



ESSENTIAL ECONOMICS

Heyfield Structure Plan

Economic Analysis

Prepared for
Wellington Shire

by
Essential Economics Pty Ltd

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INTRODUCTION

Background

This economic analysis has been prepared in support of the development of the Heyfield Structure Plan.

Approach

In preparing this report, the following tasks have been undertaken:

- 1 Field visit to Heyfield including consultation with stakeholders
- 2 Floorspace survey of the Heyfield town centre
- 3 Demographic analysis
- 4 Identification of economic issues of relevance to the development of a Structure Plan for Heyfield
- 5 Market assessments of the retail commercial, residential and industrial markets
- 6 Preparation of objectives and actions for the Structure Plan.

Note on Analysis

The data and analysis shown in this report is derived from a number of different information sources, often based on different geographic definitions.

In this report Heyfield and the Heyfield Hinterland refer to the area as shown in Figure 1.1 on page 3, unless otherwise noted in the text.

1 HEYFIELD TOWNSHIP PROFILE

This section of the report provides a description of Heyfield and the surrounding hinterland, including a description of current socio-economic trends.

1.1 Heyfield Location and Regional Context

Heyfield is located in Gippsland, approximately 200km east of Melbourne, 40km north-east of Traralgon and 40km north-west of Sale. The town and the surrounding hinterland fall entirely within the Shire of Wellington.

Heyfield's local economy has historically been based around the timber, dairy and grazing industries. Although these industries remain important today, the proximity of Heyfield to larger regional centres, such as Traralgon and Sale, has reduced the importance of the township as a focus for agricultural supplies and services in recent decades.

Heyfield's proximity to the nearby Strzelecki Ranges and access to significant timber resources contributes to the town's reputation as a principal source of hardwood timber in Victoria. The Gunns timber mill on the north-eastern edge of town is the largest in the southern hemisphere.

Heyfield sits on the northern bank of the Thompson river, and the country side to the south is a flat alluvial plain and is easily irrigated and well-suited to the dairy industry. Lake Glenmaggie, located approximately 4km north of Heyfield, provides storage for the Macalister Irrigation district that covers the Heyfield, Maffra, Stratford and Sale area.

Lake Glenmaggie is also a popular camping and water sport destination, which attracts tourists into the region. Heyfield is the main town servicing visitors to the lake. The town of Heyfield is also a gateway to the Alpine National Park, which attracts large numbers of bushwalkers and other recreational users.

For the purposes of this study, we have defined a 'Heyfield Region' which incorporates the Heyfield Township and a Hinterland area that is served by the town.

The Hinterland includes the following areas:

- To the North, Lake Glenmaggie and Coongulla,
- To the East, Tinamba and Denison,
- To the South, Nambok and Toongabbie, and
- To the West, Dawson and Seaton.

These regions are defined on the basis of ABS Census Collection District (CCD) boundaries and are shown in Figure 1.1.

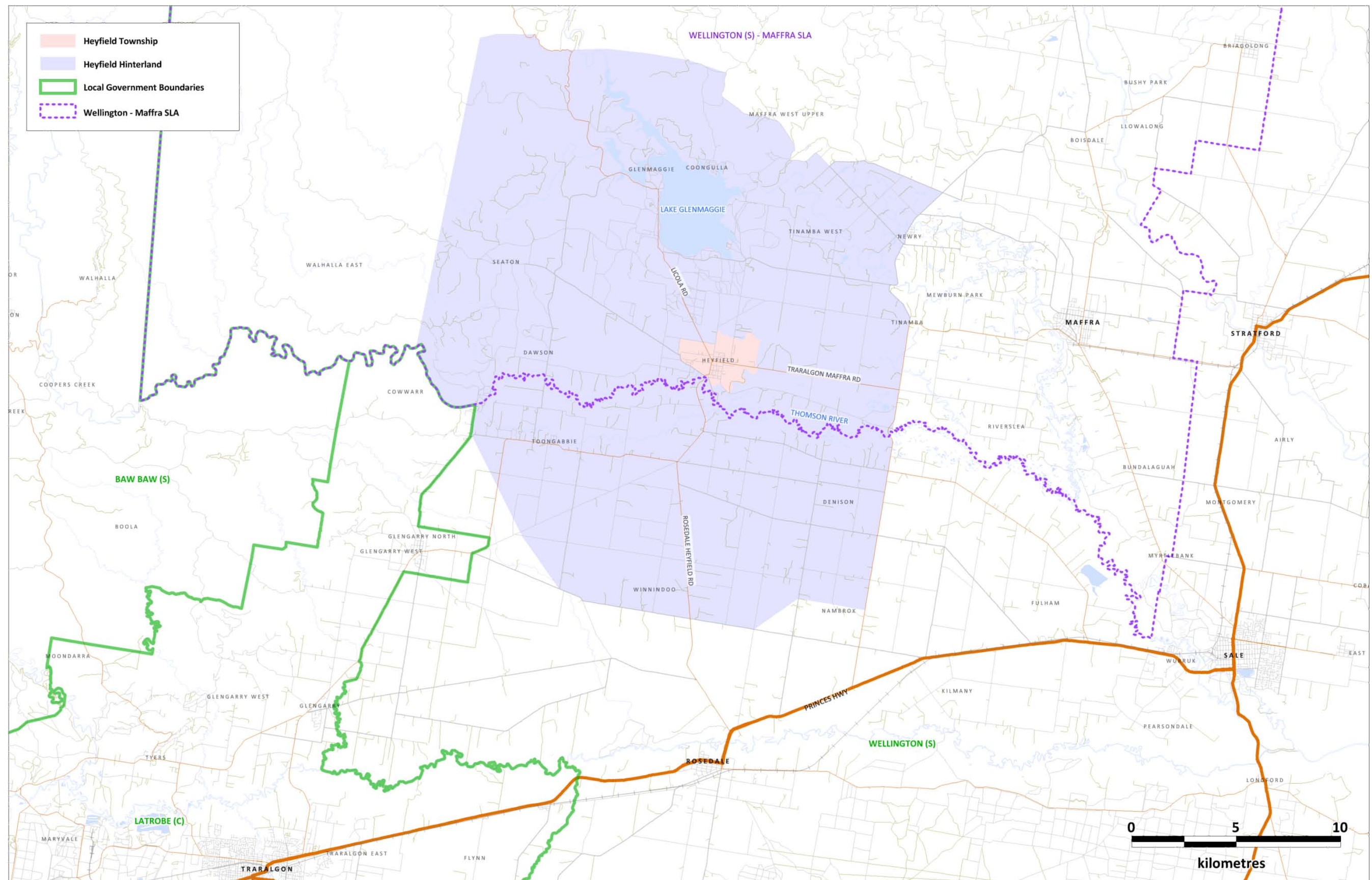


Figure 1.1 Heyfield Region and Context Map
Source: MapInfo and Essential Economics

1.2 Township Description

An aerial view of the Heyfield Township is shown in Figure 1.2. The boundary that has been defined for the township is based on ABS Census Collection Districts (CDs) and is not a reflection of township or administrative boundaries. The area includes the urban areas of Heyfield and some adjacent rural areas, although excluding some areas in the rural living zone that extends to the west of the town and are located in the Hinterland as defined for the purposes of this report.

