Southern Grampians Shire

Southern Grampians
SHIRE COUNCIL

Retail Strategy

We wish to acknowledge the support of
Regional Development Victoria in the
development of this strategy

Contents

This strategy is designed to guide Council action on retailing and the activity centre network in the Southern Grampians Shire.

Executive Summary

This draft strategy has been prepared by development consultant Tim Nott in conjunction with Geografia, which is preparing the concurrent economic development strategy for the Shire. The strategy is guided by the following objectives:

1. Council will support investment in existing activity centres to deliver the best possible service to residents and visitors

2. Council will support existing traders and their organisations to improve retail industry performance and the viability of activity centres

3. Council will put in place a retail planning and development framework that reinforces the activity centre network and allows appropriate growth

It is important to note that this retail strategy is part of a broader suite of strategies that Council is developing or has in place that will affect retailing and activity centres in the Shire. These other documents include the Economic Development Strategy, the Municipal Strategic Statement and planning strategies and urban design frameworks for Hamilton and other towns in the Shire. The strategies and actions in the following table have been suggested by Council and its consultants in conjunction with members of the business community who have been consulted throughout the development of this document. The actions highlighted in red are suggested as initial priorities for Council.

Executive Summary cont.

Objective/Strategy/Action	Performance indicator
OBJECTIVE: SUPPORT ACTIVITY CENTRES	
1 Work with investors to fill identified gaps in the retail mix and to improve the draw of existing centres	
1.1 Work with land-holders and potential investors to secure a site for a discount department store in the Hamilton town centre	Investment in DDS
1.2 Identify other sites in the Hamilton town centre and its fringes for potential bulky goods/restricted retailing	Investment in bulky goods/ restricted retailing
1.3 Work with stakeholders to secure improved convenience retail facilities in small town centres commensurate with their role in the retail hierarchy	Securing investment in convenience retailing in neighbourhood and local centres
1.4 Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres	Increase in non-retail investment in centres
2 Work with investors to improve services to visitors	
2.1 Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product	Improved visitation and visitor yield
2.2 Ensure that urban design frameworks for town centres cater for the needs of visitors	Visitor services incorporated into urban design frameworks
2.3 Encourage investment in a wider range of food service outlets in Hamilton and other centres	Improvement in dining options
2.4 Investigate the provision of wi-fi services throughout Hamilton town centre	Feasibility assessment of providing a free wi-fi service in Hamilton town centre
3 Work with stakeholders to improve the physical attractiveness of centres	
3.1 Implement urban design strategies for centres	Increase in pedestrian activity in centres
3.2 Work with stakeholders to improve the efficiency and access to car-parking in the Hamilton town centre, and this may include provision and promotion of an all-day car park for city workers	Increase in the number of parking spaces in the town centre
3.3 Ensure that, wherever possible, Council locates its services in activity centres in order to concentrate demand and generate new activity	Increased proportion of Council jobs located in activity centres
3.4 Ensure a rapid response to maintenance and safety issues within centres	Improvement in perception of centres
3.5 Ensure that, wherever possible, new development creates active frontages in centres	Reduction in "dead spots" in centres

Executive Summary cont.

Objective/Strategy/Action	Performance indicator
4 Work with stakeholders to reduce the adverse impact of vacant space in key centres	
4.1 Identify vacant and under-used shop space in centres	Data-base of shop use and ownership
4.2 Work with owners and community stakeholders to identify potential activities	Reduction in vacancy rate and increased activity
4.3 Identify urban design treatments that can be used to differentiate former shops that are now homes from vacant shops.	Improvement in perception of active streets
4.4 Consider promotion of vacant space as a whole to organisations that may take more than one shop-front	Identification of potential large-scale customers for vacant space
5 Work with land-holders to ensure sufficient well-located property is available for key activities in centres	
5.1 Convene a regular forum of land-holders in Hamilton town centre to identify efficiencies in land provision and opportunities for collaboration	Regular meetings of land-holders in Hamilton town centre
5.2 Consider direct intervention (ie purchase of land) to secure appropriate investment; this could involve the provision of a rolling property investment fund	Undertake rapid feasibility assessment of land purchase in Hamilton town centre to facilitate DDS development
5.3 Undertake a car-parking strategy for the Hamilton town centre and identify areas that could accommodate new consolidated car parking including multi-storey parking	Complete car parking strategy
5.4 Further investigate institution of a rolling property development fund as a means of improving the physical fabric of town centres	Feasibility assessment of rolling property fund
6 Dedicate resources to place management	
6.1 Employ a place manager to coordinate Council investment in the Hamilton town centre and to implement and further develop Council policy	Employment of a place manager
6.2 Coordinate and promote the calendar of events for the town centre	Promotion of a calendar of events
OBJECTIVE: SUPPORT TRADERS AND THEIR ORGANISATIONS	
7 Support traders' organisations in individual centres	
7.1 Consider the provision of funds towards the development of traders' organisations in Hamilton and the neighbourhood activity centres	Development of traders' organisations
7.2 Provide funds to traders' groups for the development of a business plan for each centre	Business plans for centres

Objective/Strategy/Action	Performance indicator
7.3 Consider the provision of funds to traders' organisations to help provide trader training (including hospitality, customer service, window displays and internet trading)	Improved provision and take-up of trader training opportunities
7.4 Provide funds towards promotional activities in individual centres, targeting those key markets identified in business planning	Improved targeting of promotional expenditure
7.5 Ensure that each centre has a calendar of events and that these are coordinated across the Shire	Improved coordination of events
7.6 Encourage the provision of a higher minimum level of service in Hamilton town centre across the weekend for visitors and residents, including opening of cafes and post office	Longer opening hours on the weekend
7.7 Encourage existing and new traders to invest in internet trading	Growth in internet trading and improved viability of businesses
7.8 Consider the introduction of a special charge scheme in Hamilton town centre to fund town centre development, trader training and promotion	Growth in funds available to implement Hamilton town centre business plan
8 Support Shire-wide retail business promotion and development	
8.1 Undertake coordination of regional promotion of the Shire's activity centres	Regional promotional campaign for the Shire's activity centres
8.2 Coordinate and promote calendar of events in the Shire's activity centres	Shire-wide calendar of events
8.3 Seek to develop new and complementary events in activity centres in conjunction with traders groups	Establishment of new events
OBJECTIVE: DEVELOP RETAIL PLANNING FRAMEWORK	
9 Ensure that the retail and activity centre policies are clear in Council's land-use plan	
9.1 Prepare a retail development framework that is based on, and reinforces, the existing network of centres	Revision of the Municipal Strategic Statement in the planning scheme
9.2 Establish the criteria for assessing proposals for retail development, including new centres and out-of-centre retailing	Adopt the retail development criteria
9.3 Ensure that the retail strategy and other relevant documents are referenced in the Southern Grampians Planning Scheme	Reference the retail strategy in the planning scheme

1. Introduction

1.1 THE PROJECT

The Southern Grampians Shire Council has commissioned Geografia to prepare an updated Economic Development Strategy for the Shire to guide Council's efforts to attract investment and to encourage sustainable development. As part of this project, Council requires a retail strategy that provides guidance for retail development. This retail strategy is being prepared by Tim Nott in conjunction with Geografia.

1.2 THIS REPORT

This report is a draft retail strategy in two parts:

- The **Background** provides a summary of the existing retail situation in the Southern Grampians Shire, the retail policy framework and retail development scenarios for the Shire.
- The **Strategy** is based around the principles of supporting activity centres, supporting traders and their organisations and providing a clear retail development framework.

An appendix provides the strategy as it applies to individual centres.

The strategy will be finalised following input from Council.


Clarrie the Cobbler
Cobbler
CLARRIES COU
UNTIL SANTA

2. Trends in Retail Development

2.1 THE AUSTRALIAN RETAIL INDUSTRY

In 2006, retailing was the largest industry in Australia, employing over one million people or 11% of the total work-force (ABS, Census of Population and Housing). In that year, the industry comprised around 217,000 firms which added $53 billion in value to the economy and had a turnover of $199 billion (ABS, Australian Year Book 2008).

Retailing is shaped by the interplay between **consumer demands**, the **competing strategies of retailers** and **development policies of government**. These factors are explored in the following sections.

2.2 CONSUMER PREFERENCES

- **Keen prices**

  Keen prices are a major, if not dominant concern of most shoppers. However, most also value their time and so travel costs of the shopping trip are also taken into account in the overall price analysis that is undertaken consciously or unconsciously by most shoppers. The demand for keen prices has created pressure on retailers to reduce costs (property development, logistics etc) and has also generated demand for an equitable and rational dispersal of retail facilities so that travel costs are minimised. This is what has driven the development of a hierarchy of shopping centres over many years. The hierarchy of centres allows the provision of the most often required goods and services in the most numerous centres, with goods and services that are required less often in the larger and less numerous centres.

  Internet sales are growing largely as a result of being able to access the lowest prices from Australia and around the world.

- **Convenience**

  Increased participation in the paid workforce and longer working hours in many families has meant less time for routine shopping. These families are drawn to shops and shopping centres that minimise time spent on routine shopping trips. This benefits larger supermarkets, and one-stop shopping centres. For older people, convenience can also mean having shops within walking distance. And for people in small towns, convenience means having a local corner shop rather than having to travel to a larger centre. Convenience is also a factor in the growth of internet sales, as people can shop from home at a time of their choosing.

2. Trends in Retail Development cont.

2.2 CONSUMER PREFERENCES CONT.

- **High level of choice**

  We live in a diverse community in which market segments are increasingly fragmented to reflect the choices of smaller groups of people. This benefits both larger stores that can carry a wide variety of stock and stores that cater to the needs of growing market niches. High levels of choice, in individual stores and in activity centres, allow shoppers to compare product features and this drives innovation and the development of new products to service smaller and smaller market niches.

- **Sustainable and healthy products**

  Many individuals and families are increasingly concerned about health issues. Better information about the effects of products on individual, social and environmental health is in demand. This information is being used by some consumers to direct their expenditure towards healthier products, with a growth in low fat, low salt foods, organic foods, and products which have low carbon input (including locally grown food that has low food miles).

  Farmers' markets are one consequence of the desire to support sustainable food production in particular. These allow direct contact between producers and consumers without the need for retail intermediaries.

2. Trends in Retail Development cont.

• **Increasing affluence**

Retail spending per person has been increasing steadily in real terms as a result of real increases in average incomes across the community. More and more products are being commoditised; that is, things that previous generations made for themselves are now sold as ready made goods (think of biscuits, jams and preserves, knitted jumpers, barbecues, toys and cubby houses, for example). In addition, the increasing technological sophistication of our society has generated a host of new products that are seen as necessary for modern life (mobile phones, computers, video games etc).

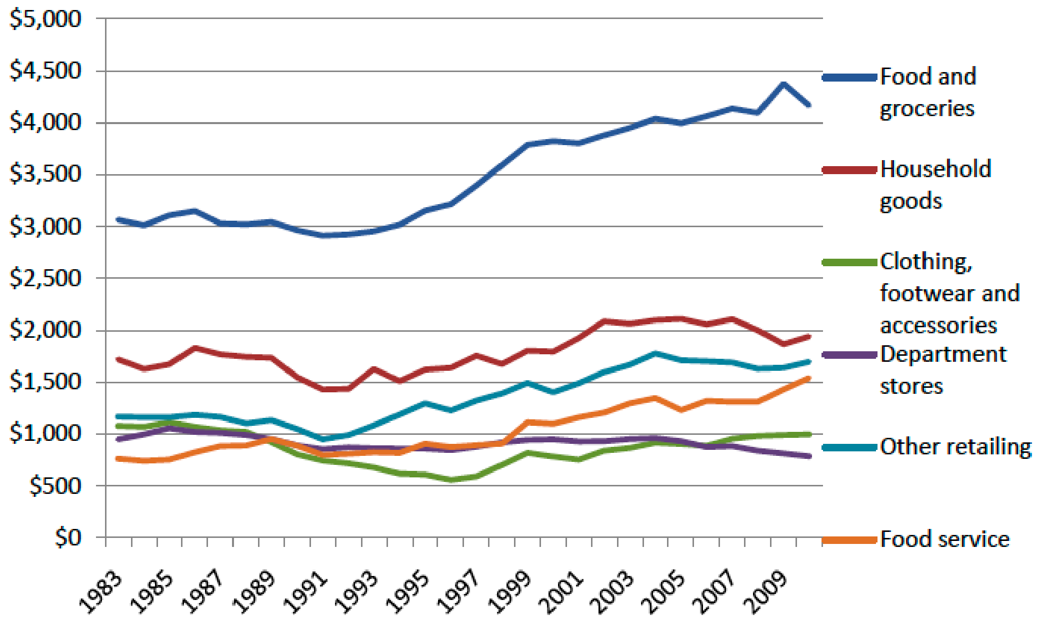
The result has been a real growth in retail sales per head of population averaging around 1% per year since 1983, as detailed in the chart below.

• **Shopping as entertainment**

Shopping for non-essentials is part of a day out for many people and may be combined with other leisure or recreational activities such as dining, visits to the cinema or the art gallery, or a walk in the countryside. This factor has supported the growth of tourist centres and sustained the demand for multi-functional activity centres that have a range of entertainment options.

