before services and road improvements had been completed, an unlikely prospect.

Scenarios 2 and 3 have no land sales until 2026, that is until after Stage 1 services are delivered. While there is a possibility of earlier land sales, we would expect prospective investors to be cautious.

Table 7.4 Land Sales and Average Unit Prices – Land Sale Scenarios 1, 2 & 3

Category	Land Sale Scenario 1		Land Sale Scenario 2		Land Sale Scenario 3	
Year	Land Sold (ha)	Unit Price (\$ per m ²)	Land Sold (ha)	Unit Price (\$ per m ²)	Land Sold (ha)	Unit Price (\$ per m ²)
2023	15.0	\$25.00				
2024	25.0	\$26.25				
2025	26.3	\$31.24				
2026	14.4	\$34.73	25.0	\$28.94	15.0	\$28.94
2027	11.1	\$48.62	15.0	\$30.39	10.0	\$30.39
2028	14.7	\$55.31	20.1	\$35.10	15.0	\$31.91
2029	10.2	\$67.00	10.4	\$40.20	20.1	\$36.85
2030	9.9	\$70.36	10.2	\$42.21	10.4	\$42.21
2031	4.8	\$81.26	8.2	\$59.10	10.2	\$44.32
2032	4.0	\$85.32	5.9	\$62.05	8.2	\$62.05
2033	8.0	\$89.59	11.7	\$73.30	5.9	\$65.16
2034			10.2	\$85.52	11.7	\$76.97
2035			9.9	\$89.79	10.2	\$89.79
2036			8.8	\$103.71	5.9	\$94.28
2037			4.0	\$108.90	4.0	\$99.00
2038			4.0	\$114.34	4.8	\$114.34
2039					4.0	\$120.06
2040					4.0	\$126.06
2041					4.0	\$132.36
Total/Weighted Ave	143.40	\$45.56	143.40	\$55.85	143.40	\$59.78

Source: Ethos Urban

From Table 7.5:

- Total revenues are:
 - \$65.28 m under Scenario 1
 - \$79.95 m under Scenario 2
 - \$85.59 m under Scenario 3
- Around 50% of revenue (including the lag between sale and settlement) is collected by:
 - Middle of year 7 under Scenario 1
 - Middle of year 11 under Scenario 2
 - Middle of year 12 under Scenario 3
- All revenue is collected by:
 - Year 12 under Scenario 1
 - Year 17 under Scenario 2
 - Year 20 under Scenario 3

Again, the timing of Scenario 1 seems optimistic.

Table 7.5 Land Sales Revenues – Land Sales Scenarios 1, 2 & 3

Year	Land Sale Scenario 1	Land Sale Scenario 2	Land Sale Scenario 3
	Revenue (\$m)	Revenue (\$m)	Revenue (\$m)
2023			
2024	\$3.75		
2025	\$6.56		
2026	\$8.15		
2027	\$5.00	\$7.24	\$4.34
2028	\$5.40	\$4.56	\$3.04
2029	\$8.14	\$7.06	\$4.79
2030	\$6.83	\$4.18	\$7.41
2031	\$6.97	\$4.31	\$4.39
2032	\$3.90	\$4.85	\$4.52
2033	\$3.41	\$3.66	\$5.09
2034	\$7.17	\$8.44	\$3.84
2035		\$8.72	\$8.86
2036		\$8.89	\$9.16
2037		\$9.13	\$5.56
2038		\$4.36	\$3.96
2039		\$4.57	\$5.49
2040			\$4.80
2041			\$5.04
2042			\$5.29
Total	\$65.28	\$79.95	\$85.59

Source: Ethos Urban

7.4. Stage 1 Cashflows Under Land Sales Scenarios

The analysis below estimates the cashflow implications for funding and delivering Stage 1 of GV Link under the three different land sale scenarios.

Costs

Council has provided annual costs to complete infrastructure and Stage 1 site preparations work as follows:

- 2023/24 \$14.02m.
- 2024/25 \$18.56m.
- Total \$32.58m over 2 years.

Figures include a project risk allowance of \$5.20m as well as price escalation.

The costs identified above only cover the 40ha Stage 1 enabling infrastructure, road works and site preparations. However, beyond Stage 1, additional capital costs will be incurred to prepare for future releases.

Government Grants

Council expects revenue from the following Government grants:

- \$1.0m from Victorian Regional Jobs and Infrastructure Fund. (To be confirmed).
- \$2.0m from Commonwealth Local Roads and Infrastructure Program. (Confirmed phase 4).
- \$8.5m from Commonwealth Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRCDA). (Application under Road Project Proposal to repurpose approved funding of Shepparton Line upgrade Stage 1).
- \$11.50m in total over 2 years.

Cashflow Stage 1

Summarising costs, Government funding and land sales, Table 7.6 shows the shortfall in funding that would occur in delivering Stage 1 under the three scenarios over 2 and 3 year time periods.

- In 2023/24, there would be no land sales revenue under any Scenario, but Government funding would total \$5.70m. The shortfall in funding in 2023/24 would be \$8.32m.
- In 2024/25, land sales of \$3.75m under Scenario 1, combined with \$5.80m of Government grants would result in a shortfall of \$9.01m.
- Over the 2 years to 2024/25, Scenario 1 would leave a cash shortfall of \$17.33m.
- After 3 years, additional land sales under Scenario 1 (\$6.56m in 2025/26) would see a cash shortfall of \$10.77m.
- In Scenarios 2 & 3, there would be no land sales revenue in the three year period because of the assumptions of sales not commencing until servicing infrastructure was in place, and a one year lag between sale and settlement.
- Accordingly, under Scenarios 2 & 3 costs would only be funded through Government sources, leaving a cash shortfall of \$21.08m.

As noted earlier, the likelihood of finalising land sales before infrastructure was in place (Scenario 1) is relatively low. Therefore, the modelling suggests that Council would have to either contribute around \$21m from internal sources, or alternatively, seek additional Government support.

A further risk is that 2 of the 3 Government funding sources, totalling \$9.5m, are yet to be confirmed.

Table 7.6 Stage 1 Cashflows – Scenarios 1, 2 & 3

Cost/Land Sales Revenues	2023/24	2024/25	2 Year Total to 24/25	2025/26	3 Year Total to 25/26
Development Costs (\$m)	\$14.02	\$18.56	\$32.58		\$32.58
Government Funding					
State	\$1.00		\$1.00		\$1.00
Safe roads	\$2.00		\$2.00		\$2.00
Federal	\$2.70	\$5.80	\$8.50		\$8.50
Total	\$5.70	\$5.80	\$11.50	\$0.00	\$11.50
Stage 1 Land Sales Revenue (\$m)					
Scenario 1		\$3.75	\$3.75	\$6.56	\$10.31
Scenario 2					
Scenario 3					
All Revenue (\$m)					
Scenario 1	\$5.70	\$9.55	\$15.25	\$6.56	\$21.81
Scenario 2	\$5.70	\$5.80	\$11.50		
Scenario 3	\$5.70	\$5.80	\$11.50		
Shortfall after All Revenue (\$m)					
Scenario 1	-\$8.32	-\$9.01	-\$17.33	\$6.56	-\$10.77
Scenario 2	-\$8.32	-\$12.76	-\$21.08	\$0.00	-\$21.08
Scenario 3	-\$8.32	-\$12.76	-\$21.08	\$0.00	-\$21.08

Source: Ethos Urban

7.5. Implications

In our view, the probability of GV Link Stage 1 works being partially funded through early land sales is relatively low, although not entirely out of the question. This situation will be difficult to manage, and several options may need to be considered:

- Minimise capital spending on enabling infrastructure, road improvements and site preparations in the short term. For example, Council could channel services from Mooroopna to an upgraded Simson Road, make road modifications, but delay site preparation works. In addition, Council could set an upper limit (say \$10m) for these capital works, to be reviewed once funding sources are more certain.
- Seek extra Federal or State Government funding. For example, the Commonwealth Government recently announced the \$400m regional Precincts and Partnership Program (rPPP) over 3 years from 2023/24. The rPPP is to support delivery of precincts across regional, rural and remote communities.
- Bring forward all or part of the suggested market sounding exercise to get an early indication of the likelihood of securing any commercial interest, including funding.

In any event, irrespective of whether early land sales can be transacted, Council must demonstrate tangible progress towards activating GV Link, by bringing enabling infrastructure to the site and finding a way to deliver some initial lots. This demonstration of progress will, with a high probability, require Council to commit some of its own funds. Most importantly, investment in these works is supported by the broad economic benefits associated with the project.

Appendix A - Exceptional Circumstances Report

DRAFT

GV Link – Economic Evaluation

Interim Report

Assessing Exceptional Circumstances supporting
Private Treaty Land Sales

Submitted to: Greater Shepparton City Council



Prepared by Ethos Urban

23 May 2023 (Updated November 2023)
Project No.: 3230051



'Dagura Buumarri'
Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.

The river system illustrated in this visual image is bound in greens and golds to acknowledge the warmth often felt in a colder climate. The rich earth hues of green, reds and browns reflect the local landscapes of this state while the extensive use of rhythmical patterning captures the unique landscapes of flat and mountainous areas. The use of earth colours imparts a sense of strength and serenity while contrasting greens throughout the image reminds us of the lushness of the natural world, where animals and humans once lived in harmony – it reminds us of the importance to protect the lands, waterways and skies and care for our localised environment. Scattered throughout the image are bold colours of oranges – a source of energy that continues to be felt as a life-giving source. The orange hues also portray the varying sunsets in which many Victorians enjoy seeing earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Wurundjeri Woi Wurrung people, of the Kulin Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

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Introduction

This interim report provides preliminary advice in relation to initial land sales at the GV Link project. In particular, it addresses whether or not, in our view, exceptional economic circumstances exist for Council to pursue early land sales at GV Link via private treaties instead of a public process, such as an EOI, public auction or public tender.

A more detailed report will follow, including an assessment of the economic and social benefits likely to accrue as GV Link is developed.

This report is structured as follows:

- **Background** – a brief description of GV Link and current relevant issues.
- **Exceptional circumstances** – our understanding of what would constitute exceptional circumstances to support private treaty land sales.
- **Efforts to progress GV Link** – a summary of the efforts undertaken by Council to date to progress development of GV Link.
- **Recent evolution of Greater Shepparton economy** – a high level overview of how the Greater Shepparton economy has evolved, including consideration of data from the 2021 National Census of Population and Housing.
- **Industrial land supply and demand** - an overview of the current supply and demand for industrial land in Greater Shepparton.
- **Shepparton Bypass** – noting uncertainties surrounding the future of the Bypass.
- **Loss of funding** – instances where Government funding commitments have lapsed because GV sites remain undeveloped.
- **Lost investment opportunities** – identifying instances where prospective GV Link investors have chosen to locate elsewhere after expressing interest in developing GV Link sites.
- **Interested land purchasers and development proposals** – details about three recent approaches to Council to purchase land at GV Link, and the stated development intentions of the parties.
- **Benefit and risks** – the economic and social benefits of advancing the development of GV Link, as well as risks for Council.
- **Conclusion** – our view as to whether exceptional circumstances exist to justify considering private treaty land sales at GV Link.

1.0 Background

The GV Link site is located south of Mooroopna and aims to provide future serviced industrial land to support expansion of existing industries, or facilitate new investment, in the Goulburn Valley area.

The SUZ6 zone in the Greater Shepparton Planning Scheme applies to GV Link and reserves the land for, and for uses associated with, a freight logistics centre. In broad terms, GV Link will not be available for general industrial uses.

GV Link covers 331ha, is situated adjacent to the Tocumwal rail line and is conveniently located to what will be the first stage of the Shepparton Bypass. Future stages of the Bypass are planned to run through the GV Link site itself and would provide significant benefits to both the freight and logistics industry, and to the use of the wider highway/freeway freight network.

The GV Link site is undeveloped and currently used as farmland. Accordingly, the site is not serviced by core water, sewerage, electricity, gas and telecommunication infrastructure and no internal road networks exist.

Works to develop Stage 1 of GV Link would involve:

- Extending infrastructure services from Mooroopna to the northern border of GV Link
- Preliminary civil works, and
- Development of around 40ha of lots.

Costs of delivering Stage 1 to enable development are estimated to be around \$32.6m, including contingency and escalation allowances.

Planning for GV Link commenced in the early 2000's, with the site acquired by Council in 2011. In the period since, numerous efforts have been made to initiate development of the site, without success.

Since 2003, various economic reports and business cases have been prepared for Council in relation to GV Link, including:

- Essential Economics (now Ethos Urban) in 2003
- Price Waterhouse Coopers (with Regional Development Victoria and the Port of Melbourne) in 2009
- Essential Economics (now Ethos Urban) in 2013
- Essential Economics (now Ethos Urban) in 2018.

Greater Shepparton City Council (Council) has engaged Ethos Urban to provide an update of the 2018 Economic Assessment.

It is noted that Council has recently received interest from three separate parties (Investor 1, Investor 2, and Investor 3) who have communicated their interest in acquiring part of the GV Link Stage 1 area and commencing development.

2.0 Exceptional Circumstances

The key objective of this preliminary letter of advice is to establish whether exceptional circumstances exist that may justify a method of sale other than a public process for part, or all, of Stage 1 GV Link.

The *Local Government Act 2020* (2020 Act) governs Council's statutory obligations with respect to the sale, transfer, and exchange of land. While there is no statutory obligation upon Council under the 2020 Act to sell land by means of a public process, (such as public auction, public tender or calls for expressions of interest), a public process is accepted as best practice. This practice is regarded as a particularly effective means of testing the degree of market interest in the sale of a property and of securing a sale on the most favourable terms.

There are no guidelines issued as yet in relation to the nature of Council's statutory obligations with respect to the sale of land, as set out in section 114 of the 2020 Act.

However, the *Local Government Best Practice Guideline for the Sale, Exchange, and Transfer of Land* published by the former Department of Planning and Community Development in June 2019 (Guideline) is still relevant. While the Guideline was drafted based on section 189 (now repealed) of the *Local Government Act 1989* (1989 Act), the Guideline is still influential in setting a benchmark for the sale of Council land by public process as best practice.

