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Project Number: 3200068

Ms Jacklyn Stevens
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Via email: JStevens@millarmerrigan.com.au

Dear Jacklyn

RE: Yarragon Residential Assessment – Net Community Benefits

This letter of advice is an addendum to a previous report undertaken by Ethos Urban titled: *63 Yarragon-Leongatha Road, Yarragon – Residential Assessment* (13 December 2018).

The December 2018 report provided an assessment of the residential supply and demand situation in Yarragon for consideration in a future rezoning request. At that time, the landowner who you represent sought to rezone land (the subject land) situated immediately east of Yarragon, from the Farm Zone (FZ) to an appropriate residential zone to facilitate residential development.

The purpose of this letter is to provide an overview of the net community benefits associated with the residential scheme now proposed for the subject land.

1.0 Background

The subject land comprises 45 hectares situated to the south of the Princes Highway at Yarragon and approximately 1km south-east of Yarragon's town centre. The owner of the land seeks to develop the site for residential purposes.

The development proposed comprises:

- A total of 376 residential lots, including 372 conventional residential lots and 4 medium density lots;
- An aged-care facility or lifestyle village; and
- Approximately 7.4 hectares of public open space

While the specific details of the proposed aged-care facility or lifestyle village are yet to be finalised, it is understood that the owner seeks to accommodate a facility of similar size to the aged-care development proposed for 1C Haigh Street, Moe – which comprises some 144 beds.

Construction would likely commence in 2021, with the aged care facility delivered in the initial stages of the development. The residential component of the development would be delivered incrementally over a period of around ten years with full development realised by approximately 2031, based on an expected lot uptake of approximately 35 lots per year.

2.0 Potential Benefits

Project Investment

The total capital investment associated with this project has been estimated at approximately \$145.6 million by Ethos Urban, comprising:

- Some \$120.3 million for the residential component which equates to \$320,000 per dwelling (inclusive of building construction and civil works); and
- Approximately \$25.3 million for the aged care facility, based on an average construction cost of \$176,000 per bed (source: Grant Thornton Australia).

Construction Employment

Direct (onsite) construction employment

One direct (onsite) full-time equivalent (FTE) job year in the commercial construction industry is supported by approximately \$450,000 in construction investment based on analysis of official ABS data and various other industry sources.

On this basis, the \$145.6 million in capital investment associated with the proposed development (excluding land acquisition costs) would support an estimated at approximately 325 direct full-time equivalent (FTE) positions. The level of on-site employment is expected to vary throughout the construction period and is dependent on the staging of the proposed development.

Indirect construction employment

To calculate indirect (or flow-on) construction employment the relevant ABS residential construction multiplier of 4.1 is applied (i.e. one direct job generates a further 3.1 indirect or flow-on jobs). On this basis the 325 FTE direct construction jobs would generate a further 1,010 FTE indirect jobs in the wider economy over the life of the construction project, which is estimated at 10 years.

Many of these indirect jobs associated with the construction phase of the proposed development would be sourced from the immediate Yarragon area, as well as Drouin/Warragul and those regional centres in the nearby Latrobe Valley. Indirect jobs would be expected to accrue in a wide range of sectors associated with the industrial and consumption impacts of the project.

In total, the proposed development would support some 1,335 FTE construction-related jobs (direct and indirect) over the lifetime of the project.

Business Participation Opportunities

The proposed development's construction phase is expected to generate business participation opportunities for local construction-related businesses in the Yarragon area.