In the Southern Grampians context, the demand for entertainment and "something different" generates shopping trips by residents to Warrnambool, Ballarat and Melbourne. However, the activity centres of the Shire attract shoppers from the wider region who are also seeking "something different" and who appreciate the attractive small town centres and the charm of Hamilton's Gray Street.

Figure 1: Real growth in sales per head of population, Victorian retailers, 1983 to 2010 ($2010)



Source: ABS, 2011; ABS 2011a; Tim Nott

2.3 RETAILER STRATEGIES

- **Concentration**

Strategies to compete on price have driven the formation of larger and larger entities with huge buying power. The larger retailers are able to dictate terms to primary producers and manufacturers on wholesale prices and the precise specification of goods. The supermarkets, for example, are backed by a large, complex and efficient supply chain that enables them to deliver low prices on a very wide range of goods. The major chains are able to obtain almost blanket coverage of the market – not many people in Victoria are very far from a Woolworths or Coles supermarket (and this contributes to the parent businesses of these chains taking 25% of Australian retail turnover between them).

Price competition forces increased concentration and scale in comparison goods as well as groceries. Clothing chains need more stores to improve their buying power and reduce unit costs. Book stores have become larger to increase economies of scale, with the result that the major chains were well on the way to displacing the smaller independent stores (at least until the parent of several of the larger book store chains got into financial difficulties).

In some cases, the development of franchises and buying groups has been used to create economies of scale in purchasing and marketing whilst still allowing individual operators to manage their own business. These kinds of businesses operate in most retail segments from supermarkets (such as IGA) to fast food (McDonalds) and homewares (Harvey Norman and Mitre 10).

These tendencies towards concentration have led many chain stores to maximise their throughput by locating in regional and sub-regional shopping centres where the flow of potential customers is the largest. The implication for the Southern Grampians retail strategy is that, in order to maximise sustainable retail investment, Hamilton should develop as a sub-regional shopping centre (and this includes attracting a full-line discount department store - see later sections of this report).

- **Specialisation**

As new goods are released and consumer tastes change, new specialty shops are constantly evolving. As a retail strategy, specialisation can be used in market segments where consumers are knowledgeable or interested enough to respond, and where sufficient economies of scale can be obtained to compete effectively on price or service. In recent times, continued specialisation has seen the growth of shops selling new products such as computer games, or micro-specialisation such as shops selling just tea or juice. Specialisation can also involve new juxtapositions of old products – coffee with books or music, women's fashion with hair-dressing etc.

Many highly specialist shops can remain independent of location – their customers will go to them no matter where they are. However, there is a distinct advantage in being centrally placed in relation to the market, and that will usually mean a location in a larger shopping centre.

- **Cost reduction and big box development**

The need to maximise sales has prompted most traders to congregate in activity centres where the potential customers are. However, trends towards concentration and specialisation have generated larger retail formats (big box outlets) which sometimes have difficulty finding space within traditional centres, particularly given the desire for large areas of convenient car-parking. Many of these traders have preferred locations on the edge of or outside traditional activity centres where property development costs are cheaper.

Originally big box outlets were concentrated in the hardware and bulky goods sectors.

Whilst these sectors still account for most of the big box outlets, there is now a wider variety of goods sold through these outlets including clothes, sporting goods, electronic entertainment media and so on. The big box outlets have evolved from single locations to collections of traders in large home-maker centres. These may be on the edge of existing activity centres or in completely stand-alone locations.

Because of the expansion in the types of goods sold, the home-maker centres are competing more directly with traditional activity centres than hitherto. The benefits to the consumer are wider choice of goods and increased price competition. However, there are also disbenefits of this form of retail development including an increase in travel costs with the need to visit multiple centres, and a decline in the agglomeration benefits of more multi-functional centres; that is, where many different activities are clustered together (as in a traditional town centre) the customers of one activity become customers of another, infrastructure used by one activity can also be used by others, and so on.

On the other hand, some big retail boxes form the core function of most significant activity centres. Branded supermarkets are generally from 2,500 to 5,000 sq m (for Coles or Woolworths) and a full line discount department store (Target, Kmart or Big W) are generally between 4,500 and 8,000 sq m. Providing affordable space to develop or adjust these core retail activities within centres is a key function of activity centre planning.

- **Increases in productivity**

  Reduction in the labour intensity of big box outlets compared with traditional smaller shops, and the introduction of new technology such as scanners, eftpos, reordering at the point of sale and so on has generated higher than average improvements in labour productivity in retailing. In the five years to 2009-10, average annual growth in labour productivity in retail was 2.8% compared with an average of 1.5% in a broad range of other industries (Productivity Commission, 2011). This increase in productivity, coupled with recent slow growth in retail sales has resulted in a slight decline in the share of retail employment in the general economy. "After a decade of relative stability, the retail industry's share of total employment in the economy has fallen from a peak of 11.8 per cent in 2005 to 10.8 per cent in 2010" (Productivity Commission, 2011).

- **Producer to consumer**

  Some producers have always sold directly to the public including bakers and craft workers. Latterly, factory outlets have become popular as a means of off-loading surplus stock, discontinued lines and seconds. However, the power of the supermarkets and other major retail chains to dictate terms to producers has prompted more producers to establish direct connections with the consumer. This process has been streamlined and made cheaper by the internet. Examples include farmers who market and sell direct to the public via online ordering systems and an extensive delivery network. In other examples, farmers contract grow for groups of consumers who are keen to reduce their environmental footprint and to support sustainable local agriculture. These examples deliver more of the product value to the producers. They reduce the need for retailing but may provide net benefits to regional economies that get a large part of their external income from primary production.

• Impacts on strip shopping centres

Many of the trends outlined here have benefitted large corporate centres which are able to accommodate the bigger stores that have regional markets and which can control the overall retail mix and presentation to meet and shape customer needs. The home-maker centres have also benefitted from the drive for low cost locations. Many strip shopping centres have found it hard to compete and have suffered a decline in trade. Many small local centres without a significant supermarket have closed altogether.

Nevertheless, in recent times, some strip centres have experienced a resurgence, particularly where new housing has been encouraged in town centres. The resurgent strips have been able to contribute to the lifestyle of urban residents by providing food service from breakfast until late and encouraging niche retailers such as bookshops, quirky homewares, organic food sellers and independent fashion outlets. This phenomenon has certainly extended beyond the metropolitan inner city to strips in provincial centres (such as Pakington Street in Geelong) and to some smaller town centres which may also benefit from visitor expenditure (including Kyneton and Torquay, for example).

• The internet

The Internet has been heralded as a major breakthrough in providing choice and convenience for consumers. New entrants to the market (mainly US based such as Amazon and eBay) have built very strong global sales and many established retailers have scrambled to get into the on-line sales market. The Internet has also allowed small specialist manufacturers and retailers to reach a wider market. Currently, many larger retailers have both bricks and mortar shops and an online presence. The online presence may be used to provide potential customers with information only, although, increasingly, the online function may allow direct purchase.

The internet provides a high level of choice, although many people still prefer face-to-face explanation of product features. Shoppers may use the internet to undertake research but buy their products from a person who can explain the alternatives. Conversely, shoppers may also use the knowledgeable sales person in a bricks and mortar shop to explain the products to them and then buy online where the price is lower.

The growth of internet shopping is seen by many as a fundamental challenge to the viability of retailing in Australia. Certainly, at the present time, when the Australian dollar is relatively high and imports are therefore relatively cheap, buying online from overseas is very price competitive.

> ...debate continues to rage over the role online shopping has in the downfall of Australian retail, with head of the National Retailers' Association Gary Black saying that 50,000 jobs are at risk over the next few years due to online shopping.
>
> www.smartcompany.com.au, 29 April 2011

2. Trends in Retail Development cont.

The scale of online retail sales remains unknown. There are no reliable statistics about how much is sold via the internet. Recent estimates quoted by the Productivity Commission appear to indicate that the internet accounts for around 6% of total non-food sales and around 1% of food and grocery sales. These shares appear to be slightly lower than sales in the UK and the USA, partly as a result of the strong activity centre network in Australia and higher levels of concern about the security and effectiveness of online transactions.

It does appear that the internet will account for a growing share of retail sales as:

- transaction security is improved
- internet connection speed and reliability are improved (especially through the National Broadband Network), allowing more elaborate product displays and faster ordering
- the proliferation of internet-capable phones and other mobile devices on which more and more people are becoming reliant for their communication needs and which are used as sales devices by companies such as Apple

This does have profound implications for shops. Retailers selling goods with known properties (books, music, films etc) are at a particular disadvantage. Those retailers that have a high level of service are likely to survive best; that is, retailers who can create an attractive experience for their customers, who are able to capture and use information about the preferences of their customers, and who are able to close a deal. Of course, some retail outlets will be largely unaffected by the internet – hairdressers, cafes and restaurants for example.

It will become more important than ever that activity centres are attractive and multi-functional and that they can cater to many different constituencies.

2.4 RETAIL DEVELOPMENT POLICY

2.4.1 Activity Centres and Planning Policy

For the State Government, activity centres are "the focus of major urban change over the next 30 years" (see www.dpcd.vic.gov.au/planning). Concentration of development in and around activity centres creates efficiency in the provision of urban infrastructure, reducing the take-up of rural land and generating improved viability for services such as public transport and a higher level of privately provided services including retailing and entertainment. Concentration of activity also generates more multi-purpose trips, reducing transport energy use and carbon emissions. This focus is expressed in the State Planning Policy Framework, as outlined on the next page.

In particular the State Government's planning policy is clear that activity centres are important focal points for the community and for economic development.

2.4 RETAIL DEVELOPMENT POLICY CONT.

ACTIVITY CENTRES IN THE STATE PLANNING POLICY FRAMEWORK

11. SETTLEMENT

Planning is to anticipate and respond to the needs of existing and future communities through provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities and infrastructure.

Planning is to recognise the need for, and as far as practicable contribute towards: Health and safety. Diversity of choice. Adaptation in response to changing technology. Economic viability. A high standard of urban design and amenity. Energy efficiency. Prevention of pollution to land, water and air. Protection of environmentally sensitive areas and natural resources. Accessibility. Land use and transport integration.

Planning is to prevent environmental problems created by siting incompatible land uses close together. Planning is to facilitate sustainable development that takes full advantage of existing settlement patterns, and investment in transport and communication, water and sewerage and social facilities.

11.01 Activity Centres
11.01-1 Activity centre network

Objective

To build up activity centres as a focus for high-quality development, activity and living for the whole community by developing a network of activity centres.

Strategies

- Develop a network of activity centres that:
- Comprises a range of centres that differ in size and function
- Is a focus for business, shopping, working, leisure and community facilities
- Provides different types of housing, including forms of higher density housing Is connected by public transport and cycling networks
- Maximises choices in services, employment and social interaction

Support the role and function of the centre given its classification, the policies for housing intensification, and development of the public transport network.

2.4 RETAIL DEVELOPMENT POLICY CONT.

ACTIVITY CENTRES IN THE STATE PLANNING POLICY FRAMEWORK CONT.

17. ECONOMIC DEVELOPMENT

Planning is to provide for a strong and innovative economy, where all sectors of the economy are critical to economic prosperity.

Planning is to contribute to the economic well-being of communities and the State as a whole by supporting and fostering economic growth and development by providing land, facilitating decisions, and resolving land use conflicts, so that each district may build on its strengths and achieve its economic potential.

17.01 Commercial
17.01-1 Business

Objective

To encourage development which meet the communities' needs for retail, entertainment, office and other commercial services and provides net community benefit in relation to accessibility, efficient infrastructure use and the aggregation and sustainability of commercial facilities.

Strategies

- Locate commercial facilities in existing or planned activity centres.
- Provide new convenience shopping facilities to provide for the needs of the local population in new residential areas and within, or immediately adjacent to, existing commercial centres.
- Provide outlets of trade-related goods or services directly serving or ancillary to industry and which have adequate on-site car parking.
- Locate cinema based entertainment facilities within or on the periphery of existing or planned activity centres. Such facilities should not require a permit for use within activity centres and are not encouraged on freestanding sites.
- A five year time limit for commencement should be attached to the planning approval for all shopping centres or expansions of over 1,000 square metres in floorspace.

2. Trends in Retail Development cont.

2.4.2 Council Planning Policy

Council's planning policy does not include a specific direction on retailing or activity centres. However, it is very clear about the role of the Hamilton town centre which is to be supported as the major regional retail and business area, as indicated below.

HAMILTON TOWN CENTRE IN THE LOCAL PLANNING POLICY FRAMEWORK

22.01 Settlement
22.01-1 Hamilton

This policy applies to all use and development of land for residential, business and retail purposes in Hamilton.

Policy Basis

The Hamilton central business district is the major regional retail and business area. Substantial community and private investment has been undertaken in the central business district. This investment needs to be supported. Possible future proposals for freestanding retail development isolated from the central business district could prejudice that private and community investment.

[....]

Objectives

- To support and promote the role of Hamilton as a leading regional centre.
- To support the primacy of the existing central business district.
- To provide a living environment with a high level of amenity with access to a full range of infrastructure and services.
- To encourage and provide for investment and employment opportunities in Hamilton.

[....]