Even so, this Guideline has always recognised that there can be exceptional circumstances where a private treaty sale of Council land may be justified.

For example, if Council can establish that a private treaty offer by a proposed purchaser offers terms of sale (both financial and non-financial) that are so unique or confer such a community benefit that there is little or no prospect of such an offer being improved upon through a public process, then an exceptional circumstance may exist.

In accordance with the general principles of sale set out in Guideline, Council would still need to be able to establish the following:

- The proposed private treaty sale is in the best interests of the community and provides the best result, both financial and non-financial, for the Council and the community; and
- The proposed private treaty sale is not less than the market value assessed by a valuer engaged by the Council or if less than the market value, Council is able to explain the circumstances, reasons or factors which led to the decision to accept a sale price that is less than the market value.

If this criteria for exceptional circumstances can be established, then Council may be justified in selling land by private treaty.

It is critical in such circumstances that the Council be able to document the rationale for the private treaty sale and to explain to the community the circumstances which led to its decision to use an alternative method of sale in the interest of probity, public accountability and transparency.

An unsuccessful attempt to invite a public EOI originally occurred in 2005. Another EOI was considered in 2010, however, Council instead gave public notice of its intention to sell land by private treaty (under 223 of the Local Govt Act 1989). To date, no land sales have occurred at GV Link through any public or private process, including instances where parties have expressed initial interest but subsequently withdrawn in favour of another location.

3.0 Efforts to progress GV Link

A summary of efforts to progress development of GV Link is shown below:

2007

- Economic Review completed.
- \$3 million Australian Government commitment.

2008

- Planning Scheme Amendment gazetted.
- Land acquired for development.
- Design EOI concluded.
- \$2 million Victorian Government commitment.
- Planning permit issued.

2009

- Landscape Design Report completed.

2010

- Detailed design plans complete.

2011

- Council completes final land acquisition for the site through a \$5 million compensation settlement.

2013

- *Coulburn Valley Freight Node – GV Link – Economic Assessment*, prepared by Essential Economics June 2013.

2014

- Council reassessed its position in relation to the land and culminated in the resolution below:
 - Continue advocacy for the Shepparton Bypass.
 - Abandon further investment in development of the site until investment on the bypass is announced or an investor is secured.
 - Report back to Council on next steps associated with the GV Link project if an investor is secured or bypass funding is announced.

- Develop a Marketing Strategy for the site, including onsite signage, production of a brochure, website update and targeted B2B approaches; and
- Contact with Federal and State Governments and advise them that Council has been unable to meet the requirements of the funding agreements to secure an investor.

2016

- Council was approached by a large fruit packing facility. The potential investor determined that the cost of development was not viable.

2017

- Council conducted a EOI for land on the Goulburn Valley Freight Logistic Centre (**GV Link**) east of Toolamba Road and the railway line (**Land**) for a large-scale solar farm.

4.0 Recent Evolution of Greater Shepparton Economy

Population Trends and Forecast

The City of Greater Shepparton had an estimated resident population of approximately 68,870 persons in 2022, having increased at an annual average rate of +630 (or +1.0%) since 2016. The municipality is forecast to increase at a similar rate to 2036, growing at +670 pa, or equivalently +0.9% pa, reaching a total resident population of 78,220 people by 2036 (Table 1).

Table 1 Greater Shepparton Population Trends and Forecasts

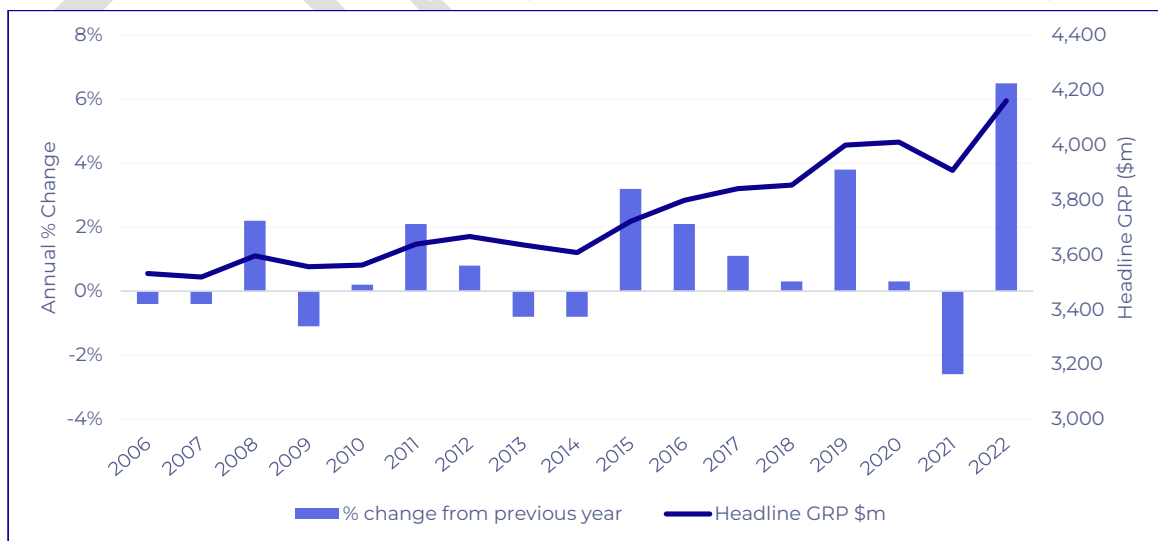
Category	2016	2022	2026	2031	2036	2022- 2036
Population	65,070	68,870	71,540	74,920	78,220	+9,350
Annual Average Growth (no.)		+630	+670	+680	+660	+670
Annual Average Growth (%)		+1.0%	+1.0%	+0.9%	+0.9%	+0.9%

Source: ABS Estimated Resident Population; Ethos Urban; Victoria in Future (2019)

Economic Performance

Greater Shepparton’s economy generated \$4.2 billion in **Gross Regional Product (GRP)** in 2021-22, having recorded annual growth of +6.5% after two years of low and negative growth in 2019-20 and 2020-21 (in real 2020-21 terms). Prior to 2019-20, Greater Shepparton’s GRP increased at an annual rate of +1.0%, experiencing periods of positive and negative growth from 2006. (Figure 1)

Figure 1 Headline GRP (\$m) and annual % change, Greater Shepparton, 2006 to 2022 (year ending June)



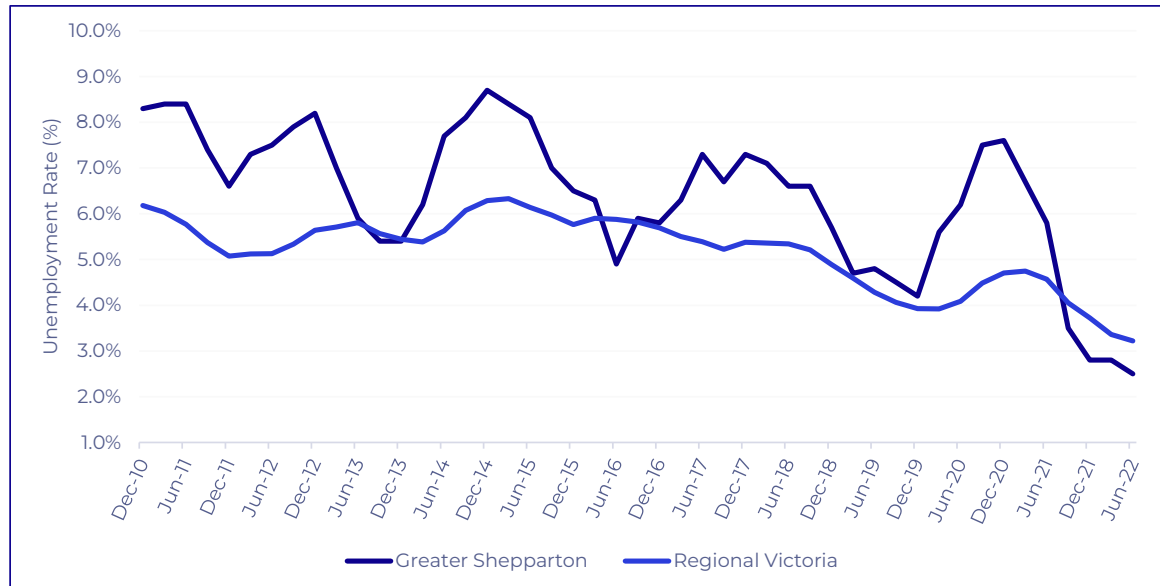
Note: Data is based on a 2020/21 price base for all years

Source: National Institute of Economic and Industry Research (NEIR) 2023

Unemployment rates in Greater Shepparton have historically been above regional Victoria's average. Since 2010, the unemployment rate in Greater Shepparton has been highly volatile, fluctuating between 4.2% and 8.7% between December 2010 and March 2020, although it has been trending downwards since the peak of 8.7% in December 2014.

Since the COVID-19 pandemic, the unemployment rate in Greater Shepparton peaked at 7.6% in December 2020 and has since fallen sharply to 2.5% in June 2022, now lower than regional Victoria (3.2%).

Figure 2 Greater Shepparton Unemployment Rate



Source: ABS Labour Force, Australia, Detailed, Table 16b; National Skills Commission, Small Area labour Markets

5.0 Industrial Land Supply and Demand

An assessment of the industrial land supply in Greater Shepparton was prepared in the “*Industrial Land Supply Assessment – Summary*” report prepared by Spatial Economics Pty Ltd in July 2023.

The report presented the following main points:

- As of July 2023, Greater Shepparton had 621ha of zoned industrial land, of which 104 hectares (ha) was assessed as available supply for industrial development, equating to a vacancy rate of 17%. The 104 ha does not include land zoned Special Use (GV Link Site).
- Zoned industrial land supply comprised approximately 71ha of net developable area for the IN1Z, IN3Z and C2Z zones. A further 78ha net developable area of future (unzoned) industrial land supply was identified, although the extent to which these sites are developable is unknown.
- Two demand scenarios presented ranged from take-up rates of 10.4ha pa to 13.7ha pa, indicating that Greater Shepparton's industrial land supply is adequate for a period ranging between 5.2 to 6.8 years.

6.0 Shepparton Bypass

A key major road initiative in the region is the proposed Shepparton Bypass project, which would create a new north-south arterial link on the western side of the Goulburn River. The Bypass would divert heavy vehicle traffic from central Shepparton and provide a second Goulburn River crossing between Shepparton and Moorooona.

The full 36km four lane Shepparton Bypass is estimated to cost just over \$1.3 billion. While the Federal Government originally committed \$208 million to Stage 1 of the Bypass, future Commonwealth funding is uncertain following the recent announcement of a 90-day review of infrastructure pipeline commitments, as part of the 2023 Federal budget.

Should this review recommend that the Bypass proceeds, it would generate significant benefits, including alternative heavy transport routes.

The Bypass would run directly through GV Link, and if constructed would likely lead to a substantial uplift in the value of land owned by Council or other parties in GV Link.

7.0 Loss of Funding

Instances where commitments of Government funds have lapsed because of lack of progress at GV Link include:

Nation Building Program Network Project and Regional Growth Fund

In May 2014, the Commonwealth Government notified Council of a variation to funding of the Shepparton Intermodal Terminal Stage 1. Originally, funding of up to \$3m was committed to development of 4 lots (services and works) for a warehousing and freight hub precinct. However, given the withdrawal of joint State funding through Regional Growth Fund (after four extension requests by Council), the Commonwealth reduced its funding commitment to \$750,000, the amount already paid to Council for design work. These decisions were primarily due to inability of GV Link to attract commercial investors.

Shepparton Rail Freight Planning Study (2019)

The Victorian and Commonwealth governments funded a joint planning study to better investigate benefits for the Goulburn Valley freight network. The \$10m Shepparton Rail Freight Project is intended to be delivered in two stages – Stage 1, a \$1m planning study; and Stage 2, a \$9 million package of rail freight infrastructure upgrades.

Ongoing funding of this project is highly uncertain, again a function of the lack of development progress at GV Link.

8.0 Lost Investment Opportunities

As noted previously, a number of parties have expressed initial interest in purchasing and developing land in GV Link only to subsequently choose to invest elsewhere. While these outcomes are a normal function of market mechanisms, it is instructive to summarise these lost opportunities, including the key reasons why prospective investors channelled funding elsewhere.

█ – Redacted for Commercial In Confidence Reasons

█ expressed interest in purchasing a 10ha site in GV Link and establishing 40-50,000m² packaging plant. The \$100m investment would have initially supported up to 100 ongoing local jobs, increasing to 140 jobs once target volumes were met.

However, after inspecting the GV Link site and engaging in constructive discussions with Council, █ decided to establish the packaging plant in the █. In addition, █ established a \$68m packaging plant in █ on the Queensland Gold Coast.

Key reasons for the Victorian decision included that GV Link was un-serviced and entirely undeveloped as an industrial estate. That is, GV Link was viewed as significant development risk compared with the already established BWEZ.

█ – Redacted for Commercial In Confidence Reasons

The company enquired about purchasing 20-30 ha site at GV Link which would have leveraged an investment of approximately \$40-50m, and support 40-60 jobs. However, after a visit to the █, the scope of the project was deemed to be larger than GV Link could facilitate, and the opportunity was lost to a location in █ NSW. A key factor in this decision was the lack of infrastructure at GV Link.

██████████ – Redacted for Commercial In Confidence Reasons

██████████ The company sought land in GV Link to build a \$10m facility of 8,000m² that would have supported approximately 20 FTE jobs.

██████████ subsequently purchased a site at ██████████, an industrial estate at a substantially advanced stage of development compared with GV Link.

Implications

These examples of lost investment opportunities at GV Link show that the proposal is competing with fully serviced and established industrial areas in other regional locations which are being preferred by investors.

While other industrial areas may have locational advantages and stronger alignment with particular business requirements, GV Link is at significant competitive disadvantage in its current undeveloped state.

Until GV Link is serviced and can accommodate successfully operating freight or logistics firms, this disadvantage will remain.