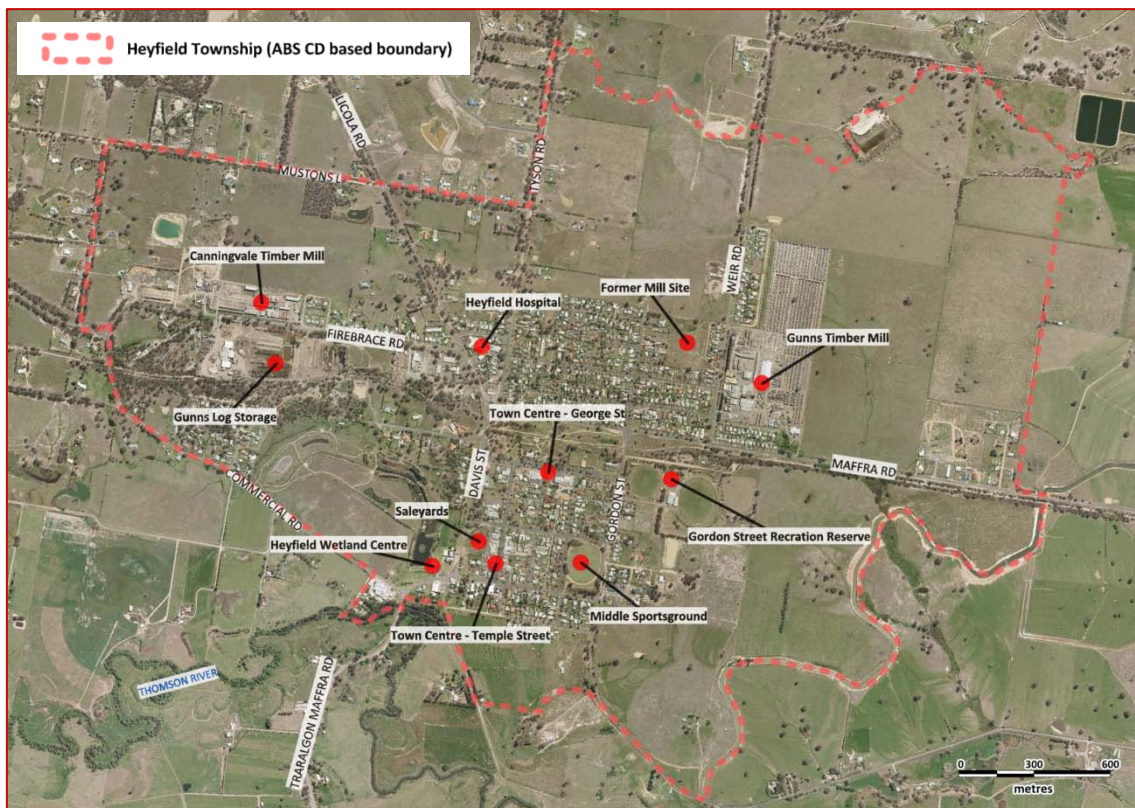
Major features of the Heyfield Township are also shown in Figure 1.2. These include the Gunns and Canningvale Timber Mills, and Heyfield Hospital.

The Heyfield town centre and the separate areas located in George Street and Temple Street are identified. The George Street component of the town centre is opposite the Rail Trail Park and the site of the former Heyfield Railway Station. Adjacent to the Temple Street component of the town centre are the Heyfield saleyards which are still maintained, although used irregularly.

On the eastern edge of Heyfield is the Gordon Street Recreational Reserve which includes modern playing fields and other recreational infrastructure. The popularity of this facility means that the older Middle Sportsground to the south is now infrequently used.

On the southern entry to town is the Heyfield Wetlands Centre which includes tourism information services.

Figure 1.2 Heyfield Township Features Map



Source: Wellington Shire Council Aerial Imagery and Essential Economics

1.3 Population and Socio-Economic Trends

In 2011, the total Heyfield Region has an estimated resident population of approximately 4,020 persons, as shown in Table 1.1.

The Heyfield Region's population declined slightly from 3,870 persons in 2001 to 3,800 persons in 2006. However, since 2006, this population decline has reversed, and according to the latest ABS estimates, the Heyfield Region is currently experiencing annual population growth of approximately 40 persons or +1.1% per year. Table 1.1 presents the Heyfield Region's historic and forecast population estimates.

Heyfield Township currently has a population of 1,640 persons and is forecast to experience population growth of approximately +1% per annum to reach 1,880 persons by 2026.

In the Hinterland, the current population of 2,380 persons is forecast to increase to 2,590 persons by 2026. Most of the population growth is expected to occur in the northern parts of the Hinterland around Lake Glenmaggie. Areas to the south including Dennison and Toongabbie are forecast to continue experiencing modest rates of population decline.

Table 1.1 Heyfield Region - Historical and Forecast Population, 2001 to 2026

	2001	2006	2011	2016	2021	2026
<u>Population (No.)</u>						
Heyfield Township	1,540	1,520	1,640	1,710	1,790	1,880
Hinterland	<u>2,330</u>	<u>2,280</u>	<u>2,380</u>	<u>2,440</u>	<u>2,510</u>	<u>2,590</u>
Total Heyfield Region	3,870	3,800	4,020	4,150	4,300	4,470
<u>Average Annual Growth (%)</u>						
Heyfield Township	-	-0.3%	+1.5%	+0.8%	+0.9%	+1.0%
Hinterland	-	<u>-0.4%</u>	<u>+0.9%</u>	<u>+0.5%</u>	<u>+0.6%</u>	<u>+0.6%</u>
Total Heyfield Region	-	-0.4%	+1.1%	+0.6%	+0.7%	+0.8%
<u>Average Annual Growth (No.)</u>						
Heyfield Township	-	+0	+20	+10	+20	+20
Hinterland	-	<u>-10</u>	<u>+20</u>	<u>+10</u>	<u>+10</u>	<u>+20</u>
Total Heyfield Region	-	-10	+40	+30	+30	+30

Source: VicInFuture2008 Population Forecasts, ABS and Essential Economics

A socio-economic profile of the Heyfield Region, based on 2006 Census data, is presented in Table 1.2. The figures for Regional Victoria are provided as a benchmark.

The main points of note from the profile are:

- **Income**: Income levels in Heyfield Township (\$18,565) are well below those in the Heyfield Hinterland (\$22,488).
- **Age Structure**: The Heyfield Region has an older age structure, with the median age of 41 years above the regional Victoria benchmark of 39 years.
- **Average household size**: A high share of couple only and single person households exist in Heyfield Township, which is reflected in a relatively low household size of 2.29 persons compared with the regional Victoria benchmark of 2.47 persons.