Implementation

It is policy that:

- Land use and development in Hamilton should be in accordance with the Hamilton strategic framework plan forming part of this policy;
- New uses and development of land in the Business Zones are supported which are attractive, well designed and in character with their locality.
- The development and redevelopment of retail premises other than local neighbourhood facilities outside the Hamilton central business district are discouraged to reinforce and take advantage of the level of community and private investment already made in the CBD.

[....]

2. Trends in Retail Development cont.

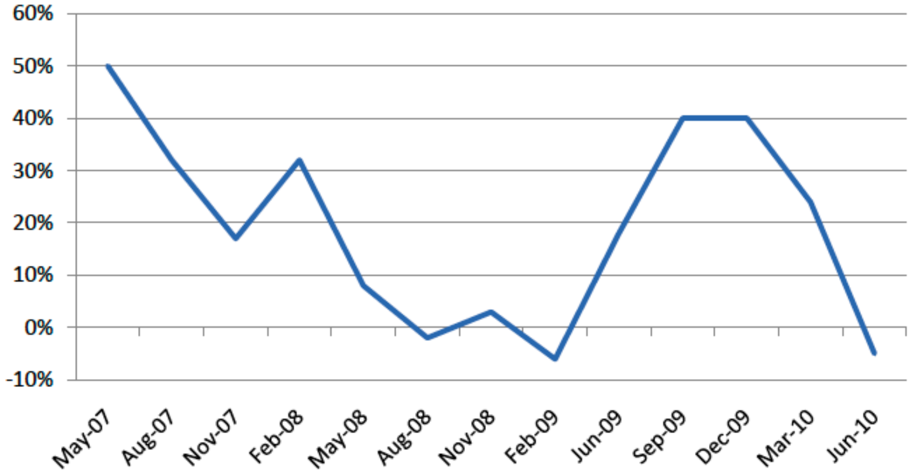
2.5 OUTLOOK

"Households' greater preference for saving, a high Australian dollar, the deflation of prices in many sectors, along with other demands for the consumer's dollar, appear to have adversely affected the Australian retail sector. In addition, it is likely that the growth of orders placed with offshore online retailers has had some impact, although the extent of this is not yet clear."

Productivity Commission, 2011

Given the factors outlined by the Productivity Commission, above, the general outlook for shop-front retailing in Australia in the short and medium term is rather difficult. This gloomy picture is reinforced by the lack of confidence by retailers, particularly amongst small and medium sized businesses. The chart below looks at the confidence index prepared by the Australian Retailers Association over the period to June 2010.

Figure 2: Confidence index, small and medium retailers in Australia, 2007 to 2010



Source: Australian retailers Association, various dates

Note: the Confidence index measures the difference between the percentage of survey respondents who are confident about the next 12 months and those who are worried about the next 12 months.

2.5 OUTLOOK CONT.

This chart shows that, following a rebound in confidence after the Global Financial Crisis in 2008-09, the expectations of small and medium-sized retailers have slumped once again.

In fact though, there are also some reasons to be cheerful about retail prospects:

- real retail spending per person is likely to continue to rise with growth in incomes per person (and at least until now, this has been the historical trend)
- population in Australia will continue to grow, generating stronger demand
- innovation continues to generate new products at an accelerating rate

Retailers likely to do best include:

- those that can meet the customer's needs for convenience, low prices, choice, sustainability and contribution to their lifestyle
- those that are large enough to exercise control over the cost of goods and create economies of scale and scope
- those that can control the cost of goods by being vertically integrated
- those with a sales presence on the internet – either internet only or as part of a physical and virtual retail presence
- those providing services – cafes, restaurants and hairdressers etc
- those that have a high level of service embedded in their goods, including bespoke clothes, bicycles and so on
- those that can provide an attractive experience, particularly where they are clustered with like shops (and this clearly encompasses urban design issues)

From a public policy viewpoint, Council must be concerned with the health and success of the activity centre network as a whole, and its ability to deliver high quality and sustainable services to residents. Activity centres are likely to be most healthy where:

- the catchment is growing and/ or where new residents are moving in
- they are the focus of Government policy and expenditure (including where Government chooses to safeguard the existing and planned hierarchy of activity centres)
- property prices are sufficiently competitive to allow new entrants
- land-owners are willing participants in the continual redevelopment of the centre
- there are sufficient land-holders to prevent monopolistic/oligopolistic behaviour
- the land-use planning regime is flexible and consistent

All these factors are more or less relevant to retailing in the Southern Grampians Shire, as discussed in the following sections.

3. Retailing in the Southern Grampians

This section of the report identifies the existing retail activity in the Shire and provides estimates of retail sales and the spending of residents and visitors. These estimates are used as the basis for retail development scenarios.

3. Retailing in the Southern Grampians cont.

For the purposes of this report, retail activity comprises the following categories:

Food and groceries – supermarkets, general stores, liquor outlets, specialty food outlets (butchers, bakers, greengrocers etc)

Non-food goods, comprising

- Clothing – clothes, shoes, manchester
- Household goods – homeware, hardware, furniture, floor coverings, curtains and blinds, electronic goods etc
- Recreational goods - sporting goods, toys, bookshops, newsagents
- Other goods –, chemists, florists, jewellers, second hand goods etc

Food service – cafes, restaurants and take-away food outlets

Retail services – hairdressers, beauty parlours, video rental

For the purposes of the analysis presented here, retailing excludes selling of motor vehicles, auto accessories and fuel. It also excludes outlets which are mainly engaged in wholesale sales (that is, sales of goods to other businesses). This includes some hardware outlets.

3.1 RETAIL ACTIVITY

The following statistics tell the broad picture of retailing in the Southern Grampians in 2006 at the time of the last Census of Population and Housing.

- Number of retail businesses – approximately 250
- Number of people employed in retailing – 1,170 or 16% of the people working in the Shire, making it the second largest employer after the agriculture and forestry sector
- Total value added – approximately $40 million
- Total retail turnover – approximately $200 million

Retailing is the largest of the service industries in the Shire and the mainstay of the Shire's activity centres. It provides services to residents and visitors and is a key part of the Shire's tourism industry.

3.2 ACTIVITY CENTRES AND THE RETAIL HIERARCHY

Retailers most often congregate with other retailers and service providers in activity centres. This concentration provides advantages to consumers, who are able to access different services in one trip; to retailers, who are able to take advantage of a larger customer base; and to the community as a whole, which can enjoy infrastructure cost savings.

Most communities in Victoria are served by a network of activity centres, with each centre performing a different role and providing a different, albeit overlapping, set of goods and services. This network is usually described as a hierarchy: larger, fewer centres deliver regional level services and offer a more complete range of retail goods; smaller, more numerous centres offer localised services and a smaller range of retail goods usually providing day-to-day groceries and convenience items.

The following table sets out the activity centre hierarchy used in this report.

Hierarchy of retail activity centres

Level in the hierarchy	Retail role	Relevant example	Typical catchment population	Indicative share of retail spending in its catchment
Capital City Central Activities District	Extensive comparison goods and services; culture, entertainment; dining. Includes department stores and many specialty stores	Melbourne Central Activities District	1 million plus	5 to 10%
Regional centre	Extensive comparison goods and entertainment. Includes department store, discount department store, supermarkets and many specialty stores. Also applies to some large specialty centres that cater to an extensive catchment	Ballarat Geelong	100,000 plus	30% to 40%
Sub-regional centre	Routine comparison goods as well as food and groceries. Includes discount department store, supermarkets and specialty stores. Also applies to some specialty centres that cater to a significant catchment	Warrnambool CBD Warrnambool Eastern Activity Precinct Mt Gambier Horsham	30,000 plus	30% to 40%
Community centre	Food and some comparison goods. Includes supermarkets and specialty stores	Hamilton Portland Ararat	10,000 to 30,000	30% to 40%

3.2 ACTIVITY CENTRES AND THE RETAIL HIERARCHY CONT.

Hierarchy of retail activity centres

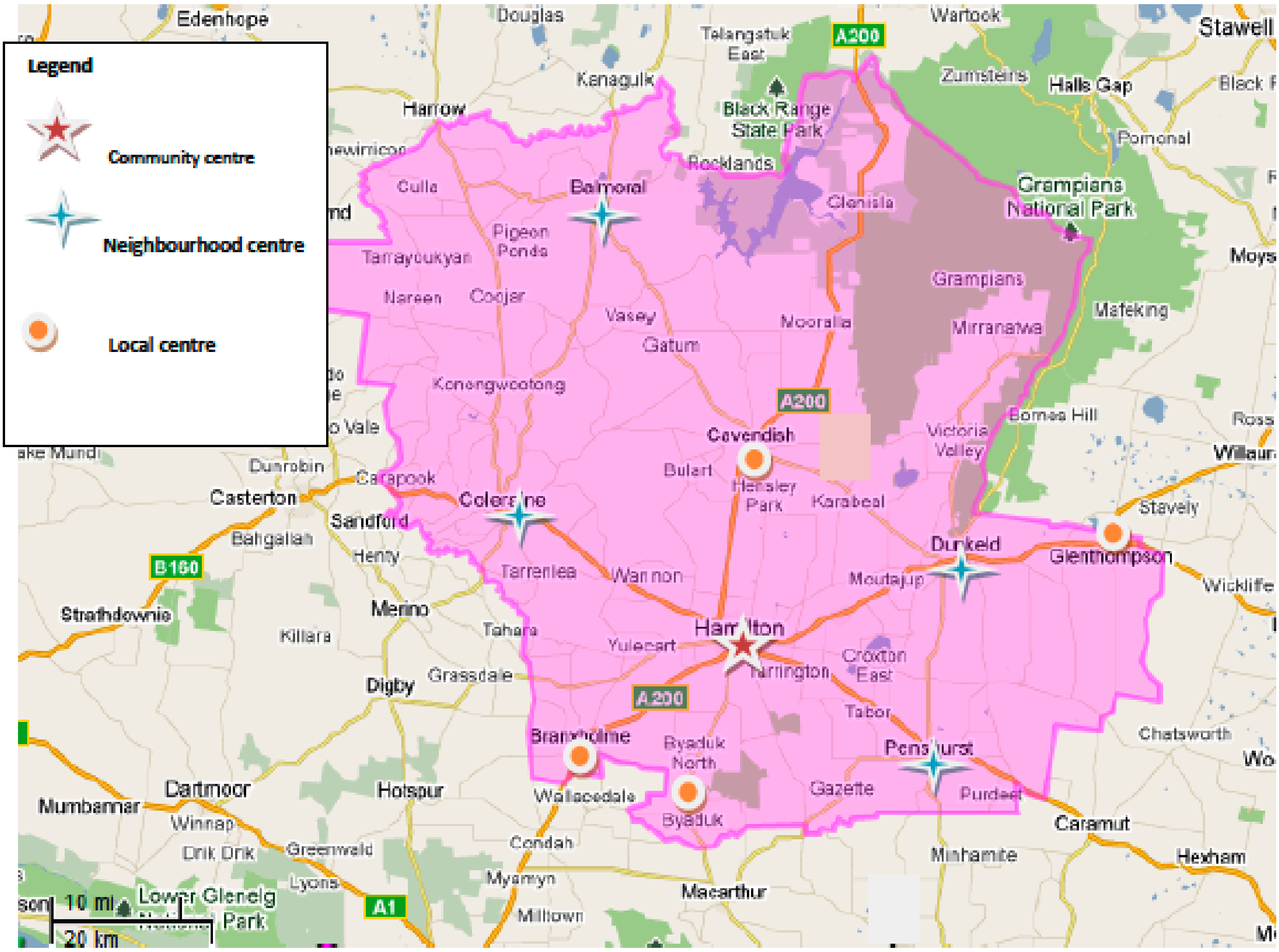
Level in the hierarchy	Retail role	Relevant example	Typical catchment population	Indicative share of retail spending in its catchment
Neighbour-hood centre	Mainly food and groceries and other convenience goods and services. Includes supermarket(s) and specialty stores	Coleraine Dunkeld Balmoral Penshurst	1,500 - 15,000	20% to 35%
Local centre	Convenience goods. Usually comprises a corner grocery store and may include take-away food and local services	Cavendish Branxholme Tarrington Glen Thompson	Up to 1,500	2% to 5%

Not every area is served by each level of centre in this hierarchy. In Hamilton, for example, there is no substantial neighbourhood centre. This means that the Hamilton CBD plays a larger than average role in retail provision for its catchment. This includes some aspects of regional retailing – particularly extensive specialty shopping - because of the distance to regional or sub-regional centres.

3. Retailing in the Southern Grampians cont.

The key activity centres in the Southern Grampians are shown in the map below.

Figure 3: Network of activity centres in the Southern Grampians Shire



Source: Base map from ABS and Google Maps

3.3 DESCRIPTION OF CENTRES

3.3.1 Hamilton Town Centre

Hamilton town centre provides a wide range of retail, professional and community services to the town and the Shire of Southern Grampians. It consists of a grid of streets in the heart of Hamilton, bounded by established residential areas, by the railway line and by arterial roads taking traffic through the town.

Within the town centre, Grey Street is the principal shopping street and the section of Grey Street between Brown Street and Thompson Street might be considered the heart of the centre. Grey Street is rather narrow compared with the typical main street in other country towns. This provides for a more intimate experience, and is reminiscent of a British or other European town centre.