9.0 Interested Land Purchasers and Development Proposals

Three current proposals are before Council to purchase land in GV Link and commence development:

Investor 1 (Redacted for Commercial In Confidence Reasons)

Investor 1 is a ██████████

The company is seeking to purchase a 15ha lot in GV Link. The site has been formally valued by Opteon at \$4.89m (ex GST) at rate of \$32.50 per m². Currently an offer from Investor 1 of \$25.00 per m² is on the table (\$3.75m), or 23% below the formal valuation.

Investor 1 intends to construct ██████████ with a combined investment of approximately \$30m. ██████████ would support ongoing employment of around 45 FTE.

Investor 2 (Redacted for Commercial In Confidence Reasons)

Investor 2 is a long-standing Shepparton ██████████

The company is seeking up to 27.3ha of land at GV Link. However, an initial parcel of 10ha may be sought to ██████████. Intended developments on the balance of sought land are not clear from current documentation, and this issue would need to be clarified in negotiations with Investor 2.

Opteon has valued the larger parcel at \$25.00 per m² in (\$6.82m, ex GST) line with the current offer on the table. The smaller 10ha lot is valued at \$40.00 per m². A sale of this lot at \$25.00 per m² (\$2.50m) would represent a 38% discount to the formal valuation.

A \$20m investment by Investor 2 in developing a new cold store facility would support approximately 50 ongoing FTE jobs.

Investor 3 (Redacted for Commercial in Confidence Reasons)

Investor 3 is a Victorian company and one of the largest ██████████

The company is seeking 7.5ha in GV Link to establish ██████████. The distribution centre would require an estimated \$5m investment and would support around 20 FTE ongoing jobs.

At a unit price of \$25.00 per m², the land sale to Investor 3 would yield \$1.88 in sales revenue.

10.0 Benefits and Risks

Benefits

If these three land sales can be satisfactorily transacted and the planned developments are successfully completed and operational, the following broad direct benefits would accrue:

- Council would receive up to \$12.5m in land sales revenue, depending on the volume of land sold and agreed unit prices. [REDACTED]
- Land sales and development intentions at GV Link would trigger up to \$32.6m investment in enabling infrastructure including full utilities servicing and construction of internal roads.
- A \$32.6m investment in infrastructure would likely support approximately 80 direct jobs in the construction sector and 70 indirect jobs in the broader economy during the building phase.
- Investment of \$55m by land purchasers to develop 4 new distribution centres would support approximately 146 jobs in construction and 173 jobs in the wider economy.
- Based on the intentions of investors 1, 2 and 3, it is understood that ongoing employment at the [REDACTED] would total approximately 105 FTE jobs.

Importantly, the completion of land sales and planned developments would act as catalyst for future investments at GV Link. As noted earlier, the fact that GV Link is un-serviced and un-developed puts the site at a distinct competitive disadvantage compared with already established estates in regional areas, notwithstanding land price differences.

With successful and proven developments at GV Link, a strong likelihood of a substantial uplift in land values for other lots may occur (subject also to broader property market influences).

Finally, a positive aspect of current early stage negotiations is that the interest is from prominent companies based in or located near Shepparton. This level of local interest may indicate a growing level of confidence in the future of GV Link as a significant freight and logistics precinct. However, Council needs to be assured that local interest is not driven by potential windfall gains through land banking.

Risks

Assuming the land sales can be successfully transacted, we can foresee two major risks to Council associated with the current proposals from the three prospective purchasers.

The **first** major risk is that one or more of the investors, for whatever reasons, do not follow through with their development intentions. That is, they do not build new distribution centres and the lots remain undeveloped (potentially) for a considerable time.

The immediate impacts of this scenario would be that the directly accruing employment and other benefits described earlier would be lower than expected.

In addition, the new lot owners could choose to land bank their holdings and wait for land values to increase before on-selling to a third party.

A broader risk to Council with this scenario is potential reputational damage to GV Link in the industrial land market more generally. While unsuccessful or incomplete developments may be well-explained by particular circumstances, reputational damage can nevertheless be difficult to counteract.

To protect against this first major risk, we believe Council should strongly consider contractual arrangements with initial purchasers of GV Link lots that, as far as possible and practicable, guarantee the development of initially purchased sites within a relatively short time period. How the details of this objective would be achieved and are a matter for Council, their legal advisors and negotiating teams to determine.

In addition, it should be made clear to the market that initial private treaty land purchases at a discount to market value are 'once off' arrangements to initiate development at GV Link. Future selling arrangements of Council owned GV Link land are likely to revert to a public process as preferred by local government guidelines.

A **second** major risk to Council is the potential for lengthy delays in delivering the necessary enabling infrastructure to GV Link. As has been noted, GV link is essentially an open field and will require \$20m+ in infrastructure spending to transform it into a fit-for-purpose industrial estate.

We understand that the potential investors are very interested in a rapid development cycle. Accordingly, Council will, in our view, need to be confident they have the funding, physical resources and capacity to deliver to an ambitious development timetable.

Again, we would expect that these issues will be carefully considered in contractual negotiations.

11.0 Conclusion

On balance, we conclude that sufficient exceptional economic circumstances do exist to for Council to consider entering private treaty arrangements with purchasers of initial lots in GV Link for the following reasons:

1. Despite substantial efforts to over more than a decade to initiate activity at GV Link, it has remained undeveloped and vacant.
2. GV Link in its current state is at a competitive disadvantage to already developed industrial estates elsewhere.
3. Commonwealth and State funding commitments have lapsed because of lack of development at GV Link.
4. Investment opportunities have been lost, evidenced by GV Link failing to attract purchasers who have subsequently directed investment elsewhere.
5. There is growing pressure on the industrial land and supply situation in Shepparton, partly due to population growth and economic expansion. While development of GV Link under the SUZ6 zoning would not create new supply for general industrial purposes, it would indirectly ease pressures by potentially diverting new freight and logistics development away from other general industry locations.
6. Direct benefits would accrue through jobs associated with enabling infrastructure, construction activities and ongoing operations.
7. Once initial developments are successful at GV Link, other investors in the freight and logistics industry are more likely to consider the area to be viable investment prospect.

Overall, while recognising that a private treaty sale may risk selling land at less than market value, so long as the business case supports an exceptional circumstance, then, we believe that, on balance, it is worth pursuing. This conclusion is reached because a catalyst investment is needed to secure the medium to longer term success of GV Link. Successful initial investments would be both practically and symbolically critical. Without such catalyst investment, the potential to 'unlock' GV Link as a focus for investment and employment growth remains problematic.

However, as noted, key risks will need to be carefully considered and mitigated. These risks include ensuring that development of all vacant land proceeds as agreed and in a timely manner, and that Council has the necessary capacity to deliver enabling infrastructure to an ambitious timetable.

Mitigation to these risk steps could include, but are not limited to, robust contractual arrangements between Council and developers.

Appendix B – Economic Benefits Report

DRAFT

GV Link – Economic Evaluation

Interim Report

Economic Benefits of GV Link Stage 1

Submitted to: Greater Shepparton City Council



Prepared by Ethos Urban

06 July 2023 (Updated November 2023)
Project No.: 3230051



'Dagura Buumarri'
Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.

The river system illustrated in this visual image is bound in greens and golds to acknowledge the warmth often felt in a colder climate. The rich earth hues of green, reds and browns reflect the local landscapes of this state while the extensive use of rhythmical patterning captures the unique landscapes of flat and mountainous areas. The use of earth colours imparts a sense of strength and serenity while contrasting greens throughout the image reminds us of the lushness of the natural world, where animals and humans once lived in harmony – it reminds us of the importance to protect the lands, waterways and skies and care for our localised environment. Scattered throughout the image are bold colours of oranges – a source of energy that continues to be felt as a life-giving source. The orange hues also portray the varying sunsets in which many Victorians enjoy seeing earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Wurundjeri Woi Wurrung people, of the Kulin Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

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Introduction

This report is the second in a series of documents relating to GV Link:

1. The *GV Link Interim Report*, prepared by Ethos Urban (23 May 2023 – Updated November 2023) provided preliminary advice in relation to initial land sales at the GV Link project. In particular, the report addressed whether or not, in our view, exceptional economic circumstances exist for Council to pursue early land sales at GV Link via private treaties instead of a public process, such as an Expression of Interest (EOI), public auction or public tender.
2. This report estimates the economic benefits that would accrue if the 40ha Stage 1 of GV Link was successfully developed. The report has been specifically prepared to support an application to the Commonwealth Department of Infrastructure, Transport, Regional Development and the Arts, seeking funding for enabling infrastructure at GV Link.
3. A third report is also being prepared. This report will summarise the first two documents and contain additional analysis the Shepparton economy, consider regional competition and assess GV Link delivery pathways.

Note: This report, assessing economic benefits of GV Link Stage 1 uses a generic modelling approach, and as such, adopts a number of key simplifying assumptions, noted throughout.

In particular, the model does not take into account specific offers to Council from potential investors proposing the scale, timing and purpose of facilities to be built on GV Link Stage 1. While there are some offers before Council, none of these proposals are sufficiently advanced to explicitly incorporate into the modelling.

1.0 Background

The GV Link site is located south of Mooroopna and aims to provide future serviced industrial land to support expansion of existing industries or facilitate new investment, in the Goulburn Valley area.

The 331ha, Greater Shepparton Council owned site for the GV Link project is located 2km south of the Midland Highway in Mooroopna. Situated adjacent to the Tocumwal rail line and conveniently located to what will be the first stage of the Shepparton Bypass, GV Link is planned to consist of a terminal for the transfer of freight between truck and rail, and general freight areas to provide direct rail access for the Goulburn Valley to the Port of Melbourne. The transport terminal would provide industries in the region with significant efficiency gains and strategic advantages to help maintain future export competitiveness.

The SUZ6 zone in the Greater Shepparton Planning Scheme applies to GV Link and reserves the land for, and for uses associated with, a freight logistics centre. In broad terms, GV Link will not be available for general industrial uses.

The GV Link site is undeveloped and currently used as farmland. Accordingly, the site is not serviced by core water, sewerage, electricity, gas and telecommunication infrastructure and no internal road networks exist.

1.1. Stage 1 GV Link

GV Link Stage 1 comprises 4 Lots (Lots 1, 2, 3 & 4) ranging in size from 5ha to 15ha, totalling 40ha. As shown in Figure 1, GV Link Stage 1 is situated in the north-west corner the precinct, bounded by Simson Road in the north Toolamba Road in the west and planned internal roads.

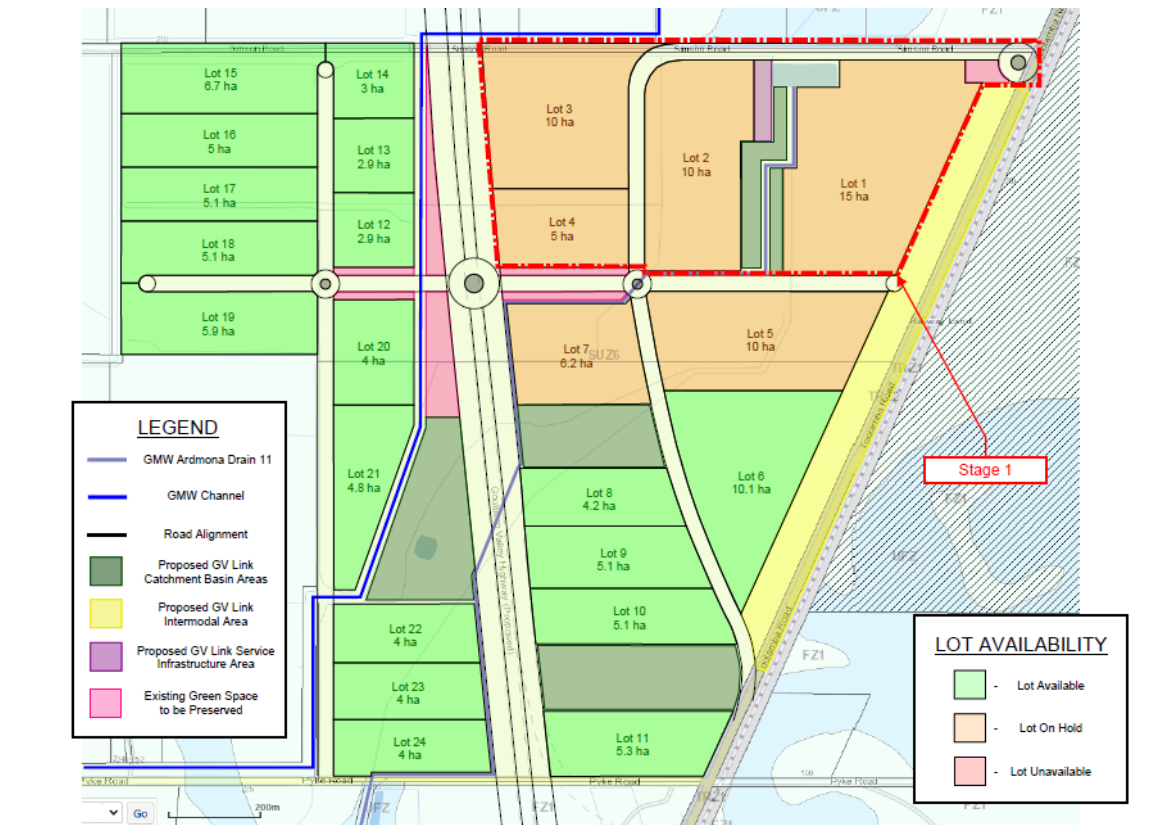
Before GV Link can successfully operate, a significant enabling infrastructure program needs to be undertaken. Works to prepare Stage 1 for future tenants include:

- Site clearing and earthworks.
- Extending core services from Mooroopna to the Simson Road, the northern border of GV Link.
- Allowing for early access and constructing the internal road network.
- Drainage and catchment basin works.
- Lot preparation, including fencing and landscaping.

Greater Shepparton Council plans to provide this enabling infrastructure, funded through a combination of Commonwealth, State and Council resources.

Individual lots in GV Link Stage 1 will be offered to prospective investors through private treaties. Investors will be responsible for providing internal lot infrastructure (e.g., connections to core services, roads, etc.), and construction of facilities, such as warehouses/logistics centres.

