



Investment Attraction Strategy

Melton City Council
Final Report

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1 Executive summary & key messages

Purpose of the Investment Attraction Strategy

Project purpose and key considerations

EY has been engaged by the MCC to prepare an Investment Attraction Strategy (“the Strategy”). The purpose of the Strategy is to develop a city shaping vision and action plan for growing jobs and investment in the City of Melton (“CoM”). As part of this objective, key considerations include:

- ▶ Understanding the pathways to create a rich and diverse mix of local jobs
- ▶ Identifying major investment opportunities that will drive economic development and accelerate the provision of a greater volume of local employment. Potential areas of focus included industries such as:
 - ▶ Transport and logistics
 - ▶ The tourism / visitor economy and the sporting / leisure industry
 - ▶ The service sector including professional services
 - ▶ Health and education including tertiary education
 - ▶ Research and development
 - ▶ State and Federal Government projects
- ▶ Developing a clear action plan for the implementation of the Strategy including clarity on responsibilities, timeframes and activities

Why undertake an Investment Attraction Strategy?

- 1 **Understand opportunities / challenges:** What is the structure of the current local economy? What sectors do the City of Melton have a strong presence in or a lack of local employment?
- 2 **What is a preferred future pathway:** In identifying a preferred local economy, how does the City of Melton get there?
- 3 **What projects:** How is the pathway catalysed by an investment pipeline including Government and private investment
- 4 **What:** What does the MCC need to do and what partnerships with State and Commonwealth Government are needed?

The Strategy will provide a clear roadmap allowing the CoM to navigate a future pathway to a strong and diverse local economy

The Strategy aims to deliver on a vision for a more diverse and resilient economy with strong jobs growth supported by clear strategic directions

Vision for the City of Melton

Based on the consultations with a range of stakeholders including the development and transport sector, education providers and the State Government, to formulate a vision for the Strategy. The agreed vision is as follows:

“

A diverse and resilient economy that provides a mix of employment opportunities and drives regional and State economic activity

The vision responds to changing economic trends and the importance of creating an economy that can adapt to existing and future economic and social shocks. As the regional and State economy shifts out of the COVID-19 environment, transformation in industry and skills is expected to accelerate at unprecedented rates with regional industry and innovation clusters. The vision also responds to detailed consultation with Government and industry stakeholders that confirmed that the CoM's local economy will need to continue to evolve and transform to provide a sustainable growth platform for the community.

Overarching aim for the Strategy: To achieve the vision, the Strategy's overarching objective calls for *100,000 new local jobs by 2050 to increase employment self-sufficiency*. The successful achievement of the vision rests on three key supporting strategic directions and a series of objectives.

Strategic directions for the Strategy:

- ▶ **Strategic Direction 1:** Understanding how infrastructure will successfully deliver employment precincts
- ▶ **Strategic Direction 2:** Transforming the structure of the labour force to deliver a more diverse economy
- ▶ **Strategic Direction 3:** Achieving the job target through catalyst infrastructure under a preferred delivery scenario

Objectives and KPIs for a more diverse economy:

- ▶ Grow the current rate of local jobs per member of the labour force from 0.38 to 0.6 jobs
- ▶ Increase the share of local jobs in transport and warehousing from 5% to 8%
- ▶ Increase the share of local jobs in manufacturing from 5% to 7%
- ▶ Increase the share of local jobs in professional services from 3.4% to 8%
- ▶ Maintain the current share of local jobs in key sectors including construction, education and health

A target of 100,000 new local jobs drives the key directions in the Strategy

The job task

The CoM is estimated to currently have approximately 28,000 local jobs relative to a resident labour force of around 70,000 people. This means that the ratio of local jobs to those living in the CoM and seeking employment is around 0.38.

If the CoM achieves an aspirational 'target' of 0.60 local jobs per member of the labour force - equivalent to growth area averages - by 2050 it will need to deliver around 95,000 new local jobs from 2016 employment levels.

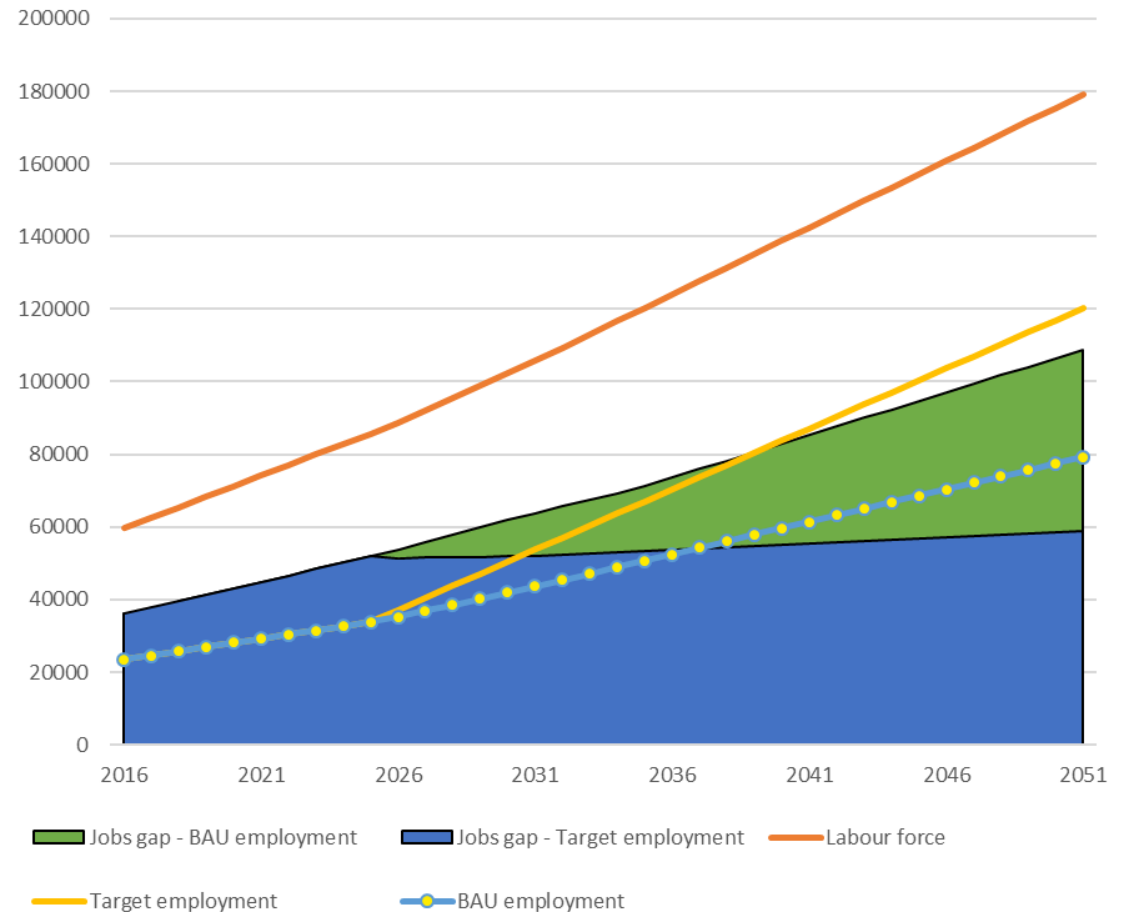
This target will still mean that there will be a gap between local jobs and the total labour force. However if the target is not achieved and current employment self-sufficiency remains stable, the jobs gap is likely to exceed 100,000 by 2051.

Achieving the aspirational target will require around 3,000 new jobs to be generated per year, on average. This will be a significant challenge and require a large co-ordination of catalyst infrastructure and strategic planning.

The aspirational target can be compared to State Government forecasts for employment growth in the CoM1. The jobs target to 2030 requires employment in the CoM to reach 50,000 jobs, representing 27,000 new jobs from 2016 levels. In comparison, the State Government forecasts an additional 31,000 jobs over the same period. The reason for the disparity is discussed in more detail in the Report, however it has broader implications for land use planning that may need to be addressed.

The job requirement of 100,000 new local jobs by 2050 is an overarching direction within the strategy

Baseline and target employment projections

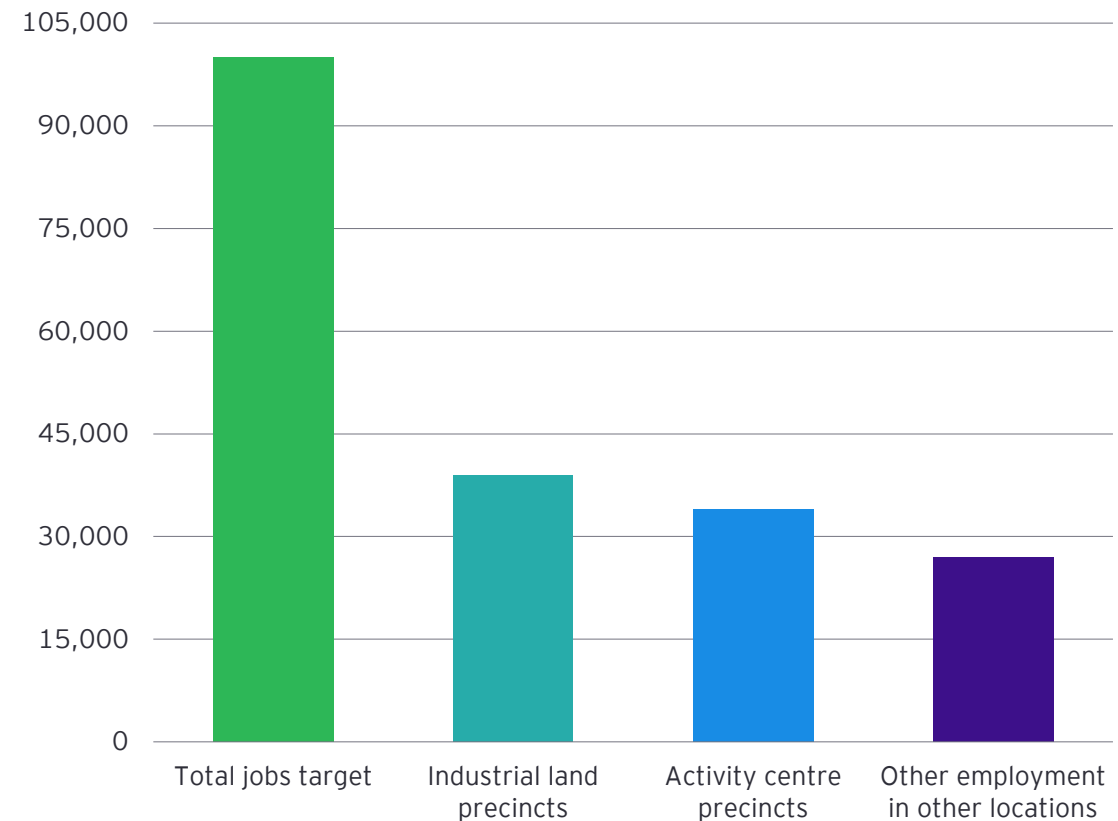


Source: VIF, EY

Strategic Direction 1 – Melton’s key employment precincts have significant employment capacity, however they are heavily reliant on catalyst infrastructure

- ▶ An employment target for the CoM has been established within this Strategy. This target involves the generation of 100,000 new local jobs by 2050 to achieve an increase in employment self-sufficiency
- ▶ The CoM’s key employment precincts will play a critical role in achieving the job target by 2050
- ▶ An overview of the role that industrial land and activity centre precincts will play in delivering the jobs target is provided in the opposite figure. It should be noted that other precincts that are less reliant on infrastructure will also deliver employment growth (including jobs in other sectors, home based business etc) as highlighted in the graph
- ▶ The opposite analysis is based on a review of the importance of individual precincts in Chapter 5 of this Report, that confirms that the employment capacity of precincts reliant on infrastructure

The job target and employment capacity of precincts reliant on infrastructure (2051)



Source: EY

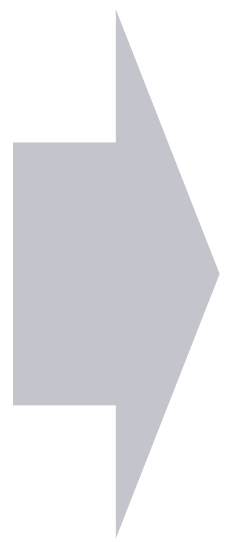
The COVID-19 pandemic has created significant opportunities for the industrial land sector and a shift in workers away from the central city. It is important that the State Government works with growth area councils like the MCC to support and harness this opportunity as part of the pathway in a post-COVID recovery

Strategic Direction 1 - What are the linkages between key employment precincts and preferred supporting infrastructure projects?

Many of the CoM's planned employment precincts require infrastructure delivery and certainty

Target precincts to deliver employment

- Melton Hospital and Cobblebank Activity Centre
- Cobblebank Mixed Use Precinct
- Cobblebank Tertiary & Justice Precinct
- WIFP and surrounding industrial precinct
- WIFP Centre of Excellence & Training facility (proposed)
- Eynesbury Tourism Precinct
- Plumpton, Warrensbrook and Warrawee Industrial Precincts

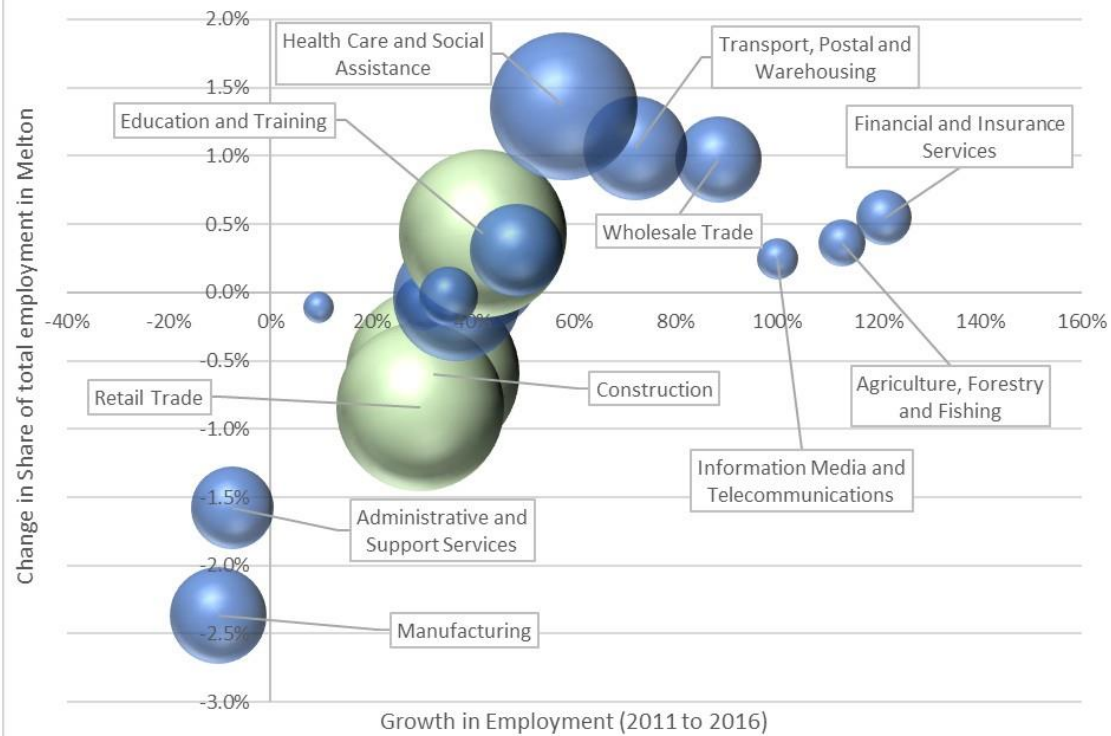


Enabling Infrastructure & Project Support

1. Melton Rail Electrification & Western Rail Plan
2. Western Highway Upgrade
3. Melton Hospital and funding timeframe
4. Delivery of WIFP and investigation of co-located training facility
5. Freight link between WIFP and interstate rail corridor
6. Critical road duplications and intersections including Hopkins & Christies Rd upgrades & Melton Highway
7. OMR supported by commitment staging and timeline

Strategic Direction 2: Transforming Melton's local economy requires not only strong job growth but a more diverse high value employment base

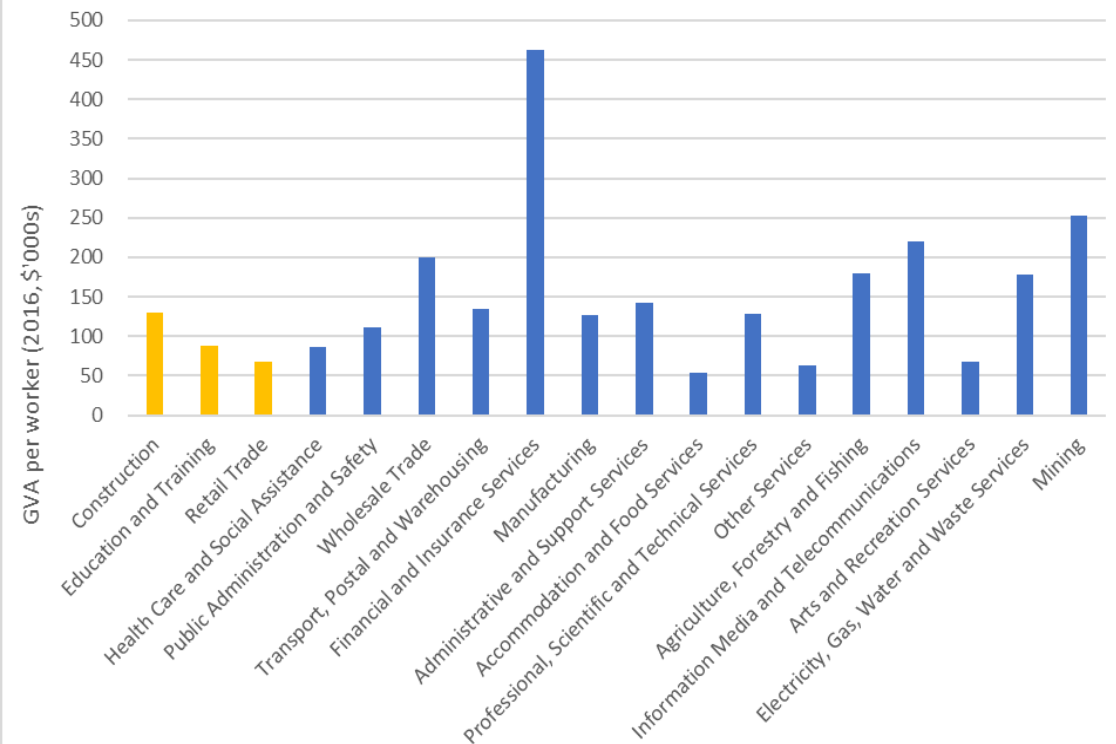
Construction, Retail Trade and Education & Training are large contributors to employment



Source: EY Analysis of REMPLAN output

- ▶ The CoM's economy is starting to evolve, with emerging growth in sectors which have high incomes per worker. However most growth is still in traditional sectors including retail trade and construction
- ▶ Manufacturing is declining, with either high value sectors growing but from a low base.

However, the CoM's largest employment sectors have relatively low economic output per worker



Source: EY Analysis of REMPLAN output

- ▶ Education & Training, and Retail Trade are two of the largest sources of employment in the CoM, in terms of jobs performed in the local labour market
- ▶ Collectively, these sectors together with Construction contributed just over \$1b of gross value add ("GVA") in 2016, representing around 29% of the CoM's total GVA in that year
- ▶ However, the GVA per employee is relatively low for these sectors

Strategic Direction 2: A review of other growth areas and municipalities confirms that a resilient local economy will require a shift to new high value sectors

Scenarios for evolving a local economy

Measuring the impacts of a shift in the CoM's employment profile from its current profile to a more diverse economy can be estimated in terms of average gross value add per worker.

There are a series of target sectors that are recommended to either grow or maintain their relative share in the economy. This will in turn lead to a substitution away from lower value add sectors. The following shifts in sector shares are assumed as CoM's key precincts are successfully delivered:

- ▶ **Transport & Warehousing** - Increases to 8% share of local jobs relative to 5% in the CoM and 10% in growth areas in 2016
- ▶ **Manufacturing** - Increases to 7% share of local jobs relative to 5% in the CoM and 11% in growth areas in 2016
- ▶ **Professional Services** - Increases to 8% of local jobs relative to 3.4% in the CoM and 3.5% in growth areas in 2016
- ▶ **Health and education sectors** remain stable
- ▶ **Construction sectors** share of the local employment base remain fixed with employment growth tracking overall growth in local jobs

Gross Value Add per worker will increase from an estimated \$156,682 in 2020 to around \$165,000 in 2051 in real terms¹.

Shift in economic profile over time

Situation today

Proportion of labour force in transport and warehousing and manufacturing equates to 10% with the professional services sector at less than 4%



Preferred future economic structure

Transformed local economy -Transport and warehousing and manufacturing sectors increases to more than 15% of the local economy with a supporting professional services sector of up to 8% equivalent to benchmarks (including the City of Monash)

The delivery of key employment precincts highlighted in the strategy together with supporting infrastructure is expected to build a more diverse employment base

Strategic Direction 3: Delivering an action plan for catalyst infrastructure and a more resilient local economy

Defining a strategy supported by a change in the local economic structure

A preliminary action plan has been prepared based on the timing and delivery of catalyst infrastructure. These have been defined under two scenarios which will assist in guiding the estimates of economic impact and associated employment.

1. Passive scenario: This scenario has two elements:

- ▶ The market follows current trends and strategic planning expectations, key future employment zoned land is brought onto the market in a delayed timeframe and major infrastructure projects such as OMR and WIFP are not delivered with subsequent delayed development of key industrial precincts. In a passive scenario, infrastructure delivery timeframes create uncertainty for investors
- ▶ Employment growth is delayed and the transition in the CoM's economy and diversity of labour force does not commence until well beyond 2035

2. Accelerated scenario:

- ▶ The market capitalises on existing and future infrastructure drivers, key future employment zoned land is brought onto the market in an accelerated timeframe and major infrastructure projects such as OMR and WIFP are brought forward. In an accelerated scenario, infrastructure delivery timing is clearly signalled to the market, and project timing is brought forward
- ▶ The structure of the CoM's labour force evolves to a more resilient diverse economy with key high value add sectors expanding to take a greater share of local economic activity

These scenarios provide a guide as to a future pathway that could be navigated by the CoM in partnership with the State and Commonwealth Governments and industry.

They are also designed to test the economic and employment impacts of an accelerated infrastructure strategy consistent with the vision established in the Strategy, while responding to the intention to develop a more resilient and diverse local economy

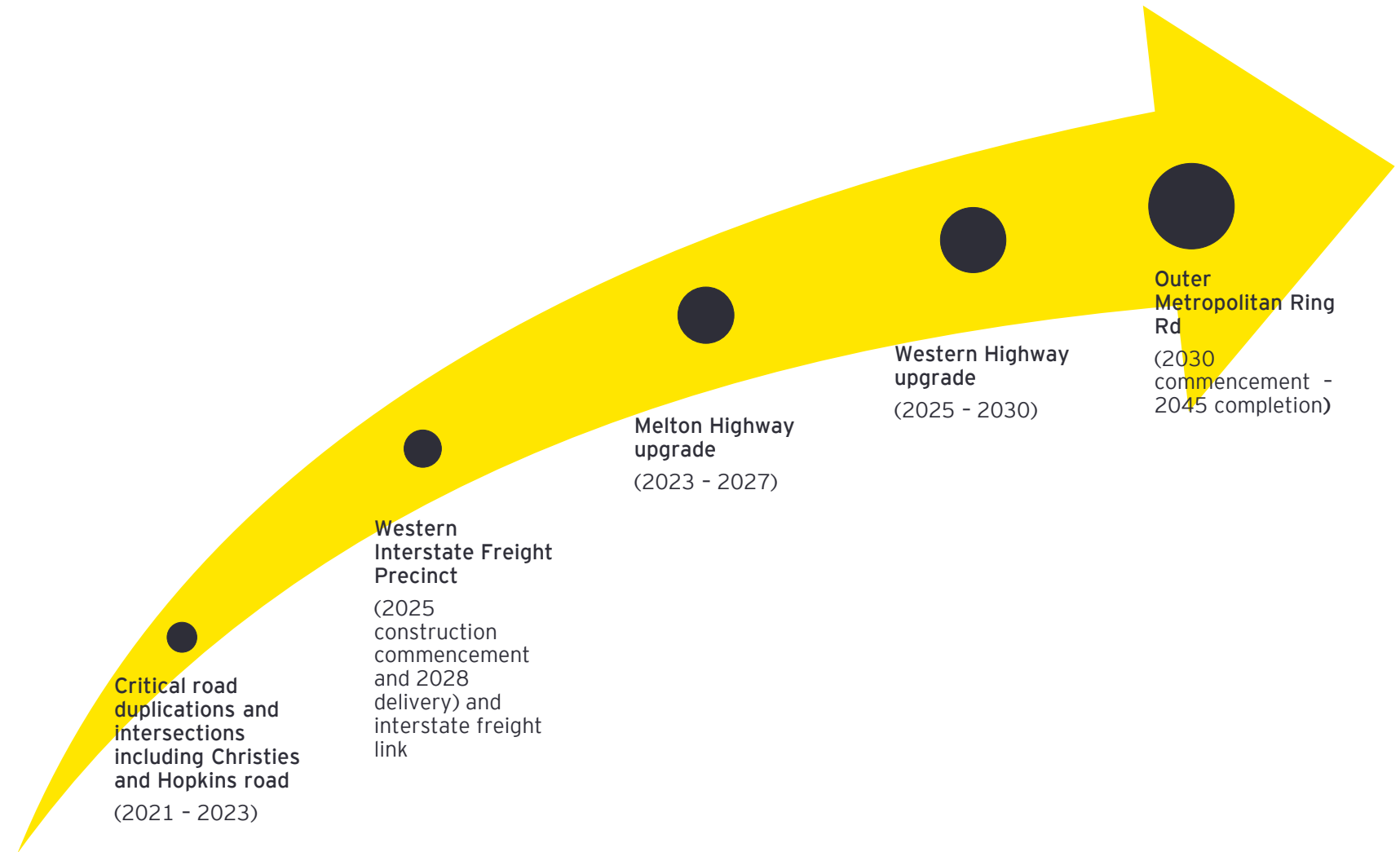
Strategic Direction 3: Preferred Sequencing of infrastructure that will influence industrial precincts

Chapter 7 of this Report highlights the preferred scenario for infrastructure sequencing to unlock the CoM's principal employment precincts.

Some infrastructure projects will influence industrial land precincts while others will catalyse the development of activity centres.