- **Housing Costs:** average rental payments in Heyfield Township are higher than in the Hinterland, despite home loan repayments in the Township (\$683/month) being significantly lower than for the Hinterland (\$934/month). This suggests there is strong demand for rental properties in the Heyfield Township.
- **Unoccupied dwellings:** A large number of holiday homes in the Heyfield Hinterland is associated with a high proportion of unoccupied dwellings (28.9%). In Heyfield Township there is a very low share of unoccupied dwellings (9.8%) relative to the regional Victoria benchmark (16.2%).
- **Occupation:** The Heyfield Hinterland is characterised by a high share of the workforce employed as Managers and Professionals (49.8%) compared to Heyfield Township (19.3%). In contrast, Heyfield Township has 25.3% of workers employed as Labourers compared to just 10.5% of workers in the Hinterland.

Table 1.2 Heyfield Region Socio-Economic Profile, 2006

Indicator	Heyfield Township	Hinterland	Heyfield Region	Regional Victoria
<u>Income</u>				
Mean household income per capita (annual)	\$18,565	\$22,488	\$20,995	\$21,492
Variation from Regional Victoria	-13.6%	+4.6%	-2.3%	-
% of h'holds earning \$2,000pw or more	5.1%	12.8%	9.7%	10.3%
Average household size	2.29	2.65	2.51	2.47
<u>Age Structure</u>				
0-14 years	18.6%	22.6%	21.2%	20.4%
15-24 years	11.3%	11.1%	11.2%	12.4%
25-44 years	22.1%	22.5%	22.4%	24.5%
45-64 years	28.2%	32.1%	30.7%	26.7%
65 years and over	19.8%	11.5%	14.5%	16.0%
Median age (years)	42	40	41	39
<u>Place of Birth</u>				
Australia	91.3%	91.9%	91.7%	89.4%
% English only spoken at home	97.4%	97.5%	97.5%	95.2%
<u>Home Ownership</u>				
Fully owned	42.1%	40.9%	41.4%	41.2%
Being purchased	33.2%	39.2%	36.8%	34.6%
Renting	23.5%	17.3%	19.7%	23.5%
<u>Housing Costs</u>				
Median housing loan repayment (monthly)	\$683	\$934	\$828	\$1,011
Variation from Regional Victoria	-32.4%	-7.7%	-18.1%	-
% with repayments above \$2,000 per month	1.7%	11.1%	7.6%	9.4%
Median rental payment (weekly)	\$118	\$101	\$111	\$146
Variation from Regional Victoria	-19.2%	-30.4%	-24.0%	-
<u>Unoccupied Private Dwellings</u>				
Proportion of unoccupied private dwellings	9.8%	28.9%	22.5%	16.2%
<u>Occupation</u>				
Managers & professionals	19.3%	49.8%	40.5%	32.5%
Clerical & sales workers	27.5%	20.0%	22.3%	31.2%
Technicians & trades workers	14.3%	12.7%	13.2%	15.7%
Machinery operators & drivers	13.6%	7.0%	9.0%	7.2%
Labourers & related workers	25.3%	10.5%	15.0%	13.4%

Source: ABS Census 2006 and Essential Economics

1.4 Income and Social Advantage/Disadvantage Status

Every five years, the Australian Bureau of Statistics (ABS) prepares a series of indexes relating to social advantage and disadvantage status for each municipality in Australia. These indicators are known as socio-economic indexes for area (SEIFA) and are based on data compiled from the Census of Population and Housing. The four key indexes are as follows:

- Index of Relative Socio-economic Advantage and Disadvantage: is derived from Census variables related to both advantage (higher index value) and disadvantage (lower index value).
- Index of Relative Socio-economic Disadvantage: focuses primarily on disadvantage, and is derived from Census variables including low income, low educational attainment, unemployment, and dwellings without motor vehicles.
- Index of Economic Resources: focuses on financial aspects of advantage and disadvantage, using Census variables relating to residents' incomes, housing expenditure and assets.
- Index of Education and Occupation: includes Census variables relating to the educational attainment, employment and vocational skills.

SEIFA data from the 2006 Census shows that both the Shire of Wellington and Heyfield (as defined by the ABS State Suburb Classification) score at the lower end of all of the SEIFA measures (refer Table 1.3).

Heyfield is consistently lower than the Shire of Wellington across all of the SEIFA indexes. Heyfield ranks in the lowest 10-20% of areas in Australia on the Socio-economic Advantage and Disadvantage, Relative Socio-economic Disadvantage and Education and Occupation SEIFA indexes. The Heyfield results for Education and Occupation, which are significantly influenced by educational attainment, are likely to have a long-term impact on the other SEIFA variables.

In summary, these SEIFA results highlight the importance of implementing a Structure Plan which promotes economic development, investment and employment in the Heyfield Township and Hinterland.

Table 1.3 Socio-economic Indexes for Areas (SEIFA), 2006

	Score (The lower the score the more disadvantaged)	Australia Percentile (a lower % is more disadvantaged)	Victoria Percentile
<u>Index of Relative Socio-economic Advantage and disadvantage</u>			
Heyfield SSC	901	16%	10%
Wellington LGA	946	54%	33%
<u>Index of Relative Social-economic Disadvantage</u>			
Heyfield SSC	941	20%	13%
Wellington LGA	978	53%	33%
<u>Index of Economic Resources</u>			
Heyfield SSC	956	23%	18%
Wellington LGA	971	45%	35%
<u>Index of Education and Occupation</u>			
Heyfield SSC	875	7%	3%
Wellington LGA	950	51%	28%

Source: ABS Census of Population and Housing 2006

1.5 Employment Analysis

Heyfield has a relatively self-contained labour market, with 78% of local workers employed in the Heyfield Township residing in the local region. Table 1.4 shows where people employed in Heyfield Township resided at the time of the 2006 Census.

Table 1.4 Heyfield Township Workforce SLA of Usual Residence, Journey To Work Census 2006

SLA of Usual Residence	Heyfield Township Workforce	Share of Employment
Wellington (S) – Maffra (inc Heyfield)	389	78%
Wellington (S) - Rosedale	42	8%
Latrobe (C) - Traralgon	22	4%
Wellington (S) - Sale	21	4%
Total Employment in Heyfield Township	496	100%

Source: ABS Journey To Work Data 2006 and Essential Economics

The industry structure of the workforce in Heyfield Township is presented in Table 1.5 with the Regional Victoria average provided for comparison.