Figure 1 GV Link Concept Design



Source: GV Link – Concept Design – Revision 13; Greater Shepparton City Council

2.0 Economic Benefits – Methodology

The key objective of this report is to estimate the economic benefits for the Greater Shepparton economy that would accrue through the successful development and operation of Stage 1 of GV Link. Economic benefits relate only to new or significantly expanded operations within Greater Shepparton.

Benefits assessed specifically exclude the scenario whereby businesses transfer operations from one Shepparton site to GV Link with no expansion. This scenario may be considered as a simple substitution of benefits, that is, no new net benefits would be generated.

While it is possible that an existing Shepparton business may relocate operations to GV Link, it is highly likely that the facilities vacated would be redeveloped or repurposed to another industrial use. Modelling the economic benefits that would accrue from repurposing vacated premises elsewhere in Shepparton is beyond the scope of this assessment given the uncertainties associated with these scenarios.

Necessarily, estimating economic benefits of GV Link relies on a series of assumptions covering: the level of investment required to provide enabling infrastructure and construction of facilities; the timing of these investments; jobs supported during construction and ongoing operations; and the economic value of these activities.

Any modelling process inherently involves imperfect information and simplifying assumptions. Although every endeavour has been made to verify data and sense test assumptions, it needs to be acknowledged that the modelled economic benefits of GV Link may be different from what actually happens in practice.

Accordingly, the economic benefits of GV Link Stage 1 estimated in this report are indicative only.

2.1. Methodology

The broad methodology to estimate the economic benefits of GV Link Stage 1 is as follows:

- Obtain latest Council estimates of investment required to provide enabling infrastructure.
- Assign timing (commencement, duration) to enabling infrastructure works.
- Model likely costs to investors to provide internal lot servicing and construction of facilities based on industry standards. Factors considered in this model include:
 - Site coverage, yielding developable areas available for facilities (sheds) and areas likely to be needed for internal infrastructure.
 - Shares of developable areas for sheds (warehouses), hardstand, and other uses, yielding the Gross Floor Area (GFA) of sheds.
 - Unit costs per m² to provide internal infrastructure and hard stand areas.
 - Unit costs per m² GFA to construct sheds.
 - Timing of investor led activities (commencement, duration of works, start of ongoing operations).
 - Jobs supported by ongoing operations.
- Using the economy.id impact model developed by National Institute of Economic and Industry Research (NIEIR), express investments as jobs supported and economic value. Use the model to express ongoing jobs in economic value terms.
- Construct an annual stream of economic value generated by investments and ongoing operations to 2042, including an allowance for real growth (i.e., excluding inflation).
- Discount the economic value stream to present value terms using an industry standard discount rate.

The result of this modelling is the 20-year economic value to the Greater Shepparton economy of developing Stage 1 of GV Link.

Note: This assessment does not include economic contributions to areas other than Greater Shepparton. In addition, the assessment does not quantify Wider Economic Benefits (WEBs) such as agglomeration economies, labour market and tax impacts, and output changes in imperfectly competitive markets.

3.0 Economic Benefits – Measures and Key Assumptions

3.1. Measures of Economic Value

Two main measures of economic value are used in this analysis:

- Jobs by industry, both direct and indirect.
- Value-added by industry, both direct and indirect.

Jobs by Industry

The NIEIR economy.id impact model estimates the number of jobs that would be supported by an investment in a particular industry. For example, the model predicts that a \$1m investment in the Building Construction Industry would support approximately 5.8 local jobs – 2.7 (direct) jobs in the Construction industry and 3.1 (indirect) jobs in supplier industries through multiplier effects.

These estimates of direct and indirect jobs supported vary by industry. For example, a \$1m investment in the Heavy and Civil Engineering Construction Industry would support 4.4 local jobs – 2.4 direct and 2.0 indirect.

Value-Added

A common method of assessing economic benefits is to estimate the 'value-added' of activities by industry.

Value-added by industry is an indicator of business productivity and shows how productive each industry sector is at increasing the value of its inputs. It is a more refined measure of the productivity of an industry sector than output (total gross revenue), as some industries have high levels of output but require large amounts of input expenditure to achieve that output.

At a more technical level, value-added represents the marginal economic value that is added by each industry sector in a defined region. Value-added can be calculated by subtracting local expenditure and expenditure on regional imports from the output generated by an industry sector, or alternatively, by adding the wages & salaries paid to local employees, the gross operating surplus, and taxes on products and production. Value-added by industry sector is the major element in the calculation of Gross Regional Product.

For example, a \$1m investment in the (capital intensive) Building Construction Industry would generate value-added of \$0.64m in the Shepparton economy - \$0.30m (direct) in the Building Construction Industry and \$0.34m (indirect) in supplier industries.

3.2. Key Assumptions and Model Inputs

Global Appraisal Parameters

Assumptions applying throughout the analysis are listed in Table 1.

Table 1 GV Link Stage 1 - Appraisal Parameters

Parameter	Value
Price Year	2023
Start Year	2023
Appraisal Period	20 years
Real Growth	2.0% pa
Discount Rate to Present Value	7.0% pa

Source: Ethos Urban

Cost Assumptions – Enabling Infrastructure

Costs to complete enabling infrastructure (provided by Council) are shown in Table 2. Overall, enabling infrastructure costs are expected to total \$32.58m, excluding GST.

Table 2 GV Link Stage 1 - Enabling Infrastructure Costs¹

Works	Cost	Start Year	Industry
Project Preliminaries	\$1.81m	2023	Construction Services
Enabling Works (Services)	\$8.05m	2024	Heavy and Civil Engineering Construction
Preliminary Civil Works	\$13.36m	2024	Heavy and Civil Engineering Construction
Stage 1 Development	\$9.37m	2024	Heavy and Civil Engineering Construction
Total	\$32.58m		

Source: Greater Shepparton City Council; Ethos Urban

Investor Costs and Ongoing Jobs

Assumptions regarding likely investor costs to prepare lots and construct facilities, as well as the number of ongoing jobs supported by operations are shown in Table 3.

Table 3 GV Link Stage 1 - Investor Cost Assumptions, Building Yields and Ongoing Jobs Supported

Assumption	Value	Description
Site Coverage	70%	Developable share of total site (70%; 30% to internal infrastructure)
Shed Ratio	50%	Share of developable area available for facility
Hardstand Ratio	15%	Share of developable area for hardstand
Other Ratio	35%	Share of developable area to other uses
Investor Infrastructure Cost	\$100	per m ² of total site area
Hardstand Cost	\$135	per m ² of hardstand areas
Investor Shed Cost	\$1,500	per m ² GFA
GFA per Job	200	1 Job per 200 m ² of shed GFA

Source: Ethos Urban

Applying these assumptions to a 10.0ha site would yield:

- A developable area of 70,000m² (0.7ha).
- Shed GFA of 35,000m².
- \$56.9m in costs to provide internal lot infrastructure and build warehousing facilities.
- Support for 175 ongoing operational jobs.

Lot Development Rates and Timing

Key assumptions of the model concern the lot development rate, construction commencement years, timing of construction completion and first year of operations.

To simplify the modelling, we have assumed the following:

- The combined 40ha of Lots 1, 2, 3 and 4 of Stage 1 GV Link would be partitioned into 5ha parcels, yielding eight separate development sites.
- Each 5ha development site would take two years to develop i.e., to provide internal infrastructure and build warehouse facilities.
- The first 5ha block would commence development at the start of 2025, be completed by the end of 2026, and become operational at the start of 2027.
- Other 5ha blocks would be developed sequentially. The last block to be developed would commence development in 2032 and be operational in 2034.

In practice, the pattern of development of GV Link is unlikely to be as ordered and uniform. Industrial land development tends to be 'lumpy' rather than 'smooth' because of fluctuations in demand; broad international and domestic economic trends; trends in specific markets; and other factors influencing investment and location decisions.

In addition, the assumption about partitioning the entire 40ha site into 5ha development parcels is unlikely to occur in practice because different future GV Link tenants will have different land requirements. At this point in time, these requirements are unknown. Finally, partitioning land into development parcels for modelling purposes does not imply further subdivision of GV Link lots.

Despite these caveats, the modelling approach, which spans a 20-year appraisal period, will generate sufficiently robust economic benefits to illustrate the value of developing GV Link Stage 1.

Based on development schedule outlined above, the number and aggregate size of warehousing/logistics facilities operating in GV Link Stage 1 would be as follows:

- At end 2026: 1 facility; 17,500m² GFA
- At end 2030: 5 facilities; 87,500m² GFA
- From end 2033 onwards: 8 facilities; 140,000m² GFA

4.0 Economic Benefits – Results

4.1. Jobs

The number of the jobs supported during the construction and operational phases of GV Link Stage 1 are summarised in Table 4.

Investment by Council in enabling infrastructure would support 80 direct jobs in Greater Shepparton and a further 70 jobs in supply chain industries during the construction period.

During construction phases, significant investments by GV Link tenants to build 140,000m² GFA of warehousing and logistics facilities would support approximately 770 direct local jobs in different segments of the Construction industry, and a further 780 jobs in related industries within Greater Shepparton.

Initially, when the first warehousing/logistics business commences operations in 2027, direct local employment supported would be 90 direct jobs + 70 indirect jobs. By 2031, businesses located in GV Link would support 450 direct jobs + 340 indirect jobs, growing to 720 direct jobs + 540 indirect jobs from 2036 onwards.

Table 4 GV Link Stage 1 - Jobs Supported by Construction and Ongoing Operations

Phase	Total Investment	Direct Jobs	Indirect Jobs
Enabling Infrastructure	\$32.58m	80	70
Investor Costs	\$235.01m	770	780
Ongoing Jobs			
By start 2031		450	340
From 2036 onwards		720	540

Source: NIEIR economy.id impact model; Ethos Urban

Note: For direct and indirect jobs, the number of jobs represents total jobs, including part-time and casual employment.

4.2. Value-Added

Metrics

As discussed earlier, value-added is a metric chosen to quantify economic benefits. In this report, value-added relates to the Greater Shepparton economy only.

The unit measures of value-added are shown in Table 5. These measures were generated by the NIEIR's impact model in economy.id.

Table 5 Unit Measures of Value-Added to the Greater Shepparton Economy

Quantity	Unit	Industry	Direct Value-Added	Indirect Value-Added
1.0	\$m	Heavy and Civil Engineering Construction	\$0.41m	\$0.32m
1.0	\$m	Building Construction	\$0.30m	\$0.34m
100	Jobs	Warehousing and Storage Services	\$14.95m	\$10.46m

Source: NIEIR economy.id impact model; Ethos Urban

Assumptions

Assumptions built into the value-added benefit stream include:

- Unit value-added estimates,
- Construction investment required and timing of developments,
- Ongoing operational jobs supported, and
- A real growth factor.

Using the above metrics and assumptions, an annual stream of value-added to the Shepparton economy over the 20-year period 2023 to 2042 has been prepared. This 20-year annual stream has also been discounted to 2023 Present Values (PV), with results summarised in Table 6.

In undiscounted terms, the successful development of GV Link Stage 1 would result in cumulative value-added of \$3.19b to the Greater Shepparton economy over the 20-year period 2023 to 2042. The majority of this economic benefit would be generated by ongoing jobs in the warehouses/logistics centres that first become operational in 2027. In the undiscounted value-added stream, ongoing jobs account for 93.9% of economic benefit to the Greater Shepparton economy.

Table 6 'Value-Added' to the Greater Shepparton Economy through Development and Operation of GV Link Stage 1 (Selected years over appraisal period)

Driver	2025	2030	2035	2040	Total
<i>(Real \$2023 Value Added - Undiscounted)</i>					
Construction	\$7.20m	\$24.29m	-	-	\$195.21m
Ongoing Jobs	-	\$105.08m	\$232.03m	\$256.18m	\$2,997.53m
Total	\$7.20m	\$129.37m	\$232.03m	\$256.18m	\$3,192.73m
<i>(Real \$2023 Value Added - Discounted to PV by 7%pa)</i>					
Construction	\$6.29m	\$15.13m	-	-	\$138.00m
Ongoing Jobs	-	\$65.44m	\$103.02m	\$81.10m	\$1,261.70m
Total	\$6.29m	\$80.57m	\$103.02m	\$81.10m	\$1,399.70m

1: Direct and Indirect

Source: Greater Shepparton City Council; NIEIR economy.id impact model; Ethos Urban

The effect of discounting to present values by 7% pa is to diminish the contribution of value-added in later years. As illustrated in Table 6, undiscounted value-added in 2040 is estimated to be \$256.2m, however, the effect of discounting reduces that contribution by 68% to \$81.1m.

Overall, in discounted terms the successful development of GV Link Stage 1 would result in an additional Value-Added to the Greater Shepparton economy of \$1.40b over the 20-year period 2023 to 2042. Ongoing employment would contribute 90.1% of the total.

5.0 Conclusion

Substantial benefits would accrue to the Greater Shepparton economy if Stage GV Link was successfully developed and operated in line with industry norms. These benefits would derive from increases in economic activity and additional employment.

Further economic benefits would accumulate if development of future stages of GV Link were to follow a successful Stage 1. A successful Stage 1 would, in our view, be absolutely essential to the long-term future of GV Link.

As noted throughout this report, estimates of economic benefits dependent on many assumptions. It needs to be acknowledged that modelled economic benefits of GV Link may be different from what actually happens in practice.

Stage 1 GV Link Regional Employment Precinct Activation Project

Business Case

Prepared for: Greater Shepparton City Council

**'Dagura Buumarri'**

Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.