The accelerated infrastructure scenario described in Chapter 7 maps out a preferred sequencing for critical projects that are needed to unlock employment opportunities in the CoM and more broadly Melbourne's outer west growth areas including Wyndham.

A summary of the sequencing arrangements are depicted in the opposite diagram. These arrangements will leverage private sector investment and significant economic impacts

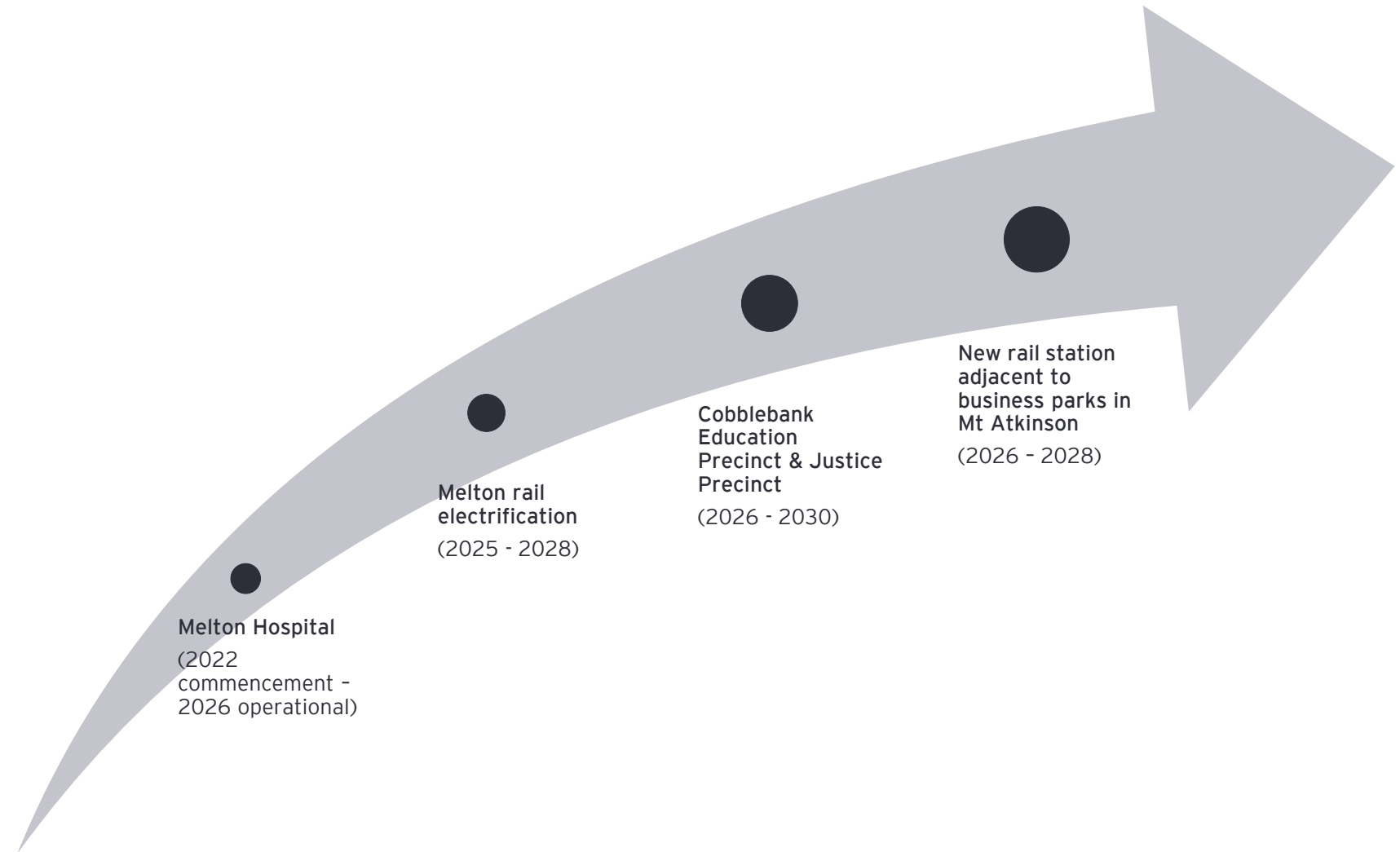


Strategic Direction 3: Preferred Sequencing of infrastructure that will influence key activity centres

Chapter 7 of this Report also highlights the preferred scenario for infrastructure sequencing to unlock the CoM's principal activity centre network.

Not all activity centres will be directly influenced by catalyst infrastructure as some centres will grow organically subject to local and regional population growth. However other centres including Cobblebank will require investment in road and public transport upgrades together with new services to achieve its vision as a regionally significant metropolitan activity centre.

A summary of the preferred sequencing arrangements in the accelerated infrastructure delivery scenario are depicted in the opposite diagram. These arrangements will leverage private sector investment and significant economic impacts



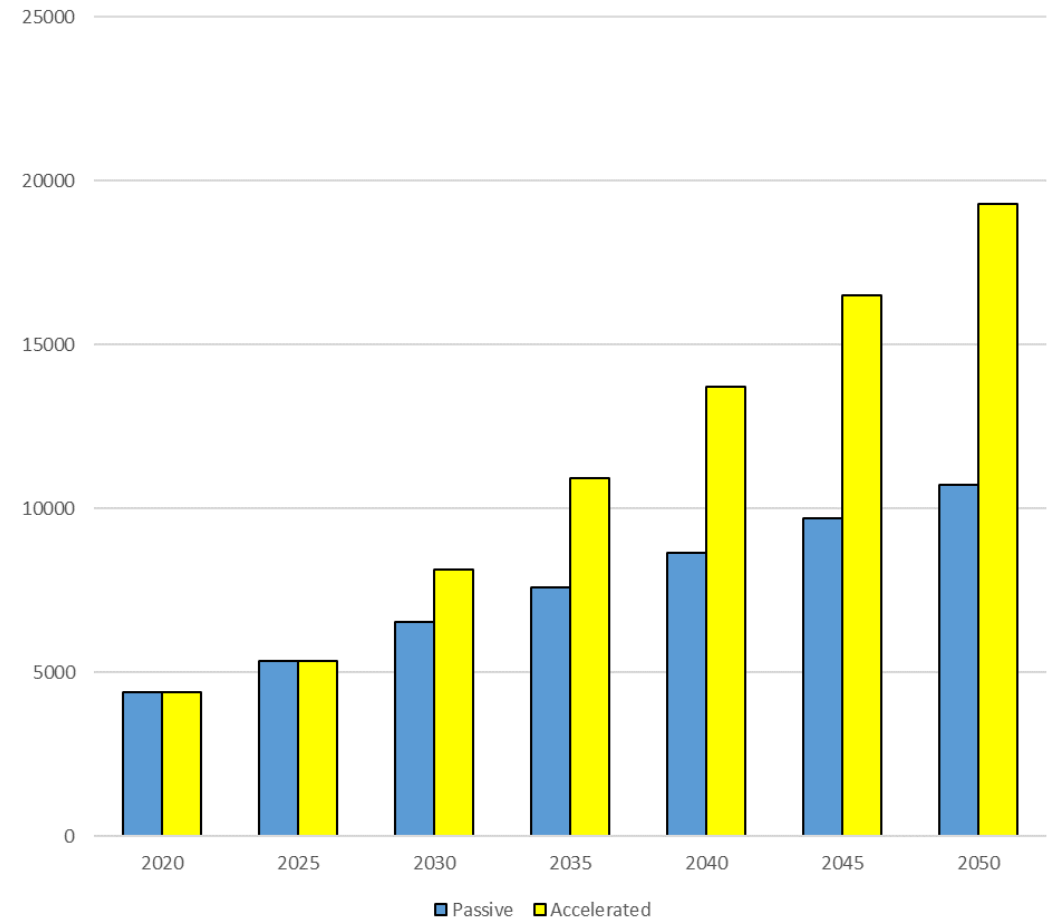
Strategic Direction 3: The accelerated infrastructure scenario will drive economic impacts across Melbourne's outer west and Victoria and ensure City of Melton's employment self sufficiency grows

More employment in higher-value adding sectors leads to better macroeconomic outcomes, both for the CoM and the State

- ▶ The accelerated scenario is projected to lead to annual economic value add reaching over \$19b by 2050, compared to just over \$4b in 2020 in the City of Melton
- ▶ Under the default passive scenario, annual economic value add will only reach \$11b by 2050, illustrating the impact of slower investment and new employment opportunities to develop
- ▶ Whilst the majority of the increase in economic value added in the accelerated scenario comes from higher employment volumes, a rotation into higher value sectors under this scenario also contributes, with value added on a per-worker basis increasing by around 6% (in real terms) by 2050
- ▶ This increase in average worker productivity has the potential to compound further over the next 30 years, as the presence of high-value industries builds within the municipality
- ▶ Beyond the direct value added to the economy, supply chain impacts are expected to induce the addition of a further \$10b of economic value throughout the State economy by 2050

The CoM's transition towards being a high-value economy that uses skilled labour can drive Statewide economic benefits

Projected gross economic value add (2016 dollars)



Source: EY analysis of data from the ABS, VIF and REMPLAN

Strategic Direction 3: Why a 'Business as Usual' approach will not work

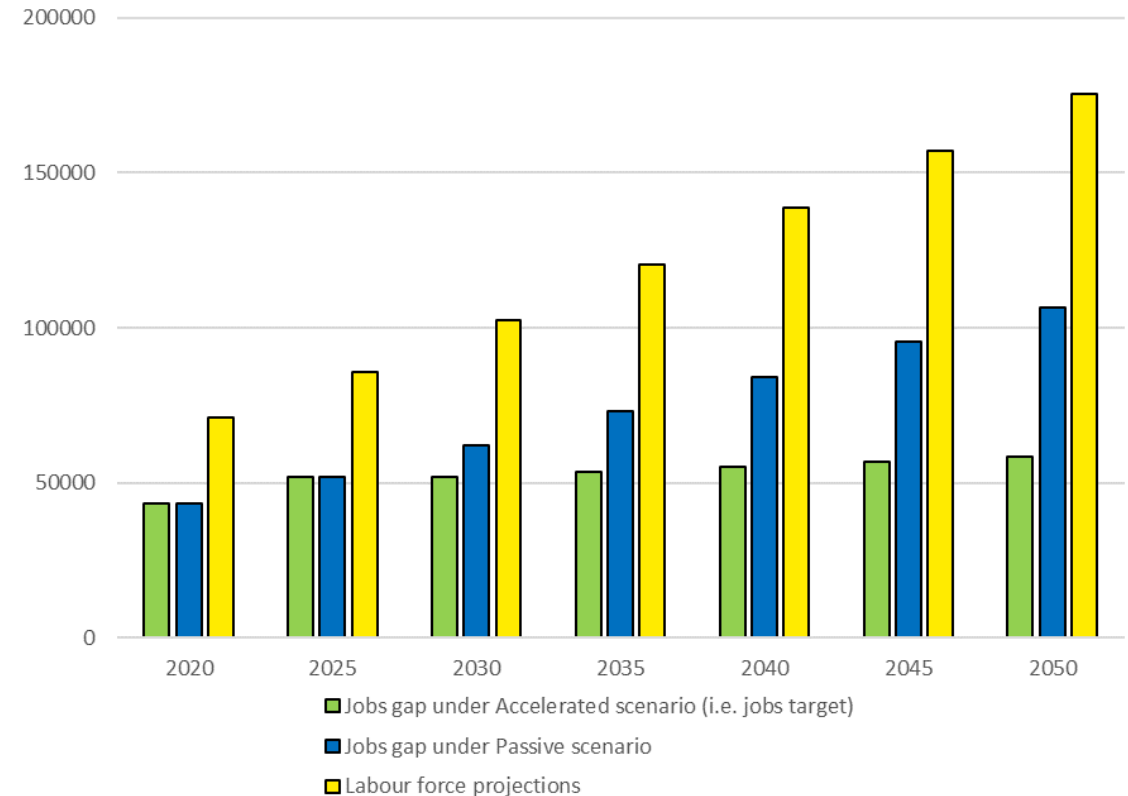
A Business as Usual Approach will create a local economy in the CoM that is not sustainable with significant negative impacts on the community

A 'Business as Usual' scenario which delays infrastructure delivery and has an uncertain pipeline will have significant and unmanageable impacts on the CoM's local economy and society. The failure to achieve target employment growth supported by a clear investment pipeline will have the following impacts:

- ▶ The CoM will have the highest volume of labour force commuting out of the municipality of any growth area by 2050
- ▶ There will be a jobs gap of nearly 110,000 local jobs by 2050 compared to 60,000 under the preferred catalyst infrastructure strategy
- ▶ The cost to State infrastructure and congestion will be enormous with daily commuting by residents expected to grow from around 45,000 in 2021 to 110,000 by 2051. This will create significant costs for families and individuals residing in the CoM who travel seeking work outside the region.

Whilst post COVID behaviour may lead to a greater proportion of individuals working from home in the short to medium-term, this pattern is not guaranteed in the longer-term and will not apply to all sectors of the labour force.

Job gap under a passive and accelerated scenario



Source: VIF, EY

To successfully achieve the vision and activities identified in the accelerated scenario, a clear action plan will need to be implemented

Summary of recommended actions and conclusion

The Strategy sets out a clear preferred pathway for the CoM to work with the State, Commonwealth Government and industry in delivering local and regionally significant infrastructure that will assist in transforming the local economy and driving wider economic benefits across Victoria. By delivering this Strategy and meeting the objectives, a greater mix of jobs will be present and will be a strong step in the direction of the vision to become “a diverse and resilient economy that provides a mix of employment opportunities and drives regional and State economic activity”.

The Strategy calls for greater clarity around the future sequencing of infrastructure to allow the development and service sector in the CoM to bring forward investment plans and provide a greater volume of local employment.

The assessment in the Strategy has confirmed that the CoM faces significant risks of a dramatic deterioration in employment self-sufficiency and growing costs of commuting for residents and businesses. While the CoM already has the lowest level of employment self-sufficiency of any growth area in Melbourne and without the actions in this plan being addressed there is the potential for this position to worsen.

In addition to the Strategic Directions outlined in the Report, the Strategy recommends the following short and medium-term actions:

- ▶ A presentation of the Strategy to State Government with support from local MP's
- ▶ Follow up forum with State Government departmental representatives on key recommendations, presenting timing of investment priorities and provision of a pre-budget submission
- ▶ Achieving agreement to establish a working group with DELWP and DJPR to explore the short-term implementation of recommendations
- ▶ An audit of local infrastructure and road upgrades to be undertaken to identify easy wins to unlock employment precincts in the CoM. This would include consideration of opportunities to leverage GAIC
- ▶ Achieve agreement to have the Western SSIP nominated as a future Priority Precinct by DJPR with a dedicated team of officers to provide co-ordination across Government and with the CoM
- ▶ State Government provides commitment and certainty to the delivery of business cases for outstanding infrastructure projects. Plan Melbourne and Victorian Freight Plan is updated with commitments and specific timelines for priority infrastructure
- ▶ The CoM establishes a dedicated performance monitoring team to report on and monitor objectives of the strategy



Project purpose & vision for the strategy

The Strategy is designed to provide the MCC and key stakeholders with an action plan and vision for the transformation of the local economy supported by investment projects

Project purpose and key considerations

EY has been engaged by the MCC to prepare an Investment Attraction Strategy. The purpose of the Strategy is to develop a city shaping vision and action plan for growing jobs and investment in the CoM. As part of this objective, key considerations include:

- ▶ Understanding the pathways to create a rich and diverse mix of local jobs
- ▶ Identifying major investment opportunities that will drive economic development and accelerate the provision of a greater volume of local employment. Potential areas of focus included industries such as:
 - ▶ Transport and logistics;
 - ▶ The tourism / visitor economy and the sporting / leisure industry;
 - ▶ The service sector including professional services;
 - ▶ Health and education including tertiary education;
 - ▶ Research and development; and
 - ▶ State and Federal Government projects
- ▶ Developing a clear action plan for the implementation of the Strategy including clarity on responsibilities, timeframes and activities

Why undertake an Investment Attraction Strategy?

- 1 Understand opportunities / challenges:** What is the structure of the current local economy? What sectors do the CoM have a strong presence in or a lack of local employment?
- 2 What is a preferred future pathway:** In identifying a preferred local economy, how does the CoM get there?
- 3 What projects:** How is the pathway catalysed by an investment pipeline including Government and private investment
- 4 What:** What does the MCC need to do and what partnerships with State and Commonwealth Government are needed?

The Strategy will provide a clear roadmap allowing the CoM to navigate a future pathway to a strong and diverse local economy

Discussions with stakeholders have helped to inform a realistic vision for the CoM that responds to current and emerging challenges and opportunities

Who we spoke to?

The CoM and EY have held discussions with various industry groups including key State and Local Government policy makers and planners, participants within the transport, sport and recreation and education sector, regional advocacy bodies and the development industry. These consultations included a range of group and one-on-one discussions and assisted in the development of the Strategy. A summary of the stakeholder groups and key overarching findings and issues are outlined below.

Strategic thinking on the role of the CoM in Melbourne's western corridor is not settled. Current policy focus is on Sunshine and Footscray

The CoM has an advantage with industrial land in close proximity to rails, ports, airports and arterial roads. MCC should leverage this advantage in the Strategy

Investors need project certainty to locate to the CoM. Connecting and improving infrastructure in employment precincts such as rail electrification, timing certainty for major infrastructure, removal of traffic bottlenecks and key intersections would give developers and businesses greater confidence in supporting economic development in the CoM. Council can assist with targeted planning and regulatory support

Having employment land readily available with the correct zoning/services will allow for opportunities to be capitalised on

The CoM should capitalise on its natural assets such as waterways and trails to drive tourism outcomes. MCC should identify a champion tourism project

A successful tertiary sector in the CoM will require a course offering that links to employment pathways in the local economy

Secondary arterial road networks are extremely important in order to reduce congestion

The CoM needs to differentiate itself from Footscray & Sunshine with alternative industry that can service the broader western economy of over 1 million people

The CoM should focus on education and highly skilled jobs as a draw card and work with other Councils to deliver these

It is important for MCC to plan and develop its industrial precincts with strong links to warehousing & logistics, as this will support high value jobs

Businesses perceive parts of the CoM as being remote and not as connected as other growth areas. Improving transport connections with key infrastructure projects will allow businesses and developers to have more confidence in the area

Cobblebank needs to be a new type of offering with services embedded into the town centre. This could include co-worker housing and research hubs. The Melton Hospital needs to attract private clinicians who can perform dual practice

Vision for the City of Melton's Investment Attraction Strategy

What is the vision?

EY has consulted with a range of stakeholders including the development and transport sector, education providers and the State Government, to formulate a vision for the Strategy. The agreed vision is as follows:

“

A diverse and resilient economy that provides a mix of employment opportunities and drives regional and State economic activity

The vision responds to changing economic trends and the importance of creating an economy that can adapt to existing and future economic and social shocks. As the regional and State economy shifts out of the COVID-19 environment, transformation in industry and skills is expected to accelerate at unprecedented rates with regional industry and innovation clusters. Other ideas explored as a vision in initial discussions with stakeholders and the CoM are outlined below.

A region that drives local and State economic activity

A diverse and resilient economy

A region with a new image and attractiveness to investors

Adapt to existing and future economic shocks

More local jobs

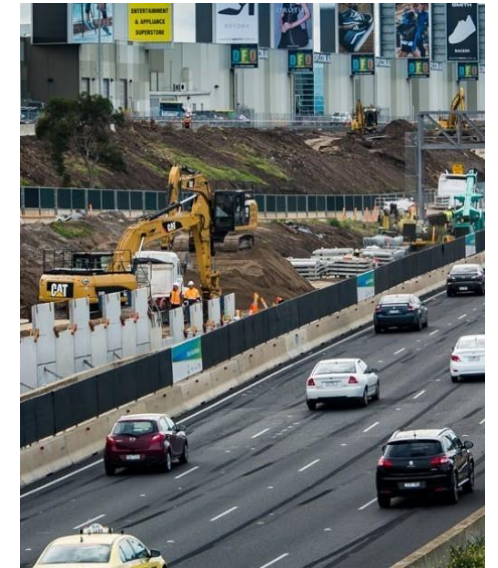
Why is the City of Melton developing an Investment Attraction Strategy?

An Investment Attraction Strategy will support the CoM's advocacy by providing a clear pipeline of capital investment projects and clarity around responsibility and sequencing by each level of Government

EY has reviewed examples of Investment Attraction Strategies and strategic plans that provide a clear overview of future projects, delivery responsibility and expected timing, together with the opportunities for investment. A successful Investment Attraction Strategy will provide clarity on the preferred sequencing of projects, their expected impact on employment and the role they will play in transforming a local and regional economy. The role that Plan Melbourne plays in defining infrastructure delivery is described below.

Plan Melbourne

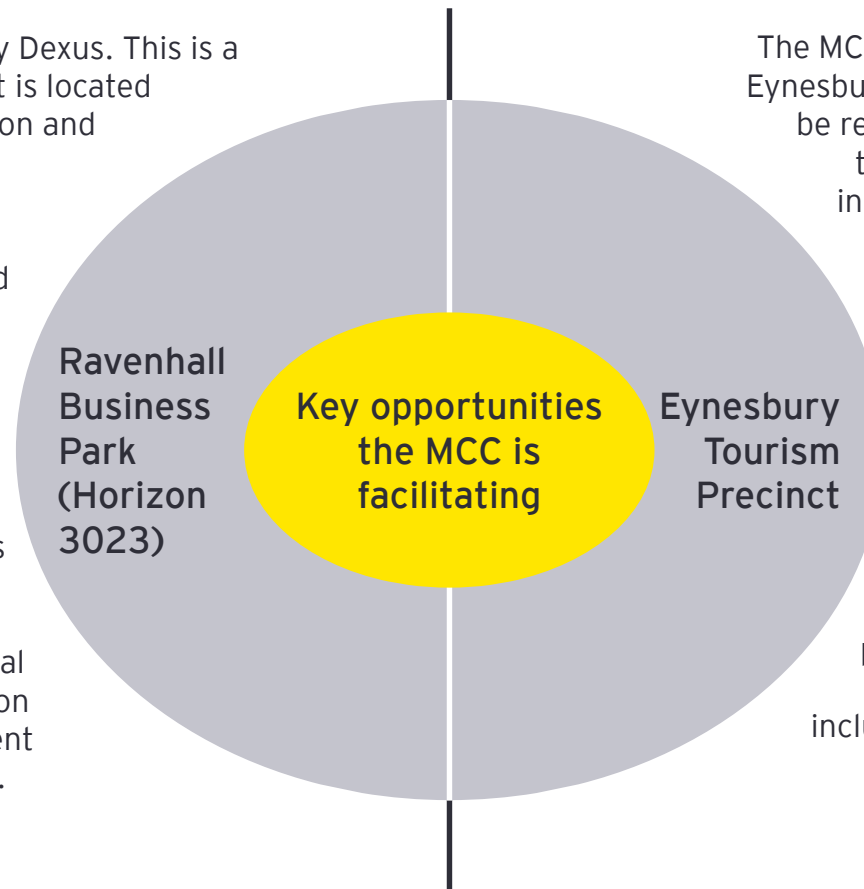
- ▶ Outcome 3 of Plan Melbourne seeks to ensure that Melbourne has an integrated transport system which connects people to jobs and services and goods to market. Under this outcome, four directions have been suggested which include:
 1. *Transform Melbourne's transport system to support a productive city* - This includes policies that provide high quality and efficient public transport and the improvement of road networks
 2. *Improve transport in Melbourne's outer suburbs* - Improvement of roads and public transport in growth areas, particularly in the outer suburbs
 3. *Improve local travel options to support 20-minute neighbourhoods* - Improving local transport choices through the creation of pedestrian friendly neighbourhoods in which regional facilities are located in close proximity to public transport and walking/cycling links
 4. *Improve freight efficiency and increase capacity of gateways while protecting urban amenity* - Support efficient gateway capacity in order to increase freight volumes whilst managing negative impacts on urban amenity



What the Melton City Council is currently doing to drive investment and employment

MCC are currently facilitating a range of opportunities within the municipality. To realise these and other opportunities, MCC will continue to seek partnerships with State and Commonwealth Government and the business community.

A 127 hectare site currently being developed by Dexus. This is a unique industrial/commercial business park that is located in close proximity to Caroline Springs train station and has convenient access to freight and logistics networks. Dexus plans to develop up to 400,000 square metres of commercial and industrial property on the site with an estimated \$500 million investment over the life of the development. The first anchor tenant was announced in 2019 as Scalzo Foods, a national food manufacturing and wholesale company. This site will be 35,000 square metres and will include manufacturing, warehousing and a corporate head office. Additionally, Amazon has pre-committed to a \$65-70 million fulfilment centre. This 37,000 square metre centre is expected to create around 300 jobs, service local businesses and store up to six million items. Upon completion of the business park, the development has the capacity for around 5,000 - 6,000 jobs.



The MCC is currently in discussions with the owners of the Eynesbury Tourism Precinct to consider how the asset can be re-imagined as a new conference and tourist facility that promotes visitation to the municipality and an increased tourism catchment for the local economy.

The facility is expected to receive new investment including conference facilities, accommodation, upgrade to the golf course and adventure tourism facilities.

The employment generated on site is expected to be up to 230 jobs. Annual visitation to the facility from the wider catchment of Melbourne's west and other parts of Victoria is expected to be increase. The facility will play an important role in providing a new conference facility in the CoM and will be supported by key enabling infrastructure including the Dohertys Road connection to Eynesbury across the Werribee River.

What MCC is currently doing to drive investment and employment continued...

Mt Atkinson Business Park

The Mt Atkinson business park is a 260 hectare industrial estate developed by Stockland and Mt Atkinson Holdings and is located in a strategic location in relatively close proximity to Melbourne Port, Melbourne Airport and the city's road and rail infrastructure network. Additionally, this precinct will be part of a larger precinct which will include residential development together with schools, a train station, bus services, community facilities and a new town centre and employment precinct. The estimated end value once fully developed is \$2 billion and is estimated to deliver close to 19,000 local jobs for the Mt Atkinson community and will contribute to Melbourne's west and Victoria at large.

Key opportunities the MCC is facilitating

Advocacy and Economic Development

MCC has a strong advocacy agenda that works collaboratively with all levels of Government to deliver needed services and infrastructure. MCC underpins its advocacy agenda with a robust evidence base combined with a proactive Government relations campaign to ensure local members, relevant Ministers and opposition representatives are aware of the needs of the community. Through this advocacy approach, the CoM has a proud achievement in securing Government investment and offers the unique opportunity to establish a new benchmark for growth and development, where services and infrastructure are planned and delivered in line with population growth.