Key retail magnets within the centre include three mid to full-sized supermarkets (Woolworths, Coles and IGA), ALDI, Target Country and Permewens Hardware. Other attractors include the performing arts centre and library, several clubs and a number of large hotels.

Other notable features of the centre include:

- the large areas of vacant land and car-parking in the centre of city blocks
- the magnificent Botanic Gardens in the most south west of the city blocks
- the railway station at the south eastern edge of the CBD, which acts as a coach stop but is not operating as a passenger station since the railway only carries freight

The town centre has approximately 102,000 sq m of non-residential floorspace of which 40,000 sq m is retail and nearly 5,000 sq m (5% of the total) is vacant. This is rather high vacancy rate but is largely due to two or three large vacant premises, including the former Mitre 10 building on Lonsdale Street.

Property in the town centre is rather tightly held by relatively few property owners. In addition, the interpretation of building heritage and design by Council has been rather restrictive in the past. These factors have led to some difficulty in undertaking redevelopment within the centre (that is, land has been expensive and planning controls have been inflexible). Council is presently undertaking a structure plan for the centre which will identify potential development pathways for the centre and create a flexible but consistent planning regime. Nevertheless, future development will rely on willing land-holders.

3.3.2 Coleraine

Coleraine is a rural service centre with some small manufacturing, wholesale and tourism activities. The town centre sits astride the wide Glenelg Highway and provides neighbourhood convenience goods and services as well as sales to travellers. Key activities in the town centre are the chocolate factory, the Eucalyptus Discovery Centre (soon to be replaced by an expansion of the hospital), several large hotels, professional services, wholesalers and the retail outlets. The retail offer includes a small IGA supermarket, convenience stores and cafes.

Coleraine town centre has several heritage buildings but many are vacant. The centre has a total of around 15,800 sq m of activity space, of which 2,900 is retail and 2,200 (14% of the total) appears to be vacant. This very high vacancy rate gives the centre a rather run-down feel. However, this appearance may be misleading since it is likely that some of the vacant premises are being used for low intensity storage or residential purposes.

3.3.3 Penshurst

Penshurst, in the south of the Shire, is a rural service centre. The town centre is located around a crossroads on the Hamilton Highway. The civic and commercial buildings have a strong heritage character and many have been refurbished recently. Key activities in the centre are the Penshurst hotel and the Volcano Discovery Centre as well as the civic infrastructure and the retail and rural supplies outlets. Total activity space in the centre amounts to around 4,800 sq m, of which 1,200 is in retailing and 1,100 (or 23%) is apparently vacant. This is a very high vacancy rate and includes several recently refurbished buildings. The centre has a milk bar and grocer but no branded supermarket. Other retail outlets include a hardware store, pharmacy, cafe and several second-hand goods shops.

3.3.4 Dunkeld

Dunkeld is a rural service and tourist centre located at the foot of Mt Sturgeon, the southernmost tip of the Grampians. The attractive town centre sits astride the Glenelg Highway and contains a mix of visitor services, rural supplies and civic infrastructure. The key attraction is the Royal Mail Hotel which has been extensively refurbished to provide conference centre, accommodation and a restaurant which was recently judged Victoria's best Country restaurant by The Age Good Food Guide.

The retail offer in the centre is geared mainly to visitors. There is a grocer but no branded supermarket; there is a second-hand bookshop but no pharmacy. There are no vacant commercial buildings in the centre, indicating a strong demand for commercial space. Total non-residential floorspace in the town centre is approximately 3,500 sq m, of which 1,100 sq m is in retailing.

Currently, the road from Dunkeld to Halls Gap through the Grampians is closed as a result of landslides at the beginning of 2011. This situation is expected to continue for some time, with adverse consequences on tourism revenues for the town.

3.3.5 Balmoral

Balmoral is a rural service centre in the north of the Shire. The town also acts as a service centre for visitors to the Rocklands Reservoir which recent rainfall inflows have taken from 10% to 50% capacity. The small but historic town centre, located on Glendenning Street, has a mix of convenience retailing, rural supplies and civic infrastructure. Activity floorspace in the centre amounts to around 2,600 sq m, of which around 800 sq m is in retailing. The retail offer includes a small unbranded supermarket, clothes, toys, second hand goods and cafe. There is no pharmacist or separate butcher or baker.

3.3.6 Local and other centres

Local centres, often comprising a single shop such as a milk-bar or general store, are present in many smaller settlements and in suburban locations around Hamilton. These stores provide an important function in providing "emergency" or last minute supplies for people in smaller towns and outlying districts, as well as providing a community focal point. Centres with a local retail function include Branxholme, Byaduc, Cavendish, Glen Thompson and Tarrington.

Hamilton also has a large format retail precinct on the Glenelg Highway to the north west of town containing Mitre 10 and Retravision as well as various automotive and trade supplies outlets.

3. Retailing in the Southern Grampians cont.

3.4 RETAIL FLOORSPACE

The following table provides an estimate of retail floorspace in the activity centres throughout the Shire.

Retail type	Hamilton town centre sqm	Hamilton remainder	Coleraine	Penshurst	Dunkeld	Balmoral	Local Centres	Total Southern Grampians
	sq m	sq m	sq m	sq m	sq m	sq m	sq m	sq m
Food and groceries	11,830	350	880	450	80	200	660	14,450
Non-food goods	23,030	4,340	1,530	560	480	420	0	30,370
Food service	3,670	110	370	160	550	170	370	5,400
Other retail services	1,420	0	160	60	0	0	0	1,640
Total retail	39,950	4,800	2,940	1,230	1,120	790	1,030	51,850
Proportion of total	77%	9%	6%	2%	2%	2%	2%	100%

Source: Hansen Partnership, 2010; consultant surveys, 2011

Notes: "Hamilton remainder" consists of several corner stores scattered around Hamilton as well as the large Mitre 10 and Retravision on the Henty Highway at the north-west edge of town. An allowance has been made for a proportion of the floorspace of some hardware stores to cater for wholesale rather than retail sales. "Local centres" comprise Branxholme, Byaduk, Cavendish, Glenthompson and Tarrington.

Total retail floorspace in the Shire is approximately 52,000 sq m, of which 40,000 (77%) is in the Hamilton town centre. Coleraine has the largest retail sector of the smaller towns.

3. Retailing in the Southern Grampians cont.

3.5 RETAIL SALES

Given the retail floorspace it is possible to make an estimate of total retail sales in the Shire using estimates of sales per sq m for the various retail types. A figure for average sales per sq m is estimated from industry sources and adjusted for local conditions.

Estimate of annual retail sales, Southern Grampians Shire, 2010

Retail type	Hamilton town centre			Remainder of Shire			Total sales
	Retail floorspace	Average sales per sq m	Retail sales	Retail floorspace	Average sales per sq m	Retail sales	
Food and groceries	11,830	$7,900	$93.5	2,620	$5,500	$14.4	$107.9
Non-food goods	23,040	$3,700	$85.2	7,340	$2,200	$16.1	$101.4
Food service	3,670	$4,200	$15.4	1,730	$3,400	$5.9	$21.3
Retail services	1,420	$2,900	$4.1	220	$2,300	$0.5	$4.6
Total retail	39,960	$5,000	$198.2	11,910	$3,100	$36.9	$235.2

Source: Hansen Partnership, 2010; Tim Nott

Note: Different sales per sq m have been applied to Hamilton and the remainder of the Shire. This allows for the lower sales per sq m typically found in smaller centres and in independently owned stores.

The calculation here provides estimated annual retail sales in the Southern Grampians Shire of $235 million in 2010. Of this, $198 million or 84% is expended in the Hamilton town centre.

4. Retail Demand

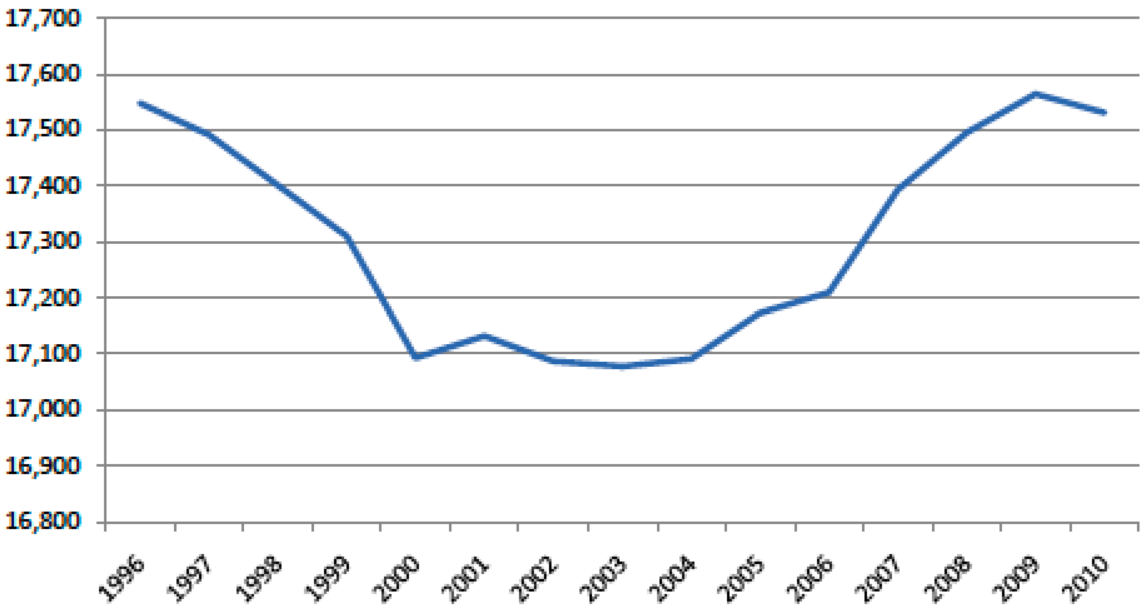
4.1 POPULATION

The retail demand in an area is determined by the spending of residents and visitors. In most areas, the number of residents and their spending power is the key determinant of demand.

4. Retail Demand cont.

In 2010, the estimated resident population of the Southern Grampians Shire was 17,531 according to the ABS (ABS, 2011). If this estimate is accurate, it marks a slight decline on the previous year and a change in the recent trend for population growth in the Shire, as shown in the figure below.

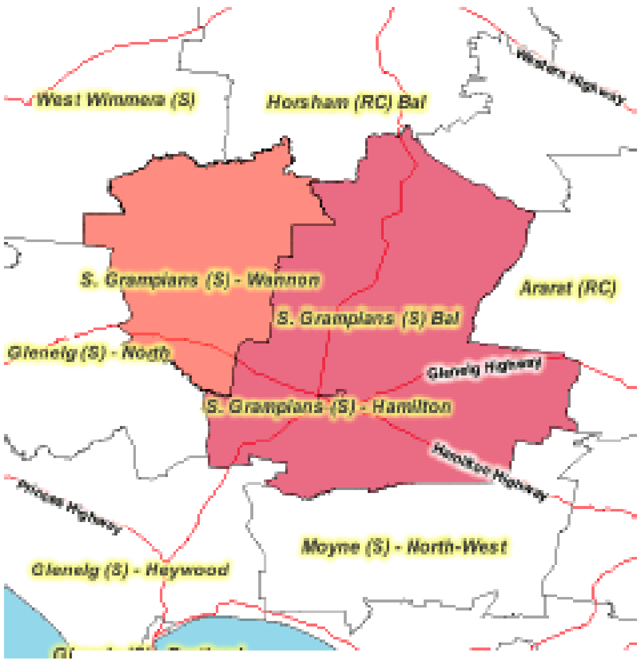
Figure 4: Estimated resident population in the Southern Grampians Shire, 1996 to 2010



Source: ABS Regional Population Growth Australia

Note: Figure for 2010 is provisional

The following table provides the estimated resident population for each of the three Statistical Local Areas comprising the Shire (and these are shown in the adjacent map).



SLAs in Southern Grampians

4. Retail Demand cont.

4.1 POPULATION CONT.

Table 4: Estimated resident population, SLAs in the Southern Grampians Shire, 1996 to 2010

	S. Grampians (S) - Hamilton	S. Grampians (S) - Wannon	S. Grampians (S) Bal	Southern Grampians Shire
1996	9,461	2,670	5,417	17,548
1997	9,468	2,630	5,393	17,491
1998	9,442	2,600	5,359	17,401
1999	9,441	2,556	5,313	17,310
2000	9,366	2,482	5,245	17,093
2001	9,413	2,461	5,258	17,132
2002	9,397	2,437	5,253	17,087
2003	9,387	2,422	5,269	17,078
2004	9,415	2,402	5,274	17,091
2005	9,453	2,397	5,323	17,173
2006	9,436	2,396	5,377	17,209
2007	9,573	2,382	5,438	17,393
2008	9,634	2,372	5,489	17,495
2009	9,670	2,369	5,525	17,564
2010	9,645	2,346	5,540	17,531
Average annual growth 1996 to 2010	0.1%	-0.9%	0.2%	0.0%
Average annual growth 2006 to 2010	0.5%	-0.5%	0.7%	0.5%

These figures show a relatively slow growth in the Shire as a whole over the period since 2006. The township of Hamilton has grown at the same rate as the Shire over the period; however, Wannon (the west of the Shire including Coleraine and Balmoral) has declined by 0.5% per year, continuing longer term decline in the area; and the balance of the Shire, including the surrounds of Hamilton, and the towns of Penshurst, Dunkeld and Cavendish, has grown at 0.7% per year.