The river system illustrated in this visual image is bound in greens and golds to acknowledge the warmth often felt in a colder climate. The rich earth hues of green, reds and browns reflect the local landscapes of this state while the extensive use of rhythmical patterning captures the unique landscapes of flat and mountainous areas. The use of earth colours imparts a sense of strength and serenity while contrasting greens throughout the image reminds us of the lushness of the natural world, where animals and humans once lived in harmony – it reminds us of the importance to protect the lands, waterways and skies and care for our localised environment. Scattered throughout the image are bold colours of oranges – a source of energy that continues to be felt as a life-giving source. The orange hues also portray the varying sunsets in which many Victorians enjoy seeing earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Wurundjeri Woi Wurrung people, of the Kulin Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

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Executive Summary

Background

1. This business case supports the activation of Stage 1 of the GV Link Regional Employment Precinct (also referred to as GV Link), a project that aims to provide future serviced industrial land to support expansion of existing industries and facilitate new investment in the Goulburn Valley area.
2. The Goulburn Valley is a nationally significant horticultural and agricultural area and accommodates a cluster of food manufacturing industries, supplemented by ancillary agribusiness activities such as seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales. These industries heavily rely on efficient and cost-effective transport and logistics services.
3. The GV Link Regional Employment Precinct is an unencumbered 331ha site is owned by Greater Shepparton City Council and located 2km south of the Midland Highway in Mooroopna. The site is adjacent to the Tocumwal rail line and is conveniently located to what will be the first stage of the Shepparton Bypass.
4. Planning for the GV Link commenced in the early 2000's, with the site acquired by Council in 2011. GV Link was originally envisaged as a major warehousing, logistics and manufacturing centre, including an Intermodal facility with the adjacent rail playing an important part. Since this period, neither government or industry have shown interest in furthering a new truck and rail intermodal at the location.
5. The site remains undeveloped and is presently used as farmland. Accordingly, the site is not serviced by core water, sewerage, electricity, gas and telecommunication infrastructure and no internal road networks exist. Therefore, before GV Link can successfully operate, a significant enabling infrastructure program needs to be undertaken.
6. A need now exists to progress GV Link as a new employment precinct for the Greater Shepparton and broader Goulburn Valley. The basis for advancing GV Link with some urgency is based on a recent study of the industrial land market in Greater Shepparton which concluded that the city had between five and seven years available industrial land remaining. Given lead times involved in planning and bringing additional land to market, the industrial land supply situation in Greater Shepparton can now be described as acute.
7. The study also noted that there were no large industrial allotments left to accommodate major logistics or food manufacturing facilities. GV Link would provide a key strategic response to the present shortage of industrial land.
8. It is noted that the absence of sufficient industrial land, and particularly larger lots as envisaged at GV Link, has seen Greater Shepparton and the broader Goulburn Valley area miss out on numerous opportunities for significant investment in recent years.

Problem Definition

9. The key problems being addressed by activating the GV Link Regional Employment Precinct are:
 - Low private sector investment interest in view of no substantive evidence of initial development progress and lack of enabling infrastructure.
 - Critically low supply of future industrial land in Shepparton restricts local and regional economic growth.

Strategic Solutions

10. Solutions to the articulated problems include:
 - Do Nothing and abandon the site for future employment purposes. No clear rationale exists for a Do Nothing option in terms of addressing the problems out as set in this business case.
 - Deliver a Successful Stage 1 Project, by committing to the necessary investments and actions that would deliver a successful Stage 1 of the GV Link Regional Employment Precinct.
 - Longer Term Options: The GV Link Regional Employment Precinct will be feasible and successful if, and only if, it is able to attract substantial private investment. Private investment could take many forms - such as joint venture partnerships with Council, land sales to individual businesses, or construction and operation of manufacturing/warehousing/logistics or other industrial facilities.

Preferred Solution – Stage 1 GV Link Regional Employment Precinct Activation Project

11. The preferred solution that best addresses the problem in the longer term and spreads risk is a hybrid Council/developer model. However, the immediate term issue that precedes the longer-term preferred solution is to initiate actions required to deliver a successful Stage 1.
12. The activation of the GV Link Regional Employment Precinct will deliver a completed 40ha Stage 1, comprising 4 lots. The project involves a two-year \$32.6m works program.
13. Once Stage 1 is activated and operating, additional works will prepare GV Link for future staged releases. The size, configuration and timing of future releases will be subject to market demand. It is expected that land sales at market prices will be sufficient to fund future site preparations.

Benefits Delivered

14. A successful Stage 1 GV link will:
 - Send a strong signal to the market that GV Link is “open for business”.
 - Stimulate local, national and international investor interest in land purchase at market prices.
 - Potentially attract the interest of private JV partners, such as industrial estate developers.
 - Provide a sound financial basis for funding future releases of GV Link.
 - Enhance Competitiveness of Local and Regional Industry, by putting downward pressure on freight costs and enhancing export
 - Ease pressures on Industrial Land Supply, which is presently regarded as heavily constrained.
 - Generate long term Economic Benefits, including:
 - o 80 direct and 70 indirect jobs over the enabling infrastructure construction phase.
 - o Substantial private investment in building approximately 140,000m² of factories and warehouses supporting approximately 770 direct and 780 indirect jobs.
 - o \$138m (discounted) added to the economy during the construction phase.
 - o 720 direct and 540 indirect jobs from 2036 onwards.
 - o Additional value-added to the economy generated by ongoing employment at Stage 1 GV Link over a 20-year appraisal period of \$1.3b (real \$2023 discounted to PV) or an average of \$78m per annum, once the first site is operational in 2026/27.

Strategic Policy Alignment

15. The GV Link Regional Employment Precinct Activation Project aligns with key strategic policies of the Commonwealth, State and Local governments, by improving freight efficiency, promoting economic growth, and reducing greenhouse gas emissions.

Funding Options

16. Financial assistance will be required to proceed with the Stage 1 GV Link enabling works.

Project Delivery Strategy

17. A comprehensive project delivery strategy will underpin the development of Stage 1 of the GV Link Regional Employment Precinct.
18. Greater Shepparton City Council has extensive experience and a proven track record of working with both Federal and State Governments to deliver high calibre infrastructure projects on time and within budget.
19. The project:
 - Has been substantially designed to deliver core services to the site and to prepare individual lots for sale to investors.
 - Is fully costed and supported by a detailed works program.

Introduction

This business case supports the activation of Stage 1 of the GV Link Regional Employment Precinct. The business case draws on work commissioned and undertaken by Greater Shepparton City Council (Council), most recently a series of reports prepared by Ethos Urban Pty Ltd.

The document is structured as follows:

- **Background** details the strategic context of the Goulburn Valley, the history and current status the GV Link Regional Employment Precinct, competing precincts and barriers to investment.
- **Problem Definition** succinctly describes the key issues to be addressed by the activation project.
- **Strategic Solutions** considers various responses to the problem, and the implications of these responses.
- **Preferred Solution** describes the favoured pathway forward for Stage 1 of GV Link, including a precinct masterplan, Stage 1 works program, and likely scenarios for future releases.
- **Benefits Delivered** notes and quantifies investment, employment and economic benefits that would be generated by a successfully operating Stage 1 GV Link.
- **Strategic Policy Alignment** discusses how the project aligns with Commonwealth, State and Local policy objectives.
- **Funding Options** nominates potential sources of funding for the development of Stage 1 of GV Link.
- **Project Delivery Strategy** discusses Council project management experience, governance, procurement standards and risks and uncertainties.

1.0 Background

1.1 Strategic Context

The Goulburn Valley is located at the junction of the Goulburn Valley and Midland Highways, along the Newell Highway National Freight corridor that links to Melbourne and Brisbane. Rail lines share both V/Line passenger and freight services between Melbourne and the Goulburn Valley-Murray district.

Shepparton is the regional capital of the Goulburn Valley. With a population of 68,870, Greater Shepparton is Victoria's fourth largest regional centre. Expected population growth to 2036 will result in 78,730 residents in the municipality. In addition, the city acts as a major service centre for the wider Goulburn Valley and southern New South Wales region, covering a population of approximately 250,000 people.

Shepparton and the wider Goulburn Valley region is one of seven areas in Australia accounting for the majority of national food production.¹ In 2020/21, according to Hort Innovation² :

- Victoria (Goulburn Valley & Yarra Valley/Mornington) accounted for 46% of national fresh apple production.
- The Goulburn Valley produced 28% of fresh cherries grown in Australia.
- Around 73% the national kiwifruit yield was grown in the Goulburn Valley.
- Nashi pear production was centred on the Goulburn Valley, accounting for 84% of the Australian crop in 2021/22. The Valley was the major source of all pear production.
- Apricots were predominantly grown in Victoria, with the Goulburn Valley and Swan Hill accounting for 56% of national production.
- Similarly, nectarine and peach crops were centred in Victoria, with 76% of national production from the Goulburn Valley and Sunraysia.
- 51% of plums were grown in the Goulburn Valley.
- The Goulburn Valley was, and continues to be, the centre of canned fruits production, accounting for 47% of national output.

Dairy is one of the Goulburn Valley's most valuable export commodities, producing 20% of Victoria's dairy output and 12% of national output. Growth is driven from both domestic and international markets, including Asia. Substantial volumes of grain are also grown in the region, notably around Deniliquin and Tocumwal.

The region's thriving Food Product Manufacturing industry has a strong export orientation. Approximately 86% of its output is exported, with more than one-third of exports shipped to international destinations. Several of Australia's largest food processing companies are based in Shepparton and surrounding areas, including Bega, SPC, Noumi (formerly known as Freedom Foods), Furphys, Campbell's, Unilever and Nestle.

The nationally significant cluster of food manufacturing industries is supplemented by ancillary agribusiness activities such as seed supply, agrichemicals, farm machinery, wholesale and distribution, processing, marketing, and retail sales.

These industries heavily rely on efficient and cost effective transport and logistics services. Shepparton is an important hub in both the state and national freight and logistics chain due to its strategic location on a major transport corridor. Significant logistics providers based in Greater Shepparton and the Goulburn Valley continue to build and strengthen its role as a key Victorian and national logistics centre.

1.2 GV Link Site Location & Brief History

Given the importance of the food production in the region, the GV Link Regional Employment Precinct aims to provide future serviced industrial land to support expansion of existing industries and facilitate new investment in the Goulburn Valley area.

The unencumbered 331ha site for the GV Link Regional Employment Precinct is owned by Greater Shepparton City Council. The site is located 2km south of the Midland Highway in Mooroopna, is adjacent to the Tocumwal rail line and is conveniently located to what will be the first stage of the Shepparton Bypass. (Map 1).

¹ Australian Government Department of Agriculture, Fisheries and Forestry

² Australian Horticultural Statistics Handbook 2021/22, Hort Innovation

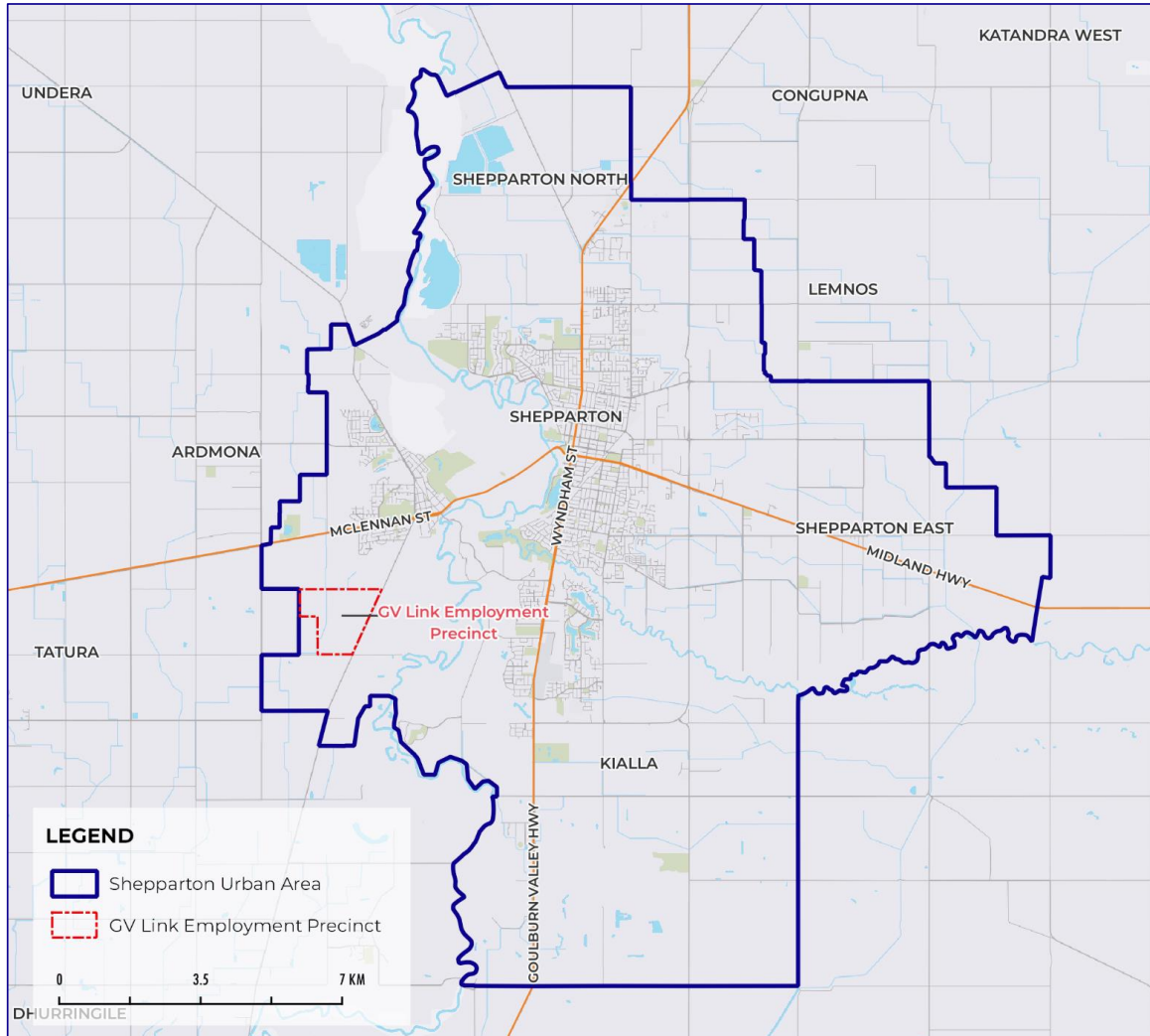
Planning for GV Link commenced in the early 2000's, with the site acquired by Council in 2011. Originally envisaged as major warehousing, logistics and manufacturing centre, GV Link was also planned to accommodate an intermodal terminal, replacing the existing antiquated intermodal at Mooroopna. The intermodal would allow transfer of freight between truck and rail and provide direct rail access to the Port of Melbourne from the Goulburn Valley, as well as from the irrigation and extensive cropping areas of Northern Victoria and the Southern Riverina. The facility was expected to lead to significant efficiency gains and assist in maintaining future export competitiveness.