MCC has established collaborative relationships with major developers that embeds a proactive approach to early engagement and ensures the planning process is smooth and delivers mutually beneficial outcomes. Issues are resolved quickly, challenges worked through in partnership and opportunities identified - all of which ensures the fast tracking of development applications. MCC also has an outstanding record in the early delivery of community, sporting, health and early learning infrastructure. This is demonstrated with 10 approved PSPs that will guide the development in key residential and industrial areas, with a further 11 PSPs to be developed, five of which include major employment precincts.

With 1,000 local businesses members of the Venture Melton Business Network, a Council facilitated business network that provides support, development and networking opportunities, the CoM is one of the most connected and supported business communities in Australia. MCC's Economic Development program is a leader in its field, with a suite of tailored programs aimed to help businesses Start, Grow, Connect and Excel.



Policy context

The Melton City Council's advocacy priorities outline opportunities for delivering infrastructure in partnership with State and Federal Government. These priorities have been considered as part of the Strategy

Overview of policy context

MCC recognise that over the next 20-30 years the municipality will experience issues regarding the significant population growth and change in the demographic profile of local residents. Based on this forecast, this will subsequently put pressure on supporting infrastructure and services within the region, including local roads and the public transport network, together with the health and social services sector.

MCC do not have the resources and ability to address these issues alone and will require partnerships and assistance from all levels of Government to help fund the transformational infrastructure to meet the needs of the community.

As such, the MCC have formulated a set of strategic advocacy priorities in order to transform the community and ensure the liveability within the region.

The policy context for these priorities has considered the following:

- ▶ **Community vision:** Through extensive community consultation, the *'Melton City 2036 - The City We Imagine'* document was prepared which highlights the opportunities and challenges within the municipality, and the 2036 vision for a well-built city with greater public transport networks and access to schools and hospitals together with a strong local economy with a diverse mix of employment opportunities
- ▶ **Council and wellbeing plan:** This document assists with future planning and decision making and provides confidence to stakeholders about how MCC will respond to challenges and opportunities. It is underpinned by key themes including a well planned and built city, a strong local economy and a safe and resilient community and environment



“The challenges we face as a City include a lack of well-connected public transport, a local hospital and educational and employment opportunities”¹

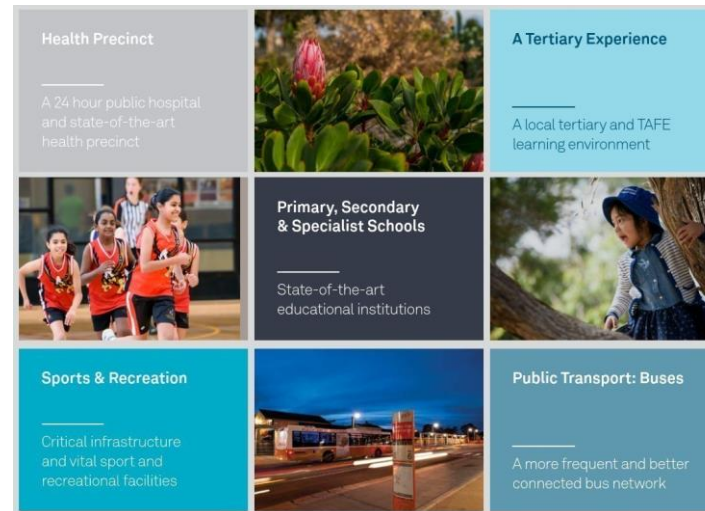
¹ This quote has been sourced from the Melton City 2036 - The City We Imagine document

The Melton City Council's advocacy priorities outline opportunities for delivering infrastructure in partnership with State and Federal Government. These priorities have been considered as part of the Strategy

Melton City Council advocacy priorities

The MCC advocacy priorities that are outlined in the [Melton Advocacy Priorities Booklet](#) are listed below.

- ▶ The delivery of an **efficient public transport network** including rail and bus services
- ▶ **Upgrades and duplications to roads** to ease congestion and promote investment
- ▶ **Provision of education facilities** within the Cobblebank Activity Centre including the potential for a tertiary and TAFE offering
- ▶ Construction of a **new Melton Hospital and health precinct** to meet the needs of the CoM residents and the broader catchment
- ▶ Sport and recreational facilities to drive positive health outcomes for local residents
- ▶ Prevention of family violence through the provision of a **proposed justice precinct** and ancillary court services



Source: Melton City Council Website

The Melton Hospital is expected to anchor the delivery of the Cobblebank Activity Centre and assist in transforming the local health sector

Opportunity for the Melton Hospital and Cobblebank Activity Centre

The CoM's advocacy agenda strongly supports the delivery of a new hospital in Cobblebank to serve the CoM's future 500,000 residents.

With the significant population and economic growth the CoM is experiencing, together with the chronic health issues and gaps in localised service provision the CoM is currently facing, a new Melton Hospital will assist in improving health outcomes and quality of life for residents and will reduce the pressure on hospitals in Sunshine, Footscray, Werribee and Bacchus Marsh.

The new Melton Hospital will create 3825 long-term jobs and including a strong mix of professional services jobs while also trigger jobs growth and investment, and be a catalyst for a major health precinct with dual practices including public and private hospital services. By attracting both private and public health services this will provide a major employment hub for the outer west and into the Ballarat region.

locating the hospital within the Cobblebank Metropolitan Activity Centre will trigger further investment and help transform the City of Melton into an economic centre of state-wide importance.

Additionally, the future employment area, directly north of the town centre, provides land for office, warehousing and light industry and will also assist in facilitating local job creation.

Melton Hospital timeline

The below diagram highlights MCC's priorities regarding the construction and subsequent operation of the Melton Hospital. This includes the following key components as outlined below:

- ▶ Deliver business case for the Melton Hospital
- ▶ Acquire land in Cobblebank for the Melton Hospital
- ▶ Commence construction of hospital
- ▶ Hospital is operational

The below diagram depicts an indicative timeframe for the overall process.



Source: Melton City Council Website

The growth of the Cobblebank Activity Centre and its service economy will be critical to the provision of local jobs and the diversity of employment across the municipality. The Melton Hospital is considered to be a critical jobs catalyst for the Cobblebank Activity Centre and the broader labour market

The Strategy acknowledges the North & West Melbourne City Deal and will leverage partnerships with regional partners including LeadWest and WoMEDA

Overview of the North & West Melbourne City Deal Plan 2020 - 2040

The purpose of the City Deal is to connect major employment precincts across the region, build connectivity within and beyond the region, and improve economic growth, liveability, health and wellbeing.

The City Deal will position the region to embrace the new economy, through a range of transformative and enabling projects. Projects directly relevant to the CoM include:

Outer Metropolitan Ring Road - Will provide greater connectivity to key transport hubs including Melbourne and Avalon Airport, the Port of Geelong and the proposed WIFP

- ▶ Melton Hospital - Will act as a catalyst for a major health and education precinct with both public and private hospital services
- ▶ Western Interstate Freight Precinct - Will improve efficiencies in the freight network and reduce congestion on major arterial roads
- ▶ Western Rail Plan - Electrified rail service that will assist in serving the community and providing access to key precincts for west bound commuters
- ▶ Western Highway upgrade - Will enable efficient freight movements from the WIFP and reduce congestion on critical road infrastructure

These projects will assist in unlocking employment and economic development opportunities in the CoM, particularly in the Cobblebank precinct.

As part of the City Deal, MCC have worked collaboratively with regional partners including LeadWest and WoMEDA to assist in delivering strategic outcomes. This Strategy has strong alignment with the City Deal and the key transformative and enabling infrastructure projects listed above, and will further inform priorities and directions of regional partners, particularly in responding to the challenges related to COVID-19.

The importance of the industrial land sector to Victoria is supported by a number State Government policies and is consistent with the catalyst delivery of proposed industrial land precincts

Growth within the industrial economy

Growing the industrial economy requires consistent regional economic and land use development policies and plans, with the current focus on accommodating housing growth and cultivating higher density employment centres having the potential to undermine growth in industrial activity.

Council policies of self-containment in employment and population growth critically depends on there being appropriate regional investment and economic development strategies and key State and Federal policies and plans.

A key enabler of this is to recognise the importance of well located and serviced industrial land as a critical asset to service a global city, where like other infrastructure assets, Government plays a major role in investing and prioritising its delivery.

An outline of relevant key State and Federal policies and plans include:

- ▶ Victorian Freight Plan
- ▶ Advancing Victorian Manufacturing
- ▶ Priority Precincts
- ▶ Melbourne Industrial and Commercial Land Use Plan (“MICLUP”)
- ▶ City Deals

Victorian Freight Plan

The Victorian Freight Plan is a state-wide plan for what needs to be done to support industries involved in the movement of goods

- ▶ From 2014 levels of 360 million tonnes per annum, Victorian freight volumes are expected to nearly triple by 2051 to a forecast 900 million tonnes per annum
- ▶ Over this same period, freight volumes in Melbourne are expected to grow at an average rate of 2.6% per annum

The Victorian economy is heavily reliant on efficient freight movement

- ▶ Almost one third of Australia’s total food and fibre exports come from Victoria, with movement of these goods reliant on the freight network
- ▶ Some 260,000 Victorians are employed by the freight and logistics sector

The Victorian Freight Plan has five key priorities:

1. Planning and protecting current and future freight corridor and places;
2. Reducing the impact of congestion on supply chain costs and urban communities;
3. Using rail freight assets better;
4. Planning for Victoria’s future port capacity; and
5. Staying ahead of the technology curve

Source: Victorian Freight Plan

State Government policy including the Victorian Freight Plan, Advancing Victorian Manufacturing and MICLUP support the catalyst delivery of the CoM’s key industrial land PSPs which are outlined in Chapter 5 of this Report.

State Government's support for advanced manufacturing will drive demand for industrial land

Manufacturing is central to Victoria's economy, supporting over 280,000 jobs

The sector is the State's third-largest employer

- ▶ In 2016, the sector employed 280,000+ Victorians and exported \$18b+ of manufactured goods

There are ~13,000 manufacturing firms operating in Victoria, majority of which are SMEs

- ▶ Clusters of SME manufacturers in regional Victoria produce niche components for local and global use
- ▶ A number of large local and global manufacturers service the defence, aerospace, and food sectors

Manufacturing production is concentrated in metropolitan Melbourne and regional Victoria

- ▶ Melbourne city houses global headquarters, design and engineering, R&D and advanced manufacturing across all sectors
- ▶ Specialised and heavy manufacturing activities, such as ammunitions and oil refining, are concentrated in regional Victoria

Victoria produces a range of products and intermediary goods for global supply chains;

- ▶ Food and beverage, furniture and textiles
- ▶ Construction materials and heavy equipment
- ▶ Pharmaceuticals and medical technologies
- ▶ Component and vehicle manufacturing for transport, defence, and aerospace

Source: www.business.vic.gov.au

Six priority industries could benefit from advancements in Victorian manufacturing

The Advanced Manufacturing Statement identifies five priority industries supported by manufacturing activities

1. **Defence and aerospace:** Vehicles, naval ships and submarines, light aircrafts, munitions and pyrotechnics, sonars, systems, traffic controls, propulsion

Key players: Thales, BAE Systems

2. **Transport:** Rolling stock, buses, trucks, speciality vehicles, aircraft components, motor vehicles and components, trailers

Key players: Boeing, Alstom

3. **Medical technologies and pharmaceuticals:** Aerosol, aqueous / lipid medication; diagnostic tools, vision / diabetes / heart failure products

Key players: CSL Behring, Trajan Scientific

4. **Construction technologies:** Advanced materials, automated construction, smart buildings

Key players: Hickory Group, Grocon, Aconex

5. **Clean technologies:** Wind turbines, solar panels and components

Key players: Vesta, ASM

6. **Foods and Fibre:** Processed food and beverage

Key Players: Kraft foods, Mondelez

Source: www.business.vic.gov.au

Advanced Victorian Manufacturing - Blueprint



3 Build scale, capability and supply chain excellence

The Government will:

- Help small and medium enterprises (SMEs) enhance their business capabilities to capture more market and supply chain opportunities.
- Drive the digital transformation of manufacturing through training, demonstrations and knowledge exchange to share global best practices and optimised processes across Victoria's manufacturing industry.
- Work with industry to create place-based economic development plans, facilitating the future development of high-performing and cooperative clusters.

Source: www.business.vic.gov.au

The support for advanced manufacturing by the State Government is likely to drive additional demand for industrial land in the medium to long-term in Melbourne's west including in the CoM which is home to the largest SSIP and has an abundance of well-connected and affordable industrial land

State Government precinct policies will also drive demand for industrial land within the CoM by supporting growth in manufacturing and supply chains

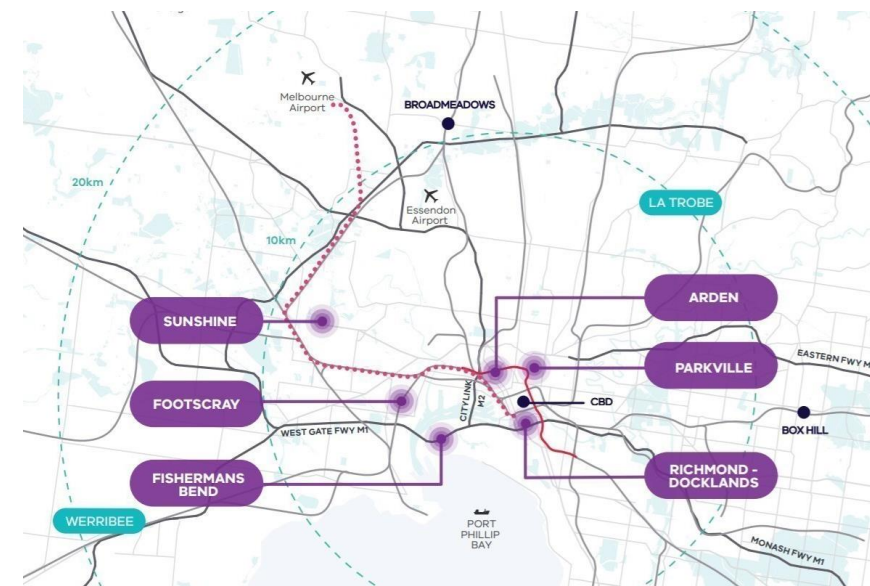
Key priority precincts that are likely to drive demand for growth in industrial land

The below list outlines the existing or planned priority precincts within Victoria that are likely to drive future demand in industrial land within the CoM as well as Melbourne's west and Victoria at large. These precincts bring together ideas, industry and investors and are important places for the future social, economic and environmental wellbeing of all Victorians.

These precincts will create synergies and will generate additional supply chain demand within the industrial land sector in which the CoM is strongly placed to accommodate.

- 1. Fishermans Bend:** A national engineering and advanced manufacturing hub, set to become Australia's largest urban renewal project (485 hectares). The site includes a 32-hectare state owned landholding (former GMH site) that will make the precinct a global engineering and advanced manufacturing centre of excellence.
- 2. Parkville:** A world renowned research centre, recognised globally as a leading biomedical and research precinct. This precinct includes a range of hospitals, medical research institutes, biomedical organisations and universities in which innovation capabilities and knowledge collaboration extend across the world.
- 3. Arden:** A large scale technology and life sciences hub that will host 34,000 jobs in close proximity to Melbourne's CBD. This precinct will complement the biomedical cluster in Parkville, and will be critical to the growth of Victoria's knowledge and innovation capabilities.
- 4. Richmond to Docklands:** A large sports precinct and cultural capital of Asia. This precinct will be a long-term growth area for business and jobs and will continue to attract domestic and international visitors through the world-class sports, arts, culture and entertainment facilities.
- 5. Sunshine:** The Sunshine precinct will become the gateway to global and regional markets through its strong road and rail connections and close proximity to international airports and ports.
- 6. Footscray:** The Footscray precinct has a strong focus on the health and education sectors as seen by the new Footscray Hospital and the growing Victoria University campus.

Priority precincts



Source: DJPR 2019

Priority precincts currently under delivery by the State Government will grow industrial sector innovation which will accelerate the need and absorption of industrial land. The CoM is well placed to accommodate the additional demand based on its access to key freight networks, ports and enabling infrastructure

The western corridor of Melbourne is home to a significant portion of the city's industrial land stock. The importance of the corridor is expected to increase as supply in Melbourne's south-east is exhausted

The Western SSIP has capacity for up to 550,000 jobs¹

Western state-significant industrial precinct ("SSIP")

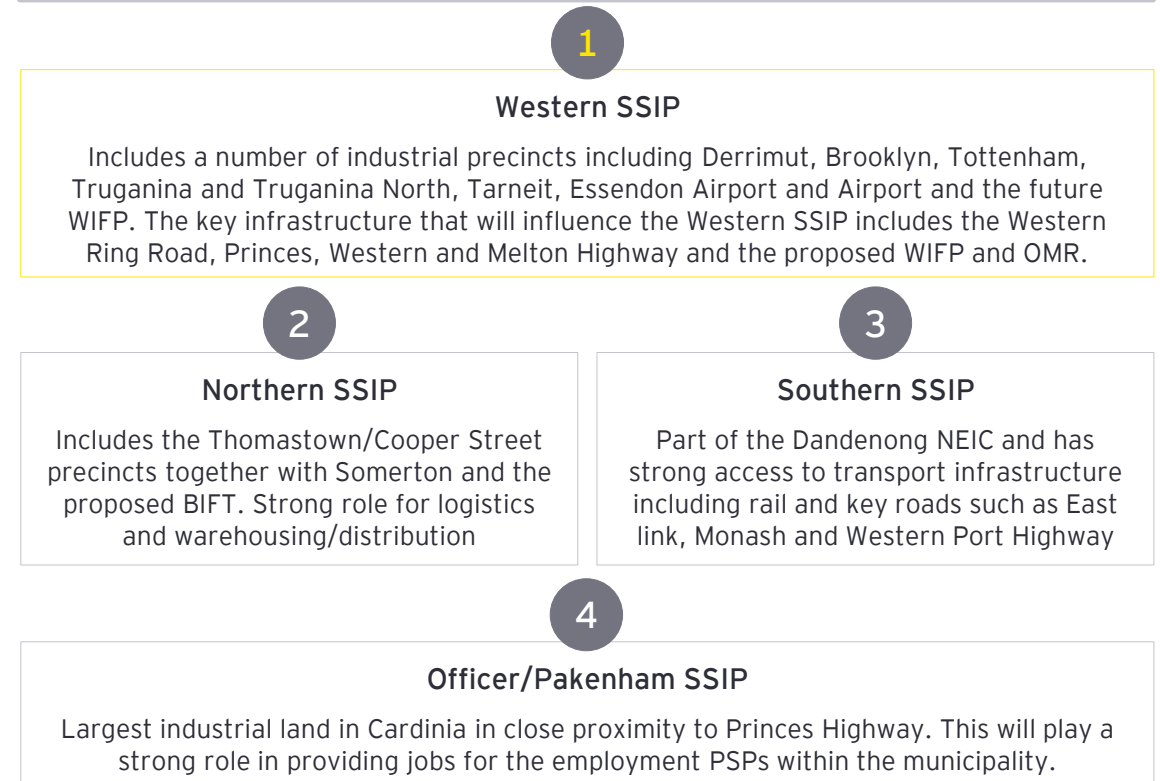
- ▶ Melbourne's largest SSIP - Comprises of approximately 7,200 hectares of existing and future zoned and unzoned industrial land spread across the Melton, Wyndham, Brimbank, Hobsons Bay and Maribyrnong municipalities. Strong access to significant transport infrastructure including the Western Ring Road, Princes and Western Highways
- ▶ Significant competitive advantages exist in the region with easy access to Avalon, Essendon and Melbourne Airport as well as the port of Melbourne.
- ▶ The proposed WIFP and OMR is an important future asset for the region with the WIFP being located in the CoM. This infrastructure will assist in the distribution of freight from industrial and commercial production to freight networks in other regions and could provide important orbital connections to industrial land throughout the region and beyond.

Current industrial land supply and consumption in the corridors

- ▶ **Western SSIP:** Largest SSIP and most active in terms of consumption. On current zoned industrial land, vacant land may potentially be exhausted in the mid 2030s. There are large areas of proposed industrial land identified which will extend land supply to early to mid 2040s, however a portion of this land is required for the proposed WIFP. In addition, significant future supply will be constrained by the long-term operation of the Boral quarry.
 - ▶ Consumption of industrial land over the previous three years has averaged around 120 hectares per annum. There was a significant decline in consumption over the last year, and prior to that consumption was averaging around 140 hectares per annum.
- ▶ **Southern SSIP:** Most constrained SSIP and has the second highest level of industrial land consumption of 65 hectares over the last four years. Based on current rates of consumption, it's likely that vacant land supply will be exhausted in the 2020s, subject to the rate of development and conditions within the industrial land market.
- ▶ **Northern SSIP:** Consumption more volatile and averages out at lower rates. There are few large pieces of developable land left, however; due to the low consumption rate, vacant land is anticipated to be exhausted in the 2040s.

¹ Assumes 3,600 hectares of net developable land and 150 jobs per hectare

Key industrial land clusters across Melbourne



Source: MICLEUP 2020, UDP 2018

The Western SSIP is the State's largest and will drive on-going demand for freight, movement and industrial development and lead to significant economic multipliers across Melbourne's west and Victoria



The State Government has undertaken planning for industrial land across key corridors, however a more extensive sequencing plan for the City of Melton is needed including co-ordination with infrastructure

Summary of MICLUP and industrial land

MICLUP builds on the relevant policies and actions of Plan Melbourne 2017-2050 and its associated Five-Year Implementation Plan, with the aim of ensuring sufficient and well priced industrial and commercial land is available in the right locations.

MICLUP provides an overview of current and future needs for industrial and commercial land across metropolitan Melbourne and puts in place a planning framework to support State and local government to more effectively plan for future employment and industry needs, and better inform future strategic directions.

MICLUP suggests that developable industrial land supply in the western corridor of Melbourne could support significant employment and identifies significant industrial land supply in the Western Region including:

- ▶ Around 5,819 hectares of industrial land currently occupied
- ▶ 2,818 additional hectares of industrial zoned land remains vacant
- ▶ A further 2,881 hectares is earmarked for re-zoning to industrial use in the future
- ▶ This equates to a potential industrial land supply of 5,700 additional hectares within the Western Region.

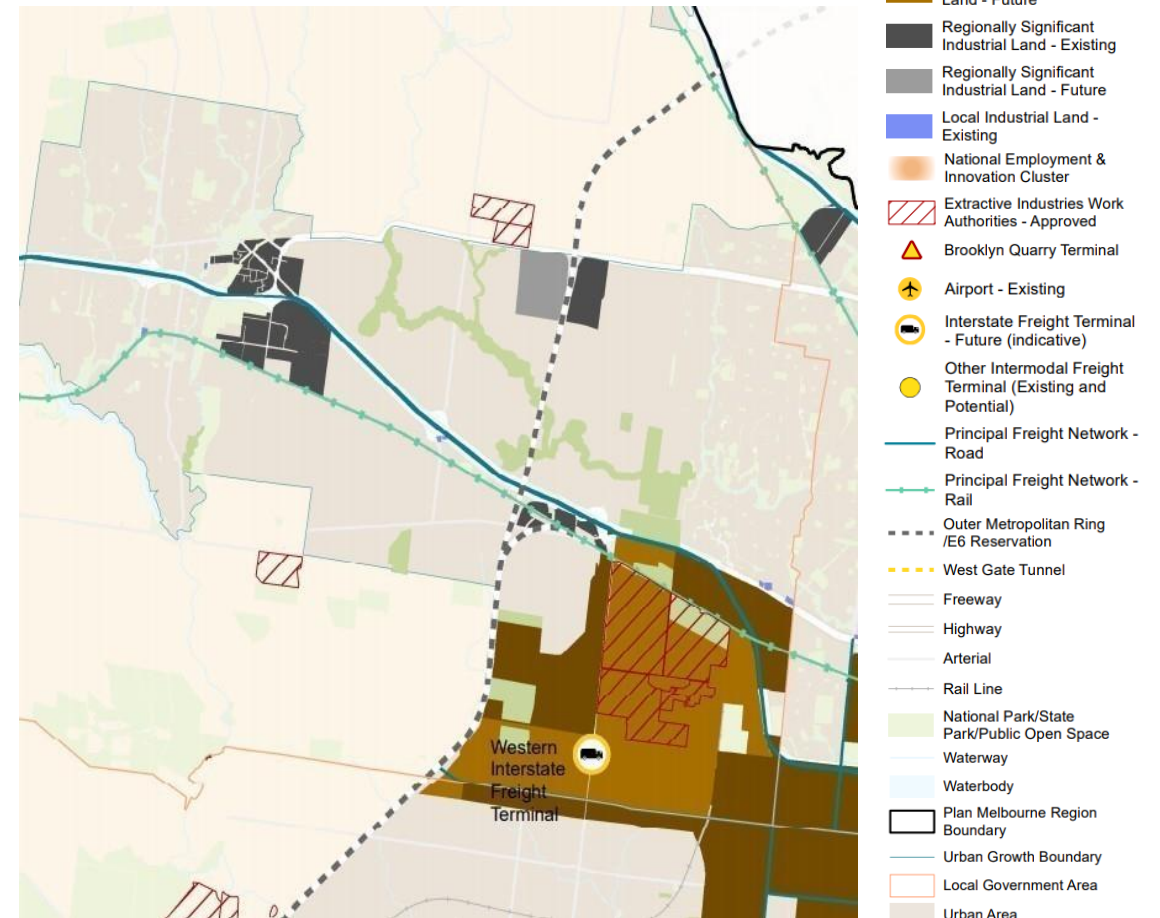
Supply of industrial land (hectares) in the CoM1

Occupied zoned land	Vacant zoned land	Future unzoned land	Total vacant (zoned and unzoned)
519.4	1,150.4	1,189.6	2,340.0

Source: Melbourne Industrial and Commercial Land Use Plan, 2020

1 This includes industrial land within the Western SSIP

Western Region industrial land supply



Source: Melbourne Industrial and Commercial Land Use Plan, 2020

MICLUP also provides an assessment of the role of key commercial land in Melbourne's Western Region including within the City of Melton

Summary of MICLUP and commercial land

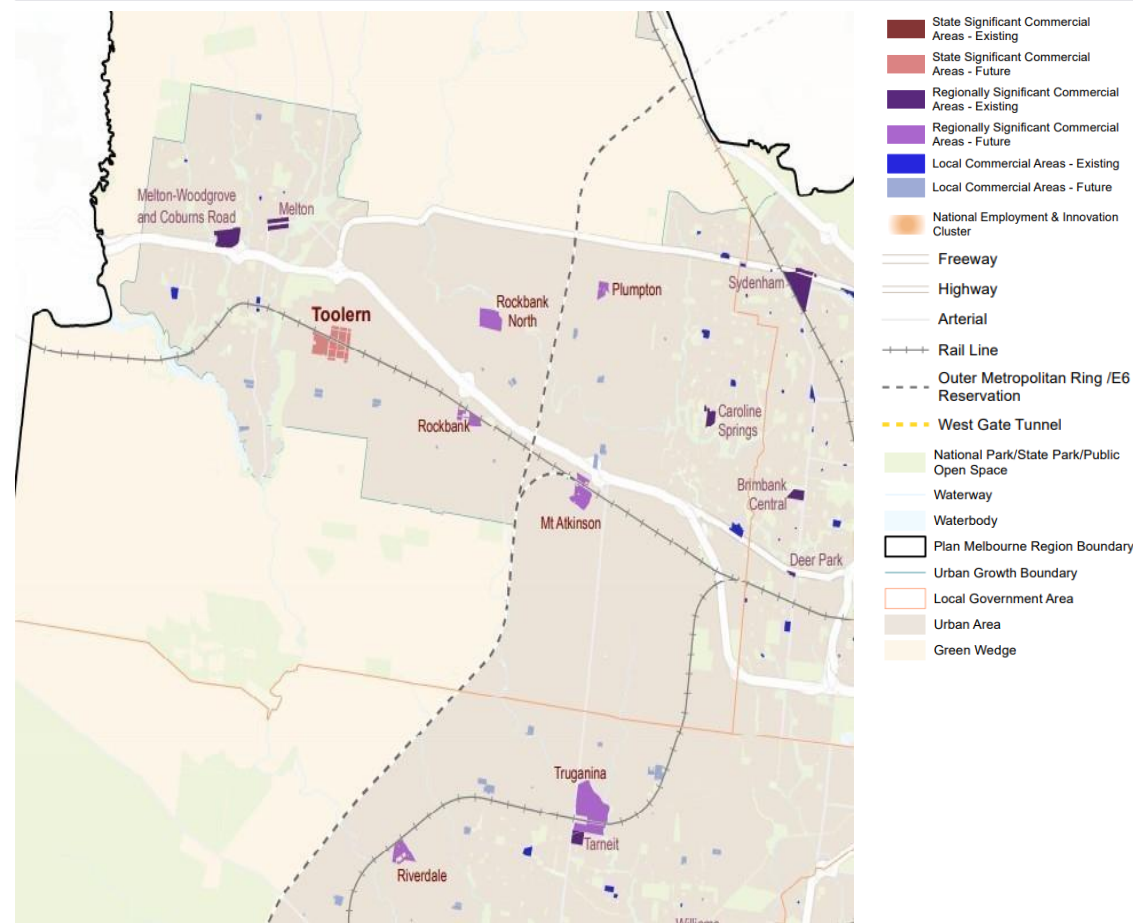
EY has analysed the role of key activity centres in Melbourne's west to confirm the importance of the planned Cobblebank Metropolitan Activity Centre in State policy and its role in the regional economy. The map at right depicts the Cobblebank Metropolitan Activity Centre and its designation as a future state significant commercial area in MICLUP.