4. Retail Demand cont.

4.2 RETAIL SPENDING

An estimate of current retail spending per person in the Southern Grampians is provided in the table below. The estimate is based on the Market Info micro-simulation model which uses the ABS Household Expenditure Survey, Census of Population and Housing and other data sources to provide estimates of small area spending patterns. Market Info figures have been updated using recent estimates of State-wide retail sales provided by the ABS.

Table 5: Annual retail spending per person, Southern Grampians and Victoria, 2010[1]

Retail type	Southern Grampians $	Victoria $	Southern Grampians compared with Victoria %
Food and groceries	$5,000	$5,200	96%
Non food goods	$4,900	$5,500	89%
Food service	$1,500	$1,800	83%
Retail services	$300	$300	100%
Total retail spending	$11,700	$12,800	91%

Source: MDS Market Data Systems, 2002 and 2006; Australian Retail Trade, 2011; Tim Nott

Table 6: Annual retail spending, Southern Grampians residents, 2010

Retail type	Annual Retail spending per person $	Total spending by trade area residents $m	Share of total spending %
Food and groceries	$5,000	$87.7	43%
Non food goods	$4,900	$85.9	42%
Food service	$1,500	$26.3	13%
Retail services	$300	$5.3	3%
Total retail spending	$11,700	$205.1	100%

Source: MDS Market Data Systems, 2002; Australian Retail Trade, 2011; Tim Nott

Total retail spending by the residents of the Southern Grampians Shire is estimated at $205 million in 2010.

This figure constitutes the total retail demand by residents. However, not all of that spending is made in the Shire.

The following section looks at the balance of spending in the Shire made by residents and visitors.

[1] The figures in this table and subsequent tables have been adjusted compared with figures in the original background report to reflect new information available to the author.

5. The Balance of Retail Supply and Demand

Armed with the figures for retail sales and retail demand, it is possible to make an estimate of the balance between resident spending in the Shire and elsewhere as well as spending by visitors. This balance is presented in the following table.

Figure 7: Balance of retail spending, Southern Grampians, 2010

Retail type	Retail sales	Retail sales to visitors		Retail sales to residents	Total retail spending by residents	Resident spending outside the shire	
	$m	% of retail sales	$m	$m	$m	$m	% of resident spending
Food and groceries	$107.9	20%	$21.6	$86.3	$87.7	$1.4	2%
Non-food goods	$101.4	35%	$35.5	$65.9	$85.9	$20.0	23%
Food service	$21.3	20%	$4.3	$17.0	$26.3	$9.3	35%
Other retail services	$4.6	10%	$0.5	$4.2	$5.3	$1.1	21%
Total retail	$235.2	26%	$61.8	$173.4	$205.1	$31.7	15%

Source: Tim Nott

5. The Balance of Retail Supply and Demand cont.

This table provides the following estimates:

- Visitor spending in Southern Grampians - $62 million per year in 2010
- Spending by residents in the Shire - $173 million per year
- Spending by residents outside the Shire - $32 million per year

The level of escape spending from the Shire as a whole is relatively low at 15%, particularly considering that the Shire has no major department stores, full-line discount department stores or home-maker precincts. However, escape spending in non-food goods is higher than the average. Residents travel to larger activity centres outside the Shire to access these types of retail outlets, including Warrnambool, Ballarat, Geelong and Melbourne. Resident spending also escapes through use of internet traders located outside the Shire (and some outside Australia).

Escape spending in food service may be overstated in this table since not all spending on food in hotels has been captured in this analysis.

Visitor spending in the Shire includes spending by people who live just beyond the Shire's borders in towns such as Casterton, Harrow, Lake Bolac and Merino. For these people, Hamilton is amongst the closest large centres in which to get a full supermarket shop or to buy a range of clothes and homewares. In addition, there are more occasional visitors to the Shire – tourists and people from the wider region – who are visiting friends and relatives, who have come for work or sporting fixtures, or who are visiting attractions such as the Grampians and Rocklands Reservoir and events such as Sheepvention.


TOP

6. Forecasts and Scenarios

6.1 BACKGROUND

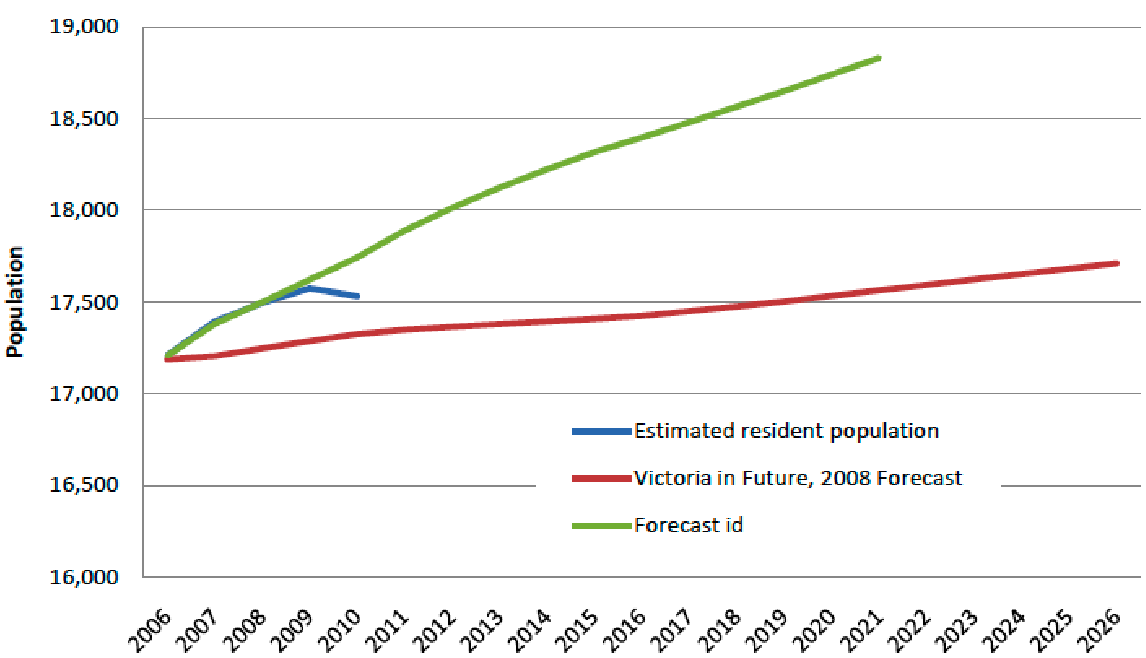
Future retail development in the Southern Grampians will continue to depend on the interplay between consumer demand, the strategies of retailers and public policy. This section provides estimates of retail demand over the next ten years based on population forecasts and on estimates of how retail spending per person will change. A range of scenarios are then provided to model how the strategies of retailers and public policy might affect the provision of retailing in the Shire.

6.2 POPULATION FORECAST

Population forecasts for areas as small as Statistical Local Areas (SLAs) are provided periodically by the State Government. The latest Government forecast was released in 2009 (DPCD, 2009). Council has also commissioned population forecasts from reputable forecaster id consulting (2010). These two forecasts are shown in the figure below along with the latest estimated resident population figures.

The above figure illustrates the difficulty with forecasting. Already, the official forecasts by DPCD are lagging behind the actual figures estimated by the ABS for the period from 2006 to 2010. Victoria has experienced an unexpected population surge during this time. Most places within the State have experienced higher than expected growth. The forecast by id consulting, on the other hand, has been based on more recent trends, but even this forecast has failed to predict the dip in the most recent population outcome estimated by the ABS.

Figure 5: Population forecasts for Southern Grampians Shire



Source: DPCD, 2009; id consulting, 2010; ABS, 2011

6. Forecasts and Scenarios cont.

6.2 POPULATION FORECAST CONT.

Recent work for Council, including the background work for the Hamilton Structure Plan has adopted the forecasts prepared by id consulting as the basis for predicting the need for service provision. These forecasts are also adopted here. However, ***the reader should be aware that there is no certainty in predicting the future*** and that there is potential for a wide range of population outcomes. An important action in Council's overall Economic Development Strategy will be to monitor population growth and adjust analysis and action accordingly.

In 2016, the population of the Shire is forecast to be 18,395 and this is forecast to rise to 18,829 by 2021. This represents a modest average annual rate of growth of 0.5% which compares with a forecast rate of growth of 1.1% per year in the State as a whole.

6.3 RETAIL DEMAND

As well as growth in the population there has been real growth in retail spending per person. Retail sales per head of population in Victoria have grown by around 1% per year on average between 1983 and 2010 after taking inflation into account (see earlier sections of this report). This level of real growth is adopted for the forecast of spending per person provided in the table below.

Table 8: Forecast growth in retail spending per person, Southern Grampians, 2010 to 2021

	Food and groceries	Non-food goods	Food service	Other retail services	Total retail
	$/person	$/person	$/person	$/person	$/person
2010	5,000	4,900	1,500	300	11,700
2011	5,100	4,900	1,500	300	11,800
2016	5,300	5,200	1,600	300	12,400
2021	5,600	5,500	1,700	300	13,100

Source: Tim Nott; $2010, figures rounded

These spending figures are combined with the population forecast to generate an estimate of future retail spending by residents of the Southern Grampians Shire.

6. Forecasts and Scenarios cont.

Table 9: Retail spending by residents of Southern Grampians, 2010 to 2021 ($2010)

	Population	Food and groceries	Non-food goods	Food service	Other retail services	Total retail spending
	no.	$m	$m	$m	$m	$m
2010	17,531	$88	$86	$26	$5	$205
2011	17,889	$91	$88	$27	$5	$211
2016	18,395	$97	$96	$29	$6	$228
2021	18,829	$105	$104	$32	$6	$247
Growth, 2010 to 2021	1,298	$18	$18	$6	$0	$42

Source: id consulting, 2010; Tim Nott

This forecast provides for real growth in retail spending of $42 million by Shire residents over the period from 2010 to 2021. Not all this growth in spending will flow to shops in the Shire; some will inevitably escape to other centres as residents seek goods and services that are not available locally. The extent to which the spending can be retained will mark the relative success of local retailing.

In addition to spending by residents, a significant proportion of demand will continue to be generated by visitors to the Shire. Currently, demand by visitors accounts for 26% of all retail sales in the Shire. Future demand by visitors is one of the variables in the following retail development scenarios. Population growth in the areas surrounding the Southern Grampians is a key factor in future retail demand by visitors, as is the ability of the Shire to attract tourists.

6.4 CURRENT RETAIL DEVELOPMENT PROPOSALS

There are four significant retail development proposals in the Shire, all in Hamilton. These are:

1. **The Sabolk proposal** is for a major home-maker centre on the Henty Highway at the north-west entrance to Hamilton. This proposal envisages 12,000 to 20,000 sq m of large-format retailing besides the existing Mitre 10 outlet. This proposal would require rezoning rural land. Council has opposed the proposal as it is contrary to the policy of supporting the Hamilton town centre as the main retail activity centre in the municipality.

2. **The Coles redevelopment** is for the creation of a new (replacement) Coles supermarket and provision of 11 further specialty stores on the corner of Grey and Brown Streets in the town centre. Council has approved this proposal which will create a net addition of approximately 3,500 sq m of retail floorspace.

3. **The Hub expansion** would provide 12 additional stores in the Hub shopping centre, located between Grey Street and French Street. The redevelopment will allow the Harvey Norman store to expand from around 700 sq m to 1,250 sq m as well as providing space for other retailers and store-front services. The proposal would generate a net addition of 1,200 sq m of retail floorspace.

4. **The Toyworld expansion** would provide space in the existing vacant Mitre 10 building on Lonsdale Street for the expansion of the Toyworld franchise which has been growing strongly in recent years. The proposal would see a new shop of 740 sq m developed.

At this stage, this report assumes that the Sabolk proposal will not be approved by Council. The report assumes that the other expansion proposals will proceed, giving a net addition of approximately 5,500 sq m of shop floorspace in the Hamilton town centre. Not all this new space will be necessarily be taken up by retailers; some may be occupied by shop front service providers (banks, insurance companies, medical and other professionals, and so on). Nevertheless, the expansion proposals indicate that there is confidence in the Hamilton retail sector.

6.5 RETAIL DEVELOPMENT SCENARIOS

6.5.1 Base case

The base case describes a "business as usual" scenario. It assumes that the escape spending from the Shire remains constant as does the share of retail sales contributed by visitors. The following table shows the retail sales in 2021 under these assumptions.

Table 10: Base case scenario for retail sales in Southern Grampians, 2021 ($2010)

Retail type	Total retail spending by residents	Spending retained in Southern Grampians	Sales to residents	Retail sales to visitors	Total retail sales in Southern Grampians	Growth in sales, 2010 to 2021	
	$m	%	$m	% of total	$m	$m	$m
Food and groceries	$105.4	98%	$103.8	20%	$26.0	$129.8	$21.9
Non-food goods	$103.6	77%	$79.5	40%	$53.0	$132.4	$31.0
Food service	$32.0	65%	$20.7	20%	$5.2	$25.9	$4.6
Other retail services	$5.6	79%	$4.5	10%	$0.5	$5.0	$0.3
Total retail	$246.7	85%	$208.5	29%	$84.6	$293.1	$57.9

Source: Tim Nott

6.5 RETAIL DEVELOPMENT SCENARIOS CONT.

The following table translates the retail sales into retail floorspace. The calculation assumes that the sales per sq m will remain the same over the period.