Table 1.5 Heyfield Township Workforce– Industry of Employment Profile, ANZSIC06

Industry of Employment ANZSIC06	Heyfield Township Workforce	Share of Township Employment	Regional Victoria Share of Employment
Agriculture, Forestry and Fishing	30	6%	10%
Mining	0	0%	1%
Manufacturing	123	25%	12%
Electricity, Gas, Water and Waste Services	3	1%	1%
Construction	20	4%	6%
Wholesale Trade	19	4%	3%
Retail Trade	96	19%	14%
Accommodation and Food Services	23	5%	7%
Transport, Postal and Warehousing	32	6%	4%
Information Media and Telecommunications	0	0%	1%
Financial and Insurance Services	6	1%	2%
Rental, Hiring and Real Estate Services	5	1%	1%
Professional, Scientific and Technical Services	6	1%	4%
Administrative and Support Services	4	1%	2%
Public Administration and Safety	16	3%	6%
Education and Training	37	7%	9%
Health Care and Social Assistance	50	10%	12%
Arts and Recreation Services	3	1%	1%
Other Services	18	4%	4%
Total Industry	494	100%	100%

Source: ABS Journey To Work Data 2006 and Essential Economics

Manufacturing is a major employer in Heyfield, generating 25% of jobs located in the Township of which the majority are in the Wood Product manufacturing industry. A review of unpublished ABS data shows that Wood Product manufacturing accounts for 21% of jobs in Heyfield Township, or over 80% of manufacturing jobs in the town.

The other major industries in Heyfield are retail trade (19% of jobs), health care and social assistance (10%), transport (6%) and agriculture (6%).

Small area unemployment estimates for Heyfield are provided by the Federal Department of Education, Employment and Workplace Relations (DEEWR) at the Statistical Local Area (SLA) level. The SLA relevant to Heyfield is Wellington (S) - Maffra, which includes the larger township of Maffra as well as a number of other smaller towns and rural areas. Table 5 provides the unemployment estimates from 2006 to 2010 as well as a comparison with regional Victoria.

Unemployment rates in the Wellington-Maffra SLA are consistently 1-2% lower than the Regional Victoria benchmark. Overall the labour market in the region is strong, particularly for a regional area.

Table 1.6 September Quarter Small Area Unemployment Data – Wellington Maffra SLA

	2006	2007	2008	2009	2010
<u>Wellington Maffra SLA (inc Heyfield)</u>					
Unemployed persons	220	258	210	186	244
Unemployment rate (%)	4.4%	4.9%	3.8%	3.5%	3.7%
<u>Regional Victoria</u>					
Unemployment rate (%)	6.0%	5.2%	4.8%	5.4%	6.0%

Source: ABS Small Area Unemployment Data – September Quarter 2006 to 2010

1.6 Summary

Heyfield is located in Gippsland, approximately 200km east of Melbourne, 40km north-east of Traralgon and 40km north- west of Sale. The town is the traditional service centre for a surrounding hinterland which includes rural areas and townships including Glenmaggie. In 2011 the population of Heyfield Township is estimated at 1,640 persons and the surrounding Hinterland is estimated at 2,380 persons. Both the Heyfield Township and Hinterland are forecast to experience some moderate population growth over coming years.

Income levels in Heyfield Township are generally below those for residents living in the Hinterland due to a higher proportion of labourers and 'blue collar' employees living in the township. A high share of dwellings in the Hinterland are unoccupied due to the high share of holiday homes in areas such as around Lake Glenmaggie, while in Heyfield Township there is a low dwelling vacancy rate and evidence of limited supplies of rental housing. Although Heyfield scores relatively lowly in terms of a range of socio-economic indexes, the rate of unemployment in the town is lower than for Regional Victoria overall.

2 CONSIDERATION OF ECONOMIC ISSUES

In preparing the economic analysis as input to the Heyfield Structure Plan, a number of underlying economic issues were identified. These include issues raised during a field visit to Heyfield in February 2011 where a series of one-on-one meetings were held with a range of key stakeholders. A Business Roundtable discussing issues relevant to the local business community was also undertaken.

The main underlying economic issues identified for consideration in the development of the Structure Plan include:

1. **Split Town Centre** - The town centre functions as two separate precincts and there is limited integration between traders in the north (George Street) and south (Temple Street) of the centre.
2. **Absence of vacant retail tenancies** – Business growth in the town centre is limited by a lack of vacant tenancies and floorspace to allow existing businesses to grow. .
3. **Skills/Labour Shortage** - Difficulty in finding a local workforce for both skilled and unskilled positions.
4. **Need to protect housing and lifestyle options for families and working age residents** - Heyfield is becoming a popular retirement destination because of the good quality public services such as the 24-hour Heyfield Hospital and the proximity of popular recreation areas. There is also a need to ensure Heyfield remains attractive and affordable for young people and or families in order to secure the long-term economic sustainability of the town.
5. **Lack of housing options** - Limited supply of residential houses in the township and a lack of housing diversity. The limited housing options were cited as being an impediment to attracting and accommodating additional workers and their families in the town.
6. **Affordable Housing Supply** – Heyfield has a large supply of rural living blocks and areas of residential zoned land that remain undeveloped. However, it was also reported that there is a shortage of rental accommodation in the town and few units and apartments. This indicates that there may be an imbalance in the type of residential living options available for current and potential new residents of Heyfield.
7. **Lack of short-term accommodation** - Very few hotels/motel rooms exist in the town for visitors and workers. This issue undermines efforts to increase the number of tourists that stop in Heyfield rather than pass through.
8. **Gas Infrastructure** - Lack of access to natural gas supply was cited as an impediment to large-scale business investment in Heyfield.
9. **Stable Employment Base** - The employment opportunities in the town offered by Gunns and other major employers was considered a key strength by the business community and residents. However, this also highlighted the reliance that the town has on a few large employers and the vulnerability of the local economy to changes in their operations.
10. **Declining importance for Agriculture Industry**- Heyfield is no longer an important service centre for the Agricultural industry. Due to the ease of access, agricultural businesses have access to larger more competitive supplies of agricultural services and supplies in Maffra and Sale.

11. **Underutilised Land within town** – there are considered to be some areas of the town which are underutilised and which may be appropriate for alternative land uses. Examples identified include the Middle Sportsground on Gordon and Harbeck Streets, and a large vacant block (formerly a timber mill) owned by Council in the north-east of the township.

These issues have been considered in the following analysis and have fed into the recommendations outlined in Chapter 4.

3 MARKET ASSESSMENT

This chapter provides an assessment of the Retail, Commercial, Residential and Industrial markets within Heyfield. This includes estimates of retail expenditure and market share achieved by the Heyfield Region and an evaluation of the potential to link the town centre.

3.1 Town Centre

Heyfield town centre, shown in Figure 3.1, accommodates the majority of Heyfield's retail and community services. The town centre can be broadly divided into two sections either north or south of Harbeck street. The northern section, primarily oriented towards George Street, contains 63% of the total retail floorspace in the town centre, including the Foodworks supermarket, Vern Graham Hardware, Chemist and a number of smaller cafes and takeaway tenancies.

The southern section of the town centre, oriented towards Temple Street, is separated from the retail areas to the north by the Heyfield Primary school on the western side of Temple Street, and the Uniting Church and Police Station on the eastern side. Several retail tenancies are located south of Harbeck Street, including several takeaway food stores, a butchers, bakery and clothing stores; as well as non-retail tenants such as the Bendigo and NAB banks, and Elders.