MICLUP provides the following information on commercial land in Melbourne's Western Region:

- ▶ Around 949 hectares of zoned commercial land currently exists
 - ▶ It is estimated that there is approximately 2.9 million sqm of floor space used or available for commercial purposes on this land
 - ▶ This includes 187,000 sqm of floor space within the CoM
- ▶ 559 additional hectares of future zoned commercial land has been identified
 - ▶ It is estimated that 1.5 million sqm of floor space will be delivered by 2036. This includes a proportionate mix of retail and office floor space
 - ▶ Of the 599 hectares, 222 hectares has been allocated to the CoM municipality. This represents a 17% share of the metropolitan Melbourne region

The forecast in MICLUP confirm that the Toolern (Cobblebank precinct) is expected to play a primary role in delivering commercial floor space in the CoM and Melbourne's outer west, supported by Rockbank, Rockbank North, Plumpton and Mt Atkinson.

Western Region commercial land supply



Source: Melbourne Industrial and Commercial Land Use Plan, 2020

Key considerations

- ▶ The MCC's advocacy priorities outline opportunities for delivering infrastructure in partnership with State and Federal Government. These priorities have been considered as part of the formulation of the Strategy. They are supported by and consistent with a number of State Government policies and infrastructure priorities including:
 - ▶ **Planning for the Melton Hospital** - The Melton Hospital is expected to anchor the delivery of the Cobblebank Activity Centre, delivering 3,825 jobs and be a catalyst for a health precinct of state significance.
 - ▶ **Cobblebank Activity Centre** - The Activity Centre and its service economy will be critical to the provision of local jobs, driving growth in professional services jobs and the diversity of employment across the municipality
 - ▶ **Industrial land planning** - The State Government has undertaken planning for industrial land across key corridors, however a more extensive sequencing plan for the CoM is needed including co-ordination with infrastructure
 - ▶ **Advancing Victorian Manufacturing** - State Government's support for advanced manufacturing will drive demand for industrial land which Melton is well positioned to be able to play a significant role in.
 - ▶ **Department of Jobs, Precincts and Regional Development Priority Precincts Policy** - State Government precinct policies will also drive demand for industrial land by supporting growth in manufacturing and supply chains. Again, Melton is well positioned to play a significant role in the supply of industrial land.



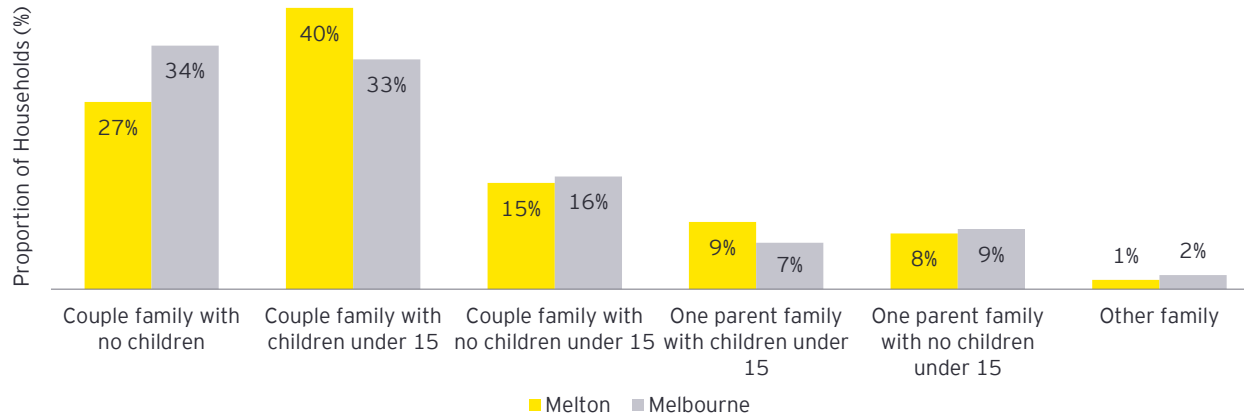
4 Current trends & challenges in the City of Melton

The City of Melton's current community has a relatively high proportion of families with incomes below the average for Melbourne

Overview of the CoM's socio-demographic profile

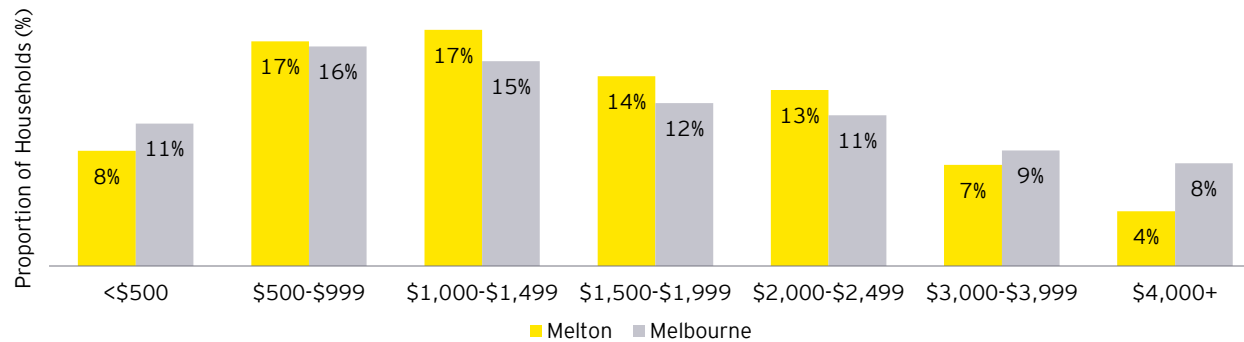
Commentary

Family composition



Source: ABS 2016, EY Analysis

Weekly household income



Source: ABS 2016, EY Analysis

EY has reviewed the structure of the CoM's community profile to provide a picture of how households compare to Melbourne's averages and inform the Strategy. Key findings are as follows:

Family composition

- ▶ The CoM's household structure includes a relatively high proportion of families including parent families with young children and single parent families
- ▶ The highest proportion of households include couple families with children under the age of 15 at 40%. This is followed by 27% of the households being couple family with no children

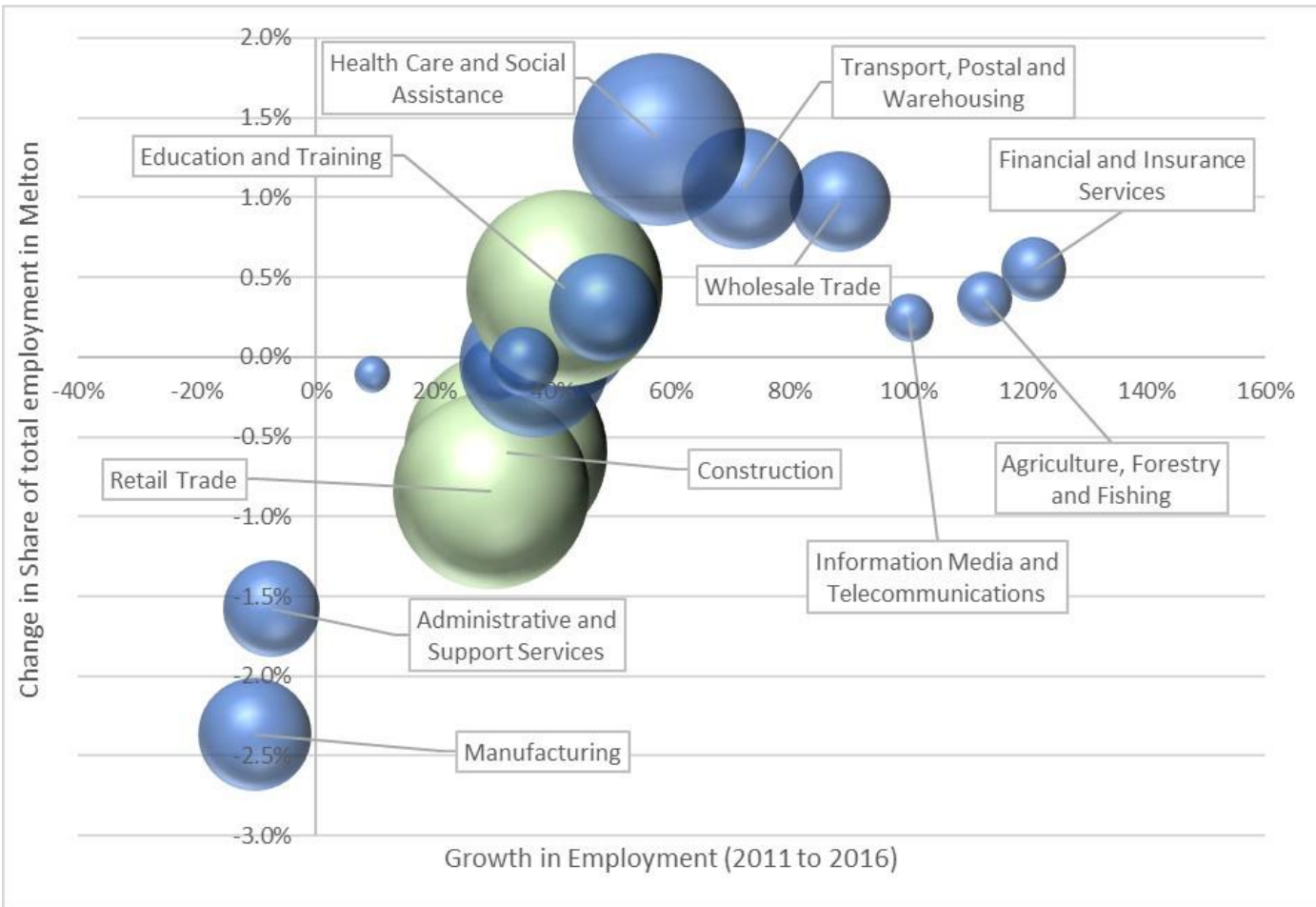
Weekly household income

- ▶ The CoM's weekly household income includes a high proportion of households who earn low to moderate incomes between \$500 - \$1,500 per week (34%). This is a higher proportion in comparison to Melbourne (31%)
- ▶ The graph also depicts that as the weekly household incomes increase, there is a lower proportion of households within the CoM that earn the higher amount in comparison to Melbourne

This points to a need to provide more diverse and higher income employment opportunities within the CoM supported by new investment

The CoM's existing local economy is characterised by an established but relatively small industrial sector and core local services including employment and the retail sector

Construction, Retail Trade and Education & Training are large contributors to the employment base



Source: EY Analysis of REMPLAN output

EY has analysed the structure of the CoM's local economy including the mix of existing industry that currently provide employment in the municipality. The purpose of this assessment is to provide an overall profile of the sectors that are growing in light of investments in infrastructure and changes to strategic planning that could drive new and emerging industry.

The assessment has confirmed that the economy is starting to evolve, with emerging growth in sectors which have relatively high incomes per worker.

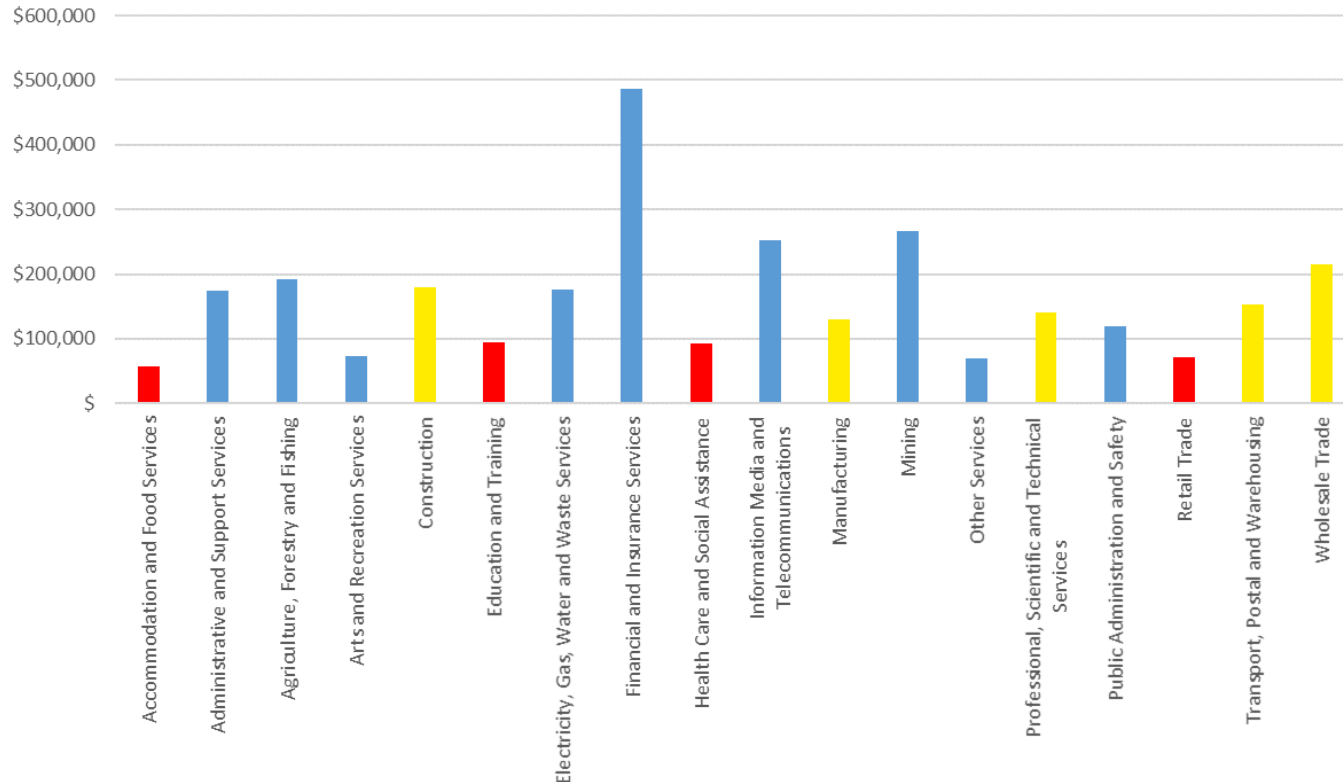
However most of the recent growth is still in traditional sectors including retail trade and construction.

The figure on the left shows the following trends in terms of changes in the structure of the local economy:

- ▶ Strong growth in the Health Care and Social Assistance sector
- ▶ Emerging growth in the Transport, Warehousing and Wholesale Trade sectors
- ▶ Declining volume of employment in the Manufacturing and Administrative & Support Services sectors between the 2011 to 2016 period

Industries that currently dominate the local labour force tend to have relatively low incomes on a per worker basis. Higher income sectors should be targeted for future growth

The CoM's largest employment sectors have relatively low economic output per worker



Source: EY Analysis of REMPLAN output. Note that some sectors with high average incomes are influenced by relatively low employment volumes such as Financial and Insurance Services

When considering the existing industry mix and the focus of the Strategy, EY has also analysed the relative incomes of existing sectors that are dominant in the CoM's employment base.

The analysis confirms that some of the sectors that the CoM has traditional strengths in, have relatively low incomes per worker. This has implications for the Strategy and the types of investments that should be targeted to build a more diverse economy. Key findings include:

- ▶ Education & Training, and Retail Trade are two of the largest sources of employment, in terms of jobs performed in the local labour market
- ▶ Collectively, these sectors together with Construction contributed just over \$1b of gross value add in 2016, representing around 29% of the CoM's total GVA in that year
- ▶ However, the GVA per employee is relatively low for these sectors and retail trade in particular is vulnerable to ongoing changes in consumer shopping behavior and other market trends

Higher income sectors including Wholesale Trade, Transport & Warehousing, Manufacturing and Construction should continue to be provided with opportunities to grow as part of the Strategy

The bulk of the CoM's current labour force commutes outside of the municipality for work. This trend is stronger for high income service workers and demonstrates a need to build a more diverse local economy

Snapshot of worker commuting trends

EY has analysed the CoM's current labour force patterns and commuter behaviour relative to other municipalities based on census and journey to work data. **The analysis confirms that workers who commute outside of the municipality for work are commuting to employment opportunities that have relatively higher incomes compared to those working locally.**

This presents a potential opportunity to provide new infrastructure and industries that will provide more local high value add jobs that will match the local employment base.

22%

Proportion of the resident workers (self containment) that work locally in the CoM

73%

Proportion of resident workers that commute out of the CoM for work

+19%

Relative average income per worker who commutes outside of the CoM compared to those who work locally

80%

Proportion of professional services labour force that commutes out of the CoM for work

5% vs 11%

Manufacturing & transport & logistics workers in the CoM relative to growth area average

16%

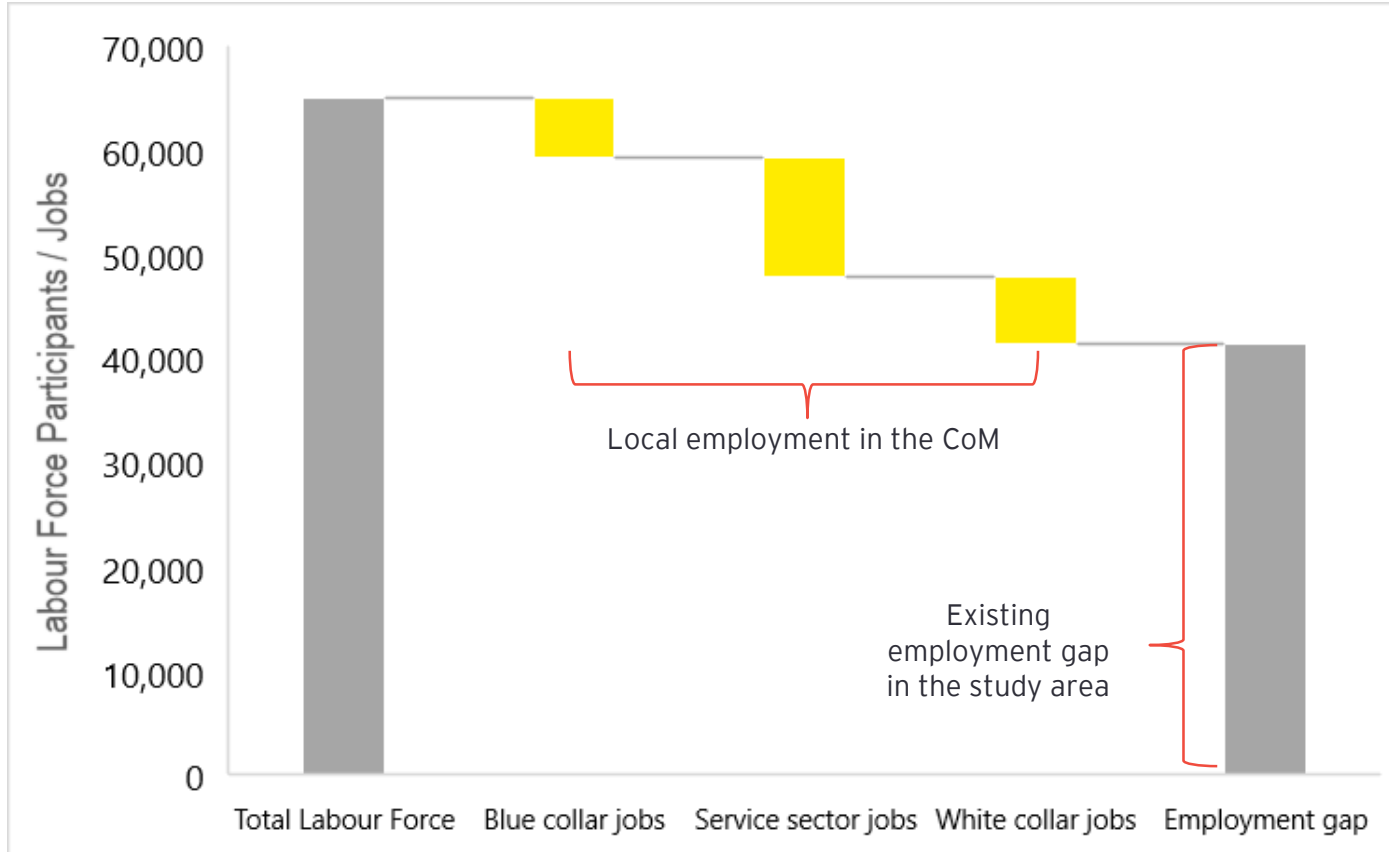
Proportion of labour force that commutes to the City of Melbourne



Workers who commute outside of the CoM typically have higher incomes suggesting an opportunity to create a new higher income local industry

The City of Melton's current resident labour force significantly exceeds local jobs

The CoM's total labour force compared to existing local employment reveals a significant employment gap



Source: EY Analysis of ABS Data (2016 Census of Population and Housing)

The CoM currently has a relatively low volume of jobs compared to its resident labour force. While this is common in Melbourne's growth areas it is particularly pronounced in the CoM.

The CoM is estimated to currently have approximately 28,000 local jobs relative to a resident labour force of around 70,000 people. This means that the ratio of local jobs to those living in the CoM and seeking employment is around 0.38.

This is less than the average of 0.6 local jobs per member of the resident labour force in Melbourne's growth areas and is significantly below the relative volume of jobs to the labour force in the Melbourne Metropolitan Area.

The opposite figure depicts the gap between local labour force (on the LHS of the graph) and the labour force structure (depicted in the yellow columns) based on white collar, service sector and blue collar jobs.

If the current trend continues there will be a significant and growing gap between the size of the local labour force - driven by future population growth - and the volume of local jobs.

The ratio of local jobs to those living in CoM is 0.38, significantly below that of 0.6 in other growth areas and metro Melbourne.

To achieve a more diverse economy and provide higher employment self sufficiency, the CoM will need to deliver local employment growth under a stronger growth trajectory

Benefits of a greater volume of local jobs

If the CoM is to achieve a position in the medium to longer-term of a greater volume of local jobs relative to its labour force, it will need to successfully grow its relative volume and diversity of local jobs.

This will have a number of benefits including:

- ▶ A reduction in the volume of workers who need to commute outside of the municipality for work
- ▶ A reduced reliance on transport infrastructure
- ▶ An increase in the sustainability of the local economy with more ability to withstand future economic shocks like COVID-19
- ▶ A greater tax base for Local and State Government

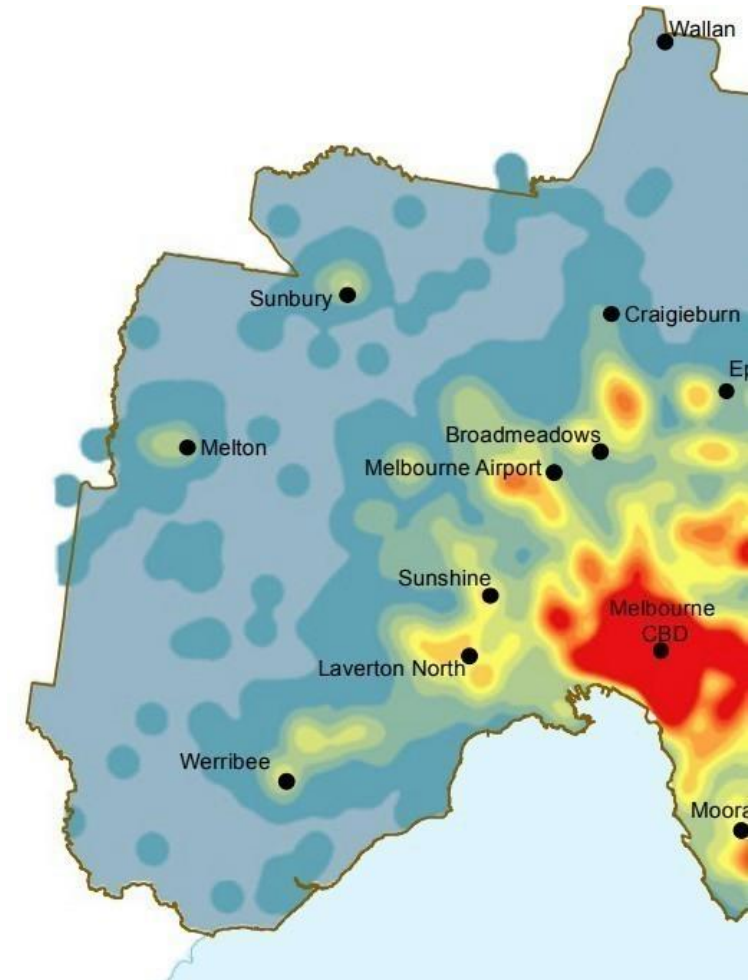
This change in the trajectory of local job growth will require support at all levels of Government including a clearly understood investment pipeline.