However, since the original conception of GV Link, government and industry have shown little interest in furthering a new truck and rail intermodal at the location. Reasons for this lack of interest have included:

- The road-based freight links between Shepparton and Melbourne has operated effectively, though increasing congestion is reducing the efficiency to some extent. The approximate two-hour travel time between the two destinations provides fast and efficient turnaround for fresh and manufactured products.
- Bulk grain freight movements originating from the northern agricultural areas are also currently efficiently managed, predominantly by rail from the intermodal at Tocumwal.
- Significant rail infrastructure upgrades may be needed to justify investment in a new intermodal at GV Link.
- An intermodal already exists in Mooroopna, originally constructed to provide rail access to the Ardmona factory, and mainly used to despatch canned fruit to various destinations. However, this facility is antiquated compared with contemporary intermodal design, operations and freight handling capacity.

The latest concept for the GV Link Regional Employment Precinct does not depend on the development of an intermodal on the Tocumwal rail line. Nevertheless, given that GV Link will retain its strategic rail adjacency, a modern rail intermodal could be delivered in the future if it can be justified by economic circumstances. The precinct design provides sufficient space and preliminary design for a new intermodal.

Figure 1 GV Link Regional Employment Precinct Location



Source: Ethos Urban

1.3. Shepparton Bypass

A key major road initiative in the region is the proposed Shepparton Bypass project, which would create a new north-south arterial link on the western side of the Goulburn River. The Bypass would divert heavy vehicle traffic from central Shepparton and provide a second Goulburn River crossing between Shepparton and Mooroopna.

While the Federal Government originally committed \$208 million to Stage 1 of the Bypass, future funding is uncertain following the recent announcement of a 90-day review of infrastructure pipeline commitments, as part of the 2023 Federal budget.

Should this review recommend that the Bypass proceeds, it would generate significant benefits, including alternative heavy transport routes.

The Bypass would run directly through GV Link, and if constructed would likely lead to a substantial uplift in the value of land owned by Council or other parties in GV Link.

While the Shepparton Bypass would advantage the GV Link Regional Employment Precinct, the successful development of the Precinct is not predicated on the Bypass being constructed. The GV Link site already has good access to the arterial freight network.

1.4. Solar Farm

The GV Link Regional Employment Precinct is also next to a proposed 30ha, 21MW Solar Farm, a partnership between a community social enterprise (GVCE) and Akuo Energy. The Solar Farm will deliver more than 39,200 MWh of green electricity per year and is expected to be the main source of power to businesses located in GV Link.

The solar farm, in effect, forms part of a larger employment precinct in combination with GV Link. The solar farm has been approved by the Minister for Planning.

1.5. GV Link Planning and Industrial Land Supply

Aligned with its original conception, a Planning Scheme Amendment that zoned GV Link as SUZ6 was gazetted in 2008. The purpose of SUZ6 (Greater Shepparton Planning Scheme, Schedule 6 to the Special Use Zone) is:

“To facilitate the development of the GV Link freight logistics centre.

To provide for warehousing, packaging, storage and distribution of goods and associated uses consistent with GV Link.

To provide for manufacturing activity only in association with GV Link.

To provide that the development of GV Link enhances the visual quality of the surrounding area and is staged in an orderly manner, having regard to essential services, transport facilities, environmental and flooding considerations.

To ensure that access to the site is for operators at a range of scales. “

This zoning is restrictive compared with the land zoned under IN1Z, which is designed to permit a wider range of industrial uses.

A recent study of the industrial land market in Shepparton³ concluded that the city had available supply of five to seven years based on forecast industrial land take-up. In industrial land market terms, five to seven years represents a highly constrained industrial land market. Given the lead times involved in securing zoning and servicing new industrial land the supply situation can be described as acute.

Further, the study noted that there were no large allotments left, and potential future industrial land sites were neither appropriately zoned nor serviced.

However, this projection excluded land in the GV Link Regional Employment Precinct because of its restrictive zoning. In response to the tight supply of future industrial land in Shepparton, Council is actively considering measures that would preserve its principal role of GV Link as a warehousing, logistics and manufacturing centre, while permitting some general industrial uses.

1.6. Current Development Status

The GV Link site is undeveloped and currently used as farmland. Accordingly, the site is not serviced by core water, sewerage, electricity, gas and telecommunication infrastructure and no internal road networks exist.

Before GV Link can successfully operate, a significant enabling infrastructure program needs to be undertaken. Works to prepare Stage 1 for future tenants would include:

- Site clearing and earthworks.
- Extending core services from Mooropna to Simson Road, the northern border of GV Link.
- Constructing the internal road network.
- Drainage and catchment basin works.
- Lot preparation, including fencing and landscaping.
- The ability to provide early access.

³ *Industrial Land Supply Assessment – Summary, City of Greater Shepparton July 2023 - Spatial Economics Pty Ltd.*

1.7. Market Interest

The absence of core services to GV Link has proven to be a significant barrier to private investment. Numerous approaches from parties seeking to purchase and develop land in the GV Link Regional Employment Precinct have not progressed.

Approaches from private sector organisations that did not result in any successful transactions have included:

- Investor 1 (2022) – redacted for commercial-in-confidence reasons.
- Investor 2 (2022) – redacted for commercial-in-confidence reasons.
- Investor 3 (2023) – redacted for commercial-in-confidence reasons.
- Investor 4 (2022) – redacted for commercial-in-confidence reasons.
- Investor 5 (2023) – redacted for commercial in confidence reasons.
- Investor 6 (2023) – redacted for commercial in confidence reasons.

Several of these companies chose to set up in alternative regional Victorian locations (e.g., Ballarat West Employment Zone, Logic Wodonga), which were able to offer fully serviced lots in a relatively short timeframe. In comparison with established industrial estates, the GV Link Regional Employment Precinct was generally seen to be too risky, with the lack of certainty surrounding the project a key factor.

In response, Council has:

- Prioritised enabling infrastructure and initial site preparation – Activation of Stage 1.
- Offered a small number of land parcels at below market value in return for early commitments to developing facilities.
- Sought measures to permit industrial uses at GV Link Regional Employment Precinct, while maintaining its primary warehousing, logistics and manufacturing focus.

2.0 Problem Definition

In view of the previous discussion, the problems being addressed by activating the GV Link Regional Employment Precinct are summarised below.

- 1. Private investment interest in the GV Link Regional Employment Precinct is subdued in view of no substantive evidence of initial development progress and lack of enabling infrastructure.**
- 2. Low supply of future industrial land in Shepparton restricts local and regional economic growth.**

3.0 Strategic Solutions

Various strategic solutions to the articulated problems are discussed in this section.

3.1. Do Nothing

As in all assessments of projects, proponents have a Do Nothing option. In this instance, Do Nothing would involve essentially abandoning the site for industrial purposes, with the land probably reverting to agricultural uses.

There is no clear rationale for adopting a Do Nothing option in terms of addressing the articulated problems. It neither progresses the delivery of a significant logistics centre to support local agricultural and food manufacturing businesses nor does it assist in easing pressure on limited future industrial land supply in Shepparton.

3.2. Deliver a Successful Stage 1

The alternative to Do Nothing is to commit to the necessary investments and actions that would deliver a successful Stage 1 of the GV Link Regional Employment Precinct. This course of action will necessarily involve:

- Site clearing and earthworks.
- Extending core services from Mooroopna to Simson Road, the northern border of GV Link.
- Improving road access to the site.
- Constructing the internal road network.
- Drainage and catchment basin works.
- Lot preparation, including fencing and landscaping.
- Securing land sales to suitable companies that will develop and operate the initial facilities.
- Providing ongoing services to support operating businesses.

In addition, Council will need to investigate the need to initiate changes to the Planning Scheme (if required) to permit a wider range of uses at GV Link than is currently the case.

Until the site is fully serviced and has an initial track record of accommodating successfully operating businesses, substantial private investment is unlikely.

3.3. Longer Term Options

In the longer term, the GV Link Regional Employment Precinct will be feasible and successful if, and only if, it is able to attract substantial private investment. Private investment could take many forms - such as joint venture partnerships with Council, land sales to individual businesses, or construction and operation of manufacturing/warehousing/logistics or other industrial facilities.

Longer term development options are discussed below.

3.3.1. Council retains and develops all of GV Link

This option would involve Council being the sole developer of the entire 331ha GV Link Regional Employment Precinct. The advantage would be that Council would benefit from future land sales, with the potential to not only recoup infrastructure costs, but to provide funding for other projects.

However, the advantage of Council remaining sole landowner and principal developer also comes with several disadvantages and risks:

- Council has a reliance on Government grants to realise the development potential of GV Link. So far, Government support has been spasmodic.
- Council could provide services to GV Link (with or without Government support) yet be unable to finalise substantive land sales and attract warehouse/logistics businesses. GV Link could become a stranded asset.
- Council may lack the necessary skill base and resources to successfully develop and operate an industrial estate without substantial external assistance.

Overall, Council faces significant downside risks if it remains the sole developer of GV Link.

3.3.2. Council sells all of GV Link to an industrial estate developer

Council could consider selling the entire site to an industrial property developer. Advantages with this option could be:

- Council would receive upfront cash through sale of the site.
- All the development risks, including financing issues, would be transferred to the new owners.
- If successful, economic benefits previously evaluated would be generated, however, these benefits would be attributable to the developer, not Council. Even so, substantial economic benefits would still accrue to the municipality and broader region.

Disadvantages and risks associated with this model include:

- Insufficient interest from developers.
- Unable to negotiate favourable commercial terms.
- Council would lose control of the development of GV Link, for example, be unable to restrict land banking.
- Council may face negative community and political consequences.

Overall, this option is probably an unrealistic prospect, however, it could be considered under the right commercial terms.

3.3.3. Council retains part of GV Link, enters Joint Venture with industrial estate developer

Subject to market interest, Council could adopt a hybrid Council/private developer model. This model may feature:

- Council retaining ownership of a portion of the GV Link site and selling the other portion to a developer.
- Council and the developer entering into a development Joint Venture (JV) based on negotiated commercial terms and development expectations.
- Shared JV responsibility for costs and ongoing management and agreed share of future revenue/profits.

Alternatively, a hybrid model may feature:

- Council retaining ownership of all the land.
- A private partner funding development through a profit share arrangement.

Numerous other JV models are possible.

This JV hybrid option is attractive for a number of reasons:

- A JV would spread development risks between various parties.
- Accrued economic benefits would be partly attributable to Council.
- Council could continue to apply for, but be far less reliant on Government funding and support,
- A private developer would have access to a wider range of financing options, including cash flow from other developments, private investors, debt or capital raisings.
- Similarly, a developer would have:
 - Expertise in development masterplanning, staging and construction.
 - A marketing arm with strong links to investors and prospective tenants.
 - Experience in balancing the tenant mix.
 - Knowledge of appropriate commercial arrangements with tenants (e.g., outright land sale, build to tenant specification, build on speculation, etc.)
 - A successful track record.

Disadvantages and risks associated with a hybrid model include:

- Insufficient interest from developers.
- Unable to negotiate favourable commercial terms.
- In the longer term, maintaining stable and productive JV relationship.

Overall, a hybrid Council/developer model is probably the best model to pursue, if possible, in the longer term.

4.0 Preferred Solution – Stage 1 GV Link Regional Employment Precinct Activation Project

The preferred solution that best addresses the problem in the longer term and spreads risk is a hybrid Council/developer model. However, the immediate term issue that precedes a longer term solution is to initiate actions required to deliver a successful Stage 1.

4.1. Concept Design

Council has prepared numerous concept designs for the GV Link Regional Employment Precinct. These concept designs have subdivided the 331ha site into various sized lots, taking into account core service services provision, external road access, site topography, drainage and water management requirements, and internal road network configurations.

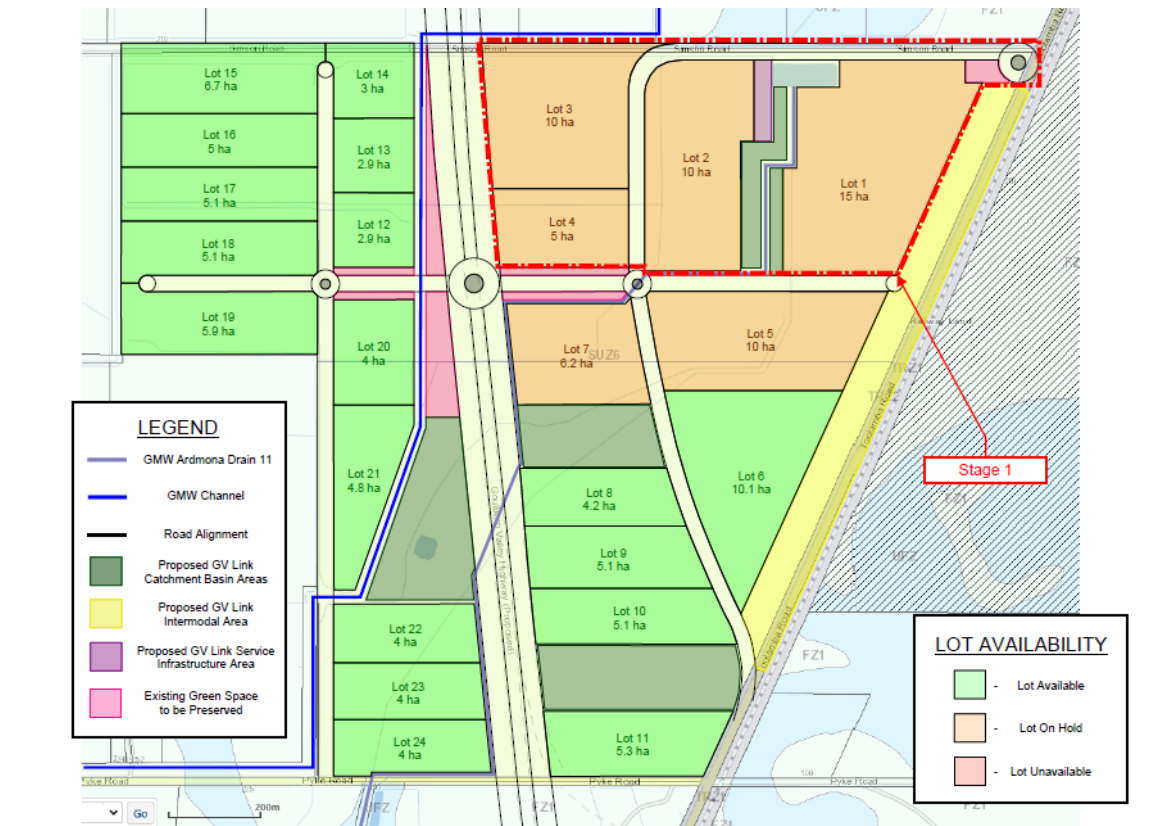
In October 2022, Council approved a \$500,000 budget to finalise a detailed design. This final design will allow accurate costings to be established, as well as providing an increased level of certainty to prospective investors.