Figure 3.1 Heyfield Town Centre Location and Zoning map



Source: MapInfo, Wellington Shire Council and Essential Economics

The southern section of the town centre is more integrated than the north, with tenancies operating on both sides of Temple Street.

Heyfield has estimated retail floorspace of approximately 5,150m², based on a floorspace survey undertaken by the Consultant team in February 2011. During the floorspace survey no vacancies were recorded anywhere in the Heyfield town centre, which is an excellent trading outcome, although it

reflects an undersupply of available tenancies. It is extremely rare for a centre the size of Heyfield town centre to have zero vacancies.

A summary of the results of the floorspace survey undertaken by Essential Economics are presented in Table 3.1. Floorspace has been aggregated according to a range of retail spending categories.

Food type floorspace accounts for nearly half of all retail floorspace in Heyfield, highlighting the convenience nature of the retail offer in the town. This includes the Foodworks supermarket.

Table 3.1 also presents a count of the total tenancy mix in the town centre. Retail type tenancies account for 33 of the 54 tenancies in Heyfield. The remainder are split between commercial, showroom, office and community facilities.

Table 3.1 Heyfield Township Retail Floorspace Survey, February 2011

Spending Category	Tenancies	Retail Floorspace	Share of Retail Floorspace
<u>Food</u>			
Food, Liquor & Groceries	8	1,910 m2	37%
Food Catering	<u>6</u>	<u>520 m2</u>	<u>10%</u>
Total Food	14	2,430 m2	47%
<u>Non-Food</u>			
Apparel	3	510 m2	10%
Homewares & Bulky Merchandise	4	750 m2	15%
Leisure & General Merchandise	<u>5</u>	<u>900 m2</u>	<u>17%</u>
Total Non Food	12	2,160 m2	42%
Retail Services	7	560 m2	11%
Total Retail Floorspace in Heyfield Township	33	5,150 m2	100%
<u>Commercial and Community Tenancies</u>			
Retail	33	-	61%
Commercial/Showroom/Trade	8	-	14%
Office	9	-	17%
Community	4	-	8%
Total Tenancies in Heyfield Township	54	-	100%

Source: Essential Economics

3.2 Retail Expenditure

The average per capita retail expenditure of Heyfield Region residents is presented in Table 3.2. These estimates are based on the MarketInfo micro-simulation model. This model uses a range of data sources to estimate retail expenditure at the local level and is widely used across the retail and property industry.

Residents of the Heyfield Region have per capita retail spending of approximately \$11,790 which is 2% below the Regional Victoria benchmark. Retail spending by residents of Heyfield Hinterland tends to be higher than for residents of Heyfield Township.

Table 3.2 Heyfield Region Per Capita Retail Spending, 2011 (2010 dollars)

Trade Area	Food	Non-Food	Services	Total Retail
<u>Per Capita Retail Spending</u>				
Heyfield Township	\$5,790	\$4,660	\$330	\$10,790
Heyfield Hinterland	\$6,460	\$5,650	\$400	\$12,520
Total Heyfield Region	\$6,190	\$5,240	\$370	\$11,790
<i>Regional Vic</i>	<i>\$6,190</i>	<i>\$5,480</i>	<i>\$380</i>	<i>\$12,050</i>
<u>Variation from Regional Vic average</u>				
Heyfield Township	-6.5%	-15.0%	-13.2%	-10.5%
Heyfield Hinterland	+4.4%	+3.1%	+5.3%	+3.9%
Total Heyfield Region	+0.0%	-4.4%	-2.6%	-2.2%

Source: Market Data Systems MarketInfo 2009 and Essential Economics

Total retail expenditure by residents of the Heyfield Region is estimated at approximately \$66 million in 2011, based on the per capita retail spending estimates in Table 3.2, combined with the population estimates shown in Table 1.1. Continued population growth in the region, in addition to real growth in average per capita spending, means that total retail expenditure is forecast to increase to approximately \$91 million in 2026 (in constant 2010 dollars).

Table 3.3 Heyfield Region Total Available Retail Expenditure, 2011 to 2026 (2010 dollars)

	2011	2016	2021	2026	Average Annual Growth Rate
<u>Heyfield Township</u>					
Food	\$9.5m	\$10.3m	\$11.1m	\$12.0m	+1.5%
Non-Food	\$7.8m	\$9.0m	\$10.6m	\$12.5m	+3.2%
Services	\$0.6m	\$0.6m	\$0.7m	\$0.9m	+3.1%
Total Retail	\$17.9m	\$19.9m	\$22.4m	\$25.3m	+2.3%
<u>Heyfield Hinterland</u>					
Food	\$25.0m	\$26.6m	\$28.4m	\$30.4m	+1.3%
Non-Food	\$21.5m	\$24.6m	\$28.6m	\$33.3m	+3.0%
Services	\$1.5m	\$1.7m	\$2.0m	\$2.3m	+2.8%
Total Retail	\$48.0m	\$53.0m	\$59.0m	\$66.0m	+2.1%
<u>Total Heyfield Region</u>					
Food	\$34.6m	\$36.8m	\$39.5m	\$42.4m	+1.4%
Non-Food	\$29.3m	\$33.7m	\$39.2m	\$45.8m	+3.0%
Services	\$2.1m	\$2.3m	\$2.7m	\$3.2m	+2.9%
Total Retail	\$65.9m	\$72.9m	\$81.4m	\$91.4m	+2.2%

Source: Market Data Systems MarketInfo 2009, VicInFuture2008, ABS and Essential Economics

3.3 Retail and Commercial Market Assessment

A market assessment has been prepared in order to assess the performance of the retail and commercial sectors in the town and to assist in identifying the potential for retail floorspace growth and change in the town.

An estimate of retail turnover in the Heyfield Township in 2011 is shown in Table 3.4. These estimates are based on our observations of the trading performance in the centre, combined with reference to relevant retail industry benchmarks. Total retail turnover has then been allocated to Heyfield Region residents based on likely trading patterns for retailers.

Overall retail turnover in the Heyfield Township is estimated at approximately \$27 million in 2011 (rounded). The overall trading level in the centre, estimated at \$5,000/m², is a moderate overall trading level and consistent with trading levels achieved in comparable regional town centres in Victoria.

Although there are no vacancies in the town, there is an understanding that some traders have been impacted by the new Woolworths development in Maffra, and will continue to face strong competition for higher order centres in Sale and Traralgon. In this context, the full occupancy of the town centre is a good outcome which reflects the ability of the town centre to absorb and recover from trading impacts associated with competing retail development.

Based on likely trading patterns, it is estimated that approximately 82% or \$21 million of turnover at the Heyfield Township is derived from Heyfield Region residents as shown in Table 3.4.