In considering a future jobs target over the next 30 years, EY has considered alternative scenarios including:

1. Job growth in line with current trends (i.e. 38 new jobs per 100 new residents in the labour force = employment self sufficiency of 38%)
2. Job growth in line with Melbourne's growth area average (i.e. 60 new jobs per 100 new residents in the labour force = employment self sufficiency of 60%) by 2050

The impact of these alternative trajectories are discussed on the following slide

Depiction of employment density in Melbourne's west



Source: Plan Melbourne

Estimating the jobs task in the City of Melton

The jobs task based on labour force growth

The CoM faces a significant challenge in achieving a change in the proportion of local jobs relative to its labour force growth over time. As discussed in the preceding slides, the achievement of 60 local jobs for every 100 members of the labour force will require strong employment growth over the coming 30 years.

If the CoM is to shift the relative supply of local jobs from the current ratio of 0.3 per member of the labour force to 0.60 in line with the growth area average by 2050, it will need to deliver around 100,000 new local jobs relative to 2016 employment levels.

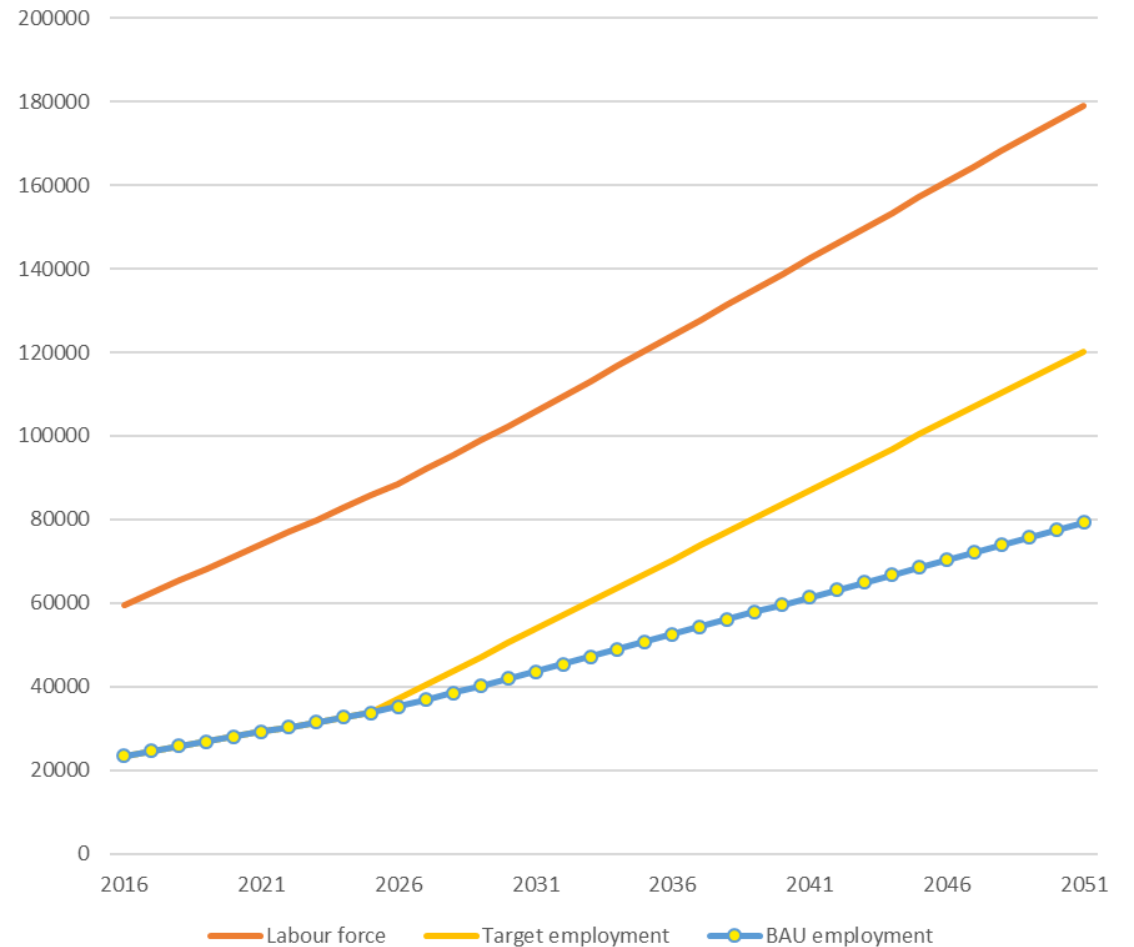
This target will still mean that there will be a gap between local jobs and the total labour force by 2050. However, if the target is not achieved and current employment self-sufficiency remains stable, the jobs gap may exceed 100,000 by 2051.

This means that 100,000 residents in the CoM who are employed or seeking employment will need to commute out of the municipality to find employment. Whilst home based employment will support part of the solution it will not resolve the bulk of the gap.

Achieving the aspirational target will require around 3,000 new jobs to be generated per year, on average. This will be a significant challenge and require a large co-ordination of catalyst infrastructure and strategic planning.

CoM is seeking to be on par with other growth areas in terms of achieving a ratio of 60 local jobs for every 100 members of the labour force


Baseline and target employment projections



Source: VIF, EY

Key considerations

- ▶ The CoM's current community has a relatively high proportion of families with incomes below the average for Melbourne
- ▶ The CoM's existing local economy is characterised by an established but relatively small industrial sector and core local services including employment and the retail sector, however key sectors have low incomes on a per worker basis. Higher income sectors should be targeted for future growth
- ▶ The bulk of the current labour force commutes outside of the municipality for work. This trend is stronger for high income service workers and demonstrates a need to build a more diverse local economy
- ▶ To achieve a more diverse economy and provide higher employment self sufficiency, the CoM will need to deliver local employment growth under a stronger growth trajectory. The mix of jobs and the preferred labour force structure is outlined in more detail in Chapter 6 of this Report.
- ▶ Achieving a level of employment self sufficiency by 2050 in the CoM that is similar to Melbourne's growth area average will require 100,000 new local jobs over the next 30 years. A failure to achieve a shift in the relative volume of local jobs to residents will lead to dramatic increases in the number of workers who will need to commute outside of the municipality for work. It will also have significant consequences for local economic activity and diversity together with wider social impacts



Strategic Direction 1 – Understanding how infrastructure will successfully deliver employment precincts

Overview of chapter

Overview of chapter

- ▶ This part of the Strategy provides an overview of the critical precincts in the CoM that are expected to deliver a significant volume of employment
- ▶ It also highlights the linkages between the successful delivery of these precincts and their reliance on catalyst infrastructure
- ▶ The key precincts that are reviewed include:
 - ▶ Industrial land clusters that are expected to be influenced by major road, freight and rail infrastructure
 - ▶ Activity centres that are expected to be influenced by public transport and investment in new social infrastructure and services including health and education facilities
 - ▶ Other employment clusters including the Eynesbury Tourism Precinct
- ▶ The chapter also provides an overview of the expected employment capacity of these precincts and the role they will play in meeting the employment target of 100,000 new jobs established in the Strategy
- ▶ The infrastructure projects that are targeted in the Strategy including current expectations around timing and the preferred timeline and scenario for their delivery is detailed in Chapter 7

The WIFP provides a significant opportunity to continue to drive Melbourne's west and the City of Melton as the largest industrial market in Australia

Importance of WIFP and nexus with the western industrial land market

The delivery of the WIFP in combination with the OMR will significantly improve freight access in Melbourne's west.

The agglomeration of warehousing, distribution, logistics and related industries is likely to be driven by the WIFP, delivering direct and indirect employment opportunities to the surrounding region.

Consultation with stakeholders together with an assessment of existing land supply confirms that Melbourne's west and the CoM is the preferred location for a new inter-modal facility. The proposed location for the WIFP will provide distribution access to up to 1,700 hectares of existing zoned industrial land and 1,200 hectares of future zoned industrial land in the western SSIP. It should also be noted that the western region of Melbourne includes up to 7,200 hectares of zoned and future industrial zoned land.

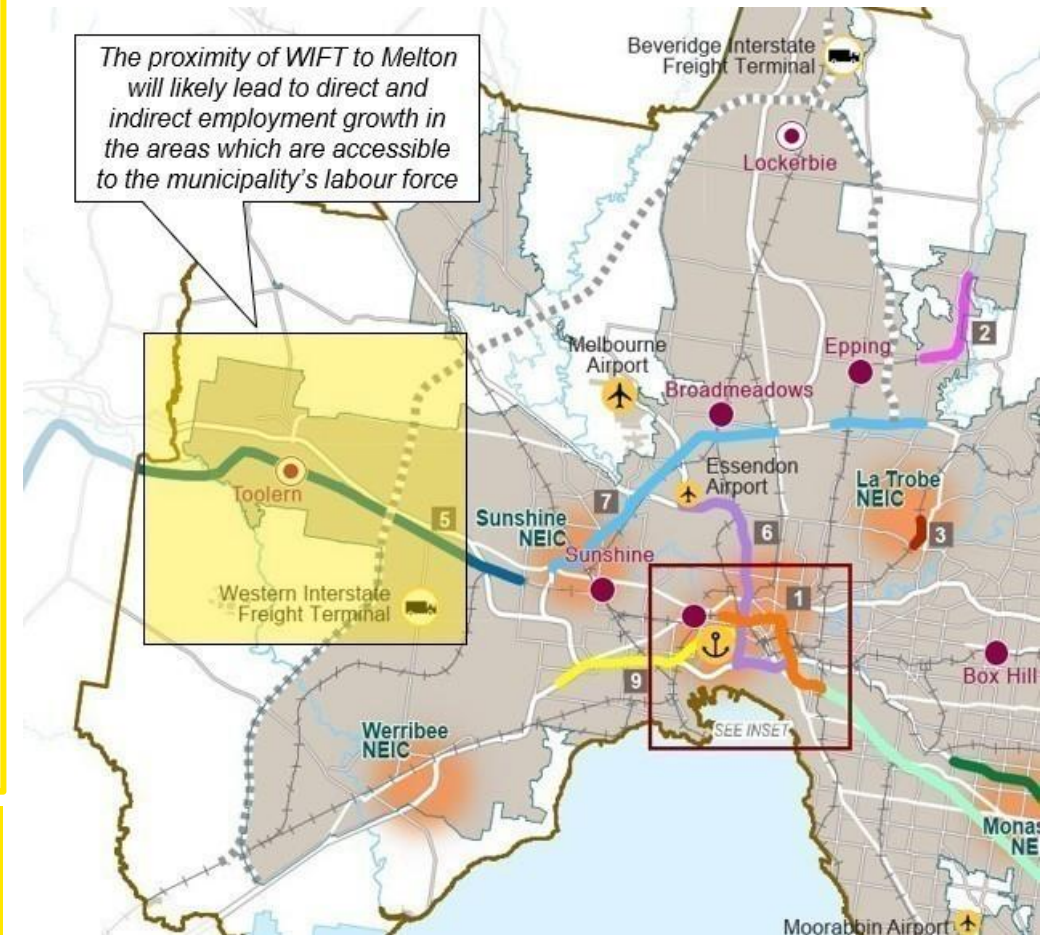
Once both the WIFP and OMR are delivered, a significant acceleration in employment growth and absorption of industrial land is expected as the productivity of freight networks improve including linkages to the national freight network.

The importance of an accelerated delivery of this city shaping infrastructure for Melbourne's west is highlighted by other factors including:

- ▶ Competition from Melbourne's south east will decline in coming years as industrial land supply is exhausted
- ▶ The North East link will enable improved freight connections across the broader Melbourne region
- ▶ The western corridor will complement Melbourne's north which may also in time include a new inter-modal facility

The outer west of metropolitan Melbourne is a key node for Port-related activity. The west is the origin and destination for around a quarter of all container transport. Independent studies have confirmed WIFP as an optimal location as Truganina is close to around 50 percent of the existing interstate freight rail customers, with good road access to other parts of Melbourne.

WIFP and access to OMR and the port



Source: Plan Melbourne

In the medium and longer-term, the OMR is expected to influence and accelerate the delivery of a range of PSPs in Melbourne's Western Region

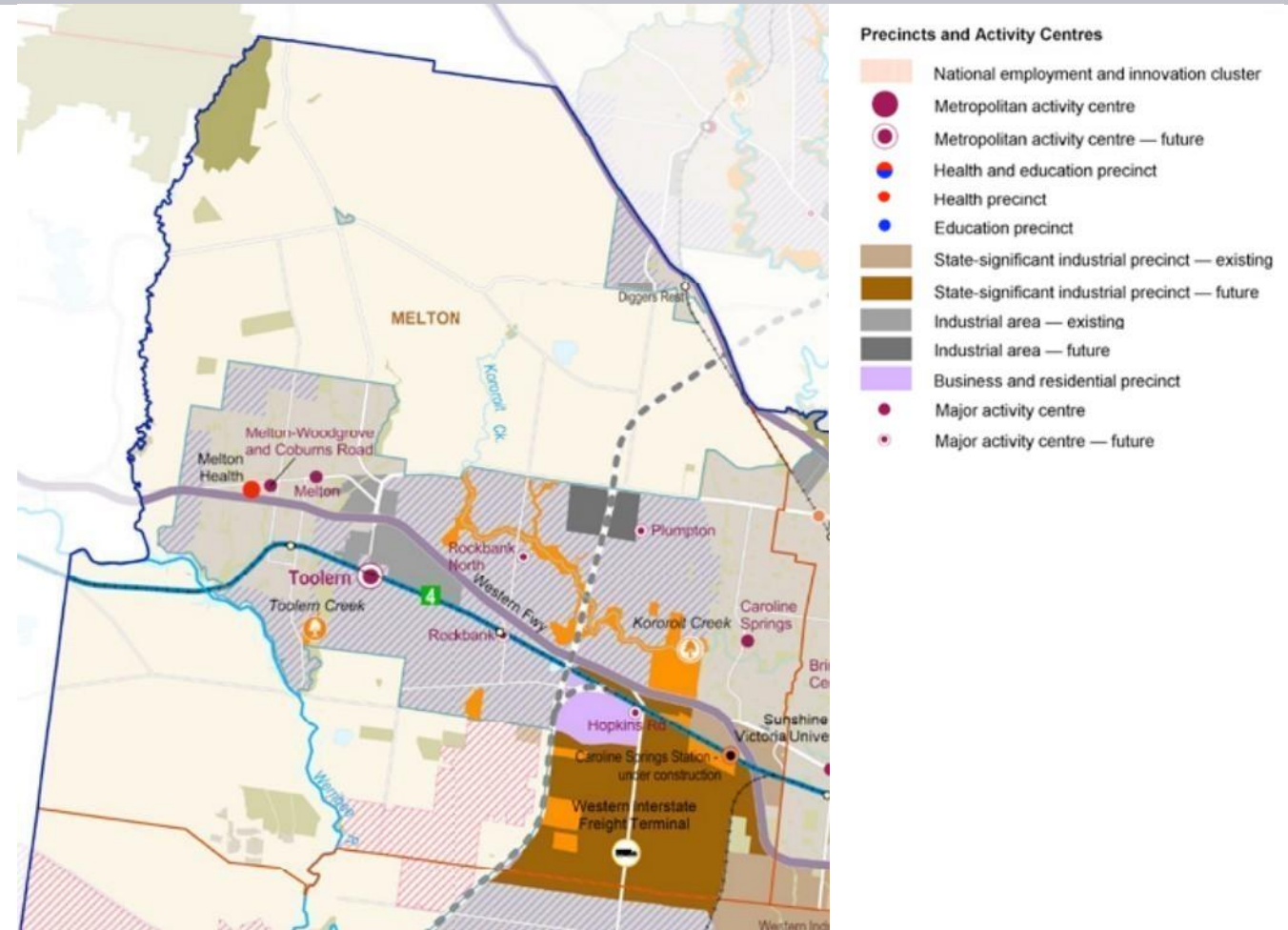
Key PSPs influenced by the OMR

In addition to the WIFP, the OMR will also influence a range of PSPs, including PSPs that accommodate activity centres and particularly PSPs that are designed to deliver existing or future industrial or state significant industrial precincts.

Some of these PSPs will develop organically over the medium to longer-term through general population growth, whilst other PSPs including those located within existing or future zoned industrial land will be accelerated due to the OMR. These PSPs include:

- ▶ Derrimut Fields
- ▶ Chartwell East
- ▶ Mt Atkinson & Tarneit Plans
- ▶ Robinsons Road Employment Area South
- ▶ Plumpton
- ▶ Warrensbrook
- ▶ Warrawee

Map of Melbourne's Western Region and OMR corridor



Source: Plan Melbourne

The western SSIP that will be influenced by the WIFP includes part of the Mt Atkinson and Tarneit Plains PSP

Employment estimates adjacent to the WIFP

The map at right depicts the Mt Atkinson precinct which sits within the Mt Atkinson & Tarneit Plains PSP and is currently under construction and delivery. This precinct is proposed to include key rail and social infrastructure including:

- ▶ Public transport accessibility through the delivery of the Western Rail Plan. This will include electrification of the rail to service residents and workers within the employment precinct together with an additional train station to service the growing population
- ▶ Shopping and amenity with a future Westfield Town Centre and local convenience store
- ▶ Recreation facilities including a sports and recreation precinct with associated sports reserves and playing fields together with bike paths and walkways in open spaces
- ▶ Education facilities including both primary and secondary schools
- ▶ A proposed employment hub including retail, business/commercial and industrial uses including the Melbourne Business Park
- ▶ Agglomeration of warehousing, distribution, logistics and related industries is likely to be driven by the WIFP. This will fast track jobs and investment in the Melbourne Business Park and will subsequently play a vital role in supporting the WIFP industry through both direct and indirect employment opportunities

The Mt Atkinson precinct once fully constructed and occupied will be an employment hub for the CoM and is estimated to create approximately 19,000 jobs

Map of Melbourne's Western Region and OMR corridor

- ▶ Mt Atkinson and Tarneit Plains employment areas including the Melbourne Business Park and commercial and mixed-use employment will be influenced by the WIFP and the Western Rail Plan
- ▶ The activity centre is expected to grow organically in line with population growth



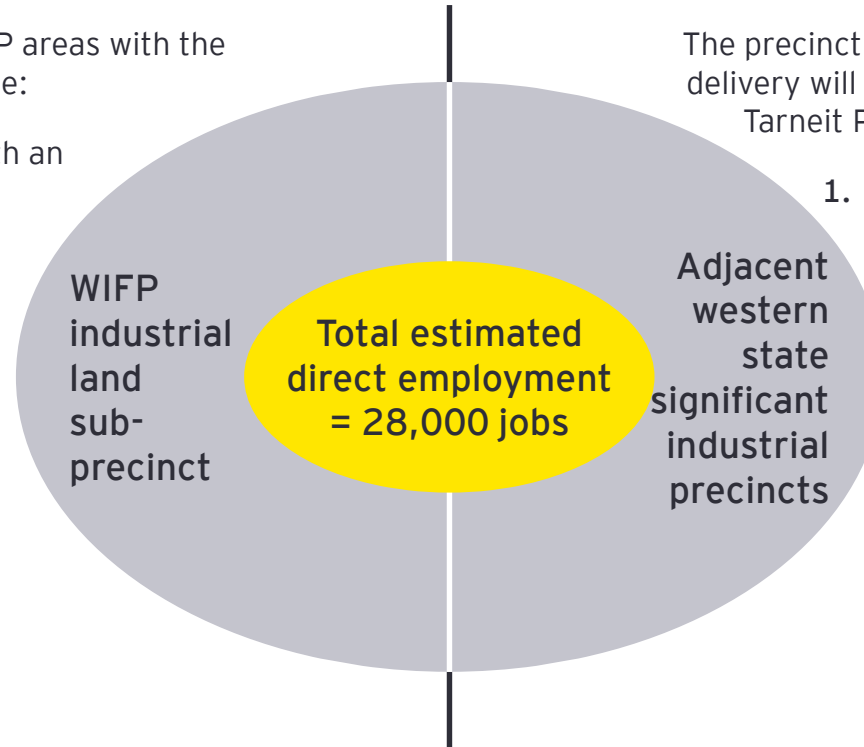
Source: Plan Melbourne

The WIFP will influence the delivery of several industrial land precincts as well as driving supply chains in other sectors

The diagram below provides an overview of the potential influence of the WIFP on direct local jobs in the CoM.

This proposed precinct includes three major PSP areas with the capacity for up to **18,700** jobs. The PSPs include:

1. **Chartwell East:** Equates to 548 hectares with an estimated 8,600 jobs
2. **Derrimut Fields:** Equates to 519 hectares with an estimated 8,100 jobs
3. **Robinsons Road South Employment Area (under delivery):** Equates to 214 hectares with an estimated 2,000 remaining jobs to be delivered



The precinct is currently under development and its successful delivery will also be influenced by the WIFP. The Mt Atkinson & Tarneit Plains PSP has the following employment capacity:

1. **Industrial precinct:** Equates to 415 hectares with an estimated 6,200 jobs
2. **Commercial & mixed-use precinct:** Employment capacity of 3,000 - 4,000 jobs

There is an opportunity for the CoM to work with the VPA and DET to consider the opportunity for a new transport and logistics Centre of Excellence at one of the proposed PSP areas in the medium-term

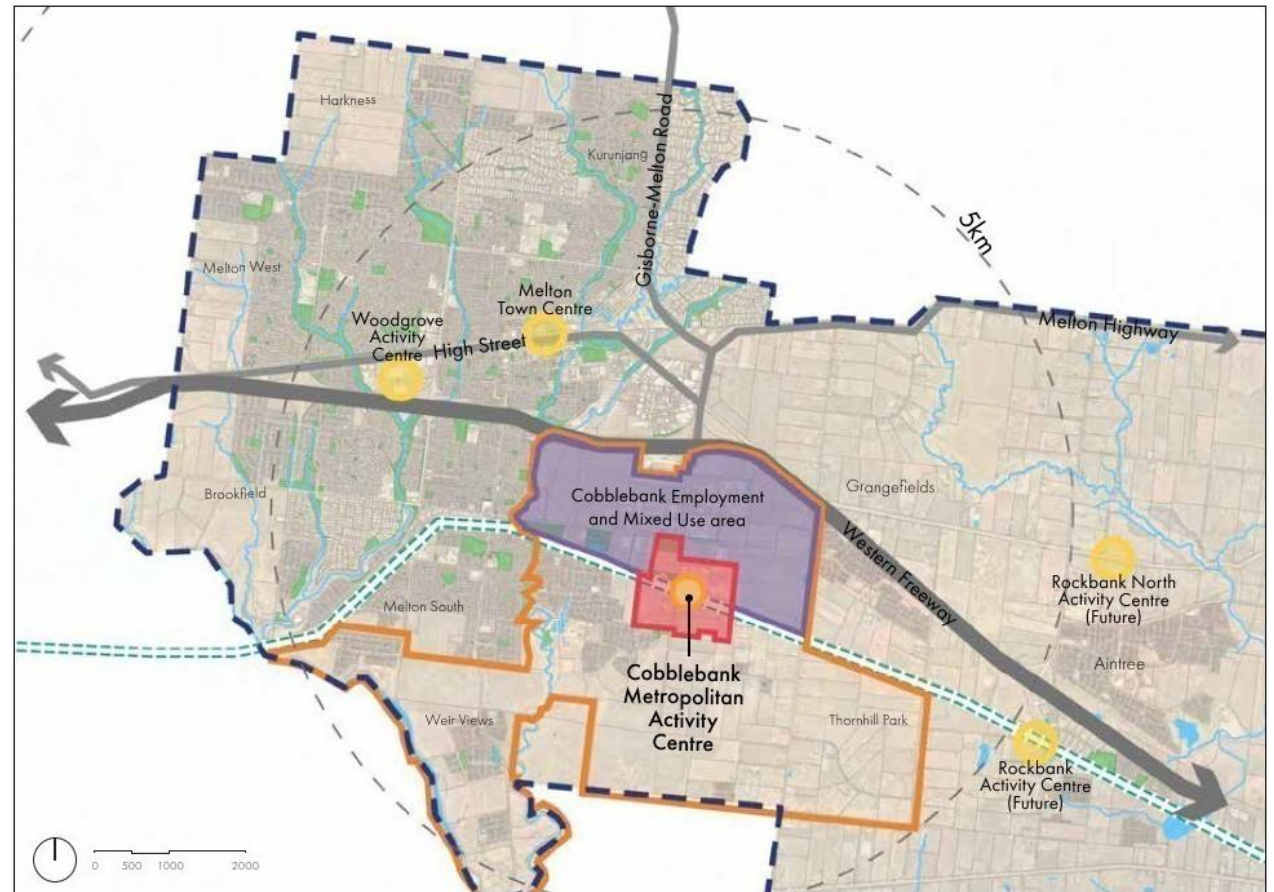
The City of Melton's key activity centres led by Cobblebank will have the capacity to drive significant future employment growth and diversity

The strategic role of Cobblebank in Melbourne's west

- ▶ Cobblebank is designated as a future State Significant Commercial Area in MICLUP and is the only future growth area activity centre in Melbourne's Western Region with this designation
- ▶ According to MICLUP, the Cobblebank Precinct sets aside significant volumes of land for commercial and industrial purposes adjacent to the Melton Industrial Park to the north. The precinct has direct access to the principle freight network (road and rail) and includes the future Metropolitan Activity Centre to the south
- ▶ The Cobblebank Metropolitan Activity Centre will have an important regional role with approximately 100 hectares of land having been identified for future development of the town centre. To further support the activity centre network in the region, Cobblebank is supported by five future major activity centres in the Growth Corridor Plan
- ▶ As part of Cobblebank's role, it has the capacity to act as an employment hub that links Melbourne's west with Ballarat and peri-urban regions including Bacchus Marsh
- ▶ If successfully delivered, Cobblebank will act as a significant generator of more diverse jobs including in professional services in Melbourne's west

Cobblebank's role as a major activity centre is also acknowledged within Plan Melbourne policy direction 1.2.1, where it is listed as one of two critical future activity centres in Melbourne's growth areas

Cobblebank precinct - Map



Source: Cobblebank Urban Design Framework

The Cobblebank Activity Centre will build on the City of Melton's existing strengths in the health and education sector

The CoM's current strengths

In addition to target sectors, the CoM should continue to leverage opportunities in the health and education sector which currently provide 11% and 14% of the local job share respectively.