Additional funding has been spent on inputs to funding applications, project management costs, legal costs and valuations for example. Future funding will also be required to update some of the background documents, especially where there has been updates to legislation. This expenditure is deemed necessary to facilitate the project.

The latest GV Link Stage 1 concept designs (Revision 13) comprises 4 Lots ranging in size from 5ha to 15ha, totalling 40ha. As shown in Figure 2, GV Link Stage 1 is situated in the north-west corner of the precinct, bounded by Simson Road in the north Toolamba Road in the west and planned internal roads.

Nevertheless, this concept design is flexible and is capable of responding to early market interest. For example, a company may approach Council with specific land size and location requirements prior to final design and the commencement of site preparation works. Providing that a successful land sale transaction was highly likely, the extent of lot boundaries and the configuration the internal road network, for example, could be amended to accommodate these specific requirements.

Figure 2 GV Link Concept Design



Source: GV Link – Concept Design – Revision 13; Greater Shepparton City Council

4.2. Proposed Works Program

The activation of the GV Link Regional Employment Precinct will deliver a completed 40ha Stage 1, comprising 4 lots. The two-year \$32.58m works packages (WP) (including escalation and contingency) proposed are as follows:

4.2.1. Works package 0 – design – expected cost \$1.45m

WP0 is a design phase covering the delivery of service to the GV Link site. Specific elements include 2.5km of water, sewer and gas services from Mooropna along Toolamba Road to the northern boundary of the site. Power and communication services will be delivered from their immediate easements along Toolamba Road. A concept design for the roundabout detailed in the below 'Works Package 2' will be developed within WP0, ensuring a viable integration of both designs.

4.2.2. Works package 1 – provision of services – expected cost \$6.43m

WP1 will deliver services to Simson Road, the northern boundary of the GV link Regional Employment Precinct.

4.2.3. Work package 2 – road access enhancement – expected cost \$10.67m

WP2 includes the design and delivery of a single lane, 80km/h, B-Double rated roundabout upgrade to the intersection of Toolamba Rd and Simson Rd. An upgrade to Simson Rd will also be delivered. These works will provide the GV Link site with key access and gateway enhancement.

4.2.4. Works package 3 – Stage 1 lot development – expected cost \$7.48m

WP3 will deliver 4 serviced lots and associated service infrastructure. Works will include site clearing and earthworks, construction of the internal road network, drainage and catchment basin works and fencing and landscaping of individual lots.

4.2.5. Contingency and Escalation

The four proposed work packages total \$26.00 million.

Once contingency costs of \$5.20 million and escalation costs of \$1.36 million are factored in, the two-year works packages total \$32.58 million.

4.3. Future Stages

Once Stage 1 is activated and operating, additional works will prepare GV Link for future staged releases. The size, configuration and timing of future releases will be subject to market demand. It is expected that land sales at market prices will be sufficient to fund future site preparations.

Ultimately, a road-to-rail intermodal may eventuate, however, the timing of an intermodal will be subject to a full business case and a detailed feasibility assessment.

5.0 Benefits Delivered

The expected outcomes and benefits resulting from delivering the GV Link Regional Employment Precinct Activation project are as follows:

5.1 Attracting Future Investment

As noted earlier, the main barrier to investment in GV Link has been market risk associated with the absence of core services. A successful Stage 1 GV link will:

- Send a strong signal to the market that GV Link is “open for business”.
- Stimulate local, national and international investor interest in land purchase at market prices.
- Potentially attract the interest of private JV partners, such as industrial estate developers.
- Provide a sound financial basis for funding future releases of GV Link.

5.2 Enhancing Competitiveness of Local and Regional Industry

Freight and logistics activities are important input cost to the domestic and international export oriented industries in the Goulburn Valley and the wider region. GV Link’s strategic location south of the city and connected to the proposed Shepparton Bypass will put downward pressure on freight costs and assist in maintaining export competitiveness.

In addition, newly built modern facilities will operate more cost efficiently.

5.3 Easing pressures on Industrial Land Supply

As noted earlier, a recent study concluded that new available land for general industrial uses in Shepparton was adequate for between five to seven years, depending on take-up rates.

This assessment did not include GV Link as available industrial land. The site is zoned to permit logistics, warehousing and related manufacturing – gazetted around 20 years ago when expectations for a road-to-rail intermodal were considerably higher.

Council is actively considering measures (if required) to relax the zoning of GV Link to permit general industrial uses, while maintaining its principal role as a logistics centre. This initiative will secure future industrial land supply in Shepparton for longer period than is the case today. Demand will also inform the lot size and configuration in later stages.

5.4 Generating long term Economic Benefits

A study by Ethos Urban⁴ estimated the economic benefits that would be delivered by a successful Stage 1 of the GV Link Regional Employment Precinct over a 20-year appraisal period. The study:

- Adopted a generic modelling approach to building enabling infrastructure, land sales, private investment and ongoing employment at the site. This approach was used in view of no firm commitments by businesses to establish facilities at GV Link at the time the assessment was prepared.
- Measured economic benefits using:
 - Jobs by industry, both direct and indirect
 - Value-added by industry, both direct and indirect.
- Assumed enabling infrastructure would cost \$32.58m over 2 years.
- Used industry standard assumptions to estimate site coverage, building yields, investment required and operating employment for a warehousing/logistics facility.
- Based on these assumptions, a 10ha lot in GV Link would yield:
 - A developable area of 70,000m² (7ha).

⁴ *Economic Benefits of GV Link Stage 1 - June 2023* - Ethos Urban

- Shed GFA of 35,000m².
- \$56.9m in costs to provide internal lot infrastructure and build warehousing facilities.
- Support for 175 ongoing operational jobs.

A successful Stage 1 of GV Link would generate substantial and long term economic benefits over a 20 year appraisal period:

- The construction phase of enabling infrastructure would support around 80 direct and 70 indirect jobs.
- Substantial private investment in building approximately 140,000m² of factories and warehouses would support approximately 770 direct and 780 indirect jobs.
- The construction phase would contribute \$138m value added to the economy (discounted).
- Operating businesses in Stage 1 would support around 720 direct and 540 indirect jobs from 2036 onwards.
- The additional value-added the economy generated by ongoing employment at Stage 1 GV Link over a 20-year appraisal period would total \$1.3b (real \$2023 discounted to PV), or \$78m annually once the first site is operational in 2026/27.

6.0 Strategic Policy Alignment

The GV Link Regional Employment Precinct Activation Project aligns with, and contributes to, a number of key strategic policies of Commonwealth, State and Local governments. This Section firstly lists significant strategic policies, including specific elements relevant to GV Link, then concludes by noting how GV Link aligns with these strategies.

6.1. Key Strategic Policies

6.1.1. National Freight and Supply Chain Strategy

The general intent of this strategy (*National Freight and Supply Chain Strategy, August 2019; Transport and Infrastructure Council*) is to position Australia to meet its freight future, in the following critical action areas:

- *Targeted infrastructure investment*

Action 1.2: Provide regional and remote Australia with infrastructure capable of connecting regions and communities to major gateways, through land links, regional airports or coastal shipping.

- *Better planning, coordination and regulation*

Action 3.1: Ensure freight demand is integrated in transport and land use planning across and between jurisdiction boundaries and freight modes.

6.1.2. Victorian Freight Plan – Delivering the Goods

The broad objectives of the Victorian Freight Plan (*Victorian Freight Plan: Delivering the Goods, July 2018; Transport for Victoria*) are to reduce the cost of doing business, improve the efficiency of freight, better connect Victorian businesses with local, interstate and export markets and provide sufficient future freight capacity. Key priorities and associated actions of the strategy include:

- *Priority - Manage existing and proposed freight corridors and places in conjunction with urban form changes.*

Action - short term: Review and update existing Principal Freight Network (PFN) to include significant freight places; and

Action - medium term: Support development of additional regional intermodal terminals.

6.1.3. Moving More with Less 2021

The focus of this strategy (*Moving more with Less 2021: High Productivity Freight Vehicle Plan, 2021; Department of Transport*) is to support the more efficient use of High Productivity Freight Vehicles (HPFV).

6.1.4. Victorian Infrastructure Strategy 2021-2051

The key focus of the Victoria Infrastructure Strategy (*Victoria's Infrastructure Strategy 2021-2051, August 2021; Infrastructure Victoria*) is to prepare for the future through better use of existing infrastructure, manage demand, and assist in the provision of new infrastructure. Relevant recommendations from this strategy relating to GV Link are as follows:

- *Recommendations Section 03 - Harness infrastructure for productivity and growth*

3.2 Improve freight efficiency for industry competitiveness.

Early protection and purchase of land for future freight terminals and transport corridors reduces risk and keeps more freight options affordable. This project contributes to the need to effectively future proof transport connectivity for freight operations.

4. Develop regional Victoria

4.1 Enhance regional market access and economic growth.

6.1.5. Plan Melbourne 2017-2050

The Plan Melbourne strategy (*Plan Melbourne 2017-2050, 2017; Victorian Department of Transport and Planning*) seeks to strengthen Regional Victoria's ability to deliver choice and opportunity for all Victorians. GV Link will contribute to the following outcomes and directions in Plan Melbourne:

Outcome 7 - Regional Victoria is productive, sustainable and supports jobs and economic growth

Direction 7.1 Invest in regional Victoria to support housing and economic growth.

Work with the nine Regional Partnerships and local governments to support the growth of housing and employment in regional cities and towns.

Ensure the right infrastructure and services are available to support the growth and competitiveness of regional and rural industries and their access to global markets.

Policy 7.1.1 - Stimulate employment and growth in regional cities

The government will continue to make improvements to infrastructure and services to stimulate employment and growth in the state's 10 largest regional cities.

Direction 7.2 Improve connections between cities and regions

Victoria's freight task is projected to triple by 2050—much of it is destined for Melbourne or export.

Infrastructure that connects rural producers to state-significant corridors—as well as the Port of Melbourne, Melbourne Airport and other regional ports—must be improved to support the economies of regional cities and regional industries.

Policy 7.2.2- Strengthen transport links on national networks for the movement of commodities

Transport network planning must ensure that industries such as Victoria's food and fibre industry remain viable and competitive. This should include identification of key freight corridors and interstate freight terminals.

6.1.6. Regional Cities Victoria (RCV)

RCV (<https://www.regionalcitiesvictoria.com.au/>) comprises the ten largest regional cities in Victoria, including Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga.

The RCV vision is about building a sustainable Victoria through regional growth.

Relevant key objectives to this project are to:

Improve the infrastructure and livability of regional cities through development of quality services, amenities, and transport networks, in order to promote economic development in regional and rural communities.

Encourage new industries and increase workforce capacity and employment opportunities in regional cities.

6.1.7. Hume Strategy Regional Growth Plan/Goulburn Valley Sub-Regional Plan

The Hume Strategy (*Hume Regional Growth Plan, May 2014; Department of Transport and Planning*) provides a framework for long-term cooperation and investment within the region identifying four sub-regional areas including the Goulburn Valley sub-regional area.

The Goulburn Valley Sub-Regional Plan (*Goulburn Valley Sub Regional Plan: The Hume Strategy for sustainable communities, July 2010; Regional Development Victoria*) identifies transport and logistic related opportunities as significant attributes that will be an important part of economic development of the Goulburn sub-region.

Transport Theme - An Integrated Network of Efficient and High functioning Transportation Systems

The *Goulburn Valley Sub-Regional Plan* also recognises the need to diversify the economy (such as facilitating research and innovation in tourism, manufacturing and industry to encourage new and evolving business) in order to continue to attract and support a capable workforce and adapt agricultural operations in an environment of change.

6.1.8. Regional Partnership (Goulburn)

A key goal of the Goulburn Regional Partnership (*Goulburn Regional Partnership Roadmap, 2018; Regional Development Victoria*) is as follows:

Objective - A commitment to infrastructure and pursuing the implementation of priority actions from other key economic strategies and plans.

6.1.9. Northern Victorian Regional Transport Strategy

This strategy (*Northern Victoria Regional Transport Strategy, December 2019*) forms part of the Hume Strategy for Sustainable Communities Project. It aims to provide comprehensive transport planning for the defined region encompassing the shires of Campaspe, Moira, Gannawarra Loddon, Strathbogie and the City of Greater Shepparton.

The strategy contains several objectives relevant to GV Link:

Objective 4 - Transport infrastructure of appropriate standards for industry.

Objective 5 - An Improved regional heavy vehicle road network to facilitate the movement of goods.

Objective 7 - Improved network access and infrastructure to support the logistics chain.

Objective 6 - Improved infrastructure to support rail freight movement.

Within the broader context, this strategy highlights the need to continue to provide and plan for additional industrial development and to take advantage of relevant road and rail linkages.

6.1.10. Hume Region – Planning for Freight

The Planning for Freight strategy (*Hume Region Planning for Freight Pilot, April 2013; RED Strategic Planning and CT Management Group*) identified GV Link as potential location for a rail terminal, supported by excellent access to the planned Shepparton bypass.