Table 3.4 Heyfield Township Estimated Retail Turnover, 2011 (\$2010)

Retail Category	Retail Floorspace (m ²)	Trading Level (\$/m ²)	Retail Turnover (\$m)	Share to Heyfield Region Residents (%)	Turnover to Heyfield Region Residents (\$m)
Food	2,430m ²	\$6,200/m ²	\$15.0m	79%	\$11.9m
Non-Food	2,160m ²	\$4,400/m ²	\$9.5m	85%	\$8.1m
Services	560m ²	\$2,000/m ²	\$1.1m	85%	\$1.0m
Total Retail	5,150m²	\$5,000/m²	\$25.6m	82%	\$20.9m

Source: Essential Economics

Market Share Analysis

An estimate of the current market share achieved by Heyfield town centre of total resident spending in the Heyfield Region is shown in Table 3.5. This analysis is based on the sales to Heyfield Region residents shown in Table 3.4 and the retail spending estimate in Table 3.3. According to this analysis, the Heyfield Township is estimated to have a market share of approximately 44% of available Heyfield Region retail expenditure in 2011.

Table 3.5 Heyfield Township Market Share, 2011 (\$2010)

Retail Category	Turnover to MTA Residents (\$m)	MTA Resident Retail Spending, 2011	Market Share, 2011
Food	\$11.9m	\$24.7m	48%
Non-Food	\$8.1m	\$21.0m	38%
Services	\$1.0m	\$1.5m	64%
Total Retail	\$20.9m	\$47.2m	44%

Source: Market Data Systems MarketInfo 2009 and Essential Economics

This market share is typical of a town centre in a regional area and successfully meets the needs of residents for a comprehensive range of basic day-to-day retail items. The market share performance of the Heyfield town centre reflects a number of factors, including:

- The centre is centrally-located and accessible to the residents of the Heyfield Township and Hinterland
- The centre serves a relatively broad town centre role as a key community, commercial and administrative hub to the surrounding hinterland, in addition to its retail function

- Strong local support and the relationships of traders with their customer base.

Potential Retail Floorspace Growth to 2026

An aspiration of Heyfield for consideration in the Structure Plan is the possibility to link the two retail and activity nodes in the town centre (see also Section 2).

Recognising that a number of options exist for linking of the town centre, including urban design and other treatments, it is still useful to consider the achievability of integrating the town centre based on a scenario where the entire strip is developed with retail and commercial floorspace.

In general terms, achieving full connectivity between the George Street and Temple Street components of the town centre would require the development of approximately 210 metres of street frontage on the eastern side of Temple Street. This allows for the retention of the existing Post office and would create a single contiguous link of active main street frontage connecting the two separated nodes.

In reality, it may not be possible to create a continuous link between the two areas in view of the location of the existing Uniting Church land. Nonetheless, it remains useful to consider market viability of developing the maximum amount of additional floorspace created via the linking of the Heyfield Town Centre. On this basis, we have prepared an indicative analysis which tests the economic viability of linking the town centre by creating additional tenancies and floorspace. This analysis is prepared on the basis of the maximum available developable area, including Uniting Church land with frontage to Temple Street (assuming this land is made available for development).

Assuming the maximum developable area along Temple Street and a standard street frontage of 9 metres, 23 new tenancies would be required to occupy 210 metres of street frontage. Allowing for a leasable area of 100 m² for each tenancy, a total of 2,300 m² of floorspace would be added to the town centre.

Applying the current ratio of retail to non-retail commercial tenancies that currently exists in Heyfield Township, it is expected that 14 of the 23 tenancies would accommodate retail uses. Therefore, an additional 1,400 m² of retail floorspace would be trading in the town centre.

In addition to the new tenancies on Temple Street, the Heyfield town centre would benefit from strong anchor tenants generating additional customer visitation that benefits other smaller traders (including new traders on Temple Street). It is understood that the supermarket has acquired land to the rear of the existing store that would allow for future expansion. An allowance for a doubling of the supermarket's size from the current 1,200 m² to 2,400 m² is also included in the analysis.

On this basis, linking the town centre by creating new tenancies on Temple Street, as well as expanding the size of the supermarket, would require up to 3,500 m² of new floorspace, including 2,600 m² of retail tenancies. This is summarised in Table 3.6.

It is emphasised that this is an indicative analysis only for the purposes of testing the viability of an expanded Heyfield town centre if all potentially available land was redeveloped.

Table 3.6 Additional Floorspace to Integrate Town Centre and Expand Supermarket (Indicative)

Additional Floorspace Category	Tenancies	Retail Floorspace (m2)
Food (inc supermarket expansion of 1,200m2)	6	1,800m2
Non-Food	5	500m2
Services	3	300m2
New Retail Tenancies	14	2,600m2
Non-Retail	9	900m2
Total Additional Floorspace	23	3,500m2

Source: Essential Economics

Based on the expansion to the Heyfield town centre described in Table 3.6, total retail floorspace would increase to 8,050m². Allowing for the town centre to trade at industry benchmark levels, this would require total retail sales in the order of \$43.5 million, up from the \$26 million in sales that the town centre currently achieves.

If expansion of the town centre as identified in Table 3.6 was achieved by 2026, these \$43.5 million in sales would include approximately \$33.7 million in sales to residents of the Heyfield Region. This is shown in Table 3.7 below.

Table 3.7 Estimate of benchmark levels of Retail Turnover in expanded Heyfield Township, 2026 (\$2010)

Retail Category	Retail Floorspace (m2)	Retail Turnover (\$m)	Share to MTA Residents (%)	Turnover to MTA Residents (\$m)
Food	4,530m2	\$29.2m	74%	\$21.6m
Non-Food	2,660m2	\$12.4m	85%	\$10.6m
Services	860m2	\$1.9m	85%	\$1.6m
Total Retail	8,050m2	\$43.5m	77%	\$33.7m

Source: Essential Economics

The \$33.7 million of retail expenditure drawn from Heyfield Region in 2026 would represent 51% of the total available retail expenditure of residents based on the Heyfield Region's total retail expenditure in 2026 of \$66 million (\$2010 dollars).

This means that in order to support linking the town centre and expanding the existing supermarket by 2026, Heyfield town centre would need to achieve a market-share of 50% in 2026, or a 7% increase from the townships existing market-share of 44%.

Table 3.8 Heyfield Township Potential Market Share with Floorspace Target, 2026 (\$2010)

Retail Category	Turnover to MTA Residents (\$m)	MTA Resident Retail Spending, 2026	Market Share, 2026	Change in Market Share from 2010
Total Retail	\$33.7m	\$66.0m	51%	+7%

Source: Market Data Systems MarketInfo 2009 and Essential Economics

A 51% market share for the Heyfield Town Centre is considered at the upper end of reasonable expectations based on factors including:

- The size of the Heyfield Region population
- The scale and diversity of retail that would be available in the town centre
- The relative scale and diversity of retail available in competing centres (including Sale, Maffra and Traralgon)
- The relative accessibility of competing centres.