The future growth in these sectors will be anchored by the new Melton hospital and proposed education precinct (including tertiary facilities) located within the Cobblebank Activity Centre.

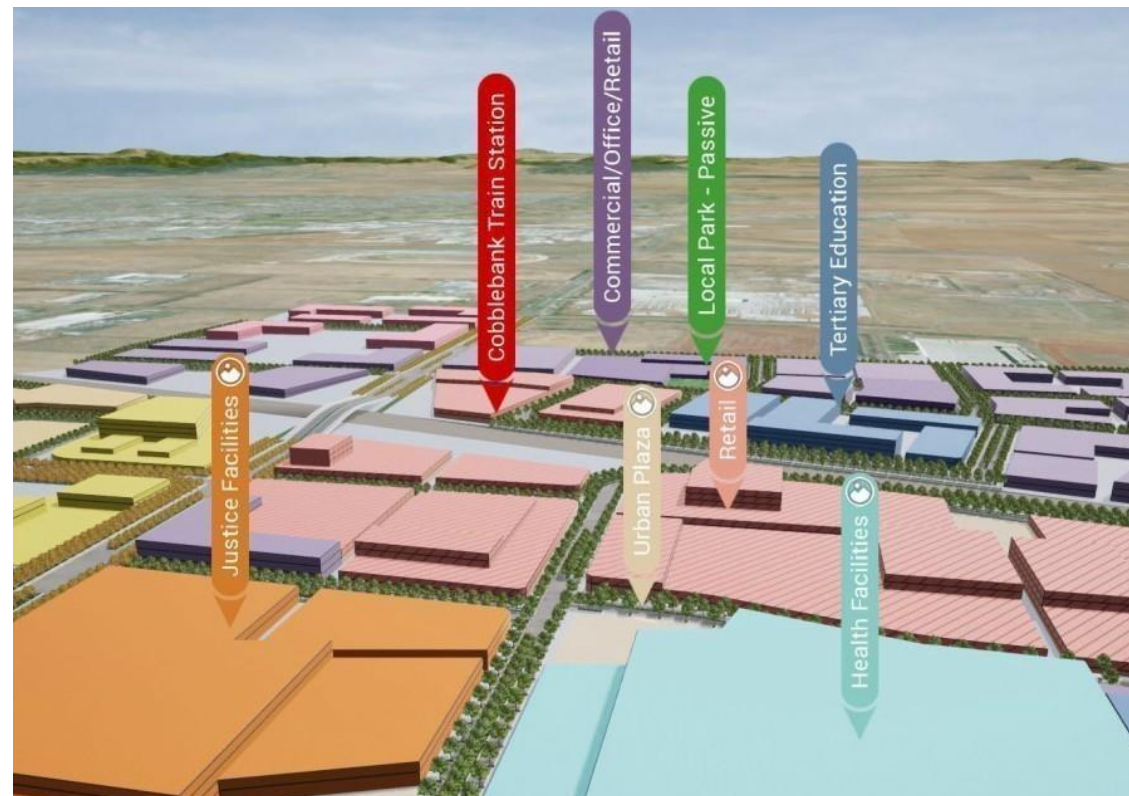
Overview of health precinct

The Melton hospital is located in the south east precinct of the planned activity centre and will be responsible for the delivery of private and public services, including the potential to be a health precinct of state significance. Opportunities include the provision of ancillary health services and private health providers who perform dual practice together with speciality services and a Centre of Excellence. The master planning process is currently underway, however it's expected that the hospital will ultimately provide up to 1,000 beds with a range of multipliers in the health sector.

Overview of education and justice precinct

A consolidated education & justice offering is also proposed to be located in close proximity to the new Melton hospital. This will include a standalone tertiary education precinct in the north east precinct of the activity centre. Additionally, there is opportunity for a larger standalone tertiary campus in the north east precinct adjacent to the rail station and other future businesses.

Location of the health and education precinct within Cobblebank



Source: Melton City Council

The Cobblebank Activity Centre will play a critical role within the City of Melton as well as at a regional and State level in terms of the employment opportunities, service offerings and direct and indirect economic benefits

Cobblebank has significant employment capacity but its delivery will be reliant on critical infrastructure

The role of Cobblebank in Melbourne's west

Employment capacity within the activity centre

EY has assessed the future employment capacity of the Cobblebank Activity Centre and Employment and Mixed Use area and concludes that it is a large potential employment driver for the CoM. Key estimates are as follows:

- ▶ Cobblebank Activity Centre - Estimated 5,000 direct jobs
- ▶ Cobblebank Employment and Mixed-Use Area - Estimated 19,000 direct jobs

Infrastructure drivers

- ▶ An electrified rail line to the CoM which is connected to the metropolitan rail network will drive a significant uplift in access to employment centres in Metropolitan Melbourne, with employment clusters and west bound commuters in Sunshine and the Melbourne CBD becoming accessible by an alternative travel mode
- ▶ Rail line electrification may also drive further employment growth within the CoM itself, with a metropolitan train station at the Cobblebank Activity Centre anchoring and driving localised agglomeration and jobs growth
- ▶ Over the long-term, delivery of the rail line will see the CoM develop as a regional employment centre, with its unique geographical position allowing it to attract commuters from Geelong and Ballarat to the west, as well as Melbourne to the east

WoMEDA study on the role of the Melton Hospital

In 2020, WoMEDA recently prepared an economic impact analysis on the role of the new Melton Hospital located in Cobblebank. The document *'Investing in a New Melton Hospital'* outlined the following key points:

- ▶ Melton already needs a 250-bed hospital and the need will double by 2035
- ▶ The new Melton Hospital will help address both an urgent health need and a growing unemployment challenge
- ▶ The Melton Hospital should be located close to the Cobblebank Metropolitan Activity Centre to maximise employment multipliers in associated sectors including allied health and other services
- ▶ The hospital will create around 375 new jobs during construction, and 2,250 ongoing roles by 2035. In addition, an additional 1,575 ongoing indirect jobs will be created
- ▶ Direct and multiplier benefits will add at least \$300m to the local economy by 2035 according to estimates by WoMEDA

The WoMEDA study recommended commencement of the Melton Hospital project in 2022 with completion in 2026

Source: WoMEDA Economic Impact Analysis document, 2020

The proposed redevelopment of the Eynesbury Tourism Precinct provides an opportunity to increase tourism and conference visitation to the City of Melton

The CoM's current strengths

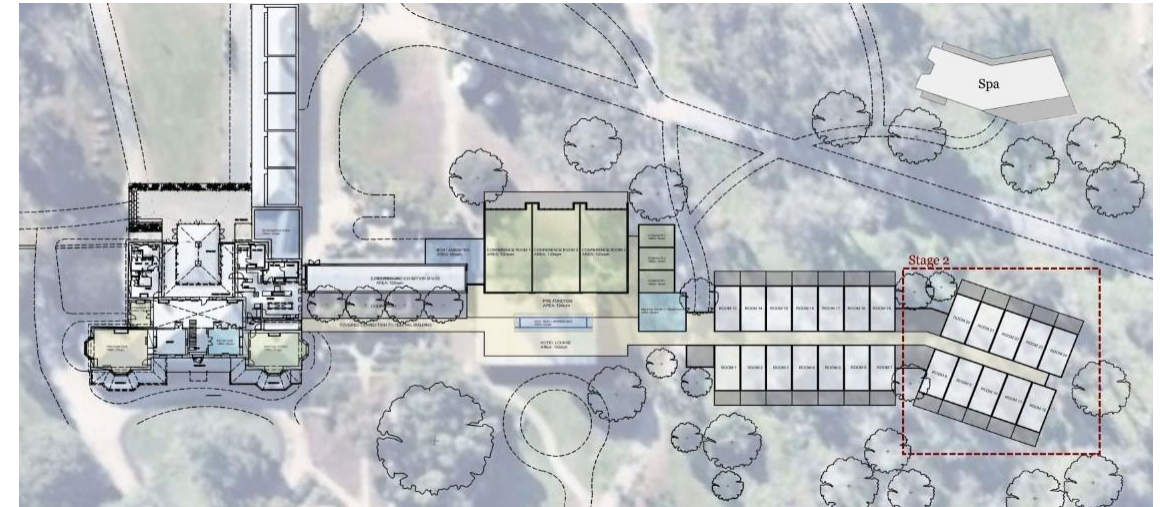
EY and MCC have consulted with the owners of the Eynesbury Tourism Precinct on the proposed masterplan and the expected employment generation from the project.

The masterplan proposes a range of new facilities including a conference centre, accommodation, day spa and other recreational facilities and services including an upgraded golf course.

Whilst the facility will not in its own right generate a large volume of jobs on the ground, it will have the benefit of drawing visitors to the CoM and other surrounding tourism facilities including the Werribee Gorge and the wider region.

The project will need to proceed through a statutory planning assessment and will require infrastructure upgrades, some of which will be provided by the landowner and others potentially by State Government.

Consultation with landowners has confirmed that a road connection with Tarneit and Doherty's Road would assist access to the facility.



Source: Proposed Eynesbury Quarter Masterplan

The Eynesbury Tourism Precinct could provide up to 230 direct jobs and draw visitors from across Melbourne's western region

The WIFP/OMR projects could directly bring forward up a large majority of jobs

The below table outlines the PSPs located in close proximity to the WIFP/OMR. These PSPs have the potential to support up to 39,000 local jobs in the CoM. The direct jobs have been estimated using benchmark PSPs as well as analysing the respective PSP. While not all jobs will be driven by infrastructure projects, the timing of staging of development will be highly sensitive to the delivery of connecting State and Commonwealth Government funded infrastructure.

Scale of jobs associated around WIFP/OMR						
Precinct Structure Plan	LGA	Status	Main Use	Size (ha)	Estimated Direct jobs	Source
Chartwell East	Melton	Not commenced	Industrial	548	8,582 ¹	VPA
Derrimut Fields	Melton	Not commenced	Industrial	519	8,128 ¹	VPA
Robinsons Road South Employment Area	Melton	Completed	Industrial	214	2,000	EY assumption ¹
Mt Atkinson & Tarneit Plains	Melton	Completed	Industrial	415	Industrial: 6,225	Mt Atkinson and Tarneit Plains Precinct Structure Plan (VPA) - Page 32
Plumpton Industrial Area	Melton	Completed	Employment	107	Industrial/commercial: 6,497	Plumpton Precinct Structure Plan (VPA) - Page 32 (Part B)
Warrawee	Melton	Not commenced	Industrial	137	2,145 ¹	VPA
Warrensbrook	Melton	Not commenced	Industrial	350 ²	5,481 ¹	West Growth Corridor Plan
Total industrial precinct jobs influenced by infrastructure					39,000	

¹ Calculated based on the Truganina PSP as a benchmark. This PSP has a 87% net developable area and a 18 jobs per hectare yield

² West Growth Corridor Plan mentions that the Melton Highway Industrial Precinct has 350 hectares of industrial land. Estimated direct jobs has been calculated on the industrial portion based on the benchmark outlined above

Scale of jobs in key activity centres/major town centres with close proximity to infrastructure

The below table outlines the key activity centres and major town centres within the CoM municipality. These have the potential to be unlocked earlier through the delivery of infrastructure which will enable the acceleration of jobs and investments in the locality. Key projects that are likely to influence these precincts include the electrification of Melton Rail as part of the Western Rail Plan as well as upgrades to key arterial roads including Melton and Western Highway.

Scale of jobs in key activity centres				
Key Activity Centre	Land Use	Sqm per Job	Estimated Direct Jobs	Source
Cobblebank Metropolitan Activity Centre	Retail: 70,000 sqm	25	2,800	Cobblebank Metropolitan Activity Centre - Urban Design Framework - Page 16
	Commercial: 25,000 sqm	20	1,250	
	Civic and Community Facilities (health and justice facilities): 16,000 sqm	30	530	
	Education Facilities: 30,000 sqm	80	375	
	Total: 141,000 sqm		4,955	
Cobblebank Employment and Mixed-Use Area	Light Industrial / Business: 200 ha	25 per hectare	5,000	Cobblebank Employment and Mixed-Use - Urban Design Framework - Page 17
	Restricted Retail / Showroom: 35 ha	100 per hectare	3,500	
	Commercial / Business: 30 ha	100 per hectare	3,000	
	High Amenity / Business Park / Research: 50 ha	150 per hectare	7,500	
	Total: 315 ha (employment land)		19,000	
Mt Atkinson & Tarneit Plains Mixed Use Precinct	Commercial and mixed use precinct: 390,000 sqm (at ultimate development)		Commercial/mixed use: 3,200 ¹	Mt Atkinson and Tarneit Plains Precinct Structure Plan (VPA) - Page 35

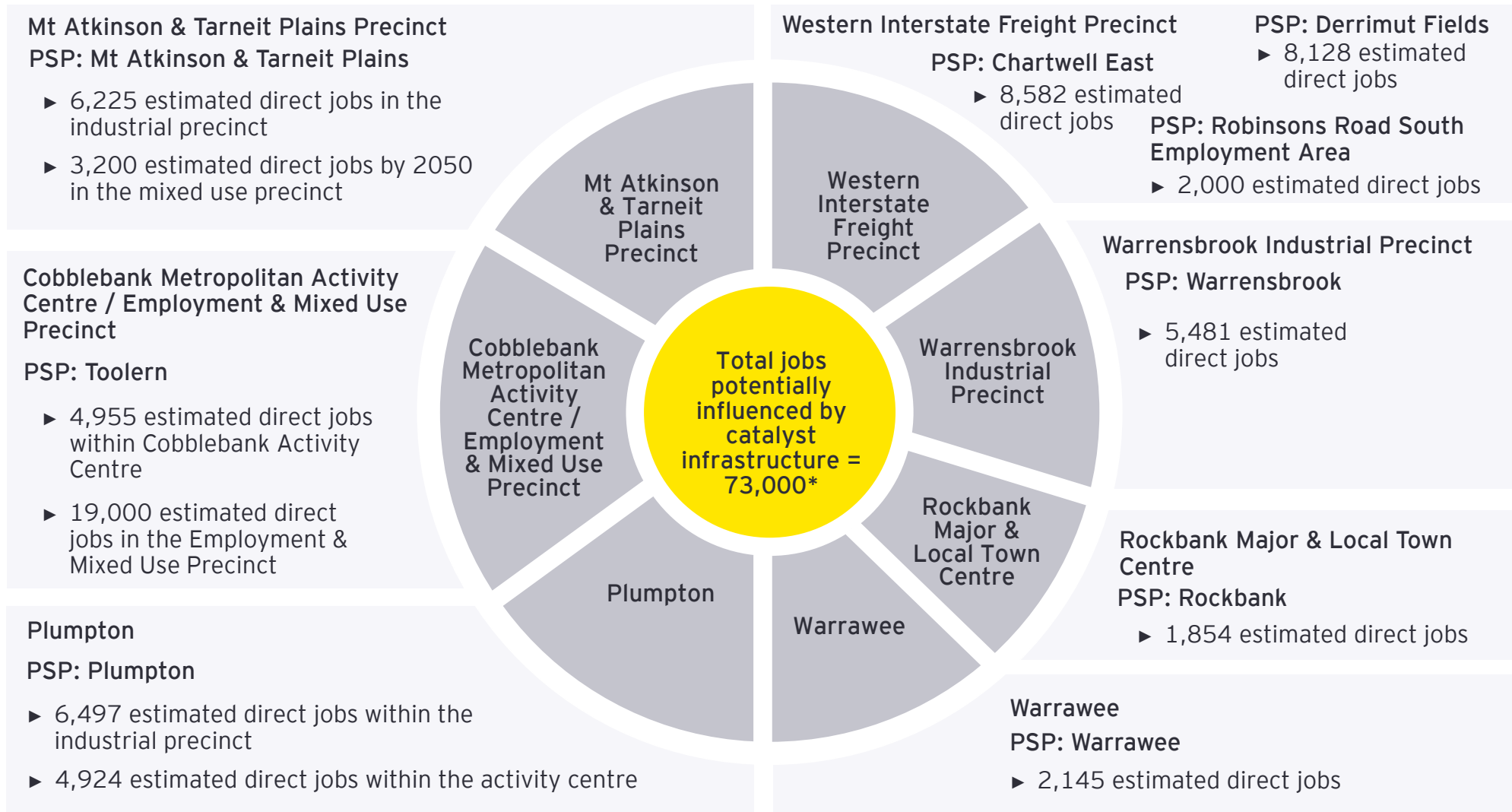
¹ Total number of jobs in commercial and mixed use precinct delivered by 2050. It is noted that the commercial and mixed use precinct has higher employment capacity however it is expected that the balance of the employment will be delivered post 2050.

The Melton Rail Electrification and upgrades to key arterial roads in close proximity to activity centres could bring forward up to 34,000 jobs

The below table outlines the key activity centres and major town centres within the CoM municipality. These have the potential to be unlocked earlier through the delivery of infrastructure which will enable the acceleration of jobs and investments in the locality. Key projects that are likely to influence these precincts include the electrification of Melton Rail as part of the Western Rail Plan as well as upgrades to key arterial roads including Melton and Western Highway.

Scale of jobs in key activity centres			
Key Activity Centre	Land Use	Estimated Direct Jobs	Source
Plumpton Major Town Centre (it is assumed that an upgrade to the Melton and Western Highway would influence development of this activity centre)		Retail: 2,804	Plumpton Precinct Structure Plan (VPA) - Page 32 (Part B)
		Commercial/mixed use: 2,120	
		Total: 4,924	
Rockbank Major & Local Town Centre (it is assumed that this town centre will be influenced by improved rail services as part of the Melton Rail Electrification)	Medical centre	9	Rockbank Precinct Structure Plan (VPA) - Page 25
	Retail	1,000	
	Office and/or commercial	375	
	Home based business	408	
	Total	1,854	
Total activity centre jobs influenced by infrastructure		34,000	
Total jobs in industrial & activity centre precincts		73,000	

Collectively the delivery of catalyst infrastructure can bring forward a number of existing and future planned precincts. This will make significant inroads to achieving CoM's employment target of 100,000 jobs

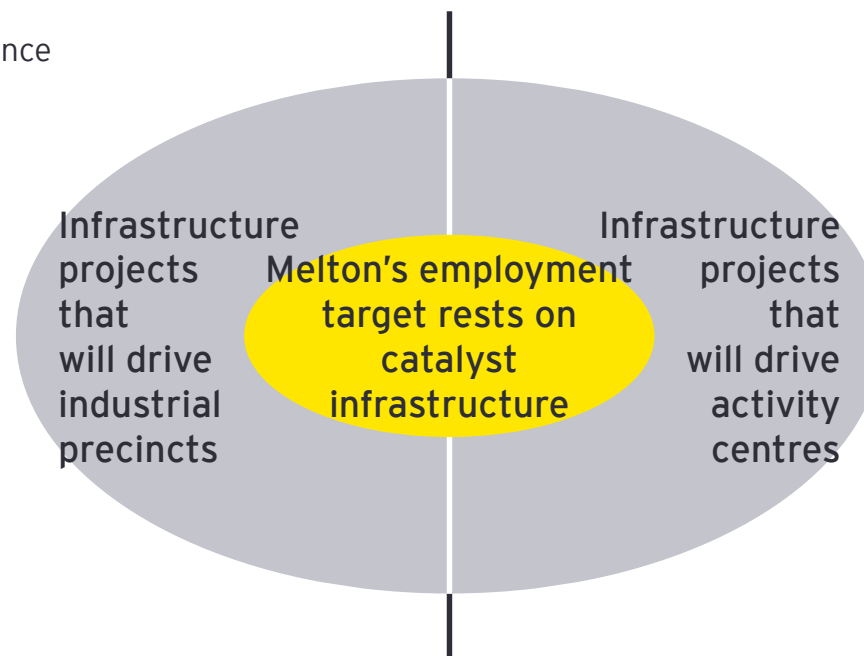


* The above PSPs include additional employment capacity that will be driven by broader influences including population growth

Employment precincts - whether industrial or activity centres are reliant on a number of critical infrastructure projects

The assessment of Melton's planned employment precincts - including primary planned industrial estates and its network of major activity centres - confirm a clear list of infrastructure drivers. Some infrastructure projects are critical to delivery while others are likely to accelerate development. It should be noted that some infrastructure projects will influence industrial land and activity centre precinct delivery.

- ▶ WIFP and potential training centre of excellence
- ▶ OMR
- ▶ Melton and Western Highway upgrades
- ▶ Hopkins and Christies Road upgrades



- ▶ Melton Rail Electrification
- ▶ Melton Hospital
- ▶ Cobblebank Justice & Education Precinct
- ▶ Western Highway Upgrade

What are the linkages between key employment preferred precincts and supporting infrastructure projects?

Many of the CoM's planned employment precincts require infrastructure delivery and certainty

Target precincts to deliver employment

Melton Hospital and Cobblebank Activity Centre
Cobblebank Mixed Use Precinct
Cobblebank Tertiary & Justice Precinct
WIFP and surrounding industrial precinct
WIFP Centre of Excellence & Training facility (proposed)
Eynesbury Tourism Precinct
Plumpton, Warrensbrook and Warrawee Industrial Precincts

Enabling Infrastructure & Project Support

1. Melton Rail Electrification & Western Rail Plan
2. Western Highway Upgrade
3. Cobblebank Hospital and funding timeframe
4. Delivery of WIFP and investigation of co-located training facility
5. Freight link between WIFP and interstate rail corridor
6. Critical road duplications and intersections including Hopkins & Christies Rd upgrades & Melton Highway
7. OMR supported by commitment staging and timeline

Key Considerations

Key considerations

- ▶ MCC has a significant opportunity to leverage industrial sector employment based on proposed major road and freight infrastructure including the WIFP, OMR and potential upgrades to the Western and Melton Highway
- ▶ The CoM's key activity centres led by Cobblebank will also have the capacity to drive significant future employment growth and diversity, if supported by planned investments in social infrastructure. As these investments are delivered, complementary private sector employment in ancillary services and professional services will be attracted as future economic multipliers
 - ▶ The Cobblebank Activity Centre will build on the CoM's existing strengths in the health and education sector
 - ▶ However, the CoM's existing and future employment precincts are highly sensitive to successful infrastructure delivery in the short to medium-term
- ▶ EY has considered the current expected timeline of key infrastructure projects that are expected to directly influence industrial land and activity centre employment
- ▶ A total of up to 73,000 jobs (which is a significant proportion of the future employment target) are expected to be located in precincts sensitive to infrastructure delivery



Strategic Direction 2 - Transforming the structure of the labour force to deliver a more diverse economy

The CoM's success as a future employment corridor supported by a clear investment strategy can drive the economic growth of Melbourne's west and the broader Victorian economy

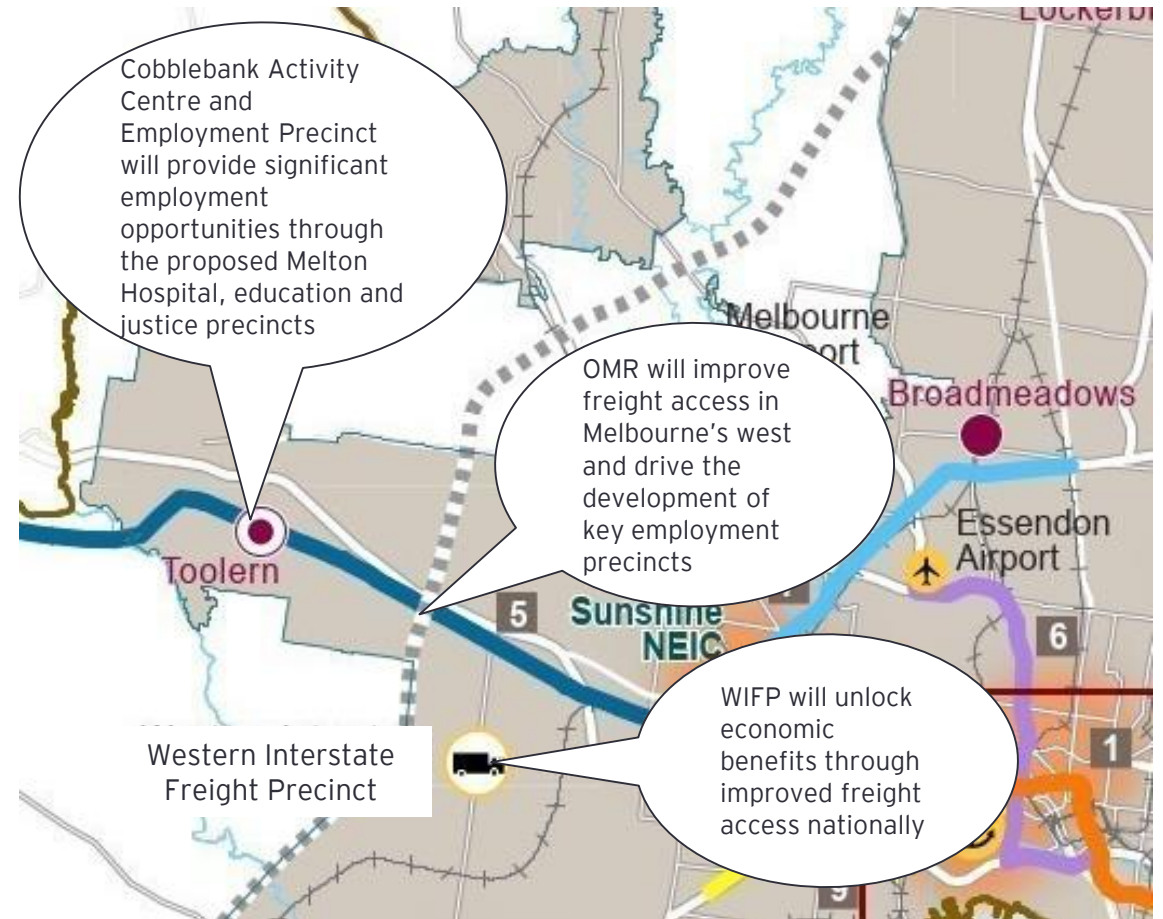
Potential to play a key role in future economic development

- ▶ The western corridor has been responsible for significant employment and economic development and is currently Melbourne's largest industrial land market
- ▶ The CoM and its key employment precincts have the potential to continue providing a prosperous and liveable region for surrounding growing communities
- ▶ The corridor's growing status as an industrial centre of Melbourne also positions itself well to play a part in driving Victoria's post-COVID economic recovery
- ▶ The emergence of innovative sectors, including high-tech advanced manufacturing and food & beverage manufacturing together with service sectors including health & education have the potential to drive employment growth and wealth for the broader community

Post COVID recovery presents a potential opportunity for the corridor

- ▶ The COVID crisis is expected to reinforce and accelerate trends towards Government and industry investment in domestic industrial economies and supply chains
- ▶ High quality industrial land, such as that located in the CoM's future PSPs is already beginning to outperform other investible asset classes in response to the crisis

Study area - Western corridor of Melbourne



Source: Plan Melbourne

The CoM can re-position itself as an economy over the next 30 years. Other benchmark municipalities present an opportunity to think about a new economy that can leverage infrastructure

Considering a change in the structure of the local economy

To inform the strategy, EY has not only considered target high value industries that could be supported by planned employment precincts but has also considered whether these sectors typically play a greater role in providing local employment in Melbourne's growth areas.