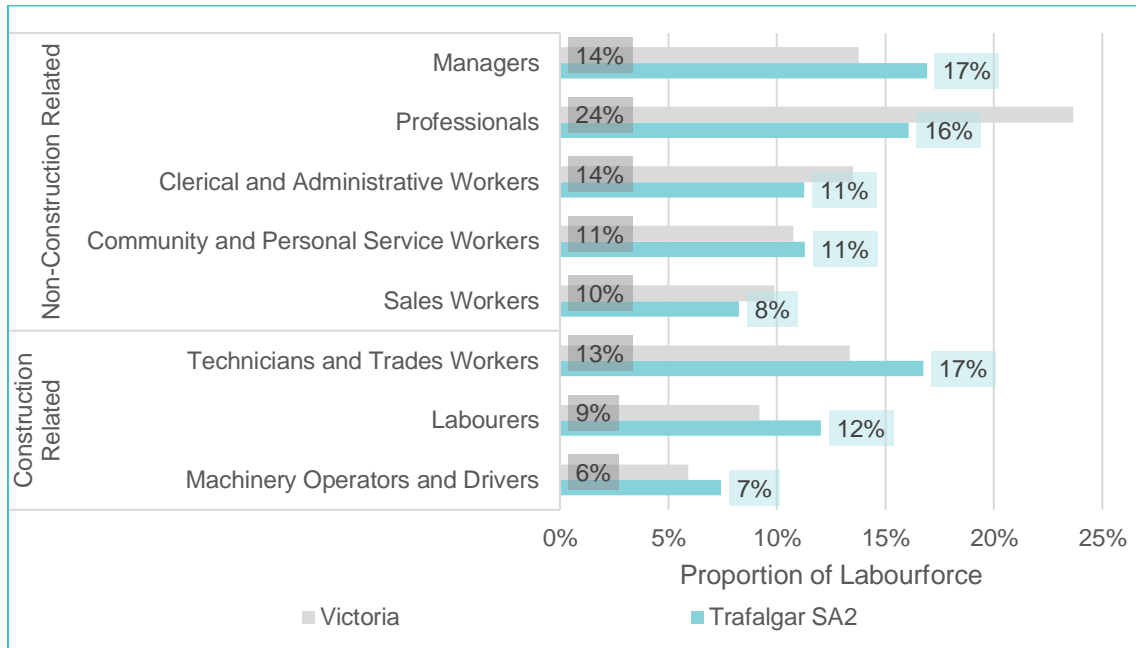
In 2019, some 130 construction businesses (rounded) were located in Trafalgar SA2, based on ABS Business Counts (Cat: 8165.0) representing 16% of all business within this statistical area. Note, Trafalgar SA2 is the ABS statistical area which encompasses Yarragon and its immediate surrounding region.

Moreover, around 1,220 jobs in Trafalgar SA2's labour force (or 36% of total jobs) are in construction related occupations – i.e. technicians and trade workers, labourers, and machinery drivers and operators. The share local jobs in construction related occupations is significantly higher than for Victoria as whole, as shown in Figure 1.

Businesses in Yarragon and the immediate region would be well placed to benefit from the construction phase of the proposed development, as indicated by the region’s business and occupational structure.

For construction businesses in rural areas, projects such as the proposed development can provide important launching pads in terms of building capability and developing client and supply chain networks.

Figure 1: Share of Construction and Non-Construction Related Employment, Trafalgar SA2 Labour force



Source: ABS Census 2016

New Resident Spending Stimulus

At full development, the residential component of the proposed development (376 lots) is estimated to accommodate some 900 residents (rounded), based on an average household size of 2.4 persons.

The retail expenditure generated by the new residents has been estimated with reference to the MarketInfo, a micro simulation model that calculates total and per capita retail spending for small areas.

In total, the +900 additional residents would generate \$12.8 million in retail expenditure on annual basis (in 2019 dollars) based on average annual retail expenditure of \$14,170 per person, according to MarketInfo.

Notwithstanding that a proportion of this spending would flow to businesses outside of Yarragon, including within nearby regional centres (such as Warragul, Morwell or Traralgon) and online channels etc, the local spending base in Yarragon would increase substantially, noting that only 1,120 persons were recorded as residing in Yarragon (urban centre) by the 2016 ABS Census.

The additional expenditure captured by businesses in Yarragon would assist in supporting the viability of the town’s retail sector which is significantly dependent to passing Princes Highway trade.

Delivery of a New Aged Care Facility

An aged care facility would be delivered on the subject land in the early stages of the proposed development. While the specific details of the aged care component are not yet finalised, it is understood that the facility is planned to comprise in the order of 140 beds (rounded).