Nonetheless, the analysis suggests that it is a realistic and achievable goal of policy to seek to link the Heyfield town centre through, at least in part, development of additional tenancies on Temple Street. Furthermore, there is also the potential for the Heyfield supermarket to expand and increase the levels of visitation to the broader Heyfield town centre.

Based on forecast spending levels by residents of the Heyfield Region, this expansion of the town centre is considered feasible by 2026 or afterwards.

Commercial Market Analysis

Given the role, function and size of the Heyfield town centre, there is only a modest level of demand apparent for non-retail commercial tenancies. At present there are 21 non-retail tenancies located throughout the town; these include accountant and real-estate office, motor vehicle service and other agricultural type services.

The estimate of additional floorspace required to link the town centre (shown in table 3.6) included 6 additional non-retail commercial tenancies. These facilities are considered sufficient to meet the needs of the Heyfield Region for the foreseeable future, although there may also be other opportunities for commercial office development elsewhere in the town centre, including above retail shops.

Short-Term Accommodation

A current shortage of short-term accommodation options within Heyfield is inconsistent with the levels of tourist activity in the region, and the goal attract tourist visitation to the town. Council is encouraged to support appropriate development of short-term accommodation, particularly where this integrates with existing infrastructure in the town. One potential future site for tourist accommodation is the existing Heyfield livestock yards located adjacent to the town centre.

3.4 Residential Property Market Analysis

Residential Prices

Significant price growth has been experienced in the Heyfield residential property market during the past decade. Median house prices for Heyfield, and Wellington Shire as a whole, during the 1999-2009 period are shown in Table 3.9. House prices have increased at an annual rate of +15% in Heyfield, which is higher than that of for Wellington Shire (+11% per year).

Overall, residential prices in Heyfield are relatively affordable compared to Wellington Shire as a whole despite the rapid price growth which has occurred over the past decade.

Table 3.9 Heyfield and Wellington Shire Residential Property Prices, 1999 to 2009

Year	Median House Price		Vacant House Block Median Price	
	Wellington Shire Houses	Heyfield Houses	Wellington Shire Vacant Blocks	Heyfield – Vacant Blocks
1999	\$75,000	\$39,000	\$20,000	-
2009	\$205,000	\$155,000	\$81,000	\$57,500
1999 to 2009 AAGR	+11%	+15%	+15%	+12%

Source: Department of Sustainability and Environment – a guide to property values 2009

New Dwelling Approvals

A general trend towards increasing numbers of new dwelling approvals is apparent over the period 2001 to 2009, in particular post-2003.

New dwelling approvals have been concentrated in the Heyfield Hinterland which have averaged 11.3 per annum over the period 2001 to 2009, relative to 6.9 new dwelling approvals per annum in Heyfield Township. New dwelling approvals in the Hinterland have been concentrated in the north, particularly around Coongulla and Glenmaggie.

Table 3.10 Heyfield Region New Dwelling Approvals, 2001 to 2009

Year	Heyfield Township	Heyfield Hinterland	Total Heyfield Region
2001	1	5	6
2002	3	6	9
2003	10	16	26
2004	5	14	19
2005	6	9	15
2006	15	14	29
2007	4	9	13
2008	6	13	19
2009	12	16	28
Average 2001 to 2009	6.9	11.3	18.2

Source: ABS and Essential Economics

Forecast Housing Demand

Demand for additional housing stock in Heyfield over the next 15 years is going to be influenced by factors including:

- **Population growth** – an additional 240 residents are forecast for Heyfield Township by 2026 (see Table 1.1)
- **Availability of appropriately zoned land** – at present there is vacant residential zoned land available on the fringes of the township, although development in many of these areas is not currently proceeding
- **Socio-economic trends influencing average household size and demand for differing housing types** – the population of Heyfield is ageing and there may be demand in the future for housing types other than detached dwellings which currently dominate the residential market

- **Latent demand for housing stock** – consultation with local real estate agents and a review of housing data for Heyfield from the 2006 ABS Census suggests that there is an undersupply of rental properties available in Heyfield.

An additional 110 dwellings will be required in Heyfield to accommodate the forecast population growth by 2026 based on the forecast population growth and current household sizes. However, this does not take into account an existing shortage of rental accommodation in the town. In general terms, an additional 30 dwellings in Heyfield would result in rates of unoccupied dwellings comparable with the regional Victoria average and reflect an adequate availability of rental properties.

Overall, Heyfield is considered to have the potential for an additional **140 dwellings** over the period to 2026, combining forecast demand for housing stock (110 dwellings) with a current modest undersupply of residential properties (30 dwellings). This represents new dwelling growth of approximately 10 dwellings per annum over the 2011 to 2026 period.

Importantly, the forecast housing demand may be met by promoting greater housing choice in Heyfield which includes a mixture of:

- Continued ‘greenfield’ development on the fringe of Heyfield
- In-fill development including sub-division of existing residential land and development of vacant or under-utilised sites
- Unit and apartment development, including within and adjacent to the town centre.

In particular, there is considered an opportunity to provide housing stock which is suitable for older people and retirees and is not on a large detached block. Provision of new housing which caters specifically to the needs of older residents has the potential to ‘free up’ housing supply in areas of the Heyfield dominated by detached dwellings which are most suitable for families, but are currently occupied by small sized households.

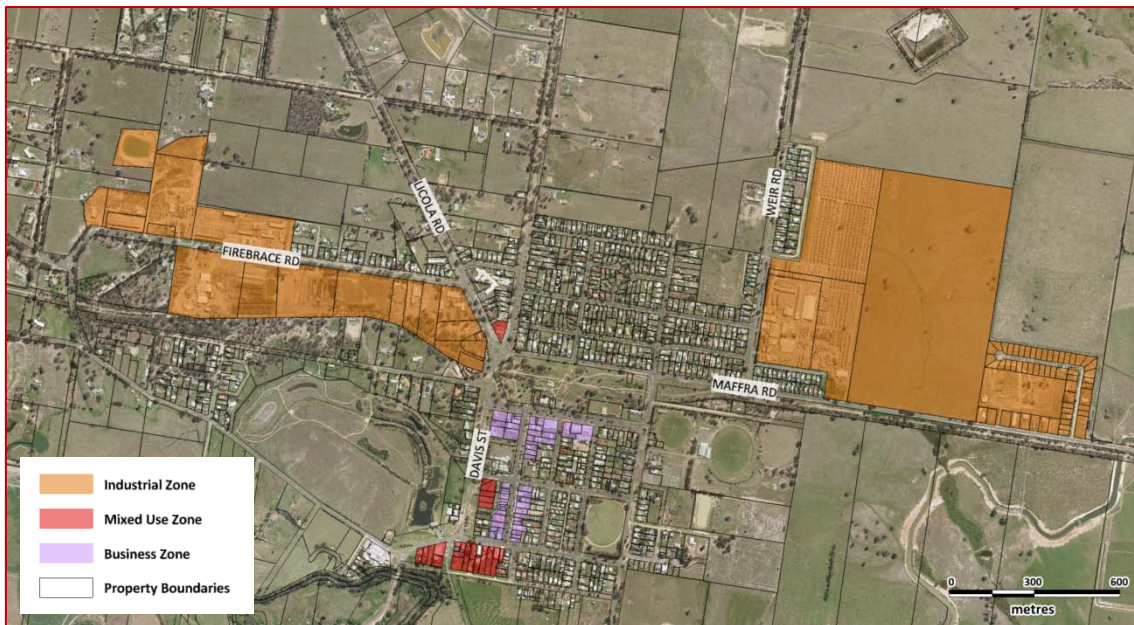
3.5 Industrial Land Supply

The importance of industrial land uses to the Heyfield economy means an important component of the Structure Plan relates to ensuring there is sufficient land able to meet current and future employment and industrial related business growth for the town.