Key regional issues relating to freight identified in this strategy are:

Encouraging multi-modalism

Attract mode share to rail and improve rail access to Victoria's commercial ports.

Facilitation of freight places to secure investment and sequence development

Reservation and protection of freight places

In planning, utilise the Regional Growth Plan and council MSS processes to consider the planning of preferred freight routes, intermodal hubs.

Use of cool stores and packing sheds for general logistics

6.1.11. Freight Directions in the Hume (RDA)

Freight Directions in the Hume (*Freight Directions in the Hume Region, August 2012; GHD*) explores the need to align industry outputs and general population growth with freight transport needs to provide efficient supply chains and support industry growth. It identifies several strategic directions and objectives, with the follow the most relevant to GV Link:

Strategic Direction 3 - Supporting the development of regional freight.

3.1 Support further development of the Region's intermodal terminal networks

Strategic Direction 4: Supporting a policy and planning framework that takes account of the Hume Region

4.1 Facilitate the development of integrated land use and freight planning (i.e. advocate for freight and logistics precincts in the region)

A key action is to influence the development of logistic precincts (like GV Link) in order to consolidate industry and freight activity.

6.1.12. Goulburn Valley – Invest in Victorian agriculture and food.

A key focus of this strategy (*Victoria, Invest in Agriculture and Food Processing, August 2018; Agriculture Victoria*) is to reposition Northern Victoria as a progressive and globally competitive food hub.

Strategy 1 Attract Investment (To build scale and efficiency at every level of the supply chain)

Key target - To attract new greenfield business to the region.

Strategy 6 Ensure adequate infrastructure (To ensure transport, energy and communication infrastructure is available and cost effective)

Key target - More efficient freight movement and reduced transport costs.

6.1.13. Shepparton & Mooroopna 2050: Regional City Growth Plan

The Growth Plan (*Shepparton & Mooroopna 2050: Regional City Growth Plan, March 2021; Victorian Planning Authority in association with the City of Greater Shepparton*) sets a vision for the future of the Shepparton and Mooroopna for the next 30 years including the identification of key projects and guidance for future investment decisions. The This Growth Plan sets a vision for the future of the Shepparton and Mooroopna for the next 30 years including the identification of key projects and guidance for future investment decisions. The following objectives and strategies of this plan are specifically relevant to this project.

Objective 1 – To highlight Shepparton and Mooroopna's unique attributes to attract people and investment to enhance strategic advantages

Strategy 1.1 Facilitate the expansion of the freight and industrial sector

Action - Plan for industrial land in the locations identified on Plan 3 by and in Table 1 by resolving development constraints and advocating for regionally significant infrastructure.

Action – Council to advocate for funding to deliver the Goulburn Valley Freight & Logistics Centre (GV Link site)

6.1.14. Greater Shepparton Planning Scheme

The relevant strategic directions that specifically align with this project are included in the Greater Shepparton Planning Scheme are as follows:

Clause 02.03-7 Transport: To accommodate and cater for growing industry.

Council is committed to:

Supporting an integrated transport network to facilitate the safe and efficient functioning of all modes of transport.

Facilitating the movement of freight through Shepparton and Mooroopna.

6.1.15. 2050 Net Zero

The Australian Government is developing a Net Zero 2050 plan (<https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero>), as outlined in the 2022 Annual Climate Statement to Parliament and consistent with the recommendations of the Climate Change Authority (CCA). In 2022, the Government legislated Australia's greenhouse gas emission targets reach Net Zero by 2050. By 2030 the aim is to reach emission levels of 43% below 2005 levels.

6.1.16. Victoria's Climate Change Strategy

Victoria's Climate Change Strategy (*Victoria's Climate Change Strategy, May 2021; Victoria Department of Energy, Environment and Climate Action*) is a roadmap to net-zero emissions and a climate resilient Victoria by 2050.

The initiatives in the Climate Change Strategy will support communities and businesses to make the changes we need to reduce the impacts of climate change and continue to support our economy to grow.

The Government has set ambitious, but achievable targets to reduce the state's greenhouse gas emissions from 2005 levels by 28–33% by 2025 and 45–50% by 2030. These targets maintain Victoria's position as a climate leader in Australia and confirms our position among leading jurisdictions around the world, such as the United States and the European Union.

6.2. Alignment with Strategic Policies

The GV Link Regional Employment Precinct project aligns with, or contributes to, the strategic policies noted above in several significant respects by: Improving Freight Efficiency; Promoting Economic Growth; and Reducing Greenhouse Gas Emissions.

6.2.1. Improving Freight Efficiency

The majority of the strategies identified focus on improving freight efficiency. GV link will contribute to improving freight efficiency in the following ways:

- Activating GV Link demonstrates a commitment to investing in strategic transportation projects that improve efficiency in the movement of goods and drive economic development and maximizes the sub-region's competitive advantages in freight, logistics and distribution.
- GV Link will better connect National Key Freight routes with the agricultural sector, manufacturing and transport industries and regional communities in the Goulburn Valley, Northern Victoria and Southern Riverina. This improved connection will reduce the costs of moving freight and boost the competitiveness of businesses and industries in the region.
- The project provides enhanced access and gateway treatment to a significant area of industrial land that has been reserved for the development of an industrial freight precinct. The site has the locational attributes to develop an intermodal in the future, and to replace the site at Mooroopna, subject to economic need and feasibility.
- The recent PFN update undertaken by Freight Victoria includes GV Link as planned logistic precinct. The GV Link Regional Employment Precinct will provide a level of activation needed to stimulate future interest that complements the PFN update.
- The design of GV Link will ensure HPFV access is provided initially to industrial lots within Stage 1 of GV Link and within future stages.
- This project aligns with the regional growth plan and Council's Municipal Planning Strategy both of which identify GV Link as a future freight hub.

6.2.2. Promoting Economic Growth

The GV Link Regional Employment Precinct will promote economic growth in the following ways:

- Shepparton is one of the state's 10 largest regional cities in Victoria. The GV Link Regional Employment Precinct project will open up a large industrial area and provide opportunities for significant private investment.
- GV Link will improve transport efficiency and provide substantial employment opportunities in the region. New businesses located in GV Link will provide stable and sustainable local employment and contribute to a stronger local economy.
- The GV Link project also supports the intent of the strategy to drive the competitive potential of commercial and industrial development through new and enhanced infrastructure.
- GV Link is consistent with the Regional Partnership, as it reflects actions from other regional plans and will provide much needed industrial land.
- The allocation of sufficient industrial land and investment in road and rail infrastructure will support the agricultural sector, the growth of existing, and the attraction of new, food processing and freight businesses.

6.2.3. Reducing Greenhouse Gas Emissions

It is expected that GV Link's main source of electricity will be derived from the adjacent solar farm. Accordingly, and in conjunction with new and more energy efficient on-site facilities located in GV Link, the carbon footprint of the development will be substantially lower than equivalent facilities elsewhere in the region.

7.0 Funding Options

As has been noted throughout, GV Link has so far been unsuccessful in attracting private sector land sales or other investment. This lack of investment has occurred despite offering land at below market value to early adopters.

Accordingly, it is highly likely that some combination of Commonwealth, State and Council financial assistance will be required.

Council needs to thoroughly explore all public funding options to deliver Stage 1 of GV Link. Even if early land sales could be completed, there are likely to be shortfalls in the funds needed to provide services to the Precinct and to prepare lots for new businesses.

8.0 Project Delivery Strategy

A comprehensive project delivery strategy will underpin the development of Stage 1 of the GV Link Regional Employment Precinct. Elements of the delivery strategy are described below.

8.1. Infrastructure Project Management Experience

Greater Shepparton City Council has extensive experience and a proven track record of working with both Federal and State Governments to deliver high calibre infrastructure projects on time and within budget. Recent examples of successful infrastructure projects include (but are not limited to):

Shepparton CBD Revitalisation - Maude Street Mall redevelopment

Project Cost: \$14m

Funding:

- \$3.06m from Federal Government
- \$3.35m from State Government

Shepparton CBD Revitalisation - Maude Street redevelopment, Plaza, Public Amenities and Bus Interchange

Project Cost: \$5m

Funding:

- \$1.6m Building Better Regions Fund Round Two
- \$2.5m Greater Shepparton City Council
- \$268K Public Transport Victoria (PTV)
- \$225K Department of Justice - Public Safety Infrastructure Fund
- \$360K Vic Roads

New Shepparton Art Museum (SAM)

Project Cost: \$49.9m

Funding:

- \$10m Dept. of Infrastructure and Regional Development - National Stronger Regions Fund
- \$5m Office of the Prime Minister
- \$10m Regional Development Victoria - Regional Infrastructure Fund

Cosgrove Landfill Expansion \$30M**Project Cost:** \$30mFunding:

- Greater Shepparton Regional Sports Precinct \$21M Completed 2017
- \$7.19m Dept. of Infrastructure and Regional Development - Community Development Grants Programme

Mooroopna West Growth Corridor Infrastructure, completed 2014**Project Cost:** \$10mFunding:

- \$5.43m Building Better Regional Cities

Upgrade of Welsford Street, completed 2017**Project Cost:** \$3.88mFunding:

- \$2.52m Roads to Recovery
- \$124K Goulburn Valley Water

8.2. Council Resources and Governance

Council has a wide range of experienced Project Managers, Finance Managers, Project Engineers, Asset Managers, Marketing and Communications Officers and Strategic and Statutory Planners who are all experienced in the implementation of large infrastructure projects.

The delivery of the GV Link Regional Employment Precinct Activation project will be overseen by the GV Link program control board made up of the following positions:

- Project Sponsor
 - Has executive power over the Program, including financial delegation, resources and pausing or terminating Program or Project work activity.
- Industry
 - Has the responsibility of working with industry to locate at GV Link
 - Has the responsibility of attracting investors and facilitating negotiations between the parties in association with planning.
- Financial
 - Has the responsibility of ensuring that the project gives value for money and adopts a cost effective approach which balances the demands of the business
- Infrastructure
 - Has the responsibility of overall project viability and delivery on behalf of the Project Sponsor.
- Planning
 - Providing strategic advice in relation to the project, including inter-governmental relations and inter agency discussions, and providing contact point for Council's lawyers and valuers.
- Project Construction
 - Has the responsibility for the overall integrity and coherence of the project, and the successful delivery of the project. Also the effective coordination of the projects and their inter-dependencies, including other resources, and any risks and other issues that may arise. Ensuring that the project deliverables are reliable, sustainable and can be maintained efficiently.
- Project Design/Application Approver
 - Has the responsibility of ensuring the structural and engineering drawings are deliverable and to create a co-ordinated design.
- Project manager (dedicated resource)

- Has the responsibility of running the project from day to day on behalf of the Project Sponsor.
- Has the responsibility of ensuring that the project deliverables are of the required quality, i.e. are capable of delivering the benefits defined in the business case, and produced within the agreed time and cost.
- Has the responsibility of directly managing Designers and Civil Contractors with consideration from Financial, Industry and Infrastructure.
- Has the responsibility of managing procurement.
- Has the responsibility of managing risks and dependencies.
- Has the responsibility of ensuring the project is delivered on time and to budget.

In addition, a Communications and Stakeholder Management program will be undertaken as an ongoing exercise by the project team and contractors as required by the stage of the project.

Council has a project management system which captures project planning, risk management, procurement, finance, communications and reporting. Council systems will be used fully, and oversight of the delivery will be provided by relevant managers. Quarterly reporting to Directors and the Executive Leadership Team on progress and budget implications will form part of normal project management. Council will take on full intellectual property rights on completion of the construction project and hand over.

8.3. Procurement Standards

Council has strict procurement policies, guided by a procurement policy document (*Greater Shepparton City Council Procurement Policy, November 2022*). This procurement policy is made under Section 108 of the *Local Government Act 2020 (VIC)*.

It is Council's intention that this Policy govern purchasing activities across the organisation in accordance with the requirements of the Act, being to:

- Prepare, adopt and comply with a procurement policy which specifies the principles, processes and procedures applying to all purchases of goods and services and the carrying out of works by the Council to promote open and fair competition and ensure value for money.
- Establish a threshold for public tender procurement activities.
- Provide for collaboration in procurement activities; and
- Review the Procurement Policy at least once during each 4-year term of the Council.

The objectives of the Policy are as follows:

- Ensuring value for money, innovation and continuous improvement in the provision of services for the community.
- Incorporating a strategic approach to procurement planning, implementation and evaluation.
- Enabling sustainable outcomes including economic, environmental and social sustainability, having regard to whole of life impacts and benefits.
- Efficient and effective use of Council resources.
- Demonstrating high standards of probity, transparency, risk management and accountability to ratepayers.

Ensuring compliance with legislation, Council Plan objectives, Council policies and industry standards.

8.4. Risk Management

Council has adopted a rigorous risk management process, based on the Risk Level Matrix. Shown in Figure 3.

Figure 3 Risk Level Matrix

Risks	Likelihood	Consequence	Rating	Mitigation Action
Negative Public Perspective	Possible	Moderate	Medium	Media Release regarding the benefits of the Project.
Unanticipated additional works	Unlikely	Moderate	Low	Provide for a contingency. Inform Department of any substantial issues regarding delays/costs
Construction delays	Unlikely	Major	Medium	Appoint dedicated and experienced project manager. Ensure regular project oversight.
Unanticipated services relocation or remedial works	Possible	Moderate	Medium	Work with utility operators at an early stage
Insufficient internal and/or external resources	Possible	Moderate	Medium	Regular resourcing meetings to ensure delivery program is followed and monitor spending

Source: Greater Shepparton City Council

Prior to seeking tenders, and during all aspects of delivering Stage 1 of the GV Link Regional Employment Precinct, Council will undertake a comprehensive risk assessment. This risk assessment will cover, but not be limited to:

- Natural hazards (e.g., fire or floods).
- Supply of suitable contractors, labour and materials.
- Robustness of contracts.
- Certainty of funding.

8.5. Project Readiness

As described in Section 4, Stage 1 of the GV Link Regional Employment Precinct is 'shovel ready'. The project:

- Has been substantially designed to deliver core services to the site and to prepare individual lots for sale to investors.
- Is fully costed and supported by a detailed works program.