Table 11: Base case scenario for growth in retail floorspace, Southern Grampians, 2021 ($2010)

Retail type	Total retail sales	Sales per sq m	Floorspace supported in 2021	Growth in floorspace, 2010 to 2021
	$m	$/sq m	sq m	sq m
Food and groceries	$129.8	$7,900	16,400	2,000
Non-food goods	$132.4	$3,700	35,800	5,400
Food service	$25.9	$4,200	6,200	800
Other retail services	$5.0	$2,900	1,700	100
Total retail	$293.1		60,100	8,300

Source: Tim Nott

6.5.1 Base case

The base case scenario provides for a growth in retail floorspace of 8,300 sq m in the Southern Grampians over the period from 2010 to 2021.

This is a moderate increase in net floorspace. A significant part of the growth in floorspace demand would be largely accounted for by the present expansion plans for the Hamilton town centre that have been approved or are likely to be approved by Council.

The current expansion plans generally match the growth in retail types expected under this scenario; that is:

- expansion of an existing supermarket (and not creation of an additional full-line supermarket)
- more extensive provision of non-food goods
- some addition to specialty stores, including food service outlets

This scenario may generate sufficient demand for a a full discount department store (DDS), although this would require reorganisation of existing retailing and potentially the closure of some other stores. [The presence of a DDS would move Hamilton up the hierarchy of activity centres to become a sub-regional centre. This recategorisation is important within the industry as the presence of a full line DDS is the trigger for investment by a range of other national chain stores.]

Under this scenario, almost all the demand for new retail floorspace would be satisfied in Hamilton town centre. There would be no substantial retail development in the outlying towns, although the provision of a few additional small shops would be unlikely to upset the balance of supply and demand.

REQUIREMENTS FOR A DDS

Advice from retailers suggests that a 4,500 sq m DDS could be viable (just) in Hamilton given co-location with a major supermarket and at-grade car-parking (providing 3 to 4 car spaces per 100 sq m). Such sites are difficult to find in the town centre and would need to be assembled. Council could play a role in coordinating site assembly and planning requirements.

6.5 RETAIL DEVELOPMENT SCENARIOS CONT.

6.5.2 Low/no growth scenario

There are factors that may reduce the retail potential in the Southern Grampians compared with the base case outlined above.

The population outcome in the Shire may be more like that predicted by State Government than by id consulting. This would result in population growth in the Shire of only 0.1% per year between 2010 and 2021 (compared with 0.5% per year under the id consulting forecasts).

Population forecasts for several of the areas bordering the Southern Grampians Shire indicate a static or declining population (see Forecast id for Glenelg and Moyne Shires, for example and the State Government forecasts for surrounding SLAs). This will reduce the available spending of "visitors" to the shops in the Shire.

Internet retailing may accelerate so that its share of retail spending outstrips any growth in demand, resulting in less spending in bricks and mortar shops. Whilst some retailers in the Shire may have an internet presence, most internet retail spending will flow to overseas companies (Amazon, Apple, eBay etc) and to the large national chains with headquarters in Sydney and Melbourne.

The low growth scenario is for no net growth in retail floorspace over the period from 2010 to 2021. Given the existing expansion plans of particular retailers, this would be likely to result in some rearrangement of retail space, particularly in the Hamilton town centre. That is, new shops would displace older and less efficient outlets. Without alternative uses, this could lead to significant long term vacancies in the Hamilton town centre, with consequent adverse impacts on community and investor sentiment and tourism.

The likely result in the smaller towns would be for decline in the retail offer of those towns where the catchment population is shrinking (Coleraine, Balmoral and Penshurst) and small growth in the tourism and lifestyle centre of Dunkeld. The retail function of some of the local centres could disappear altogether.

6.5.3 High growth scenario

There are also factors that could increase the retail potential in the Shire compared with the base case. In particular, the success of the economic development strategy may generate higher rates of population growth that would sustain improvements in the small towns of the Shire and create demand for higher levels of service in Hamilton.

- The population outcome in the Shire may exceed the forecast by id consulting with sustained growth in jobs in adding value to primary produce, tourism and higher order services.
- The strong growth in energy production and a resurgence of farming in the wider region may turn around population decline in rural areas surrounding the Shire.
- The small towns of the Shire could blossom as lifestyle destinations for retiring baby-boomers and their service providers, generating professional services, craft production, tourism and higher demand for retail goods and services. In particular, a minimum standard provision of groceries, newspapers, food service and pharmacy could be established for the neighbourhood centres.

- Retailers in the Shire may embrace internet retailing and this could provide some cross subsidy between virtual and physical retail outlets, allowing shops to function as both sales outlets and showcases for goods sold on line.
- The attractive town centres of the Shire could market themselves as day trip tourism destinations for the more rapidly growing centres in the region such as Warrnambool and Mt Gambier.

The high growth scenario is for demand for 12,000 sq m of additional retail floorspace in the Shire over the period from 2010 to 2021. This is 50% more than the amount generated under the base case. This kind of growth would be sufficient to:

- take up the retail floorspace expansion currently proposed or approved for the Hamilton town centre
- allow for the development of a full-line discount department store (of 4,500 sq m) in Hamilton town centre without significantly affecting net demand for existing stores in the centre, moving Hamilton up the hierarchy of shopping centres from a community level centre to a sub-regional centre
- improve the retail offer in the smaller town centres, particularly in the provision of services such as pharmacy which are important to the liveability of a place

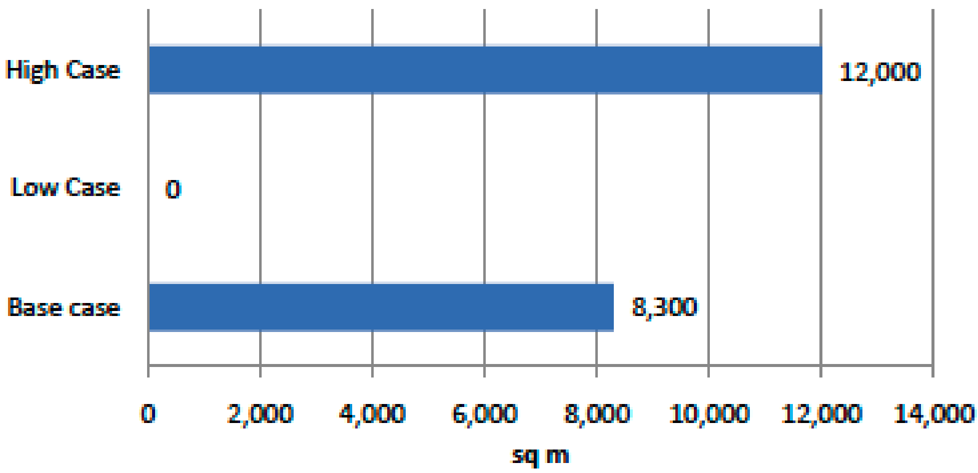
This kind of growth, and particularly the advent of a discount department store, would provide a positive contribution to the economic development of the municipality.

6.5.4 Comparison of Scenarios

The following figure provides a comparison of the scenarios for growth in retail floorspace over the period to 2021.

In order to maximise retail investment in activity centres and to provide the best possible service to residents and visitors, the high growth scenario provides a target. In particular, securing investment in a discount department store will be a key fillip for the Hamilton town centre and would boost local retail confidence.

Figure 6: Comparison of scenarios for growth in retail floorspace, 2010 to 2021



Source: Tim Nott

7. Objectives

This strategy is designed to guide Council action on retailing and the activity centre network in the Southern Grampians Shire. The strategy is guided by the following objectives:

1. Council will support investment in existing activity centres to deliver the best possible service to residents and visitors

2. Council will support existing traders and their organisations to improve retail industry performance and the viability of activity centres

3. Council will put in place a retail planning and development framework that reinforces the activity centre network and allows appropriate growth

It is important to note that this retail strategy is part of a broader suite of strategies that Council is developing or has in place that will affect retailing and activity centres in the Shire. These other documents include the Economic Development Strategy, the Municipal Strategic Statement and planning strategies and urban design frameworks for Hamilton and other towns in the Shire.

The remainder of this document outlines strategies and actions that Council will undertake in order to meet the objectives above. The actions have been suggested by Council and its consultants in conjunction with members of the business community who have been consulted throughout the strategy development.

8. Supporting activity centres

8.1 OBJECTIVE

Council will support existing activity centres to deliver the best possible service to residents and visitors

8.2 REASONS

Sustainable, multi-functional activity centres provide community benefits as a result of greater economies of scale and scope, shared infrastructure and minimisation of travel costs. The network of centres in the Southern Grampians provides a wide range of accessible services and these centres are the established focal points of the communities they serve. There is, by and large, space to accommodate growth in these centres, although achieving space to grow will require collaboration between land-holders.

8.3 STRATEGIES

1. **Work with investors to fill identified gaps in the retail mix and to improve the draw of existing centres**

The background report and detailed analysis of individual centres has identified a number of gaps in the retail mix in each centre. These gaps will change periodically but at the time of writing included:

- Hamilton town centre – discount department store (DDS), bulky goods outlets, teen fashion, restaurants
- Coleraine - bakery and butcher
- Penshurst – branded supermarket
- Dunkeld – branded supermarket, bakery, take-away food, pharmacy
- Balmoral – pharmacy, butcher, baker
- Cavendish – general store and cafe

Neighbourhood retail centres (as defined in the background analysis) should ideally contain shops selling the range of convenience goods and services – groceries, fresh food, newsagents, pharmacy goods, take-away food and hairdressing – allow local residents to access necessities without the need to travel to a larger centre.

Retailing is perhaps the most important component of activity centres but it is not the only one. Offices, community services and entertainment are also important sources of jobs and are a drawcard for shoppers. The broader strategy to improve activity centres must also encourage investment in these aspects of centres. Increasing housing provision within centres is also an important means of increasing their vitality.

8. Supporting activity centres cont.

8.3 STRATEGIES CONT.

	Action	Performance indicator
1.1	Work with land-holders and potential investors to secure a site for a discount department store in the Hamilton town centre	Investment in DDS
1.2	Identify other sites in the Hamilton town centre and its fringes for potential bulky goods/ restricted retailing	Investment in bulky goods/restricted retailing
1.3	Work with stakeholders to secure improved convenience retail facilities in small town centres commensurate with their role in the retail hierarchy	Securing investment in convenience retailing in neighbourhood and local centres
1.4	Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres	Increase in non-retail investment in centres

2. Work with investors to improve services to visitors

Many of the activity centres in the Shire have the potential to improve their level of service to visitors. This ranges from provision of specific additional services such as a wider range of restaurants, to improved car-parking for caravans and trailers, to longer opening hours on weekends. Hamilton town centre in particular has the potential to attract weekend visitors from nearby regional cities but only if it is open on Saturdays and Sundays.

	Action	Performance indicator
2.1	Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product	Improved visitation and visitor yield
2.2	Ensure that urban design frameworks for town centres cater for the needs of visitors	Visitor services incorporated into urban design frameworks
2.3	Encourage investment in a wider range of food service outlets in Hamilton and other centres	Improvement in dining options
2.4	Investigate the provision of wi-fi services throughout Hamilton town centre	Feasibility assessment of providing a free wi-fi service in Hamilton town centre

8.3 STRATEGIES CONT.

3. Work with stakeholders to improve the physical attractiveness of centres

The background to this strategy has highlighted that the physical attractiveness of centres will be increasingly important given that shoppers have alternatives on-line and in centres outside the Shire. Physical attractiveness will be a combination of beautiful streetscapes and pedestrian spaces; well-designed new buildings that create new vistas; well-preserved heritage buildings and streetscapes adapted to new purposes where appropriate; shop-front displays that create interest; and excellent access and parking arrangements.

	Action	Performance indicator
3.1	Implement urban design strategies for centres	Increase in pedestrian activity in centres
3.2	Work with stakeholders to improve the efficiency and access to car-parking in the Hamilton town centre, and this may include provision and promotion of an all-day car park for city workers	Increase in the number of parking spaces in the town centre
3.3	Ensure that, wherever possible, Council locates its services in activity centres in order to concentrate demand and generate new activity	Increased proportion of Council jobs located in activity centres
3.4	Ensure a rapid response to maintenance and safety issues within centres	Improvement in perception of centres
3.5	Ensure that, wherever possible, new development creates active frontages in centres	Reduction in "dead spots" in centres

8. Supporting activity centres cont.

4. Work with stakeholders to reduce the adverse impact of vacant space in key centres

In certain centres, particularly Coleraine and Penshurst, there is a structural oversupply of shop space, dating from a time when the centres served a larger catchment. The resulting vacant space gives the centres a somewhat derelict air which can be a deterrent to visitors and other investors. This is despite the fact that some of the apparently vacant space is actually used for residential purposes or low intensity business uses such as storage. Council can work with building owners and the community to generate improved activity in some of these spaces and to encourage owners to make plain where shop spaces have become housing. Whilst preference should be given to fully commercial retail or office activities, if space appears likely to be vacant for a long period, there may be a range of other uses that would generate activity including:

- Temporary, revolving shops (that is, a shop where the lease is given on a week-by-week basis to different people who have things to sell)
- Social enterprises
- Business incubators
- Community organisations
- Gallery or performance space
- Arts and crafts workshops

	Action	Performance indicator
4.1	Identify vacant and under-used shop space in centres	Data-base of shop use and ownership
4.2	Work with owners and community stakeholders to identify potential activities	Reduction in vacancy rate and increased activity
4.3	Identify urban design treatments that can be used to differentiate former shops that are now homes from vacant shops.	Improvement in perception of active streets
4.4	Consider promotion of vacant space as a whole to organisations that may take more than one shop-front	Identification of potential large-scale customers for vacant space

8. Supporting activity centres cont.

5. Work with land-holders to ensure sufficient well-located property is available for key activities in centres

In Hamilton town centre in particular, land is tightly held and in parcels that are unlikely to produce the most efficient lay-outs for large-scale new activities. There is a role for Council in bringing land-holders together to deliver development within the centre for the community good. In some cases, where existing land-holders are unable or unwilling, there may be a role for Council in directly intervening in the property market by assembling sites for a particular development purpose. This may be appropriate to deliver a site for a DDS, a government office precinct or a major car-park, for example.