An aerial image of Heyfield township overlaid with land currently in the Industrial, Mixed Use and Business planning zones is shown in Figure 3.2. At present there is approximately 108 hectares of industrial zoned land in Heyfield.

Gunns own a large block of vacant industrial land immediately east of the current timber mill site in the north-east of the town. Consultation with Gunns confirms that this vacant land is sufficient to allow for the ongoing operation and growth of the mill operations. To the east of the Gunns land is an area of small industrial parcels. At present, 17 of the 56 small industrial lots are being actively used.

Figure 3.2 Heyfield Township Industrial/Mixed Use/Business Zoned Land



Source: MapInfo, Wellington Shire Council and Essential Economics

The proximity of residential areas to the Gunns saw mill on the eastern edge of the town has required the management of noise and other issues in the past, including significant investment by Gunns on noise abatement and other appropriate measures. Gunns indicate that they have a long term objective to relocate their main saw mill operations onto the large vacant area of industrial land to the east of their current site, as and when they expand or upgrade their Heyfield facility. At present, no timeline is specified for this outcome, as it is reliant on the internal business decision making process within Gunns.

The other potential issue relating to industrial land in Heyfield relates to the industrial areas along Firebrace Road on the western side of town. The long-term retention of this land for employment uses means that, any future residential development in nearby areas should not impact on the ongoing operations of enterprises operating in this area of industrial land.

Overall, Heyfield is considered to have a sufficient supply of industrial land to accommodate future business expansion in the town. No further industrial land is considered to be required for the foreseeable future.

3.6 Summary

Heyfield town centre accommodates approximately 33 retail traders occupying approximately 5,150m² of retail floorspace. The remaining 19 tenancies in the Heyfield town centre are split between commercial, showroom, office and community facilities. No vacancies are recorded anywhere in the Heyfield town centre. Retailers located in Heyfield capture approximately 44% of the total spending generated by residents of the Heyfield Region, with the balance of this spending directed to other centres including Sale, Maffra and Traralgon. A market assessment shows that there is potential to promote the integration of the Heyfield town centre by developing additional tenancies on Temple Street, while there is also market scope for major traders such as the supermarket to expand in order to meet forecast growth in population and retail spending.

A review of the residential market suggests that there will be demand for an additional 140 dwellings in Heyfield over the next 15 years. This includes a mixture of greenfield development opportunities, as well as infill development of key sites and the provision of higher density housing formats.

The supply of industrial land in Heyfield is considered appropriate to meet current and forecast needs of the local economy for the foreseeable future.

4 HEYFIELD STRUCTURE PLAN ECONOMIC OBJECTIVES & ACTIONS

This Chapter presents a framework to guide the ongoing development of Heyfield in a manner which reflects community views and is consistent with strategic policy goals.

4.1 Opportunities and Recommendations for Heyfield Township

Having regard for the analysis contained within this report, the following key objectives and actions are identified for the Heyfield Township and for consideration in the Heyfield Structure Plan.

Objective 1: Promote Housing Choice

- Action1: Consider options for promoting the development of existing areas of land in the Residential 1 Zone located on the edge of Heyfield which are currently undeveloped. This could include liaising with land owners, developers and real estate agents to identify possible infrastructure or other factors which are reducing the development potential of this land.
- Action 2: Consider the possible future rezoning of the former timber mill site in Weir Road to accommodate residential development subject to the outcomes of Action 1 and the need, or otherwise, for additional residential zoned land in Heyfield. This land is currently located in the Special Use Zone and directly integrates into existing residential areas. Possible land contamination issues associated with the previous use and buffer issues relating to existing industrial uses of the land will need to be resolved.
- Action 3: Consider the potential for land in the Rural Living Zone located adjacent to the Wetlands and Racecourse Road to be included in the Residential 1 Zone. This area is in close proximity to existing infrastructure in Heyfield and a rezoning would consolidate the existing urban structure of the town by allowing more intensive residential activity in this area. Other considerations include minimising any conflicts with the Firebrace Road industrial area to the north.
- Action 4: Identify the appropriate future of the now irregularly used Middle Sportsground, including considering the development of the site for residential purposes. This could include some medium density housing formats, such as townhouses.
- Action 5: Provide support for increased variety of housing options in Heyfield, including an increased provision of units, apartments and semi-detached dwellings. A particular emphasis should be on providing housing choice at locations within or adjacent to the town centre.

Objective 2: Encourage Town Centre Development and Integration

- Action 6: Encourage the integration of the Heyfield Town Centre through a mixture of urban design and planning mechanisms along the northern end of Temple Street. This may include rezoning land on the eastern side of Temple Street to the Business 1 Zone to allow continuous retail and commercial development between George Street and Harbeck Street.
- Action 7: Support the expansion of the existing supermarket and other major tenants in the town centre (including hardware). Ensure that Heyfield town centre encourages expansion of existing businesses, in addition to the establishment of new businesses in the town.

Objective 3: Realise Tourism Potential

- Action 8: Promote Heyfield town centre as a service centre for the surrounding Hinterland, and for tourists and other visitors to the broader region. Provide high quality signage for tourists and visitors, as well as support infrastructure, potentially including support services for caravans and motor homes.
- Action 9: Encourage the development of additional short-term accommodation options in Heyfield serving tourists and other visitors.
- Action 10: Support the development of an improved 'after hours' offer in the Heyfield town centre that provides dining and entertainment options for residents, tourists and other visitors.
- Action 11: Investigate urban design treatments for Davis Street which enhance the town entrance. Encourage tourist and visitor traffic passing through Heyfield to enter the town centre, and enable capture of tourist spending by local businesses.

Objective 4: Economic and Business Development

- Action 12: Ensure that the requirements of major industries and employers in Heyfield are carefully considered during the policy development process. This includes taking appropriate steps to minimise the potential for conflicts between residential and employment land uses.
- Action 13: Promote the growth and development of the Wood Manufacturing industry in Heyfield by supporting the expansion of the Gunns timber mill onto the proposed adjacent site. Maintain the industrial area in Firebrace Road and encourage more intensive employment uses.
- Action 14: Encourage the provision of natural gas to Heyfield as a means of encouraging new industry to the town and promoting a more diversified employment base.