The proposed aged care facility would assist in servicing the additional demand for aged care beds which is forecast to materialise in Baw Baw Shire and surrounds over the next ten years.

From 2020 to 2030, the segment of Baw Baw Shire's population aged 70 years of over is projected to increase by some +3,900 persons or +50.8% on the 2020 level, according to *Victoria in Future 2019*, the State Government's official population projections (refer Table 1).

Based on the Victorian Government planning benchmark of 78 beds per 1,000 residents aged 70 years or over (source: Australian Government Department of Health, *Aged Care Approvals Round – Essential Guide*, 2019), demand for residential aged care in Baw Baw Shire is forecast to increase from 600 beds in 2020 to approximately 900 beds in 2030, representing an increase of some +300 beds (or +50%).

The proposed facility would assist in servicing projected demand for the additional +300 aged care beds projected for Baw Baw Shire, noting that no other aged care facilities are currently proposed in the municipality at the time of writing, according to the Cordell Connect database.

Additionally, the proposed aged care facility is well located to assist in servicing demand for aged care places generated in the City of Latrobe, including in the nearby regional centre of Moe.

Table 1: Population over 70, Baw Baw (S), 2020 - 2030

Baw Baw (S)	2020	2025	2030	2020-2030	
				Total Increase (No.)	Total Increase (%)
Population over 70	7,670	9,500	11,570	+3,900	+50.8%
Annual Growth (No.)	-	+370	+410	-	-
Annual Growth (%)	-	+4.4%	+4.0%	-	-
Regional Victoria (over 70s, annual growth %)	-	+3.5%	+3.2%	-	-

Source: *Victoria In Future 2019*

Note: Figures rounded

Table 2: Aged Care Demand – No. of Beds, Baw (S), 2020 - 2030

Baw Baw (S)	2020	2025	2030	2020-2025	
				Additional Beds (No.)	Additional Beds (%)
Residents aged 70 and over	7,670	9,500	11,570	-	-
Aged care requirement per 1,000 people 70 and over	78	78	78	-	-
Aged care demand - no. of beds	600	740	900	+300	+50%

Source: *Victoria in Future 2019; AGAR-Essential Guide 2019*

Increase in Local Volunteer Base

The residential component of the proposed development would increase Yarragon's population by some 900 persons when fully developed. Growth in Yarragon's population will increase the local volunteer base for community organisations located in the town such as the Yarragon Country Fire Authority (CFA) Brigade and Yarragon & District Community Association.

Growth in the local population would also assist local sporting clubs including Yarragon Football Netball Club, Yarragon Cricket Club and Yarragon Bowling Club, who, in addition to needing participants to fill teams also require volunteers to undertake various administrative duties.

For small rural communities such as Yarragon, local community organisations and sporting clubs play a crucial role in fostering social connections and community solidarity.

2.0 Potential Impacts

Impact on Pre-School Facilities

Yarragon contains a kindergarten which is provided onsite at Yarragon Primary School. The services provided by the kindergarten currently comprise one three-year-old kinder group and two four-year-old kinder groups (source: Baw Shire's website).

Additionally, 'long day care' services are provided by Yarragon Children's Centre which currently has 120 approved places (source: <http://www.yarragonchildrenscentre.com.au/>).

Of the 900 residents accommodated by the proposed development (at full development), it is estimated that approximately 64 persons (or 7.1%) would be children aged 0 to 4, based on relevant Forecast id age structure estimates for year 2031 (when the proposed development is expected to be completed).

Additional demand for pre-school facilities at Yarragon generated by the proposed development is expected to be manageable given this relatively small additional number. The residential component would be staged over a period of some ten years (based on an expected lot uptake of 35 lots per year), rather than being delivered at once. Importantly, this would allow the existing per-school facilities to gradually increase the scale of services in-line with demand if required.

Further, a component of the demand for pre-school facilities generated by the proposed development would likely be serviced in nearby regional centres such as in Drouin or Moe, due to parents working in these localities.