This analysis informs a preferred scenario for the strategy outlined in the following slides.

A comparison between key sectors in the CoM and in Melbourne's other growth areas reveals the following:

- ▶ The CoM's dominate sectors including Retail Trade, Education, Construction and health care have similar importance to other economies around Melbourne's growth areas
- ▶ However the CoM has a relatively immature Manufacturing, Transport & Warehousing and to a lesser extent warehousing sector
- ▶ There is therefore significant opportunity to grow these sectors with a moderation of the proportion of jobs in the retail and accommodation and food services industries
- ▶ This will create a more diverse economy that will provide a greater mix of employment opportunities for local residents

Benchmark economies

Hume City Council

- ▶ An established growth area economy with an evolving industrial sector
- ▶ Will share access to major freight routes like the CoM
- ▶ Strong growing labour force but higher ratio of local jobs
- ▶ 12 - 21 km from the CBD

City of Monash

- ▶ An established professional services sector
- ▶ Strong tertiary sector servicing a catchment in Melbourne's south east of over 1 million residents
- ▶ High volume of local jobs to residents
- ▶ 16 - 22 km from the CBD

Penrith City Council

- ▶ An emerging regional centre with a strong health and education sector
- ▶ Relatively low incomes with a high proportion of families
- ▶ Located 30 - 40 km from the Sydney CBD

The CoM can be compared with other growth areas to inform gaps in labour force and consider the benefits of a broader economy led by infrastructure

Targeting a more diverse local economy

Achieving the vision of a *'diverse and resilient economy'* will require more than strong jobs growth in the local economy. It will also require a transformation in the mix of jobs by sector.

The CoM currently has a relatively high mix of local employment in sectors that have relatively low incomes per worker and that may face disruption to longer-term economic change including for example retail trade.

Building a more resilient economy will require growth in target sectors with high incomes and value add together with consolidation of existing strengths in sectors such as health, education and construction.

EY has developed three target sectors that provide a more diverse economic base for the CoM.

- 1. Manufacturing** - Less than 5% of local jobs with average value add of \$129,000 (Advanced manufacturing expected to be driven by post COVID-19 geo-political drivers)
- 2. Transport & Warehousing** - Currently only provides 5% of local jobs with an average value add per worker of \$152,000
- 3. Professional Services** - Less than 4% of local jobs with average value add of \$141,000

Employment growth in these sectors with a greater share of local jobs will be partially achieved by the successful roll out of industrial precincts and activity centres supported by infrastructure, however businesses in these sectors may require some targeting from Council in co-operation with State and Commonwealth Government.

Target industries to grow

Industry	Growth area job shares (2016)	CoM job shares (2016)	2016 GVA per worker in the CoM (\$)
Manufacturing	10.9%	4.8%	129,333
Transport, Postal and Warehousing	9.7%	5.2%	152,230
Professional, Scientific and Technical Services	3.5%	3.4%	141,298

Source: ABS

CoM can be compared with other growth areas to inform gaps in labour force and consider the benefits of a broader economy led by infrastructure

Maintaining existing sectors

In addition to the growing the relative supply of jobs in high value sectors, the Strategy also aims to maintain Melton's relatively strong proportion of jobs in the health care and education sectors together with the construction industry.

The opposite table provides an overview of the relative share of employment in these sectors in the CoM relative to growth area averages.

The Strategy aims to maintain Health Care and Social Assistance at least 11% of local jobs, together with Education and Training at around 14%.

The Construction sector currently provides around 12% of local jobs.

Target industries to maintain

Industry	Growth area job shares (2016)	CoM job shares (2016)	2016 GVA per worker in the CoM (\$)
Health Care and Social Assistance	11.4%	11.0%	93,158
Education and Training	10.6%	14.2%	94,759
Construction	10.0%	11.9%	179,565
Wholesale trade	4.0%	3.7%	214,224
Retail Trade	13.5%	14.5%	72,084
Accommodation and Food Services	6.9%	8.7%	57,471
Public Administration and Safety	4.3%	8.0%	119,333
Arts and Recreation Services	1.4%	1.7%	72,997
Other Services	3.9%	4.2%	69,270
Agriculture, Forestry and Fishing	2.2%	1.1%	192,048
Mining	0.2%	0.3%	266,157
Electricity, Gas, Water and Waste Services	1.0%	0.5%	175,993
Information Media and Telecommunications	0.7%	0.8%	252,557
Financial and Insurance Services	1.3%	1.5%	486,670
Administrative and Support Services	3.0%	3.0%	174,098
Other Services	1.5%	1.5%	N/A

Source: ABS

Achieving a more diverse industry mix will require shifting the dial from current labour force patterns to new high value sectors

Strategy to evolve a local economy

Measuring the impacts of a shift in the CoM's employment profile from its current profile to a more diverse economy can be estimated in terms of average gross value add per worker.

Under a scenario where target sectors grow and replace the relative share of lower value add sectors (including retail trade and accommodation, cafes & restaurants) the following shifts in sector shares could be assumed:

- ▶ **Transport & Warehousing** - Increases to 8% share of local jobs relative to 5% in the CoM and 10% in growth areas in 2016
- ▶ **Manufacturing** - Increases to 7% share of local jobs relative to 5% in the CoM and 11% in growth areas in 2016
- ▶ **Professional Services** - Increases to 8% of local jobs relative to 3.4% in the CoM and 3.5% in growth areas in 2016
- ▶ **Health and education sectors** remain stable
- ▶ The **Construction sectors** share of the local employment base remain fixed with employment growth tracking overall growth in local jobs

Gross Value Add per worker will increase from an estimated \$156,682 in 2020 to around \$165,000 in 2051 in real terms¹.

Shift in economic profile over time

Proportion of labour force in transport and warehousing and manufacturing equates to 10% with the professional services sector at less than 4%



Transformed local economy -Transport and warehousing and manufacturing sectors increases to more than 15% of the local economy with a supporting professional services sector of up to 8% equivalent to benchmarks (including the City of Monash)

¹ Impact could be more significant due to agglomeration and changes in relative GVA per worker over time

Key Considerations

Key considerations

- ▶ The CoM's success as a future employment corridor supported by a clear investment strategy can drive the economic growth of Melbourne's west and the broader Victorian economy
- ▶ The CoM can re-position itself as an economy over the next 30 years. Other benchmark municipalities present an opportunity to think about a new economy structure for the CoM that can leverage proposed infrastructure and development of employment precincts
- ▶ The CoM can be compared with other growth areas to inform gaps in labour force diversity and consider the benefits of a broader economy led by infrastructure
- ▶ A preferred scenario for the accelerated delivery of infrastructure is expected to make a significant contribution to the achievement of employment targets in the CoM and Melbourne's west over the next 30 years to 2050
- ▶ In contrast, a passive scenario whereby major infrastructure is delayed risks a significant worsening to the relative volume of local jobs in the CoM and the risk of losses in economic activity to interstate and potentially overseas. The next chapter explores the broader economic impacts associated with a preferred catalyst accelerated infrastructure scenario



Strategic Direction 3 - Achieving the job target through catalyst infrastructure under a preferred delivery scenario

The Strategy calls for 100,000 new local jobs in the City of Melton by 2050 supported by catalyst infrastructure delivery

Key messages

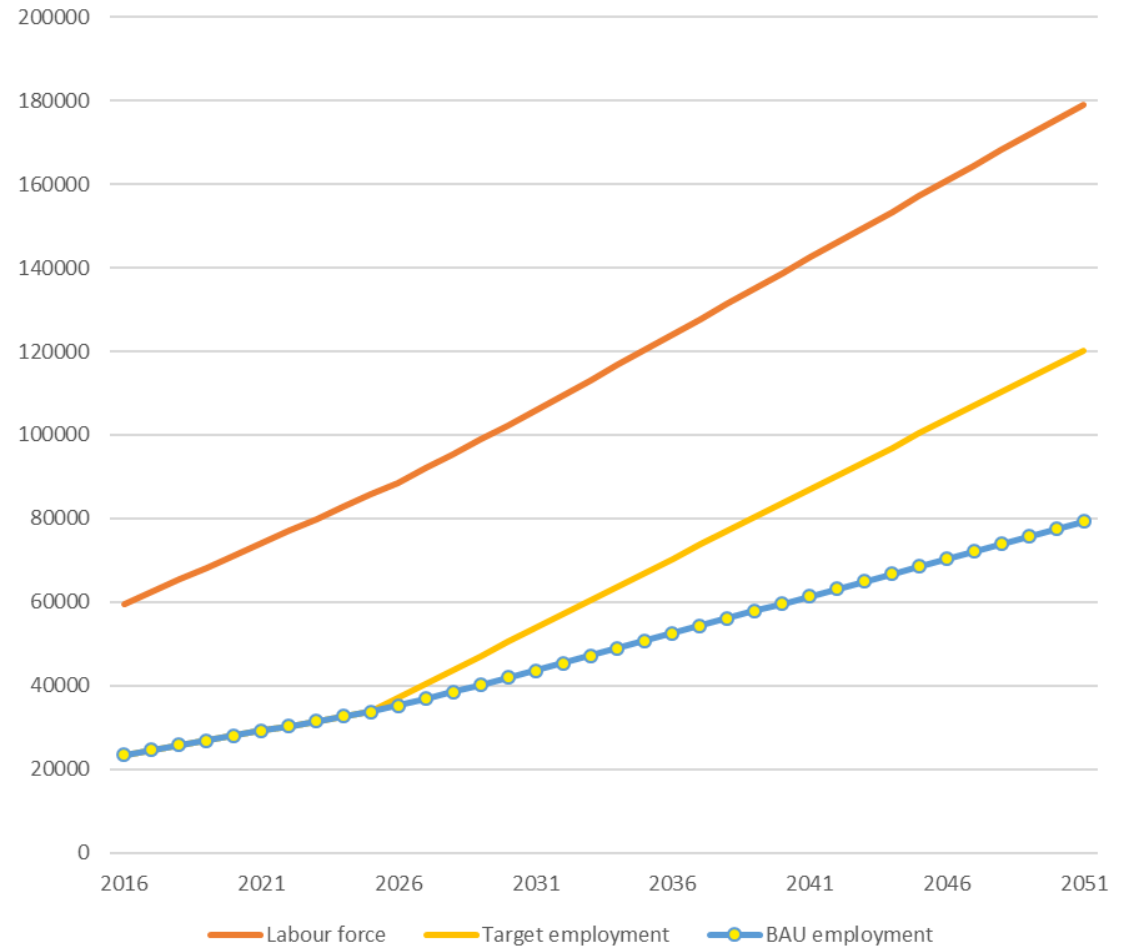
This chapter outlines strategy direction 3 and assesses the economic benefits associated with achieving the direction.

It defines the target of achieving **100,000 new local jobs** which meets the existing growth area benchmark of 0.6 jobs per member of the local labour force. In addition it confirms the infrastructure sequencing that will be required to achieve the jobs target by delivering catalyst employment in key precincts.

The evidence base behind this target and the need for greater employment self-sufficiency is based on the background analysis undertaken in Chapter 4 of this Report that confirms a need for a significant increase in local jobs.

In line with existing growth area benchmarks, the delivery of 100,000 new local jobs by 2050 will provide the CoM with employment self-sufficiency equivalent to the growth area average

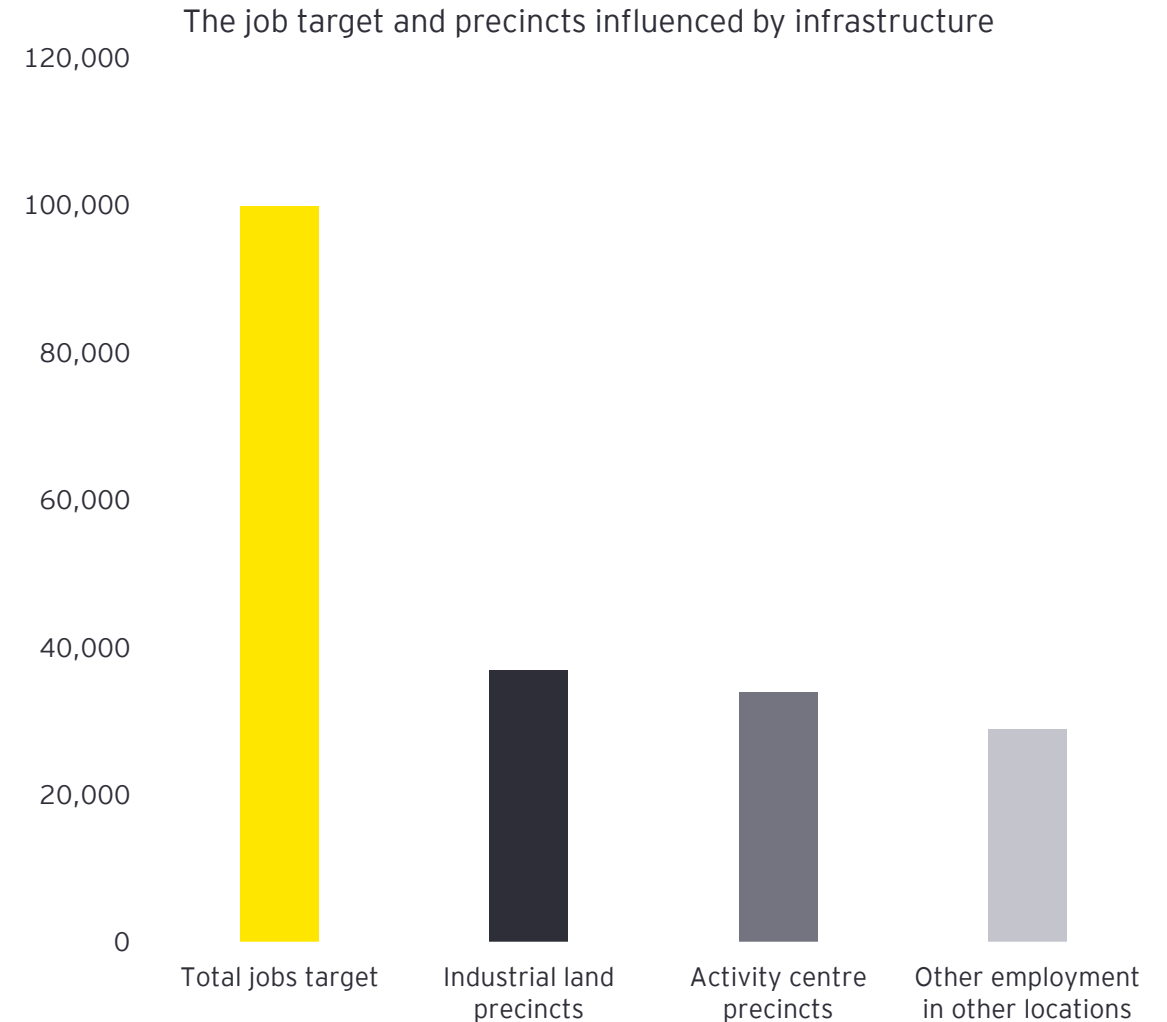
Baseline and target employment projections



Source: VIF, EY

The role that employment precincts will play in meeting the employment target

- ▶ An employment target for the CoM has been established within this Strategy. This target involves the generation of 100,000 new local jobs by 2050 to achieve an increase in employment self-sufficiency
- ▶ The CoM's key employment precincts will play a critical role in achieving the job target by 2050
- ▶ An overview of the role that industrial land and activity centre precincts will play in delivering the jobs target is provided in the opposite figure. It should be noted that other precincts that are less reliant on infrastructure will also deliver employment growth (including jobs in other sectors, home based business etc) as highlighted in the graph
- ▶ The analysis in this chapter builds on the assessment of the importance of individual precincts undertaken in Chapter 5 of this Report that confirmed that the employment capacity of precincts reliant on infrastructure

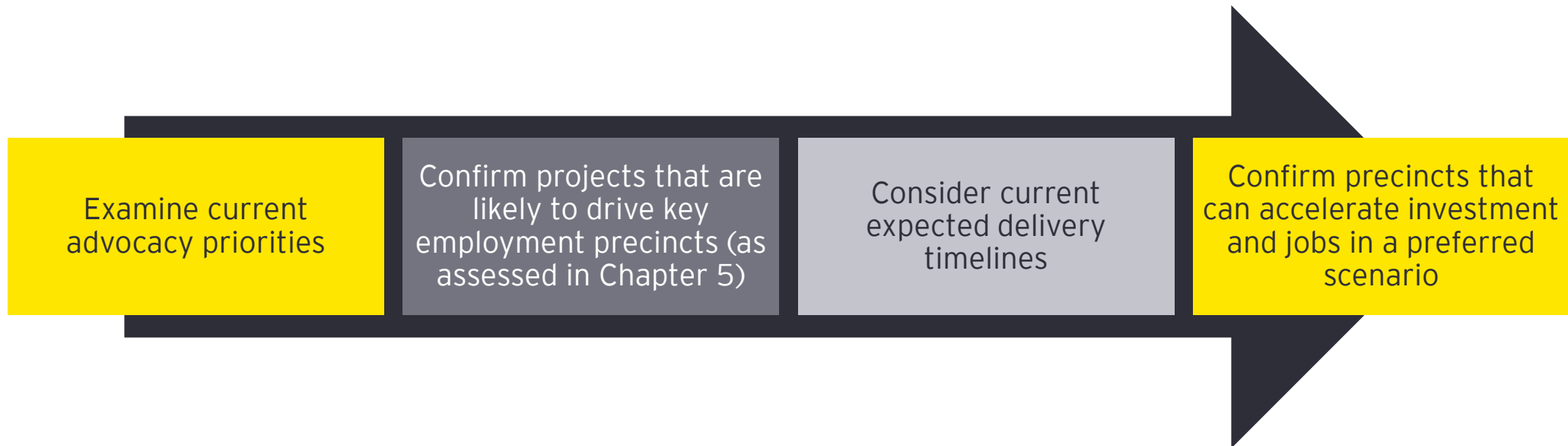


Source: EY

The CoM's existing and future employment precincts are sensitive to successful infrastructure delivery in the short to medium-term

To consider the implementation of this strategic direction and to inform the consideration of the impact of major infrastructure projects on employment within the CoM, EY has considered how the delay or acceleration in the delivery of critical enabling infrastructure is likely to influence the growth of employment opportunities and diversity of employment in the CoM. The following slides provide an assumed and preferred timeline for key projects including:

- ▶ The WIFP and key road projects including state significant connections and local road upgrades
- ▶ Public transport & rail infrastructure projects
- ▶ Social infrastructure projects including public hospitals, new service precincts and sports and recreation facilities



Delivering an action plan for catalyst infrastructure and a more resilient local economy

Defining an investment strategy supported by a change in the local economic structure

EY has created a preliminary action plan based on the timing and delivery of catalyst infrastructure. These have been defined under two scenarios which will assist in guiding the estimates of economic impact and associated employment.

1. Passive scenario: This scenario has two elements:

- ▶ The market follows current trends and strategic planning expectations, key future employment zoned land is brought onto the market in a delayed timeframe and major infrastructure projects such as OMR and WIFP are not delivered with subsequent delayed development of key industrial precincts. In a passive scenario, infrastructure delivery timeframes create uncertainty for investors
- ▶ Employment growth is delayed and the transition in economy and diversity of labour force does not commence until well beyond 2035

2. Accelerated scenario:

- ▶ The market capitalises on existing and future infrastructure drivers, key future employment zoned land is brought onto the market in an accelerated timeframe and major infrastructure projects such as OMR and WIFP are brought forward. In an accelerated scenario, infrastructure delivery timing is clearly signalled to the market, and project timing is brought forward
- ▶ The structure of the CoM's labour force evolves to a more resilient diverse economy with key high value add sectors expanding to take a greater share of local economic activity

These scenarios provide a guide as to a future pathway that could be navigated by the CoM in partnership with the State and Commonwealth Governments and industry.

They are also designed to test the economic and employment impacts of an accelerated infrastructure strategy consistent with the vision established in the Strategy, while responding to the intention to develop a more resilient and diverse local economy.

Current conservative timeline of key infrastructure projects that will influence industrial land employment

The below timeline outlines the key infrastructure projects that are likely to influence a number of industrial land precincts either in the delivery phase or in future planning in the CoM. The PSPs expected to be directly influenced are summarised below.

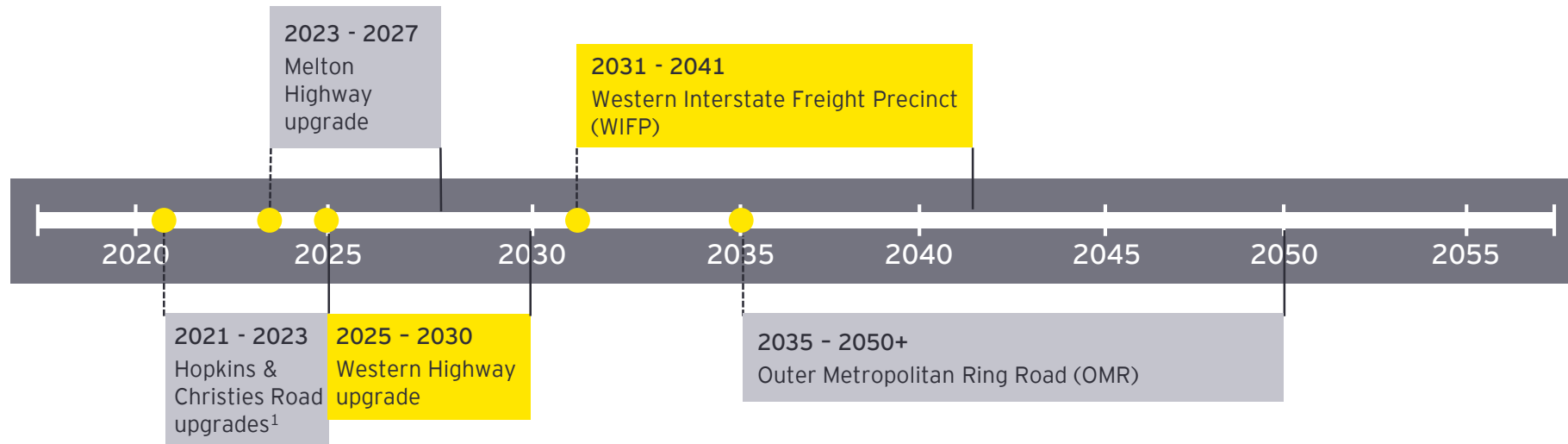
Precincts expected to be influenced by the WIFP & OMR

- ▶ Chartwell East & Derrimut Fields - Commencement not scheduled
- ▶ Robyns Road Employment Area South - Planning completed
- ▶ Mt Atkinson Industrial Land Precinct & Tarneit Plains - Completed in 2017

Precincts expected to be influenced by the OMR & Melton Highway

- ▶ Plumpton & Warrensbrook Industrial Precinct - Completed in 2018 and commencement not yet scheduled

The expected employment yields in these PSPs are outlined in more detail at the end of this chapter. It should also be noted that the M80 upgrade (which will improve traffic flows between Laverton North and Greensborough) will be completed by 2023. This project is already funded and scheduled for completion.



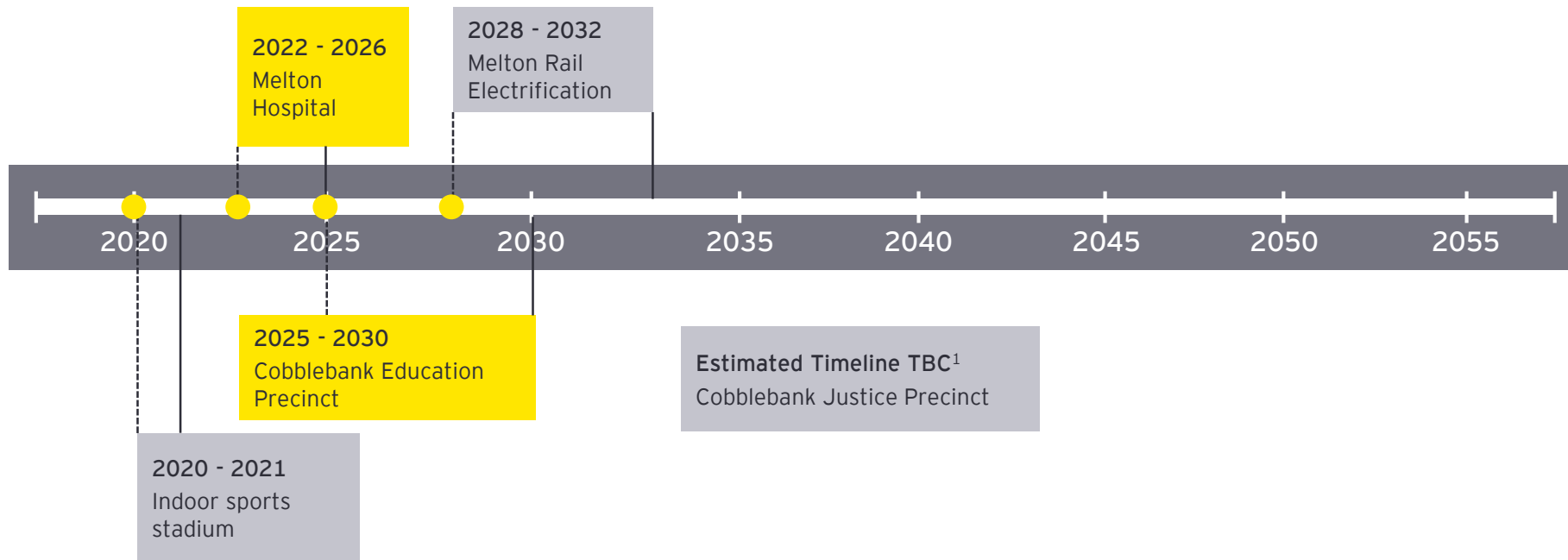
¹ This includes duplication of Christie's Road bridge

Current conservative timeline of key infrastructure projects that will influence the successful delivery of activity centres

The below timeline outlines the public transport and social infrastructure projects that are likely to influence activity centres either in the delivery phase or in future planning in the CoM. The PSPs expected to be directly influenced by these projects are summarised below.