In other centres, particularly those with large numbers of vacant premises, Council could also consider purchasing space in order to generate activity that, at least initially, was not fully commercial (as discussed above). Council could consider the use of a rolling property development fund, with initial funds used to purchase and renovate vacant shops for new purposes and the proceeds of the sale of those renovated shops used to purchase further buildings. This could generate improved properties, increased employment and higher levels of activity in centres.

	Action	Performance indicator
5.1	Convene a regular forum of land-holders in Hamilton town centre to identify efficiencies in land provision and opportunities for collaboration	Regular meetings of land-holders in Hamilton town centre
5.2	Consider direct intervention (ie purchase of land) to secure appropriate investment; this could involve the provision of a rolling property investment fund	Undertake rapid feasibility assessment of land purchase in Hamilton town centre to facilitate DDS development
5.3	Undertake a car-parking strategy for the Hamilton town centre and identify areas that could accommodate new consolidated car parking including multi-storey parking	Complete car parking strategy
5.4	Further investigate institution of a rolling property development fund as a means of improving the physical fabric of town centres	Feasibility assessment of rolling property fund

6. Dedicate resources to place management

Hamilton town centre is the flagship centre for the Shire and requires special attention if it is to function most effectively. Council can put resources into a place manager, a senior council officer who can coordinate Council activities in the centre, implement the centre development plan and work with the economic development team in securing investment. The skills of the place manager should encompass negotiation, investment attraction and knowledge of the planning process. As part of its commitment to place management, Council would also liaise with centre businesses to develop and promote a calendar of events that increases the level of activity and visitation to the centre.

	Action	Performance indicator
6.1	Employ a place manager to coordinate Council investment in the Hamilton town centre and to implement and further develop Council policy	Employment of a place manager
6.2	Coordinate and promote the calendar of events for the town centre	Promotion of a calendar of events

9. Support Existing Traders

9.1 OBJECTIVE

Council will support existing traders and their organisations to improve retail industry performance and the viability of activity centres.

9. Support existing traders cont.

9.2 REASON

Collective action by traders is required to improve the service to residents and the performance of activity centres. Council assistance can help traders to help themselves.

9.3 STRATEGIES

7. Support traders' organisations in individual centres

Traders' organisations provide a collective voice for the retail industry in each centre and allow retailers to cooperate on important aspects of activity centre life including promotional campaigns, opening hours, centre planning and so on. Presently, the Hamilton and Region Business Association (HRBA) has a wide membership that encompasses businesses in all industries across the town and beyond. Whilst it performs a valuable and well-respected role, it is not necessarily focussed on the needs of traders in the Hamilton town centre. There is a role for a more specific traders' organisation concerned with the day-to-day business requirements of retailers and others in the town centre. Such an organisational role could be undertaken by a sub-branch of HRBA with membership open to traders in the town centre. (Alternatively, a new traders' organisation could be developed but this would risk creating unnecessary confusion and conflict between local business organisations.)

In other centres, the existing progress associations represent the needs of traders in the community, although there are also traders' groups in Coleraine and Dunkeld.

Council can support the traders' organisations by providing resources for promotion, festivals, business planning and training. This may involve transferring some resources from existing Council programs to traders' groups. Council may also consider providing funds to kick-start the operation of new traders' groups. However, Council should ensure the continuity of programs that are important to traders and to centres as a whole, including the Christmas promotional activities.

The provision of resources for a business planning exercise may generate the interest required to kick-start a traders' group in Hamilton town centre. Business planning would also benefit the smaller neighbourhood centres. Business planning would enable centres to identify key markets and strategies to attract them. Business planning would also assist in the formation of precincts within centres, identifying key infrastructure requirements and encouraging landlords to target appropriate tenants. As an initial indication, key target markets for Hamilton town centre include:

- Residents of the Shire and nearby towns who travel to larger centres for clothing, homewares, recreational goods and entertainment
- Residents in the surrounding region who are seeking day-trip opportunities
- Tourists from outside the region who may be on the Great Southern Touring Route, visiting the Grampians or travelling between Victoria and South Australia

Catering for these groups is likely to pay dividends in terms of increased turnover and activity in centres. However, this is likely to mean some change in the way that businesses operate, including longer opening hours at weekends and even more emphasis on customer service. In particular, limited opening hours on the weekend means that the town centre is not used by many local families who work during the week as a place to relax and be entertained. And weekend visitors do not get a chance to be impressed. Limited opening hours are one reason why residents travel elsewhere for weekend shopping trips. Promotional activities could be used to gradually extend opening hours. Opening of the central post office on Saturday would also assist in creating a better service for residents and visitors. Longer opening hours could be trialled and promoted in particular precincts and/or on particular weekends.

9. Support existing traders cont.

As discussed in the background report, internet trading will provide strong and increasing competition to retail trading through shops. However, existing shops can use internet trading to increase their sales and improve their viability, and some shops in Hamilton are already engaged in extensive internet trading. Council can encourage existing traders to explore internet trading by funding training and encourage new internet traders to invest in activity centres.

	Action	Performance indicator
7.1	Consider the provision of funds towards the development of traders' organisations in Hamilton and the neighbourhood activity centres	Development of traders' organisations
7.2	Provide funds to traders' groups for the development of a business plan for each centre	Business plans for centres
7.3	Consider the provision of funds to traders' organisations to help provide trader training (including hospitality, customer service, window displays and internet trading)	Improved provision and take-up of trader training opportunities
7.4	Provide funds towards promotional activities in individual centres, targeting those key markets identified in business planning	Improved targeting of promotional expenditure
7.5	Ensure that each centre has a calendar of events and that these are coordinated across the Shire	Improved coordination of events
7.6	Encourage the provision of a higher minimum level of service in Hamilton town centre across the weekend for visitors and residents, including opening of cafes and post office	Longer and more coordinated opening hours on the weekend
7.7	Encourage existing and new traders to invest in internet trading	Growth in internet trading and improved viability of businesses
7.8	Consider the introduction of a special charge scheme in Hamilton town centre to fund town centre development, trader training and promotion	Growth in funds available to implement Hamilton town centre business plan

9. Support existing traders cont.

8. Support Shire-wide retail business promotion and development

Council can play an important role in coordinating promotional activities for centres across the Shire, ensuring that there is a coordinated program which, whilst celebrating the differences between centres, can generate the highest possible retention of resident spending and visitation from outside the Shire.

	Action	Performance indicator
8.1	Undertake coordination of regional promotion of the Shire's activity centres	Regional promotional campaign for the Shire's activity centres
8.2	Coordinate and promote calendar of events in the Shire's activity centres	Shire-wide calendar of events
8.3	Seek to develop new and complementary events in activity centres in conjunction with traders groups	Establishment of new events

10. Retail planning framework

10.1 OBJECTIVE

Council will put in place a retail planning and development framework that reinforces the activity centre network.

10. Retail planning framework cont.

10.2 REASON

Council has a statutory responsibility to prepare a planning framework for land-use in the Shire. As part of this, a retail development framework is required to outline the appropriate locations for investment in retailing to guide investors and Council planners. This framework must provide certainty about the strategic decisions – location, centre hierarchy etc – whilst being flexible about more minor details in order to encourage appropriate investment.

10.3 STRATEGIES

9. Ensure that the retail and activity centre policies are clear in Council's land-use plan

The land-use plan highlights the primacy of the Hamilton town centre as the key retail activity centre for the Shire. However, the plan does not presently contain reference to the hierarchy of centres.

	Action	Performance indicator
9.1	Prepare a retail development framework that is based on, and reinforces, the existing network of centres	Revision of the Municipal Strategic Statement in the planning scheme
9.2	Establish the criteria for assessing proposals for retail development, including new centres and out-of-centre retailing	Adopt the retail development criteria
9.3	Ensure that the retail strategy and other relevant documents are referenced in the Southern Grampians Planning Scheme	Reference the retail strategy in the planning scheme

10. Retail planning framework cont.

These adjustments to the planning scheme can be made at a time when other major changes are being introduced.

The following criteria are suggested as a means of making clear where retail investment will be encouraged in the Shire. These criteria are intended to remove uncertainty about the location of retail investment. Naturally, details about building design, car-parking and access will still be the subject of negotiation.

Draft criteria for assessing the use component of new retail proposals

1. Is the retail use a discount department store? If yes, is the store to be located in the Hamilton town centre? If yes, the use component of the application should be approved. If no, the application should be refused.

2. Is the retail use a grocery supermarket? If yes, is the store to be located in the Hamilton town centre or one of the neighbourhood centres identified in the retail strategy? If yes, the use component of the application should be approved. If no, is the supermarket to be part of a new neighbourhood centre serving a growing area of Hamilton? If yes, see 4 below. If no, the application should be refused.

3. If the proposed retail use is not a discount department store or a supermarket, is it in an existing retail centre? If yes, the use component of the application should be approved. If no, the application should be refused unless it can pass the test below.

4. In general, out-of-centre retail developments will be strongly discouraged. An exception may be made where either:

   a) the proposal is on the fringe of an existing centre and the proponent demonstrates that land is not available for the development within the centre and where the demand for such an expansion can be demonstrated through an assessment of retail supply and demand; or

   b) the proposal is for a new local or neighbourhood activity centre that is serving a growing part of Hamilton and where the demand for such a centre can be demonstrated through an assessment of retail supply and demand and where this will not harm the viability of other centres in the retail hierarchy

NB Proposals for trade supplies outlets that may have some retail component are allowed on industrially zoned land (including, for example, hardware stores etc).

11. Priorities for Action

The retail strategy outlined in this document contains many actions for several different arms of Council, mainly the economic development and planning departments. However, Council has limited resources and must prioritise its actions. Priorities will be set each year in the Council work plan and progress can be reported on quarterly. The following actions are suggested as initial priorities. These actions are those which are urgent and important or which are enabling actions that establish the basis for delivering on overall objectives.

	Action	Performance indicator
1.1	Work with land-holders and potential investors to secure a site for a discount department store in the Hamilton town centre	Investment in DDS
1.2	Identify other sites in the Hamilton town centre and its fringes for potential bulky goods/ restricted retailing	Investment in bulky goods/restricted retailing
1.3	Work with stakeholders to secure improved convenience retail facilities in small town centres commensurate with their role in the retail hierarchy	Securing investment in convenience retailing in neighbourhood and local centres
4.1	Identify vacant and under-used shop space in centres	Data-base of shop use and ownership
4.2	Work with owners and community stakeholders to identify potential activities	Reduction in vacancy rate and increased activity
6.1	Employ a place manager to coordinate Council investment in the Hamilton town centre and to implement and further develop Council policy	Employment of a place manager
7.2	Provide funds to traders' groups for the development of a business plan for each centre	Business plans for centres

Employment of a place manager for Hamilton will enable a suite of actions that relate to property, planning, review of car-parking and investment attraction in the centre and this should be a key priority. However, investment in a discount department store and other large format stores is an urgent priority that requires work before the place manager is employed.

Development in the small neighbourhood centres is also a key priority, particularly the need to address existing gaps in retail provision and the vacant space that is undermining confidence in several of those centres.

Finally, the development of a business plan in the main centres is an important step in bringing traders together and identifying key markets, necessary promotional activities and desirable training.

12. References

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Appendix: Key Activity Centres

HAMILTON

Hamilton town centre provides a wide range of retail, professional and community services to the town and the Shire of Southern Grampians. It consists of a grid of streets in the heart of the Hamilton, bounded by established residential areas, by the railway line and by arterial roads taking traffic through the town. Key retail magnets within the centre include three mid to full-sized supermarkets (Woolworths, Coles and IGA), ALDI, Target Country and Permewens Hardware. Other attractors include the performing arts centre and library, several clubs and a number of large hotels.

Floorspace

Activity	Premises no.	Floorspace sqm	%
Food and groceries	12	11,832	30%
Non-food goods	92	23030	58%
Food service	21	3,672	9%
Other retail services	9	1,419	4%
Total retail	134	39,953	100%
Retail	134	39,953	39%
Auto sales and service	26	14,469	14%
Professional and financial services	54	13,009	13%
Community and health services	23	10,405	10%
Hotels, motels, and clubs	9	10,195	10%
Wholesale and other serv.s	23	6,912	7%
Community facilities	6	2,984	3%
Vacant	18	4,811	5%
Total activity	293	102,738	100%

Appendix: Key Activity Centres cont.