Impact on Primary School Places

A government operated primary school is located at Yarragon (Yarragon Primary School) which currently has 181 students enrolled from Prep to year-six (source: <https://www.yarragonps.com/>).

It is estimated that some 91 persons (or a 10.1%) from the proposed development's residential component would be children aged from five to 12 years (primary school age), based on Forecast id age structure estimates for 2031.

Again, the additional enrolments at Yarragon Primary School are expected to be manageable on the basis that:

- The residential component would be delivered incrementally over ten-years providing the Primary School sufficient scope to increase the scale of facilities in-line with demand if required; and
- A component of demand for additional Primary School Places generated by the proposed development would be serviced in nearby regional centres due to parents working in these localities.

For reference, the planning benchmark used in Victorian growth areas is one primary school for every 3,000 households or around 9,000 residents. By 2031, Traralgon SA2 is projected to contain some 9,790 residents according to Victoria in Future (2019). Given that Traralgon SA2 contains two primary schools (at Yarragon and Trafalgar), the SA2 area would be below the population threshold

necessitating the delivery of an additional primary school at 2031, even when proposed development is considered in addition to existing population and demographic projections.

Impact on Local Health Services

Yarragon contains a medical centre (Yarragon Medical Centre) which is located at 1 Campbell Street.

Yarragon Medical Centre provides a range of services to the Yarragon community, including:

- General practitioner services
- Skin checks
- Paediatrics
- Pathology
- Mental health services
- Aged care services
- Immunisations
- Acute and chronic health care
- Acupuncture
- Shared maternity care and breast-feeding support
- Women's Health.

The additional 900 residents accommodated by the proposed development would increase demand for local health services in Yarragon, but likely impacts are considered to be manageable in view of the staged delivery of the residential component (over some ten years). In addition, some new demand for health services would likely be serviced in nearby regional centres due to residents working in these locations or through personal choice.

Conversely, in view of Yarragon's small population (of 1,120 persons as per the 2016 ABS Census), the increase in the town's residential population is viewed as a factor that would assist in supporting an increased range of health services at the town.

While the aged care component (comprising some 140 beds) would be expected to generate significant demand for health services geared to elderly persons, these health services would be predominantly provided onsite with aged care residents only accessing off-site services for non-primary care requirements. Providing primary care services onsite is the established practice within Australia's aged care sector (source: L Reed. *Models of general practitioner services in aged care facilities*, Australian Family Physician, Volume 44, No. 4, April 2015).

Impact on Community Infrastructure

Again, the additional residents associated with the proposed development would increase demand for community infrastructure including sporting/recreation facilities and public open space. However, in view of Yarragon's small population, increased use of these facilities would more likely benefit the township.

New additional public open space totalling approximately 7.4 hectares will be delivered by the proposed development which would benefit new and existing residents alike.

3.0 Net Community Benefit

The proposed development would deliver a net benefit to the Yarragon community. This is underscored by the significant benefits associated with the proposed scheme, including:

- Estimated total capital investment of \$145.6 million (excluding land acquisition costs).
- An estimated 1,335 FTE construction related job-years associated with the project including 325 direct (onsite) job-years and flow-on employment of 1,010 job-years in the wider economy.
- Business participation opportunities associated with the project in view of the relatively high share of construction-related businesses in the Yarragon region.
- Retail spending stimulus of some \$12.8 million p.a. (in 2019 dollars) associated with the 900 residents accommodated by the proposed development, which would increase Yarragon's spending base and assist local businesses in capturing more trade from residents.
- Delivery of new aged care facility comprising some 140 beds, which will assist in servicing demand for additional aged care beds in Baw Baw (S), as well as areas of the City of Latrobe.
- An increase in Yarragon's volunteer base associated with the new residents accommodated by the proposed development which will assist local community organisations.

Moreover, the proposed development is unlikely to impact Yarragon's provision of community services and facilities including pre-school, primary school and health services; and community infrastructure. Impacts that do occur are expected to be manageable, in view of the staged delivery of the proposed development amongst other factors.

I trust this letter of advice addresses your requirements in understanding the net community benefits associated with your client's proposed development at Yarragon.



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