- ▶ Toolern/Cobblebank Metropolitan Activity Centre/Cobblebank Employment and Mixed Use Area - Completed in 2012
- ▶ Rockbank & Rockbank North - Completed in 2016 and 2012

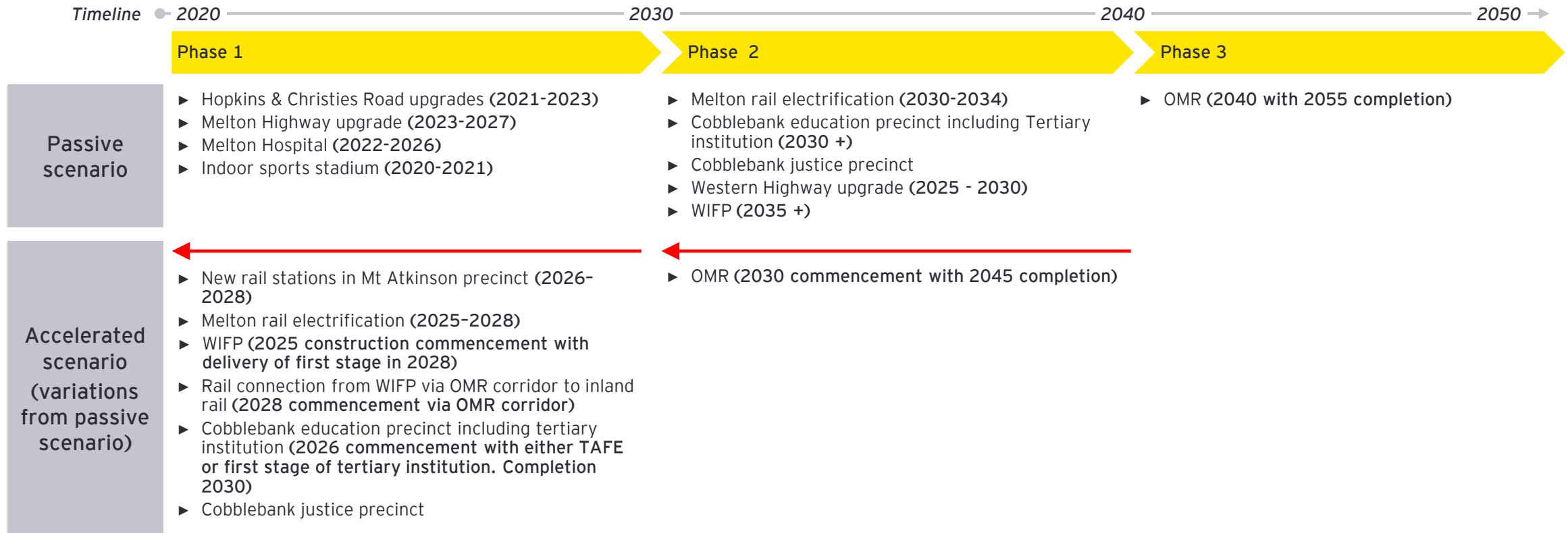
The delivery of the below projects will influence the employment around the Cobblebank Activity Centre and Cobblebank Employment and Mixed Use Area. The development of Rockbank and Rockbank North Major Town Centre is also expected to be influenced by the Melton Rail Electrification together with the Mt Atkinson Town Centre. The Plumpton Major Town Centre is expected to grow organically over time in line with population growth in the surrounding PSPs. The expected employment yields in these PSPs are outlined in more detail at the end of the chapter.



¹ As per discussion with Department of Justice, the Justice strategy has been put on hold due to the current COVID-19 environment. As such, timeline is TBC.

Action plan and timeframes for catalyst infrastructure - Passive vs accelerated scenario

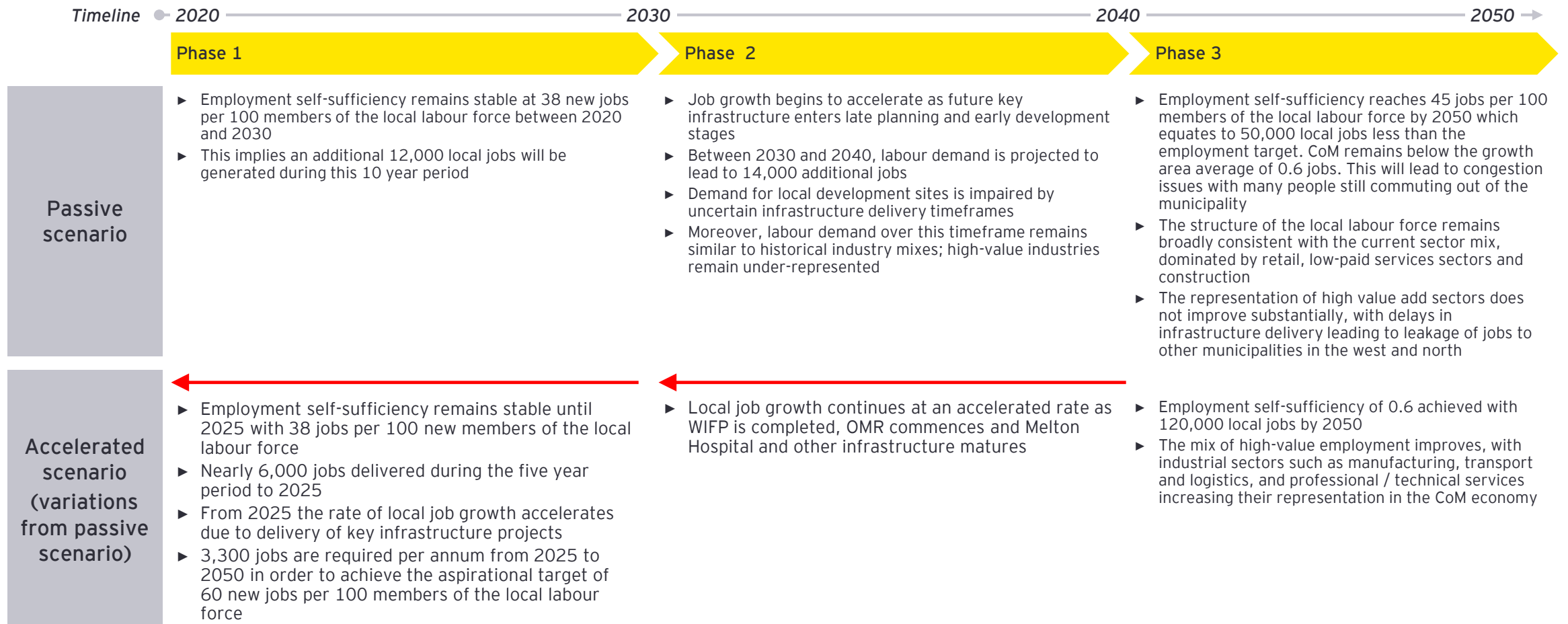
EY has in consultation with the CoM developed a preferred timeline for the delivery of catalyst infrastructure that will unlock employment growth and investment within the municipality. The timeline below summarises the preferred accelerated scenario relative to a passive scenario



The accelerated scenario has the potential to bring forward 50,000 local jobs by 2040 across Cobblebank and the WIFP / OMR hub relative to the passive scenario. This acceleration in local jobs will also have other benefits including reduced congestion on the freeway network

Employment impacts of catalyst infrastructure - Passive vs accelerated scenario

The employment outcomes related to the passive and accelerated scenarios are expected to differ significantly



The accelerated scenario can catalyse the delivery of local jobs and drive high-value, high-income employment opportunities for the municipality

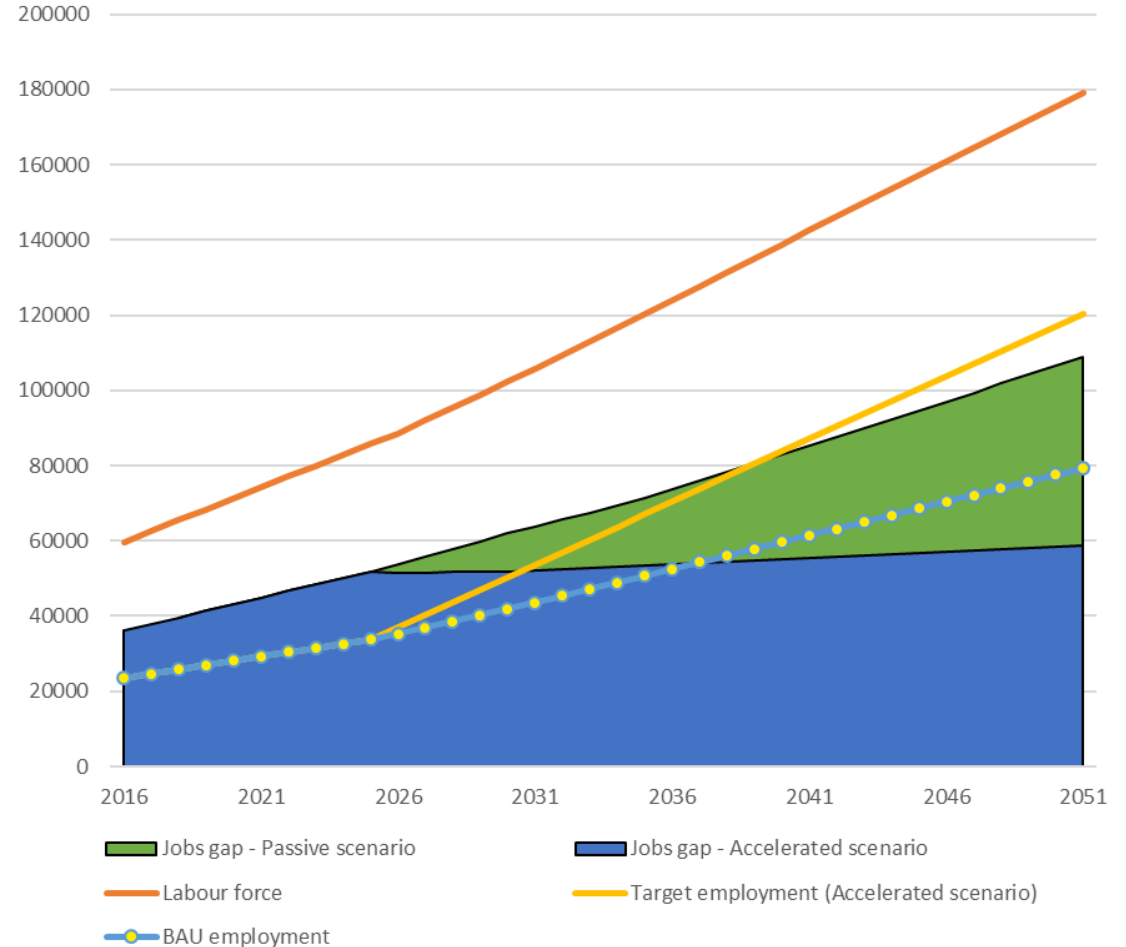
Unlocking developable land can bring forward employment opportunities and create the platform for long-term growth in these parts of the local economy

Accelerating development can deliver a boost to high-value employment and deliver State-wide employment benefits

- ▶ The accelerated scenario is projected to lead to significant growth in direct employment, delivering **over 90,000 new jobs** by 2050, and **total employment of more than 120,000 jobs**
- ▶ Under the default passive scenario, around 45,000 jobs are expected to be created, for a total of just under 70,000 jobs for the municipality by 2050
- ▶ If the default passive scenario is allowed to persist, the gap between jobs and labour force will widen from 36,000 in 2016 to over 100,000 by 2050
- ▶ By **targeting 60 jobs per 100 members of the labour force** by 2050, the accelerated scenario keeps the projected gap to under 60,000 by 2050
- ▶ Furthermore, the accelerated scenario direct employment projections will generate supply chain effects which will flow throughout the State economy
- ▶ These impacts are **estimated to indirectly lead to nearly 60,000 employment opportunities across the State** by 2050

The CoM's large and growing labour force gives it the scale to do the heavy lifting in driving the Victorian economic recovery

Passive and Accelerated employment projections and job gaps



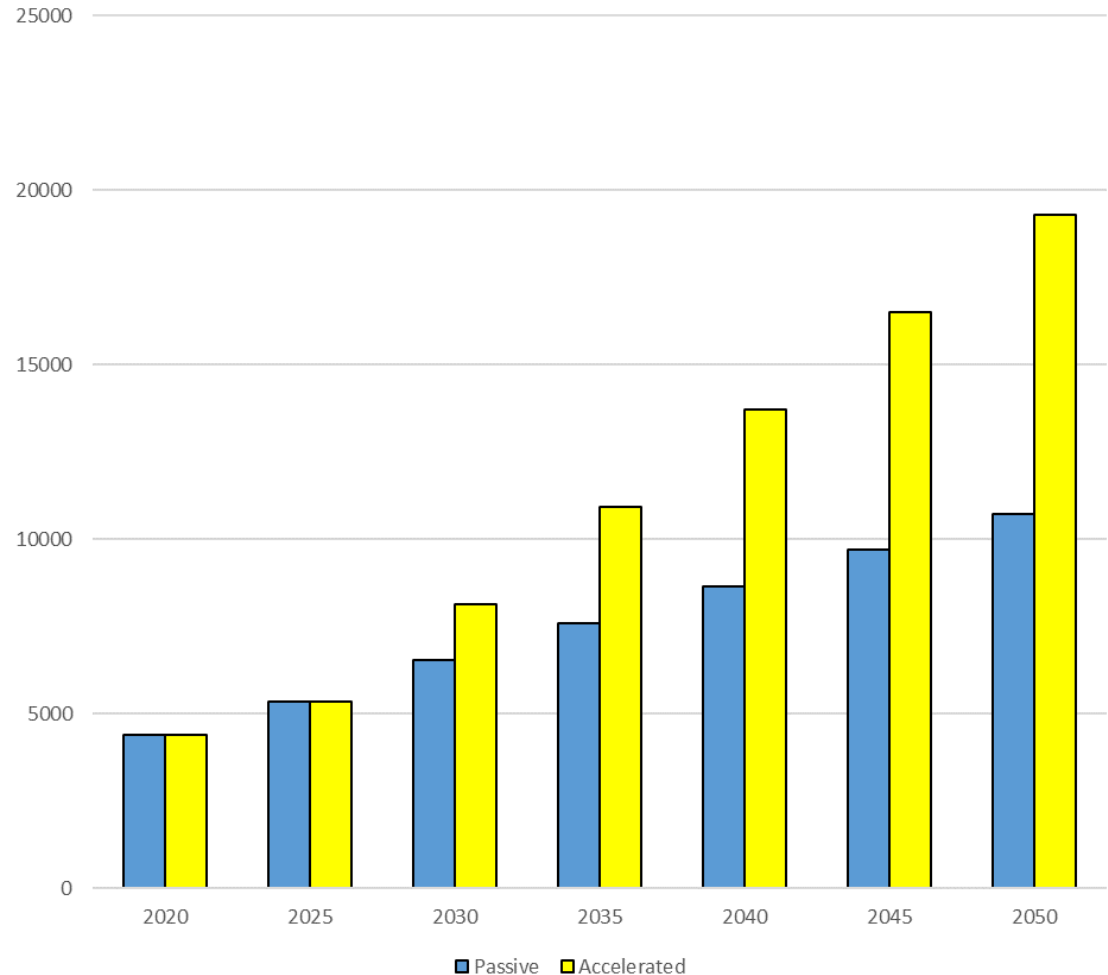
Source: VIF, EY

The accelerated scenario will also drive better economic outcomes, through increased volume of direct employment and a rotation into higher-value industries

More employment in higher-value adding sectors leads to better macroeconomic outcomes, both for the CoM and the State

- ▶ The accelerated scenario is projected to lead to annual economic value add reaching **over \$19b by 2050**, compared to just over \$4b in 2020
- ▶ Under the default passive scenario, annual economic value add is projected to be limited to \$11b in the CoM by 2050, if investment is not made in time for new employment opportunities to develop
- ▶ Whilst the majority of the increase in economic value added in the accelerated scenario comes from higher employment volumes, a shift into higher value sectors under this scenario also contributes, with value added on a per-worker basis increasing by around 6% (in real terms) by 2050
- ▶ This increase in average worker productivity has the potential to compound further over the next 30 years, as the presence of high-value industries builds within the municipality
- ▶ Furthermore, supply chain impacts are expected to impact a further **\$10b of indirect economic value throughout the State economy by 2050**
- ▶ This indirect activity will flow through all sectors of the Victorian economy with the Construction, Health Care & Social Assistance and Education & Training sectors likely to drive the greatest impact (via their significant projected jobs growth)
- ▶ The shift of employment to manufacturing and transport and warehousing will also drive significant economic multipliers in other sectors

Projected gross economic value add (2016 dollars)



Source: EY analysis of data from the ABS, VIF and REMPLAN

The risk to the CoM of a failure to achieve the preferred employment target

Expected growth in labour force leakage if the Strategy is not realised

In parallel to the economic benefits described on the previous slides, it is important to note the potential risk associated with a failure to achieve target employment growth driven by a clear investment pipeline supported by private sector investment.

The opposite figure depicts the growth in the gap between local jobs and the size of the labour force if current rates of employment self-sufficiency persist over time.

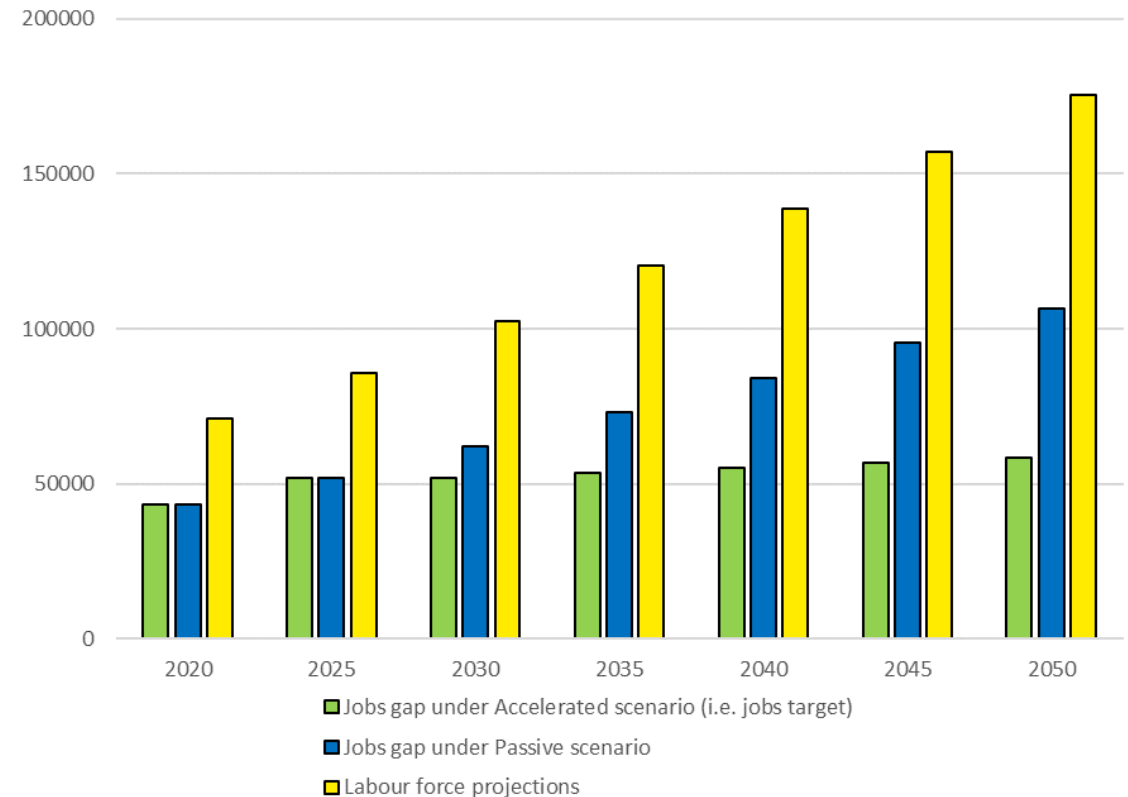
The assessment confirms that the CoM would have the highest volume of labour force commuting out of the municipality of any growth area by 2050 without a significant shift in current patterns.

The analysis confirms that daily commuting by residents would be expected to grow from around 45,000 in 2020 around 110,000 by 2050. This will put enormous pressure on State infrastructure and create significant costs for families and individuals residing in the CoM associated with the time and costs of travel.

Whilst post COVID behaviour may lead to a greater proportion of individuals working from home in the short to medium-term, this pattern is not guaranteed in the longer-term and will not apply to all sectors of the labour force.

A business as usual approach will see CoM have the highest number of labour force commuting out of the municipality or any growth area by 2050

Job gap under a passive and accelerated scenario



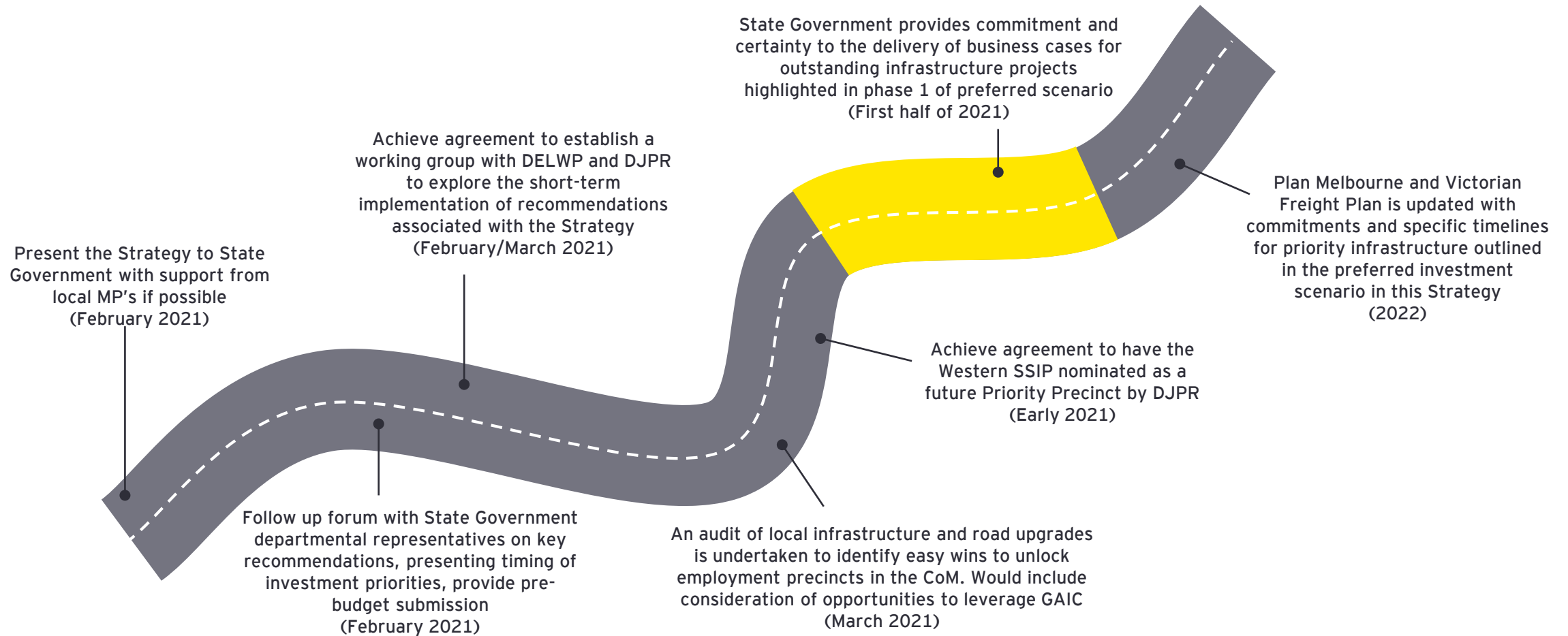
Source: VIF, EY



Next steps & implementation

Summary of key activities and short-term actions in partnership with State Government

Outlined below are the key next steps and policy directives that are recommended to be leveraged in order to strategic directions outlined within this Report. Further detailed actions are outlined on the following slide.



Source: EY analysis, 2020

Action plan for internal activities at the Melton City Council

Activity	Responsibility	Timeframes & next steps	Key Performance Indicators
1. Undertake a property strategy to review Council's landownership within target employment precincts and consider whether any sites are surplus to needs and could be used to catalyse development. Subject to review consider the release of catalyst sites to target market participants	<ul style="list-style-type: none"> ▶ Council's property team in consultation with Council executive 	<ul style="list-style-type: none"> ▶ FY2021/22 	<ul style="list-style-type: none"> ▶ To be confirmed within the organisation
2. Obtain feedback from the development sector and industry representatives on the performance of Council's planning permit assessment function to review whether any opportunities for streamlining or additional resourcing is required	<ul style="list-style-type: none"> ▶ Council's statutory and planning functions 	<ul style="list-style-type: none"> ▶ Early 2021 	
3. Review Council's retail and street dining permit process to ensure it is cost competitive with other growth areas and encourages active streetscapes in key activity centres post-COVID	<ul style="list-style-type: none"> ▶ Council's registration fees and compliance function 	<ul style="list-style-type: none"> ▶ Ongoing 	
4. Review Council's ongoing performance against the Strategy with a monitoring function within the Economic Development Strategy team whereby key targets in the Strategy are assessed and updated over time including 1 and 3 year reporting against targets	<ul style="list-style-type: none"> ▶ Manager Engagement & Advocacy 	<ul style="list-style-type: none"> ▶ FY2021/22 	
5. Ensure alignment between directions in the Strategy and relevant other Council policy including strategic planning, infrastructure funding and external communications functions	<ul style="list-style-type: none"> ▶ Whole of organisation 	<ul style="list-style-type: none"> ▶ FY2021/22 	

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