Retail indicators

Retail catchment	Southern Grampians Shire
Catchment population (persons)	17,531
Annual population growth, 2005 to 2010 (% per year)	0.5%
Forecast population growth, 2010 to 2021 (% per year)	0.5%
Retail floorspace (sq m)	40,000
Annual retail sales ($million)	$200

Retail Strategy for Hamilton

1.1 Work with land-holders and potential investors to secure a site for a discount department store in the Hamilton town centre

1.2 Identify other sites in the Hamilton town centre and its fringes for potential bulky goods/restricted retailing

1.4 Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres

2.2 Ensure that urban design frameworks for town centres cater for the needs of visitors

2.3 Encourage investment in a wider range of food service outlets in Hamilton and other centres

2.4 Investigate the provision of wi-fi services throughout Hamilton town centre

3.1 Implement the urban design strategy

3.2 Work with stakeholders to improve the efficiency and access to car-parking in the Hamilton town centre, and this may include provision of an all-day car park for city workers

3.3 Ensure that, wherever possible, Council locates its services in the centre in order to concentrate demand and generate new activity

3.4 Ensure a rapid response to maintenance and safety issues within the centre

5.1 Convene a regular forum of land-holders in Hamilton town centre to identify efficiencies in land provision and opportunities for collaboration

5.2 Consider direct intervention (ie purchase of land) to secure appropriate investment; this could involve the provision of a rolling property investment fund

5.3 Undertake a car-parking strategy for the Hamilton town centre and identify areas that could accommodate new consolidated car parking including multi-storey parking

6.1 Employ a place manager to coordinate Council investment in the Hamilton town centre and to implement and further develop Council policy

6.2 Coordinate and promote the calendar of events for the town centre

Appendix: Key Activity Centres cont.

HAMILTON CONT.

7.1 Consider the provision of funds towards the development of traders' organisations in Hamilton and the neighbourhood activity centres

7.2 Provide funds to traders' groups for the development of a business plan for each centre

7.3 Consider the provision of funds to traders' organisations to help provide trader training (hospitality, customer service, window displays etc)

7.4 Provide funds towards promotional activities in individual centres, targeting those key markets identified in business planning

7.5 Ensure that each centre has a calendar of events and that these are coordinated across the Shire

7.6 Encourage the provision of a higher minimum level of service in Hamilton town centre across the weekend for visitors and residents, including opening of cafes and post office

8.3 Seek to develop new and complementary events in activity centres in conjunction with traders groups

Appendix: Key Activity Centres cont.

COLERAINE

Coleraine is a rural service centre with some small manufacturing, wholesale and tourism activities. The town centre sits astride the wide Glenelg Highway and provides neighbourhood convenience goods and services as well as sales to travellers. Key activities in the town centre are the chocolate factory, the Eucalyptus Discovery Centre, several large hotels, professional services, wholesalers and the retail outlets. The retail offer includes a small IGA supermarket, convenience stores and cafes. Coleraine town centre has several heritage buildings but many are vacant. The centre has a total of around 15,800 sq m of activity space, of which 2,900 is retail and 2,200 (14% of the total) appears to be vacant.

Floorspace

Activity	Premises no.	Floorspace sqm	%
Food and groceries	2	875	30%
Non-food goods	7	1,533	52%
Food service	3	370	13%
Other retail services	2	160	5%
Total retail	14	2,938	100%
Retail	14	2,938	19%
Auto sales and service	4	1,212	8%
Professional and financial services	4	526	3%
Community and health services	1	140	1%
Hotels, motels, and clubs	3	2,236	14%
Wholesale and other serv.s	15	5,830	37%
Community facilities	3	708	4%
Vacant	13	2,222	14%
Total activity	57	15,812	100%

COLERAINE CONT.

Retail indicators

Retail catchment	Southern Grampians Shire
Catchment population (persons)	1,650
Annual population growth, 2005 to 2010 (% per year)	-0.5%
Forecast population growth, 2010 to 2021 (% per year)	0.0%
Retail floorspace (sq m)	2,938
Annual retail sales ($million)	$10

Retail Strategy for Coleraine

1.3 Work with stakeholders to secure improved convenience retail facilities

1.4 Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres

2.1 Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product

3.3 Ensure that, wherever possible, Council locates its services in activity centres in order to concentrate demand and generate new activity

3.4 Ensure a rapid response to maintenance and safety issues within centres

4.1 Identify vacant and under-used shop space in the centre

4.2 Work with owners and community stakeholders to identify potential activities for vacant space

4.3 Identify urban design treatments that can be used to differentiate former shops that are now homes from vacant shops.

4.4 Consider promotion of vacant space as a whole to organisations that may take more than one shop-front

5.2 Consider direct intervention (ie purchase of property) to secure appropriate investment; this could involve the provision of a rolling property investment fund

5.4 Further investigate institution of a rolling property development fund as a means of improving the physical fabric of the town centre

7.2 Provide funds to traders' groups for the development of a business plan

7.3 Consider the provision of funds to traders' organisation to help provide trader training (hospitality, customer service, window displays etc)

7.4 Provide funds towards promotional activities, targeting those key markets identified in business planning

8.3 Seek to develop new and complementary events in conjunction with traders group

Appendix: Key Activity Centres cont.

PENSHURST

Penshurst, in the south of the Shire, is a rural service centre. The town centre is located around a crossroads on the Hamilton Highway. The civic and commercial buildings have a strong heritage character and many have been refurbished recently. Key activities in the centre are the Penshurst hotel and the Volcano Discovery Centre as well as the civic infrastructure, the retail and rural supplies outlets, and Thornton's Engineering business. Total activity space in the centre amounts to around 4,800 sq m, of which 1,200 is in retailing and 1,100 (or 23%) is apparently vacant. This is a very high vacancy rate and includes several recently refurbished buildings. The centre has a milk bar and grocer but no branded supermarket. Other retail outlets include a hardware store, pharmacy, cafe and several second-hand goods shops.

Floorspace

Activity	Premises no.	Floorspace sqm	%
Food and groceries	2	453	37%
Non-food goods	5	1,533	45%
Food service	1	160	13%
Other retail services	1	60	5%
Total retail	9	1,229	100%
Retail	9	1,229	26%
Auto sales and service	1	200	4%
Professional and financial services			0%
Community and health services			0%
Hotels, motels, and clubs	1	918	19%
Wholesale and other serv.s	3	450	9%
Community facilities	3	920	19%
Vacant	7	1,080	23%
Total activity	24	4,797	100%

PENSHURST CONT.

Retail indicators

Retail catchment	Southern Grampians Shire
Catchment population (persons)	830
Annual population growth, 2005 to 2010 (% per year)	0.0%
Forecast population growth, 2010 to 2021 (% per year)	0.5%
Retail floorspace (sq m)	1,229
Annual retail sales ($million)	$4

Retail Strategy for Penshurst

1.3 Work with stakeholders to secure improved convenience retail facilities (including a branded supermarket)

1.4 Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres

2.1 Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product

3.3 Ensure that, wherever possible, Council locates its services for Penshurst in the town centre in order to concentrate demand and generate new activity

3.4 Ensure a rapid response to maintenance and safety issues within centres

4.1 Identify vacant and under-used shop space in the centre

4.2 Work with owners and community stakeholders to identify potential activities for vacant space

4.3 Identify urban design treatments that can be used to differentiate former shops that are now homes from vacant shops.

4.4 Consider promotion of vacant space as a whole to organisations that may take more than one shop-front

5.2 Consider direct intervention (ie purchase of property) to secure appropriate investment; this could involve the provision of a rolling property investment fund

5.4 Further investigate institution of a rolling property development fund as a means of improving the physical fabric of the town centre

7.2 Provide funds to traders' groups for the development of a business plan

7.3 Consider the provision of funds to traders' organisation to help provide trader training (hospitality, customer service, window displays etc)

7.4 Provide funds towards promotional activities, targeting those key markets identified in business planning

8.3 Seek to develop new and complementary events in conjunction with traders group

Appendix: Key Activity Centres cont.

DUNKELD

Dunkeld is a rural service and tourist centre located at the foot of Mt Sturgeon, the southernmost tip of the Grampians. The attractive town centre sits astride the Glenelg Highway and contains a mix of visitor services, rural supplies and civic infrastructure. The key attraction is the Royal Mail Hotel which has been extensively refurbished to provide conference centre, accommodation and a restaurant which was recently judged Victoria's best Country restaurant by The Age Good Food Guide. The retail offer in the centre is geared mainly to visitors. There is a grocer but no branded supermarket; there is a second-hand bookshop but no pharmacy. There are no vacant commercial buildings in the centre, indicating a strong demand for commercial space. Total non-residential floorspace in the town centre is approximately 3,500 sq m, of which 1,100 sq m is in retailing.

Floorspace

Activity	**Premises no.**	**Floorspace sqm**	**%**
Food and groceries	1	84	8%
Non-food goods	3	480	43%
Food service	3	552	49%
Other retail services	0	0	0%
Total retail	7	1,116	100%
Retail	7	1,116	32%
Auto sales and service	2	320	9%
Professional and financial services	1	140	4%
Community and health services	1	50	1%
Hotels, motels, and clubs	2	1,480	42%
Wholesale and other serv.s	2	200	6%
Community facilities	2	220	6%
Vacant	0	0	0%
Total activity	17	3,526	100%

DUNKELD CONT.

Retail indicators

Retail catchment	Southern Grampians Shire
Catchment population (persons)	1,240
Annual population growth, 2005 to 2010 (% per year)	0.07%
Forecast population growth, 2010 to 2021 (% per year)	0.5%
Retail floorspace (sq m)	1,116
Annual retail sales ($million)	$3

Retail Strategy for Dunkeld

1.3 Work with stakeholders to secure improved convenience retail facilities (including a branded supermarket, pharmacy, bakery, take-away food and butcher)

1.4 Work with others to secure investment in entertainment and other service sector activities as well as an increase in the number of dwellings in centres

2.1 Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product

2.2 Ensure that urban design frameworks for town centres cater for the needs of visitors

3.3 Ensure that, wherever possible, Council locates its services for Dunkeld in the town centre in order to concentrate demand and generate new activity

3.4 Ensure a rapid response to maintenance and safety issues within the centre

5.2 Consider direct intervention (ie purchase of property) to secure appropriate investment; this could involve the provision of a rolling property investment fund

7.2 Provide funds to traders' groups for the development of a business plan for the centre

7.3 Consider the provision of funds to traders' organisation to help provide trader training (hospitality, customer service, window displays etc)

7.4 Provide funds towards promotional activities, targeting those key markets identified in business planning

8.3 Seek to develop new and complementary events in conjunction with traders group

BALMORAL

Balmoral is a rural service centre in the north of the Shire. The town also acts as a service centre for visitors to the Rocklands Reservoir which recent rainfall inflows have taken from 10% to 50% capacity. The small but historic town centre, located on Glendinning Street, has a mix of convenience retailing, rural supplies and civic infrastructure. Activity floorspace in the centre amounts to around 2,600 sq m, of which around 800 sq m is in retailing. The retail offer includes a small unbranded supermarket, clothes, toys, second hand goods and cafe. There is no pharmacist or separate butcher or baker.

Floorspace

Activity	Premises no.	Floorspace sqm	%
Food and groceries	1	198	25%
Non-food goods	3	424	54%
Food service	1	168	21%
Other retail services	0	0	0%
Total retail	5	790	100%
Retail	5	790	30%
Auto sales and service	1	200	8%
Professional and financial services	1	210	8%
Community and health services			0%
Hotels, motels, and clubs	1	360	14%
Wholesale and other serv.s	3	416	16%
Community facilities	4	670	25%
Vacant	0	0	0%
Total activity	15	2,646	100%

Appendix: Key Activity Centres cont.

BALMORAL CONT.

Retail indicators

Retail catchment	Southern Grampians Shire
Catchment population (persons)	550
Annual population growth, 2005 to 2010 (% per year)	-0.5%
Forecast population growth, 2010 to 2021 (% per year)	0.0%
Retail floorspace (sq m)	790
Annual retail sales ($million)	$3

Retail Strategy for Balmoral

1.3 Work with stakeholders to secure improved convenience retail facilities (including a branded supermarket, pharmacy and butcher)

2.1 Continue to implement the recommendations of the Southern Grampians Tourism Strategy and secure increased investment in tourism retail product

3.3 Ensure that, wherever possible, Council locates its services for Balmoral in the town centre in order to concentrate demand and generate new activity

3.4 Ensure a rapid response to maintenance and safety issues within the centre

5.2 Consider direct intervention (ie purchase of property) to secure appropriate investment; this could involve the provision of a rolling property investment fund

7.2 Provide funds to traders' groups for the development of a business plan for the centre

7.3 Consider the provision of funds to traders' organisation to help provide trader training (hospitality, customer service, window displays etc)

7.4 Provide funds towards promotional activities, targeting those key markets identified in business planning

8.3 Seek to develop new and complementary events in conjunction with traders group

Southern Grampians
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